

FOUNDED ON SHARED VALUES 
Focused on Australian futures

ESG REPORT 2020



YANCOAL
AUSTRALIA LTD

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

WE VALUE

*"Returning
back to nature"*



In 2020, Yancoal, as manager and operator of Premier Coal on behalf of Yanzhou Coal, finalised rehabilitation works at the "Lake Kepwari" precinct in Western Australia and successfully relinquished the mining tenure over this area.

In the Wilman dialect of the Bibulman Nation, Kepwari means "playing in water". As a temporary steward of the land during the mining process, Yancoal is committed to rehabilitating mined land to enhance

the environmental and social benefits offered by the land after mining concludes. Lake Kepwari is a prime example of how this objective can be achieved.

The rehabilitated and relinquished Lake Kepwari area was officially opened for public use by the Western Australian government on 9 December 2020. Lake Kepwari can now be enjoyed by the local community and tourists alike,

as a recreational hub for waterskiing, wakeboarding, boating and swimming.

The lake will bring tourists and visitors to the South West region, helping to diversify the local economy and provide jobs.

WE VALUE

"The protection of local biodiversity"



Yancoal is committed to supporting biodiversity. During 2020, we continued to protect and manage habitat for the critically endangered Regent Honeyeater on dedicated biodiversity offset land at Mount Thorley Warkworth (MTW). MTW actively manages eight biodiversity offset areas, both near the mining lease as well as further afield.

The Regent Honeyeater is a threatened woodland bird, and its conservation has the potential to benefit a large suite of other threatened and declining woodland fauna.

Our management of the biodiversity offsets is primarily focused on reducing aggressive competition for habitat, which allows the Regent Honeyeater to feed and breed relatively undisturbed.

Having experienced successful breeding periods over the last few years, Regent Honeyeaters have been recorded in increased numbers across our biodiversity offsets.

The 2020 bird monitoring program recorded a single male Regent Honeyeater at the Goulburn River Biodiversity Area, and for the first ever time one female and two male Regent Honeyeaters were recorded at MTW's Putty Biodiversity Area.

I VALUE

A company that is focused on workers' safety



Some years test the resilience of a Company and its workforce and 2020 was one of these. The real character of a company is how it performs through difficult periods, especially whether it can maintain a focus on

the wellbeing of its staff. On this front, Yancoal achieved some outstanding results in 2020. Highlights included: a 23% decrease in all recorded incidents across Yancoal-operated mines; and the lowest annual TRIFR rate since 2015.

I VALUE



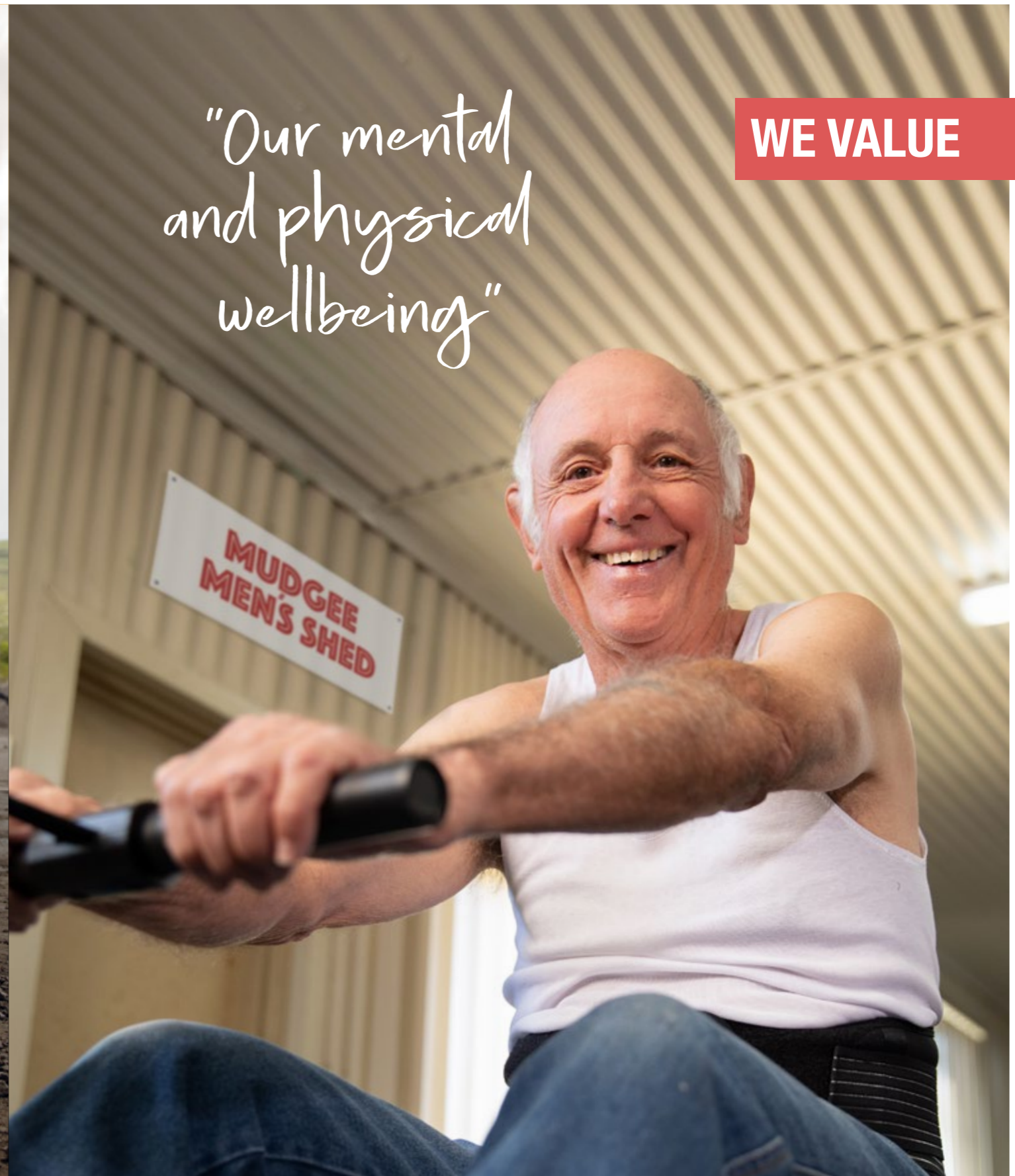
"My first set of wheels"

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, such as Jaxon pictured above.

WE VALUE



"Our mental and physical wellbeing"

In 2020, Moolarben Coal contributed \$4,850 to the Mudgee Men's Shed for the purchase of gymnasium equipment. The project provides a space for physical activity for older men.

This initiative provides a safe and comfortable environment in which to exercise, supporting positive health and wellbeing outcomes for the members.

The Men's Shed meets on a regular basis, working together to complete local community projects such as building bird nesting boxes, restoring furniture and constructing planter boxes.

WE VALUE

"A Covid-19 safe work place"



At Yancoal, the health and safety of our people is our utmost priority. During 2020, this focus intensified as we responded to the COVID-19 pandemic. We rapidly implemented our pandemic response plan, which included introducing

additional safety measures beyond those mandated by the Government, to combat the COVID-19 pandemic.

This comprehensive risk-based response included pre-attendance

temperature screening of employees, social distancing, effective cleaning and hygiene measures, application of remote thermal imaging cameras, as well as processes to isolate and respond to potential cases within the workforce.

The measures have proved successful to date with no known positive cases in the workforce and no material disruption to the operations.

Yancoal's rapid and sophisticated response and successful outcomes

were identified by peers, several of which visited our operations during the earlier stages of the pandemic, as the industry's benchmark standard to emulate.

Outside of our operations, as the pandemic response in Australia

intensified, Yancoal also offered supply chain facilitation support to the NSW Government and much needed (but difficult to source) PPE consumables to our local communities.

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This Environmental, Social and Governance (ESG) Report, for the period 1 January 2020 to 31 December 2020 (Reporting Period), covers the activities and approach of Yancoal Australia Ltd (Yancoal or the Company), its key subsidiaries, including Yancoal Resources Limited, Coal & Allied Industries Ltd and Gloucester Coal Ltd and its wholly owned subsidiary, Watagan Mining Company Pty Ltd (Watagan) (Yancoal and its subsidiaries, collectively, Yancoal Group). This reflects the entities where Yancoal has operational control.

Accordingly, the following operations are included within this scope and reporting boundary:

- Yancoal's operated assets include: Moorlarben, Mount Thorley Warkworth (MTW), Stratford, Duralie and Yarrabee.
- Operations managed by Yancoal on behalf of Watagan include: Ashton, Austar and Donaldson.

In 2020, we updated our reporting boundary to include operations managed by Yancoal on behalf of its majority shareholder, Yanzhou Coal Mining Company Limited (Yanzhou), which includes Cameby Downs and Premier Coal.

The Report excludes coverage of the following joint venture operations, which are managed by the respective and distinct joint venture entity, and where Yancoal does not have operational control:

- Hunter Valley Operations (joint venture with Glencore Coal, with Yancoal having 51% ownership); and

- Middlemount Coal Pty Limited (an incorporated joint venture with Peabody Energy, with Yancoal having a near 50% ownership).

INCLUDED WITHIN SCOPE OF THE 2020 ESG REPORT

Yancoal owned and operated assets

- Moorlarben
- Mount Thorley Warkworth
- Stratford
- Duralie
- Yarrabee

Operations managed by Yancoal on behalf of Watagan¹

- Ashton
- Austar
- Donaldson

Operations managed by Yancoal on behalf of its majority shareholder, Yanzhou

- Cameby Downs
- Premier Coal

EXCLUDED FROM THE SCOPE OF THE 2020 ESG REPORT

- Joint venture operations
- Hunter Valley Operations
 - Middlemount

The Report also excludes coverage of Yancoal's shareholding interests in three Australian coal export terminals, which include Newcastle Coal Infrastructure Group Coal Terminal (27%), Port Waratah Coal Services (30%) and Wiggins Island Coal Export Terminal.

Yancoal has prepared this Report in accordance with:

- the ESG Reporting Guide under Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and
- the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations.

In addition, the following global standards and frameworks have been used to guide our disclosure approach:

- Taskforce for Climate-Related Financial Disclosures (TCFD) recommendations
- Global Reporting Initiative (GRI) Reporting Standards
- United Nations Sustainable Development Goals (UN SDGs)

All data is reported on a 100% owned or managed basis, unless specified otherwise. Greenhouse gas emissions data is reported on a July to June basis, in line with the Australian regulatory reporting requirements and other reporting cycles. National Pollutant Inventory Data (NPI) is reported on a July to June basis except for MTW and Moorlarben, which are reported on a January to December basis, in line with the Australian regulatory reporting requirements and reporting cycles.

Please see the Who We Are section on pages 14-15 and our website (www.yancoal.com.au) for more information about Yancoal's activities and operational performance.

The contents of this report have been subject to Yancoal's internal verification process.

¹ Watagan Mining was reconstituted into Yancoal on 16 December 2020. The reconstituted entity will simplify Yancoal's operational and financial reporting.

WE VALUE

"Our New fuel efficient fleet"



Yancoal is pursuing opportunities to improve the fuel efficiency of our truck fleet. As part of this process, in 2020 Yancoal entered into an agreement with Penske Australia and New Zealand for the supply of high performance motors as replacement

engines for various truck fleets and other ancillary equipment at its Mount Thorley Warkworth, Moorlarben and Yarrabee operations.

The agreement includes replacing approximately 80 engines over a five-year period. The replacement

haul truck engines will provide an estimated fuel saving of about 5.5L per hour, which could reduce carbon emissions by up to 11,500 tCO₂-e per annum while potentially increasing engine life by 4,000 hours.

2020 SNAPSHOT

Inaugural
**MODERN
SLAVERY POLICY**
published

Revised
**CODE OF
CONDUCT**

\$11 MILLION
in local government
payments

**TOTAL SCOPE 1
AND SCOPE 2**
emissions of
2,042,183 tCO2-e

5,674 ML
of high-quality
water returned to the
environment (20%
increase on previous year)

Constructed a
**REVERSE
OSMOSIS**
Water Treatment Plant

\$1.7 BILLION
in purchases of goods and
services from over 2,120
suppliers and providers

\$456 MILLION
in wages and salaries
to 2,952 full time
resident employees

\$2.2 MILLION
in voluntary contributions to
135 community organisations
across Australia

176 HA
of land rehabilitated
during 2020

Stronger corporate
oversight of
**INDIGENOUS
CULTURAL
HERITAGE**

19% REDUCTION
in the total number of
recordable work-related
injuries in 2020

\$377 MILLION
in state and federal
government payments

Climate-related risks
have been included
in our Enterprise Risk
Management Framework

Inaugural disclosures
on Yancoal's resilience
to the transition to a lower
carbon economy

17% INCREASE
in number of female
workers since 2017

Developed draft 3-year
**DIVERSITY
AND INCLUSION
STRATEGY**

Increased focus on
**MENTAL HEALTH
AND WELLBEING**
initiatives

WE VALUE

"A future we can plan for"



LETTER FROM CHAIRMAN AND CEO

Yancoal's financial and operational success will be underpinned by effective Environmental, Social and Governance (ESG) practices.

Our annual ESG Report outlines how we manage the risks and opportunities associated with our ESG priorities. Aligned to our objectives of operating our Company profitably and providing stable and rewarding employment for our workers, our ESG objectives include:

- Operating in a responsible, safe and ethical manner;
- Contributing to positive community and economic outcomes; and
- Identifying and managing ESG risks and opportunities critical to our ongoing business resilience.

In 2020, we reviewed and refreshed our material ESG issues, which included the identification of a set of strategic ESG topics that are growing in significance to our stakeholders and that offer potential value creation opportunities across the business. These include:

- Business resilience in the transition to a lower carbon economy;
- Mental health and wellbeing; and
- Indigenous cultural heritage.

Operationally, 2020 was an unprecedented year. Yancoal and its people endured severe bush fire and flood events, the global COVID-19 pandemic, weakened macroeconomic conditions, cyclically low coal prices and disrupted trade flows. In addressing and responding to the

unique set of challenges that these events presented, Yancoal's performance in 2020 served to demonstrate the resilience of the business (we achieved all of our operating objectives), and a commitment to positive ESG outcomes. Noteworthy ESG outcomes in 2020 included:

- The work practices and measures Yancoal implemented to mitigate COVID-19 related risks have proven successful with minimal disruption to the organisation. Nevertheless, we remain vigilant to the ongoing risks posed by the pandemic.

- Yancoal's continued focus on health and safety was reflected in a 19% reduction in the total number of recordable work-related injuries achieved during 2020, as well as reductions in the total number of high consequence and lost time injuries compared to 2019.
- Our sustainable mining credentials were demonstrated by the opening of Lake Kepwari to the public in December 2020, following its rehabilitation and relinquishment. Located at Collie in Western Australia, Lake Kepwari was an open-cut mine for almost 30 years. Yancoal has transformed the former mine site into a popular attraction for water sports, which will assist in diversifying Collie's economy and providing jobs.

- In preparation for issuing Yancoal's inaugural Modern Slavery Statement in accordance with Australia's Modern Slavery legislation, Yancoal's Modern Slavery Policy was approved, and an inaugural Modern Slavery and Human Rights Due Diligence Questionnaire was completed with a sub-set of suppliers.
- Reflecting Yancoal's approach to water stewardship, Moolarben released its first licenced discharge of treated water to the Upper Goulburn River, which was made possible through construction of a dedicated water treatment plant on site.

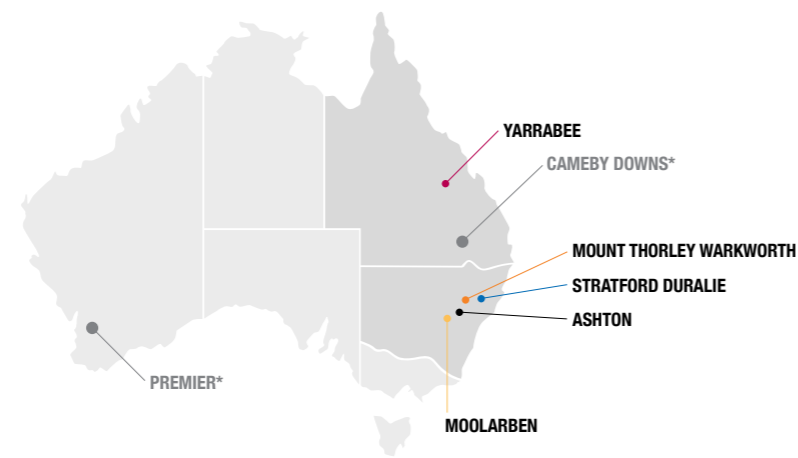
Baocai Zhang
Chairman of the Board

- Contributions and funding to community groups and organisations totalled \$2.2 million, and we continue to be a responsible and valued corporate member of society in those communities where we operate.

These ESG outcomes illustrate the multiple ways in which ESG is actively embedded throughout our business and across the lifecycle of our operations, and reflect the importance placed on ESG to achieve our strategic objectives and our ability to deliver sustainable value for all of our stakeholders.

David Moulton
CEO

WHO WE ARE



	MOOLARBEN NSW	MOUNT THORLEY WARKWORTH NSW	YARRABEE QLD
ECONOMIC INTEREST	95%	82.9%	100%
DESCRIPTION	Truck and shovel open-cut and longwall underground mining complex producing thermal coal; operated by Yancoal.	Dragline, truck and shovel open-cut mine producing semi-soft coking coal and thermal coal; operated by Yancoal.	Truck and shovel open-cut mine producing ultra low volatile pulverised coal injection (PCI) coal; operated by Yancoal.
HEAD COUNT	~780 EMPLOYEES & CONTRACTORS	~1,275 EMPLOYEES & CONTRACTORS	~380 EMPLOYEES & CONTRACTORS
2020 SALEABLE COAL OUTPUT (100%)	19.7 MILLION TONNES	11.9 MILLION TONNES	3.0 MILLION TONNES
MARKETABLE RESERVES (AS AT 31 DEC 2020)	201 MILLION TONNES	188 MILLION TONNES	37 MILLION TONNES
IMPLIED MINE LIFE**	10 YEARS	16 YEARS	12 YEARS

*Managed, Not Owned, by Yancoal. ^Reserve figure is only the Ashton underground. **Implied mine life is the Marketable reserve at 31-Dec-2020 divided by the 2020 Output, rounded to the nearest whole number.

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 coal mines across NSW, Queensland and Western Australia.¹

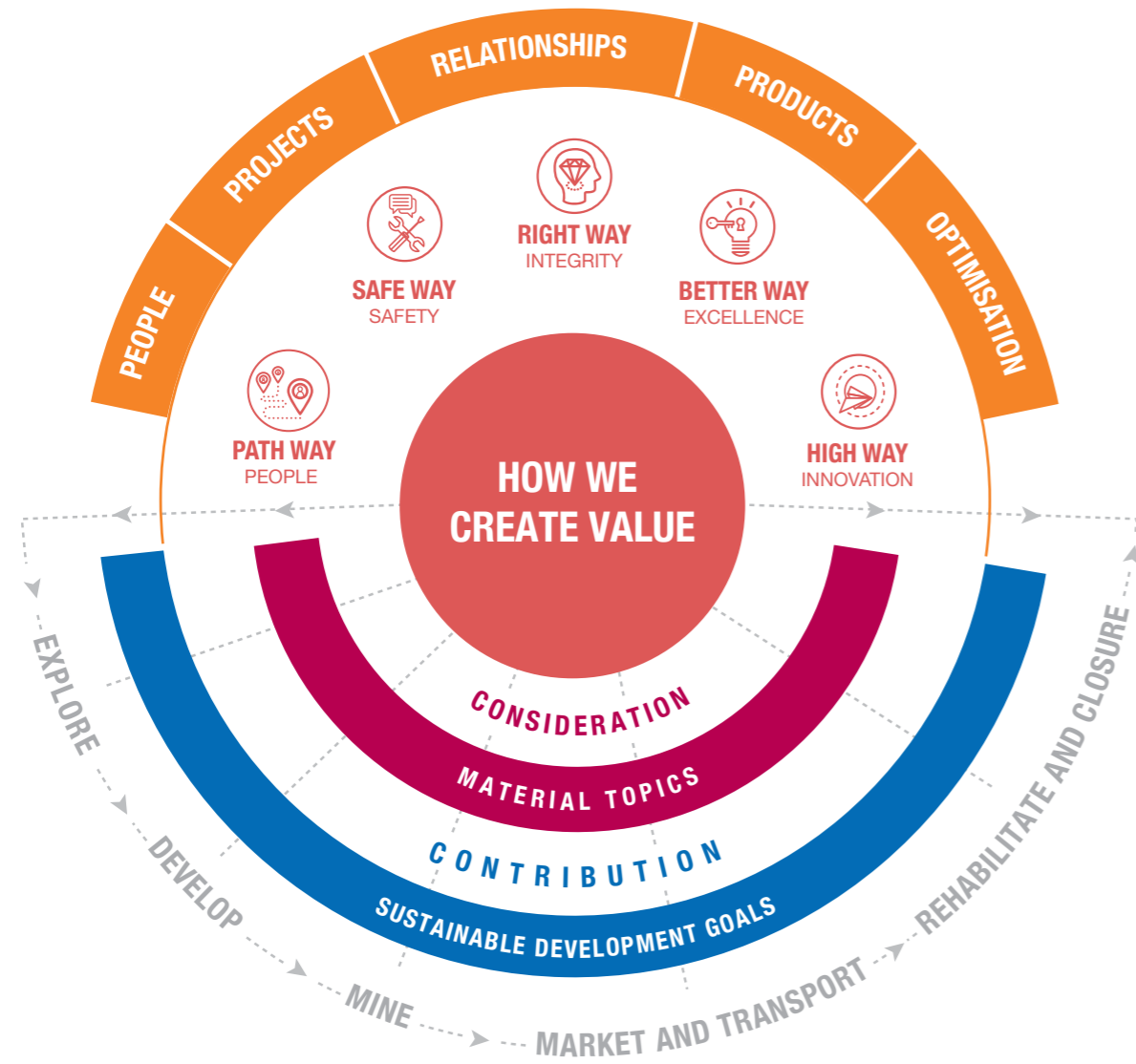
Yancoal has a diverse range of customers and in 2020 we exported our Australian coal to 19 countries, with our major markets located across the Asia region. In 2020, Yancoal's thermal coal exports would have powered around 39 million households in the Asian region, and metallurgical coal exports could 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 (HKEx: 3668), and is majority owned by Yanzhou Coal Mining Company Limited, which is itself listed on the HKEx.

STRATFORD-DURALIE NSW	ASHTON NSW	CAMEBY DOWNS* QLD	PREMIER* WA
100%	100%	0% (MANAGED BY YANCOAL)	0% (MANAGED BY YANCOAL)
Truck and shovel open-cut mine producing thermal coal; operated by Yancoal.	The Ashton longwall mine produces a semi-soft coking coal; operated by Yancoal.	Yancoal operates the truck and shovel operation on behalf of Yanzhou Coal Mining Company. The mine produces low-ash thermal coal.	Yancoal operates the truck and shovel operation on behalf of Yanzhou Coal Mining Company. The mine produces sub-bituminous coal.
~100 EMPLOYEES & CONTRACTORS	~205 EMPLOYEES & CONTRACTORS	~180 EMPLOYEES & CONTRACTORS	~370 EMPLOYEES & CONTRACTORS
0.5 MILLION TONNES	1.8 MILLION TONNES	2.0 MILLION TONNES	3.1 MILLION TONNES
10 MILLION TONNES	11^ MILLION TONNES	122 MILLION TONNES	28 MILLION TONNES
20 YEARS	6 YEARS	61 YEARS	9 YEARS

¹ As noted in the 'About this report' section, joint venture facilities, namely Hunter Valley Operations and Middlemount Coal, are not included in the reported statistics for this ESG report.

HOW WE CREATE VALUE



OUR VALUE CHAIN

Our value chain extends through the exploration, development, operation and closure of our assets, how we market and transport our coal products, and the way we rehabilitate and manage mine closure. In conjunction with our Enterprise Risk Management Framework, responsible mining considerations inform each phase.



STRATEGIC ADVANTAGES

PEOPLE

Yancoal attracts, retains, and develops people with the right skills. Our assets deliver because our people are skilled, diverse, innovative and collaborative.

PROJECTS

Yancoal has a strong asset portfolio, in which Tier-1 assets with robust operating margins underpin the business. We employ responsible mining practices across the lifecycle of our assets, which are discussed in further detail elsewhere in this report, and contribute strongly economically, socially and environmentally to the local and regional communities in which we operate.

RELATIONSHIPS

Yancoal has built and maintains strong relationships with a range of key external stakeholders.

PRODUCTS

Yancoal produces high-quality coal for the international market. We meet our customers' evolving demands and maximise price through our ability to blend product from our asset portfolio.

OPTIMISATION

Yancoal continues to drive and deliver cost efficiencies: optimising operations, maintenance, procurement and product blending to improve sustained financial performance.

CORE VALUES

PEOPLE
SAFETY
INTEGRITY
EXCELLENCE
INNOVATION

Yancoal's values start with our people. We want our people to: work safely; act with integrity; strive for excellence; and seek improvement through innovation.

MATERIAL TOPICS

Our thirteen material ESG topics are outlined below, with further detail included on page 20.

- OUR PEOPLE**
- COMMUNITY INVESTMENT**
- LAND STEWARDSHIP**
- TRANSITION TO A LOWER CARBON ECONOMY**
- WATER STEWARDSHIP**
- BUSINESS INTEGRITY**
- LAND STEWARDSHIP**
- TRANSITION TO A LOWER CARBON ECONOMY**
- WATER STEWARDSHIP**
- TRUST & TRANSPARENCY**
- INDIGENOUS CULTURAL HERITAGE**
- MINE CLOSURE**
- HEALTH, SAFETY AND MENTAL WELLBEING**
- AIR AND NOISE IMPACTS**
- WASTE MANAGEMENT (INCLUDING TAILINGS STORAGE FACILITIES)**

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The United Nations SDGs and their associated targets provide a universal framework to address the world's most significant ESG challenges and opportunities. We recognise that the SDGs provide a meaningful foundation upon which we can drive our positive impact, reduce our negative impact, and strive towards sustainable development. Informed by our material topics, we have identified seven SDGs that most closely align to our values, strategic advantages and operational outcomes.

Throughout the report we provide examples of how our sustainable business activities contribute to these SDGs. Like many other organisations in the energy value chain, we also acknowledge that our operations sometimes challenge positive impacts related to certain SDGs, which need to be strategically managed. This is evident in our disclosures in the 'Transition to a Low Carbon Economy' section.



OUR APPROACH TO ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

ESG GOVERNANCE

THE BOARD

The Yancoal Australia Board (the Board) has overall responsibility for Yancoal's environmental, social and governance strategy and reporting, for assessing whether Yancoal has any material exposure to environmental and social risks, and reviewing and evaluating how Yancoal is managing these risks. This includes ensuring that appropriate and effective risk management and internal control systems are in place. The Board is also responsible for the review of this ESG report.

The Board's Health, Safety, Environment and Community Committee (**HSEC Committee**), which meets at least four times a year, assists the Board with:

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

The Audit and Risk Management (**ARM**) Committee reviews and evaluates whether the Company has material exposure to environmental or social risks and, if it does, how Yancoal manages or intends to manage those risks.

The Board recognises its role in considering how climate change may drive changes to physical, regulatory, commercial and operating environments to inform the development of medium-to-long term goals and strategies.

EXECUTIVE

Responsibility for Yancoal's business processes and ESG performance lies with the Chief Executive Officer (**CEO**) and nominated senior executives. The CEO has a crucial role in providing direction, leadership and oversight of the performance of individual operations.

In relation to Yancoal's climate-related risks and opportunities in particular, management is accountable for managing these risks and opportunities, delivering on strategic objectives, and providing progress reports to the abovementioned Committees on the control of risks, implementation of opportunities and proposed public disclosures.

Frontline managers are delegated with the day-to-day responsibility for managing ESG performance and mitigating the possible ESG impacts of our operational activities.

ENGAGING WITH OUR STAKEHOLDERS

Yancoal is committed to clear, meaningful and transparent engagement between the business, both at corporate and operational levels, and our stakeholders. We recognise the increasing attention being placed on ESG disclosures by regulators, financiers, insurers, proxy advisors, institutional and retail investors, and by community stakeholders. This engagement informs Yancoal's understanding of stakeholder perceptions and issues in relation to its business, and enables the company to consider and respond to these issues in a manner that develops trust in Yancoal's brand and strategic objectives.

Yancoal's approach is guided by its Environment and Community Relations Policy, Stakeholder Engagement Strategy Standard and site-specific stakeholder engagement strategies.

During the reporting period, a Stakeholder Engagement review was undertaken by a third party to assist Yancoal in shaping its stakeholder engagement moving forward, and to improve the consistency of the stakeholder engagement function across all operations. The stakeholder engagement recommendations determined by the review will be implemented over 2021.

Yancoal is committed to clear, meaningful and transparent engagement between the business, both at corporate and operational levels, and our stakeholders. We acknowledge the increasing attention being placed on ESG disclosures by regulators, financiers, insurers, proxy advisors, institutional and retail investors, and by community stakeholders.



DEFINING OUR MATERIAL ESG TOPICS

At Yancoal, we report on material environmental, social and governance topics that have the potential to impact Yancoal's business performance and also that reflect the impacts of our operations. These impacts can be both positive and negative, and have the potential to influence the decisions and actions of our broad range of stakeholders.

In 2020, we refreshed our material ESG topics. This process was independently facilitated and involved:

- Peer benchmarking;
- Recognition of current and projected future ESG mega-trends relevant to our operations and broader business context;
- Review of existing regulatory and legislative requirements and ESG reporting standards, including the HKEx ESG Reporting Guide and ASX Corporate Governance Principles; and
- Review of stakeholder expectations.

A materiality assessment workshop was conducted with key internal stakeholders to discuss, further prioritise, and validate Yancoal's material ESG issues.

As part of the refresh process we further formalised our material ESG topics into:

- 'Strategic ESG topics' which are of high significance to our stakeholders and represent issues that are critical to maintaining our market competitiveness; and
- 'ESG topics that we must get right' which refer to issues that we must monitor and manage in order to maintain our standing as a responsible corporate citizen.

We have reflected this in how we have restructured this year's ESG report.

In addition to ESG issues previously disclosed in our ESG Reports, Yancoal considers that the following warrant a more extensive focus. This is because of our growing appreciation of the significance of these issues on the resilience of our business and operations:

- **Yancoal's business resilience in the transition to a lower-carbon economy:** due to a growing ambition to demonstrate how we will remain resilient in a lower-carbon economy, including climate-related and export market risks and opportunities;
- **Indigenous cultural heritage:** due to increased understanding of the threat to, and significance of, Indigenous cultural heritage.

- **Occupational health exposure:** due to the increased focus on this component of health and safety across the industry;
- **Mental health:** due to increased awareness on wellbeing and mental health concerns, accelerated by the stress of the COVID-19 pandemic;

The table below outlines our material topics and associated definitions. The sequence of material topics listed below is consistent with the structure of the content in the forthcoming sections and does not reflect level of prioritisation or risks associated with each of these material topics.

At Yancoal, we report on material environmental, social and governance topics that have the potential to impact Yancoal's business performance and that reflect the impacts of our operations, both positive and negative, which have the potential to influence the decisions of our key stakeholders.

MATERIAL TOPIC	DEFINITION	CONNECTION TO SDGS	RELEVANT STAKEHOLDER GROUPS
 BUSINESS INTEGRITY	Operating with integrity and in line with responsible corporate governance principles and ethics. Compliance with laws and regulations.		Shareholders and partners, Customers, Employees, Local communities, Government agencies and regulators, Financiers, Yancoal's Suppliers, Industry Associations
 TRUST & TRANSPARENCY	Stakeholder perceptions and trust in Yancoal's disclosures, strategic objectives, governance processes and activities related to taxes and revenues.		All stakeholders
 TRANSITION TO A LOWER CARBON ECONOMY	Identification and management of business resilience in the transition to a lower carbon economy, including climate-related risks and opportunities and energy efficiency.	  	Shareholders and partners, Customers, Government Agencies and regulators, Financiers, Industry associations
 INDIGENOUS CULTURAL HERITAGE	Effective engagement and management of knowledge and lore, practices and people, objects and places that are valued, culturally meaningful and connected to identity and Country for Indigenous peoples.		Shareholders and partners, Employees, Indigenous groups, Local communities, Government agencies and regulators, Industry associations
 WATER STEWARDSHIP	Effective use and management of water resources across the lifecycle of our business activities, including the potential impacts of finite water supply.	 	Local communities, Government agencies and regulators, Industry organisations
 MINE CLOSURE	Responsible and fit for purpose site closure of our assets that enables beneficial land outcomes, post mining.	 	Government agencies and regulators, Shareholders and partners, Local communities
 OUR PEOPLE	Attracting, retaining and developing our people through our employee value proposition, promoting a diverse workplace and inclusive workplace, and investing in our current and future talent.	 	Employees, Shareholders and partners, Local communities
 HEALTH, SAFETY AND MENTAL WELLBEING	Management of the health and safety of our employees and contractors through our commitment to zero fatalities, investment in safety culture and the mental health and wellbeing of our people.	 	Employees, Shareholders and partners, Industry associations, Government and regulators
 COMMUNITY INVESTMENT	Investment in local and regional economic development, including procurement from local suppliers, and engagement with local stakeholders and communities to positively impact the wellbeing of our communities.	 	Local community, Indigenous groups, Employees, Shareholders and partners, Government and regulators
 AIR AND NOISE IMPACTS	Management of material exposures to air quality and noise arising from our operations.		Local community, Government and regulators
 LAND STEWARDSHIP	Planning for rehabilitation of environmental impacts over the short and long term, and the management and conservation of biodiversity in operating areas.	 	Local communities, Government and regulators, Industry associations, Shareholders and partners
 WASTE MANAGEMENT (INCLUDING TAILINGS STORAGE FACILITIES)	Safe storage and management of waste, including tailings storage facilities.	 	Local communities, Government and regulators, Shareholders and partners, Employees, Industry associations
 SUSTAINABLE SUPPLY CHAINS	Managing our supply chain to reduce risk of modern slavery and unethical practices, prioritise local procurement and build supplier capacity to ensure resilience.		Suppliers, Customers, Government and regulators, Industry associations, Shareholders and partners

BUSINESS INTEGRITY



RISK MANAGEMENT

Yancoal's future operating performance may be affected by risks relating to the Company's business. While some of these risks are Company-specific, others relate to economic conditions, and the general industry and markets in which the Company operates. Yancoal's Enterprise Risk Management Framework establishes the link between Yancoal's strategic business objectives and its risk management activities. Intended as a dynamic and iterative process, it seeks to:

- Protect and create value;
- Enhance transparency;
- Support decision making; and
- Contribute to continuous improvement.

The framework is supported by management, approved by the Board and reviewed at least annually by the ARM Committee. It is owned by the Company's corporate Risk and Assurance team, and covers the entire organisation and all risks that could materially impact the Company's ability to achieve its objectives. Related policies and procedures have been designed and implemented to identify, assess and manage any material exposure to risks relating to the Company's business, including environmental and social risks. These policies and procedures set out the minimum requirements, integrate into existing processes and supplement other detailed Company procedures to support the timely identification and management of risks as part of everyday business activities.

Designated individuals across the business have responsibility for identifying and subsequently managing risks, control activities and for the implementation of action plans that form part of their day-to-day activities. There is, however,

an equal expectation that everyone across our business is aware of and supports Yancoal in the timely identification and management of risks in their respective areas.

Yancoal's risk management process is aligned with the Australian / New Zealand Standard for Risk Management (ISO 31000). It defines the minimum requirements for the formal, systematic and consistent management of material risks across the Company.

In relation to climate risks specifically, we identify and assess relevant climate-related risks through our enterprise risk management framework. The framework reflects our exposure to a variety of uncertainties that have potential financial, operational and compliance impacts on our business performance, reputation and ability to operate successfully. Under this framework, current and emerging risks are identified, assessed and appropriately managed through identification of preventative and mitigating controls.

CODE OF CONDUCT

Yancoal is committed to operating legally, honestly, and to the highest level of integrity and ethical standards in all business practices.

At Yancoal, our culture is described as the "Yancoal Way". The Yancoal Way is connected to everything we do and supports the achievement of our goals. It is a set of values and beliefs that defines who we are, how we work and the behaviours we expect from every member of our team, every day. We know that setting the right culture is important to shape the right behaviours at all times. This in turn gives us confidence that our workforce is adhering to our policies, procedures and standards.

The Yancoal Code of Conduct (the "Code") sets out the basic rules on how we work with each other, how we interact with others outside the business and how we make decisions in the way we conduct our business. Adherence to the Code means we are not only complying with relevant legislation and regulations but also ensuring our individual behaviour is aligned with the Yancoal Way and our core values regarding people, safety, innovation, excellence and integrity.

The key components to the Code include:

- Acting professionally and ethically at all times;
- Respecting confidential information and communicating effectively with our stakeholders; and
- Supporting our people, behaviours and culture.

The Code applies to all of Yancoal's business activities in Australia and overseas, and all directors, officers, employees, contractors, suppliers, consultants, agents, advisors and representatives engaged by Yancoal and its related companies.

Our non-operated joint venture partners and suppliers are expected to adopt similar standards, principles and policies.

In 2020, the Code of Conduct was updated. The updated Code of Conduct booklet has been communicated to the workforce. Workplace behaviour training for employees and/or leadership teams has occurred at prioritised locations, and a Code of Conduct training program for all levels of the business is being rolled out. The updated training provides our people with up-to-date legislative information important to our industry and work environment. Furthermore, it gives our people an opportunity to revisit the current expectations, responsibilities and accountabilities at Yancoal.

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.



The Code is also used to guide our behaviours and to set standards of expectation. There are a number of policies available to reinforce these expectations, including: the Whistleblower Policy, Workplace Behaviour Policy, Anti-Corruption and Sanctions Policy, Share Trading Policy, Diversity Policy and Disclosure Policy.

WHISTLEBLOWER POLICY

The Yancoal Australia Whistleblower Policy enables protection to certain individuals to raise concerns to an external facilitator with full confidentiality. The Yancoal Code of Conduct and Whistleblower Policy are publicly available on our website: www.yancoal.com.au

ANTI-CORRUPTION

Yancoal is committed to the highest level of integrity and ethical standards in all business practices, and policies are in place to deter anti-corruption. Our Anti-Corruption and Sanctions Policy, which was amended and approved by the Board in February 2021, strictly prohibits corruption and bribery in all forms. This policy applies to all directors, employees and contractors, as well as business partners, customers, suppliers, intermediaries and related parties, and Yancoal is rolling-out appropriate and targeted training on an aperiodic basis.

For the Reporting Period, Yancoal is not aware of any material non-compliance of

laws and regulations relating to bribery, extortion, fraud or money laundering within Yancoal. Further information regarding our approach to Corporate Governance is located in our 2020 Annual Report and on our website www.yancoal.com.au/page/en/about/corporate-governance

RESPECTING HUMAN RIGHTS

Yancoal is committed to respecting human rights, and acting ethically and with integrity in all of our business dealings and relationships in order to ensure modern slavery does not take place anywhere in our business, operations and supply chains. Respecting human rights is important to our ability to contribute meaningful and ongoing social value for our stakeholders. Yancoal recognises that its success depends on how well we respect the rights of individuals and groups who interact with us and are impacted by our business.

In January 2019, the Modern Slavery Act 2018 (Cth) ("Act") came into effect in Australia. The Act requires companies to disclose actions taken to understand, assess and address the risk of modern slavery in their operations and supply chains. Yancoal's Modern Slavery Policy, which was approved in early 2020, outlines the Company's approach to identifying and managing modern slavery risks in its operations and supply chain, and is publicly available on our website at: www.yancoal.com.au.

As part of this process, we reviewed our procurement processes and requirements and Code of Conduct to ensure consistency with the requirements of the Modern Slavery Policy. Modern Slavery training via Yancoal's Learning Management System was also rolled out to the Procurement and Human Resources teams.

Yancoal's inaugural Modern Slavery Statement covering the 2020 Reporting Period was published in June 2021 and is available on our website

STRATEGIC ESG TOPICS FOR OUR BUSINESS AND STAKEHOLDERS



TRANSITION TO A LOWER CARBON ECONOMY

We recognise the transition to a lower carbon economy is a significant global challenge. As a responsible stakeholder in the energy value chain, Yancoal's operational and business resilience moving forwards will be dependent on our ability to identify future growth opportunities beyond our existing asset portfolio, while also managing the risks presented to our business as a result of the transition to a lower carbon economy.

We support the outcomes of the 2015 United Nations Climate Change Paris Agreement (Paris Agreement) and the long-term goal to limit the global average temperature rise to well below 2°C¹. We also note the 2018 Special Report by the Intergovernmental Panel on Climate Change on the impacts of a 1.5°C warming scenario, which reinforces the need for action to address the threat of climate change and to achieve the UN SDGs.^{2,3}

Aligned to this, we recognise the growing number of national and corporate-level net-zero GHG emissions commitments being made, including in our key customer markets. While the timeframes vary across the short, medium and longer term, these commitments are indicative of the increasing momentum towards a global lower carbon economy.

OUR ROLE

We believe the Australian coal mining industry has a key role to play in the energy transition by continuing to supply high-quality coal, which has a lower emissions profile than other exporting countries, to ensure universal access to affordable, reliable and modern energy consistent with the objectives outlined in SDG 7.

We also recognise that energy production associated with the consumption of traditional energy sources (our products) contributes to global warming through the release of GHG emissions.

We have an important role to proactively manage and reduce the direct (scope 1) and indirect (scope 2) emissions and energy intensity of our operations, and support research into technologies that will reduce GHG emissions from the downstream consumption of our products (scope 3).

Beyond the imperative to reduce GHG emissions in line with the Paris Agreement, climate change will create other challenges for businesses and society, such as the increased duration, severity and frequency of extreme weather events. It will also present opportunities for innovation in technologies that drive growth in low-carbon products and services. Yancoal is taking action to better understand and manage climate-related risks and to take advantage of the opportunities associated with the transition to a global lower carbon economy.

WE ENDORSE:

- A predictable energy and climate change policy, enabled by a consistent regulatory framework at both federal and state levels, is critical for businesses to plan long term investments effectively. Such a framework would set clear and unambiguous long-term signals to the market over carbon and energy production and consumption, including mining approvals for new and expansion projects.
- A technology-neutral approach should be adopted for all low emissions energy sources where no one technology is favoured at the exclusion of others.
- All new energy generation and technology initiatives must be cost-competitive to deliver an economically efficient suite of solutions.

YANCOAL WILL:

- Continue to calculate, track and report our scope 1 and scope 2 emissions through the Australian Government's National Greenhouse and Energy Reporting (NGER) legislation.
- Identify and manage climate-related risks and opportunities, recognising that they may impact our people, infrastructure and value chains, and our customers and markets.
- Monitor relevant policy, market, technology and financial signals and signposts to inform how our investment and development priorities should adapt to transitions in the global energy mix.
- Provide annual disclosures in line with the Taskforce on Climate-related Financial Disclosures' (TCFD) Recommendations in our annual ESG Report.
- Strongly support innovation and investment in Carbon Capture, Utilisation and Storage (CCUS) and High Efficiency Low Emissions technologies (HELE), through various industry and policy initiatives, to work towards the commitments outlined in the Paris Agreement.
- Take a constructive role in public policy development and participation in relevant industry associations, guided by our recognition of the aims of the Paris Agreement.

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Our 2020 climate change disclosures have been informed by the TCFD Recommendations. The four core elements of the TCFD Recommendations provide an appropriate structure for the identification, disclosure and management of climate change risks and opportunities. The following table summarises our consideration of each core element in our disclosures. In line with the TCFD Recommendations, our implementation of these Recommendations and alignment of our disclosures will evolve over time.

	RECOMMENDED DISCLOSURES	2020 SUMMARY	NEXT STEPS
GOVERNANCE	<ul style="list-style-type: none"> ✓ Describe the board's oversight of climate-related risks and opportunities ✓ Describe management's role in assessing and managing climate-related risks and opportunities 	Climate change accountabilities are articulated in our Board and Board Committee charters. Refer to page 18 .	We will continue to monitor the effectiveness of our governance structure for managing climate-related risks.
STRATEGY	<ul style="list-style-type: none"> ✓ Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term ✓ Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning ✓ Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario 	<p>We recognise there are a range of actual and potential transition and physical climate-related risks and opportunities relevant to our business. Refer to pages 26-28.</p> <p>A separate scenario analysis has been completed for transition risks against a set of two divergent, plausible futures, including a 2°C future, from the International Energy Agency. Refer to pages 29-37.</p> <p>The outcome of this analysis has highlighted that across the short and medium term, our current strategy and portfolio is resilient to the global transition to a low carbon economy as a result of our high-quality coal, and diverse and flexible product mix. In the long term, there is greater uncertainty due to the potential for downwards pressure from policy and financial drivers as societal expectations change and as coal generator fleets reach end of life. Refer to page 37.</p>	We will continue to extend our understanding of strategic climate related risks and opportunities as these develop over time. This includes consideration of a high temperature increase scenario.
RISK MANAGEMENT	<ul style="list-style-type: none"> ✓ Describe the organisation's processes for identifying and assessing climate-related risks ✓ Describe the organisation's processes for managing climate-related risks ✓ Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management 	The climate-related risks and opportunities as described in pages 26-28 have been identified and evaluated as part of our Enterprise Risk Management Framework and are captured in our Enterprise Risk Register. Refer to page 21 .	Undertake periodical analysis of the climate-related risks and opportunities, the results of which will be used to update our enterprise risk management register and inform future management activities.
METRICS AND TARGETS	<ul style="list-style-type: none"> ✓ Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process ▬ Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks ● Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets 	<p>We disclose our Scope 1 and 2 emissions on an annual basis. Our operations are covered by the Australian Safeguard Mechanism legislation, which requires us to maintain our Scope 1 emissions within our approved baselines. Refer to page 38.</p> <p>We do not report on Scope 3 emissions associated with the downstream consumption of our coal products as this is not within our operational control. However, we note all of our customer countries are signatories to the Paris Agreement or have domestic policies that are consistent with the outcomes of the Paris Agreement.</p> <p>Further, we strongly support research into technologies that will reduce GHG emissions from the downstream consumption of our products (scope 3). Refer to page 39.</p>	We will consider other potential signals and signposts for managing climate-related risks across the medium and long term.

Key: ✓ recommendation addressed; ▬ recommendation partially addressed; ● recommendation not addressed yet.

1 United Nations Framework Convention on Climate Change 2015, Paris Agreement. Available at: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

2 Intergovernmental Panel on Climate Change, 2018. Global Warming of 1.5°C – IPCC Special Report. Available at: https://report.ipcc.ch/sr15/pdf/sr15_spm_final.pdf

3 United Nations Sustainable Development Goal 7. Available at: <https://sustainabledevelopment.un.org/sdg7>

CLIMATE CHANGE RISKS AND OPPORTUNITIES

In line with our commitment to align with the Recommendations, our identification and assessment of climate risks considers:

- **Physical risks** relating to the physical impacts of climate change (both acute and chronic); and
- **Transition risks and opportunities** relating to lower carbon global economy, including changes to policy and legal obligations, technological innovation, changing market demand for products, and changing stakeholder expectations.

The table below reflects our understanding of our most significant climate-related risks relevant to our business.

We acknowledge that this list is not exhaustive and we continue to enhance our understanding and response to these risks.

TRANSITION RISKS

	DESCRIPTION	RISK MITIGATION
POLICY	Increased restrictions and uncertainty regarding greenfield and extension approvals relating to coal mining in Australia have the potential to impact our business plans.	We actively monitor changes in domestic and global policy and legislation relevant to carbon emissions, coal mining and coal power generation. This includes the recent amendments to Australia's Safeguard legislation.
	The introduction and expansion of carbon pricing mechanisms in Australia and internationally, fuelled by an acceleration of net zero emissions commitments, may lead to an increase in operating costs from the pricing of GHG emissions associated with our operations.	We have also completed a detailed analysis of recent and potential changes to carbon and climate policy out to 2040 in our key export markets. We have used the outcome of this analysis to inform our understanding of the resilience of our current strategy. We will continue to revisit this analysis as required (refer to 'The Resilience of our Portfolio to Climate Change Impacts' for further information, pp. 29-37).
	Policy uncertainty and sudden changes in government policy relating to either coal consumption or energy generation in our key export markets could impact the medium to longer term outlook for coal demand.	Where relevant, we engage with domestic policymakers, either directly or via our industry associations, to advocate for reasonable policy outcomes.
	Changes in government policy which increase the cost of water, biodiversity, land rehabilitation and mine closure requirements may reduce the cost competitiveness of Australian coal.	
LEGAL	Increased litigation against Company and/or Directors due to opposition of new approvals or expansions.	We monitor legal developments in these areas and seek advice on significant developments as required.
	Increased litigation for damages caused by climate change impacts, or to force greater action on climate change.	
MARKET CHANGES	Increased market competitiveness of non-coal power generation alternatives along with changes in the energy and climate change policies in key export countries leads to a structural decline in global demand for thermal coal. This in turn may drive downward pressure on global coal prices.	To inform our strategy and investment decision-making, we monitor the global policy and competitive environment and conduct detailed assessments of commodity markets. More recently, we completed detailed scenario analysis within our key export markets using the IEA's 2020 World Energy Outlook's Stated Policies, Delayed Recovery, Sustainable Development and Net Zero Emissions by 2050 Scenarios to test our portfolio's resilience and to inform future strategic decision-making (refer to 'The Resilience of our Portfolio to Climate Change Impacts' for further information, pp. 29-37). We will revisit this analysis as required.
	Increased and more stringent carbon policies leads to an increase in the cost of key inputs for mining – including electricity and diesel.	We operate according to stringent environmental conditions and we will continue to leverage off the positive environmental attributes of our coal product compared to other exporting countries to service markets that mandate higher coal quality. We continue to identify and implement energy efficiency initiatives, see page 37.

TRANSITION RISKS

	DESCRIPTION	RISK MITIGATION
REPUTATION	Changing stakeholder expectations and lack of acceptance over the role of high-quality coal in supporting the transition to a lower carbon future may impact our industry's, reputation and delay the approval process.	We engage with our key stakeholders on climate change and broader ESG issues in a clear, meaningful and transparent manner to better understand their expectations and to share our approach to managing these risks.
	Availability of, and access to, financing and key services such as insurance may reduce or may no longer be available. In a less extreme circumstance, the cost of these services may increase if the number of parties prepared to partner with the coal industry reduces significantly.	We proactively engage with our finance and insurance brokers to communicate our strategy and risk management practices, including how we are managing our climate-related risks and the resilience of our portfolio.
	The ability to attract and retain a suitably skilled workforce could be impacted by employee perceptions about what it means to work in the coal mining industry.	We take a science-based approach to the management of our GHG emissions and broader environmental impacts, and look for innovative ways to address these risks. In doing so, we aim to attract and retain skilled employees that align with our values and proactive management approach.

PHYSICAL RISKS

	RISKS	RISK MITIGATION
PHYSICAL RISKS (ACUTE)	Increased severity and frequency of extreme weather events, such as bushfires, floods and extreme heat days, could impact on our employees' health, and/or impact our ability to achieve budgeted production, deliver on customer contracts, and increases operational costs.	We have Site Emergency Response and Continuity plans, as well as bushfire and flooding management plans or procedures, in place at each site. These are reviewed periodically. We carefully monitor weather conditions and change our site operations as required. We endeavour to provide a safe and healthy work environment for our employees.
	PHYSICAL RISKS (CHRONIC)	Longer term trends that can be more difficult to identify and respond to. For example, average and seasonal variability in rainfall patterns may result in an increase or decrease in site water balances. In turn, this may impact our ability to achieve budgeted production, increase operational costs associated with water, and lead to negative sentiment regarding the mining sector's water consumption in times of scarcity. Changes in climate may also affect the types of vegetation communities re-established on site, in turn impacting our ability to meet our rehabilitation requirements.



12 Mile Creek (pictured) flows through the Yarrabee mining tenements. Yarrabee monitors the water quality and natural environment to ensure the creek and its surroundings are appropriately managed and protected.

OPPORTUNITIES

In addition to understanding and managing climate-related risks to our business, we also continue to look into and take advantage of climate-related opportunities. The most significant of these opportunities at the moment relates to our ability to service the increasing preferencing of high quality coal over lower coal grades, as the better energy efficiency and lower pollutant content aligns better with the shifting needs of customers in our key markets (refer to pages 35-37 for further detail).

We note that:

- Our Tier 1 mines operate in the bottom quartile of the cost curve;
- The majority of our production is derived from large, low-cost, high efficiency mines.
- The high calorific value of our thermal coals, being largely sold into sophisticated first world economies, indicates sustained demand for our product; and

- Our metallurgic coal production, although minor in the scale of the overall business, has excellent resilience driven by long-term requirements for steel production.

These factors contribute to the resilience of our current business strategy in the face of changes that may occur in the market as a result of the global energy transition.

In conjunction with our industry peers, we also invest in the development of low-emissions technologies for the coal-fired power generation sector and in emissions reduction from certain coal mines through Low Emission Technology Australia.

In addition to this, we also recognise that future growth opportunities may include diversifying beyond our existing coal-focused asset portfolio into other minerals and renewable energy products, which are key to facilitating the transition to a lower carbon economy.

In addition to understanding and managing climate-related risks to our business, we also continue to look into and take advantage of climate-related opportunities. The most significant of these opportunities at the moment relates to our ability to service the increasing demand for high quality coal in an increasingly carbon constrained world.

THE RESILIENCE OF OUR PORTFOLIO TO CLIMATE CHANGE IMPACTS

METHODOLOGY

In line with the Recommendations of the TCFD, we have begun applying scenario analysis to explore the resilience of our business against a set of divergent, plausible energy transition futures. This analysis has, and will continue to, provide an outlook on what the future demand for our products may look like under varying scenarios. We also continue to assess the resilience of our business to key climate-related supply-side risks that may impact our ability to meet and deliver on the demand for our products. Our methodology included the following:

- We stress-tested the resilience of our portfolio against the International Energy Agency (IEA)'s energy scenarios as outlined in the 2020 World Energy Outlook (WEO)⁴. In doing so, we sought the scenario projections for electricity generation and capacity, steel demand, and thermal and metallurgical coal demand in both our established and emerging markets.
- To further enhance our understanding of not only what may change, but why these changes may occur, we identified a set of key drivers of coal demand relevant to the markets in which we operate in. These included government policies, domestic coal supply,



regional coal generator fleets, public and private financial drivers, market cost of alternative energy sources, social sentiment, and economic growth. We analysed these drivers based on a range of publicly available information, including from energy agencies, trade data and statistics and government policy announcements, with a particular focus on more recent events which would not have been considered at the time of drafting the 2020 WEO report.

- Together, the IEA scenarios combined with the driver analysis provide a plausible understanding of the upwards

and downwards pressure on demand that may occur in our key markets over the short, medium and long term.

The focus of this scenario analysis was to stress test the resilience of coal demand in key markets based on the projections of each scenario.

What is a scenario analysis, why do we use it?

Scenarios are not forecasts or predictions. Accurately predicting the future is near-impossible, even in the short term – the events of this past year have highlighted the volatility of the market in the face of disruptions such as the pandemic and geopolitics. If anything, these events have shown us that what matters most is not the ability to foresee specific change and disruption, but to be resilient and adapt quickly when it inevitably occurs.

Scenario analysis enables us to stress-test business performance and resilience against an array of divergent, plausible futures. It assists us in identifying key drivers of change, as well as highlighting the resulting risks and opportunities, to inform our strategic thinking and decision making today. Consideration of a spectrum of evidence-based scenarios enables anticipation of what customer needs will be, and how we can continue to offer value into the future.

⁴ The IEA's WEO 2020 report identified established and emerging markets in Asia as the focus on future growth. The IEA considers Korea and Japan to be established markets and China, India, and South East Asian countries such as Thailand and Vietnam to be emerging markets. The WEO 2020 provides explicit market analysis for India, Japan, and China, with remaining countries combined into South East Asia. Each of these regions is collectively described in the Asia Pacific Region.

IEA SCENARIOS

The IEA has identified several scenarios for the 2020 WEO, as described in the below table. This includes the two core scenarios, Stated Policies Scenario (STEPS) and Sustainable Development Scenario (SDS), which have been updated from previous years to encompass events up to mid-2020. These scenarios provide extensive modelling which we have leveraged to inform our analysis.

The 2020 WEO introduces two new scenarios, presented as variations on the STEPS and SDS as outlined in the table below. These scenarios magnify the impacts of recent trends which have introduced additional uncertainties in the projections. Extensive modelling is not available for these scenarios, but sufficient indication is given to enable us to challenge key assumptions and explore the implications of these scenario variants.

STATED POLICIES SCENARIO (STEPS)		SUSTAINABLE DEVELOPMENT SCENARIO (SDS)	
Core Scenario	<i>Expected warming of 4°C by 2100</i> Reflects the impacts of existing actioned and quantifiable policies and policy announcements to provide a view as to the likely impacts of these ambitions in the period to 2040. Whilst this scenario does not see a peak in energy-related CO2 emissions, it nevertheless falls short of the emissions reductions necessary to achieve the goals of the Paris Agreement. STEPS assumes COVID-19 is gradually brought under control in 2021 and the global economy returns to pre-crisis levels the same year.	<i>Limiting warming to below 2°C by 2100</i> Outlines a plausible pathway to a 2°C global warming future in accordance with the Paris Agreement goal in a manner which is also consistent with the UN Sustainable Development Goals relating to climate change, universal energy access and air quality improvement. A surge in clean energy policies and investment is key. Leverages the same COVID-19 recovery assumption as STEPS.	
DELAYED RECOVERY SCENARIO (DRS)		NET ZERO EMISSIONS BY 2050 (NZE2050)	
Scenario Variant	Building on the initial policy assumptions introduced in STEPS, the DRS reflects a pathway in which the COVID-19 pandemic lasts longer, resulting in a weaker economic recovery. The global economy returns to its pre-crisis size only in 2023, and the pandemic ushers in a decade with the lowest rate of energy demand growth since the 1930s.	Extends upon the SDS analysis, which assumes that the increasing number of countries and companies targeting net-zero emissions by 2050 achieve their goals, resulting in a world-wide achievement of net-zero emissions by 2070. NZE2050 describes what is needed within the next decade to put global CO2 emissions on track for net zero by 2050.	

The IEA's outlook for primary energy demand currently extends out to 2040, which aligns generally with the approved life of most of our assets. We have defined our short-, medium- and long-term time horizons in accordance with the data presented in the 2020 WEO, namely:

- Short term: 2020-2025
- Medium term: 2026-2030
- Long term: 2031-2040

We have structured our analysis to consider the impacts of each scenario on coal demand for power generation as well as iron ore and steel production, as these represent the main end-use sectors for our products.

OUR CURRENT PORTFOLIO

Yancoal is a leading low-cost and high-quality coal producer in the global seaborne market. We meet our customers' evolving needs and maximise profitability through our flexible offering and ability to blend product from our world-class asset portfolio. In 2020, we sold a total of 39.3 million tonnes of coal (on an equity attributable basis), predominately to the Asia-Pacific region. Our strategic focus continues to be in producing thermal coal, which in 2020 accounted for ~85% of the Group's sales, the remaining proportion being metallurgical coal.

Thermal coal

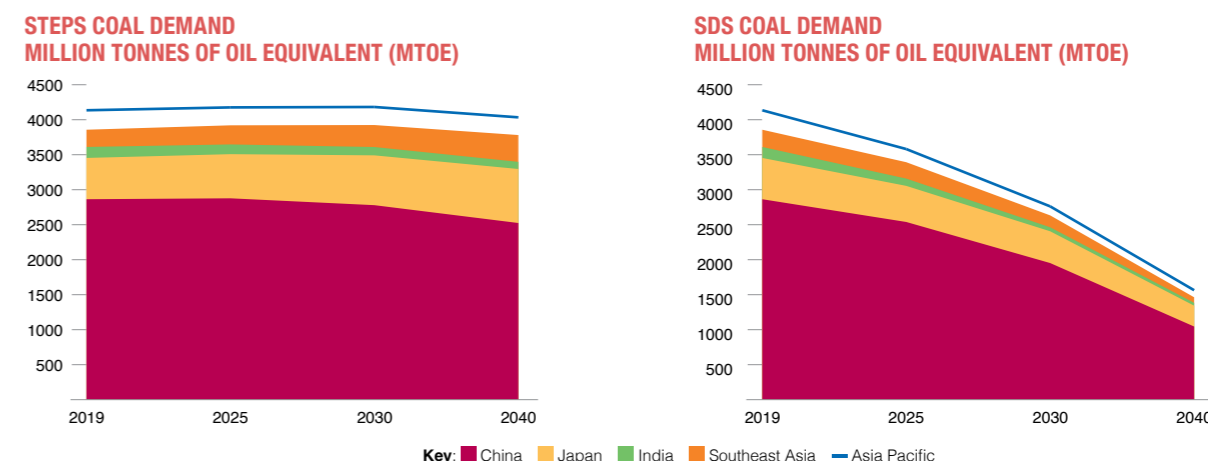
Thermal coal is primarily used in power generation. The majority of our thermal coal is exported to Asia, supporting both established and emerging economies across North and South East Asia respectively. Countries in our export regions are increasingly looking to premium quality coal for use in high-efficiency low-emission (HELE) coal-fired power stations as a critical component of the energy mix.

Despite recent disruption to Asian basin trade flows for coal, in part due to geopolitical challenges between Australia and China, we have successfully redirected sales and further diversified our customer base to incorporate new and emerging markets such as India, Vietnam, Pakistan and South America.

Metallurgical Coal

Metallurgical coal is used to produce coke for blast furnace steel production. Our mines supply a variety of metallurgical coal in the form of semi-soft coking coal, semi-hard coking coal, hard coking coal and high volatile matter (high vol) PCI coal. These coals are low in impurities and are important components in our customers' broader coking coal requirements.

IEA PROJECTIONS FOR GLOBAL COAL DEMAND UNDER STEPS AND SDS



POWER GENERATION

In both scenarios, the power sector takes the lead in energy transformation.

STEPS

Under STEPS, coal continues to be the largest single source of electricity globally, with coal use in 2040 remaining within 12% of its peak. However, read as a proportion of total electricity generated, which increases significantly to 2040, the impact of renewable sources of electricity is significant. When aggregated, renewable sources overtake coal-based electricity production by as early as 2025 and comprise nearly half of all electricity generation worldwide by 2040. Consequently, there is a net global decline

in coal demand as a proportion of total power generation over the long term.

However, this impact is far less pronounced in emerging economies, particularly those in the Asia Pacific. Both India and South East Asia experience an increase in thermal coal demand in the short-medium term, corresponding with predictions of economic growth. There is however also a notable rise in power produced by renewable sources such as solar PV, which results in a decline in the proportion of coal within each region's energy mix. Over the long-term, coal remains the largest single energy source in both regions, although India's demand will begin to decline.

There is a net increase in coal demands for both regions. However, the demand in India may not be entirely realized in the Australian export market as India turns increasingly to domestic reserves for its thermal coal supply. A similar risk is present in China, a region which is also a significant importer indicating a move towards reducing import reliance, an uncertainty which is exacerbated by recent geopolitical challenges between Australia and China. For this reason, Yancoal has ensured that since 2016 no one regional market has annually contributed more than 26% of its revenue, in acknowledgment of the importance of diversifying to manage downside risk.

What is DRS?

Among the most notable characteristics of the DRS is the continued reduction in the cost of renewable energy over time, resulting in preferential investment in these technologies both during and following the recovery. This aids in accelerating the reduction in coal demand in the power sector. This contraction is felt most strongly in South East Asia, India, and China as the consequences of a prolonged economic recovery are amplified for production-based economies. Consequently, this scenario variation reveals that recessions have disproportionate impacts on the key markets which appear most resilient under STEPS.

The intent of this scenario analysis is not to determine which of the scenarios is most likely to occur. However, given the recent resurgence of COVID-19 in key markets such as India, it is reasonable to infer that the DRS scenario may be more probable than initially assumed at the time of issuing the WEO report.

In established Asian markets such as Korea and Japan, there is a continued shift away from coal as the primary baseload of its power mix, instead favouring lower-emission energy sources such as gas, nuclear and renewables. STEPS modelling for Japan shows a sustained reduction in both coal and natural gas to 2040, as nuclear facilities are restarted from prolonged shutdowns following the Fukushima accident in 2011. Nuclear energy is expected to overtake coal-based power generation in Japan's energy mix in the medium term.

Current and announced energy policies in regions such as Japan and Korea focus on mitigating emissions as well as addressing air quality concerns. This results in a strategy which focuses on retiring, retrofitting, or repurposing the least-efficient coal plants first, leading to a coal fleet which is increasingly comprised of HELE plants with strict coal quality requirements. For this reason, we expect that Yancoal's high-quality, low-ash coal will continue to be competitive in established Asian markets in the medium term.

SDS

The SDS envisages a 10% reduction in global primary energy demand due to efficiency improvements and end-sector electrification by 2040, a trend which impacts coal more than any other energy source. Significant reductions in coal-generated power demand across India, China and Japan are evident in the short-term, hastened by the rapid rise of renewable energy in each of these regions. The faster onset of lower-emissions energy sources such as renewable and nuclear energy shifts thermal coal away from providing baseload energy. In regions such as Japan, this transition is also aided in the short term as coal-plants are repurposed to burn natural gas as a lower-emissions alternative.

The South East Asia market is the most resilient, seeing only a negligible drop in coal demand in the short term. However, there is a sharp decline in the medium to long term in which coal use is almost entirely ousted by renewable energy, which accounts for over half of the regional energy mix by 2040. Consequently, in the long term, renewable sources account for at least half of the power sector energy mix

in India, China and South East Asia, whilst nuclear energy comprises the majority in Japan.

In order to limit global warming to 2°C, no new coal-fired power plants are constructed without CCUS units installed, and much of the existing fleet is retired early. However, core to SDS' sustainable transition is the retention of a limited fleet of coal plants, many retrofitted with CCUS, which have been repurposed to provide fundamental system adequacy and flexibility instead of baseload energy. This is especially important as an increasing proportion of the grid becomes supplied by renewable energy sources, which are characterized by low marginal cost but relatively intermittent electricity generation. This may result in a shift whereby coal- or gas-fired power stations will be required to meet an increased proportion of peaking energy to balance this variable production, until significant advances in battery technology are made. Profitability of these plants will depend on ability to fluctuate output to take advantage of spikes in demand that temporarily increase electricity prices. This favours premium thermal coal, which enables quicker coal plant cycling for

Carbon Capture, Utilisation and Storage (CCUS)

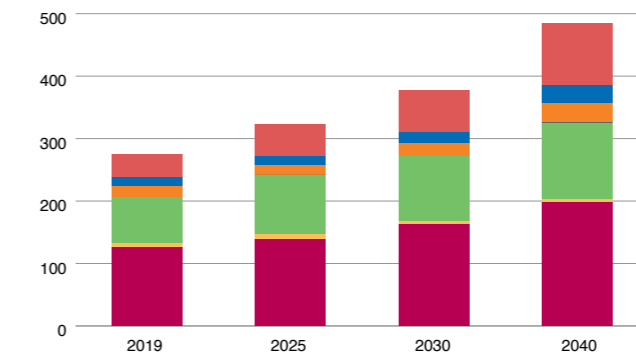
Otherwise referred to as 'clean coal' technology, CCUS reduce emissions by capturing and storing waste CO2 from powerplants or heavy industrial processes to prevent it from entering the atmosphere. CCUS technology is especially attractive in that it can be retrofitted to existing plants, enabling the retention of much of the young coal fleet in emerging economies. However, development and deployment of CCUS has been slow, and the current technology is not sufficiently advanced to support the transition on its own, presenting higher costs, lower energy efficiency and an increase in non-carbon air pollution. Despite an increase in investment in recent years⁵, the rate at which CCUS technology can be developed and deployed is a crucial assumption underpinning the longevity of coal in all of the IEA's scenarios. Developments over the next decade will prove critical to the long-term feasibility of coal-based power generation.

NZE2050

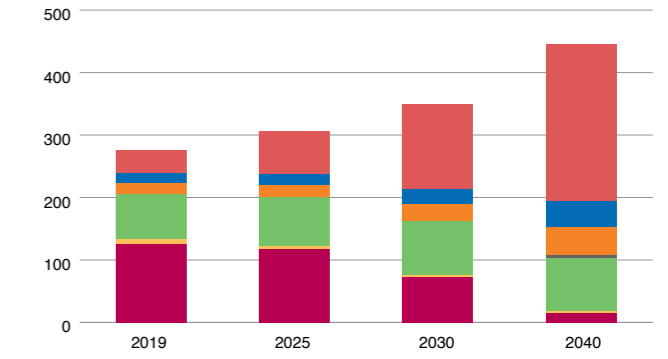
Achieving global net-zero by 2050 involves a significantly higher reduction in energy demand and acceleration in the deployment of clean energy technologies than what was described in SDS. The power sector is required to lead the way, beginning with a 60% (2,226 Mtoe) reduction in coal demand by 2030, and retirement of all subcritical coal plants. The majority of the remaining coal fleet is supported by emission-mitigating technologies like CCUS. Simultaneously, low-emission sources of electricity need to supply almost two thirds of electricity generation in the medium term. The feasibility of this scenario requires large-scale electrification, efficiency gains, and behavioural changes in order to sustainably achieve the changes described.

POWER SECTOR DEMAND FOR ENERGY BY REGION (MTOE)

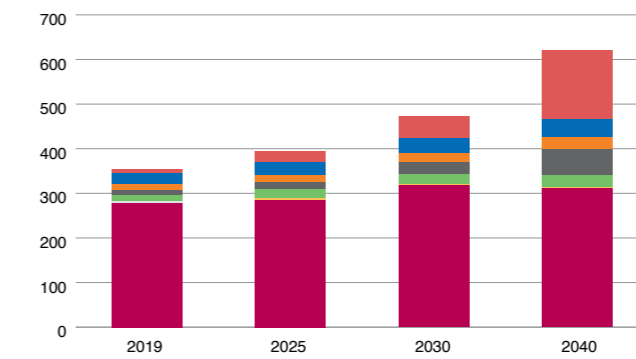
SEA POWER DEMAND FOR ENERGY STEPS



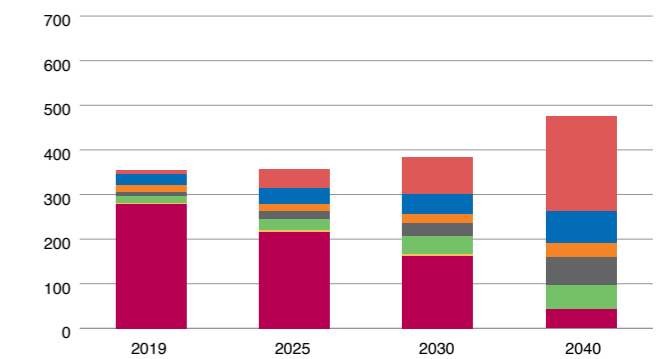
SEA POWER DEMAND FOR ENERGY SDS



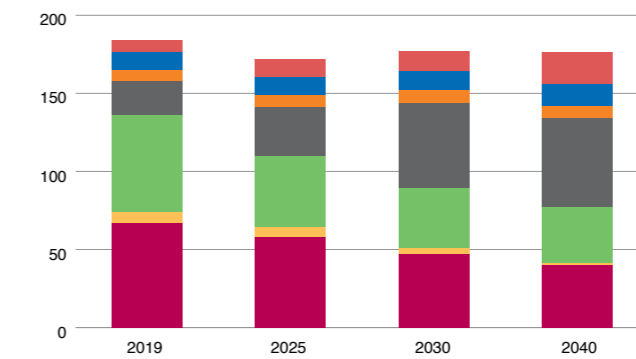
INDIA POWER SECTOR DEMAND FOR ENERGY STEPS



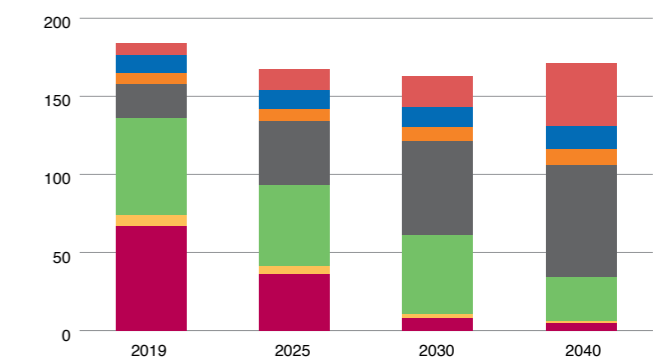
INDIA POWER SECTOR DEMAND FOR ENERGY SDS



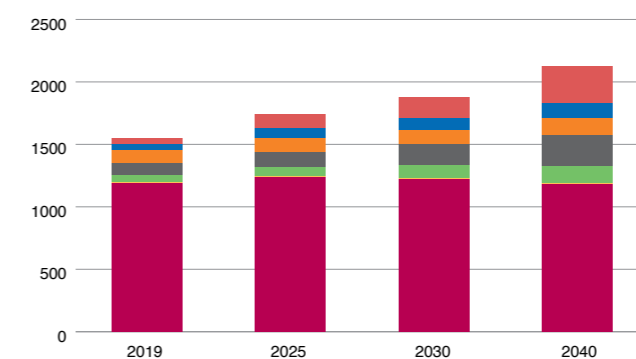
JAPAN POWER DEMAND FOR ENERGY STEPS



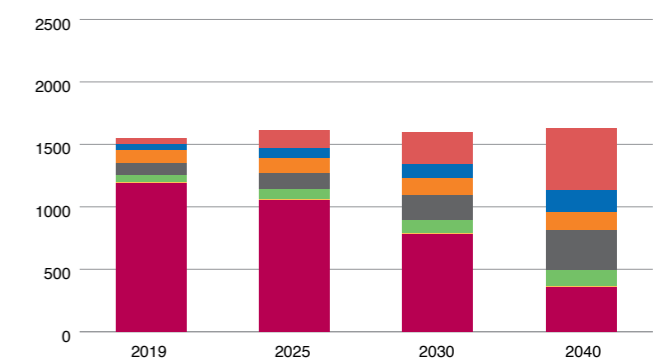
JAPAN POWER DEMAND FOR ENERGY SDS



CHINA POWER SECTOR DEMAND FOR ENERGY STEPS



CHINA POWER SECTOR DEMAND FOR ENERGY SDS



Key: Coal (magenta), Oil (yellow), Natural Gas (green), Nuclear (grey), Hydro (orange), Bioenergy (blue), Other renewables (red)

5 A new era for CCUS – CCUS in Clean Energy Transitions – Analysis - IEA <https://www.iea.org/reports/ccus-in-clean-energy-transitions/a-new-era-for-ccus#growing-ccus-momentum>

a swifter peaking response, as well as higher energy production efficiency for larger output rates. Consequently, the SDS projects that some regions will retain a limited fleet of HELE coal plants with high quality coal requirements, and that this will play a key part in power system flexibility in the short to medium term.

IRON AND STEEL

As a high-emissions industry, steel production has been identified as a key focus for energy sector transformation. For the purposes of our scenario analysis, we have leveraged the IEA's industry sector projections under each scenario, noting that this sector encompasses the production of iron and steel as well as other materials such as aluminium, paper and cement. We note that this is likely to be a conservative proxy, as it is currently more difficult to substitute the use of coal in iron and steel production than in any of the other core industrial processes due to a lack of viable and affordable alternatives. A significant shift away from the dominant coal-fired blast furnace/basic oxygen furnace (BF/BOF) method of steel creation would require notable technological advancement in lower-emission fuel sources.



STEPS

STEPS suggests a minor (4%) global decline in coal-based industrial energy demand over the long term. This is mirrored in gradual declines in coal demand in the industry sector in both China and Japan. In China, grid-based electricity overtakes coal as the primary source of industrial power by 2030,

following a 15% reduction in coal demand. In Japan, an initial reduction in coal-based industrial energy demand correlates with a short-term increase in natural gas demand, whilst a faster mid-long term decline coincides with an increase in renewable and bioenergy. In both regions, coal still comprises at least 20% of the industrial energy mix in 2040.

Alternative Iron Ore and Steel Production Methods

A contender for lower-emission steel production is the Electric Arc Furnace (EAF) process. The EAF uses electricity to create steel from scrap metal or Direct Reduction Iron (DRI), rather than iron ore.

Large-scale use of scrap will become more feasible as industrial production creates larger domestic reserves of scrap metal to leverage, however as 100% scrap steel often contains impurities reducing its quality, blends with DRI or BF/BOF pig iron are likely to remain desirable.

DRI is produced using liquid natural gas as a reducing agent. Although it is currently possible to replace this with hydrogen, and significant investments have been made by Fortescue Metals Group and Thyssenkrupp,⁶ most estimates do not see low-carbon hydrogen becoming cost competitive before 2040.⁷

DRS

Although not impacted as significantly as the power sector, slowed economic growth under the DRS dampens industrial output and construction activity, as well as consumer demand for new buildings, appliances and cars. This results in a 6% lower demand by 2030 for coal-based energy in the industry sector than what was described in STEPS, due to lower production of steel and cement. However, the growth in renewable energy seen in the power sector is not as notable in the hard-to-abate industry sector. The impact of DRS on metallurgical coal can therefore more accurately be described as delayed growth rather than displacement with alternative energy sources.

This is offset by a steady increase in coal-based energy demand in less established markets such as India and South East Asia as steel production climbs due to high infrastructure and construction activity. Higher demands for grid-based electricity and natural gas as industrial power sources are also seen in these regions, and whilst this subtracts from the proportion of coal in the energy mix, coal-demand still sees a net increase over the long term. Unlike with thermal coal, this is unlikely to be offset by increases in domestic coal production, as these regions typically do not produce coal of sufficient quality to be used as coke.

SDS

Reliance on lower-emission technologies such as EAF and DRI assumes a pivotal role in the SDS, which describes a much more dramatic 65% decline in coal use across all industrial sub-sectors, especially in iron and steel production. Globally, industrial energy demand is largely met by grid-based electricity and natural gas, with hydrogen only coming into prominence in the long-term, providing 470Mtoe by 2040, up from 50Mtoe in 2030. The installation of CCUS on coal-fired blast furnaces is nevertheless essential to reducing emissions from iron and steel production in the SDS. For this reason, coal projections in the SDS are dependent on the extensive development of CCUS technology to increase its viability and affordability, an assumption which may result in an overestimation of the resilience of coal demand, presenting a notable downside risk.

India is the only key market which sees an increase in industry demand for coal-based energy. The overall rise in energy demand is less pronounced than in STEPS. Despite increasing competition from natural gas and grid-based electricity, coal remains the largest source of industrial power in 2040.

Despite its tandem rise in energy demand with India under STEPS, South East Asia's slight increase in industrial energy demand under SDS does not correlate with an increase in coal demand. A gradual long-term decline in coal-based industrial energy sees coal overtaken by natural gas and grid-based electricity in the short term, aided by the relative youth of the market. In each scenario, the proportion of grid-based electricity produced by coal declines relative to alternative sources – this rate of decline may be inferred from the "power generation" section above.

In China and Japan, significant declines in coal demand are exacerbated by reducing energy demands across the entire industry sector. Both markets are projected to see a short term rise in natural gas demand, supplanted in the long run by grid-based electricity. Renewable and bioenergy also comes into prominence earlier than in STEPS.

OUR RESILIENCE

SHORT TERM (2020 – 2025)

The short-term horizon presents the most certainty due to frictions in transitions, lags in the implementation of policy, and smaller cumulative effects, resulting in smaller deviations under differing scenarios.

This remains relevant even where recent events indicate an acceleration of the transition to a low carbon economy. For example:

- **Climate pledges:** The number of countries that have pledged to achieve net zero emissions now encompasses 70% of global CO₂ emissions, a greater number than at publication of the 2020 WEO. However, most of these aspirations are not yet accompanied by near-term policies and measures which would see a significant impact on coal in the short term, nor a significant deviation from the STEPS projection.⁸
- **Renewable energy investment:** As reflected in the DRS, the COVID-19 pandemic has contributed to the transition by increasing investment in renewables, which are projected to account for 90% of the new power capacity expansions globally between 2021 and 2022.⁹ Yet, given the considerable economic and structural transformations required, it is unlikely that any significant global actions will be taken to embrace SDS in the short-term.

Therefore, we understand that our business and product portfolio is positioned to enable continued growth per STEPS, particularly in the emerging markets to meet rising demand for both thermal and metallurgical coal in India and South East Asia. Policy revisions are however indicative of a deviation from the STEPS trajectory to one which more actively reduces carbon production. Accordingly, we recognise

NZE2050

As described above, this scenario requires dramatic technological advances to occur within the next decade in order to meet its emission goals. For example, NZE2050 requires technologies which are still in development today, such as next-generation battery and low-carbon hydrogen technologies, to be advanced and distributed twice as fast as assumed in the SDS. Nevertheless, most efficiency improvements are assumed to occur in sectors other than iron and steel, particularly in aluminium and paper. Due in no small part to this resilience, coal retains the highest proportion of the energy mix within the industry sector by 2030.

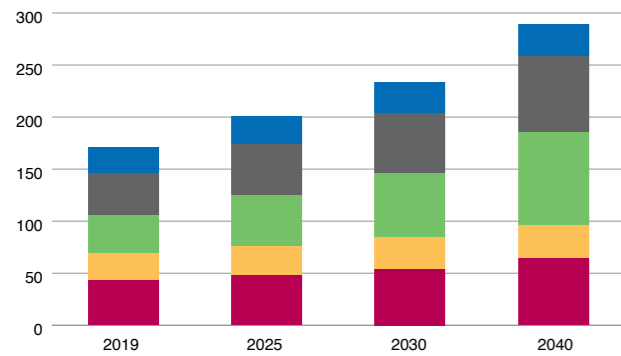
6 <https://www.energycouncil.com.au/analysis/fmg-chases-green-dream/>, <https://engineered.thyssenkrupp.com/en/green-hydrogen-for-green-steel/>
7 <https://www.woodmac.com/news/feature/what-the-coronavirus-means-for-the-energy-transition/>

8 Net Zero by 2050 – Analysis - IEA <https://www.iea.org/reports/net-zero-by-2050>

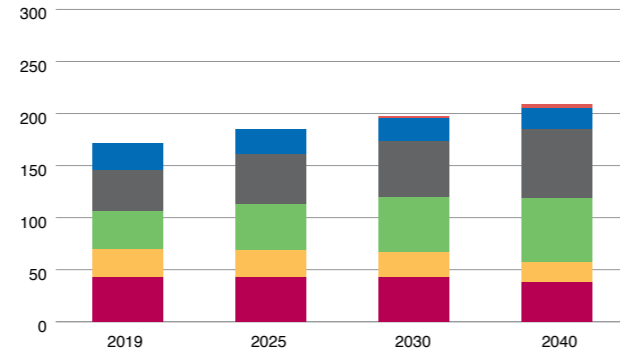
9 Renewable Energy Market Update 2021 – Analysis - IEA <https://www.iea.org/reports/renewable-energy-market-update-2021>

INDUSTRY DEMAND FOR ENERGY BY REGION (MTOE)

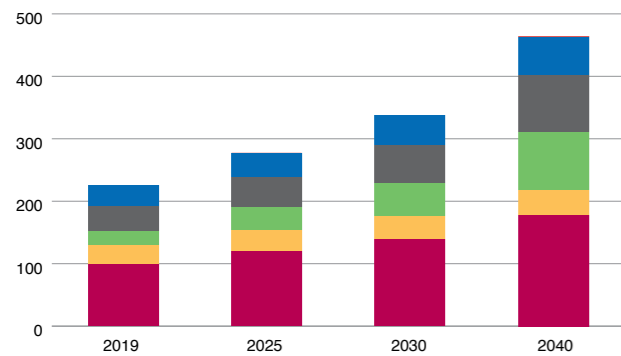
SEA INDUSTRY DEMAND FOR ENERGY STEPS



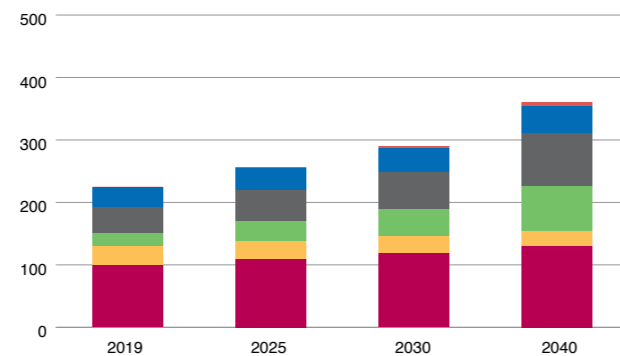
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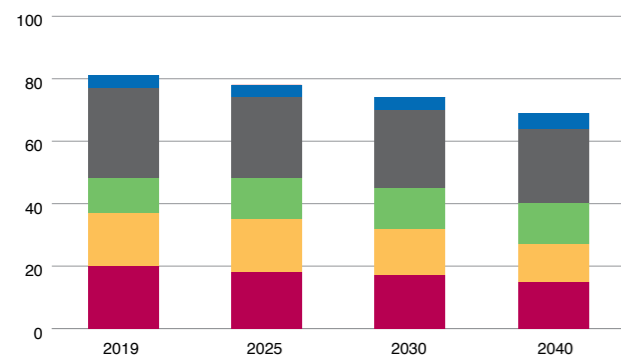
INDIA INDUSTRY SECTOR DEMAND FOR ENERGY STEPS



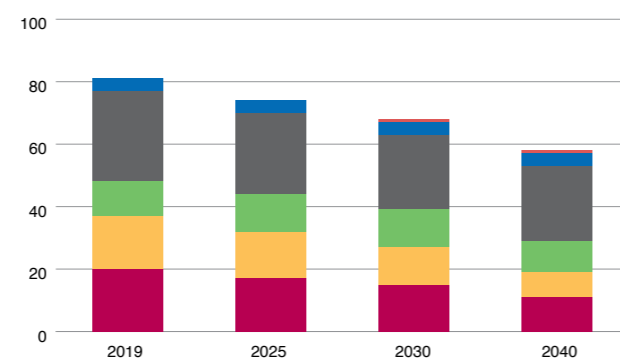
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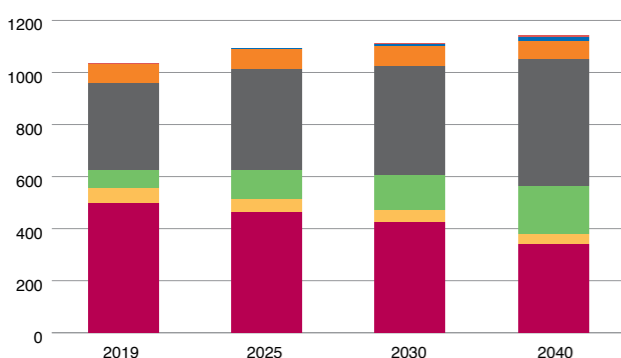
JAPAN INDUSTRY DEMAND FOR ENERGY STEPS



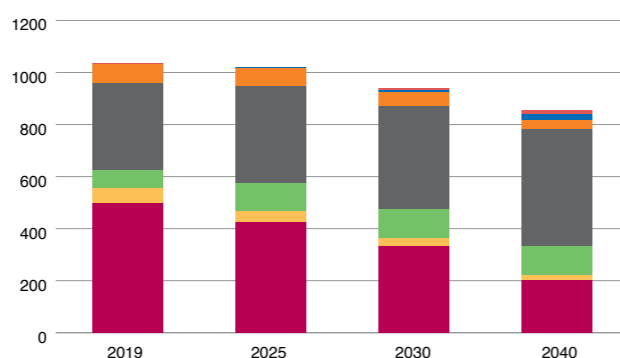
JAPAN INDUSTRY DEMAND FOR ENERGY SDS



CHINA INDUSTRY SECTOR DEMAND FOR ENERGY STEPS



CHINA INDUSTRY SECTOR DEMAND FOR ENERGY SDS



Key: Coal Oil Natural Gas Nuclear Hydro Bioenergy Other renewables

the importance of continuing to monitor the drivers we have identified in this scenario analysis and anticipating the impacts these events are likely to have on profitability in the future.

MEDIUM TERM (2026 – 2030)

In the medium term, projected scenarios begin to deviate more aggressively and are more dependent on accumulated actions, demonstrating greater uncertainty with some drivers putting downwards pressure on demand. Action begins to follow aspirations announced in policies and emissions pledges, as tangible steps are taken to diversify energy mix, reduce emissions and increase investment in alternatives to coal.

The future of coal within the energy and industrial production mix is largely dependent on the rate of product substitution. This in turn depends on technological advancement enabling continuous reduction in costs of renewable energy production and the adoption of new technologies for carbon abatement. As the rate of technological change is uncertain and the ability to substitute coal in different industries is volatile, there is a greater need to ensure flexibility in export partnerships and product offerings so that we can maximise our market share.

- **Flexible export partnerships:** This adaptive capacity in the face of market volatility was exemplified in our response to the suspension of trade with China during 2020. Strong growth in alternative markets, facilitated by flexible contracts and an adaptable product specification resulted in a net increase in thermal coal sales in the order of 11% year on year.

- **Flexible product offerings:**
 - Our flexible and diverse products are also key to our resilience in the medium term. Our ability to service all players highlights the resilience of our business, especially given the rising uncertainty during this period. Providing affordable thermal coal blends will aid in supporting universal energy access and the economic development goals of emerging markets.



- We expect that our high-quality low ash coal, which has a lower emission profile and contains fewer pollutants, will continue to be in demand in both scenarios as it is cleaner, more efficient, and relatively scarce in our export regions. Even in the stricter SDS scenario, transition strategies reflect the need to retain a functioning HELE coal fleet, which will preference high-quality coal to provide crucial power system flexibility and adequacy in the most profitable manner.
- We also expect that demand for metallurgical coal will remain strong due to a lack of viable alternatives for steel production, with contractions in established economies balanced by increased demand in emerging markets seeking to produce steel to support high infrastructure and construction activity.

or green hydrogen could have the opposite effect – resulting in a significant shift away from coal use, as seen in SDS. We do however expect significant downwards pressure from policy and financial drivers as societal expectations change and both countries and organisations approach deadlines for their net zero goals.

Under STEPS, we view that despite reduced demand in established markets, there will be ongoing demand for both thermal and metallurgical coal in emerging markets. Globally, thermal coal will remain the single largest source of electricity. Demand for metallurgical coal is projected to be more resilient, even under the SDS. Consequently, despite likely long-term contractions in the global coal market, we are well-placed to continue servicing the demand for high quality coal.

Nevertheless, these projections will increasingly inform the strategic direction of the business. Yancoal will explore (or invest in) the potential for diversifying beyond a coal-focused portfolio into other minerals, energy or renewable energy projects to continue the resilience of our portfolio into creating long-term value.

LONGER TERM (2031 – 2040)

This horizon presents the most uncertainty and is highly dependent on technological advancement. For example, earlier development and adoption of CCUS technologies could enable coal to remain cost competitive and viable for the long term, whilst the same rate of change applied to technology such as batteries

METRICS AND TARGETS: ENERGY AND EMISSIONS

SCOPE 1 AND 2 EMISSIONS

We report our operational direct (Scope 1) and indirect (Scope 2) emissions and energy consumption data on an annual basis in line with the Australian NGER legislation. We have implemented systems and processes for the collation and calculation of the data required by the Federal Clean Energy Regulator (CER).

In addition to this, the Australian Government's Safeguard Mechanism legislation, which has been in place since July 2016, requires facilities whose net covered emissions exceed the safeguard coverage threshold of 100,000 tCO₂-e per year (per facility) to keep their emissions at or below a baseline set by the CER. Exceedances of the baseline may result in financial carbon liabilities.

Updates to the Safeguard Mechanism legislation were released in February 2019, and subsequent amendments released in March and May 2020, which require organisations to transfer baselines over to either calculated baselines or production adjusted baselines by the end of the 30 June 2022 reporting period. During the FY2019 and FY2020 Reporting Periods, all Yancoal managed operations kept emissions below their respective baselines and therefore did not incur any financial carbon liability. Yancoal continues to evaluate the implications of the updated Safeguard Mechanism legislation and to prepare baseline applications, where necessary.

The majority of the Company's Scope 1 emissions relate to fugitive emissions from mining and combustion of fuel. Scope 2 emissions stem from the consumption of purchased electricity.

Overall, on an operational control basis, Yancoal's total greenhouse gas (GHG) emissions for the period ended 30

June 2020 totalled 2,042,183 tCO₂-e, which represents a 3% increase from the previous year. Our Scope 1 and Scope 2 emissions are inherently linked to our rate of production, with a higher rate of production typically resulting in an increase in emissions.

The emissions intensity per tonne of ROM coal produced increased by 3% to 0.040 tCO₂-e/ROMt. This increase was largely driven by increased open-cut fugitive emissions at MTW due to mining coal seams with higher inherent gas content. Scope 2 emissions decreased marginally at most operations due primarily to reduced electricity consumption.

ENERGY CONSUMPTION

Yancoal's energy consumption is driven predominately by its diesel fuel consumption across its operations, followed by electricity consumption. Both total energy consumption and the overall energy intensity per tonne of ROM coal produced increased by 5%.

SCOPE 3 EMISSIONS

We do not report on Scope 3 emissions, including those associated with the downstream consumption of our coal products as this is not within our operational control. We also note that Scope 3 emissions from the use of our coal are captured in the Scope 1 emissions of our power generation and steel making clients.

As referenced in 'The Resilience of our Portfolio to Climate Change Impacts' section, our operations produce high quality, low ash and high-energy coal, which therefore produces some of the lowest emissions per tonne consumed in the world. Due to its higher quality, Yancoal's Australian product is often preferred to the coal produced in other countries. In 2020, all of our customer countries were signatories to the Paris Agreement or had domestic policies consistent with the objectives of the Paris Agreement.

We continue to actively and strongly support the development of technologies aimed at reducing the emissions intensity of these downstream activities. This stance includes supporting the research and continued development and installation of HELE technologies in coal fired power stations and the development of effective CCUS technologies.

EMISSIONS AND ENERGY EFFICIENCY MEASURES

Yancoal strives to identify and implement emissions and energy efficiency opportunities where appropriate, with a key driver for these activities being the relationship between these efficiencies and potential cost savings. Key opportunities during the Reporting Period included the continuation of the following:

- The MTW site continues to be a participant of the NSW Energy Savings Scheme.
- Ashton Underground Mine sent 3,713,721 m³ of waste gas to the on-site flare plant during the Reporting



Period. In addition to assisting with managing operations safely, the combustion of methane-rich waste gas via the flare plant, as opposed to free venting, assisted in reducing the emissions intensity of this operation by approximately 55,000 tCO₂-e.¹²

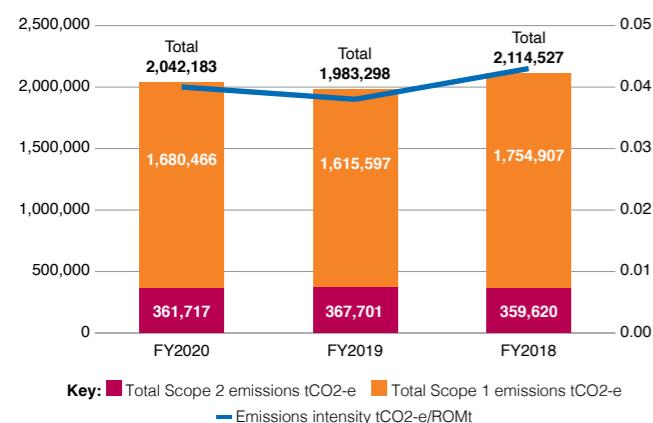
At several of our operations, we have set aside and secured land areas identified by our Indigenous stakeholders as having significant cultural heritage value. Within the boundaries of these secured areas we exclude all mining and other potential disturbance activities, and apply these restrictions to the land titles or through Conservation Agreements, thereby securing the land for future generations and providing in-perpetuity protection of cultural heritage. Access to these areas for Indigenous stakeholders is retained throughout the mine life and beyond for various purposes, including undertaking cultural activities and education of younger generations.

INDIGENOUS CULTURAL HERITAGE

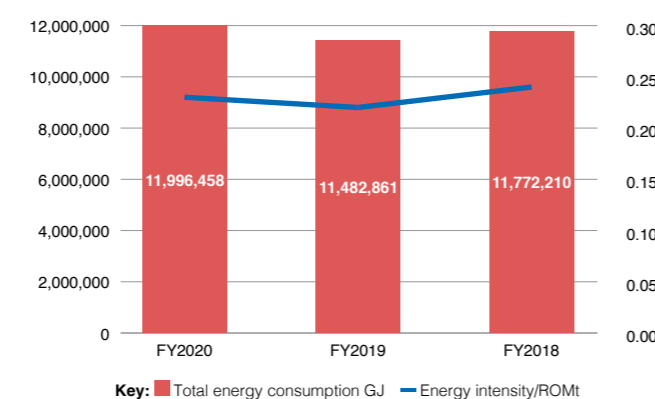
We recognise that Indigenous cultural heritage is highly significant to past, present and future generations and that a company's approach to interacting with Indigenous issues has the potential to impact issues of cultural heritage, traditions and customs, and its social licence to operate. Yancoal has an established and long-standing track record of positive, effective and collaborative working relationships with Indigenous stakeholders at each of our operations. Yancoal is committed to the coexistence of its operations with the cultural heritage of Indigenous stakeholders and will continue to manage cultural heritage issues across all our operations.

Yancoal recognises that cultural heritage management is a highly complex and sensitive issue. We have cultural heritage management plans that guide the day-to-day interactions of operations and issues of cultural heritage in order to manage potential impacts and risks. These management plans have been prepared in consultation with our Indigenous stakeholders and include agreed measures on how to manage

SCOPE 1 AND 2 EMISSIONS AND EMISSIONS INTENSITY ¹⁰¹¹



TOTAL ENERGY CONSUMPTION AND ENERGY INTENSITY



¹⁰ Scope 1 and 2 Emissions, Energy Consumption and respective intensities are based on the Australian fiscal year data as submitted to the Clean Energy Regulator.

¹¹ The 2018 and 2019 scope 1 and 2 emissions and energy consumption figures have been updated to include data for the Cameby Downs and Premier operations.

¹² Yancoal's calculation of emissions resulting from waste gas sent to flares at Ashton Underground is calculated based on NGER Method 1. The approximate saving associated with flaring compared to free venting assumes gas composition is 100% methane.

this interaction. In some instances, management plans identify areas or sites of cultural significance that must not be disturbed, either directly or indirectly (for example, from blasting). Other cultural heritage areas or sites that have been agreed and approved for disturbance are managed through mutually agreed actions, including relocation or the permanent curation and storage of items, under the guidance of Indigenous stakeholders.

In 2020, Yancoal implemented further measures to ensure that the interactions of our operations with issues of cultural heritage have an appropriate level of scrutiny and due diligence. This includes maintaining a register at the corporate level of all identified cultural heritage sites across our managed operations. While the day-to-day interaction of site activities with issues of cultural heritage is managed at the site level, Yancoal is now able to ensure corporate oversight adds another level of governance in determining whether approved impacts on cultural heritage are necessary and appropriately managed for ongoing operations.

Yancoal recognises the value and benefits of open and respectful relationships with Indigenous stakeholders and is committed to continuing these relationships.

WATER STEWARDSHIP

Yancoal is committed to the efficient and responsible use of water resources, and to implementing efficient practices in water management across all our operations. We recognise that water is a highly valued, shared and finite resource and acknowledge stakeholder interest in how we manage and use this resource in our operations.

Water management is a highly regulated aspect of our operations and we have risk-based surface and groundwater management plans that guide the day-to-day interactions of operations and water sources in order to mitigate water impacts and risks.

Operations also employ various water reticulation systems, which assist in the recycling of water to ensure maximum use across our operations.

Yancoal has implemented a fit for purpose water accounting process across all operations that is consistent with the Minerals Council of Australia (MCA) Water Accounting Framework (WAF). Benchmarking of all sites against the MCA WAF provides a consistent and measurable starting point for the staged improvement in water accounting across Yancoal's operations.

Key to the implementation of our water accounting framework has been the development of individual water asset registers. These registers, along with the company-wide standardised approach to water accounting, allows consistent analysis of our water assets which can enable us to effectively participate in the water markets where we operate.

Importantly, our site water asset registers have allowed Yancoal to evaluate and progress opportunities to undertake internal water trades (temporarily sharing water entitlement across sites) and to improve water security and supply.

We have disclosed our water performance in line with this framework for the second consecutive year and will continue to further improve our water performance reporting. During the Reporting Period, our operations were able to source water resources in line with production requirements across all regions. Comparison between 2020 and 2019 shows an overall increase in water input across sites. In part, this was a direct outcome of improvements in the consistency and comparability of water accounting across all our assets, and was a direct result of increased rainfall as drought conditions eased and the associated increase in surface water¹³.

As a result, water abstraction and water recycling reduced, as less sites required ground and recycled water for operational purposes (such as dust suppression).

Greater rainfall across operations in 2020 also resulted in significant increases of 116% aggregate in runoff and water storage volumes across sites in comparison to 2019.

MINE CLOSURE AND POST-MINING LAND USE

Progressive rehabilitations and mine closure planning is a significant element in our overall mine planning and design process. Yancoal strongly believes that mining is a temporary land use. We continually investigate opportunities for maximising the beneficial re-use of land that will meet the statutory obligations required to successfully relinquish mining tenements, and to enhance the ecological and social benefits offered by the land after mining concludes. The achievement of meeting agreed rehabilitation and mine closure criteria is the key to successfully relinquishing tenements and returning previously mined land for beneficial re-use.

Yancoal considers that early and on-going analysis of potential post-mining land uses throughout the mine planning process will improve post-mining outcomes.

In 2019, we appointed a Mine Closure Manager with the primary responsibility of developing a Mine Closure Standard to provide guidance and to ensure consistency of approach in mine closure planning across all Yancoal sites. The Mine Closure Standard and accompanying Mine Closure Plan Template were finalised in 2020 and will progressively standardise and improve closure planning across all our managed operations.

¹³ Includes precipitation and runoff as well as licenced water accessed from rivers and creeks.

WATER BALANCE DATA ¹⁴

WATER BALANCE (ML)	2020	2019
WATER WITHDRAWN (BY SOURCE)		
Surface Water ¹⁵	20,609	8,254
Groundwater ¹⁶	13,967	16,286
Imported freshwater (contract/municipal)	193	278
Transferred from other mines	684	1,113
Water in ore that is processed ¹⁷	1,772	2,477
Water input (total)	45,894	39,229
WATER USE ON SITE		
Production water ¹⁸	10,559	8,481
Recycled water ¹⁹	8,670	10,821
Change in storage during the year²⁰	10,668	3,685
WATER RETURN (BY SOURCE)		
To surface water ²¹	5,674	4,725
To groundwater through seepage	0	25
Evaporation ²²	5,492	5,073
Entrained in product of process waste	7,778	9,737
Supply to third party	5,724	7,504
Water output (total)	35,226	35,544

¹⁴ In 2020, we updated our reporting boundary for water to include Cameby Downs and Premier. We have restated our 2019 datasets to reflect this change.

¹⁵ Includes precipitation and runoff as well as licenced water accessed from rivers and creeks.

¹⁶ Includes interception, bore fields, diversion seepage and first flush capture.

¹⁷ Includes groundwater entrainment.

¹⁸ Includes dust suppression and industrial uses such as underground demand, coal handling and preparation plant (CHPP) demand and vehicle wash-down.

¹⁹ Reticulation of stored mine water, including tailings or mine water that is contaminated in process that is recycled and reused on site.

²⁰ The difference between total water input and total water output is "change in storage".

²¹ Licenced discharges from sites and irrigation undertaken in accordance with relevant statutory requirements and government policies.

²² Includes irrigation.

WE VALUE



"Using innovation to improve environmental outcomes"

In 2020, Moolarben released more than 1,400 Megalitres of treated water into the Upper Goulburn River under its approved discharge licence.

This was the first licenced discharge at this site. The discharge was made possible through the construction and completion of a dedicated water

treatment plant (at a cost of \$37 million), which utilises a Reverse Osmosis water purification process. The end quality of the water treated at this plant usually exceeds the standards expected of normal drinking water.

The discharged water released by Moolarben is expected to contribute to minimising prolonged low flow periods and maintaining hydrological connections, thereby providing additional water to downstream users that would otherwise not be available.

ESG TOPICS THAT WE MUST GET RIGHT



OUR PEOPLE

Yancoal recognises that people are our most important asset and central to our success. We are committed to regular engagement with our people to cultivate an inclusive workplace that empowers our people and promotes diversity.

This includes a commitment to the following:

- Equal employment opportunities;
- A focus on creating an inclusive culture where all voices are heard and incorporated;
- Fair employment practices and anti-discrimination laws; and
- A workplace free from any kind of discrimination, harassment or intimidation of employees.

All employment with Yancoal is voluntary and Yancoal complies strictly with the applicable employment laws and does not employ any child labour. Yancoal has a range of formal and informal processes in place to ensure our people work in an environment that is conducive to productivity, safety and teamwork. We have the following mechanisms in place to facilitate this:

- Annual employee performance development reviews, which provide opportunities for feedback and improvement;
- Employee engagement surveys, which provide us with an understanding of our peoples' experiences at Yancoal and assist in identifying opportunities for improvement;

- Employee check-ins at the three- and five-month marks, to understand how they are settling into their new role; and
- Assessment of potential learning and development opportunities to assist the career progression of employees.

Connected to our values, Yancoal has a suite of human resources policies covering a range of issues. These include:

- Code of Conduct;
- Whistleblower Policy;
- Diversity Policy;
- Workplace Behaviour Policy;
- Gifts and Benefits Policy;
- Leave Policy;
- Parental Leave Policy; and
- Working Hours & Arrangements Policy.

In 2020, the following key policies were reviewed, updated and approved:

- Code of Conduct;
- Environment and Community Relations Policy;
- Housing and Commuting Policy;
- Working Hours & Arrangements Policy;
- Workplace Behaviour Policy;
- Recruitment Policy;
- Vehicle Policy;
- Relocation Policy; and
- Spousal/Companion Travel Policy.

Our policies are made available to our people via our intranet and through our employee induction programs conducted across all operations.

DIVERSITY & INCLUSION

Yancoal's commitment to diversity assists in our ability to:

- Attract, retain and develop the best talent;
- Create an inclusive workplace;
- Deliver the highest quality services to our customers; and
- Continue growing our business.

In 2020, to drive female awareness of, and influence on, the Yancoal brand, we were a Silver Sponsor for the Women in Mining Mentoring (WiMnet) Program and nominated 10 female mentees to attend the program.

Yancoal also nominated high performing women for several industry and Company awards, including the following:

- NSW Women in Mining Award;
- Wim100: Global Top 100 Influential Women in Mining Awards; and
- Yancoal & Yankuang Group Awards.

Yancoal has a range of formal and informal processes in place to ensure our people work in an environment that is conducive to productivity, safety and teamwork.

WE VALUE

*A team of solid mates
I can trust*

Yancoal makes every effort to ensure our workforce is inclusive, harmonious and motivated. We have a reputation as a great place to work and a strong desire to live up to these expectations. We want a workplace culture where employees look to each other for support, advice and encouragement,

and where training and development foster positive future careers. This builds an environment in which our workers often forge strong and lasting connections, with many of our employees viewing their colleagues as friends and not just workmates.

YANCOAL VALUES
PEOPLE
SAFETY
INNOVATION
EXCELLENCE
INTEGRITY

LIST OF YANCOAL AWARD WINNERS IN 2020

AWARD RECIPIENT	AWARD CATEGORY	ISSUER
Brooke Hurt Group Leadership and Culture Manager	Included in '100 Global Inspirational Women in Mining' (WIM100)	Women in Mining UK
Leah Miller MTW CHPP Maintenance Delivery Superintendent	Exceptional Young Woman Award	NSW Minerals Council
Steve Chandler Moolarben Underground Operations Manager	Mine Manager of the Year	Australian Mining's Prospect Mining Awards
Moolarben Coal Operation	Australian Coal Mine of the Year	Australian Mining's Prospect Mining Awards
Moolarben Coal Operation	Australian Mine of the Year	Australian Mining's Prospect Mining Awards

KEY 2020 INITIATIVES

During 2020, key People-related initiatives included the following:

- **Diversity and Inclusion Strategy:** In 2020, Yancoal developed a draft three-year strategy to actively promote and increase the diversity of our workforce. The draft strategy focuses on tangible actions to increase the inclusion of minority groups. During the strategy development process, Yancoal conducted Cross-Cultural Training and Inclusive Leadership Training for our ELT, and we will deliver Inclusive Leadership Training across site leadership teams in 2021.
- **COVID-19 Response:** Yancoal is proud of our leadership in response to the COVID-19 pandemic. Frequent, timely and open communication and the introduction of flexible working practices allowed for a focus on leading 'authentically'. Despite the challenges that COVID-19 presented, our employees remained connected to the business and their teams.

- **Growing Yancoal's Brand Visibility:** To maintain a competitive edge in the increasingly constrained employment market, Yancoal focused on growing our brand visibility and reputation through participating in industry award programs. Yancoal was nominated for industry awards including: NSW Mining and Suppliers awards, in which MTW was a finalist for 'NSW Mining Operation of the year'; and the Prospect Mining Awards, in which Moolarben won the 'Coal Mine of the Year' and 'Australian Mine of the Year'. Increased participation in industry awards provided Yancoal with national and international brand recognition, and provided our people with opportunities to represent Yancoal at industry events, to build key relationships, and to demonstrate why Yancoal has a reputation as an employer of choice.

Yancoal has also engaged at the grassroots level to attract talent. Our intake of vacation students increased from four to 16 during the 2020/21 summer period. We expanded our Graduate Program to include geologists, and will expand further in 2021 by increasing our intake of mechanical and electrical engineers and surveyors.

2021 FOCUS AREAS

Looking forward to 2021, key People-related initiatives will include the following:

- **Diversity and Inclusion Strategy:** Our journey to improve the diversity of the Yancoal workforce, and inclusivity of decision making will continue in 2021 with the roll out of the strategy, including:
 - Inclusive leadership training for each site leadership team;
 - Creating awareness of diversity and inclusive decision making;
 - The nomination of culture champions across Yancoal to drive diversity and inclusion initiatives and activities; and
 - Celebrating diversity-focused events, such as International Women's Day and Harmony Day.
- **Frontline Leadership Program:** To equip our frontline leaders with skills to lead effectively and authentically, Yancoal is establishing a steering committee to develop a frontline leadership program with initial roll out in late 2021. The program aims to provide a consistent approach to leadership development, focusing on building communication skills, empathetic leadership qualities and self-management skills.
- **Continuing to Grow Yancoal's Brand Awareness:** In 2021, Yancoal will be focused on continuing to build our brand awareness through increasing our relationship and visibility with Universities and students. We will also continue to be a Silver Sponsor for the NSW WiMnet mentoring program, offer the mentoring program to our QLD and WA sites through their respective organisations, and nominate high performing employees for industry awards.



LEGAL AND REGULATORY COMPLIANCE

For the Reporting Period, Yancoal is not aware of any material non-compliance with laws and regulations relating to employment and labour policies and/or practices, or any incidents relating to the use of child or forced labour, that would have a material impact on Yancoal during the Reporting Period.

HEALTH, SAFETY AND WELLBEING

At Yancoal, the health, safety and wellbeing of our people is our utmost priority and we remain committed to achieving our goal of zero injuries. We never compromise on safety.

The Board's HSEC Committee sets the direction for Yancoal's continued commitment to operating its mines to the highest safety standards and in accordance with legislative requirements. This approach is formalised in Yancoal's Health and Safety Policy.

Working with Yancoal's Executive Leadership Team and senior management teams, the HSEC Committee is chaired and led by members of the Yancoal Board, providing external oversight of the Company's operating and reporting standards. The HSEC Committee

is responsible for considering, assessing and monitoring the policies that Yancoal has in place to ensure these meet the requirements of the Company's health, safety, environment and community commitments. During 2020, whenever possible and allowing for COVID-19 restrictions, the HSEC Committee and invited senior management held HSEC meetings on location at operating mine sites.

Together, executive management and the HSEC Committee continue to set the direction for a culture of continued improvement, with the leadership, capabilities, systems and reporting procedures needed to be an industry leader in safety management.

Each mine implements proactive strategies to update and monitor its safety standards, behaviours and reporting to ensure operations are aligned and focused on achieving Yancoal's aspirational goal of zero harm. Taking responsibility for the safety of all employees, contractors and visitors, Yancoal continues to implement robust safety and risk awareness and management practices across all areas of its operations.

Our continued focus on safety was reflected in the 19% reduction in the total number of recordable work-related injuries achieved

during 2020, as well as reductions in the total number of high consequence and lost time injuries compared to 2019. These improvements reflect our continued emphasis on safety. At the end of 2020, our Total Recordable Injury Frequency Rate (TRIFR) was 8.4 (compared 10.0 at the end of 2019), and our Lost Time Injury Frequency Rate (LTIFR) was 4.2 (compared to 5.6).

CORE HAZARD CRITICAL CONTROL PROGRAM

In 2020, compliance to the Core Hazard Management Schedule leading safety indicator, related to the Yancoal Core Hazards and associated Critical Controls, was further improved. In adhering to the Core Hazard Management Schedule, Yancoal performed above expectations with the timely completion of 97% of the Schedule's audits (compared to the target of 90%).

TRAINING MANAGEMENT SYSTEM

Over the past 18 months, Yancoal's Training Management System (TMS) has been under continual development as enhanced features, integrations and concepts are added. These enhancements were conducted in several phases, which allowed these changes to be implemented without any disruption to our critical compliance systems or operations.

As a result of the TMS integration, the Learning Management System (LMS) and Contractor Management System now produce reports, which enable us to make operational and safety decisions based on the information collected and held within our overall information portal. Key enhancements and features include:

- Simple access interface design for the TMS portal allows easy accessibility and provides an exceptional user experience;
- Broadcasting system allows messages to quickly communicate directly with the workforce;
- Interrogating workforce analytics to learn from trends, ask questions and act on data;
- Utilising powerful search and navigational tools to find workers/contractors and to track training and compliance records; and
- Accessing advanced training and assessment modules, to create, set and deliver important safety training events to employees and contractors through online delivery.

In addition, our TMS interacts in real time with physical security access control systems. Yancoal, has a swipe-card system to identify each worker and certify their access to certain sites or locations by matching the individual's currency against our business rule requirements for access to each site. This ensures that only compliant workers are given access to the right mine sites.

Finally, with the integration of mobile digital platforms, our supervisors have access via their mobile phones and tablets to the live system, which allows easy access to real-time information when on site.

MENTAL HEALTH AND WELLBEING

The Mental Health and Wellbeing of all our employees and contractors is essential. Yancoal's Employee Assistance Program (EAP) is offered to all of our employees and family on a free and confidential basis.

Throughout 2020, mental health and wellbeing was at the forefront of our engagement with our people and was central to our COVID-19 response. We provided specialised initiatives to assist employees in adjusting to working from home, including:

- Check-ins from the HR teams;
- Increasing frequency of team and one-on-one meetings; and
- Arranging social activities in a virtual format.

These initiatives assisted employees to stay connected to their teams and the broader business. At operational sites, Yancoal included mental health related topics as part of our monthly safety focuses and celebrated 'R U OK?' Day to promote the open discussion of mental health.

OCCUPATIONAL HEALTH

During 2020, Yancoal undertook several occupational health pilot projects across various operations.

A key pilot project included the expansion of the Operators Awareness Systems - Heavy Vehicle (OAS-HV), which uses fatigue monitoring technology to reduce the risk of fatigue-related haul truck incidents. OAS-HV is a non-intrusive fatigue and distraction solution that continuously monitors operators to proactively prevent accidents. Using an infra-red camera, OAS-HV continuously monitors for eyelid closure, facial and head movements, and other unsafe behaviour (such as mobile phone use or speeding) while the vehicle is in motion.

Although procedures to reduce fatigue risk have previously been in place, OAS-HV enhances the effectiveness of Yancoal's fatigue detection through features including in-cabin alarm and seat vibration that are linked to the system that alert the worker of unsafe events, as well as a review function that allows recorded video footage to be used to educate workers about fatigue and its implications.

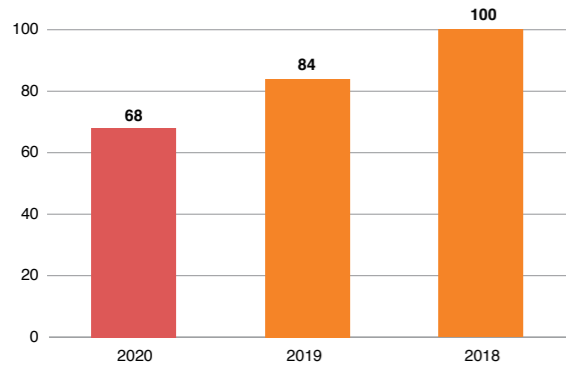
Broader implementation of this proven pilot project across other Yancoal operations is planned for 2021.

Other occupational health-related projects completed during 2020 included the provision of nutritional information to shift workers.

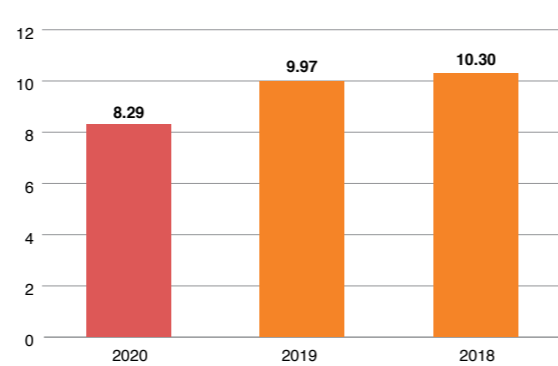
LEGAL AND REGULATORY COMPLIANCE

Yancoal is not aware of any material non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards during the Reporting Period that have a material impact on Yancoal.

NUMBER OF RECORDABLE WORK-RELATED INJURIES



TOTAL RECORDABLE INJURY FREQUENCY RATE



IN FY2020, OUR DIRECT ECONOMIC CONTRIBUTION INCLUDED¹:

- \$456 million** in wages and salaries to approximately 2,952 full time resident employees, representing an average salary level of approximately \$155,000 per annum. In addition, there were 545 full time equivalent contract workers engaged by Yancoal in FY2020
- \$1.7 billion** in purchases of goods and services from over 2,120 suppliers and providers, with an average spend per supplier of approximately \$792,000.
- \$2.2 million** in voluntary contributions to more than 135 community organisations across Australia
- \$11 million** in local government payments (including rates, developer and other contributions)
- \$377 million** in state and federal government payments (including royalties, stamp duty, payroll tax and land tax).

IN FY2020, OUR INDIRECT AND TOTAL ECONOMIC CONTRIBUTION INCLUDED²:

- \$5.5 billion** in output/turnover (a measure of direct and supply chain purchases from businesses)
- \$5.1 billion** in value added, contributing to the Gross National Product (GNP) for Australia through \$2.5 billion in direct effects and \$2.6 billion in supply chain and consumption effects
- \$2.0 billion** in income (wages and salaries) paid to workers
- 25,867 full time equivalent jobs** supported across Australia during FY2020.

SOCIO-ECONOMIC CONTRIBUTION

OUR DIRECT AND INDIRECT ECONOMIC CONTRIBUTION

Yancoal is committed to supporting the economic development of the local communities in which we operate, as well as being a responsible contributor to local and regional economic development. We contribute to economic development through a variety of methods, which include: Payment of taxes and royalties to local, state and federal governments;

- Procurement from local business and service providers;

- Employing members of local and regional communities; and
- Voluntary investment in programs and initiatives that make a genuine positive difference and lasting change to our local communities. Yancoal's Economic Assessment Impact report measures our wider indirect economic impacts, such as those generated by our business supply chain expenditure and consumption-induced spending in our key regions, and measures the comprehensive economic benefits that flow to local communities and governments from our operations.

COMMUNITY INVESTMENT AND ENGAGEMENT

Local procurement

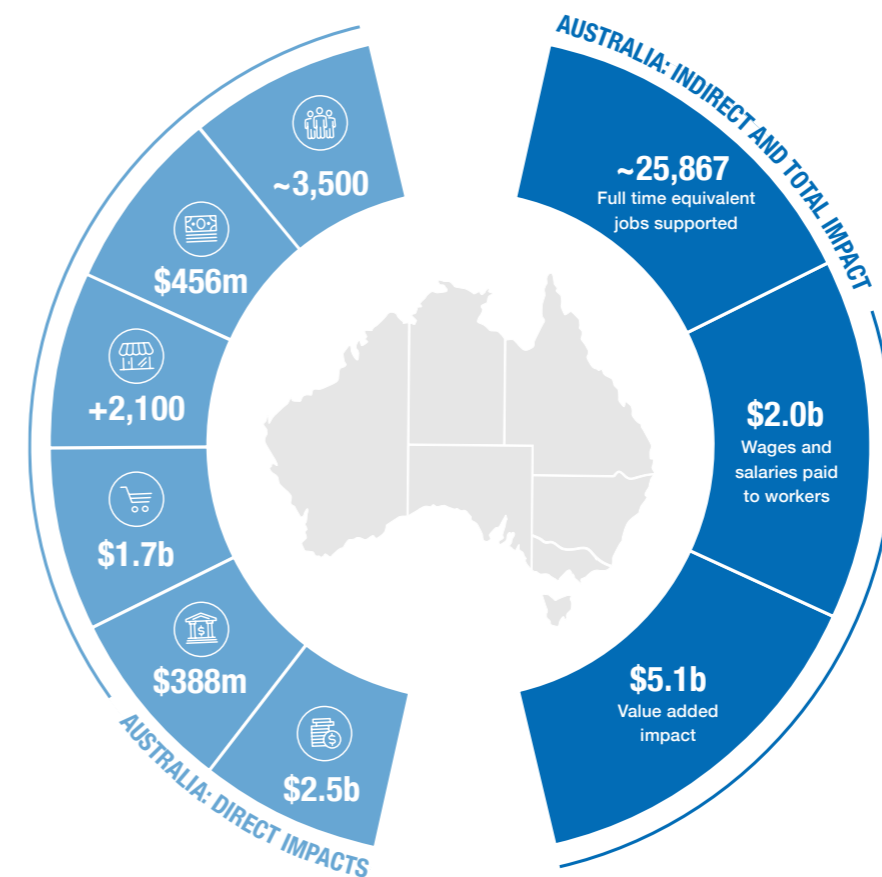
Yancoal sources from local suppliers where they are able to meet our requirements for commercial viability, environment, and health and safety standards as outlined in our Procurement Policy. Across our operations, our highest value contractors in 2020 were for mining services and equipment, haulage, rail and port services.

Community Investment

Yancoal is committed to supporting the communities in which we operate. To facilitate this, our Community Support Program (CSP) has two key pillars

- A locally based program at a mine site level; and
- A corporate-led program for larger scale support.

The corporate-led program has several multi-year partnerships with third parties, which align to Yancoal's values and the needs of the local communities.



ICON KEY:

	Fulltime Employees		Local Businesses Supported		Local, State And Federal Government Payments
	Wages And Salaries		Purchases Of Goods And Services		Direct Economic Impact

1 Figures relating to economic contribution have been calculated in line with the scope of this report (refer page 8). For Yancoal's full economic contribution figures, which include the contributions of joint venture operations, refer to the 2020 Annual Report and the 2020 Contribution Report, both of which are available on the website.
 2 Economic modelling of the flow-on effects of the direct expenditure has estimated the indirect and consumption-induced effects flowing from the two key direct impacts on the economy i.e. those generated by business supply chain expenditure in each region and those generated by consumption-induced spending in each region. These impacts have been modelled separately and then aggregated to identify the level of impacts on output, incomes, employment and industry value added for each state and region.

2020 CSP CORPORATE-LED PROGRAMS

CORPORATE PARTNERSHIPS	ANNUAL AMOUNT \$
The Clontarf Foundation	100,000
Queensland University of Technology	200,000
Westpac Rescue Helicopter Service	500,000
POSCO/Yancoal Local Community Employment initiative	150,000

Additionally, the following one-off corporate donation was made in 2020:

BENEFICIARY	AMOUNT \$
NSW Rural Fire Service Relief	500,000

SITE LEVEL CSP

Yancoal's site level CSP is specifically designed to invest in projects, programs and initiatives capable of making a difference to the lives of people in our local communities. Each year, Yancoal allocates funds at a site level to support community groups and programs operating across the areas of:

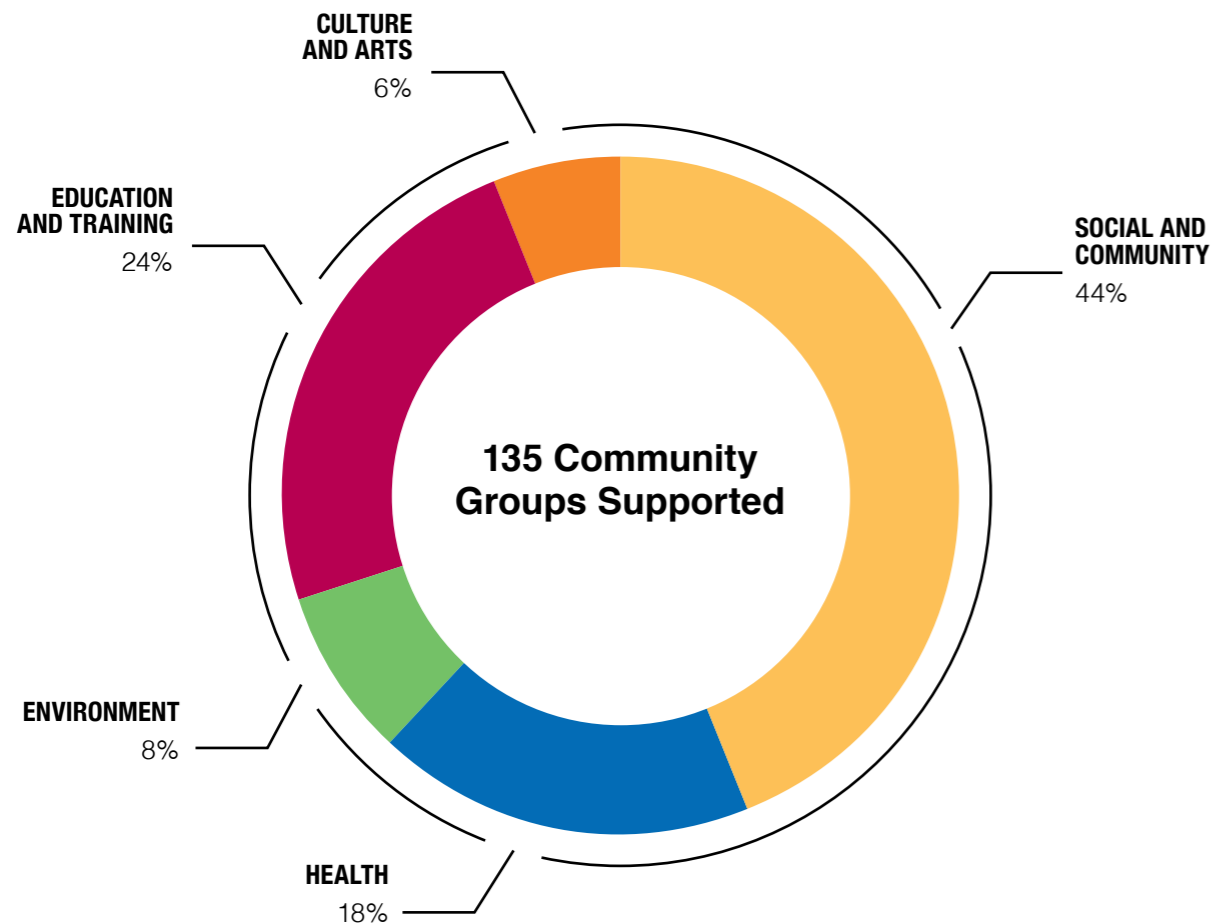
- Health;
- Social and Community;
- Environment;
- Education and Training; and
- Culture and Arts.

Yancoal is proud to be investing into local and regional Australia, helping to build stronger communities across the country. In 2020, Yancoal's CSP invested \$2.2 million into local initiatives involving 135 recipients, helping to support disadvantaged groups within the community that would otherwise struggle to achieve funding.

Some examples of the types of initiatives that are funded include:

- Developing and implementing environmental projects;
- Key community events and education competitions;

2020 COMMUNITY SUPPORT PROGRAM CONTRIBUTIONS



WE VALUE



"Keeping our communities informed"

MTW has established a comprehensive network of air quality monitors surrounding the mine to assist with day-to-day dust management and to demonstrate compliance with approved limits.

Real-time monitoring data is published daily on MTW's website along with a tabulation of complaints and description of any operational changes made that day to reduce dust emissions. Providing this

accurate and transparent information to the general public is important for demonstrating our proactive engagement and building confidence in Yancoal's environmental management capabilities.

MTW's air quality monitoring network also utilises monitors that are part of the Upper Hunter Air Quality Monitoring Network (UHAQMN). The UHAQMN was established by Government in partnership with industry to address

community concerns over the effect of coal mining on air quality in the Upper Hunter region. The network of 14 continuous monitors provide the general public with real-time data on air quality. This data is made available on the NSW Department of Planning, Industry and Environment's website.

Both these initiatives allow the community to stay informed of activities that have the potential to impact their health and well-being.



- Acquisition of new technology and equipment;
- Critical medical research;
- Rescue and rehabilitation of protected local wildlife;
- Support of cultural, artistic and community clubs and societies; and
- Refurbishment of community facilities.

ENVIRONMENTAL MANAGEMENT

Yancoal's operations are subject to stringent environmental approvals and licences, and Yancoal is committed to implementing systems, processes and practices to ensure compliance with the conditions of these approvals and licences and other legislative requirements.

Yancoal's HSEC Committee sets the direction for the Company's continued commitment to meet all relevant

environment, health and safety legislative requirements. Yancoal's overall approach to the management of environment and community impacts is directed by the Environment and Community Relations Policy. This policy commits Yancoal to operate as an environmentally and socially responsible corporate entity and to conduct its operations in a lawful and environmentally sound manner.

This policy is supported by Yancoal's Corporate Environmental Management System (EMS), site-specific EMS and site-specific environmental management plans.

Yancoal's Corporate EMS provides a governance structure for managing environment and community matters and sets minimum management and performance requirements for these matters. As part of the Corporate EMS, all operations are required to undertake (and routinely update) environment and community risk assessments. Relevant controls and other mitigation measures

are developed and implemented to assist in the management of these risks.

Environment and community related risks are incorporated into the sites' broader risk assessments and Corporate's Enterprise Risk Management Register.

GOING BEYOND COMPLIANCE

Yancoal continues to implement an Independent Environmental Assurance Audit (IEAA) program that operates on a two-year cycle. The purpose of the IEAA program is to provide the Yancoal Board, HSEC Committee and Senior Management with an overview of environmental risks and environmental performance and assurance that these risks are appropriately identified and actively managed across its owned and managed coal mining operations.

The IEAA program assists Yancoal in maintaining a culture of excellence in environmental governance and performance across all its operations by:



- ensuring key environmental risks are identified;
- identifying opportunities for improvement;
- ensuring audit actions are implemented in a timely manner; and
- providing a platform to share learnings from the audits across the group.

The IEAA program is risk-based in its design and application. The IEAA assesses the effectiveness of each site's EMS, supporting management plans and internal environmental governance, with a particular focus on each site's identified environmental risks. The risk-based approach involves the identification of key risk topics in advance of each audit and a targeted review of the agreed risk topics during the on-site audit days.

The 2020/2021 IEAA program commenced in February 2020 with the first audit being undertaken at Austar Coal Mine. The remaining audits for the year were adapted due to travel restrictions and additional site-based precautions due to COVID-19. The audit team was able to undertake the desktop work remotely for the three planned audits (Moolarben, MTW and Ashton) between March and September, followed by site visits at the end of the year when COVID-19 site and travel restrictions were relaxed. By adapting the program, the 2020/2021 IEAA program remains on track and continues to provide valuable feedback to the HSEC Committee and the wider Environment and Community personnel.

LEGAL AND REGULATORY COMPLIANCE

Yancoal is not aware of any material non-compliance of laws or regulations relating to air or GHG emissions, discharges into water or land, and generation of hazardous or non-hazardous waste during the Reporting Period that have a material impact on Yancoal.

AIR QUALITY MANAGEMENT

Yancoal acknowledges that air quality is a key concern for the community, and we strive to minimise air emissions caused by our operational activities. Yancoal has implemented comprehensive mitigation measures to minimise potential impacts on the general health and amenity of surrounding environments, and to comply with relevant statutory obligations. This includes having site-specific Air Quality Management Plans and appropriate air quality monitoring in place to guide day-to-day management of dust generating activities.

Where there is a risk of offsite dust emissions affecting the amenity of private residences in surrounding areas, Yancoal has established continuous real-time meteorological and air quality monitoring stations, which provide advanced warnings that enable immediate operational changes to ensure dust emissions remain within approved limits.

Yancoal's operations use a number of practices to minimise and mitigate against dust emissions, including but not limited to: using water trucks to dampen haul roads; modifying mine operations during windy and dry conditions; and rehabilitating

mined land as soon as practical to reduce exposed areas.

Yancoal's air quality performance standards are based on the *National Environmental Protection (Ambient Air Quality) Measure*. Yancoal's overall compliance with these limits demonstrates that Yancoal is effectively managing air emissions from its mining operations. Yancoal remains committed to continuously improving its air quality management strategies to minimise impacts to surrounding communities and the environment in which it operates.

AIR EMISSIONS REPORTING

Each Yancoal-managed operation submits annual National Pollutant Inventory (NPI) reports in accordance with the Australian regulations. The NPI reports provide interested parties with information about substance emissions in Australia. Over the previous two years, Yancoal's key NPI reportable pollutants have remained relatively stable, in line with ROM production, with no major changes in carbon monoxide, oxides of nitrogen, particulate matter (PM10), sulphur dioxide or volatile organic compounds. A complete breakdown of our air emissions data is included in the Performance Data section.

NOISE MANAGEMENT

Yancoal acknowledges that noise is a key concern for the community, and we strive to minimise noise emissions caused by our operational activities. Yancoal manages operational and construction noise in a similar manner to the management of air emissions. This includes having site-



specific Noise Management Plans and appropriate noise monitoring in place to guide and assist operational personnel in the day-to-day management of noise generating activities.

Where there is a risk of offsite noise emissions affecting the amenity of private residences in surrounding areas, Yancoal has established continuous real-time meteorological and noise monitoring stations which provide early warning to enable immediate operational changes to ensure noise emissions remain within approved limits. Yancoal recognises that operational noise emissions can be more distinct at night and therefore we employ additional personnel at some operations to proactively manage this.

Each Yancoal-managed site has adopted a suite of site-specific noise criteria. Yancoal's overall compliance with these limits demonstrates that Yancoal is effectively managing noise emissions from its mining operations. Yancoal remains committed to continuously improving its noise management strategies to minimise impacts to surrounding communities and the environment in which it operates.

PROACTIVE MANAGEMENT OF NOISE AND AIR EMISSIONS

Real-time weather stations are also deployed across the majority of Yancoal's operations, which assist in the management and mitigation of mining generated dust and noise emissions. Meteorological stations provide real-time data on key weather parameters, such as wind speed and direction, allowing the operation to make informed decisions on blasting and dumping operations each day. At selective sites, the weather data is used in combination with noise and dust models as a predictive tool to forecast the direction and dispersion of potential dust and noise emissions from planned mining activities. This enables operational personnel to plan for potential adverse weather conditions, such as high winds or temperature inversions, and to adjust operational activities accordingly to minimise impacts to the amenity of private residences in surrounding areas.

COMMUNITY COMPLAINTS

During the Reporting Period, Yancoal received 305 community complaints

across its managed operations. This is a 30% reduction compared to 2019. Air quality-related complaints reduced by 70% from 2019. This significant improvement is likely a result of ongoing efforts to proactively manage dust emissions combined with improved ambient air quality (due to no major bushfires and increased rainfall). Noise-related complaints also reduced by 5% during the Reporting Period.

Each site is required to meet Yancoal's Community Complaints Management Standard, which provides for the standardisation of complaints categorisation and reporting to ensure consistent and effective receipt, recording,

Yancoal recognises the importance of adequately managing waste that arises from our operations, and that failure to manage waste efficiently may impact the natural environment.

investigation and response to community complaints. Promptly investigating and responding to community complaints as soon as practicable is a key priority for Yancoal to demonstrate responsiveness and also to prevent non-compliances with regulatory operating obligations and conditions. This responsiveness has likely contributed to the reduction in community complaints during the Reporting Period.

LAND STEWARDSHIP

MINE REHABILITATION

Yancoal recognises that rehabilitating mines is important to the operation of its business. Yancoal firmly believes that mining is a temporary land use and that successful mine closure and tenement relinquishment enables previously mined land to be made available for beneficial post-mining land uses.

Both MTW and Moolarben have development consent requirements to re-establish specific vegetation communities in rehabilitation areas and to provide permanent protection for these areas at mine closure.

Since 2011, MTW has been progressively rehabilitating select areas of the mine

to 'Central Hunter Ironbark-Grey Box Woodland', which is an endangered ecological community. These areas have been included as study sites in an Australian Coal Association Research Program (ACARP) funded study. The goal of the project is to determine whether mine rehabilitation in the Hunter Valley can support recognisable and self-sustaining endangered ecological communities. The study is expected to be completed in 2021 and will provide an assessment of how successful MTW (and other Hunter Valley mines) have been to date in re-establishing the target endangered ecological communities.

During 2020, Duralie Coal Mine expanded its successful Nest Box Program in biodiversity offset areas to areas of the mine which have been rehabilitated to 'native woodland'. Moolarben also developed completion criteria for the attainment of biodiversity credits within rehabilitation areas and commenced works toward meeting the completion criteria.

In 2020, 176 hectares of rehabilitation was completed across Yancoal operations. A review of rehabilitation classification definitions and mapping was also undertaken.

BIODIVERSITY

Yancoal manages approximately 13,000 hectares of biodiversity offset lands across our operations. In addition, a further approximately 800 hectares has been incorporated into the National Parks Estate, State Conservation Areas or Conservation Agreement areas. Biodiversity offsets improve the conservation of many threatened and vulnerable native flora and fauna species and ecological communities. These include the endangered ecological communities such as White Box-Yellow Box-Blakely's Red Gum Grassy Woodland and Central Hunter Grey Box-Ironbark Woodland communities and threatened species such as the Large Eared Pied Bat, Long Nosed Potoroo, Regent Honeyeater, Swift Parrot, *Tetratheca juncea* (Black-eyed Susan) and *Persoonia pauciflora* (North Rothbury Persoonia plants).

Biodiversity offset management plans are in place to manage and improve the quality and integrity of offset lands to assist in the management of key ecological communities. These are supported by species specific Management Plans, such as the *Tetratheca juncea* Management Plan. Significant resources are deployed across a range of activities to meet our biodiversity offset obligations. Some of these activities include:



- Native seed collection, propagation and tube-stock planting;
- Weed and feral pest management;
- Nest box installation;
- Land remediation works;
- Hazard reduction burns; and
- Scheduled ecological surveys.

In addition, a Squirrel Glider study was completed on the colonies and home ranges in the vicinity of the Stratford Biodiversity areas.

During 2020, there was a transition from an extended drought period to good rainfalls across most biodiversity offset areas. Monitoring program results showed that while drought impacts continue to be evident, the offset areas have demonstrated a positive response to the wetter conditions with progressive drought recovery. The wetter conditions supported the successful planting of over 150,000 trees to assist the regeneration of native and endangered ecological communities. Further supplementary planting will continue throughout 2021 to continue the improvement of the ecological values of our biodiversity offset land areas.

WASTE MANAGEMENT

Yancoal recognises the importance of adequately managing waste that arises from our operations, and that failure to manage waste efficiently may impact the natural environment. Yancoal's approach to waste management is outlined in each site's environmental management plan and/or strategy, to ensure relevant legislative requirements are met as required.

Hazardous and non-hazardous non-mineral waste is collected and either recycled or disposed of by third party providers. For Yancoal, hazardous non-mineral waste is mainly comprised of effluents and waste oils, while non-hazardous non-mineral waste includes scrap steel, mixed solid waste and timber. Mineral wastes include materials generated through the mining process such as tailings and course rejects.

There are ongoing efforts across Yancoal to drive down the total volume of non-mineral waste generation and implement the waste management hierarchy of seeking options to reuse, recycle and recover energy from the waste that is generated. Initiatives implemented at sites include:

- **'Used conveyor belt recycling' program**, whereby scrap rubber conveyor belt is sold to a third party for the purposes of recycling the conveyor belt. The proceeds from the sale of these wastes are then used to provide additional funding for the site's CSP.
- **'Cans for Kids' program**, which involves the collection and donation of aluminium cans and recyclable plastic drink bottles to local schools, to increase recycling rates and generate funding for the schools.

TAILINGS DAM MANAGEMENT

Yancoal recognises stakeholder interests in the effective and safe management of Tailings Storage Facilities (TSFs) and is continually updating operational plans and procedures to ensure the adoption of industry leading practices in the safe management, rehabilitation and closure of our TSFs. TSFs across Yancoal operations are managed in accordance with relevant regulatory obligations.

Sites undertake comprehensive risk assessments as part of the management of their TSFs to identify key risks associated with the transport, storage and management of tailings. This work is complemented by annual Industrial Speciality Risk surveys that consider tailings disposal risks and are performed by an independent consultant. In 2020, Yancoal extended the scope of this work to include the completion of dedicated TSF assessments across all relevant sites over a multi-year period. Two of these in-depth reviews were completed in 2020, with further site assessments planned in 2021 and beyond. Recommendations resulting from the independent reviews are assessed and formally tracked by Yancoal.

Statutory safety inspections form an integral part in the management of TSFs and are conducted by government regulatory bodies in each jurisdiction as required.

The Dams Safety Act 2015 (NSW) and *Dams Safety Regulation 2019* further reinforce the regulatory oversight of Declared Dams in NSW. Informed by the changes to the NSW legislation, in 2020 our relevant NSW sites underwent a process of updating their management practices in line with the applicable changes in legislation. In Queensland, the existing legislation continues to regulate TSFs as "Regulated Structures".

PRODUCT STEWARDSHIP

Yancoal achieves resource optimisation through a comprehensive exploration program which includes updating of coal quality and structure models and integrated mine planning and design, and by constantly seeking innovations in the extraction and processing phases to ensure optimal results. Yancoal engages third party rail and port service providers to transport, stockpile and transfer our coal products to port.

LEGAL AND REGULATORY COMPLIANCE

During the Reporting Period, Yancoal is not aware of any material non-compliance with laws or regulations relating to health, safety, advertising, labelling or privacy matters in the procurement of products or services that might have a material impact on Yancoal.

"Constantly improving efficient water usage"

WE VALUE



Cameby Downs has recently commissioned a purpose designed and built tailings dam for fines disposal utilising double flocculation, which is a chemical process for settling and filtering out particles.

The tailings dam is leading practice for the highly efficient recovery of water for re-use in coal processing. It includes a semi-permanent valve system that allows the changing of discharge locations, which optimises the placement of tailings for maximum water recovery.

The tailings dam incorporates a permanent monitoring device to measure tailings levels, moisture content, solids and density percentages. The high levels of water removal (and recovery) will accelerate the drying of tailings and expedite the capping, rehabilitation and final closure process of the tailings storage facility.

PERFORMANCE DATA

ENVIRONMENTAL PERFORMANCE

In 2020, we updated our reporting boundary to include the Cameby Downs and Premier Yancoal managed mine sites. We have restated our 2018 and 2019 datasets to reflect this change.

Scope 1 and 2 emissions and Emissions Intensity¹

INDICATORS	FY2020	FY2019	FY2018
Total Scope 1 emissions tCO ₂ -e	1,680,466	1,615,597	1,754,907
Total Scope 2 emissions tCO ₂ -e	361,717	367,701	359,620
Total Emissions tCO ₂ -e	2,042,183	1,983,298	2,114,527
Total ROM production	51,634,141	51,574,833	49,455,204
Emissions intensity tCO ₂ -e/ROMt	0.040	0.038	0.043

Energy Consumption and Energy Intensity^{2 3}

INDICATORS	FY2020	FY2019	FY2018
Energy consumption from fuel combustion (GJ)	9,983,217	9,485,148	9,814,182
Energy consumption from electricity (GJ)	1,628,568	1,640,937	1,593,493
Energy consumption from oils and greases (GJ)	188,581	169,945	205,914
Energy consumption from flaring (GJ)	140,007	82,458	103,655
Energy consumption from other sources (GJ)	56,085	50,373	54,966
Total energy consumption GJ	11,996,458	11,428,861	11,772,210
Energy intensity/ROMt	0.23	0.22	0.24

Disturbance and Rehabilitation Indicators^{3 4}

INDICATORS	2020	2019
Total Area (ha) of rehabilitation undertaken during the Reporting Period	176	267
Cumulative Rehabilitation Area (ha) as of 31 December	3,854	3,675
Total Footprint as of 31 December	13,797	13,345
Ratio of Rehabilitation to Total Footprint as of 31 December	39%	38%

1 Scope 1 and 2 emissions, energy consumption and respective intensities are based on the Australian fiscal year data as submitted to the Clean Energy Regulator.

2 The 2018 and 2019 scope 1 and 2 emissions and energy consumption figures have been updated to include data for the Cameby Downs and Premier operations.

3 Rehabilitation defined as area(s) shaped, topsoiled and seeded. Includes areas under ongoing active management (i.e. not relinquished).

4 In 2020, rehabilitation and disturbance definitions were reclassified, and therefore the rehabilitations data has been restated to align with the current NSW and QLD regulatory frameworks. The reclassification was progressive, and therefore there are some minor discrepancies in previous years' cumulative rehabilitation data. To ensure comparability across the annual datasets, only the 2019 and 2020 datasets have been disclosed.

PERFORMANCE DATA

SOCIAL PERFORMANCE

Reportable National Pollutant Inventory (NPI) Pollutants^{5 6}

SOURCE	CARBON MONOXIDE KG	OXIDES OF NITROGEN KG	PARTICULATE MATTER (PM10) KG	SULPHUR DIOXIDE KG	VOLATILE ORGANIC COMPOUNDS KG
Ashton	10,500	30,300	124,000	21	3,080
Austar	30,816	46,870	318,103	38	4,797
Cameby Downs	170,040	402,770	2,710,361	267	29,487
Duralie ⁷	-	-	-	-	-
Moolarben	947,700	1,627,800	3,034,510	1,721	128,500
Mt Thorley Warkworth	946,134	2,153,060	8,657,513	1,893	131,995
Premier	536,000	1,240,000	2,720,000	795	84,700
Stratford	109,580	302,600	2,501,170	197	24,320
Yarrabee	483,400	970,700	6,073,100	677	72,790
Total (2020)	3,234,170	6,774,100	26,138,757	5,608	479,669
Total (2019)	3,613,615	7,408,371	24,581,279	6,216	553,511
Total (2018)	3,818,995	8,125,543	24,866,923	6,431	551,579

Water Balance Data⁸

WATER BALANCE (ML)	2020	2019
Water withdrawn (by source)		
Surface Water ⁹	20,609	8,254
Groundwater ¹⁰	13,967	16,286
Imported freshwater (contract/municipal)	193	278
Transferred from other mines ¹¹	684	1,113
Water in ore that is processed	1,772	2,477
Water input (total)	45,894	39,229
Water use on site		
Production water ¹²	10,559	8,481
Recycled water ¹³	8,670	10,821
Change in storage during the year ¹⁴	10,668	3,685
Water return (by source)		
To surface water ¹⁵	5,674	4,725
To groundwater through seepage	0	25
Evaporation ¹⁶	5,492	5,073
Entrained in product of process waste	7,778	9,737
Supply to third party	5,724	7,504
Water output (total)	35,226	35,544

5 The 2020 Reportable NPI Pollutant figures disclosed are consistent with the data submitted to the Australian Government's Department of Agriculture, Water and the Environment. All data is reported on the Australian fiscal year except for Moolarben and MTW, which report on the calendar year.

6 The change in reportable NPI pollutants, compared to previous reporting years, is due to the inclusion of historical data for Cameby Downs and Premier.

7 There are reduced NPI reporting obligations for sites under care and maintenance, therefore there is no 2020 data for these pollutants at Duralie.

8 In 2020, we updated our reporting boundary for water to include Cameby Downs and Premier. We have restated our 2019 datasets to reflect this change.

9 Includes precipitation and runoff as well as licenced water accessed from rivers and creeks.

10 Includes interception, bore fields, diversion seepage and first flush capture.

11 Includes groundwater entrainment.

12 Includes dust suppression and industrial uses such as underground demand, coal handling and preparation plant (CHPP) demand and vehicle wash-down.

13 Reticulation of stored mine water, including tailings or mine water that is contaminated in process that is recycled and reused on site.

14 The difference between total water input and total water output is "change in storage".

15 Licenced discharges from sites and irrigation undertaken in accordance with relevant statutory requirements and government policies.

16 Includes irrigation.

PERFORMANCE DATA

ENVIRONMENTAL PERFORMANCE

Hazardous and Non-Hazardous Waste Recycled and Disposed ¹⁷

INDICATORS	2020	2019	2018
Total: Hazardous Recycled kg	4,002,721	5,897,384	3,122,397
Total: Hazardous Disposed kg	837,259	638,496	350,307
Total: Non-Hazardous Recycled kg	4,913,726	3,391,672	3,647,147
Total: Non-Hazardous Disposed kg	3,635,287	3,599,962	2,245,798
Total: Contained (On Site) kg	1,087,480	1,699,270	1,853,524
Total hazardous and non-hazardous waste kg	14,476,473	15,226,784	11,219,173
Percentage of total waste recycled	62%	61%	60%

Workforce by gender, geographical region, age group and employment type ^{18 19}

INDICATORS	2020	2019	2018	2017
Number of employees	3093	3123	3047	3079
By gender				
Female	359	350	315	308
Male	2,734	2,773	2,732	2,771
By geographical region				
New South Wales	2,280	2,344	2,257	2,272
Queensland	487	452	453	455
Western Australia	325	327	337	352
By age group				
Below 30	272	281	280	306
30-50	1,885	1,909	1,862	1,928
Over 50	936	933	905	845
By employment type and gender				
Permanent (Female)	313	309	282	275
Permanent (Male)	2,691	2,719	2,681	2,714
Fixed Term (Female)	30	24	21	15
Fixed Term (Male)	38	50	44	47
Part Time (Female)	16	17	10	15
Part Time (Male)	5	4	4	2

¹⁷ 2019 was the first year Yarrabee have reported waste generated, which is reflected in the increase in waste recycled and disposed. Austar transitioned from an operating mine to care and maintenance in early 2020, and therefore generated significantly less waste than previous years.

¹⁸ Workforce data includes all employees that receive salaries and wages. It excludes contractors. Workforce data by 'employee type and gender' excludes casual employees during the respective reporting periods.

¹⁹ At the time of reporting, workforce data for Premier and Cameby sites was not available, and therefore has been excluded from the 2020 figures.

PERFORMANCE DATA

SOCIAL PERFORMANCE

New employee hires and employee turnover ^{20 21}

INDICATORS	2020	2019	2018	2017
Number and rate (%) of new hires	253 (8%)	300 (10%)	419 (14%)	414 (13%)
By gender				
Female	49	55	66	63
Male	204	245	353	351
By geographical region				
New South Wales	172	233	317	291
Queensland	68	57	80	94
By age group				
Below 30	55	81	100	103
30-50	168	173	255	246
Over 50	30	46	64	65
Number and rate (%) of employee turnover	322 (10%)	335 (11%)	388 (13%)	314 (10%)
By gender				
Female	49	44	48	53
Male	273	291	340	261
By geographical region				
New South Wales	253	238	281	211
Queensland	55	75	69	58
By age group				
Below 30	26	48	46	55
30-50	172	188	232	99
Over 50	124	99	110	160
Average tenure	9 years	7 years	8.1 years	6.2 years

²⁰ While the number of new employee hires and employee turnover is broken down by gender, geographical region and age group, the rate is only disclosed for the total new employee hires and total employee turnover in the respective reporting periods.

²¹ At the time of reporting, employee data for Premier and Cameby sites was not available, and therefore has been excluded from the 2020 figures.

PERFORMANCE DATA
ENVIRONMENTAL PERFORMANCE

Diversity of Governance Bodies and Workforce ^{22 23}

INDICATORS	2020	2019	2018	2017
Board	9	11	11	11
Male	8	10	10	11
Female	1	1	1	0
Executive Committees	12	13	12	7
Male	11	12	11	6
Female	1	1	1	1
Senior Management	26	29	25	23
Male	23	26	24	23
Female	3	3	1	0
Departmental Management	91	87	86	79
Male	78	75	75	72
Female	13	12	11	7
Frontline Employees	2948	2990	2920	2966
Male	2607	2657	2619	2666
Female	341	333	301	300
Fixed Term (Female)	30	24	21	15
Fixed Term (Male)	38	50	44	47
Part Time (Female)	16	17	10	15
Part Time (Male)	5	4	4	2

Health and Safety Performance

INDICATORS	2020	2019	2018
Number and percentage of workers covered by an occupational health and safety management system	100%	100%	100%
Number and rate of fatalities as a result of a work-related injury	0	0	0
Number of recordable work-related injuries (LTI, RWI, MTI)	68	84	100
Total Recordable Injury Frequency Rate (per one million hours worked)	8.29	9.97	10.30
Main types of work-related injury	Soft Tissue Muscle/ Tendons	Soft Tissue Muscle/ Tendons	Soft Tissue Muscle/ Tendons
Number of hours worked	8,200,754	8,426,067	9,709,191

22 The following definitions have been applied in this table: Senior Management includes Corporate General Managers, site General Managers and site Operational Managers; Departmental Management includes all employees with 'Manager' in position title, excludes Supervisors; Frontline Employees includes all employees below Departmental Managers.

23 At the time of reporting, diversity data for Premier and Cameby sites was not available, and therefore has been excluded from the 2020 figures.

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ESG GUIDE CONTENT INDEX

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'Comply or explain' disclosure requirement	Recommended disclosure
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HKEX ESG REPORTING GUIDE	GRI STANDARDS	LOCATIONS OF DISCLOSURE OR REMARKS
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A. ENVIRONMENTAL

ASPECT A1: EMISSIONS

General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Metrics and Targets: Energy and Emissions (pages 38-39) Water Stewardship (page 40) Environmental Management (pages 52-55) Waste Management (page 56)
KPI A1.1	The types of emissions and respective emissions data.	GRI 305 Emissions Disclosure: 305-7	Air and Noise Impacts (pages 53-54) and Reportable NPI Pollutants table (page 59)
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 305 Emissions Disclosure: 305-1, 305-2, 305-4	Scope 1 and 2 Emissions and Emissions Intensity table (page 58), also included in the Scope 1 and 2 Emissions and Emissions Intensity figure (page 38)
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Effluents and Waste Disclosure: 306-2(b)	Hazardous and Non-Hazardous Waste Recycled and Disposed table (page 60). Hazardous waste intensity not disclosed as not deemed material to Yancoal.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Effluents and Waste Disclosure: 306-2(a)	Hazardous and Non-Hazardous Waste Recycled and Disposed table (page 60). Non-hazardous waste intensity not disclosed as not deemed material to Yancoal.
KPI A1.5	Description of measures to mitigate emissions and results achieved.	GRI 305: Emissions Disclosure: 305-5	Emissions and energy efficiency measures (page 39)
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	GRI 306: Effluents and Waste	Waste Management (page 56)

ASPECT A2: USE OF RESOURCES

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.		Metrics and Targets: Energy and Emissions (pages 38-39) Water Stewardship (pages 40-41) Environmental Management (pages 26-35) Land Stewardship (pages 55-56) Waste Management (page 56)
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	GRI 302: Energy Disclosure: 302-1 and 302-3	Energy Consumption and Energy Intensity table (page 58) Total Energy Consumption and Energy Intensity figure (page 38)

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HKEX ESG REPORTING GUIDE	GRI STANDARDS	LOCATIONS OF DISCLOSURE OR REMARKS
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility). GRI 303: Water and Effluents (2018 version) Disclosure: 303-5 Intensity metric not covered by GRI	Water Balance Data figure and table (page 41 and page 59)
KPI A2.3	Description of energy use efficiency initiatives and results achieved. GRI 302: Energy Disclosure: 302-4	Emissions and energy efficiency measures (page 39)
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. GRI 303: Water Disclosure: 303-3(a)	Water Stewardship (page 40)
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. N/A	Not applicable to the Yancoal’s business

ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES

General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Metrics and Targets: Energy and Emissions (pages 38-39) Water Stewardship (pages 40-41) Mine Closure and Post-Mining Land Use (page 40) Environmental Management (pages 26-35) Land Stewardship (pages 55-56) Waste Management (page 56)
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. Yancoal-specific approach.	Metrics and Targets: Energy and Emissions (pages 38-39) Water Stewardship (pages 40-41) Mine Closure and Post-Mining Land Use (page 40) Environmental Management (pages 26-35) Land Stewardship (pages 55-56) Waste Management (page 56)

B. SOCIAL

EMPLOYMENT AND LABOUR PRACTICES

ASPECT B1: EMPLOYMENT

General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our People (pages 43-46)
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HKEX ESG REPORTING GUIDE	GRI STANDARDS	LOCATIONS OF DISCLOSURE OR REMARKS
KPI B1.1	Total workforce by gender, employment type, age group and geographical region. GRI 102-8: Information on employees and other workers GRI 405: Diversity and Equal Opportunity Disclosure: 102-8 (a,b and c), 405-1 (b-ii)	Workforce by gender, geographical region, age group and employment type table (page 60) Diversity of Governance Bodies and Workforce table (page 62)
KPI B1.2	Employee turnover rate by gender, age group and geographical region. GRI 401: Employment Disclosure: 401-1 (b)	New employee hires and employee turnover table (page 61)

ASPECT B2: HEALTH AND SAFETY

General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health, Safety and Wellbeing (pages 46-47)
KPI B2.1	Number and rate of work-related fatalities. GRI 403: Occupational Health and Safety (2018 version) Disclosure: 403-2	Health and Safety Performance table (page 62)
KPI B2.2	Lost days due to work injury. Not covered by updated GRI Occupational Health and Safety Standard (2018 version, applicable from the 2020 reporting period onwards)	Yancoal does not publicly report on lost days due to work injuries, but does report on the Lost Time Injury Frequency Rate (page 46)
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health, Safety and Wellbeing (pages 46-47)

ASPECT B3: DEVELOPMENT AND TRAINING

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Code of Conduct (page 21) Human Rights (page 23) Health, Safety and Wellbeing – Investment in Training (pages 46-47)
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management). Not covered by GRI	Training data has not been disclosed as data is not available for the Reporting Period. Yancoal is implementing processes in place to capture future data.
KPI B3.2	The average training hours completed per employee by gender and employee category. GRI 404: Training and Education Disclosure: 404-1	Training data has not been disclosed as data is not available for the Reporting Period. Yancoal is implementing processes in place to capture future data.

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ASPECT B4: LABOUR STANDARDS

General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Respecting Human rights (page 25) Our People (pages 43-46)
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	GRI 408: Child Labour and GRI 409: Forced or Compulsory Labour Disclosure: 408-1c and Disclosure 409-1b	Code of Conduct (page 21) Respecting Human Rights (page 23)
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	N/A	Code of Conduct (page 21) Respecting Human Rights (page 23)

ASPECT B5: SUPPLY CHAIN MANAGEMENT

General Disclosure	Policies on managing environmental and social risks of the supply chain.		Respecting Human Rights (pages 22-23)
KPI B5.1	Number of suppliers by geographical region.	GRI 102: General Disclosures Disclosure: 102-9	Local supplier and contractor spend (page 49)
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	N/A	Respecting Human Rights (pages 22-23) Local Procurement (page 49)

ASPECT B6: PRODUCT RESPONSIBILITY

General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Product Stewardship (page 56)
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	Not applicable to Yancoal’s business
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	N/A	Not applicable to Yancoal’s business
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	N/A	Not applicable to Yancoal’s business
KPI B6.4	Description of quality assurance process and recall procedures.	N/A	Not applicable to Yancoal’s business
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	N/A	Not applicable to Yancoal’s business

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HKEX ESG REPORTING GUIDE	GRI STANDARDS	LOCATIONS OF DISCLOSURE OR REMARKS
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ASPECT B7: ANTI-CORRUPTION

General Disclosure	Information on: a. the policies; and b. compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Code of Conduct (page 21 and page 23) Anti-Corruption (page 23)
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	GRI 205: Anti-Corruption Disclosure: 205-3	Anti-Corruption (page 23)
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosure 102-17 –Mechanisms for advice and concerns about ethics	Code of Conduct (page 21 and page 23)

COMMUNITY

ASPECT B8: COMMUNITY INVESTMENT

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.		Socio-Economic Contribution (pages 48-50)
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Indirect Economic Impacts Disclosure: 203-1 Community Investment (page 30)	Socio-Economic Contribution (pages 48-50)
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	GRI 201: Economic Performance Disclosure: 201-1(a-ii) Community Investment (page 30)	Socio-Economic Contribution (pages 48-50)

APPENDIX B

GLOSSARY

TERM	MEANING
ASX	Australian Securities Exchange
CARP	Cancer and Ageing Research Program
EMS	Environmental Management System
ESG	Environmental, Social and Governance
GHG	Greenhouse Gas Emissions
GRI Standards	Global Reporting Initiative's 2016 Reporting Standards
HELE	High Efficiency Low Emissions
HKEx	Hong Kong Stock Exchange
HSEC	Health, Safety and Environment Committee
IEAA	Independent Environmental Assurance Audit
LTIFR	Lost Time Injury Frequency Rate
MCA	Minerals Council of Australia
NGER	National Greenhouse and Energy Reporting Act 2007
NPI	National Pollutant Inventory
ROM	Run-of-Mine
TRIFR	Total Recordable Injury Frequency Rate
TCFD	Taskforce on Climate-Related Financial Disclosures
TSF	Tailings Storage Facility

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