

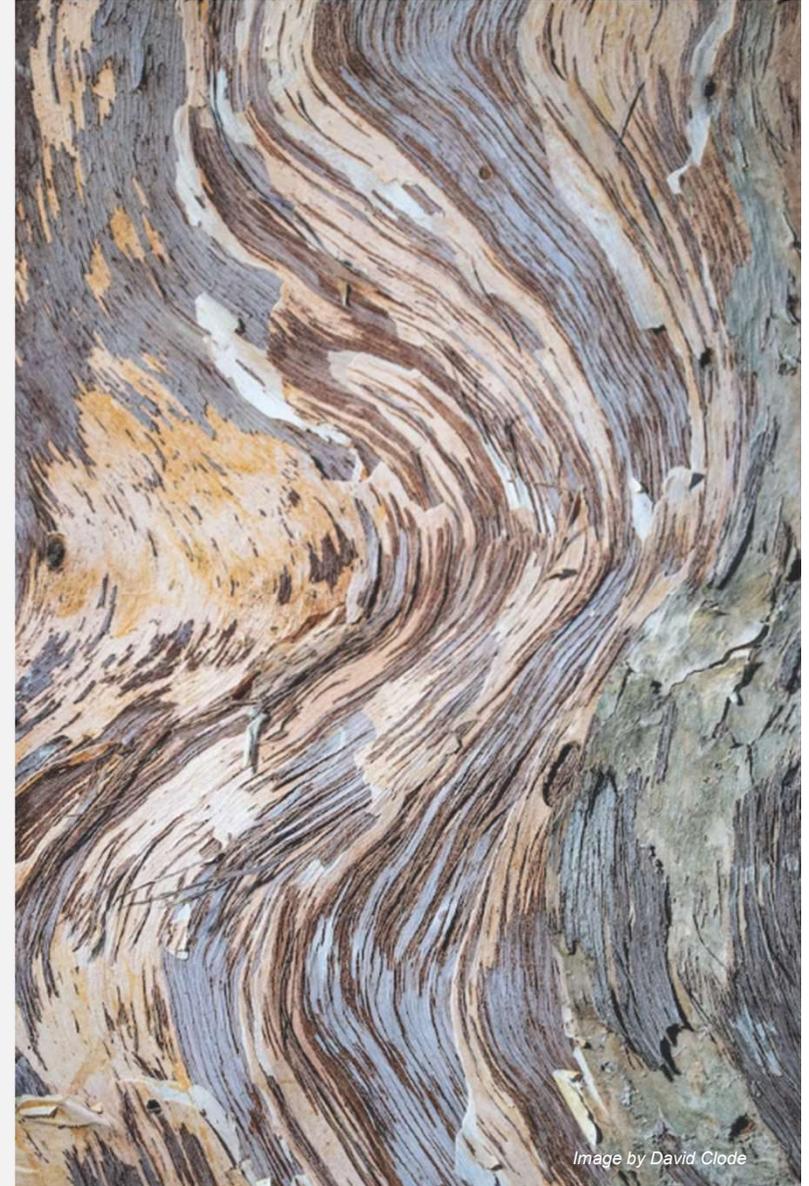


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# Acknowledgement

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. 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.



*Image by David Clode*

# Managing Director Statement



We are pleased to present the inaugural QCoal Group Sustainability Report for 2022. This Report is an important step in highlighting the Group's ongoing commitment to sustainable operations and delivering long-term value to stakeholders and the communities in which we operate.

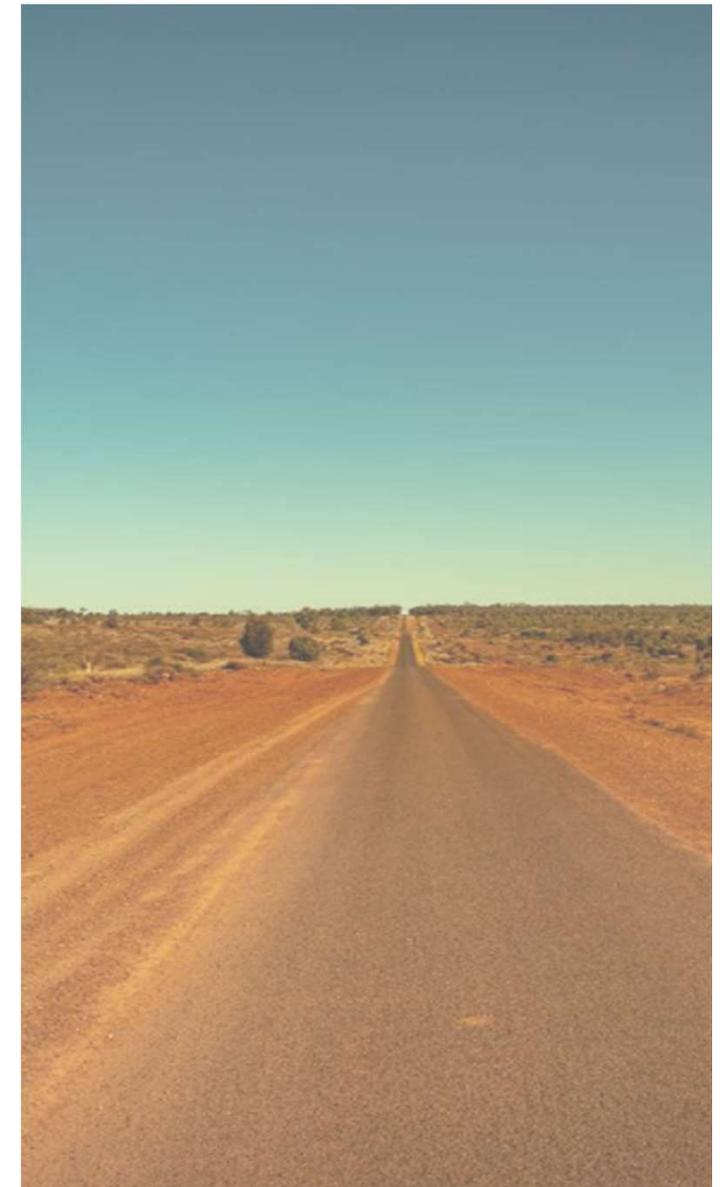
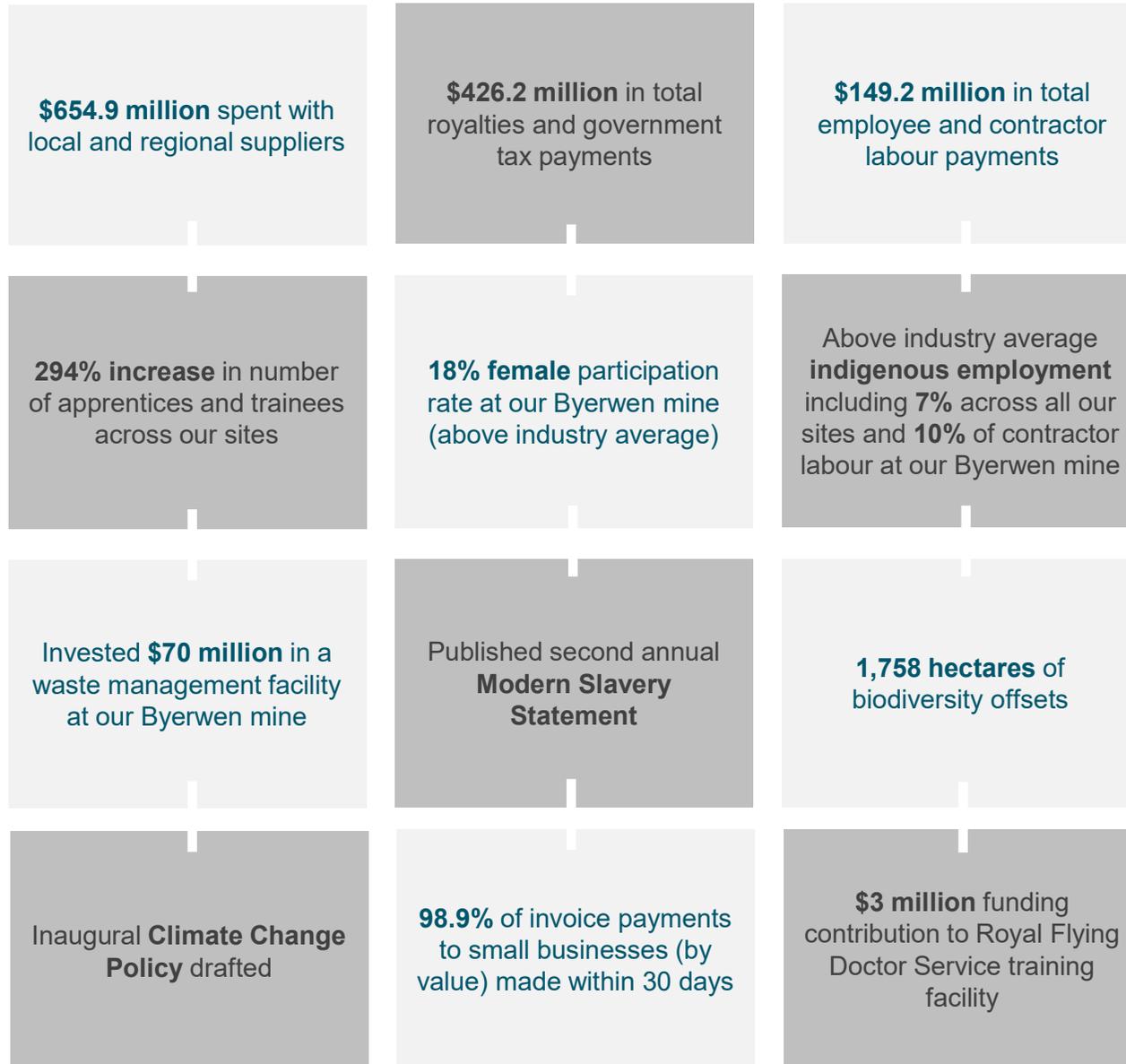
Our vision is to become a leading Australian diversified miner with sustainable operations which relies on us pursuing an ambitious social licence to operate, demonstrating leading value chain sustainability and actively engaging and contributing through public sustainability reporting. In doing so, we are committed to challenging ourselves to engage with stakeholders about sustainability and work in partnership with customers and the wider industry to pursue sustainable solutions across our business.

We share in this Report our ongoing commitment and progress towards adapting our operations to address the growing risks and opportunities around environmental stewardship, stakeholder expectations and the need to make a meaningful contribution to addressing key challenges within the resources industry.

A handwritten signature in black ink, appearing to read 'C Wallin', written in a cursive style.

**Christopher Wallin**  
Managing Director

# Sustainability Snapshot 2022



# Ongoing Sustainability Progress

QCoal has a demonstrated track record of sustainable operation through its ongoing commitment to its industry leading initiatives and practices including its progressive rehabilitation activities, significant QCoal Foundation program of investment and local community engagement.

As it looks to pursue its pipeline of development projects and greater asset diversification, QCoal aims to formalise its existing practices and progress its work by further developing strategic priorities and governance to ensure sustainability issues have been factored into QCoal's long-term strategic planning.

QCoal's current approach to sustainability can be distilled into four key elements being environment, safety, community and stakeholders. Some key initiatives identified for prioritisation as part of the development of our strategic sustainability response include:

## Strategic Sustainability Response



# About QCoal

QCoal Group produces coking coal and by-product thermal coal for customers located in Asia and around the world.

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

QCoal Group operates a number of mine sites in the Bowen Basin including:

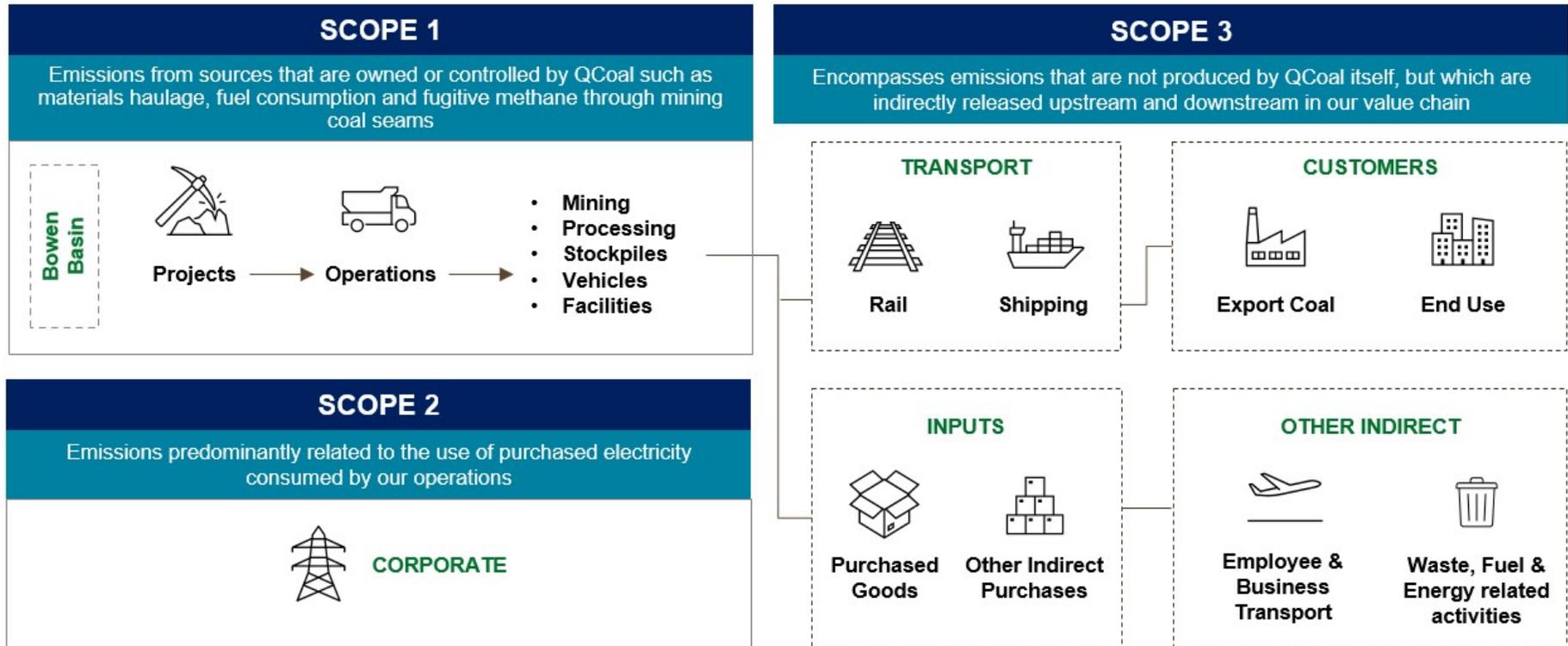
- Byerwen mine
- Cook colliery
- Cows mine
- Drake mine
- Jax mine
- Sonoma mine

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 in the Asian region and beyond.



# Stakeholders and Value Chain

QCoal's value chain is summarised below, including an overview of our key stakeholders, activities and processes as they relate to scope 1, 2 and 3 emissions.



## STAKEHOLDERS



# Sustainability Strategy

Through sustainable mining operations, QCoal seeks to maintain its reputation as a leading diversified miner as it continues to grow and diversify its business in the years ahead.

Our sustainability strategy has been structured around three key focus areas which align with QCoal’s organisational values and objectives. To deliver the strategy, we are focused on the need to maintain our social licence to operate whilst prioritising customers and our social and economic impact on local communities. Robust and targeted communications are essential to highlighting our contributions in achieving best practice outcomes and ensuring we maintain the trust of our stakeholders.



# Sustainability Roadmap

In order to remain ahead of increasing stakeholder expectations, QCoal is committed to pursuing sustainable operations both with respect to developing its roadmap and its internal governance. This will be critical, particularly with respect to new mining operations and development projects over the coming years which will need to incorporate low carbon initiatives and play an important role in transitioning mining to a lower carbon environment. In doing so, QCoal seeks to engage with its stakeholders in relation to this shift in approach and proactively contribute to industry-wide action regarding these challenges.



# Sustainability Governance

The Group has established a robust corporate governance framework, detailing policies and practices which are critical to ensuring the ongoing success and sustainability of our operations.

We are committed to exceeding legislative requirements and aiming for best practice compliance with relevant Australian laws and regulations, including the *Corporations Act 2001 (Cth)*, tax legislation as well as environmental legislation applicable to our operations.

Our approach is underpinned by ensuring our conduct as a business and dealings with stakeholders is aligned with our values of trust, integrity, innovation and pragmatism.

QCoal maintains and enforces a Group Code of Conduct which sets out the standards of behaviour and conduct expected from employees, contractors and interactions with customers, suppliers and other stakeholders.

To maintain a culture of good corporate governance, the Executive have set in place the following key policies and frameworks.

- Climate Change Policy
- Group Code of Conduct
- Modern Slavery Policy
- Privacy Policy
- Tax Corporate Governance Policy
- Whistle Blowing Policy



# 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.**

## Responsible supply chain initiatives

- We are 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.
- Ongoing assessment of local spend data is tracked and reported to senior management on a monthly basis for all QCoal Group projects.
- Extensive supplier due diligence is 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.
- Ongoing assessment of existing suppliers is undertaken on a yearly basis through the distribution of supplier questionnaires (refer to Modern Slavery section for further details).
- No instances of modern slavery or other breaches were identified as a result of due diligence activities undertaken during FY22.

## Payment Times Reporting

- We are required to comply with the formal reporting requirements established under the *Payment Times Reporting Act 2020* (Cth).
- The scheme requires us to report on payment terms and practices for small business suppliers with the aim of improving payment outcomes for small businesses.
- The results of our latest payment times reporting submission for FY22 outlines that across the QCoal Group, 98.9% of invoice payments to small business suppliers (by value) were made within 30 days.

## Industry associations and memberships

We are an active member and contributor to a number of industry associations. In doing so, we aim to play an important role in contributing to the sustainability of the mining and resources industry in Australia.



# Financial Reporting Frameworks

**We are committed to best practice sustainability reporting and acknowledge the evolving nature of voluntary reporting frameworks.**

We recognise the need to respond to a continuing global push for standardised environmental, social and governance reporting. We are also aware of recent Australian developments exploring how global reporting initiatives might be adapted and implemented in the Australian context by local accounting standard-setting bodies.

Entities that are exposed to material climate-related or other emerging risks, or have investors with an expectation that these risks would influence their decisions are particularly impacted by these disclosure considerations.

As a result, we are actively monitoring reporting framework developments and have convened a working group to assess the impact of sustainability reporting discussions.

## **Key reporting developments we are tracking**

- Establishment of the International Sustainability Standards Board (ISSB) to develop comprehensive global sustainability disclosure standards.
- Ongoing collaboration between the Australian Accounting Standards Board (AASB) and Auditing and Assurance Standards Board (AUASB) on adaptation of reporting standards in Australia.
- Increased focus of Australian Securities and Investment Commission (ASIC) in relation to the voluntary disclosure of sustainability-related information in financial reports.
- Voluntary disclosure of key sustainability-related information in the form of sustainability reports by key peer group participants in light of growing stakeholder expectations.



# Tax Transparency

We are committed to ensuring ongoing compliance with relevant tax legislation while delivering sustainable business outcomes to ensure our continued growth and resilience.

## Our approach to tax compliance

The 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.

**“QCoal’s economic contribution through royalties and taxes helps support the fundamental infrastructure of society such as schools, hospitals, roads and bridges.”**

## Taxes paid by QCoal Group in FY22

	AUD \$'m
State royalties	205.4
Corporate income tax	207.3
Other levies and taxes <sup>(1)</sup>	13.5
<b>Total</b>	<b>426.2</b>

<sup>(1)</sup> 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.



# Social 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 paid to local, federal and state governments, QCoal demonstrates its essential role in investing in Australian communities.

Key contributions for the financial year ended 30 June 2022:



**\$16.3 million**  
in wages paid to employees



**\$132.9 million**  
in labour paid to mining contractors



**\$654.9 million**  
spent with local and regional suppliers



**\$426.2 million**  
in total taxes and royalties paid  
(refer to Tax Transparency section)



## **Community Grant Program | \$7M since 2010**

Funding of community-led initiatives focused on health, liveability and education across Queensland.

## **RFDS Dental Service | 76,000 treatments since 2013**

Providing oral care to regional and remote communities across Queensland.

## **RFDS Training Facility | \$3M funding contribution**

Contribution to establish a new training facility in Bundaberg, comprising a full-motion Beechcraft King Air B350/360 flight training simulator.

## **QCoal Foundation Scholarship | \$30k per year**

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

## **Jangga People and Byerwen Indigenous Bursaries | \$40k per year**

Providing bursaries to indigenous students for continuing tertiary education and training.

# QCoal Foundation

**QCoal Foundation develops programs in conjunction with communities across Queensland to deliver sustainable improvements to health, liveability and education over the long term.**

Since 2013, QCoal Group has been a principal sponsor of the Royal Flying Doctor Service (Queensland Section), which is helping to address the increasing demand for quality health care services in regional and remote areas.

From this partnership a mobile dental service was born, which was comprised of two state-of-the-art dental surgeries in a purpose built semi-trailer. This delivers an effective, flexible and cost-efficient solution to address the lack of oral care and subsequent broader health impacts in remote communities.

The QCoal Community Dental Service has provided state-of-the-art dental treatment to over 15,000 patients across rural and remote Queensland.



**RFDS Dental Service** the QCoal Foundation funded the initial four-year trial of the program that provided dental care to over 15,000 patients in 21 regional and remote Queensland communities.

# QCoal Foundation



The Royal Flying Doctor Service (Queensland Section) will be launching an innovative partnership with QCoal Foundation to build a new world-class aviation training facility to support the ongoing training for RFDS Pilots in Bundaberg.

The new facility will be constructed next to the existing RFDS Bundaberg Base and house a full-motion Beechcraft King Air B350/360 flight training simulator, the first of its kind in the Southern Hemisphere.

QCoal Foundation Chair, Christopher Wallin has announced a \$3 million contribution and unveiled plans for the new facility, extending the long-standing partnership with the RFDS in Queensland.

For the QCoal Foundation, this project is an extension of our long-standing partnership with the RFDS (Queensland Section) and aligns with our commitment to enhance the resilience of rural and regional Queensland communities.



# QCoal Foundation

## CASE STUDY – Hear and Say

Since 2021 QCoal Foundation has proudly partnered with Hear and Say to deliver RETAIN – an innovative tele-practice program that supports school-aged children with hearing loss in regional Queensland to develop and maintain optimal listening, speech and language outcomes, social skills and access to the school curriculum.

At seven weeks, Dysart twins Tom and Hugh were both fitted with their first hearing aids. Through a progressive deterioration of their hearing levels, they each proceeded to surgery and received bilateral cochlear implants, which were switched on at 15 months.

Both Tom and Hugh are a part of the RETAIN program which assists them through their formative school years to ensure they can keep up with their peers. The program also provides support to the school and teachers, who may never have had a child in their classroom with hearing loss. Both Tom and Hugh have shown great progress.

Tom is focused on improving his reading and comprehension skills. He can accurately sound out words and has increased his reading to the point where he can describe important parts of the story and answer questions. Hugh won an award at school for his work on a story retell in class.



# Cultural Heritage and Indigenous Engagement

**Indigenous affairs are a primary focus for the QCoal Group through prioritising employment and training opportunities for Aboriginal and Torres Strait Islander peoples.**

We are committed to continuing our collaborative relationships with the traditional landowners of the land on which we operate.

A key element of our indigenous engagement strategy involves putting in place agreements 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.

Our cultural heritage management strategy also includes our commitment to comprehensive annual cultural heritage awareness training for all site and office personnel and contractors on our projects. Awareness training is an important component to building internal cultural competency as well as supporting good relationships with traditional owners.

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



*NAIDOC Week (2022) at Byerwen mine*

QCoal is committed to developing its first draft **Reconciliation Action Plan** in FY23 which aims to formalise our commitment towards achieving indigenous reconciliation.

# Regional and Indigenous Employment

QCoal is committed to encouraging and supporting local employment across our projects in the regions where we operate.

## Employees in our local community

We have long-standing partnerships with the local communities in which we operate. Many of our employees live near our mines and benefit from our social partnerships and investments.

To support our continued growth, QCoal and its contractors remain firmly committed to developing and supporting our people through traineeships and apprenticeship pathways at our operations. In FY22, the total number of trainees and apprentices across the Group increased from 36 to 106 which is part of our strategy to develop, engage and retain talent across our local communities.

## Indigenous Employment

Aboriginal and Torres Strait Islander (ATSI) employment within our flagship Byerwen operation currently stands at around 10% of total workforce, representing around three times the industry average.

Indigenous training initiatives with our major contract operator (Macmahon) have resulted in ATSI employment of around 10% of total workforce.

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.

## CASE STUDY – Indigenous Awards

QCoal's training initiative with Jangga Operations, *Thida Bullaroo*, won the **Best Company Indigenous Employment and Training** award at the 2019 Queensland Resources Council Indigenous Awards.

The Thida Bullaroo program was co-designed by QCoal Group and Jangga Operations to bring Traditional Owners back to country by creating sustainable employment opportunities across QCoal Group's operations.

The program uses an intensive pre-employment screening process, support programs and targeted training funded through the Jangga Byerwen Bursary, to set candidates and their families up for success. This unique, holistic approach led to an increase in Indigenous workforce representation from 2% to 14% within 24 months of commencement and is continuing to deliver strong retention rates.



# Modern Slavery

**We are committed to identifying, assessing and mitigating modern slavery risks in our operations and supply chains by complying with all modern slavery legislation and ensuring our procurement practices and key contractors do not support 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.

## Actions taken by QCoal Group to date

- Adoption of a group Modern Slavery Policy
- Publication of annual Modern Slavery Statements
- Formation of a Modern Slavery Working Group comprising key executives and relevant representatives from legal, finance and procurement
- Ongoing supply chain analysis through distribution of supplier self-assessment questionnaires
- Modern Slavery awareness training to further educate key internal stakeholders
- Template review of supplier contracts and adoption of contractual clauses
- Whistleblowing Policy to detect, prevent and report instances of modern slavery



# Health and Safety

**The safety of our employees and contractors is our number one priority. We are committed to providing a work environment which is safe, compliant and ensures minimum risk to health and safety.**

The fundamentals of our health and safety initiatives are as follows:

- Exceeding legislative requirements and aiming for best practice health and safety leadership
- Operating at or above benchmark industry standards and co-operation with regulatory bodies
- Development, implementation and ongoing review of safe work procedures
- Distribution and communication of safety and health information and procedures
- Informing, training and supervising employees, contractors, clients and visitors to our mine sites
- Supporting and assisting employees in effective injury management and rehabilitation
- Regular review and assessment of workplace health and safety policies

**“Health and safety excellence underpins our culture at QCoal.”**



## Key Safety Milestones and Initiatives

### Byerwen

- Emergency response audit conducted by regulator with no material issues identified
- Engineering audit of site buildings resistance to severe weather completed
- Hygiene monitoring assessment completed with no significant issues identified
- Work commenced to update the Byerwen Mine document control standard
- Recommendation for a new Safety Health Management System was presented and approved in principle

### QCoal Northern Hub

- Dust and noise testing completed by external contractor with favourable results
- Review of safety and operations conducted with a focus on identifying opportunities for improvement in safety performance and other operational areas
- Internal audits underway to assess all mine site contractors

# Diversity

**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.**

As a values-based business with a diverse and agile workforce, we are committed to fostering a culture of excellence by leveraging the unique abilities and strengths of our people to achieve our organisational goals.

We have established a comprehensive set of frameworks that support our culture and drive our focus on safety, continuous improvement and operational excellence. We also strive to create equal opportunities within our workplace to ensure that every individual is treated fairly.

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

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



Gender diversity is a key priority of QCoal with a strong female participation rate across our operations. During 2022, the female participation rate at our flagship Byerwen mine rose from 12% to 18%, which is above the industry average of 17% according to the Australian Bureau of Statistics.

# Environment

## We strive to minimise our impact on the environment

QCoal's approach to sustainability is underpinned by a belief we can coexist with our surrounding environments through good management and sustainable practices. We commit to robust rehabilitation plans, environmental management conditions and aim to operate in a way which minimises, mitigates and remediates the impacts of our business on the environment.

## Environmental Governance and Compliance

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 commitments under QCoal's *Environmental Policy* include:

- 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 all employees and contractors
- Adoption of an environmentally sound transport and haulage strategy
- Providing appropriate weight to environmental considerations in all investment decisions
- Annual public reporting of sustainability initiatives and results to ensure transparency across our operations

## Emissions Reporting

The main contributors to greenhouse gas (GHG) emissions in QCoal operations are:

**Scope 1** emissions result from sources that are owned or controlled by QCoal such as materials haulage, fuel consumption and fugitive methane through mining coal seams.

**Scope 2** emissions are predominantly related to the use of purchased electricity consumed by our operations.

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*.

The Scheme provides a single national framework for emissions reporting with the aim to:

- Inform government policy
- Inform the Australian public
- Help meet Australia's international reporting obligations
- Assist with Commonwealth, state and territory government programmes and activities



# Rehabilitation and Land Use

**QCoal is committed to the ongoing rehabilitation of our mine sites with the objective of reducing our future closure costs whilst ensuring structural stability, revegetation success and containment of wastes.**

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, thereby limiting the number of residual voids on site
- Proactive maintenance of topsoil stockpiles to ensure stability, until the topsoil is required for rehabilitation activities across other areas of the site
- Capping of overburden stockpiles with topsoil with subsequent grassing, drainage and revegetation

Progressive rehabilitation activities have been undertaken during the year on our Cows, Drake, Jax and Sonoma mines. Planning efforts are currently underway to commence progressive rehabilitation at our Byerwen and Cook mines.

## Biodiversity Offsets

QCoal maintains a significant land holding on Wollombi Station (west of our Byerwen mine), which provides for 1,758 hectares of biodiversity offsets for the Brigalow Threatened Ecological Community.

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.



# Water and Waste Management

**Water management is a critical responsibility and we seek to ensure ongoing quality practices by preventing the overuse and contamination of water supplies.**

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 directing it around disturbance areas for direct discharge off site
- Minimisation of disturbance areas requiring on-site containment
- Progressive rehabilitation of disturbance areas to allow future direct discharge off site.

We produce various types of waste across our operations which we strive to appropriately manage and store whilst enhancing opportunities for reuse and recycling.

Our major waste products comprise coal rejects, waste rock (such as overburden), used equipment tyres and other non-mineral waste from mining and workshop activities.

QCoal has adopted a stringent waste management plan across all of its operating sites to maximise resource recovery potential and ensure all forms of waste are captured, stored, transported and disposed of appropriately.



## **CASE STUDY – Investing in water and waste management**

We have recently invested over \$70 million in a dry tailings facility to upgrade coal handling and preparation plant (CHPP) processes at our Byerwen mine.

The new facility enables the filtering of waste to produce a product that is transportable and stackable using 'dry material' transportation and disposal techniques, thereby improving waste management and minimising water consumption at the CHPP.

# Corporate Directory

## Registered office and business address

Level 15, 40 Creek Street  
Brisbane, Queensland 4000  
Australia

Telephone: +61 7 3002 2900  
Website: [www.qcoal.com.au](http://www.qcoal.com.au)

## Country of incorporation and domicile

Australia