

**Statement of action**  
**Human Rights &**  
**Modern Slavery**

**May 2022**

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# 1. Introduction

The Commonwealth *Modern Slavery Act 2018* (**the Act**) entered into force on 1 January 2019. The Act established a national Modern Slavery Reporting Requirement (**Reporting Requirement**). This is Kestrel Coal Resources second Modern Slavery Statement which applies to the calendar year 2021.

## 1.1 What is Modern Slavery?

Modern slavery describes situations where offenders use coercion, threats or deception to exploit victims and undermine their freedom. Practices that constitute modern slavery can include:

- Human trafficking,
- Slavery and related practices,
- Servitude,
- Severe discrimination,
- Forced labour,
- Barriers to free association,
- Debt bondage,
- Forced marriage, and
- Child labour.

Any business entity has a responsibility to respect human rights in their operations and supply chains, as outlined in the United Nations Guiding Principles on Business and Human Rights, and the Australian Commonwealth Modern Slavery Act 2018 (the Act).

## 1.2 Commitment to action

Working against modern slavery in all forms aligns to core values of Kestrel, as:

- We are respectful – acting with honesty, integrity and aiming to be the team everyone else wants to work with; and
- We are committed – whether its safety, hitting our targets, caring for our people, community or environment, we're committed to doing it right.

Kestrel has a zero tolerance approach to any form of modern slavery within their business and supply chain.

Effective management of Modern Slavery is an ongoing process. Kestrel is dedicated to develop continually improve its Modern Slavery practices.

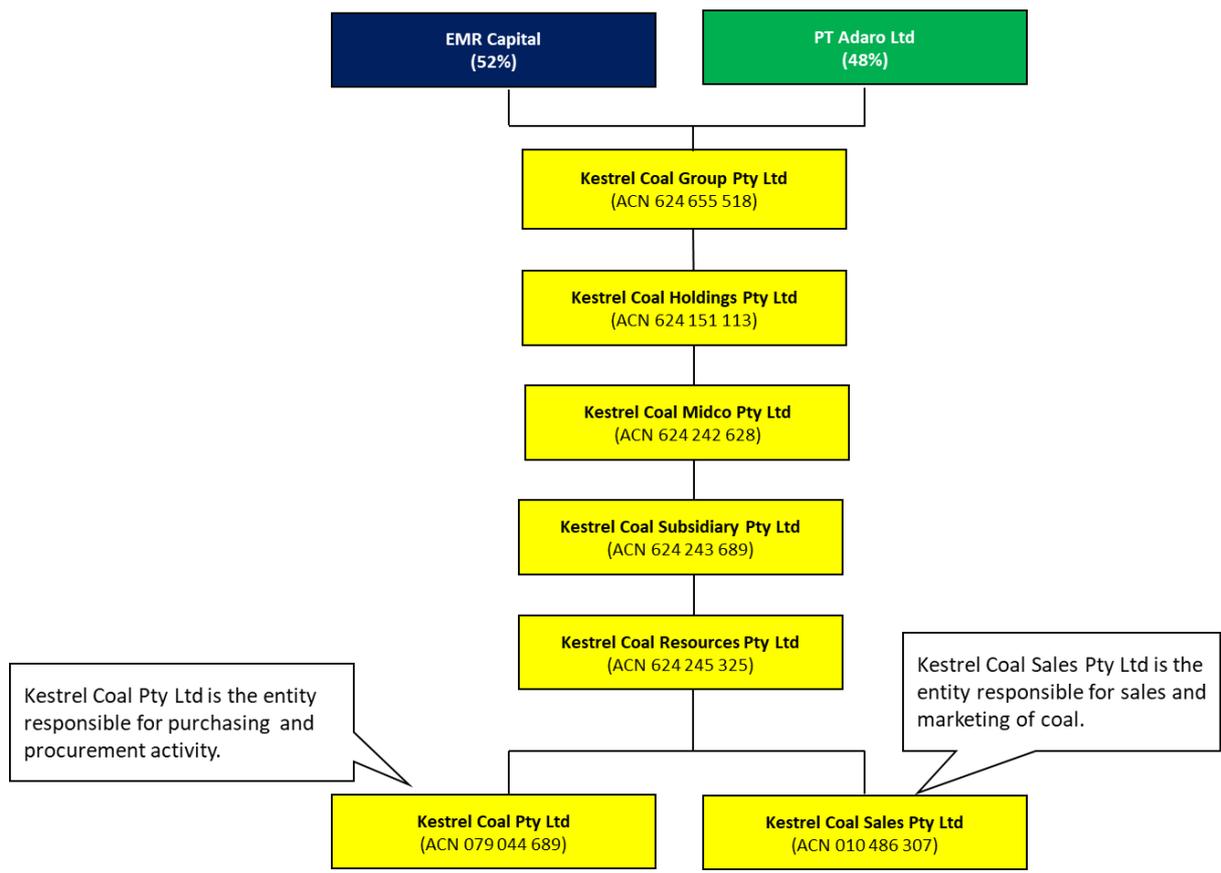


### 1.3 Applicable reporting entities

This Modern Slavery Statement is made pursuant to the Act by Kestrel Coal Resources Pty Ltd (Kestrel) in respect of Kestrel and its related bodies corporate (the Group) and relates to the calendar year 1 January 2021 to 31 December 2021. Related entity structure is shown below and includes:

- Kestrel Coal Group Pty Ltd;
- Kestrel Coal Holdings Pty Ltd;
- Kestrel Coal Midco Pty Ltd;
- Kestrel Coal Subsidiary Pty Ltd;
- Kestrel Coal Pty Ltd; and
- Kestrel Coal Sales Pty Ltd

Kestrel and its related entities within the Group each share the same Board members and executive management and accordingly operate under the policies, processes and procedures.



## 2. Who we are

### 2.1 Ownership

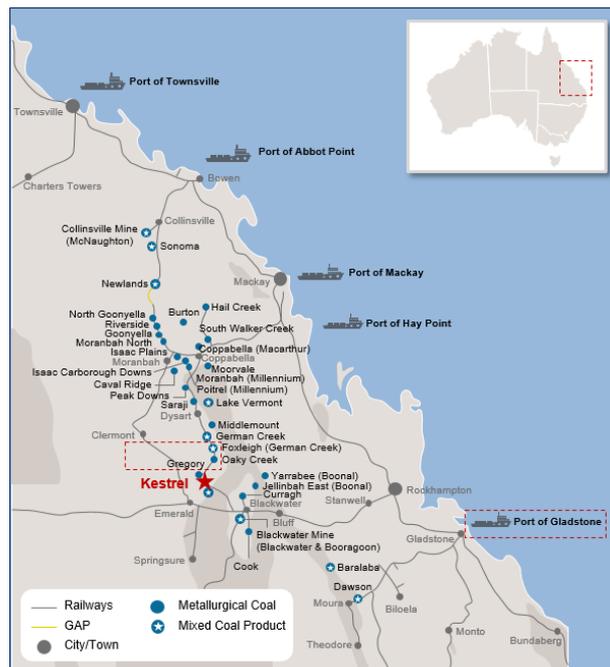
Kestrel is an Australian proprietary company established in 2018 and is based in Queensland, Australia. We operate to produce metallurgical coal for global sales for steel production. We employ approximately 600 people (including contractors) across our site and offices.

Kestrel Coal Resources is jointly owned by EMR Capital (52%) (EMR) and PT Adaro Energy (48%) (Adaro). EMR is a global private equity firm with offices in Australia, Hong Kong, Singapore and the Cayman Islands. It invests in mining companies and projects around the world in the copper, gold, potash and metallurgical coal sectors.

PT Adaro Energy is a publicly listed coal mining development and production group based in Jakarta, Indonesia. Adaro is a significant producer of energy coal, and aspires to grow its energy coal and metallurgical coal businesses in Indonesia and selected international investments

### 2.2 Operations

Kestrel is an underground metallurgical coal miner and operates the Kestrel Coal Mine, one of the world’s largest producing underground coking or metallurgical coal mines and produces around 7.5 million ROM tonnes annually. The Kestrel Coal Mine is located approximately 45 kilometres north-east of Emerald, Queensland, and Kestrel has offices in Emerald and in Brisbane. Kestrel Coal Mine is owned in joint venture between Kestrel (80%) and Mitsui Kestrel Coal Investments Pty Ltd (20%).



### 3. Supply Chain Areas

Our workforce is predominantly sourced from our local region: employees and contractors alike, managed through a formal payroll and contractor management system.

Procurement expenditure is related to underground coal mining goods and services.

Technology	<ul style="list-style-type: none"> <li>• Office Furniture</li> <li>• Computers</li> <li>• Electronic Equipment – mobile phones, tablets</li> <li>• Office supplies/Printing</li> </ul>
Labour hire and services	<ul style="list-style-type: none"> <li>• Contract labour hire</li> <li>• Professional services – engineering, legal, finance, project management</li> <li>• Equipment maintenance services</li> <li>• Fabrication services</li> <li>• Drilling services</li> </ul>
Bulk materials (oils, fuels, acids, raw materials)	<ul style="list-style-type: none"> <li>• Diesel and fuels</li> <li>• Oils</li> <li>• Greases</li> <li>• Magnetite</li> <li>• Stone dust and cement</li> </ul>
Maintenance & replacement supplies, general consumables	<ul style="list-style-type: none"> <li>• Mining equipment</li> <li>• Fixed Plant equipment</li> <li>• Conveyors</li> <li>• Pumps</li> <li>• Hydraulic equipment and components</li> <li>• Industrial supplies/Tools</li> <li>• Electrical Consumables and HVAC Systems</li> <li>• Strata Control</li> <li>• Filter media</li> <li>• Pipe, valves and fittings</li> <li>• Steel</li> <li>• Piping, casing and chemicals</li> </ul>
Non-production - clothing	<ul style="list-style-type: none"> <li>• Personal Protective Equipment/ Uniforms</li> </ul>
Hospitality	<ul style="list-style-type: none"> <li>• Accommodation services including catering</li> <li>• Facilities services – cleaning, cleaning chemicals and equipment</li> </ul>
Energy & shipping	<ul style="list-style-type: none"> <li>• Electricity from grid sources</li> <li>• Shipping activities of product and consumables</li> </ul>

## 4. Risk Management of Modern Slavery

### 4.1 Risk of Modern Slavery in our operations

As one of the largest underground coal mining operations in Australia, Kestrel purchases from hundreds of suppliers and sub-contractors every year. Given the complexity of these supply chains, Kestrel undertakes numerous activities to manage Modern Slavery risk. The Table in section 4.2 - Key Activities and Actions - 2021 below, outlines the key activities Kestrel has undertaken in 2021 (in addition to 2020).

### 4.2 Key Activities and Actions – 2021

#### **Contract Terms**

All of Kestrel’s contract terms (standard long form contract and Purchase Order T&C’s) include modern slavery compliance obligations.

#### **New Supplier Questionnaire**

Kestrel requires new suppliers to complete a modern slavery questionnaire which helps in providing supply chain transparency but also modern slavery awareness for new suppliers.

In addition to the new supplier questionnaire, Kestrel’s Code of Conduct now contains provision for modern slavery. The Code of Conduct applies to all suppliers providing goods and services to Kestrel.

#### **Review of Supplier’s Modern Slavery Statements**

Kestrel has reviewed its highest risk and highest spend supplier’s Modern Slavery statements to monitor activities and processes for managing Modern Slavery risk.

Discussions have also been conducted with high spend suppliers to understand in detail governance processes and corrective plans in instances where Modern Slavery is suspected.

#### **Modern Slavery Training**

Modern Slavery online training has been completed by key personnel. This training will be rolled out more widely in future years.

### 4.3 Assessing Effectiveness of Actions

Kestrel is committed to continually improve our systems, processes and to address the effectiveness of these actions. Some of the steps we have undertaken are as follows:

- Reviewing the level of understanding of Modern Slavery with the key personnel who have undertaken training
- Compliance of Modern Slavery Questionnaire by all newly inducted suppliers – 100% compliance
- Acceptance of Modern Slavery clauses in our standard contract and Purchase Order Terms & Conditions – 100% compliance

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This Statement is made in accordance with the Modern Slavery Act 2018 (Cth) and constitutes our Modern Slavery Statement for the reporting year commencing 1 January 2021 and ending 31 December 2021. This statement has been approved by the Board of Kestrel Coal Resources Pty Ltd.



Shane Hansen

**Chief Executive Officer**

**3 May 2022**



**WE ARE  
RESPECTFUL**



**WE ARE  
ONE**



**WE ARE  
COMMITTED**



**WE ARE  
AGILE**