



DEDICATION



# JOINT MODERN SLAVERY STATEMENT

UNDER THE MODERN SLAVERY  
ACT 2018 (CTH)

Reporting period:

1 January 2022 – 31 December 2022

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*“Yancoal’s third Modern Slavery Statement demonstrates the progress we made during 2022 to further strengthen our processes and systems to identify and counter any instances of modern slavery at our operations or in our supply chains. Yancoal is committed to eradicating modern slavery from our business, and we continually engage with suppliers to make them fully aware of our high expectations and to assist them in improving their own capabilities to address modern slavery.”*

*- David Moulton, CEO*



## PART ONE: MANDATORY REPORTING REQUIREMENTS UNDER THE ACT

This is Yancoal's Third Modern Slavery Statement, which addresses the mandatory reporting criteria set out by the *Modern Slavery Act 2018 (Cth)* (the **Act**) for the calendar year ending 31 December 2022. Throughout this Statement we have described our actions to continue identifying and addressing our exposure to modern slavery risks, building on frameworks and measures reported in our previous Statements.

This Joint Statement is made pursuant to Section 14 of the Act, on behalf of the following mandatory reporting entities:

- Yancoal Australia Ltd, the governing entity of the Yancoal Group;
- Yancoal Resources Pty Ltd;
- Yancoal Australia Sales Pty Ltd;
- Ashton Coal Mines Ltd;
- Yancoal Moolarben Pty Ltd;
- Moolarben Coal Mines Pty Ltd;
- Yarrabee Coal Company Pty Ltd;
- Coal & Allied Operations Pty Ltd;
- CNA Resources Pty Ltd;
- Coal & Allied Industries Pty Ltd;
- CNA Warkworth Australasia Pty Ltd;
- Mount Thorley Operations Pty Ltd;
- Syntech Resources Pty Ltd;
- Premier Coal Ltd;
- Kalamah Pty Ltd;
- ACR Limited;
- R W Miller (Holdings) Ltd;
- Stratford Coal Ptd Ltd; and
- Gloucester (SPV) Pty Ltd.

(referred to collectively throughout this Statement as "Yancoal", "the Group", "we", "us", and "our")

This Statement has been approved by the Yancoal Board on behalf of all reporting entities. The Statement also covers a number of related entities that are owned or controlled by one or more entities within the Group. This includes additional entities managed by Yancoal on behalf of Yancoal Australia's parent entity, Yankuang Energy Group Company Limited (**Yankuang Energy**).

Unless otherwise noted, Yancoal's structure, operations and supply chains did not materially change for this reporting period compared to the descriptions provided in our previous Statements. For continuity, our description of the static mandatory reporting criteria largely mirrors our earlier statements. Where relevant, we have highlighted any key differences or new features that emerged during the 2022 reporting period.

## OUR STRUCTURE AND OPERATIONS

Yancoal is a leading low-cost Australian coal producer operating in the global seaborne market. Our operations involve the production of a mix of premium thermal, semi-soft coking, and mid-to-high ash thermal coal. Our product is railed to ports on the Australian east coast and exported to Asian markets.

Yancoal is a public company, listed on both the ASX and Hong Kong Stock Exchange.

As in previous reporting periods, Yancoal still primarily exports our products in the Asia-Pacific region, with Japan, Taiwan, Singapore and South Korea accounting for 73% of our revenue in 2022.

Our core operations revolve around our ownership and management of our 11 active coal mines, which we either wholly own, or own through joint ventures, detailed below.

The operations and supply chain for all of the entities controlled by Yancoal (as set out on pages 112 to 114 of our 2022 Annual Report) are covered by the descriptions contained in this Report. The operations and supply chain for all of the additional entities managed by Yancoal on behalf of Yankuang Energy are also covered by the descriptions contained in this Report.

In New South Wales, our operations include the Moolarben, Mount Thorley Warkworth, Ashton, and Stratford mines, with coal railed to the Port of Newcastle. We also have the Austar mine which is in the process of being closed and the Abel mine which is currently in care and maintenance.

Coal from our Newcastle mines is railed to the Port of Newcastle, (specifically, Port Waratah Coal Services which Yancoal Group owns a share of). Yancoal also owns a share of Newcastle Coal Infrastructure Group at Newcastle and have a port allocation. Both Port Waratah Coal Services and Newcastle Coal

Infrastructure Group are, separately and independently, reporting entities under the Act.

During the reporting period, we employed 2,218 direct employees and 410 contractors at the New South Wales based mines.

In Queensland, our operations include the Yarrabee and Cameby Down mines with coal from:

- the Yarrabee mine transported via the Blackwater System to the Wiggins Island Coal Export Terminal; and
- the Cameby Downs mine transported by rail to the Port of Brisbane with port allocation through the Queensland Bulk Handling facility in Brisbane.

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*Yancoal still primarily exports our products in the Asia-Pacific region, with Japan, Taiwan, Singapore and South Korea accounting for 73% of our revenue in 2022.*

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

During the reporting period, we employed 558 direct employees and 57 contractors at our Queensland mines.

In Western Australia, our operations include the Premier Coal mine which predominately supplies coal for domestic electricity generation, where we employed 333 direct employees and 158 contractors during the reporting period.

We have continued to manage the Cameby Downs and Premier coalmines on behalf of our parent entity, Yankuang Energy.

In addition to mine sites operated by us, Yancoal holds significant interest in the following joint ventures:

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

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

Yancoal has corporate offices located in Sydney and Newcastle. During the reporting period, 252 direct employees and 19 contractors were based at our corporate offices.

Our corporate structure consists of subsidiaries, trusts and joint ventures, providing operational and sales support to our mines.

Our core activities operations include the development and operation of mine assets, as well as the marketing and transportation of product from those assets. Once mining has ended at a mine site, this also includes the proper closure management and rehabilitation of that site. Responsible mining considerations continue to inform each phase of our operations chain.

# PART ONE: MANDATORY REPORTING REQUIREMENTS UNDER THE ACT



To support these operations, we rely on a diverse labour force, which includes: professional and administrative employees, who support our corporate functions; highly skilled onsite technicians, and engineers; and contracted staff, including specialised and general trades persons located onsite.

## YANCOAL'S SUPPLY CHAINS

All of our products and services are procured in accordance with our formal procurement process, which is supervised by a centralised procurement function operating across the Yancoal group. Our suppliers facilitate our core operations in relation to the mining, processing, and transporting of coal.

As described in our Second Statement (released in July 2022), Yancoal engages directly with approximately 3,500 vendors in our procurement systems, which includes a number of dormant suppliers not currently engaged to provide goods or services. Specifically during the reporting period, we had a total of 2,279 active suppliers, which is inclusive of new suppliers engaged or suppliers on existing and operational long-term contracts.

Our most critical and major categories of supply spend include:

- plant and equipment manufacturers and suppliers;
- diesel and lubricant suppliers;
- blasting product and service suppliers;
- port, and rail service providers;
- direct and indirectly employed labour; and
- utilities and electricity services.

During 2022, Yancoal procured \$2,819,779,529 in goods and services from our Australian based suppliers and providers. In total, of our direct supplier base Australian companies contributed to 99.5 % of our spend value and 97.3% of the total number of suppliers.

In the 2022 reporting period, Yancoal has focused on fulfilling commitments made in our last Modern Slavery Statement to undertake the categorisation and assessment of suppliers not previously subject to our third-party risk assessment tool.

As part of this process, we have categorised and assessed a total of 1,166 suppliers, which includes all active and

previously non-assessed suppliers with an annual spend over \$5,000. The new insights that we have gained from this process included:

- These suppliers are operating across a wide range of industry categories including:
  - i. IT and computer related services;
  - ii. Business, legal and consulting services;
  - iii. Ports and logistic providers;
  - iv. Cleaning and catering providers;
  - v. PPE providers;
  - vi. Vehicle and truck component suppliers;
  - vii. Maintenance and site contractors;
  - viii. Machinery, tools and technical equipment products and componentry suppliers;
  - ix. Mining consumable products;
  - x. Fabrication services;
  - xi. Chemical providers;
  - xii. Drilling and blasting services.



- The vast majority of these suppliers are Australian based.
- The international suppliers assessed are operating in the following sectors:
  - i. Software and business service providers from the USA and UK;
  - ii. Legal service providers from Taiwan;
  - iii. Business service providers from Switzerland;
  - iv. Legal service providers from New Zealand;
  - v. Legal, business and financial service providers and consultants from Hong Kong;
  - vi. Legal and accounting service providers from China; and
  - vii. Machinery and equipment suppliers from Canada.
- Suppliers of heavy mining equipment, tyres and electric machinery from China;
- Software and computer suppliers from Canada and Switzerland;
- Software suppliers and business management consultants from the United Kingdom;
- Management (and other) consultants based in Singapore and Hong Kong;
- Computer and telecommunications suppliers from the Netherlands;
- Computer-related suppliers in Ireland;
- Computer-related service contract supplier in France;
- Information Technology and consulting suppliers in India; and
- Software, telecommunications and consulting providers and a mining machinery supplier from the USA.

In addition to the international suppliers described above, Yancoal also continues to engage global suppliers on existing long term and/or major commercial arrangements, which are unchanged from prior reporting periods:

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*In the 2022 reporting period, Yancoal has focused on fulfilling commitments made in our last Modern Slavery Statement to undertake the categorisation and assessment of suppliers not previously subject to our third-party risk assessment tool.*

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## PART TWO: ASSESSING MODERN SLAVERY RISKS IN OUR OPERATIONS AND SUPPLY CHAINS

During the reporting period, Yancoals was not made aware of any actual or suspected instances of modern slavery in our supply chains or operations.

Yancoals continues to improve our visibility and response capabilities over areas in our operations and supply chains that may have elevated exposure to any form of modern slavery risks. Yancoals recognises that our operations and the breadth of supply chains could include potential areas of modern slavery risk exposure, which require active and ongoing monitoring and assessment.

### MODERN SLAVERY RISKS IN OUR SUPPLY CHAIN

Yancoals has continued to undertake a risk assessment of our supply chains using a third party proprietary risk assessment

process. This technology provides us with a risk assessment of our cumulative exposure to modern slavery risk through to Tier 10 of our supply chain, through assessing the complex interaction between the following factors:

- Total supplier spend amount (i.e. the value of our direct supplier contracts);
- Industry category, including industries that, in turn, feed into particular categories further down the supply chain;
- Geographical area of operation; and
- Depth of tiering within the supply chain(s)- e.g., 3rd tier supplier, 5th tier supplier, etc.

A summary of the methodology of the proprietary risk assessment is set out in the Appendix to this Statement.

As we described above in Part One, during 2022 Yancoals built on prior risk assessments, by focusing on analysing our 'tail end' and previously non-assessed suppliers to provide a more complete picture of supply chain risk exposure.

The assessment has identified the following industry categories as presenting the most elevated potential risk of modern slavery in our supply chain for our previously non-assessed suppliers:

- *Railway Transport Providers in Australia;*
- *Chemical and explosive suppliers in Australia; and*
- *Shipping and Port Services in Australia*



The **second** and **third** tier of our supply chains are assessed, in relative terms, as being those tiers with the most significant exposure (from a due diligence perspective) to modern slavery in these industry categories.

Since there has been no material changes to our supply chain since our last statement, the previous descriptions of the risks identified by the proprietary assessments remain relevant for previously categorised and assessed suppliers.

***Railway Transport Providers in Australia***

Yancoal is operationally dependent upon our three Australian owned and operated rail transport providers, to transfer our goods from respective mine sites to various ports on the Australian east coast. The predominate risk associated with this industry supplier category is the rolling stock equipment and locomotive vehicles used as part of their logistics services.

These vehicles and associated equipment are manufactured using a vast array of inputs such as engines, brakes, electronics, axels and consumables etc., which each have complex supply chains that hinder supply chain visibility. Often these components are assembled in high-risk locations using high risk materials, such as fabricated steel and aluminium that is sourced or refined in high-risk and unregulated regions and countries.

All our railway transport providers are reporting entities under the Act and our external consultant has reviewed the most recent Modern Slavery Statements published by these suppliers. Whilst, as with all due diligence, the need for ongoing vigilance remains, we generally consider that the risk mitigation measures described by these suppliers are appropriately proportional to address the known areas of potential elevated risk associated with the industry as a whole.

***Chemical Suppliers in Australia***

This potentially elevated risk includes suppliers of blasting explosives and process chemicals used at our coal handing and preparation plants. We have six suppliers operating in this industry category. The risks associated with these suppliers is not a result of specific issues within their operations and labour forces. Instead, consistent with the results the updated supplier risk assessment, the risk profile of these individual suppliers is most heightened at Tier 2 and Tier 3 of the supply chain. This is because a number of key inputs and feedstocks required to manufacture the chemical and explosive products are extracted and then refined in high-risk countries.

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***All our railway transport providers are reporting entities under the Act and our external consultant has reviewed the most recent Modern Slavery Statements published by these suppliers.***

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Our supplier risk assessments in the first and second reporting periods, which focused on supply contracts over an annual spend over \$100,000, also flagged 'Chemical Products from Australia' as presenting an elevated source of risk exposure. The identification of this category, across both our tail-end suppliers and major procurement contracts, confirms the need for Yancoal to continue undertaking due diligence and engaging with suppliers in this industry, to form long term modern slavery focused partnerships towards addressing common supply chain risks. As part of this commitment, Yancoal has worked with our external subject matter experts to perform a desktop audit on a supplier operating in this industry, which is detailed further below at Part Three.

***Port Services and Shipping Agents in Australia***

The final potentially elevated supplier industry category assessed was 'Port Services and Shipping Agents in Australia'. This includes all seven ports with which we are contractually engaged (and in some cases, minority shareholdings), as described above in Part One. This industry category also includes a shipping agent supplier, which provides logistics advisory services. The services provided by the ports include ship loading and facilitating the shipment of our coal to customers.

The ports do not have operational control over the conditions onboard ships docked within their facilities. However, the physical proximity to a recognised vulnerable class of individuals to modern slavery practices (onboard mariners in the global shipping industry) is such that an appropriate level of awareness, surveillance and vigilance in these ports for potential slavery indicators is important.

The risk profile of our ports is primarily related to the risks associated with the construction materials and workforce required to complete capital works projects and maintain the standard of docking yards and port facilities. Common construction materials, such as steel, concrete and PVC, are often sourced from locations with a higher prevalence of modern slavery. Additionally, construction providers often engage the use of subcontracted labourers, rely on 'cash in hand' payment systems and use low skilled migrant workers less likely to report any experiences of exploitation.

All of the assessed Ports are mandatory reporting entities under the Act and have described various implemented measures to mitigate the known sources of potential modern slavery risk exposure. Yancoal considers the monitoring of risks that may be proximate to port service providers and shipping agents (i.e. onboard workers and mariners in the global shipping industry) to be an ongoing requirement.

## PART TWO: ASSESSING MODERN SLAVERY RISKS IN OUR OPERATIONS AND SUPPLY CHAINS



### MODERN SLAVERY RISKS IN OUR OPERATIONS

Yancoal is aware that the global extractives and resources industry is, and continues to be, a high risk sector of operation for modern slavery.

In assessing the modern slavery risks linked to our direct operations, we note that all of our mine sites are located in Australia, which is recognised by the Global Slavery Index as lower risk for the prevalence of modern slavery. Australia also has relatively robust governance and legislative frameworks to criminalise acts of modern slavery, regulate workplace standards and require reporting entities to implement action to address modern slavery. However, we recognise that despite these factors, modern slavery continues to occur in the Australian context.

As detailed in our previous statements, some of our labour force practices, such as recruiting contracted labourers at our mine sites, may present a degree of risk. The use of subcontractors is a highly common practice sector wide, and typically we engage a range of skilled workers, including engineers, specialist and generalist trades, and administrative workers.

We have also assessed over 30 of our labour contract providers in the proprietary risk assessment for the 2022 reporting period. To mitigate the risks associated with this recruitment practice, we only engage the use of Australian based labour hire agencies and provide the vast majority of contracted workers with direct employment contracts that are compliant with Australian workplace legislation, and we strictly abide by all related regulations.

Where we do not have direct employment contracts with individual contractors, Yancoal has embedded modern slavery provisions into our standard terms and conditions used for our contracts with labour hire agencies.

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*We have also assessed over 30 of our labour contract providers in the proprietary risk assessment for the 2022 reporting period.*

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## PART THREE: ACTIONS TAKEN TO ASSESS AND ADDRESS MODERN SLAVERY RISKS

Yancoal continues to operate our pre-existing framework to continue addressing modern slavery in our operations and supply chains. This includes our procurement screening processes and key governance policies described in prior statements.

In addition to operating these measures, Yancoal has specifically focused our efforts on three key areas, which are described in detail below:

- Continued Supplier Due Diligence and Engagement;
- Development of a Modern Slavery Supplier Pack; and
- Finalising our Three-Year Action Plan.

### **SUPPLIER DUE DILIGENCE AND ENGAGEMENT**

A key feature of Yancoal's approach to addressing modern slavery is undertaking supplier-specific due diligence on those entities that fall within industry categories that are identified as having potentially elevated modern slavery risks through the proprietary risk assessment process

detailed above. Our supplier due diligence measures during the reporting period have included:

- partnering with our long-term external consultants to undertake desktop auditing; and
- continuing to work with suppliers identified in our Second Statement as potential long-term partners to engage with in a collaborative modern slavery risk response.

## PART THREE: ACTIONS TAKEN TO ASSESS AND ADDRESS MODERN SLAVERY RISKS

### *New Supplier Desktop Auditing*

During the reporting period, Yancoal worked with our external subject matter expert to complete desktop audits on five selected suppliers to review their potential modern slavery risk exposure. This examined supplier connections to high-risk industries, products, workforce characteristics and reports by credible industry bodies and academics into modern slavery hot spots. Supplier policies and modern slavery response frameworks were also reviewed to assess the potential inadequacies of any controls to mitigate modern slavery risk exposure.

The audit process did not uncover any actual instances of modern slavery. However, the assessment did identify several risk factors to be addressed in future planned engagements with our suppliers. Such engagement would ensure or develop proper due diligence processes to address high-risk inputs in their supply chain and/or a significant operating presence in high-risk locations.

A summary of the audit process and findings is set out in the table below:

INDUSTRY CATEGORY	REGION	KEY FINDINGS
<i>Safety equipment supplier</i>	Australia Pacific	The company manufactures high risk PPE products, which is a product type with possible supply chain linkages to forced labour in Malaysia.  The supplier has disclosed a low level of transparency in relation to modern slavery risk mitigation strategies and does not appear aware of possible connections to modern slavery hot spots.
<i>Chemical manufacturing</i>	Australia Pacific	The company has a joint venture with a high-risk manufacturer in Asia.  The company is potentially reliant on feedstock and raw materials sourced and refined in Asia and does not appear to be aware of its potentially high-risk supply chain.
<i>Automotive parts manufacturing</i>	Australia Pacific	The supplier has high risk supply chains, with linkages to manufacturing and product sourcing in high-risk Asian locations.  The current risk controls of the supplier's corporate group may not adequately address its potential supply chain risk exposure.
<i>Engine and lighting parts manufacturing and distribution</i>	Australia Pacific	The company has operations in high risk Asian and Middle Eastern locations and sources key inputs from high-risk Asian countries.  The modern slavery risk mitigation approach of the supplier's corporate group is still in development and there does not appear to be specific controls in place for subsidiaries operating in high-risk countries, including the United Arab Emirates and Indonesia.
<i>Mining machinery and parts manufacturing</i>	Headquartered in Europe.  Australian subsidiaries.	The company's corporate group has manufacturing operations in multiple high-risk locations across Asia, Africa, the Middle East and South America.  The company likely has high-risk raw materials and inputs in its machinery supply chain, including conflict minerals, steel, copper and polypropylene.

As part of our broader approach to modern slavery due diligence, Yancoal prioritises long-term engagement with our suppliers, and supports increased supplier capability, rather than completely severing commercial ties to avoid potential risk exposure. Yancoal intends to continue working with these suppliers on a long-term basis, guided by the recommendations for engagement provided by our external consultants.

### *Continued Engagement with Suppliers operating in Elevated Risk Industry Categories*

As described in our 2021 Modern Slavery Statement, Yancoal previously undertook a desktop audit on 20 high-risk suppliers, and we identified 10 suppliers that had elevated risk profiles, which were prioritised for direct engagement. As part of our approach, which strongly favours the establishment and maintenance of long-term partnership and supplier support, our ongoing engagement with these identified suppliers has included:

- Three of the suppliers, which provide Yancoal with electrical components, have provided responses to our customised questionnaire. These companies are all reporting entities under the Act and have disclosed the details of specifically tailored policies and risk mitigation measures.

- A Chinese supplier of truck tyres appeared to have a low-level awareness of modern slavery. We have met directly with this supplier in the reporting period to increase awareness about modern slavery issues. The supplier has positively engaged with Yancoal for the purpose of developing its own modern slavery response. It has been provided with our modern slavery supplier pack (see below).
- A Chinese supplier of heavy mining equipment has met with members of our Working Group in relation to its future plans to implement systems to respond to potential modern slavery risk exposure (previously identified in our desktop audit). We have provided this supplier with our modern slavery supplier pack and are continuing to actively monitor and engage with them in relation to potentially elevated modern slavery risks and the ongoing development of an appropriate response.
- Five suppliers, which are all smaller Australian providers of spare parts or steel products, demonstrated a low level of understanding about modern slavery in their survey responses. We determined that a collaborative approach is most appropriate, focused on helping these suppliers build an awareness of their exposure to modern slavery risk and establishing their own basic response frameworks. Accordingly, we will be providing our modern slavery supplier pack to these suppliers in 2023.

In terms of identified priorities for the upcoming reporting period, Yancoal intends to build upon the strong foundations of positive direct supplier engagement. This further engagement would seek to collaborate with suppliers on the development and implementation of appropriately tailored policies and procedures so that they can better identify, assess and address modern slavery risk in their operations.

#### *Developing our Supplier Pack*

As noted above, during our ongoing engagement with a broad range of suppliers, it is often the case that non-reporting entity suppliers lack awareness regarding potential exposure to modern slavery risks. As a result, many such suppliers lack the capacity and institutional knowledge to undertake due diligence and take other appropriate mitigatory steps.

Rather than expecting that these suppliers respond to this issue on their own, we worked with our external consultants to develop our modern slavery supplier pack. This pack is designed to increase awareness of where risks are likely occurring and to provide an action plan for how suppliers should respond.

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*Our modern slavery supplier pack is designed to increase awareness of where risks are likely occurring and to provide an action plan for how suppliers should respond.*

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Specifically, our supplier pack provides the following tools and resources:

- In-depth instructions and guidance to help our suppliers perform a 'modern slavery snapshot assessment process', which is a tool developed to help procurement staff identify potential modern slavery risks across the procurement life cycle, from reviewing tenders to ongoing supplier management.
- Recommendations and processes for further actions to take if any suppliers have been rated as 'high' or 'very high' risk.

- Educational/instructive/capacity building resources to equip suppliers to develop and implement their own modern slavery assessments, including the official modern slavery register, global slavery index, UN Guiding Principles on Business and Human Rights, online training modules and human rights resource databases.

#### **THREE YEAR ACTION PLAN**

As foreshadowed in our previous statement, Yancoal finalised and received Board approval for our **Three-Year Modern Slavery Response Action Plan**, which provides a roadmap to incrementally mature our modern slavery focus over the next three reporting periods. Our Action plan provides a framework for year-on-year improvement, in alignment with resourcing and capacity. Yancoal's aim is to achieve positive practical impact in our spheres of influence through collaborative engagement with suppliers and other key stakeholders.



## PART FOUR: MEASURING THE EFFECTIVENESS OF OUR ACTIONS

Yancoal's approach to measuring our effectiveness over the current reporting period has been to closely track our commitments set out in our 2021 Modern Slavery Statement, to ensure that the Yancoal Group follows through with prior commitments. A snapshot of this progress is set out in the table below.

In the reporting period, the Yancoal Working Group continued to hold responsibility for reviewing our progress. During the reporting period, our working group commenced reporting to the Yancoal HSEC Committee.

COMMITMENT IN 2021 STATEMENT	PROGRESS UPDATE
Categorising and assessing suppliers not previously subject to a risk assessment, including, where practicable, those which are deemed small or singular spend suppliers. Increase the breadth of our supplier risk assessment.	<b>Completed.</b>
Finalise Three Year Action Plan and receive Board endorsement.	<b>Completed.</b>
Executive oversight of our working group by the HSEC Committee.	<b>Completed</b> and ongoing in future reporting periods.
Ongoing engagement with 10 suppliers identified as suitable for further engagement and investigation, including reviewing supplier responses to customised questionnaires issued.	<b>Completed</b> and ongoing in future reporting periods.
Continuing to collaborate and build upon dialogue with key suppliers to develop more effective partnerships in addressing modern slavery.	<b>Completed.</b> Modern slavery supplier pack developed and commenced providing to key suppliers to allow ongoing engagement and collaboration. This will be ongoing in future reporting periods.
Continuing to engage with two identified highest risk suppliers.	<b>In progress and ongoing</b> throughout the next reporting period. Working Group has met with supplier representatives.

**Future Action**

To facilitate increased accountability and transparency of Yancoal’s progress, we intend to measure our effectiveness in future reporting periods against our planned action areas set out in our approved Three-Year Modern Slavery Response Plan as outlined below:

YEAR	FOCUS AREA	INTENDED ACTION
2023	<i>Improving modern slavery assessment and widening impact of due diligence</i>	<ul style="list-style-type: none"> <li>• Desktop audit of at least five direct suppliers, identified as potentially higher risk through updated application of proprietary risk assessment process.</li> <li>• Implementation and monitoring of supplier pack with two higher risk suppliers.</li> <li>• Periodic and updated re-assessment of 500 existing suppliers using proprietary risk assessment process.</li> <li>• Continued assessment of operational risk exposure, facilitated by Modern Slavery Working Group.</li> </ul>
	<i>Effectively Measuring Effectiveness &amp; enhancing leadership and steering of modern slavery response</i>	<ul style="list-style-type: none"> <li>• Continued operation of working group to assess effectiveness of planned actions and reporting internally on modern slavery progress.</li> </ul>
2024	<i>Improving modern slavery assessment and widening impact of due diligence</i>	<ul style="list-style-type: none"> <li>• Desktop audit of five additional suppliers.</li> <li>• Desktop audit of two indirect (Tier 2) suppliers.</li> <li>• Implementation and monitoring of supplier pack, with five additional higher risk suppliers.</li> <li>• Re-assessment of additional 500 existing suppliers using proprietary risk assessment tool.</li> <li>• Continued assessment of operational risk exposure, facilitated by working group.</li> </ul>
	<i>Effectively Measuring Effectiveness &amp; enhancing leadership and steering of modern slavery response</i>	<ul style="list-style-type: none"> <li>• Continued operation of working group to assess effectiveness of planned actions and reporting internally on modern slavery progress.</li> </ul>
2025	<i>Improving modern slavery assessment and widening impact of due diligence</i>	<ul style="list-style-type: none"> <li>• Desktop audit of five additional suppliers.</li> <li>• Desktop audit of five indirect (Tier 2) suppliers.</li> <li>• Desktop audit of two Tier 3 suppliers.</li> <li>• Implementation and monitoring of supplier pack with five additional higher risk suppliers.</li> <li>• Re-assessment of additional 500 existing suppliers using proprietary risk assessment tool.</li> <li>• Continued assessment of operational risk exposure, facilitated by working group.</li> </ul>
	<i>Effectively Measuring Effectiveness &amp; enhancing leadership and steering of modern slavery response</i>	<ul style="list-style-type: none"> <li>• Continued operation of working group to assess effectiveness of planned actions and reporting internally on modern slavery progress.</li> </ul>



**PART FIVE:**  
CONSULTATION WITH  
CONTROLLED ENTITIES  
AND OTHER RELEVANT  
INFORMATION

Yancoal has engaged with all mandatory reporting entities and all owned and controlled entities within the Group, as outlined in Part 1, to prepare this statement.

Throughout the reporting period, all of the procurement functions of the Yancoal Group, and owned and controlled entities, have been managed by a centralised procurement function. This centralised

procurement has categorised group suppliers to facilitate a comprehensive supply chain risk assessment of all entities. The Group's due diligence framework, including the implementation of our due diligence actions under our Three-Year Modern Slavery Response Plan, covers all entities within the Yancoal Group.

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*All of the procurement functions of the Yancoal Group, and owned and controlled entities, have been managed by a centralised procurement function.*

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## APPENDIX: INITIAL RISK ASSESSMENT METHODOLOGY SUMMARY

As discussed in Part Two of this Statement, we applied the initial risk assessment methodology to new suppliers that were not previously subject to the process in the previous reporting periods. This baseline exercise provides the basis for our subsequent focus for ongoing due diligence and remediation activities.

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

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

- a. The United Nations' (UN) System of National Accounts;
- b. UN COMTRADE databases;
- c. Eurostat databases;
- d. The Institute of Developing Economies, Japan External Trade Organisation (IDE/JETRO); and
- e. Numerous National Agencies including the Australian Bureau of Statistics.

The MRIO is then examined against the following international standards:

- a. The UN Guiding Principles on Business and Human Rights;
- b. The Global Slavery Index;
- c. International Labour Organisation (ILO) Global Estimates of Modern Slavery; and
- d. The United States' Reports on International Child Labour and Forced Labour.

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

This analysis was performed for the purposes of risk identification under the Act. It does not purport to confirm the actual existence (or non-existence) of slavery in Yancoal's supply chains and operations. Analysis was undertaken at the industry and country level. It does not account for variances at the entity, region or product level.

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

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

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*This supply chain mapping was performed using a balanced, global Multi-Regional Input-Output (MRIO) table, which links supply chain data from 190 countries and across 15,909 industry sectors.*

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# C O R P O R A T E   D I R E C T O R Y

## **CURRENT DIRECTORS:**

Baocai Zhang  
Ning Zhang  
Gregory Fletcher  
Changyi Zhang  
Helen Gillies  
Dr Geoffrey Raby  
Yaomeng Xiao  
Gang Ru  
Xiaolong Huang

## **COMPANY SECRETARY:**

Laura Ling Zhang

## **AUDITOR:**

SW Audit  
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Public Interest Entity Auditor recognised in accordance with the Financial Reporting Council Ordinance

## **REGISTERED AND PRINCIPAL PLACE OF BUSINESS:**

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## **AUSTRALIAN COMPANY NUMBER:**

111 859 119

## **AUSTRALIAN SECURITIES EXCHANGE LTD (ASX):**

Stock code: YAL

## **STOCK EXCHANGE OF HONG KONG LIMITED (HKEX):**

Stock code: 3668

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## **COUNTRY OF INCORPORATION:**

Incorporated in Victoria, Australia with limited liability

## **WEB ADDRESS:**

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[WWW.YANCOAL.COM.AU](http://WWW.YANCOAL.COM.AU)