



Sustainability Report 2023



Contents

01 Overview

Acknowledgement of Country	5
Managing Director’s Message	6
Sustainability Highlights 2023	7
About QCoal	8

02 Strategy

Sustainability Vision	11
Governance Model	12
Material Sustainability Issues	14
Climate Policy	15
Our Role in the Climate Transition	16
Value Creation Outcomes	17

03 Sustainability Pillars

Environment	19
Emissions	21
Social and Community Impact	22
Responsible Supply Chain	25
First Nations	26
Health and Safety	27
People and Culture	28
Reporting and Disclosure	29

04 Appendices

ESG Data Tables	31
Glossary	33
Corporate Directory	34

Our business is exposed to a variety of risks that could adversely affect our sustainability-related results. The information presented in this report is inherently limited by emerging market practices, the need for estimates in certain figures, reliance on management judgement, changing regulatory disclosure requirements and expectations, and the use of third-party and other data.

The assumptions and estimates utilised in our sustainability reporting may undergo changes over time. This report contains non-financial metrics, estimates and other information that may be subject to uncertainties, such as data collection and verification, estimation and underlying data obtained from third parties, which may not be independently verifiable. We endeavour however to be transparent about these limitations in our disclosures.

We are continuously striving to enhance the rigour and comparability of our sustainability disclosures and acknowledge that future improvements in reporting frameworks will be guided by the evolving nature of regulatory requirements in this space. To this end, we are committed to reviewing and enhancing our data, reporting frameworks and methodologies to align with market best practice in this maturing field. The disclosures in this report are intended to provide transparency regarding our ESG and sustainability initiatives and activities.

In summary, we are proud to present our FY2023 progress in this report, however note that certain areas represent preliminary progress due to the aforementioned factors and limitations. The information provided reflects our approach to ESG and sustainability at the time of this report and is subject to change without prior notice. We anticipate that specific disclosures, including those related to climate, may be amended, updated, recalculated and restated in the future as we continue to improve the quality and comprehensiveness of our data and methodologies.



01 Overview



Artwork by indigenous artist Chantelle Cooktown, a proud Yidinji woman and member of the Byerwen Sodexo team. Reproduced with permission.

Acknowledgement of Country

QCoal acknowledges Australia's First Nations peoples, particularly the Traditional Custodians of the lands on which we operate, where our products are sourced and the local communities we support.

We extend this recognition to Indigenous peoples and communities around the world and acknowledge the unique cultural and spiritual relationships that Traditional Owners have to the land, waterways and seas.

We pay our respects to Elders, past, present and emerging. We also recognise those Aboriginal and Torres Strait Islander peoples who make an important contribution to the ongoing success of QCoal.

Managing Director's Message

We are pleased to present the QCoal Group Sustainability Report for 2023. This report builds on our inaugural sustainability report from last year in highlighting the Group's ongoing commitment to delivering long-term value to stakeholders and the communities in which we operate.

Over the past 12 months, we have invested resources in establishing a skilled and capable ESG management team to deliver on our sustainability strategy. This process also included a rigorous exercise of baselining our existing sustainability governance architecture and implementing policies and accountability mechanisms to ensure long-term value creation.

In 2023 we were particularly pleased to celebrate 10 years as the Principal Partner of the Royal Flying Doctor Service ('RFDS') in Queensland and as the Founding Partner of the RFDS Dental Service. Over the last 10 years our partnership with the RFDS has delivered over \$13 million of oral healthcare in 26 Queensland communities at no cost to patients and is a strong example of our commitment to the communities in which we operate.

Since our last report, we have witnessed significant changes within the regulatory and policy environment impacting our industry and the economy more broadly. These impacts encompass changes to state royalty rates, federal emissions policy through the Safeguard Mechanism reform and broader reporting requirements around climate-related financial disclosures. QCoal Group is well-positioned to address these challenges and will continue to adapt our operations and strategic initiatives to meet stakeholder expectations and policy requirements.

Moving forward, the global response to the challenges of climate change is likely to remain a focal point of discussion and strategy within the mining industry. This report aims to highlight the interplay between current energy consumption and the role of high-quality Australian coal in supporting broader industry efforts around the energy transition.

Through discussion with our stakeholders, there is a broad understanding that the energy transition is a complex undertaking with the need for balanced industry collaboration in the years ahead.



A handwritten signature in black ink, which appears to read 'C Wallin'. The signature is fluid and cursive.

Christopher Wallin
Managing Director

Sustainability Highlights FY2023

1,952 ha

Federal and state
biodiversity offsets

10

Years as Founding
Partner of the RFDS
Dental Service



\$602.7 million

Total royalties and government tax
payments

\$956.8 million

Spent with local and regional suppliers

Inaugural

ESG and
Sustainability
Committee established

Third

Annual Modern
Slavery Statement
published

\$183.9 million

Total employee and
contractor labour
payments



679 ha

Land rehabilitated across our
operations as at 30 June 2023

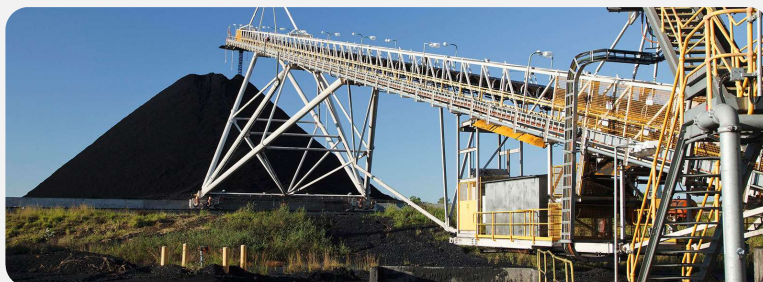
About QCoal

QCoal Group produces coking (steelmaking) coal and by-product thermal coal which is shipped to customers around the world



QCoal Group is a Queensland based, privately-owned mining company which has been active in mineral exploration, discovery and development since 1989.

Through the export of coking and thermal coal products to various locations across the globe, QCoal is able to fulfill its goal of supporting local communities in the regions we operate in, while meeting the needs of our customer base and contributing to economic and social development around the world.

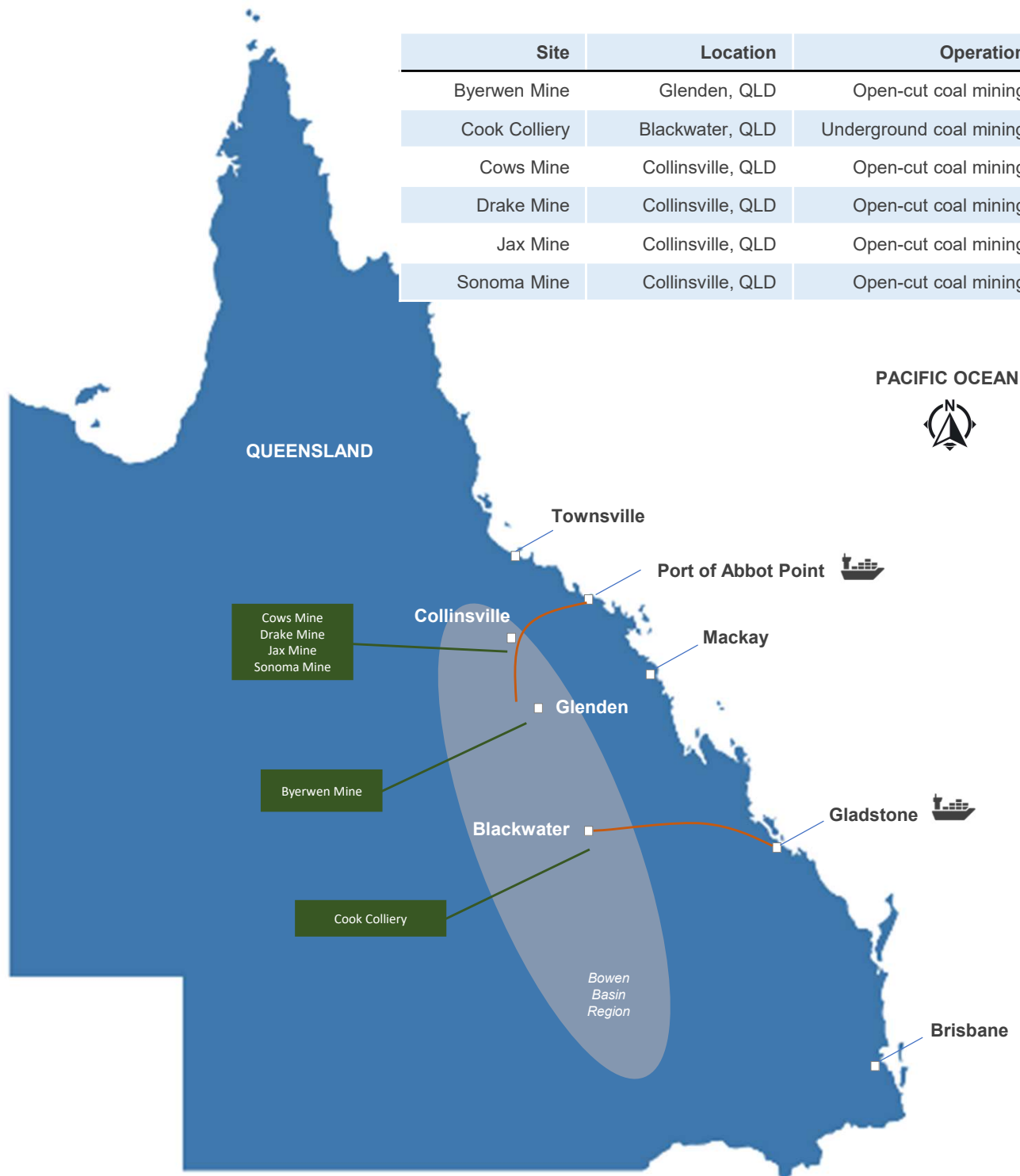


Sonoma Mine, Collinsville

About QCoal

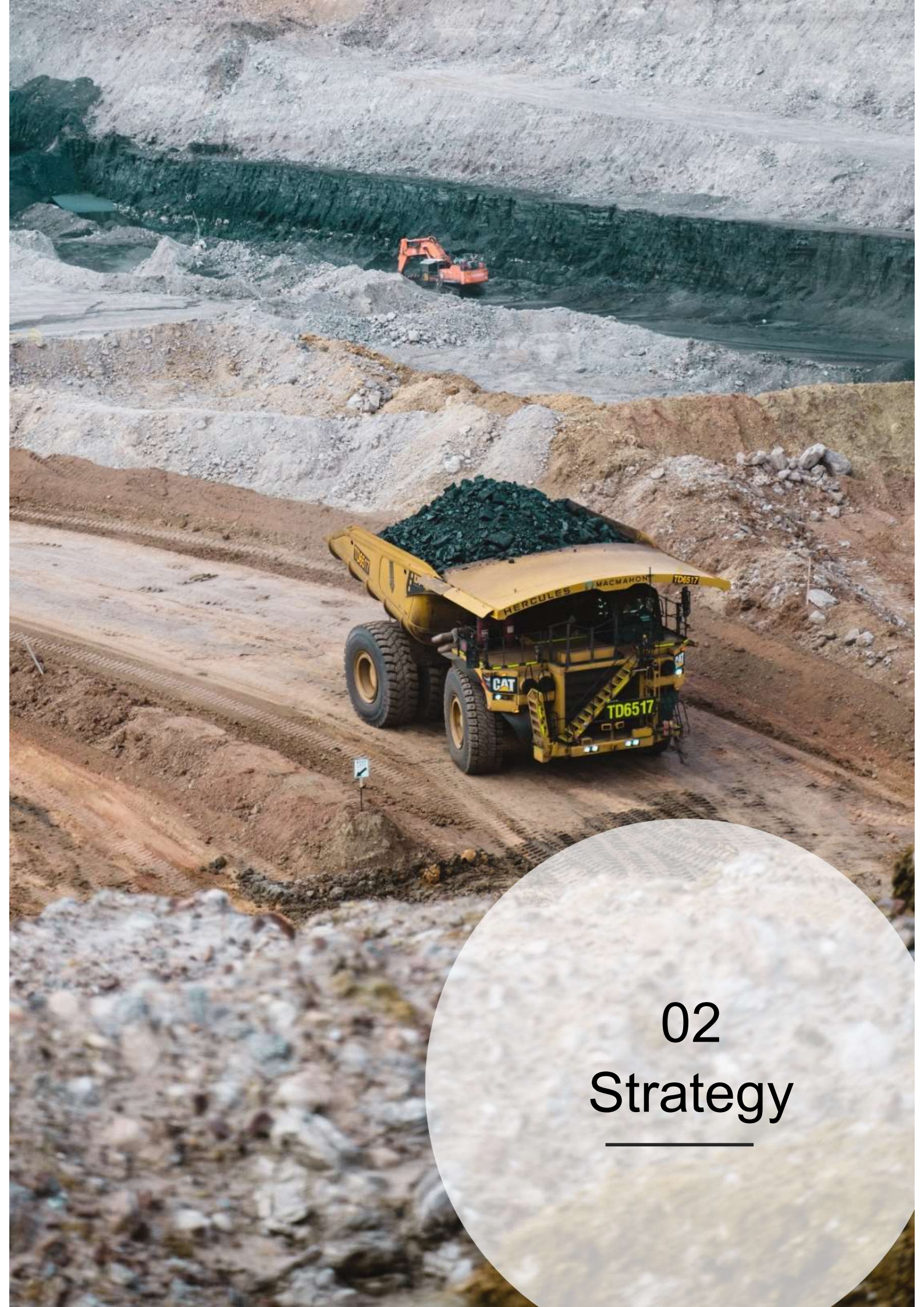
QCoal Group operates predominantly in the Bowen Basin region of central Queensland

Site	Location	Operation
Byerwen Mine	Glenden, QLD	Open-cut coal mining
Cook Colliery	Blackwater, QLD	Underground coal mining
Cows Mine	Collinsville, QLD	Open-cut coal mining
Drake Mine	Collinsville, QLD	Open-cut coal mining
Jax Mine	Collinsville, QLD	Open-cut coal mining
Sonoma Mine	Collinsville, QLD	Open-cut coal mining



Legend:

- Current operating mines
- Railway



02 Strategy

Sustainability Vision

To guide us in achieving our sustainability objectives, we aim to align our strategic intent with the following ESG value proposition model: Purpose, Performance and Partnership.

At QCoal, we believe in a holistic approach to conducting our operations that encompasses purpose, performance and partnership. This ESG value proposition revolves around the notion of creating shared value for all stakeholders while taking appropriate steps toward minimising our impact on the environment and proactively managing evolving social licence expectations.



Purpose

- We are driven by a clear purpose to mine responsibly and make a positive contribution to the communities in which we operate.
- While pursuing strong commercial outcomes is a key priority of the Group, we also aim to be an active participant in protecting biodiversity and promoting rehabilitation of our sites.
- We are committed to ethical business practices, transparency and compliance with our regulatory obligations.



Performance

- We strive to achieve outstanding performance across all aspects of our operations.
- This is guided by our endeavours to implement innovative technologies and practices, enhance the efficiency of processes and maintain rigorous safety measures to optimise performance.



Partnership

- We actively seek meaningful partnerships with local communities, government departments, Indigenous groups and other stakeholders.
- By fostering open and collaborative relationships, we ensure that local voices are heard and respected. In doing so, we prioritise long-term relationships based on trust, integrity and mutual benefit.

Ongoing sustainability progress

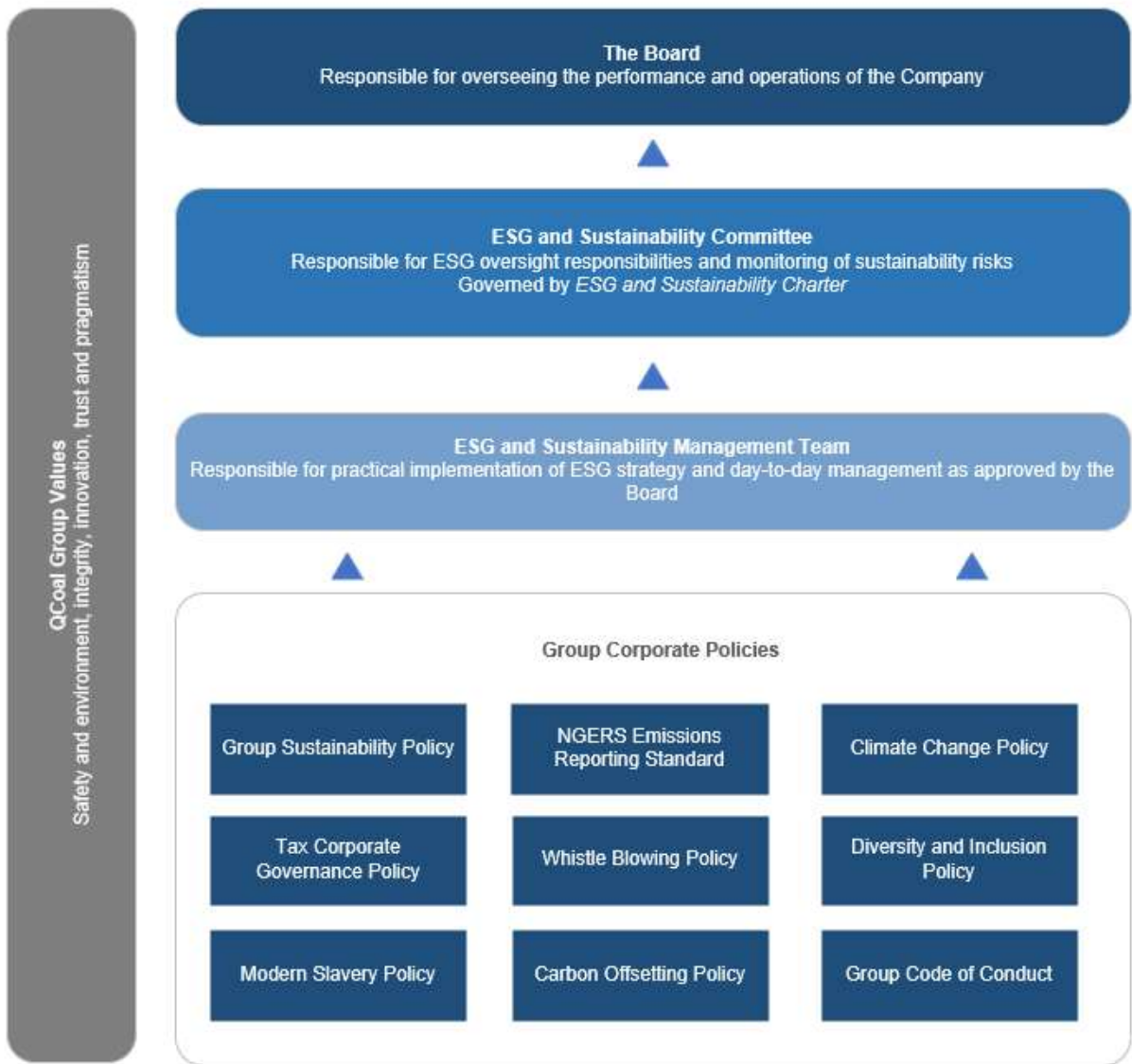
The below table provides a list of key initiatives commenced and/or completed during the year ended 30 June 2023. The list is not exhaustive and is intended to provide a summary of key workstreams across our ESG pillars.

Action/Initiative	Status
Sustainability governance framework and policy review	Complete
Established inaugural ESG and Sustainability Committee	Complete
Formalised appointment of ESG and Sustainability management team	Complete
Implemented suite of Group corporate policies and sustainability governance framework	Complete
Formation of working group to address sustainability and reporting disclosure reform	Complete
Rollout of ESG training and awareness program	In progress
Feasibility assessment of nature-based solutions to support regional biodiversity	In progress
Feasibility assessment of carbon farming and other land-use projects to generate carbon abatement	In progress
Collaboration with stakeholders on ESG-related benchmarking	In progress
Undertaking detailed supply chain mapping and value chain risk assessment	In progress
Set climate related targets	Under consideration

Governance Model

Sustainability Governance at QCoal is underpinned by a robust risk management and corporate governance framework to deliver on our purpose and sustainability strategy.

Strong sustainability governance plays a critical role in ensuring responsible and ethical practices throughout our operations. Throughout the past year, we undertook a detailed review of our sustainability governance structures to enhance the effectiveness of our sustainability-related decision making. This involved the establishment of policies, procedures and accountability mechanisms to promote environmental stewardship, social responsibility and long-term economic viability.



Governance Model

Key governance outcomes in FY23

Appointment of a Group Manager – ESG and Sustainability Reporting to lead the strategic direction of the group's ESG function

Enactment of a Group ESG and Sustainability Charter outlining the responsibilities delegated by the Board to the Committee and the Committee's composition, objectives and scope of authority

Establishment of an ESG and Sustainability Committee responsible for ESG oversight and monitoring of sustainability risks across the Group

Implementation of robust systems and processes for the monitoring and regular reporting of sustainability performance by the ESG management team

Our approach to governance

Effective sustainability governance requires the integration of sustainability considerations into the company's overall corporate strategy. This involves embedding sustainability principles into decision-making processes at all levels, from operational practices to strategic investments.

By considering key environmental and social factors alongside financial performance, we can better identify risks, opportunities and potential trade-offs in pursuing our ESG value proposition model.



Byerwen Mine

Material Sustainability Issues

In FY23 we undertook a desktop assessment of our material sustainability issues to help define our key areas of focus and stakeholder groups impacted by our operations.

The assessment was informed through consultation with functional areas across the business. Materiality has been assessed on the basis of potential impact on and influence of stakeholder groups.

Issue	Definition	Risk
ENVIRONMENTAL		
Climate risk	Evaluation and handling risks and opportunities related to climate change, encompassing both the physical and transitional risks of climate change on our operations and the mitigation measures implemented.	Climate change/physical risks Inability to secure funding/capital Stakeholder opposition
Energy and emissions	Ensuring integrity of our data collection, monitoring and reporting practices including fuel usage, electricity and other off-take arrangements.	Breach of environmental obligations Reporting non-compliance
Environmental compliance	Processes and governance around environmental obligations in relation to noise, water quality, air pollution, waste and other impacts from our operations.	Breach of environmental obligations Exposure to harmful contaminants Stakeholder opposition/activism
Land use and biodiversity	Maintaining integrity of our land use arrangements including state and federal biodiversity offsets, ecosystem protection and rehabilitation requirements.	Breach of environmental obligations Penalties (financial and non-financial) Stakeholder opposition/activism
SOCIAL		
Community engagement	Fostering long-term and mutually-beneficial engagement with local and regional communities through ongoing dialogue and sustainable partnerships.	Stakeholder opposition/activism Reputational damage Social licence
First Nations	Maintaining sound cultural heritage management practices through collaboration with and respect for First Nations stakeholders.	Breach of cultural heritage obligations Reputational damage Social licence
Health and safety	Championing a safety-first culture through prevention of workplace injuries and ensuring all employees, consultants and contractors adhere to robust safety protocols and expectations of behaviour.	Talent attraction and retention Reputational damage Social licence
Modern slavery and human rights	Compliance with modern slavery legislation and ongoing reporting requirements, risk assessment protocols and understanding of human rights risks within supply chains.	Talent attraction and retention Reputational damage Social licence
GOVERNANCE		
Business model	Maintaining a sustainable business structure underpinned by strong portfolio of assets and future project pipeline, including evaluation of future supply and demand factors impacting coal markets. Ensuring adaptability of operations and encouraging process improvement and innovation.	Climate change/physical risks Significant change to government policy Coal price fluctuations Global demand/supply factors
Regulatory and policy	Ensuring business is attuned to dynamic policy and regulatory landscape, industry trends and stakeholder expectations to ensure compliance and maintenance of social licence.	Climate change/physical risks Significant change to government policy Social licence
Governance and compliance	Implementation of robust systems, processes and governance architecture which integrates sustainability risks with operational strategy.	Regulatory non-compliance Penalties (financial and non-financial)
Sustainable procurement	Alignment of responsible sourcing arrangements with supplier positioning and conduct on human rights, health and safety, environmental compliance and First Nations strategy.	Reputational damage Stakeholder opposition/activism

Byerwen Special Legislation

Subsequent to the end of the reporting period, the Queensland State Government passed special legislation, being the new Chapter 12, part 4C of the *Mineral Resources Act 1989 (Qld)*, relating to QCoal's Byerwen mine near Glenden. Under the legislative changes, QCoal is required to transition workers out of a workers' camp at the Mine and progressively "accommodate" them in Glenden with 100 per cent of workers required to be "accommodated" in Glenden from 31 March 2029. The special legislation was part of an Omnibus bill. QCoal is currently working through the practical implications of this legislative change to determine its impact on the Byerwen mine and surrounding communities.

Climate Policy

The evolving nature of climate policy in Australia continues to drive significant change within the mining industry.

In June 2022, Australia lodged an updated Nationally Determined Contribution (NDC) with the United Nations Framework Convention on Climate Change (UNFCCC) secretariat. The updated NDC commits Australia to a more ambitious emissions reduction target of 43 per cent below 2005 levels and reaffirms Australia's commitment to net zero emissions by 2050.

In March 2023, the *Safeguard Mechanism (Crediting) Amendment Act 2023* was passed through both Houses of Federal Parliament, legislating action toward the Government's plan to cut Australia's carbon emissions by 2030. The key Safeguard Mechanism changes impacting QCoal includes a 4.9 per cent annual decline of emissions baselines applying to existing safeguard facilities, the ability to earn and trade credits where emissions are below baseline, a carbon price cap for government-held Australian carbon credit units (ACCUs) and disclosure requirements for excessive use of carbon credits to offset emissions.

At the time of writing, the impact of the Safeguard Mechanism changes are being assessed internally against future planned production and project development requirements.

Part of the Safeguard Mechanism reforms also include grant opportunities under the \$1.9 billion *Powering the Regions Fund* which provides funding to support the decarbonisation of existing industries and the creation of new clean energy industries. QCoal is actively assessing opportunities for partnerships and investment in carbon abatement projects to reduce the emissions profile across our mines.

Climate Policy in Foreign Jurisdictions

QCoal is a major exporter of both steelmaking and thermal coal products to the south-east Asian market and further afield to the Middle East, Europe and South America. Accordingly, QCoal actively monitors climate policy trends within these key export markets to understand potential impacts on demand factors that could impact sales volumes.

Country	Emission Reduction Targets
Japan	Aiming to reduce greenhouse gas emissions by 46 per cent in FY30 from FY13 levels ¹
Vietnam	Commitment to reduce greenhouse gas emissions by 15.8 per cent below business-as-usual levels by 2030 ²
Taiwan	Goal is to reduce greenhouse gas emissions by 23 – 25 per cent by 2030 ³
India	Emissions reduction of 45 per cent below 2005 levels by 2030, with plans to increase non-fossil fuel power capacity to 50 per cent by 2030
European Union (EU)	European Commission target to cut greenhouse gas emissions by at least 5% per cent by 2030, and setting a path to achieving climate neutrality by 2050 ⁵

¹ Climate Action Tracker ² Climate Action Tracker

³ Focus Taiwan CNA English News ⁴ Climate Action Tracker

⁵ European Commission

EU Carbon Border Adjustment Mechanism

In addition to emission reduction targets, the EU is transitioning to a carbon border adjustment mechanism (CBAM) regime which aims to put a price on the carbon emitted during the production of carbon intensive goods that are entering the EU. The gradual introduction of the CBAM aligns with the phase-out of the allocation of free allowance under the EU Emissions Trading Scheme (ETS) to support the decarbonisation of EU industry.

The EU CBAM scheme will initially apply to imports of certain goods and selected precursors whose production is carbon-intensive and at most risk of carbon leakage such as cement, iron and steel, aluminium, fertilisers, electricity and hydrogen.

Global Coal Demand

The *International Energy Agency* expects global coal demand to remain at all time highs throughout 2023. Global coal demand for both thermal and met coal grew by about 1.5 per cent in the first half of 2023 to a total of 4,665 Mt¹, attributable to increases in demand for both power generation and non-power activities.

Thermal Coal

The EU's reliance on Russian pipeline supplies of natural gas resulted in significant strain on the European electricity system network during the past year. In response, some European countries have increased their use of coal power generation while also accelerating the deployment of renewables. While increased coal power generation is expected to remain at these levels for some time, ongoing efforts to improve energy efficiency and expand renewables will likely see EU coal generation and demand return to a downward trajectory in 2024 according to the *International Energy Agency*.

In south-east Asia, coal demand continues to be strong with coal consumption expected to grow by 4 per cent per year on average from 2022 to 2025, pushing total consumption to 422 Mt². This forecast is based on a strong economic outlook for the region, the ongoing development of coal power projects and abundant coal supplies.

Metallurgical Coal

With the global economy expected to return to a stronger growth trajectory by 2025, the *International Energy Agency* is forecasting a 6.4 per cent rise (20 Mt) in met coal imports. This growth is mainly attributable to India (15 Mt) and China (7 Mt), and offset by lower imports from Japan, South Korea and the EU.

Despite the focus on disruptive technologies in steel production, it is anticipated that steel production will continue to remain largely coal-based in the medium term. Alternative approaches such as hydrogen-based steelmaking are not yet available on the scale and at the cost required to be commercial alternatives.

From an investment perspective, new coal projects are largely metallurgical in nature with pure thermal coal projects accounting for only 35 per cent of more advanced projects³. The lower appetite for thermal coal projects reflects an expected reduction in demand and uncertainty around regulatory reform, emissions targets and public opposition to new coal projects.

¹ International Energy Agency – Coal Market Update – July 2023

² International Energy Agency – Coal 2022 Report

³ International Energy Agency – Coal 2022 Report

Our Role in the Climate Transition

Key Principles

As we work towards understanding and developing our strategic response and plan for emissions reduction, we seek to adhere to the following key principles:

- Ensure capital allocation decisions are thoroughly informed by commercial outcomes, operating impact and available technology to ensure business continuity and sustainable outcomes for our stakeholders.
- Explore opportunities for carbon abatement initiatives where project outcomes are economically viable, environmentally responsible and meet regulatory compliance obligations.
- Transparency of disclosure and compliance with sustainability reporting frameworks that meet the reporting needs of our stakeholder groups.
- Ongoing stakeholder engagement to understand the evolving nature of sustainability requirements and community expectations to maintain social licence.
- Be an active member of industry debate to advocate for a collaborative response to the energy transition.

The role of coal in the energy transition

Our belief is that coal can play an important part in the clean energy transition. The success of this transition will rely on continued economic development, energy affordability, reliable power supply and a sensible regulatory environment that includes coal in the mix.

The recent Energy Institute Statistical Review of World Energy found that despite the growth of solar and wind power, fossil fuels remained the dominant global energy source, accounting for almost 82 per cent of primary energy consumption. This compared to solar and wind power which constituted only a small fraction at 2.1 per cent and 3.3 per cent respectively.

The ongoing discussion of coal's role in the energy transition reminds us that a balance needs to be achieved in climate policy whereby a combination of both coal and renewables are a part of the energy transition pathway as infrastructure and technology is scaled up to meet the evolving demands of population growth both within Australia and internationally.

Steelmaking

Metallurgical coal is a key input in steel production, with around 770 kilograms of coal being required to produce one ton of steel¹. Steel is used in a variety of manufacturing processes and supports the development of infrastructure, transport networks, construction, telecommunications, healthcare and agriculture.

Steel also plays an important role in delivering essential infrastructure for renewable energy projects such as wind turbines and is a fundamental input to the production of cars, trains, aircraft, tunnels and bridges.

70%

of world steel production relies on inputs of coal in the production process²

260t

tonnes of steel required to produce a wind turbine³

770kg

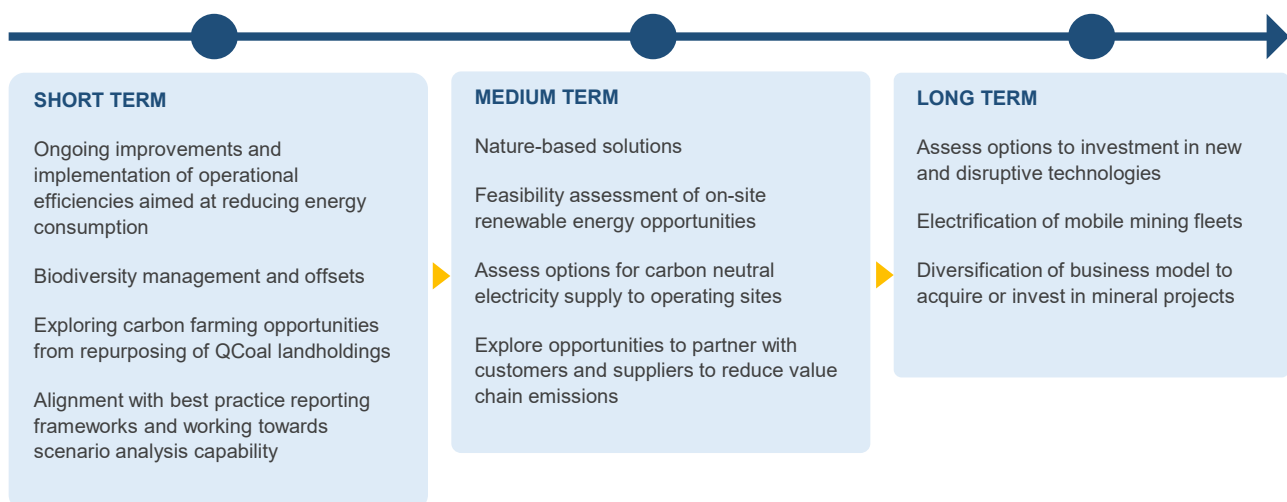
metallurgical coal required to make steel for a typical mid-sized car¹

¹ World Steel Association; ² World Coal Association; ³ BHP

QCoal's approach to decarbonisation

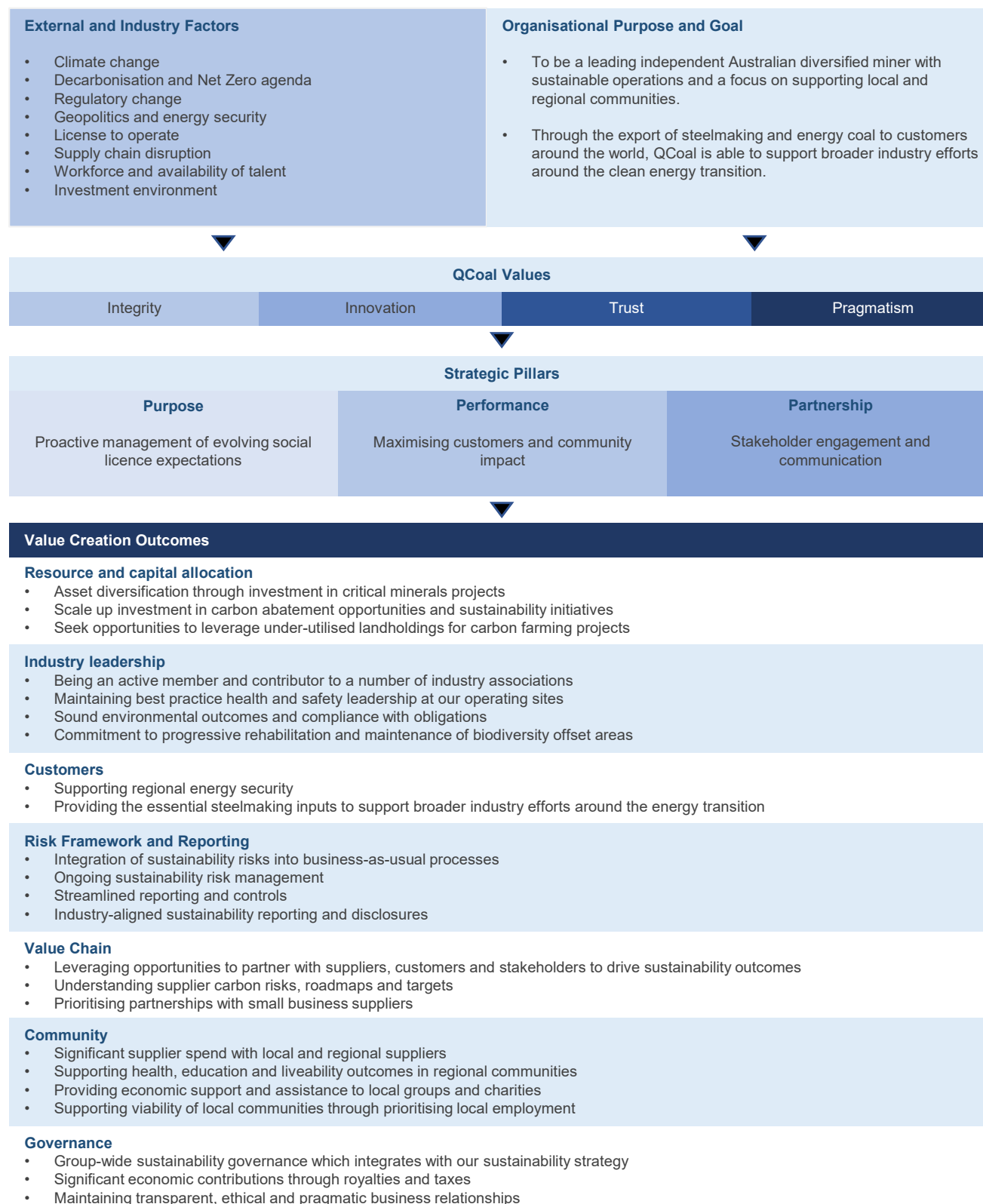
As we mature our internal capabilities to address the risks and opportunities associated with the energy transition, we have mapped out a conceptual decarbonisation pathway for QCoal incorporating a range of initiatives we are committed to exploring and evaluating in line with the key principles above. Refer to the 'Emissions' section for further details.

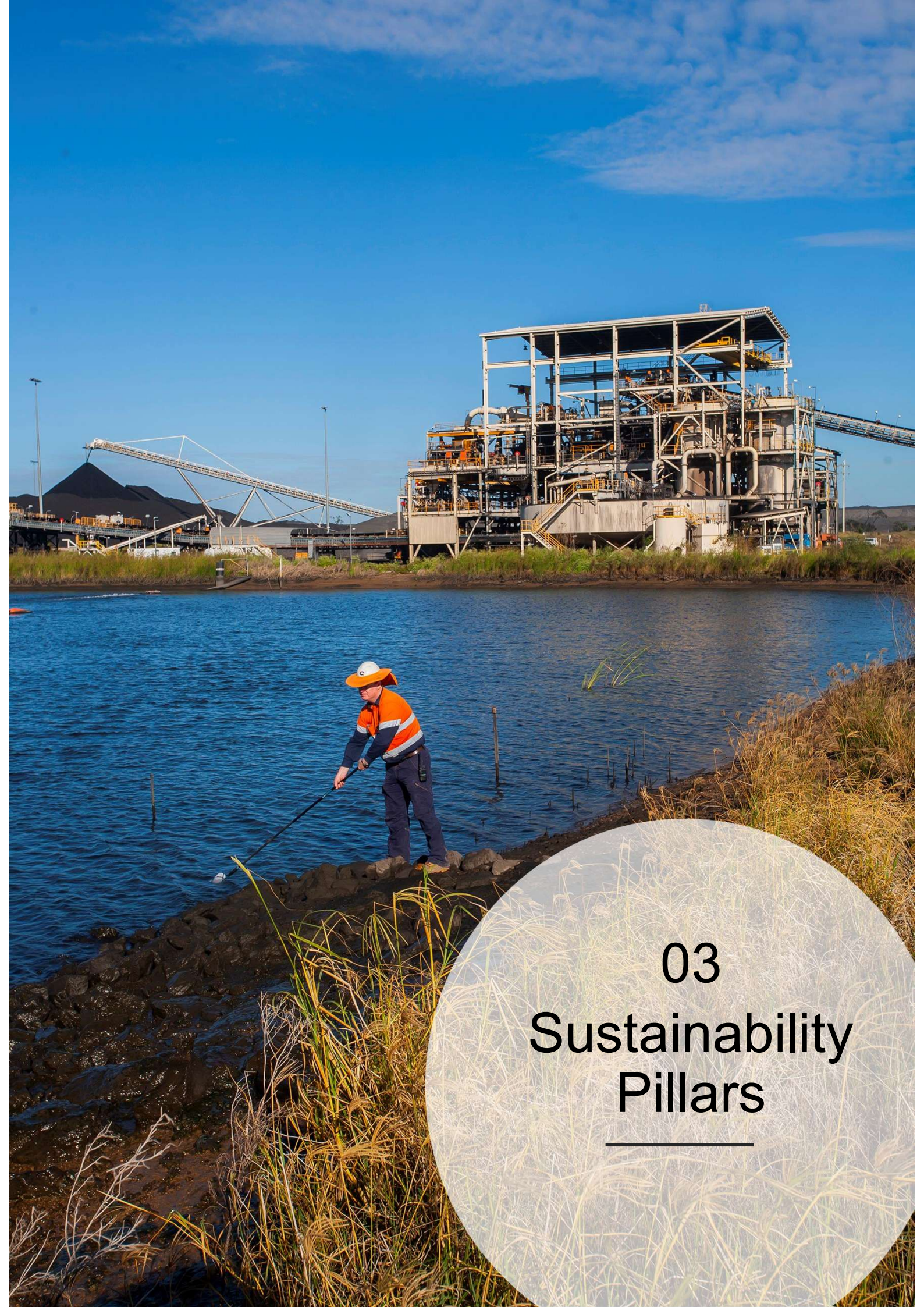
Conceptual Decarbonisation Pathway¹



¹ Based on preliminary assessments undertaken by the Group during the reporting period. Initiatives outlined have not been subject to full financial, legal and operational due diligence. Further work is required to understand commercial viability and is subject to market and regulatory conditions.

Value Creation Outcomes





03 Sustainability Pillars

Environment

QCoal strongly believes in the principles of environmental stewardship and we acknowledge that embracing a proactive approach to environmental management is needed to preserve and protect our natural surroundings.

QCoal has established and maintains a range of policies, frameworks and processes to deliver on our environmental commitments. Our mines operate in accordance with Environmental Authorities issued by the Queensland Government which include a range of ongoing compliance obligations and annual reporting requirements.

Key Environmental Policy Principles



Implementing the highest environmental standards in all areas of our operations to ensure we exceed all relevant legislative requirements



Minimise waste through efficient use of materials and inputs



Use of sustainable or recycled products where possible



Provision of environmental training and education to employees and contractors



Providing appropriate weight to environmental considerations in all investment decisions



Annual public reporting of sustainability initiatives and results to ensure transparency across our operations

Biodiversity Offsets

QCoal maintains a significant land holding west of Glenden which provides for 1,952 hectares of managed biodiversity offsets for the Brigalow Threatened Ecological Community. Within the offset areas, we have committed to a number of management actions including weed and pest management, cattle exclusion and access management.

The Brigalow Ecological Community is known to contain 17 animal species that are threatened nationally and/or in Queensland, including the Ornamental Snake and Squatter Pigeon.

1,952 ha

Federal and State
Biodiversity Offsets

Waste and Recycling

Water is critical to our mining operations, particularly for use in our coal handling preparation plants and dust suppression activities for both open-cut and underground operations.

QCoal maintains a robust Water Management Plan which outlines the monitoring and measurement activities required to adhere to our legislated environmental obligations. We seek to recycle water where it is practical and safe to do so. The main operational areas in which water recycling is used are for our coal handling preparation plants and for dust suppression and mitigation.

We also employ a range of mitigation measures to minimise potential impacts on surrounding rivers and tributaries in close proximity to our mines, such as:

- Separating clean run-off from undisturbed areas and redirecting around disturbance areas for discharge off site
- Minimisation of disturbance areas requiring on-site containment
- Progressive rehabilitation of disturbance areas to allow future direct discharge off site.

Case Study – On site waste oil processing

QCoal is working with a third-party waste supplier to explore the feasibility of an on-site waste oil processing solution as a diesel substitute for blasting operations at our Byerwen mine. Based on current waste oil generation, the proposed diesel savings would amount to a carbon offset equivalent of 13,000 trees and diesel fuel savings of approximately \$250,000 per annum.



Environment



Progressive Rehabilitation

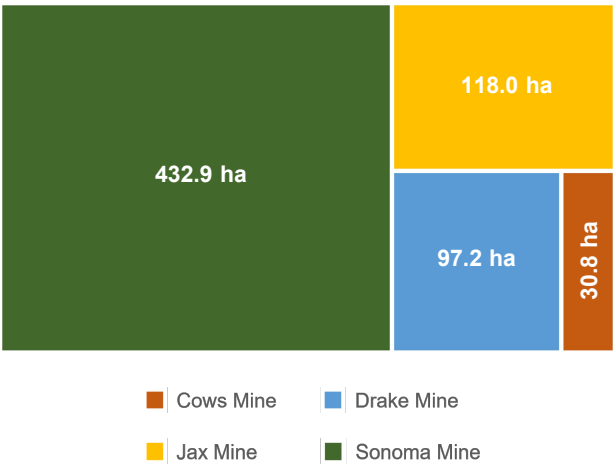
Our rehabilitation activities form part of the approval process for our mines. A key strategy of our operations is to rehabilitate land progressively throughout the life of the mine as well as after its closure. Key rehabilitation planning initiatives include:

- Backfilling of previously mined pits with the overburden from current pits being mined
- Proactive maintenance of topsoil stockpiles to ensure stability
- Capping of overburden stockpiles with topsoil and subsequent grassing, drainage and revegetation

679 ha

Land rehabilitated across our operations as at 30 June 2023

Actual Rehabilitation Performed to Date ¹



¹ Actual rehabilitation performed represents all areas where rehabilitation has commenced (i.e. bulk earthworks to shape areas to final landform, capping of overburden stockpiles etc.) as at 30 June 2023.

Emissions

QCoal recognises that climate change is a global challenge that requires collective action to respond to the risks and opportunities of the energy transition.

Decarbonisation Strategy

QCoal is working towards understanding and developing our strategic response and plan for emissions reduction which will be informed by further assessment of our climate-related risks and opportunities and an analysis of our supply chain impacts. We will continue to assess the viability of carbon abatement opportunities in setting our long-term strategy with consideration given to criteria such as commercial viability, operating impact and availability of technology.

While any decarbonisation strategy should prioritise direct on-site emission reductions, this is not always practical or commercially viable due to the lack of technology, insufficient infrastructure in regional areas, and long lead times on the implementation of projects.

A key part of our short to medium-term strategy going forward will therefore be the procurement of carbon credits in the form of Australian Carbon Credit Units (ACCUs) which will be governed by our group Carbon Offsetting Policy. This policy details the group's framework for the use of carbon credits, compliance with the group's carbon management hierarchy and requirements for high-integrity carbon credit procurement. Work has also been undertaken to assemble a carbon credit supply panel consisting of external providers and brokers of ACCUs in preparation for future procurement where this is needed for Safeguard Mechanism compliance purposes.

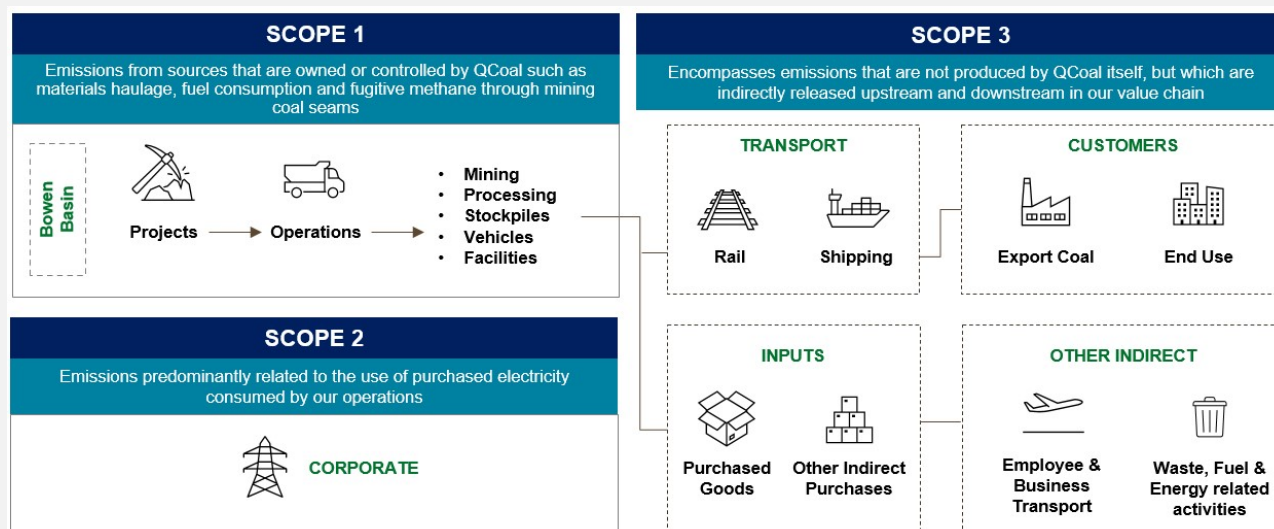
Greenhouse Gas Emissions Reporting

QCoal reports annually to the Australian Government's Clean Energy Regulator (CER) in relation to its GHG emissions and energy production and consumption. This reporting is in line with the requirements of the National Greenhouse and Reporting Scheme (NGER) which was established under the *National Greenhouse and Energy Reporting Act 2007*.

Disclosures reported under the NGER scheme include QCoal's annual Scope 1 and 2 GHG emissions. These disclosures are publicly available from the CER website. For further details, please refer to the ESG Data Tables in section '4 Appendices'.

While we don't currently report our Scope 3 emissions (indirect emissions from activities outside our immediate control, such as supply chain and customer use), we have commenced steps to better understand our value chain and are actively working towards enhancing our data collection efforts for future reporting of these emissions.

The QCoal Value Chain and Categorisation of Emissions



Social and Community Impact

QCoal recognises the important role of our operations in generating economic growth and lasting social impact in regional communities.

Through wages paid to employees in local communities, goods and services sourced through local and regional suppliers, community partnerships, ongoing sponsorships and taxes, royalties and levies paid to local, federal and state governments, QCoal demonstrates its essential role in investing in Australian communities.

\$17.7 m

Wages paid to employees in FY23



\$166.2 m

Labour paid to mining contractors in FY23



\$460k

Community Grant Program funding provided in FY23

\$956.8 m

Local and regional supplier spend in FY23

\$602.7 m

Total taxes and royalties paid in FY23

76,600

**RFDS Dental Service
Treatments to date**

Providing oral care to regional and remote communities across Queensland



66

Hear and Say RETAIN program participants

66 participants reached in the first two years. The program provides tele-practice services to support school-aged children with hearing loss in regional Queensland

\$40k per year

Jangga People and Byerwen Indigenous Bursaries

Bursaries to indigenous students for continuing tertiary education and training



\$30k per year

QCoal Foundation Scholarship

Partnership with James Cook University to provide pathways to further education for students from remote and regional communities

Social and Community Impact



RFDS Aviation Training Facility

QCoal Foundation is proud to partner with the RFDS and the Federal Government in the development of the RFDS Aviation Training Facility in Bundaberg. The innovative and world class facility will house the only full-motion Beechcraft King Air B350/360 Fusion flight training simulator outside of the United States, supporting the ongoing training for RFDS pilots in regional Queensland.



Community Grant Program

The community grant program was established to encourage community-led initiatives to improve liveability, health and education in communities throughout regional and remote Queensland. A snapshot of grant recipients this year include:

- **QCWA Collinsville** – Greening the QCWA Building – to purchase equipment to assist volunteers in establishing a green space for the enjoyment of members and the community.
- **Happy Paws Happy Hearts Foundation** – animal-assisted therapy program for five sponsored places for those affected by social isolation in a 20-week program at RSPCA Queensland's Mackay Animal Centre.
- **Gayndah State School** – Interactive Gratitude Mural Project – designed to foster kindness, gratitude and a positive mindset among students and staff.
- **PCYC Bowen** – provided funding for a suite of GoPro video cameras and accessories that are being used to enhance multiple programs run by the PCYC.



Social and Community Impact

Celebrating 10 years of world class dental care for regional communities

In 2013 the QCoal Community Dental Service started providing world-class oral healthcare to regional and remote Queensland.

This mobile service was the first of its kind in Australia, and attributable to the partnership between the Royal Flying Doctor Service (Queensland Section) and QCoal Foundation.

In 2017 the service transitioned to the RFDS Dental Service and is now fully funded by the Commonwealth Government. In 2023 we celebrate 10 years of operations, with the service continuing to deliver for regional and remote communities.

Fundamental to QCoal Foundation's social venture approach to philanthropy is the monitoring and evaluation of our programs. To measure the impact of the RFDS Dental Service, QCoal Foundation and the RFDS commissioned leading advisory firm BDO Services to analyse the economic and social benefits of the service using patient data from 2013 to 2019.

The findings of this review are powerful. The RFDS Dental Service produced more than \$15 million of economic and social benefits for Queensland patients during this time and provided over 76,600 treatments to patients living in 24 rural and remote communities across the State.



Above: Her Excellency the Honourable Dr Jeanette Young AC PSM and Professor Graeme Nimmo RFD visiting the RFDS Dental Service in Springsure.



New livery featuring artwork by David Williams, a proud Wakka Wakka artist at Gilimbaa.

Responsible Supply Chain

Sourcing and procurement of goods and services through sustainable supply chain practices is a key priority of QCoal in supporting local and regional communities.

QCoal is committed to maximising local industry participation and our contractors will give preference to suppliers of Australian-manufactured equipment that is competitively priced and complies with the relevant standards and specifications. This entails a monthly assessment of local spend data which is tracked and reported to senior management on a monthly basis for all QCoal Group projects.

Extensive supplier due diligence is also undertaken on all new and prospective suppliers in accordance with QCoal's commitment to guard against modern slavery and other human rights breaches in our supply chain. This ongoing due diligence includes an annual assessment of Tier 1 suppliers and other potential high-risk suppliers within our value chain.

Modern Slavery

To ensure compliance with human rights principles, QCoal has developed a Modern Slavery policy and lodges annual Modern Slavery Statements which outline the Group's commitments in accordance with the *Modern Slavery Act 2018* (Cth).

To support our efforts in upholding our commitments, we expect our employees, key contractors, suppliers and stakeholders to:

- Comply with all applicable laws, award and agreements relating to the employment of their workers.
- Comply with all applicable laws relating to modern slavery including the *Modern Slavery Act 2018* (Cth).
- Take steps to identify, address and mitigate modern slavery existing in their operations and supply chains.
- Be transparent about modern slavery risks or occurrences, including responding to questions and providing information when reasonably requested to do so.

QCoal remains proactive in its modern slavery risk management with the following actions taken during the financial year:

- Ongoing supply chain analysis through distribution of supplier self-assessment questionnaires.
- Modern Slavery awareness training to further educate key our internal stakeholders.
- Publication of third Modern Slavery Statement.
- Evaluation of governance impact from statutory review of the *Modern Slavery Act 2018* (Cth).

Zero

Instances of modern slavery or other breaches identified as a result of due diligence activities undertaken during FY23

Payment Times Reporting

QCoal is required to comply with reporting requirements under the *Payment Times Reporting Act 2020* (Cth). The scheme requires mostly large entities to report on payment terms and practices for small business suppliers with the aim of improving payment outcomes for small businesses.

91.4%

Invoice payments to small business suppliers (by value) made within 30 days¹

Industry Groups and Associations

QCoal is an active member and contributor to a number of industry associations. This engagement allows us to keep up-to-date with industry trends and best practice, foster collaborative working relationships with industry groups, and leverage technical knowledge and expertise to enhance performance across our operations.

In doing so, we aim to play an important role in contributing to the sustainability of the mining and resources industry in Australia.



The **Queensland Resources Council** (QRC) is a not-for-profit independent body representing the commercial developers of Queensland's mineral and energy resources to support the long-term sustainability of the sector. The Queensland Exploration Council and Queensland Minerals & Energy Academy are programs and initiatives that sit within the QRC.

QCoal contributes to the **Australian Coal Association Research Program** (ACARP) which is a mining research program that covers a wide range of areas including production and utilisation, health, safety and the environment.

QCoal participates in the **Low Emission Technology Australia** (LETA) program which is committed to identify, research and develop technologies to reduce emissions through carbon capture, storage and R&D projects.

\$1.8m

Funding contributed to date for Low Emissions Technology Australia (LETA) program.

¹ For the period 1 January 2023 to 30 June 2023 as reported to the Payment Times Regulator.

First Nations

QCoal recognises the importance of First Nations people and their profound connection to the lands on which we operate.

We firmly believe that meaningful engagement and consultation with Indigenous communities are fundamental to establishing strong relationships based on mutual respect, trust and understanding. QCoal actively seeks to engage with local Indigenous communities in the areas where we operate to ensure that their perspectives, traditional knowledge and interests are integrated into our decision-making processes.

Through partnerships and capacity building we strive to involve Indigenous community members in environmental stewardship and cultural heritage preservation, fostering a collaborative approach that respects Indigenous rights and promotes shared benefits. By working in collaboration, we aim to create sustainable economic opportunities and enhance the capacity of Indigenous communities.

A key element of our Indigenous engagement strategy involves putting agreements in place with traditional landowners that detail how cultural heritage will be protected and managed on site prior to commencement of mining operations. This also includes ongoing engagement and consultation during the life of the project.

We also support initiatives in collaboration with our mining contractors to provide opportunities for Indigenous employment, training and apprenticeships across our mine sites.

Creating opportunity through employment

Aboriginal and Torres Strait Islander (ATSI) employment within our flagship Byerwen operation currently stands at around 10% of total workforce, representing approximately three times the industry average. This is in part the result of ongoing efforts of our Indigenous stakeholders and contract operator to deliver Indigenous training initiatives that support training and development opportunities on-site.

ATSI employment across all QCoal group operating mine sites is around 7%, almost two times the average for the coal industry both in Queensland and Australia-wide.

6.7%

Indigenous employment across our total workforce (including contractors)

\$479k

Procurement from Indigenous businesses (goods and services) during FY23

Case Studies

Indigenous Girls Academies Program

QCoal Foundation are proud to partner with CQ University for their Indigenous Girls Academies program. The program works with young girls at Mount Morgan State High School and Baralaba State School – on Gangulu Country – encouraging the students to stay in school and helping to boost their health and wellbeing. The program is based on the principles of respectful relationships, strength-based and place-based approaches as well as cultural support and wellbeing. QCoal Foundation's Community Growth grant was used to fund 24 bursaries tailored to remove obstacles to the students' educational and vocational pathways.

FareShare – Meals for the Mob Program

Meals for the Mob (MFTM) was developed by FareShare in consultation with First Nations communities and services in Queensland to increase access to nutritious meals, decrease food insecurity and contribute towards the improvement of diets and the mental and physical health of the recipients.

QCoal Foundation's Community Growth grant funding will be used to provide ready-to-eat meals to those identified as food insecure in the Yarrabah community.



Health and Safety

Safety Leadership

At QCoal, we consider safety to be our foremost priority and an integral part of our commitment to sustainability. We recognise the profound impact that mining operations can have on the well-being of our workforce, their families and the local communities in which we operate. Through our mining contractor partners, safety leadership at our operating sites is driven by a relentless pursuit of continuous improvement, fostering a safety-first culture and ensuring the well-being of every employee and contractor involved in our operations.

Our Approach to Safety

Safety Culture

We have established a robust safety culture that permeates every aspect of our organisation. Safety is not just a set of rules and procedures; it is a mindset ingrained in the daily activities of our employees and contractors. We empower our workforce to take ownership of safety and hold themselves accountable for maintaining a safe working environment.

Training and Education

We invest in comprehensive safety training and education programs that equip our workforce with the knowledge and skills necessary to identify hazards, implement safe work practices and respond effectively in emergency situations. This commitment to training ensures that our workforce remains proactive and prepared to tackle potential risks.

Hazard Identification and Management

We conduct thorough risk assessments to identify potential hazards associated with our mining operations. Based on these assessments, we implement proactive measures to mitigate risks and create a safe working environment.

Reporting and Incident Management

Transparent reporting is essential to our safety leadership. We require all employees to report any safety concerns, near-misses, or incidents promptly. We diligently investigate incidents and use these findings to implement corrective actions, preventing recurrence and enhancing overall safety.

Technology and Innovation

Through our mining contractor partners, we leverage cutting-edge technologies and innovations to enhance safety measures. This includes the implementation of, for example, advanced monitoring systems aimed at minimising risks and promoting safer work environments.

Performance Monitoring

We regularly monitor safety performance metrics to assess our progress and identify areas for continuous improvement, and proactively adapting to changing circumstances to elevate safety standards.

Key Safety Milestones and Initiatives

Action/Initiative

Byerwen Mine

- Commissioning of risk management and assurance system
- Critical control inspections digitised through phone application
- Quality audit of radio communications
- *Safe Minds Safe Mines* initiative rolled out to all operating crews
- Personal training records process streamlined to improve training administration efficiency

Northern Hub

- Implementation of critical control verification improvement opportunities
- Restructure of safety health management system (SHMS) register to include visibility of procedural compliance, revision dates, HTGs, forms and PHMPs
- Guest speaker on site conducting safety talk to all operating crews
- New system implemented to manage site work/fatigue hour tracking and for emergency response and management processes

Queensland Mining Awards

The Thiess QCoal Northern Hub (QCNH) team won the **2022 Austmine Innovation (METS) Award** at the **Queensland Mining Awards**. The team was recognised for their innovative nylon rim cleat, which they designed, engineered and trialled to significantly reduce manual handling risks for tyre fitters.

Following this success, the QCoal team has continued efforts to reduce workplace risks associated with live testing of heavy equipment. The team successfully trialled and tested various wireless and Bluetooth devices to allow employees to use a mobile application to test pressure, engine function and electrical conductivity on heavy equipment from a safe distance.

The adoption of this new technology has improved safety processes at QCNH, with up to 75 per cent of live tests now completed remotely. The team has since rolled out this approach to other forms of live testing, such as steering ball joint and pin movement tests and operational testing.

People and Culture

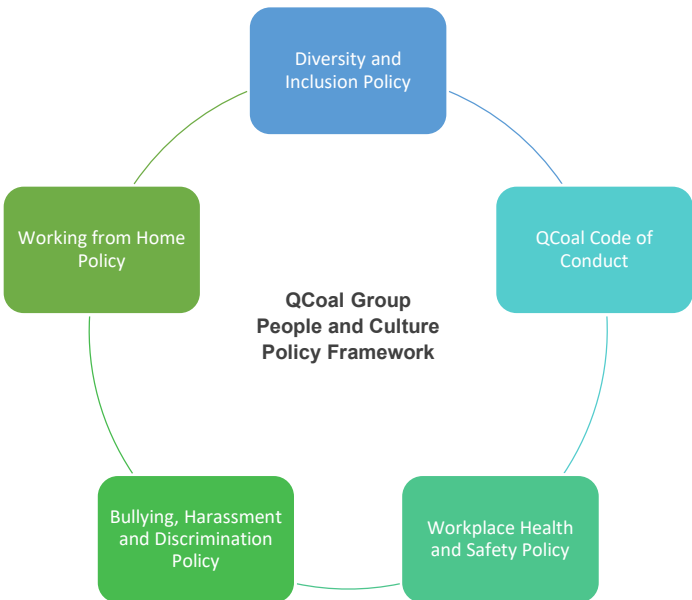
Our people are critical to the ongoing success of our operations and we are committed to providing a caring, inclusive and rewarding work environment for our employees and contractors.

QCoal Group is an equal opportunity employer which is underpinned by our commitment to ensure that no individual, regardless of their position within the organisation, is discriminated based on their age, gender, cultural background, language, sexual orientation, marital or family status, political beliefs or physical ability.

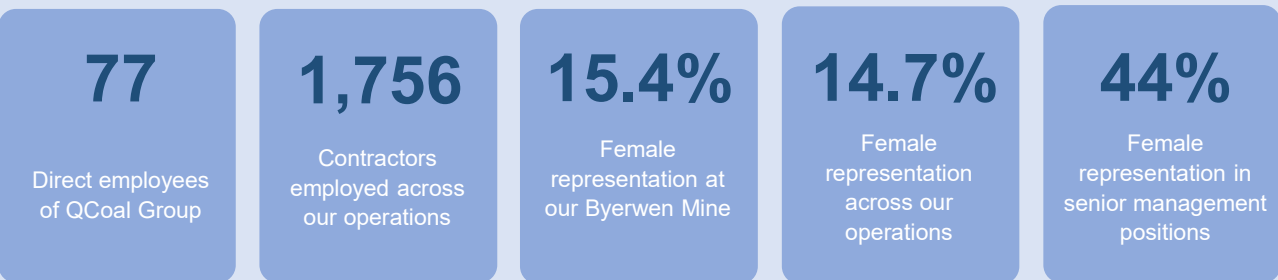
During the year, QCoal formalised its Diversity and Inclusion Policy and has taken steps to establish a comprehensive framework that supports a diverse and agile workforce. The policy is aligned with the group's sustainability strategy to create a values-based business which leverages the unique abilities and strengths of our people to achieve our organisational goals. We also strive to create equal opportunities within our workplace to ensure that every individual is treated fairly.

QCoal (along with our major contract partners) has implemented a number of key policies to promote a positive and diverse work environment:

- Diversity and Inclusion Policy
- QCoal Code of Conduct
- Workplace Health & Safety Policy
- Bullying, Harassment and Discrimination Policy
- Working from Home Policy



Key employment metrics ¹



(1) As at 30 June 2023

QCoal Group operates a mining contractor model across its various sites. As at 30 June 2023, QCoal employed 77 direct employees and 1,756 contractors collectively across our operating sites. On a percentage basis, female representation at our flagship Byerwen Mine fell to 15.4 per cent as at 30 June 2023, despite an incremental increase in the number of female personnel during the year. Female representation across our entire operations also fell short of the coal mining industry average of 17.5 per cent (reported by the *Workplace Gender Equality Agency*) due to a proportionately higher increase in male workers across our operations during the year. The Group is actively working towards refining diversity targets and metrics through an assessment of industry best practice and consideration of site-specific complexities.

Reporting and Disclosure

Climate-related Financial Disclosures

In June 2023, the International Sustainability Standards Board (ISSB) issued its first two International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards:

IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information

Outlines the general requirements for the disclosure of information about sustainability-related risks and opportunities that investors can use in deciding whether to provide resources to the company.

IFRS S2 – Climate-related Disclosures

Outlines the requirements for a company to disclose climate-related financial information, including the disclosure of information about both cross-industry and industry-specific climate-related risks and opportunities.

In Australia, the issuance of the first two IFRS Sustainability Disclosure Standards was followed by the Department of the Treasury releasing its *Climate-related financial disclosure: Second consultation paper* on 27 June 2023.

Under Treasury's proposals, the *Corporations Act* would be amended to require all entities that lodge financial reports under Chapter 2M of the Act and meet either prescribed size thresholds or are 'controlling corporations' under the *National Greenhouse and Energy Reporting Act* (NGER Act) to make climate-related financial disclosures.

The Australian Accounting Standards Board (AASB) is expected to issue sustainability reporting standards which are in line with the objectives and requirements of the IFRS Sustainability Disclosure Standards and which would apply to a number of QCoal Group reporting entities from FY25.

A three-phased approach to implementation has been proposed as follows:

Group	Timing of reporting	Climate reporting criteria (two or more criteria must be met)
1	2024-2025 onwards	> 500 employees Consolidated total assets > \$1 billion Consolidated revenue > \$500 million
2	2026-2027 onwards	> 250 employees Consolidated total assets > \$500 million Consolidated revenue > \$200 million
3	2027-2028 onwards	> 100 employees Consolidated total assets > \$25 million Consolidated revenue > \$50 million
NGER Act entities – if size test is not met, 'Controlling corporations' that meet NGER publication thresholds for Group 1 and 2 entities are required to implement according to the above timelines, as well as all 'Controlling corporations' in Group 3.		

Key disclosure requirements of IFRS S2 include:

- **Governance** – overview of processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.
- **Strategy** – outline strategies for managing climate-related risks and opportunities such as scenario analysis, transition plans and climate-related targets.
- **Risk Management** – summary of processes to identify, assess, prioritise and monitor climate-related risks and opportunities including integration with an entity's overall risk management processes.
- **Metrics and Targets** – information to assess performance and progress towards targets, including metrics such as Scope 1, 2 & 3 emissions as well as industry-based metrics.

Ongoing assessment of sustainability reporting developments remains a key focus of the ESG Management team to ensure internal groups and external stakeholders (such as Joint Venture partners) are prepared for the reporting transition.

Tax Transparency

QCoal Group pursues an approach to tax that is principled, transparent and sustainable in the long term. The key principles of this governing approach are as follows:

- Commitment to ensure full compliance with all statutory obligations, and full disclosure to revenue authorities.
- Maintenance of documented policies and procedures in relation to tax risk management and completion of thorough risk assessments.
- Sustaining engagement with revenue authorities, and actively considering the implications of tax planning for the QCoal Group's wider reputation.
- Management of tax affairs in a proactive manner that seeks to maximise shareholder value, while operating in accordance with the law.

	FY23 AUD \$'m
State royalties	363.3
Corporate income tax	226.6
Other levies and taxes ¹	12.8
Total taxes collected and paid	602.7

¹ Comprises employment-related taxes which were collected and remitted to the federal government, fringe benefits tax (FBT), statutory mining rent, rates and land taxes paid.



04 Appendices

ESG Data Tables

Suppliers and Procurement	FY 2023	FY 2022
	\$'000	\$'000
Wages paid to employees	\$17,657	\$16,324
Labour paid to mining contractors	\$132,896	\$166,217
Local and regional supplier spend	\$956,831	\$654,895
Indigenous procurement	\$479	\$476

Supply Chain	FY 2023	FY 2022
	No. / %	No. / %
Modern slavery breaches identified	0	0
Invoice payments to small business suppliers (by value) made within 30 days	91.4%	98.9%

Taxes and Royalties	FY 2023	FY 2022
	\$'000	\$'000
State royalties	\$363,343	\$205,447
Corporate income tax	\$226,557	\$207,337
Statutory mining rent, rates and land tax	\$6,196	\$7,001
Other	\$6,640	\$6,453
Total taxes and royalties paid	\$602,736	\$426,238

Workforce and Diversity	FY 2023	FY 2022
	No.	No.
Employees	77	79
Contractors	1,756	1,503
Diversity		
Female employees	22	19
Female contractors	248	214
Females in senior management roles	4	4
Indigenous employees and contractors	122	114
Trainees and apprentices	49	106
Employee Age Diversity (% of total employees)		
20-30	16%	
30-40	24%	
40-50	25%	
50-60	17%	
60+	18%	

ESG Data Tables

Environment	FY 2023	FY 2022
	Hectares	Hectares
Actual rehabilitation performed to date	679 ha	555 ha
Federal and State Biodiversity Offsets ¹	1,952 ha	1,952 ha

¹ Total biodiversity offsets disclosed in the prior year (FY22) Sustainability Report (1,758 ha) reflects only secured Federal offsets.

Emissions ¹	FY 2023	FY 2022
	kt CO ₂ -e	kt CO ₂ -e
Scope 1	713	675
Scope 2	82	79
Total of Scope 1 and Scope 2	795	754
Scope 1 Emissions by mine site		
Byerwen	332	338
Drake	189	209
Jax	107	97
Sonoma	7	2
Cook Colliery ²	78	29
Energy consumed (net) (terajoules)	5,254	5,128
Emissions intensity by mine site ³	t CO₂-e/ROMt	t CO₂-e/ROMt
Byerwen	0.053	0.055
Drake	0.038	0.039
Jax	0.048	0.045

¹ Based on publicly-available NGER data as submitted to the Clean Energy Regulator.

² FY23 data represents full year of operation whereas prior year represents a partial year due to recommencement of mining activities in FY22.

³ The Sonoma mine and Cook Colliery do not trigger Safeguard Mechanism compliance thresholds.

Glossary

Term	Description
Asset diversification	The practice of spreading investments across different types or classes of assets to minimise risk.
Auditing and Assurance Standards Board	An independent organisation responsible for developing, issuing, and maintaining auditing and assurance standards in Australia.
Australian Securities and Investment Commission	Australia's financial markets conduct regulator. ASIC is responsible for promoting a fair, transparent, and efficient financial system.
Biodiversity Offsets	Biodiversity offsetting is a strategy that aims to compensate for the impacts caused by development projects. It involves the creation, restoration, and protection of habitats in one area to offset the loss of biodiversity in another.
Clean Energy Regulator (CER)	An Australian independent statutory authority responsible for implementing legislation to reduce carbon emissions and increase the use of clean energy.
Climate change	Refers to the long-term changes to Earth's climate patterns, primarily attributed to human activities, particularly the emission of greenhouse gases.
<i>Corporations Act 2001 (Cth)</i>	The principal legislation regulating business entities (primarily companies) in Australia. It regulates matters such as the formation and operation of companies.
Decarbonisation	The process of removal or reduction of carbon dioxide (CO ₂) from the atmosphere
Fringe Benefits Tax (FBT)	FBT is a tax that employers pay on benefits paid to an employee in addition to their salary or wages.
Global Warming	Refers to the long-term increase in Earth's average surface temperature.
Greenhouse gas (GHG)	Gases in Earth's atmosphere that trap heat. They let sunlight pass through the atmosphere, but they prevent the heat that the sunlight brings from leaving the atmosphere.
International Sustainability Standards Board (ISSB)	A standard-setting body responsible for the development and implementation of sustainability-related financial reporting frameworks.
Joint venture	A business arrangement where multiple organisations collaborate and jointly share resources, profits, losses, and expenses for a specific project.
Material	Information is material if omitting, obscuring or misstating it could be reasonably expected to influence investor decisions.
<i>Modern Slavery Act 2018 (Cth)</i>	Legislation requiring businesses in Australia with an annual consolidated revenue of more than \$100 million, to report annually on the risks of modern slavery in their operations and supply chains, and outline actions to address those risks.
National Greenhouse Gas and Reporting Scheme (NGER)	The NGER scheme is a single national framework for reporting greenhouse gas emissions.
<i>Payment Times Reporting Act 2020 (Cth)</i>	The Payment Times Reporting Scheme requires large businesses and some government enterprises (known as reporting entities) to submit a report on their payment terms and practices every six months.
Royal Flying Doctor Service (RFDS)	An emergency aeromedical organisation providing retrieval and inter-hospital transfer and 24hr emergency services for those living in rural and remote Australia.
Scope 1 emissions	Emissions from sources that an organisation owns or controls directly.
Scope 2 emissions	Indirect emissions from the generation of purchased energy.
Scope 3 emissions	Emissions arising from activities in the value chain that are influenced by the reporting organisation, even though the organisation does not own or have direct control over those assets.
Social Licence to Operate	The approval and support a company receives from society. It is earned by acting responsibly, engaging stakeholders, and aligning with community values.
Whistleblowing Policy	A policy implemented to protect a whistleblower or potential whistleblower from any liability when reporting misconduct or dishonest or illegal activity that may have occurred within that organisation.

Corporate Directory

Country of incorporation and domicile

Australia

Business address

Level 15, 40 Creek Street
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Australia

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We are open to feedback on how we can improve and enhance our sustainability reporting. Feel free to share your thoughts by contacting us at info@qcoal.com.au



For more information, visit
www.qcoal.com.au

