

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

**March 2021**

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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 Statement of Action addresses the mandatory reporting criteria and proactive steps Kestrel Coal Resources has taken to address Modern Slavery in its Supply Chain.

## 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.

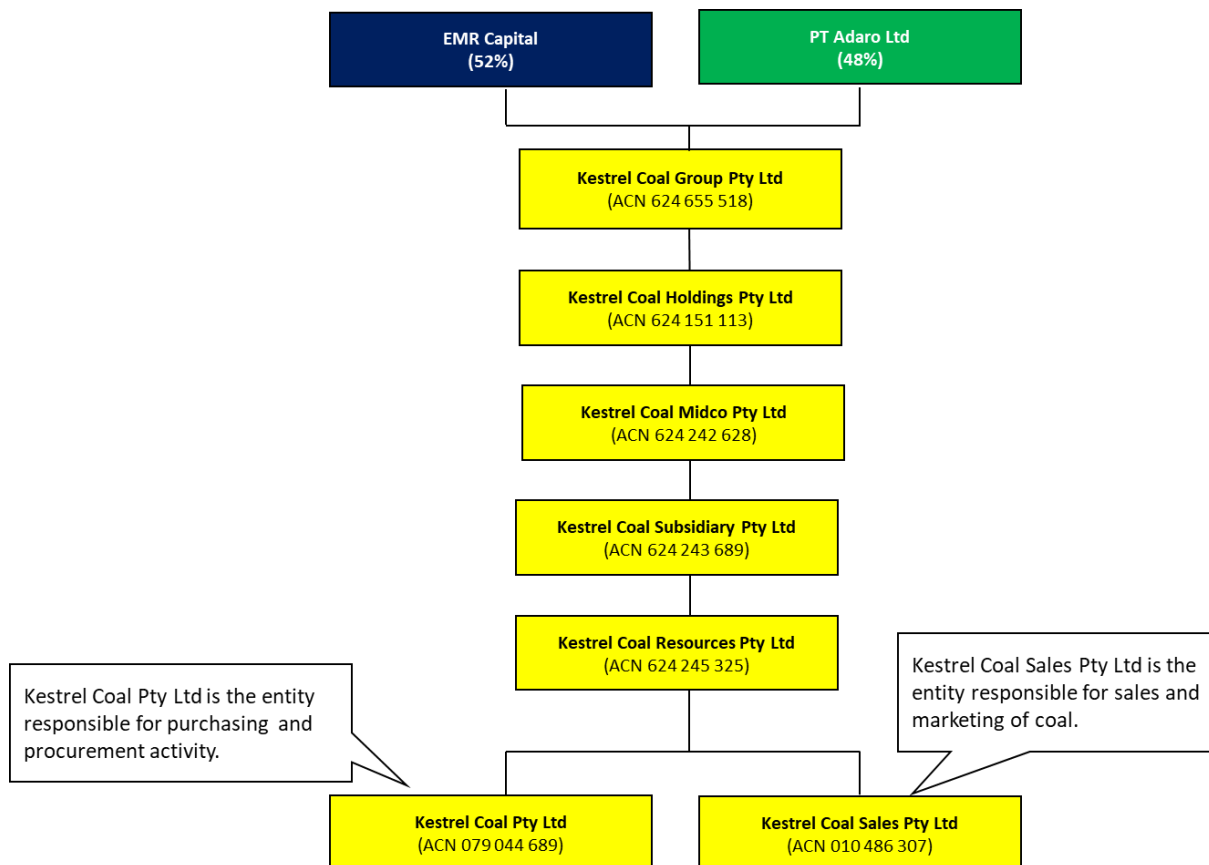
This document explains steps Kestrel Group has taken to prevent, detect and respond to slavery and human trafficking within our business and throughout our supply chain.

### 1.3 Applicable business entities & decision makers

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 2020 to 31 December 2020. 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 private equity investment company based in Melbourne, Australia and Hong Kong. It invests in mining companies and projects around the world in the copper, gold, potash and metallurgical coal sectors.

PT Adaro Energy is a publically 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 services and goods.

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 &amp; fuels</li> <li>• Oils</li> <li>• Greases</li> <li>• Magnetite</li> <li>• Stone dust, 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 &amp; 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 &amp; consumables</li> </ul>

## 4. Risk management system of modern slavery

### 4.1 Pathways: sources and potential risk of modern slavery areas

	Non-discrimination & diversity	Human trafficking	Child labour	Forced or compulsory labour	Barriers to free association	Wages, penalties & working hours
Technology	●	●	●	●		
Labour hire & services	●	●	●	●	●	●
Shipping (supply chain)				●	●	●
Bulk materials (oils, fuels, acids)		●	●	●		
Maintenance & general consumables (tyres, wheels, belting, other)		●	●	●		●
Non-production - clothing	●	●	●	●		
Hospitality (lodging, cleaning & food)	●				●	●
Shipping (product)				●	●	●

## 4.2 Controls, checks & balances

Control type	Controls in place
Labour & employment due diligence	<ul style="list-style-type: none"> <li>Formal labour &amp; contractor management system in place, including payment &amp; verification of identity</li> <li>Majority of employees managed through formal Enterprise Agreements (EA)</li> </ul>
Supply chain (goods & services) due diligence	<ul style="list-style-type: none"> <li>Heat maps &amp; forensic assessments Minimum supplier requirements and contractual obligations</li> <li>Formal payment system, with accounts confirmation &amp; assurance</li> <li>Supplier self-assessments*</li> <li>Supplier independent audits*</li> </ul>
Detection, reporting & transparency	<ul style="list-style-type: none"> <li>Whistleblower reporting hotlines &amp; process</li> <li>Coal Mining Safety &amp; Health Act 1999 - 275AA Protection from reprisal</li> <li>Complaints &amp; grievances mechanisms &amp; process</li> <li>Industry collaboration</li> <li>Checks &amp; consultation with major suppliers*</li> </ul>
Governance, training & culture	<ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Sustainability &amp; Climate Change Policy</li> <li>Sustainability strategy, reporting &amp; tracking</li> <li>Human Rights &amp; Modern Slavery Policy</li> <li>Awareness training of Modern Slavery*</li> </ul>

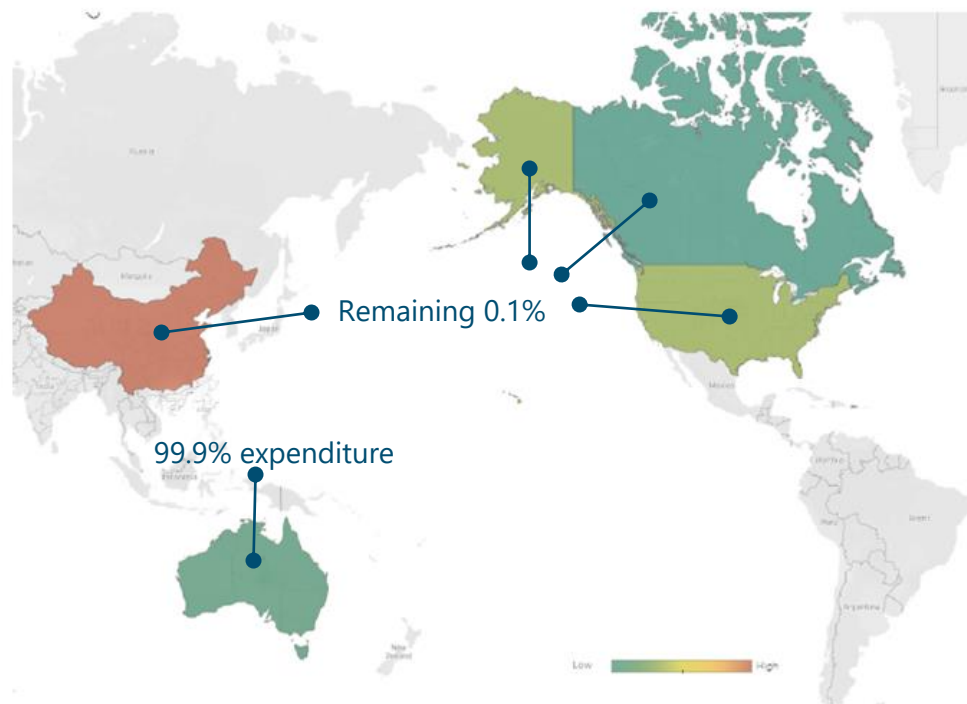
*\*To be developed in 2021*



## 5. Activities in 2020 & outcomes

### 5.1 Heat maps as supply chain due diligence

Kestrel engaged an independent Forensic & Technology Services team to undertake a modern slavery heat map assessment of tier one suppliers, contractors and agents to country of operation, industry or products or services against a variety of auxiliary factors that form part of the 2018 Global Slavery Index.



Heat mapping identified that 99.9% of total Kestrel spend was in Australia, and attributable to 689 Australian suppliers.

Many of Kestrel's Australian-based suppliers are reporting entities for the purposes of the Modern Slavery Act, and will therefore be required to produce a modern slavery statement in the future (some having produced statements already).

- Kestrel expects further visibility into these entities with reporting reviews in relation to actions taken in relation to modern slavery risks.

Suppliers who are not required to report are generally smaller businesses, and operate locally near to Kestrel operations with limited supply chains.

- Kestrel will engage with smaller suppliers to understand the process and risk of modern slavery within their business and supply chain.

The remaining 0.1% of supply was attributable to a total of 5 international suppliers, with 4 of these 5 suppliers coming from countries that have low modern slavery risk based on the 2018 Global Slavery Index rankings. One supplier is based in a country that is considered a high-risk country based on the prevalence and vulnerability of modern slavery.

- Kestrel will engage with this supplier to understand the processes and risk assessments conducted to address the risk of modern slavery.

## **5.2 Minimum supplier requirements & obligations**

Kestrel's procurement contract templates and purchase order terms were updated to include modern slavery compliance obligations for our direct suppliers and sub-contractors. These updates include representations that neither the supplier nor its immediate sub-contractors will engage in offences against modern slavery laws and will continue to take steps to identify and prevent the risk of modern slavery in its organisation and supply chains.

## **5.3 Accounting checks & balances**

To be accepted into the Kestrel payment system & have invoices paid, suppliers must:

- 1) Provide bank account details and verification of the bank account in their company name, including letterhead, statements & phone validation.
- 2) Detail people listed & their hours to a published set of labour rates, which are reviewed prior to appointment.

## **5.4 Code of Conduct**

The Kestrel Code of conduct for employees and contractors outlines the standard of behaviour expected by all persons working for or on behalf of Kestrel. This Code requires all persons to act in accordance with all national and international laws, and to abide by the specific codes of practice including: anti-bribery and corruption, discrimination, bullying and harassment. The Code sets out Kestrel's commitment to addressing human rights and modern slavery.

## **5.5 CMSHA 1999 - 275AA Protection from reprisal**

The Coal Mining Safety & Health Act is the predominant legal instrument governing all coal mining activity in Queensland. Section 275AA specifically addresses protection from reprisal rights if safety or ethical concerns are raised by the workforce. It is enforceable in its own right, and the regulator also maintains an anonymous reporting phone service.

## **5.6 Whistle-blower service "Your Voice Matters"**

"Your Voice Matters" is the Kestrel whistle-blower service and covers services of protected reporting through to investigation. Whistle-blower provides a fundamental mechanism for safe and secure means of disclosing wrongdoing. Whistle-blower services provide an ability to report ethical issues across all levels of the business.

Reporting on whistle-blower activities are provided separately, however Kestrel can advise whistle-blower services are active & functioning, with the workforce trained & aware of Whistle-Blower reporting as an option to have an ethical matter investigated.

## **5.7 Industry collaboration**

In 2020 Kestrel actively participated in multiple industry stakeholder forums to discuss & learn about leading practices in human rights issues including Modern Slavery, including QRC and member organisations. Kestrel also attended various Modern Slavery webinar events hosted by industry & supporting groups, applying learnings into their own practices of modern slavery.

## **5.8 Sustainability & Climate Change Policy**

Kestrel is strongly committed to sustainable, ethical practices as part of our business DNA. Our sustainability policy outlines the following business outcomes:

- Respect and support human rights, and ensure that Kestrel does not participate or be associated with any activity which violates human rights, including freedom for open collective bargaining, abolition of forced or compulsory labour including child labour.
- Fight against all forms of corruption or unethical advantage, extortion and bribery.
- Ensure transparency for corporate governance and compliance to applicable laws and regulations, and maintain high standards of financial and ethical behaviour.

## 7. Plan forward

Kestrel recognises that tackling modern slavery requires a continuing year-on-year commitment, & constant vigilance. In 2020, we built foundations and systems to ensure protection of human rights & prevention modern slavery associated with our business. In 2021 we will continue to improve our systems, and work with industry and our suppliers to work together towards our shared goals to effectively eradicate modern slavery from our supply chains and business in all forms.

### 7.1 Strategy activity

- Review of modern slavery statements of suppliers to understand the processes and risk assessments conducted to address the risk of modern slavery, and engaging with our suppliers to verify standings:
  - Located in high-risk countries.
  - Suppliers of high-risk goods or services.
- Engaging with suppliers who are not required to submit a modern slavery to grow their understanding and map potential issues.
- Improving supplier selection processes and on-boarding process for engaging new suppliers, including:
  - Those identified to be within high risk industries or locations,
  - Improved supplier obligations standards
  - Supplier self-assessment checks.
  - Major supplier independent audits.
- Ongoing collaboration and sharing of information across industry, including review of leading practice.

### 7.2 Additional controls

- Awareness training for leadership & workforce
- Annual independent assessments of potential risk areas in our supply chains as a heat map and assessment
- Commitment to independent review & audit processes

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 2020 and ending 31 December 2020. This statement was approved by the Board of Kestrel Coal Resources Pty Ltd on 29 June 2021.



**Shane Hansen**  
**Chief Executive Officer**  
**12 July 2021**



**WE ARE  
RESPECTFUL**



**WE ARE  
ONE**



**WE ARE  
COMMITTED**



**WE ARE  
AGILE**