

A large yellow mining truck is the central focus, with a worker in an orange high-visibility shirt and white hard hat climbing a wooden ladder attached to its side. The scene is set at sunset, with a warm, golden light illuminating the truck and the worker. The truck's massive, treaded tires are prominent, and the background shows a flat, open landscape under a clear sky.

**FOUNDED ON SHARED VALUES**   
*Focused on Australian futures*

**MODERN SLAVERY STATEMENT**

**YANCOAL  
AUSTRALIA LTD**

(INCORPORATED IN VICTORIA, AUSTRALIA WITH LIMITED LIABILITY)  
ASX STOCK CODE: YAL HKEX STOCK CODE: 3668 ACN 111 859 119

## WE VALUE

*"A company that protects our rights"*

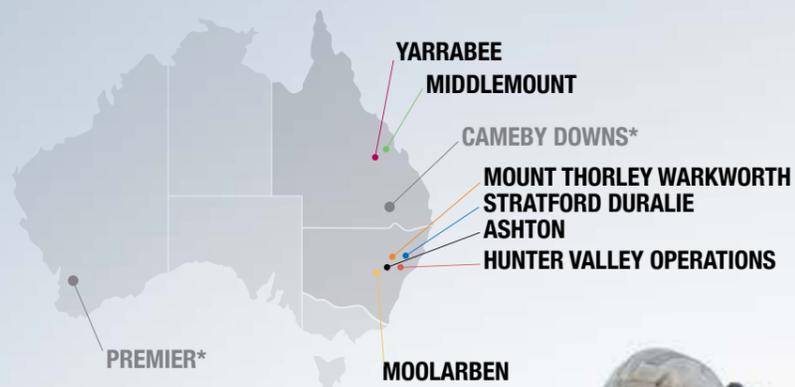
**In preparation for issuing our inaugural Modern Slavery Statement, during 2020 Yancoal improved its process for identifying high-risk suppliers in our supply chain by considering: the countries in which our supply chains operate; industry sectors; business relationships; and the types of products and services provided.**

The first implementation round covered our top 50 suppliers by spend. The information gathered during this process will be used to inform the development of our ongoing Modern Slavery register of

suppliers, supplier risk rankings and detailed due diligence of high-risk suppliers.

In 2021, Yancoal has engaged an external consultant to complete a further detailed assessment of modern slavery risks in our supplier chain and to also undertake desktop audits of suppliers that have been assessed as high-risk. We will continue to assess supplier modern slavery risk as part of our procurement processes for new and contracted suppliers, as well as the development of a remediation strategy for high-risk suppliers.

# WHO WE ARE



Yancoal is a leading low-cost Australian coal producer in the global seaborne market, producing a mix of premium thermal, semi-soft coking and PCI coals for export.

Since 2004, Yancoal has generated over \$10 billion in Foreign Direct Investment (FDI) for Australia and now owns, operates or participates in nine producing coal mines across NSW, Queensland and Western Australia. These operations support around 4,300 full time jobs, and in 2020 generated \$506 million in government contributions and created an overall value-added impact of \$8.0 billion for the Australian economy.

It is generally accepted that coal plays an important part in economic growth and

development across Asia, where demand for high-quality coal remains strong. Yancoal has a diverse range of customers and in 2020 we exported our Australian coal to 19 countries.

In 2020, Yancoal's thermal coal exports would have powered around 39 million households in the Asian region, and metallurgical coal exports could have produced 3.0 million tonnes of steel (equivalent to the amount required to construct around 57 Sydney Harbour Bridges).

Yancoal is a public company, listed on both the Australian Securities Exchange (ASX: YAL) and the Stock Exchange of Hong Kong (HKSE: 3668), and is majority owned by Yanzhou Coal Mining Company Limited.



\*Managed, not owned, by Yancoal

## WE VALUE

Yancoal is focused on maintaining and upholding a strong corporate culture and set of corporate values to underpin and guide our ongoing success and sustainability as a business.

The manner in which Yancoal conducts business is informed by the 'Yancoal Way', which encapsulates our beliefs and values. Our approach to Modern Slavery reflects two of our core values - Excellence and Integrity. We seek to identify and implement best practices in order to drive the business forward and to operate at the highest ethical standards. We seek to do things because they are right, not just because we should.

Modern slavery, in all its forms, is an all-too-common reality in the modern

global economy, posing genuine risks to human rights across business operations and supply chains. This Statement outlines Yancoal's approach to ensuring our operations and supply chains have been thoroughly assessed for the risks and presence of practices that could represent modern slavery.

Following considerable analysis, we have a comprehensive awareness of the particular elements of our business and supply chains where there are risks that modern slavery could exist. Our capacity in the area of modern slavery risk assessment has been enhanced through customised training for our personnel and the establishment of annual risk identification activities, in some instances on a project specific basis.

Into the future Yancoal will continually review and assess our processes so that they are effective to address modern slavery risks, we will increase our level of engagement with suppliers to ensure they understand our expectations, and also assist suppliers to build their own capabilities to address modern slavery risks.



**David Moulton**  
CEO



## WE VALUE

"A steady stream of work"



**A1 Earthworx Mining & Civil has partnered with Yancoal at the Moolarben mine since its construction phase. Guidance and support from Yancoal has helped the business grow, and also assisted in improving its systems and procedures.**

Chris, A1 Earthworx's General Manager, is proud that the business has been involved throughout the full-mining cycle at Moolarben, from exploration to rehabilitation, and he sees a bright future for sustainable mining practices.

Yancoal's contribution to businesses and the local community has been wide-reaching and has added to the region's prosperity.

## WE VALUE

"My first set of wheels"



**During 2020, Yancoal completed our fourth year of a rolling partnership with the Clontarf Foundation, providing \$100,000 to support Indigenous youth education services throughout Australia.**

The Foundation aims to source funding equally from Federal government, State government and from private enterprise participants such as Yancoal to improve the education, discipline, life skills,

self-esteem and employment prospects of young Aboriginal and Torres Strait Island men.

## PART ONE

# INTRODUCTION

Yancoal Australia Ltd ABN 82 111 859 119 (Yancoal) is a reporting entity under the Modern Slavery Act 2018 (Cth) (Act).

The following entities also meet the reporting test set out in the Act, and accordingly are reporting entities:

- Yancoal Resources Pty Ltd;
- Yancoal Australia Sales Pty Ltd;
- Ashton Coal Mines Ltd;
- Yancoal Moolarben Pty Ltd;
- Moolarben Coal Mines Pty Ltd;
- Yarrabee Coal Company Pty. Ltd.;
- Coal & Allied Operations Pty Ltd;
- CNA Resources Pty Ltd;
- Coal & Allied Industries Pty Ltd
- CNA Warkworth Australasia Pty Ltd;
- Mount Thorley Operations Pty Ltd;
- Syntech Resources Pty Ltd; and
- Premier Coal Ltd,

(together with Yancoal, we, us, our or Reporting Entities)

We acknowledge that modern slavery is an all-too-common reality in the modern global economy. We recognise that modern slavery poses genuine risks to human rights across all global business operations and supply chains, and that modern slavery can exist in various forms.

We are committed to high standards of integrity and ethics in all of our business practices, including proactively combating modern slavery.

This Joint Modern Slavery Statement (Statement) is made pursuant to the Act, and is submitted by Yancoal on behalf of the Reporting Entities.

This Statement has been approved by the Yancoal Board on behalf of each of the Reporting Entities, and outlines our strategy, actions and roadmap to combat modern slavery, both in Australia and internationally.

### ABOUT US

Yancoal owns, operates or has a joint-venture stake in nine active coal mines.

Yancoal's product is railed to ports on the east coast of Australia and exported to the Asian market.

Yancoal owns a stake in Port Waratah Coal Services at Newcastle, and has a port allocation. Yancoal also owns a stake in Newcastle Coal Infrastructure Group at Newcastle, and has a port allocation.

In New South Wales, the Hunter Valley Coal Chain supports the Moolarben, Mount Thorley Warkworth, Hunter Valley Operations, Ashton, and Stratford Duralie mines, with coal railed to the Port of Newcastle.

Yancoal is one of four Wiggins Island Coal Export Terminal owners at Gladstone, Queensland, and has contracted capacity, which is allocated to the Yarrabee mine.

In Queensland, the Blackwater System transports coal from Yarrabee to the Wiggins Island Coal Export Terminal, and the Goonyella and Newlands Systems transport coal from Middlesmount to the Dalrymple Bay Coal Terminal or the Abbot Point Coal Terminal.

The operations and supply chain for all of the entities controlled by Yancoal (as set out on pages 127 and 128 of our 2020 Annual Report) have been considered for the purposes of this Statement. The operations and supply chain for all of the additional entities managed by Yancoal on behalf of Yanzhou Coal Mining Company Limited (as set out on page 123 of our 2020 Annual Report) have also been considered for the purposes of this Statement. Yancoal also holds significant interest in the following joint ventures:

- Hunter Valley Operations Joint Venture (HVO) 51% owned by Coal & Allied Operations Pty Ltd (CAOP, a subsidiary of Yancoal) and 49% owned Anotero Pty Ltd (a company of the Glencore group). The HVO mine is operated by HV Operations Pty Ltd (HV Ops), which will be owned 51/49 by CAOP and Anotero respectively; and
- Middlesmount Coal Pty Ltd, a joint venture owned at 49.9997% by Gloucester (SVP) Pty Ltd (a Yancoal subsidiary) and owned at 50.0003% by Custom Mining Pty Ltd (a company of the Peabody group).

These two joint ventures are not operated by Yancoal and the Modern Slavery risk relating to these joint ventures is not controlled by Yancoal; they are therefore excluded from the scope of this statement and will report separately and independently on Modern Slavery under the Act.

Consistent with our core values of People, Safety, Integrity, Excellence and Innovation - we take potential modern slavery risks seriously.

### The following is an overview of our modern slavery mitigation, due diligence and remediation activities over the reporting period:

-  establishing a Modern Slavery Working Group to manage the development and implementation of our strategy to address and combat modern slavery risks within our business operations and supply chains;
-  comprehensive assessment of modern slavery risks in our current business operations and supply chains; and
-  incorporation of due diligence processes to assess modern slavery risks in the existing supply chain, including the evaluation of existing suppliers during sourcing activities undertaken by the procurement team.
-  rollout of a Modern Slavery Policy and update of our internal governance framework, including our Procurement Policy and Procedures;
-  developing methodologies and processes to assess modern slavery risks in our supply chain;

### SUPPLY CHAINS

We have a centralised procurement function which covers all of the reporting entities.

All products and services supplied to us are procured in accordance with our formal procurement processes. Our suppliers are critical to our operations.

Critical supply chains include our port and rail service providers, plant and equipment manufacturers and suppliers; diesel and lubricant suppliers, blasting product and service suppliers, direct and indirectly employed labour, utilities and electricity services.

The majority of our direct suppliers are Australian-based. The remaining minority comprise suppliers mainly located in China, Singapore, the UK and the US. We assessed 828 suppliers between the time of the end of the reporting period and approval of this statement.



## PART TWO

# ASSESSED MODERN SLAVERY RISKS IN SUPPLY CHAINS

We have undertaken a comprehensive risk assessment of our operations and supply chains. Further detail on the methodology used in the comprehensive initial risk assessment is contained in the Appendix of our Statement.

No actual or suspected cases of modern slavery over the reporting period were identified in our operations or supply chains.

We acknowledge the risk of modern slavery within the global mining sector as a whole. This is largely due to the labour-intensive nature of many aspects of mining work, and the relatively higher proportion of developing economies engaged in mining activities. We have

taken into account these global risk factors in assessing what risks may exist in our operations in the Australian context.

Modern slavery risks identified through our initial risk assessment arise from a complex interaction of factors including:

- total supplier spend amounts (i.e. the value of our direct supplier contracts);
- industry category, including industries that, in turn, feed into particular categories further down the supply chain;
- geographical area of operation; and
- depth of tiering within the supply chain(s)- e.g., 3rd tier supplier, 5th tier supplier, etc. The three priority industry

risk categories for modern slavery that we identified in our supply chain as a result of our initial assessment are:

- special industrial equipment;
- wholesale trade industrial machinery repairs; and
- chemical products and non-building construction.

Further details on these risks are set out below.

## SPECIAL INDUSTRIAL EQUIPMENT

Special industrial equipment procured from China represented the highest relative risk out of all our industry categories assessed in our supply chains. Suppliers in this category represented a significant portion of our total spend on mining-related equipment, which includes major plant and equipment such as trucks for our mining operations.

We consider this elevated risk result to be driven by industry, product and geographical factors. However, the assessed slavery risk largely lies beyond our direct suppliers, at the more fundamental stages of raw material extraction, basic component manufacturing and the like.

## WHOLESALE TRADE AND INDUSTRIAL MACHINERY REPAIRS

Wholesale trade and industrial machinery repairs undertaken in Australia was another industry category that also represented a potentially elevated modern slavery risk in our supply chains.

However, our major supplier in this general industry category is an Australian based provider of oil-based lubricant and fuel.

This risk result is primarily attributable to our relatively higher total spend amount over the reporting period, rather than any inherent characteristic or geographical factor of the particular industry category.

We recognise that the related supply chains of our direct, Australian supplier, may depend on overseas suppliers that may be operating in higher risk geographies. The risks for modern slavery are likely to be present at lower tiers of the supply chain where manufacturing of component parts and other low-skilled labour activities are situated in higher-risk geographies.

## CHEMICAL PRODUCTS & NON-BUILDING CONSTRUCTION

We have only one major supplier in this industry category, which featured a significant total spend over the reporting period. Products primarily include explosive materials and chemicals for mining.

That supplier is, itself, a mandatory reporting entity under the Act, which has published its own comprehensive modern slavery statement. We consider that this significantly mitigates against any general elevated risk profile that may otherwise exist across this industry category as a whole.

### Higher-risk geographies

Although our supplier is Australian based, we recognise that risks may be present due to its international operations.

## RISK ASSESSMENT IN OUR DIRECT OPERATIONS

One factor specific to our operations in Australia that we chose to focus on as part of our ongoing due diligence efforts relates to contracting and subcontracting arrangements of those working in 'on-the-ground' mining operations.

Our operations are based in New South Wales, Queensland and Western Australia. Our workforce consists of a combination of highly skilled workers including technical and engineering professionals, tradespeople and lower-skilled workers such as machinery operators, cleaners and security. We also engage recruitment agencies most of whom are reporting entities under the Act.

Where recruitment agencies are used, we ensure that their processes meet our procurement requirements.

We engage contractors where the majority are operational or trades labour. We are aware that contracting arrangements can, in certain contexts, have the potential to elevate modern slavery risk due to lower levels of visibility over the working conditions of contracting parties and the short-term nature of some engagements where modern slavery risks may go undetected.

However, unlike countries that feature higher inequality, and have weaker governance and legal protections, risks in our operations are largely mitigated by the fact that Australia has a robust legal and regulatory system, with strong employment protections for workers. Union membership is encouraged amongst both our direct and indirect workers.



## PART THREE

# ACTIONS TAKEN TO ASSESS AND ADDRESS MODERN SLAVERY RISKS

## MODERN SLAVERY OVERSIGHT & GOVERNANCE

Over the reporting period, we have established a Modern Slavery Working Group, which has:

- partnered with external consultants to undertake our initial risk assessment;
- further developed our modern slavery due diligence for our procurement processes;
- undertaken gap analysis of our existing policies and internal governance framework;
- established a Modern Slavery Policy; and
- undertaken modern slavery training for key personnel and staff.

## MODERN SLAVERY RISK ASSESSMENT

Following our initial risk assessment, we undertook a modern slavery risk assessment for the reporting period. The results of this risk assessment continue to inform our efforts to combat modern slavery in our operations and supply chain.

## IMPROVING DUE DILIGENCE PRACTICES FOR OUR SUPPLIERS:

All of the products and services supplied to us are procured in accordance with our formal procurement processes. In addition to price and cost considerations, we expect high ethical standards from our suppliers (including within their own supply chains).

Key considerations relating to modern slavery have been incorporated as part of our due diligence and risk assessment of suppliers in our formal tender processes. The following factors are considered in evaluating the relative level of modern slavery risk posed by a potential supplier prior to onboarding:

- country (or countries) of operation and primary supply chains;
- industry sectors (including the extent of the industry's use of foreign temporary employees or contractors);
- nature of the products and services being procured (how these are produced, used or provided);
- value of the contract or purchase order;
- nature of the (existing and/or proposed) business relationship with Yancoal; and
- the entity's existing reputation and/or previous track record in relation to human rights issues.

Our standard procurement process has also been updated to ensure we have adequate oversight in relation to any potential modern slavery risks with our suppliers.

During the procurement process (request for tender, proposal or quote) all suppliers must complete and submit a modern slavery questionnaire. The questionnaire assists in our risk assessment process by allowing the procurement team to categorise our suppliers as low, medium or high relative risk. Where a proposed supplier is identified as potentially high risk, further investigation is required.

Active and ongoing suppliers, service providers and third-party contractors, are required to complete a modern slavery questionnaire every two years. We maintain a central and secure register of completed questionnaires and related supplier correspondence.

## POLICIES IMPACTING OUR SUPPLY CHAIN AND OPERATIONS

Our Modern Slavery Policy informs how we implement systems and controls to ensure that potential modern slavery risks are identified and addressed across the full scope of our business operations and in our supply chains.

This Policy complements our other internal governance policies such as our Code of Conduct, Discrimination & Harassment Policy, Workplace Bullying Policy, and Health & Safety Policy. These policies set out our approach to establishing acceptable standards of personal and corporate conduct, and the behaviours that are expected of all Yancoal employees, contractors, suppliers and business partners.

Our human resources and workplace policies promote equal employment opportunity, fair employment practices, and a workplace free from any kind of discrimination, harassment or intimidation. These policies align with local legislation, regulations and acceptable working practices. We are committed to promptly investigating any allegations or concerns relating to modern slavery issues and, where a risk is founded, to take appropriate corrective action.



Our Code of Conduct is applicable to both internal and external stakeholders of the business including Directors, officers, employees, contractors, suppliers, consultants, agents, advisors and representatives engaged by us. Our Code of Conduct requires all stakeholders to comply with our Modern Slavery Policy.

## TRAINING AND AWARENESS

We have developed a customised training module for our personnel that has been designed to ensure appropriate awareness and understanding of modern slavery risks in our business operations and supply chains. As at the date of lodgement of this Statement, our procurement and human resources teams had completed this training. Our directors have also received independent training regarding awareness

and understanding of modern slavery risks in our business. It is anticipated that further training of appropriate staff on modern slavery issues occur in the upcoming reporting period.

## REMEDIATION PROCESSES

Formal risk identification activities are undertaken on an annual basis and, where appropriate, on a project specific basis.

The status, outcomes or actions taken as a result of any investigations into alleged issues related to modern slavery are directly reported to the Audit and Risk Committee. As stated in Part Three, we did not identify any actual or suspected cases of modern slavery over the subject reporting period.

Employees are instructed to report to their manager when they believe or suspect there has been a breach, or potential breach, of the Modern Slavery Policy, or of laws regarding modern slavery that are related to our operations and supply chains.

The Modern Slavery Policy includes details of relevant reporting procedures, including the availability of an anonymous 'whistleblower' service.

Our Whistleblower Policy also includes an avenue for current or former employees of our suppliers or contractors to make complaints, including in relation to modern slavery risks.

## PART FOUR

# MEASURING THE EFFECTIVENESS OF OUR ONGOING MODERN SLAVERY RESPONSE

We have identified the following targets which will be used to track our actions and progress against our goals:



An increase in the number of suppliers we undertake a comprehensive risk assessment (beyond tier 1) for modern slavery risk.



An increase in the number of deep dive audits that are undertaken on suppliers that have an elevated risk of modern slavery.



The implementation of any remediation plans to address Modern Slavery Risk that have been identified.

We will undertake periodic reviews of our processes to ensure that our efforts are practically and effectively addressing modern slavery risks in our organisation and its supply chains.

We have completed a review of the effectiveness of our systems and process to combat modern slavery risks over the past 12 months. The following is a summary of measures and actions that will be undertaken throughout 2021, in light of that review:

- review the current policy framework to ensure it aligns with best practice;
- increase the level of engagement with direct suppliers to ensure they understand our expectations and their own requirements for combatting modern slavery, and assisting suppliers to build capabilities to address modern slavery risks in their own operations and supply chains;
- deliver tailored modern slavery training more broadly across our organisation, so that all relevant employees have an appropriate level of understanding and awareness about the reality of modern slavery risks, including key indicators as to the existence of such risk; and
- continue to monitor the effectiveness of the processes and systems that we have implemented to address modern slavery issues both internally and externally, with the aim of continuous improvement;



## PART FIVE

# ANY OTHER RELEVANT INFORMATION



## IMPACTS OF COVID-19 PANDEMIC ON MODERN SLAVERY RISKS AND RESPONSES

The impact of COVID-19 on the risk of modern slavery in our operations and supply chains related most significantly to the urgent sourcing of additional PPE using supplier sources and procurement processes that fell outside of our usual procurement process. We have now resumed our usual procurement process but are aware of the impact that COVID-19 had on vulnerable populations and the risk of modern slavery.

## APPENDIX

# INITIAL RISK ASSESSMENT METHODOLOGY SUMMARY

An initial risk assessment was carried out to identify the elevated areas of modern slavery risk in our supply chains. This baseline exercise provides the basis for our subsequent focus for ongoing due diligence and remediation activities.

Incorporating company spend data throughout global markets, we have utilised external consultants with proprietary technology to trace the economic inputs required to produce products and services sourced from Tier 1 suppliers to Tier 2 suppliers, Tier 2 suppliers to Tier 3 suppliers, and so on, all the way to Tier 10 suppliers of the supply chain of Yancoal's top suppliers by spend.

This supply chain mapping was performed using a balanced, global Multi-Regional Input-Output (MRIO) table which links supply chain data from 190 countries, and in relation to 15,909 industry sectors. This MRIO table is assembled using the following sources:

- i. The United Nations' (UN) System of National Accounts;
- ii. UN COMTRADE databases;
- iii. Eurostat databases;
- iv. The Institute of Developing Economies, Japan External Trade Organisation (IDE/JETRO); and
- v. Numerous National Agencies including the Australian Bureau of Statistics.



The MRIO is then examined against the following international standards:

- i. The UN Guiding Principles on Business and Human Rights;
- ii. The Global Slavery Index;
- iii. International Labour Organisation (ILO) Global Estimates of Modern Slavery; and
- iv. The United States' Reports on International Child Labour and Forced Labour.

A proprietary algorithm has then been applied to synthesise publicly available risk data against the exclusively licensed MRIO table. The result of this process is the creation of a modern slavery risk profile to Tier 10 for each supplier of Yancoal.

This analysis was performed for the purposes of risk identification under Section 16(1)(c) of the Act. No information confirms the actual existence or non-existence of slavery in Yancoal's supply chains or operations. Analysis was undertaken at the industry and country level. It does not account for variances at the entity, region or product level.

The multi-faceted approach to modern slavery risk assessment that we have undertaken has included examination and analysis of the following:

- a. The individual suppliers and industries with the most elevated risk of modern slavery;
- b. Supply chain plots to provide a visual representation of the supply chains for the Yancoal's top 3 first tier industries;
- c. Plotting the relative slavery risk in the supply chain by tier, up to tier 10;
- d. Geographical depiction of the cumulative risk of modern slavery across the supply chain and investments around the world; and
- e. An overview of the classification of the first tier of our supply chain and investments by country and industry, including relative modern slavery risk.

The top 50 suppliers and investments in our supply chains and operations that posed the highest calculated risks in relation to modern slavery were identified.



