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# ASX Release:

## HKEx - Corporate Charter Update

Update provided pursuant to HKEx requirements

Authorised for lodgement by: the Board of Yancoal Australia Ltd

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# **Yancoal Australia Ltd**

## **Strategy and Development Committee**

### **Role and responsibilities**

#### **Responsibilities**

The role of the Strategy and Development Committee (the **Committee**) is to support and advise the Board in exercising its authority in relation to the matters set out in this Charter.

The Committee is responsible for reviewing the Company's strategic initiatives and providing recommendations to the Board. The Committee is accountable to the Board for its performance and reports to the Board.

#### **Strategic initiatives**

The Board has defined the Committee's purpose as assisting the Board in its oversight and review of the Company's strategic initiatives, including:

- merger and acquisition proposals;
- major capital markets transactions;
- significant investment opportunities; and
- proposals to dispose of significant Company assets.

### **Membership**

#### **Composition and quorum**

The Committee will consist of a minimum of three directors. The Board may appoint additional members to the Committee or remove and replace members of the Committee by resolution.

The Board will appoint the Chair of the Committee.

A Committee quorum will comprise the Chair of the Committee plus sufficient members to constitute a majority of the members of the Committee.

#### **Removal or resignation**

Members of the Committee may withdraw from membership by written notification to the Board. If a Committee member retires, is removed or resigns from the Company or Board, that member ceases to be a member of the Committee. The Board will appoint the successor.

## **Participation by non-Committee members**

The Committee, if considered appropriate, may invite any management team members or other individuals to attend Committee meetings.

## **Secretary**

The Company Secretary will be the secretary of the Committee.

## **Meetings**

### **Frequency**

The Chair will convene at least one meeting of the Committee each year and any additional meetings that the Chair considers necessary or appropriate to carry out the Committee's responsibilities.

### **Calling meetings and notice**

Any Committee member or, at the request of a Committee member the Company Secretary, may call a meeting of the Committee. A notice of each meeting confirming the date, time, venue and agenda will be forwarded to each Committee member together with relevant supporting documents.

### **Report to the Board**

The Chair of the Committee or his / her delegate will provide a verbal report of highlights of the meeting to the Board at the Board meeting following each meeting of the Committee. This report should contain any recommendations identified by the Committee to the Board. The report should also comment on the outcome or updates of any matters referred to it by the Board.

### **Minutes**

Minutes of proceedings and resolutions of Committee meetings will be kept and prepared promptly by the Company Secretary following the Committee meeting.

Minutes of Committee meetings shall record in sufficient detail the matters considered by the Committee and decisions reached, including any concerns raised by Committee members or dissenting views expressed.

Draft versions of minutes of such meetings will be distributed to the Chair of the Committee for his / her comment within a reasonable time after such meetings. Minutes of Committee meetings will be tabled at a subsequent Committee meeting for all Committee members to review and approve.

The register of minutes will be kept by the Company Secretary and be open for inspection on reasonable notice by any Member of the Committee and any Director.

## **Review**

The Board will conduct an annual review of the Charter to ensure that it remains consistent with the Board's objectives and responsibilities. The Board must approve any amendments to the Charter arising from the review.

## **Publication of the Charter**

A copy of this Charter will be available to all directors and staff of the Company on request to the Company Secretary, and electronically via the Company intranet and on the Company's website.

## **Yancoal Australia Ltd (the Company)**

# **Health, Safety, Environment and Community Committee**

The Health, Safety, Environment and Community Committee's objective is to assist the Board to:

- fulfil its responsibilities in relation to the health, safety, environment and community (collectively **HSEC**) matters arising out of the activities of the Company;
- consider, assess and monitor whether or not the Company has in place the appropriate policies, standards, systems and resources required to meet the Company's HSEC commitments; and
- provide necessary focus and guidance on HSEC matters across the Company.

The Committee makes recommendations to the Board. It does not have any power to commit the Board or management to the recommendations.

## **The Committee**

### **Composition and quorum**

The Committee will consist of a minimum of three directors. The Board may appoint additional directors to the Committee or remove and replace members of the Committee by resolution.

The Board will appoint the Chair of the Committee.

A Committee quorum will comprise a majority of the Committee members.

### **Removal or resignation**

Members of the Committee may withdraw from membership by written notification to the Board. The Board may appoint additional directors to the Committee or remove and replace members of the Committee by resolution. If a Committee member retires, is removed or resigns from the Board, that member ceases to be a member of the Committee. The Board will appoint the successor.

### **Participation by non-Committee members**

The Committee, if considered appropriate, will invite any senior executives or other individuals (including advisers and other specialists) to attend Committee meetings.

## **Secretary**

The Company Secretary will be the secretary of the Committee.

## **Meetings**

### **Frequency**

The Chair of the Committee will convene at least four meetings of the Committee each year and any additional meetings that the Chair of the Committee considers necessary or appropriate to carry out the Committee's responsibilities. To enable the Committee to fulfill its responsibilities within these meetings, it may determine a program of reporting.

### **Calling meetings and notice**

Any Committee member or, at the request of a Committee member the Company Secretary, may call a meeting of the Committee. A notice of each meeting confirming the date, time, venue and agenda will be forwarded to each Committee member together with relevant supporting documents.

### **Advice**

The Committee will have access to Company employees and external advisers. A request for external advice must be made through the Company Secretary.

### **Report to the Board**

The Chair of the Committee or his / her delegate will provide a verbal report of highlights of the meeting to the Board at the Board meeting following each meeting of the Committee. This report should contain any recommendations identified by the Committee to the Board. The report should also comment on the outcome or updates of any matters referred to it by the Board.

### **Minutes**

Minutes of proceedings and resolutions of Committee meetings will be kept and prepared promptly by the Company Secretary following the Committee meeting.

Minutes of Committee meetings shall record in sufficient detail the matters considered by the Committee and decisions reached, including any concerns raised by Committee members or dissenting views expressed.

Draft versions of minutes of such meetings will be distributed to the Chair of the Committee for his / her comment within a reasonable time after such meetings.

Minutes of Committee meetings will be tabled at a subsequent Committee meeting for all Committee members to review and approve.

The register of minutes will be kept by the Company Secretary and be open for inspection on reasonable notice by any Committee member and any Director of the Board.

# Functions and responsibilities

## Functions

The Committee will monitor, assess, and/or make recommendations on the implementation, maintenance and effectiveness of HSEC:

- policies;
- strategies;
- legal compliance;
- management systems;
- risks;
- performance; and
- training.

The Committee reports to the Board and is accountable to the Board for its performance.

The Board:

- has overall responsibility for monitoring the Company's HSEC strategy and reporting (including disclosing whether the Company has any material exposure to climate change risks, environmental or social risks and, if it does, how it manages or intends to manage those risks); and
- is responsible for evaluating and determining the Company's HSEC-related risks, and verifying that appropriate and effective HSEC risk management and internal control systems are in place.

The Committee is required to provide a confirmation to the Board on an annual basis, on the effectiveness of the HSEC systems in place.

## Responsibilities

The Committee will:

- inform itself in relation to the Company's obligations in relation to HSEC including by;
  - acquiring and maintaining up to date knowledge of HSEC matters;
  - understanding the nature, hazards and risks of the Company's business;
  - understanding the availability and use of appropriate resources and processes to eliminate or minimise risks;
- recommend to the Board, that management consider and adopt new HSEC policies and, as it considers necessary (but at least annually), review and assess the effectiveness of the HSEC policies and recommend changes to those policies;
- seek and consider reports on industry best practice in relation to HSEC matters;
- monitor the Company's compliance with approved HSEC policies;
- monitor and assess the Company's HSEC performance;
- ensure that all relevant safety, health and environment reports and external audits and reviews are commissioned by the Company;

- review the results of Safety, Health and Environmental Management Systems external audits and reviews and ensure recommendations are implemented on a timely basis;
- oversee the development of appropriate HSEC training programs for directors, staff and contractors of the company;
- monitor the management of HSEC risks;
- monitor compliance by the Company with relevant HSEC laws, including any mandatory reporting obligation;
- monitor the Company’s compliance and reporting obligations with respect to Modern Slavery laws;
- monitor the Company’s compliance and reporting obligations to the Clean Energy Regulator under the Commonwealth Safeguard Mechanism and National Greenhouse and Energy Reporting scheme;
- monitor the implementation and compliance throughout the Company against HSEC recommendations made by it and the effectiveness of those recommendations;
- receive and assess reports concerning any HSEC incidents in accordance with incident reporting standards within the Company, and monitor the implementation and effectiveness of remedial action;
- consider HSEC issues that may have strategic, business and reputational implications for the Company;
- assess and disclose to the Board whether the Company has any material exposure to environmental and social sustainability risks and climate change risks. If it does, the Committee must review and evaluate how the Company is managing those risks. In this context:
  - ‘environmental sustainability’ refers to the ability of the Company to continue operating in a manner that does not compromise the health of the ecosystems in which it operates over the long term;
  - ‘social sustainability’ refers to the ability of the Company to continue operating in a manner that meets accepted social norms and needs over the long term;
  - ‘climate change risks’ refers to the ability of the Company to continue operating in a manner that responds to the physical impacts of climate change, development of technology, customer and community perception and the regulatory response to risk of climate change, including unilateral and collective action by Australia and other countries; and
  - ‘material exposure’ means a real possibility that the risk in question could substantively impact the Company’s ability to create or preserve value for security holders over the short, medium or long term;
- keep the Board regularly informed regarding the above matters, including but not limited to when there are any changes or new developments; and
- promptly inform the Board of any incidents, risks and hazards which arise and provide all relevant information relating to the management of any such incident, risk or hazard.

## **Report by Board**

The Board (with the assistance of the Committee) must prepare an environmental, social and governance report (**ESG Report**) on an annual basis incorporating the information set out in the HKEX Listing Rules and publish the ESG Report within the timeline set out in the HKEX Listing Rules.



## **Review**

The Board will conduct an annual review of the Charter to confirm that it remains consistent with the Board's objectives and responsibilities. The Board must approve any amendments to the Charter arising from the review.

## **Publication of the Charter**

A copy of this Charter will be available to all directors and staff of the Company on request to the Company Secretary, and electronically via the Company intranet and on the Company's website.

# Yancoal Australia Ltd

## Audit and Risk Management Committee

The Audit and Risk Management Committee's objectives are to:

- help the Board in relation to the reporting of financial information;
- advise on the appropriate application and amendment of accounting policies;
- make evaluations and recommendations to the shareholders of the Company regarding the external auditor;
- recommend to the Board the remuneration of the external auditor for shareholder approval as required in accordance with the Constitution;
- provide a link between the Board and the external auditor and management;
- ensure that the Board, directors and management are aware of material risks facing the business;
- ensure the systems in place to identify, monitor and assess risk are appropriate and operating effectively; and
- assess the independence of the external auditor.

The Committee makes recommendations to the Board. It does not have any power to commit the Board or management to these recommendations. The Committee has unrestricted access to executives of the Company, and to the internal and external auditors in order to fulfil its purpose and undertake its duties.

The Committee plays a key role in helping the Board oversee financial reporting, internal control structure, risk management systems and the internal and external audit functions. The Committee is also intended as a mechanism for the auditor to communicate informally and confidentially about these issues and about potentially troublesome matters at a relatively early stage of audit, and to broach sensitive issues in an uninhibited fashion.

The Committee oversees —

- the preparation of, and the integrity of the group's financial statements;
- the risk management framework;
- the adequacy of the accounting system and internal control environment;
- the adequacy of the systems for compliance with relevant laws, regulations, standards and codes;
- the effectiveness of financial controls and systems and the audit process;
- the process for identification and management of financial risk and any improvements that can or should be made to the Company's internal controls, policies and financial disclosures;
- the Company's relationship with the external and internal auditor as well as the external and internal audit function;
- the Chief Executive Officer's (CEO) compliance with applicable delegation of authority limits;
- the frequency, significance, and propriety of transactions with related parties; and

- the integrity and quality of the Company's financial information including financial information provided to the Majority Shareholder, ASIC, the Australian Securities Exchange (ASX), the Hong Kong Stock Exchange (HKEX) and other regulatory bodies.

## **Membership**

### **Composition and quorum**

The Committee will comprise of a minimum of three directors, all of whom must be non-executive directors and a majority of whom must be independent. The Board may appoint additional non-executive directors to the Committee or remove and replace members of the Committee by resolution. The Committee members must be financially literate and have an understanding of the industry in which the Company operates and at least one independent non-executive director must have appropriate professional qualifications or accounting or associated financial management expertise.

A former partner of the Company's existing auditing firm shall be prohibited from acting as a member of the Committee for a period of two years from the date the person ceases:

- (a) to be a partner of the firm; or
- (b) to have any financial interest in the firm,

whichever is the later. The Board will appoint the Chair of the Committee. The Chair must be an independent non-executive director and must not be the Chair of the Board.

A Committee quorum will comprise a majority of the Committee members of whom at least one shall be an independent non-executive director.

The Chair of the Committee (or in his or her absence, his/her duly appointed delegate) shall attend the Company's annual general meetings and be prepared to respond to any shareholders' questions on the Committee's activities.

### **Removal or resignation**

Members of the Committee may withdraw from membership by written notification to the Board. The Board may appoint additional directors to the Committee or remove and replace members of the Committee by resolution. If a member of the Committee retires, is removed or resigns from the Board, that member ceases to be a member of the Committee. The Board will appoint the successor.

### **Secretary**

The Company Secretary will be the secretary of the Committee.

### **New candidates**

Having regard to the skills required and the skills currently represented on the Committee, the

Committee, through the Nomination and Remuneration Committee will implement a process for the identification of suitable director candidates for appointment to the Committee. In determining the process for the identification of suitable candidates, the Committee will ordinarily ensure that a search is undertaken by an appropriately qualified independent third party acting on a brief prepared by the Committee which identifies the skills sought.

The Committee, in consultation with the Nomination and Remuneration Committee, will make recommendations to the Board on candidates it considers appropriate for appointment.

### **Induction of new members**

New Committee members must be given a copy of this Charter, together with sufficient information about the Company and its:

- business operations and industry in which it operates;
- financial performance;
- risk management system;
- internal control system;
- financial reporting policies including related-party issues;
- legal and regulatory requirements including external reporting and compliance responsibilities;
- Code of Conduct; and
- unusual transactions.

All material previously provided to Committee members on matters still before the Committee must also be given to new members.

## **Meetings**

### **Frequency and calling meetings**

The Committee will meet with the level of frequency required to ensure it can undertake its role effectively. The Chair will convene at least four meetings of the Committee each year and any additional meetings that the Chair considers necessary or appropriate to carry out the Committee's responsibilities.

At least once each year, the Chair will convene a meeting of the Committee to meet with the external and internal auditors separately, without any executive directors or management being present.

In addition, the Company Secretary must call a meeting of the Committee if requested by any Committee member, the Board, or the external auditor.

### **Calling meeting and notice**

Any Committee member or, at the request of a Committee member the Company Secretary, may call a meeting of the Committee. A notice of each meeting confirming the date, time, venue and agenda will be forwarded to each Committee member (with a copy to all Board members) together with relevant supporting documents in a timely manner.

## **Advice**

The Committee will have access to employees of the Company and to external advisers. A request for external advice must be made through the Company Secretary.

## **Report to Board**

The Chair of the Committee or his / her delegate will provide a verbal report of highlights of the meeting to the Board at the Board meeting following each meeting of the Committee (to the extent considered necessary). This report should contain any recommendations identified by the Committee to the Board. The report should also comment on the outcome or updates of any matters referred to it by the Board.

## **Minutes**

Minutes of proceedings and resolutions of Committee meetings will be kept and prepared promptly by the Company Secretary following the Committee meeting.

Minutes of Committee meetings shall record in sufficient detail the matters considered by the Committee and decisions reached, including any concerns raised by Committee members or dissenting views expressed.

Draft minutes of such meetings will be distributed to the Chair of the Committee for his / her comment within a reasonable time after such meetings.

Minutes of Committee meetings will be tabled at a subsequent Committee meeting for all Committee members to review and approve.

The register of minutes will be kept by the Company Secretary and be open for inspection on reasonable notice by any Committee member and any Director of the Board.

## **Invitational attendance**

The Committee, if considered appropriate, may invite the Chair of the Executive Committee, the CEO, any other senior executives or other individuals to attend meetings of the Committee and provide information as necessary.

Any non-executive Directors of the Company who are not members of the Committee may attend meetings of the Committee.

## **Duties and responsibilities**

### **Audit**

The duties and responsibilities of the Committee include the following:

- (a) Engage in the pro-active oversight of the Company's financial reporting and disclosure process and the outputs of that process (including review of the Company's financial statements for accuracy and to ensure they reflect a true and fair view, as a basis for recommendation to and adoption by the Board);

- (b) Assess the suitability of the qualification of the Executive General Manager, Audit and Risk;
- (c) Receive reports directly from the Executive General Manager, Audit and Risk;
- (d) Review, oversee and report to the Board in relation to:
- the preparation of, and the integrity of the group's financial statements, including reviewing financial statements for adherence to accounting standards and policies and other requirements relating to the preparation and presentation of financial results;
  - the external audit of the Company's financial reports, including the scope and adequacy of the external audit and the results of the external audit, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control;
  - the appropriateness of the accounting policies adopted by management in the composition and presentation of financial reports (or any changes made or contemplated in relation to the Company's accounting policies) and assess the management processes supporting external reporting;
  - how the Company's internal audit function is structured and what role it performs;
  - the results and effectiveness of the internal audit programs and the performance and objectivity of the internal audit function, including whether the internal auditors are adequately resourced and co-ordinated with the external auditor;
  - outcomes and approve of the internal audit program;
  - the Company's relationship with the external and internal auditor as well as the external and internal audit function;
  - the independence<sup>1</sup> and objectivity of the external auditor and the effectiveness of the audit process (based on the information received from the external auditor and management) in accordance with applicable standards;
  - the appointment, reappointment or replacement, remuneration and terms of engagement of the external auditor and rotation of external audit engagement partners, and any questions of its resignation or dismissal<sup>2</sup>;
  - the development and implementation of policy on engaging an external auditor to supply non-audit services;
  - the frequency, significance, and propriety of transactions with related or connected parties;
  - the integrity and quality of the Company's financial information including financial information provided to the Majority Shareholder, ASIC, the ASX, the HKEX and other regulatory bodies; and
  - the Company's tax risk management, arrangements and compliance.
- (e) Provide advice to the Board as to whether the Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence<sup>3</sup>, and an

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<sup>1</sup> To review and monitor the independence of the external auditors, the Committee shall: (i) consider all relationships between the Company and the audit firm (including non-audit services); (ii) obtain from the audit firm annually, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those for rotation of audit partners and staff; and (iii) meet with the auditors, at least annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the auditor may wish to raise.

<sup>2</sup> Where the Board disagrees with the Committee's recommendation on the selection, appointment, resignation or dismissal of the external auditors, the Company shall disclose in the corporate governance report a statement from the Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.

<sup>3</sup> When assessing the external auditor's independence or objectivity in relation to non-audit services, the Committee

explanation of why those non-audit services do not compromise audit independence, in order for the Board to be in a position to make the statements required by the *Corporations Act 2001* (Cth) to be included in the Company's Annual Report.

- (f) Discuss with the external auditor before the audit commences the nature and scope of the audit and reporting obligations, and ensure coordination where more than one audit firm is involved.
- (g) Review and consider all the Company's publicly released material concerning financial information.
- (h) Ensure that the Company's external auditor attends the AGM and is available to answer questions from shareholders relevant to the audit.
- (i) Liaise with the Board and senior management of the Company and meet with the external auditor at least twice a year.
- (j) Ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter.
- (k) Review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters and ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action.

## **Risk**

The Committee will review the Company's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board, and report on this review to the Board. In fulfilling this responsibility, the Committee will review and report to the Board that:

- the Company's ongoing risk management program effectively identifies all areas of potential and emerging business risks, which may include regulatory and compliance risk, investment risk, legal risk, economic risk, environmental risk, social sustainability risk, occupational health and safety risk, financial risk, reputation risk, operational and execution risk and strategic risk;
- adequate policies and procedures have been designed and implemented to manage identified risks;
- a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- proper remedial action is undertaken to redress areas of weakness, including recommendations in relation to changes to be made to an entity's risk management framework or to the risk appetite set by the Board.

The duties and responsibilities of the Committee include ensuring, reviewing and evaluating:

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shall consider various factors, including (i) whether the skills and experience of the audit firm make it a suitable supplier of non-audit services; (ii) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit because the external auditor provides non-audit services; (iii) the nature of the non-audit services, the related fee levels and fee levels individually and in total relative to the audit firm; and (iv) the criteria for the compensation of the individuals performing the audit.

- the effectiveness of financial controls and systems;
- the process for identification and management of financial risk and any improvements that can or should be made to the Company's internal controls, policies and financial disclosures;
- whether the Company has any material exposure to environmental or social risks and, if it does, how the Company manages or intends managing those risks;
- the process to verify the integrity of any periodic corporate report released to the market that has not been reviewed or audited by an external auditor, and ensuring that process is disclosed whether in that report or more generally in the Company's governance disclosures in its annual report or on its website (noting that the authorisation of public disclosure of any such periodic corporate report which has not otherwise been approved by the Board, is the responsibility of the Disclosure Committee or a designated officer of the Company);
- the adequacy of the systems for compliance with relevant laws, regulations, standards and codes;
- the CEO's compliance with applicable delegation of authority limits;
- the structure and adequacy of the Company's business continuity plans;
- the structure and adequacy of the Company's insurances on an annual basis;
- the establishment and maintenance of processes to ensure that there is:
  - an adequate system of internal control, management of business risks and safeguard of assets; and
  - a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control;
- reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- the Company's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance and the "lessons learned";
- the Company's policies and culture with respect to the establishment and observance of appropriate ethical standards;
- reports from internal audit on its reviews of the adequacy of the Company's processes for managing risk;
- compliance with the Company's policies regarding managing conflicts of interest and related party transactions, and whether any amendments to these policies are required;
- the Company's main corporate governance practices for completeness and accuracy; and
- whether the Company has any material exposure to economic sustainability risks and, if so, how the Company is managing those risks. In this context:
  - 'economic sustainability' refers to the ability of the Company to continue operating at a particular level of economic production over the long term; and
  - 'material exposure' means a real possibility that the risk in question could substantively impact the listed entity's ability to create or preserve value for security holders over the short, medium or long term.

## Disclosure

In order to maintain transparency the role of the Committee is to be fully and fairly reported to the Board. Consistent with the Disclosure Policy, the Committee will, to the extent reasonably practical and where it has not otherwise been approved by the Board, review all public disclosures and statements concerning the subject matter of this policy including disclosures in:



- the annual report; and
- press releases relating to material or significant matters.

## **Resources**

Where the Committee considers it necessary or appropriate in order to fulfil its responsibilities, the Committee will be entitled to:

- access management and internal and external auditors, with the right to seek explanations and additional information from both management and auditors. Whilst the internal audit function reports to senior executives, it is acknowledged that the internal auditors also report directly to the Committee;
- access all books and records of the Company;
- draw on the expertise and resources of any employee of the Company, the internal auditors and external auditors;
- select and engage an external adviser or external service provider involving, where appropriate, advisers that are ‘independent’ in the sense that they are not usual service providers to the Company; and
- receive appropriate representations and attestations from the CEO and Chief Financial Officer as required.

In this context “independent” refers to the restrictions on relationships between the advisers providing the advice and management and/or third parties that might affect the adviser’s capacity to provide appropriate representation and advice to the Committee and should be determined in a way that is consistent with the Committee’s approach to audit independence.

## **Review**

The Committee will review its performance and compliance with this Charter annually.

The Committee will be subject to a periodic comprehensive review that includes surveys of directors, committee members, the internal and external auditors, senior financial and other management. The Committee will conduct an annual review of this Charter or as often as it considers necessary in order to make recommendations to the Board in relation to any changes that should be made to the Company’s risk management framework or to the risk appetite set by the Board and recommend amendments to the Board if necessary. The Board must approve any amendments to this Charter that stem from the review.

## **Publication of the Charter**

A copy of this Charter will be available to all directors and staff of the Company on request to the Company Secretary, electronically via the intranet and on the Company’s website.

# **Yancoal Australia Ltd (the Company)**

## **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee's (**Committee**) objective is to assist the Board of the Company by making recommendations in relation to:

- (a) Board composition and succession planning for the Board and oversight of succession planning for the Executive Committee;
- (b) Director remuneration (subject to any shareholder approval that is required in accordance with the Constitution, the Australian Securities Exchange (**ASX**) and the Hong Kong Stock Exchange (**HKEX**) Listing Rules) and remuneration arrangements for the Company's Executive Committee and any other person nominated as such by the Committee from time to time;
- (c) the public reporting of remuneration for Directors and the Company's 'Key Management Personnel';
- (d) oversight of the performance assessment of the Company's Executive Committee;
- (e) designing company policy and regulations with regard to corporate governance; and
- (f) diversity and inclusion.

## **Duties and Responsibilities**

The duties and responsibilities of this Committee are as follows:

### **Remuneration**

#### ***Performance and Remuneration***

The Committee will:

- (a) review and make recommendations to the Board regarding remuneration of the Directors and each member of the Company's Executive Committee (or other individuals as appropriate) including contract terms, annual remuneration and participation in the Company's short and long term incentive plans;
- (b) review major changes and developments in the Company's remuneration, recruitment, retention and termination policies and procedures for senior executives;
- (c) review the performance assessment processes and results for each member of the Company's Executive Committee as they reflect the capability of management to realise the business strategy;

(d) review the annual report disclosures in relation to the appointment, dismissal, salary, benefits, awards, and penalties of management personnel and certain key employees of the Company;

(e) monitor and review the Company's remuneration arrangements (including any incentive plans) for continued compliance with legislation, regulation and market expectations or practices;

(f) review and approve compensation arrangements for executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(g) review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct in order to ensure that they are consistent with contractual terms and that are otherwise reasonable and appropriate;

(h) ensure that no Director or any of his /her associates is involved in deciding his / her own remuneration;

(i) review and make recommendations to the Board on remuneration by gender and recommend any strategies to address any pay gap;

(j) approve the Remuneration Report to be disclosed in the Annual Reports of the Company and the Majority Shareholder (if applicable); and

(k) review and/or approve matters relating to share schemes under Chapter 17 of the HKEX Listing Rules.

### ***Long Term Incentive Plans***

The Committee will consider and make recommendations with respect to any aspect of the Company's long term incentive plans (including in respect of the performance hurdles, eligibility criteria and terms of offer).

### ***Short Term Incentive Plans***

The Committee will review and make recommendations to the Board regarding the Key Performance Indicators (**KPIs**) for each member of the Company's Executive Committee and provide feedback about each person's performance against such KPIs.

### ***Director Remuneration***

The Committee will make recommendations to the Board about the level of remuneration (including superannuation, travel and other benefits) of the Directors of the Company. The remuneration of the Directors is subject to any approval by shareholders that is required in accordance with the Constitution or the ASX or HKEX Listing Rules. In general, no equity-based remuneration (e.g. share options or grants) with performance-related elements shall be granted to independent non-executive directors as this may lead to bias in their decision making and compromise their objectivity and independence.

## **Remuneration policy**

In discharging its responsibilities, the Committee must have regard to the following policy objectives:

- (a) to ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders and having regard to the Company's business strategy, purposes, values and risk appetite, including in relation to non-financial risk, and relevant Company policies, including the Diversity and Inclusion Policy (**Policy**);
- (b) to attract and retain skilled employees;
- (c) to structure short and long term incentives that are challenging and linked to the creation of sustainable returns for the Company's shareholders;
- (d) to ensure any termination benefits are justified and appropriate; and
- (e) to apply appropriate performance measures, including key financial and non-financial measures of performance.

In the discharge of the Committee's responsibilities, no member of the Company's Executive Committee should be directly involved in determining their own remuneration.

The Committee should consult the Chair of the Board, the Chief Executive Officer and/or the Chair of the Executive Committee, about their remuneration proposals for other executive Directors and senior management of the Company.

## **Nomination, succession and training**

The Committee will:

- (a) review and recommend to the Board the size and composition of the Board, including review of Board succession plans and the succession of the Chair of the Board, the Chair of the Executive Committee, the CEO, and other members of the Executive Committee;
- (b) review and recommend to the Board the membership of the Company's Audit and Risk Management Committee, Health, Safety, Environment and Community Committee, Strategy and Development Committee and the Committee, in consultation with the respective chairs of those committees;
- (c) develop and maintain a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership;
- (d) periodically assess and report to the Board on the necessary and desirable skills required to competently discharge the Board's obligations considering the strategic direction of the Company and report to the Board on the outcome of that assessment;
- (e) ensure that the Company has an induction program for new Directors and make

recommendations to the Chair of the Board about appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors of the Company effectively;

(f) review and propose potential candidates for appointment to the Board of the Company. In identifying suitable candidates, the Committee will have regard to the skills required relative to the skills already represented on the Board;

(g) make recommendations to the Board on candidates that the Committee considers appropriate for appointment, subject to any shareholder approval that is required in accordance with the Constitution;

(h) provide confirmation of the Directors to retire annually by rotation and make recommendations for the re-election of directors (subject to the principle that no Committee member may be involved in making a recommendation in respect of themselves); and

(i) oversee the Board's annual performance evaluation process which will be managed by the Committee Chair and the Company Secretary.

It is noted that, unless otherwise required by law, the terms of any succession plan must remain confidential and that access to the plan must only be provided to the Board and any employees that have a need to know about the plan. The Committee shall review the plan from time to time as the Committee deems appropriate.

## **Diversity**

The Committee will:

(a) oversee and have regard to the Company's Diversity and Inclusion Policy (**Policy**) in discharging its responsibilities in relation to remuneration, nomination and succession;

(b) promote diversity as an important strategic and cultural factor to achieve business objectives across the Company, and monitor the development of any key strategies aimed at improving the culture of the Company more broadly;

(c) on an annual basis, review the effectiveness of the Policy by:

- advising on and assessing the Company's progress towards the achievement of any measurable objectives and any strategies aimed at achieving the objectives;
- considering any mitigating factors or circumstances which may make achieving gender diversity across the workforce (including senior management) more challenging or less relevant; and
- reporting to the Board recommending any changes to any measurable objectives, strategies or the way in which they are implemented;

(d) in accordance with the Policy, on an annual basis, review the relative proportion of

women and men who are employed by the Group as a whole and in senior executive positions, and who are on the Board, and submit a report to the Board, which outlines the Committee's findings; and

(e) review the Annual Report and other public disclosures regarding diversity.

## **Nomination policy & procedure**

In the process of nominating and reviewing a potential candidate for Board appointment:

(a) factors to be considered include without limitation:

- the skills, experience, expertise and personal qualities that will best complement Board effectiveness;
- the existing composition of the Board;
- the capability of the candidate to devote sufficient time and make contributions to the Company that are commensurate with his/her role and board responsibilities (this involves a consideration of matters such as other Board or executive appointments)<sup>1</sup>;
- how the candidate contributes to diversity to the Board; and
- potential conflicts of interest, and independence.

(b) detailed background information in relation to a potential candidate should be provided to all directors, including details of any interest, position or relationship that may bear on the candidate's independence;<sup>2</sup>

(c) where all the independent non-executive directors of the Company have served more than nine years on the Board, the Company should disclose the length of tenure of each existing independent non-executive director on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the annual general meeting;

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<sup>1</sup> Where an independent non-executive Director candidate is being nominated to a seventh (or more) listed company directorship, the Company must explain in the explanatory statement accompanying the notice of the relevant shareholders' meeting for election of such independent non-executive Director why the Board believes the individual would still be able to devote sufficient time to the Board. For the avoidance of doubt, where an independent non-executive Director serving on various entities within a consolidated group of listed companies, these will not be collectively regarded as one directorship. The Nomination and Remuneration Committee should be aware of the factors which may affect an individual's time commitment to the Company, including: (i) directorship at another issuer undergoing a period of particularly increased activity, such as an acquisition or a takeover; (ii) chairing an issuer's board and/or board committees; (iii) membership of board committees; (iv) acting as chief executive officer or full time executive director for another issuer; and (v) being an independent non-executive director for multiple boards and taking up significant commitments at government or non-profit making bodies.

<sup>2</sup> Where an independent non-executive Director has served more than 9 years ("**Long-serving INED**"), his further appointment should be subject to a separate resolution for shareholders' approval. The papers to shareholders accompanying that resolution should state why the Board (or the Committee) believes the Long-Serving INED is still independent and should be re-elected, including the factors considered, the process and the discussion of the Board (or the Committee) in arriving at such determination.

(d) the identification of potential director candidates may be assisted by the use of external search organisations as appropriate. A request for external search must be made through the Company Secretary;

(e) to the extent practicable, appropriate checks into the candidate's background (including the person's character, experience, education, criminal record and bankruptcy history) will be undertaken before a candidate is appointed, or put forward to the Company's shareholders as a candidate for election, as a director;

(f) if the Company puts forward to shareholders a candidate for election as a director, the shareholders will be provided with all material information in the Company's possession that is relevant to the decision of whether or not to elect or re-elect the candidate as a director;

For the avoidance of doubt, the Committee can only make recommendations, but it cannot make appointments. Any recommendation from the Committee as to a potential director candidate must be provided to the Board;

(g) the shareholders will appoint directors to the Board. However the Board may appoint directors to fill a casual vacancy on the Board in circumstances set out in the Constitution (i.e., to ensure that the number of directors remains above the constitutional minimum or where required to comply with any applicable laws or the ASX or HKEX Listing Rules) who shall hold office only until the first annual general meeting of the Company after their appointment and shall then be eligible for re-election. In the case of an offer of a Board appointment to the potential candidate by the Board, this offer will be made by the Chair of the Board, and appointment must be approved by the shareholders at the next general meeting of the Company; and

(h) all new Board appointments should be confirmed by letter or a written agreement setting out the terms of their appointment and in the standard format as approved by the Board.

This nomination policy shall be disclosed in the Company's corporate governance report of the Annual Report, which includes the nomination procedures and the process and criteria adopted by the Committee to select and recommend candidates for directorships during the year. This section should also include the Board's policy or a summary of the policy on board diversity, including any measurable objective that the Board has set for implementing the policy, and progress on achieving those objectives. For the avoidance of doubt, the ultimate responsibility for selection and appointment of directors rests with the entire Board.

### **Access to resources and independent advice**

The Committee may request any information from the Company's management that the Committee considers necessary or desirable to enable it to assess the performance of each member of the Company's Executive Committee or to comply with any laws and/or regulations.

The Committee may seek the advice of the Company's auditor's, solicitors or engage external advisers when necessary, and any advice so obtained will generally be available to all Directors of the Board. A request for external advice must be made through the Company

Secretary.

## **The Committee**

### **Composition and quorum**

The Committee will consist of a minimum of three non-executive directors, a majority of whom must be independent. The Board may appoint additional non-executive directors to the Committee or remove and replace members of the Committee by resolution. The Board will appoint the Chair of the Committee who must be an independent non-executive director.

A Committee quorum will comprise a majority of the Committee members.

The Chair of the Committee shall attend the Company's annual general meetings.

### **Removal or resignation**

Members of the Committee may withdraw from membership by written notification to the Board. If a Committee member retires, is removed or resigns from the Board, that member ceases to be a member of the Committee. The Board will appoint the successor.

### **Participation by non-Committee members**

The Committee, if considered appropriate, may invite any executive or other individuals to attend Committee meetings.

### **Secretary**

The Company Secretary will be the secretary of the Committee.

## **Meetings**

### **Frequency**

The Committee will meet as frequently as required but not less than once per year.

### **Calling meetings and notice**

Any Committee member or, at the request of a Committee member the Company Secretary, may call a meeting of the Committee. A notice of each meeting confirming the date, time, venue and agenda will be forwarded to each Committee member (with a copy to all Directors of the Company) together with relevant supporting papers in a timely manner.

### **Advice**

The Committee will have access to Company employees and external advisers. A request for external advice must be made through the Company Secretary.



## **Report to the Board**

The Chair of the Committee or his/her delegate will provide a verbal report of highlights of the meeting to the Board at the Board meeting following each meeting of the Committee. This report should contain any recommendations identified by the Committee to the Board. The report should also comment on the outcome or updates of any matters referred to it by the Board.

## **Minutes**

Minutes of proceedings and resolutions of Committee meetings will be kept and prepared promptly by the Company Secretary following the Committee meeting.

Minutes of meetings of the Committee shall record in sufficient detail the matters considered by the Committee and decisions reached, including any concerns raised by Committee members or dissenting views expressed.

Draft versions of minutes of such meetings will be distributed to the Chair of the Committee for his/her comment within a reasonable time after such meetings.

Minutes of Committee meetings will be tabled at a subsequent Committee meeting for all Committee members to review and approve.

The register of minutes will be kept by the Company Secretary and be open for inspection on reasonable notice by any Committee member and any Director of the Board.

## **Disclosure**

In order to maintain transparency, the role of the Committee is to be fully and fairly reported to the Board. Consistent with the disclosure policy, the Committee will, to the extent reasonably practical and where it has not otherwise been approved by the Board, review all public disclosures and statements concerning matters that are subject of this policy including disclosures in:

- the Annual Report; and
- press releases relating to material or significant matters.

## **Review**

The Board will conduct an annual review of the Charter to ensure that it remains consistent with the Board's objectives and responsibilities. The Board must approve any amendments to the Charter arising from the review.

## **Publication of the Charter**

A copy of this Charter will be available to all directors and staff of the Company on request to the Company Secretary, electronically via the intranet and on the Company's website.