



## **PR-SH-0361**

### Kestrel SHMS Procedure



### **Scope 3 Emissions Reporting**

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Status: Approved and authorised for use

Revision: 0 (07/03/2025)

Business Owner: Principal Carbon Transition

MoC Reference:

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## 1. Purpose

The purpose of this procedure is to set out the emissions reporting boundary, calculation methods and key assumptions required to prepare the Scope 3 emissions associated with the Kestrel Mine.

## 2. Relevant Reporting Period

The Scope 3 emissions key assumptions, calculation methodology and emissions factors are set out for the emissions inventory for the period from 1 July 2022 to 30 June 2023.

## 3. Relationship to NGERs Reporting

The Scope 1 and 2 emissions from the Kestrel Mine are prepared and reported each financial year in accordance with the requirements of the *National Greenhouse and Energy Reporting Act 2007 (Commonwealth)* and its subordinate legislation. These are also prepared on a calendar year basis for the purposes of the Kestrel Financial Reporting Year.

It is noted that Scope 1 emissions reported in Table 1 reflect the updated values reported to the Clean Energy Regulator following the Emissions Intensity Determination procedures undertaken in early 2024.

Table 1: FY22/23 NGERs Reported Scope 1 and 2 Emissions

| Emissions Scope            | Total Reported (tCO <sub>2</sub> -e) |
|----------------------------|--------------------------------------|
| Scope 1 Emissions          | 1,558,246                            |
| Scope 2 Emissions          | 154,576                              |
| <b>Total Scope 1 and 2</b> | <b>1,712,822</b>                     |

## 4. Accounting and Reporting Principles

The carbon accounting principles adopted in this basis of preparation are consistent with those by the GHG Protocol in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard ("GHG Scope 3 Protocol"):

- **Relevance:** *Ensure the GHG inventory appropriately reflects the GHG emissions of the company and serves the decision-making needs of users – both internal and external to the company.*
- **Completeness:** *Account for and report on all GHG emission sources and activities within the inventory boundary. Disclose and justify any specific exclusions.*
- **Consistency:** *Use consistent methodologies to allow for meaningful performance tracking of emissions over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.*

- **Transparency:** Address all relevant issues in a factual and coherent manner, based on a clear audit trail. Disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.
- **Accuracy:** Ensure that the quantification of GHG emissions is systematically neither over nor under actual emissions, as far as can be judged, and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users to make decisions with reasonable confidence as to the integrity of the reported information.

## 5. Organisational Boundary

For the purposes of NGER reporting, Kestrel Coal Group Pty Ltd was identified as the Controlling Corporation (ABN: 7062465518).

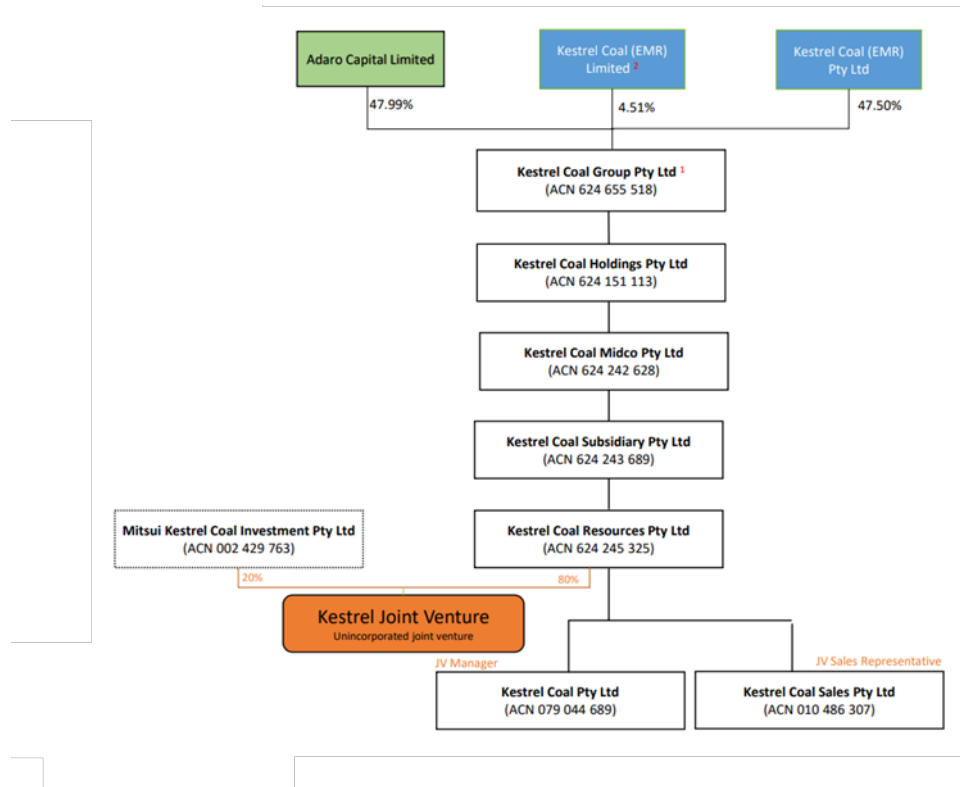


Figure 1: Kestrel Coal Corporate Structure

For the purposes of the Scope 3 assessment, all corporate entities set out in the corporate structure in Figure One were assessed using the control approach.

Table 2: Corporate Structure and Greenhouse Gas Emissions Boundary Scope

| Kestrel Coal Entity        | Ownership Share | Assessment of Control        |
|----------------------------|-----------------|------------------------------|
| Kestrel Coal Group Pty Ltd | 100%            | Yes, Controlling Corporation |

| Kestrel Coal Entity             | Ownership Share | Assessment of Control         |
|---------------------------------|-----------------|-------------------------------|
| Kestrel Coal Holdings Pty Ltd   | 100%            | Yes, 100% ownership           |
| Kestrel Coal Midco Pty Ltd      | 100%            | Yes, 100% ownership           |
| Kestrel Coal Subsidiary Pty Ltd | 100%            | Yes, 100% ownership           |
| Kestrel Coal Resources Pty Ltd  | 100%            | Yes, 100% ownership           |
| Kestrel Joint Venture           | 80%             | Yes, majority ownership share |
| Kestrel Coal Pty Ltd            | 100%            | Yes, 100% ownership           |
| Kestrel Coal Sales Pty Ltd      | 100%            | Yes, 100% ownership           |

The organisational boundary is set at all corporate entities set out in Table 2, with 100% reporting for the emissions associated with the Kestrel Mine, the key asset of the Kestrel Joint Venture.

## 6. Scope 3 Emissions Assessment

### 6.1 Assessment Criteria

The GHG Scope 3 Protocol sets out 15 categories of Scope 3 emissions to be considered in preparing a corporate value chain report. Within the organisational boundary set out in Section 5, Kestrel has separately considered all upstream and downstream sources of Scope 3 Emissions. These are depicted in Figure Two.

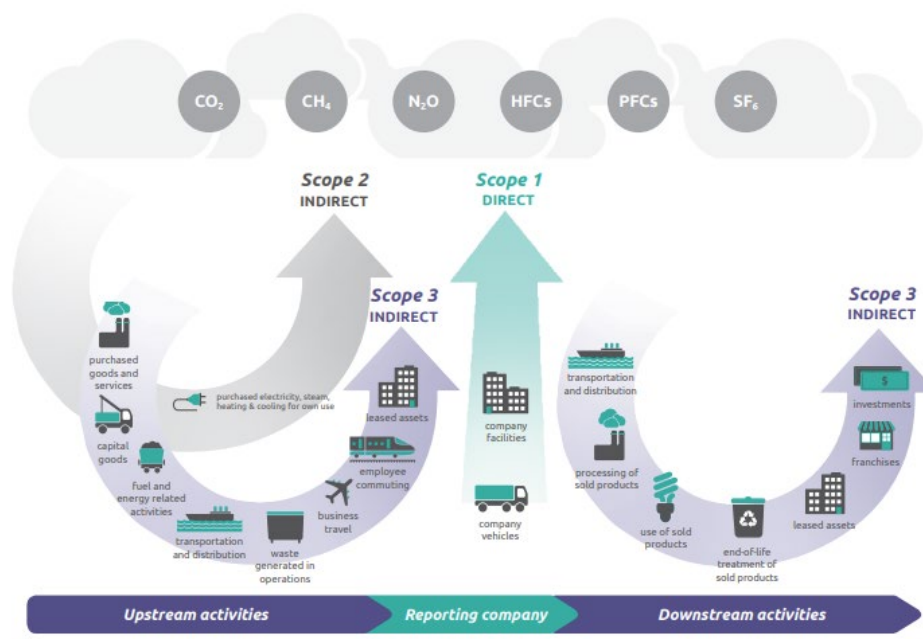


Figure 2: Overview of greenhouse gas protocol scopes and emissions across the value chain

Reference: GHG Protocol, Corporate Value Chain (Scope 3) Accounting and Reporting Standard

## 6.2 Sector Specific Guidance

As a coal mining entity, Kestrel considered mining industry guidance to determine what our peers have determined are relevant categories for Scope 3 emissions reporting as below.

### 6.2.1 CDP Technical Note: Relevance of Scope 3 Categories by Sector

The Carbon Disclosure Project (CDP) is a not for profit charity running a global disclosure system for entities to voluntarily report and manage their environmental impacts. In 2023 the CDP published a CDP Technical Note: Relevance of Scope 3 Categories by Sector which included coal sector guidance as below, noting that whilst this largely considers thermal coal producers, the guidance has been applied generally to Kestrel's Scope 3 emissions calculations.

*The vast majority of emissions associated with the Coal sector come from combustion by customers. In 2020, emissions from the combustion of coal in the power sector accounted for 69% of total CO<sub>2</sub> combustion emissions from coal, based on analysis of the IEA's World Energy Outlook 2021. The power sector accounts for 64% of coal energy demand, with industry accounting for 29% and the building sector 2.6% (IEA, 2021).*

*Therefore, Scope 3 category 11 "Use of sold products" is relevant for Coal sector companies to measure and report (CA100+, 2020:5) (Greene, 2018:6). Category 11 was the most reported Scope 3 category for the 10 Coal companies responding to the 2021 CDP climate change questionnaire on behalf of investors – 60% of companies reported it as "Relevant, calculated", and the size of emissions was significant, comprising 98% of total Scope 3 emissions and 64% of total Scope 1+2+3 emissions reported by the sector.*

Consistent with the advice, Kestrel will report emissions under Category 11 "Use of Sold Products".

### 6.2.2 ICMM Scope 3 Emissions Accounting and Reporting Guidance

Kestrel's Sustainability Strategy is consistent with the ICMM 10 Mining Principles. In 2023 the ICMM published, Scope 3 Emissions Accounting and Reporting Guidance (ICMM Scope 3) where Kestrel as a metallurgical coal producer is defined as "Bulk metals and materials" company type, meeting the value chain attribute of "Companies whose main commodities are metal ores, metal oxides, metallurgical coal, thermal coal, and mainly non-processed minerals – may include iron."

This also supports the requirement to report on Category 11 -use of sold products, stating, "Given the need for subsequent transformation, downstream categories of Scope 3 are a primary focus of bulk metals companies, whereby Category 11 – use of sold products – can represent more than 90% of total Scope 3 emissions in some cases (where fossil fuels are part of a company's commodity mix)."

For first time reporters, as Kestrel is with this first year of reporting, the ICMM provides a referential heat map of emissions hotspots based on the company categorisation in Table Three.

Table 3: Referential Heat Map of Emissions Hotspots at a Category Level by Type of Mining Company, Reference: ICMM Scope 3

| Scope 3 Category                      | Precious Metals | Bulk    | Base        | Diversified | Considerations  |
|---------------------------------------|-----------------|---------|-------------|-------------|---|
| 1. Purchased Goods & Services         | High            | Mid     | Mid to High | Mid to High | Supplier risks more relevant than contribution to total emissions       |
| 2. Capital Goods                      | Mid             | Mid     | Mid         | Mid         | Spend and corresponding emissions can be variable YoY                   |
| 3. Fuel & Energy-related              | High            | Mid     | Mid to High | Mid to High | Key-supplier spend category in terms of value and strategic risk        |
| 4. Upstream Transport                 | Mid             | Mid     | Mid         | Mid         | Transport is a key emissions driver globally                            |
| 5. Waste management                   | Mid-Low         | Mid-Low | Mid-Low     | Mid-Low     | Low contribution but can carry risks                                    |
| 6. Business Travel                    | Low             | Low     | Low         | Low         | Low contribution and risk   |
| 7. Employee Commuting                 | Low             | Low     | Low         | Low         | Low contribution and risk   |
| 8. Upstream Leased Assets             | Low             | Low     | Low to Mid  | Low         | N/A for many companies  |
| 9. Downstream Transport               | Mid             | Mid     | Mid         | Mid         | Transport is a key emissions driver globally                            |
| 10. Processing of Sold Products       | Mid             | High    | Mid-to high | Mid to High | Customer-side emissions are a key driver for 2 of 3 groups of companies |
| 11. Use of Sold Products              | Low             | High    | High        | Mid to High | Applicable to miners of fossil fuels and iron ore                       |
| 12. End of Life Treatment of Products | Low             | Low     | Low         | Low         | Low contribution and risk   |
| 13. Downstream Leased assets          | Low             | Low     | Low         | Low         | N/A for many companies  |
| 14. Franchises                        | Low             | Low     | Low         | Low         | N/A for many companies  |
| 15. Investments                       | Mid             | Mid     | Mid         | Mid         | Many mines are JVs  |

Kestrel used this mapping to determine the extent to which emissions sources were considered in greater detail in preparing the Scope 3 emissions inventory as summarised in the table below.

Table 4: Source 3 Emissions Categories Evaluation Approach

| Emissions Categories to be reported:                        | Emissions Categories to be assessed as relevant:                               | Emissions Categories only reported where data and emissions are readily available: |
|---|--|--|
| 10. Processing of sold products<br>11. Use of sold products | 1. Purchased Good and Services<br>2. Capital Goods<br>3. Fuel & Energy Related | 6. Business Travel<br>7. Employee Commuting<br>8. Upstream Leased Assets           |



| <b>Emissions Categories to be reported:</b> | <b>Emissions Categories to be assessed as relevant:</b>                                    | <b>Emissions Categories only reported where data and emissions are readily available:</b> |
|---|--|---|
|   | 4. Upstream Transport<br>5. Waste Management<br>9. Downstream Transport<br>15. Investments | 12. End of Life Treatment of Products<br>13. Downstream Leased Assets<br>14. Franchises   |

For the category of emissions identified as, “Emissions Categories to be assessed as relevant” in Table 5 above, the criteria applied to determine if these categories are to be reported were consistent with those set out in Table 6.1 of the GHG Scope 3 Protocol and reproduced below in Table 5.

*Table 5: Criteria for identifying relevant Scope 3 activities taken from the GHG Scope 3 Protocol*

| <b>Criteria</b> | <b>Description</b>  |
|-----------------|---|
| Size            | They contribute significantly to the company’s total anticipated scope 3 emissions  |
| Influence       | There are potential emissions reductions that could be undertaken or influenced by the company  |
| Risk            | They contribute to the company’s risk exposure (e.g., climate change related risks such as financial, regulatory, supply chain, product and customer, litigation, and reputational risks)                 |
| Stakeholders    | They are deemed critical by key stakeholders (e.g., customers, suppliers, investors, or civil society)  |
| Outsourcing     | They are outsourced activities previously performed in-house or activities outsourced by the reporting company that are typically performed in-house by other companies in the reporting company’s sector |
| Sector guidance | They have been identified as significant by sector-specific guidance  |

Emissions sources are deemed to be relevant for an entity when any two of the conditions in Table 5 are met (adapted from the GHG Protocol – Corporate Standard (WBCSD and WRI, 2004)). Table 6 sets out the initial relevancy assessment for each of the “Emissions Categories to be assessed as relevant” in Table 4. Note that as this listing of emissions categories was derived from the sectoral guidance, this was not assessed as a criterion.

Table 6: Emissions relevancy assessment

| Emissions Source  | Criteria   |  |      |   |                        | Notes  |
|---|--|--|------|---|------------------------|--|
|   | Size (Materiality)   | Potential to influence emissions reductions? | Risk | Relevant to Key Stakeholders?   | Outsourced Activities? |  |
| 1. Purchased goods and services   | To be assessed wherever practicable in this first reporting year | ✓  | ✗    | Kestrel has not tested the relevancy of emissions sources to key stakeholders | ✓                      | To determine if these, “Mid” (ICCM) emissions sources are relevant for Kestrel, the emissions will be calculated (wherever practicable) in this first reporting year and then the emissions relevancy assessment re-performed. |
| 2. Capital goods  |  | ✓  | ✗    |   | ✓                      |  |
| 3. Fuel- and energy-related activities (not included in scope 1 or scope 2) |  | ✗  | ✗    |   | ✓                      |  |
| 4. Upstream transportation and distribution                                 |  | ✗  | ✗    |   | ✓                      |  |
| 5. Waste generated in operations  |  | ✓  | ✗    |   | ✓                      |  |
| 9. Downstream Transport   |  | ✗  | ✗    |   | ✓                      |  |

### 6.2.3 Other Industry Guidance

Industry guidance consistently evolves as Scope 3 Emissions reporting improves in transparency. The availability of sector specific guidance is considered at each review of this procedure.

## 7. Data Collection Procedures and Emissions Calculations

In this first reporting year, in addition to testing the materiality of the categories of emissions defined as, "Emissions Categories to be assessed as relevant:", Kestrel also determined if emissions factors and activities were available for each emissions source in the category of, "Emissions Categories only reported where data and emissions are readily available". These considerations are set out by Scope 3 emissions source below.

### 7.1 Purchased Goods and Services

In this first reporting year in order to quantify the materiality of this category of Scope 3 emissions, Kestrel is applying a spend based assessment using Environmentally Extended Input-Output (EEIO) emissions factors. Kestrel recognises the limitations associated with the use of this approach, noting that the best use case is for a materiality assessment.

Kestrel reports financial accounts on a calendar year basis. To determine the Scope 3 emissions associated with purchased goods and services and/or capital goods, the top 10 highest expenditure categories were considered for each of 2022 and 2023. This category of emissions also includes the emissions sources for, "2. Capital Goods" in the same exercise.

With the discontinuation of the Quantis tool by the GHG Protocol, Kestrel considered all recommended calculation tools by the GHG Protocol. Of these, the most current data was contained in the US EPA, "Supply Chain Greenhouse Gas Emission Factors for US Industries and Commodities, USEPA Report". As the latest available data, Kestrel used the 2016 Industry summary factors without margins for those top 10 highest spend categories where a Scope 3 Emissions factor was assessed as applicable. Kestrel considered all potential applicable factors and reported all expenditure under the category of "Support Activities for Mining" as the most conservative approach. As Kestrel's spend was recorded in AUD, an average annual exchange rate was applied to ensure consistency in reporting units.

In using the EEIO the emissions factors account for full value of this emissions source, including both the emissions for 2. Capital Goods and 4. Upstream Transportation and Distribution.

Table 7: Emissions calculations key variables for Purchased goods and services

| Data                             |                              | Value in this reporting period  |         |               |
|----------------------------------|------------------------------|---|---------|---------------|
| Activity Data                    |                              | Total expenditure in the reporting period   |         |               |
| Activity Data Key Assumptions    |                              | Top ten categories of spend considered only.<br>USD to AUD conversion applied on an annual average basis. |         |               |
| Emissions Factors                |                              |   |         |               |
| Category of Scope 3 Emission     | Units of emissions factor    | Carbon Dioxide  | Methane | Nitrous Oxide |
| Support activities for mining    | kg/2016 USD, purchaser price | 0.325   | 0.001   | 0             |
| Emissions Factor Key Assumptions |                              | 2016 Industry Summary factors without margins applied.  |         |               |
| Emissions Factor Data Source     |                              | US EPA environmentally extended input output tables.  |         |               |

## 7.2 Capital Goods

Included in the emissions calculations of 7.1 Purchased goods and services.

## 7.3 Fuel- and Energy-Related Activities (not included in scope 1 or scope 2)

For all hydrocarbon and electricity reported in Kestrel's FY22/23 NGER report, Scope 3 emissions from the upstream distribution and transportation were calculated using the same NGER activity data and the Scope 3 emissions factors prescribed in the National Greenhouse Accounts Factors: 2023 published by the Department of Climate Change, Energy, Environment and Water for each type and use of hydrocarbon.

Table 8: Emissions calculations key variables for upstream fuel and energy related activities

| Data  | Value in this reporting period   |  |
|---|--|--|
| Activity Data                                   | Consistent with the NGER reporting method  |  |
| Activity Data Key Assumptions                   | Consistent with the NGER reporting method  |  |
| Emissions Factors                               | Fuel combusted   | Scope 3 Emission Factor (kg CO <sub>2</sub> -e /GJ)            |
| Stationary Energy                               | Petroleum based oils (other than petroleum based oil used as fuel), e.g. lubricants  | 18.0   |
| Stationary Energy                               | Petroleum based greases  | 18.0   |
| Stationary Energy                               | Diesel oil   | 17.3   |
| Stationary Energy                               | Liquefied petroleum gas (LPG)  | 20.2   |
| Cars and light commercial vehicles              | Diesel oil   | 17.3   |
| Heavy duty vehicles                             | Diesel oil - Euro iv or higher   | 17.3   |
| Emissions Factors                               | State, Territory or grid description   | Transmission and distribution losses kg CO <sub>2</sub> -e/kWh |
| Transmission and distribution network operators | Queensland   | 0.12   |
| Emissions Factor Key Assumptions                | Consistent with the NGER reporting method  |  |
| Emissions Factor Data Source                    | From the NGA Factors:<br><br>Table 9 Direct (scope 1) and indirect (scope 3) emission factors for the consumption of liquid fuels, including certain petroleum based products for stationary energy purposes<br><br>Table 10 Direct (scope 1) and indirect (scope 3) emission factors for the consumption of transport fuels in different transport equipment<br><br>Table 11 Transmission and distribution losses |  |

## 7.4 Upstream Transportation and Distribution

As Kestrel used industry factors for "Category 1, Purchased Goods and Services", the upstream transportation and distribution for these emissions sources have been accounted for in this category. Accordingly, no additional work was performed to estimate the emissions from this category.

## 7.5 Waste generated in Operations

The total waste collected and disposed of by Kestrel’s waste provider, JJ Richards is provided in a monthly report. The “General Waste to Landfill” total tonnages were used in reporting. Kestrel Mine’s waste is best characterised by the waste category, “Commercial and industrial”.

Emissions Factors for waste are taken from the NGA Factors.

Waste which was recycled and/or regulated waste and septic waste is not included in the emissions boundary as there is currently no robust and transparent emissions factor for this waste.

Table 12: Emissions calculations key variables for waste generated in operations

| Data                             | Value in this reporting period   |   |
|----------------------------------|--|---|
| Activity Data                    | Invoice data from JJ Richards  |   |
| Activity Data Key Assumptions    | Waste to landfill reported.  |   |
| Emissions Factor                 | Scope 3 emission factor (t CO <sub>2</sub> -e/t) Volume to mass conversion factor (t/m <sup>3</sup> )                                | Scope 3 emission factor (t CO <sub>2</sub> -e/t) Volume to mass conversion factor (t/m <sup>3</sup> ) |
| Commercial and industrial waste  | 1.3  | 0.33  |
| Emissions Factor Key Assumptions | N/A  |   |
| Emissions Factor Data Source     | Table 16 Indirect (scope 3) waste emission factors for total waste disposed to landfill by broad waste stream category, NGA Factors. |   |

## 7.6 Business Travel

Kestrel used a centralised booking platform CTM for all employee travel. An extract of all flights for the FY22/23 was generated from this platform, including the total flight length.

Using the GHG Protocol factors for air travel based on flight length the following assumptions were required to ensure the flights were appropriately represented in each category:

- Air-Domestic is based on the longest flight distance in the UK. This is assumed to be 430km.
- Air-Short Haul-First/Business Class factor was used for Premium Economy fares of this length.

Whilst the CTM Platform calculates emissions per flight, these were not found to align with the GHG protocol and as such were not used.

Table 13: Emissions calculations key variables for business travel

| Data  | Value in this reporting period  |
|---|---|
| Activity Data   | CTM Reporting extract for the period from 1 July 2022 to 30 June 2023   |
| Activity Data Key Assumptions                           | N/A   |
| Emissions Factors                                       | Emissions Factor (kg CO <sub>2</sub> -e/Passenger km)   |
| Air - Domestic – Economy/Business                       | 0.17147   |
| Air - Short Haul - Economy                              | 0.09245   |
| Air - Short Haul - Premium Economy/Business Class/First | 0.13867   |
| Air - Long Haul - Business Class                        | 0.23963   |
| Air - Long Haul - First Class                           | 0.33052   |
| Emissions Factor Key Assumptions                        | <ul style="list-style-type: none"> <li>Air-Domestic is based on the longest flight distance in the UK. This is assumed to be 430km.</li> <li>Air-Short Haul-First/Business Class factor was used for Premium Economy fares of this length.</li> </ul> |
| Emissions Factor Data Source                            | GHG Protocol factors  |

## 7.7 Employee Commuting

Activity data was not readily available for employee commuting however reasonable assumptions can be made to determine the materiality of this emissions source.

The overwhelming majority of Kestrel staff commute from Emerald to the Kestrel mine with very few staff using the Emerald town office and a small head office in Brisbane excluded from these considerations. The Kestrel Mine consists of two different access points, Kestrel South, the most immediate location for the underground operations and Kestrel North where the Coal Handling, Processing and Preparation plant and train load out facilities are located. As the Kestrel North location is further away from Emerald, the distance from Emerald of 52 km was used.

Kestrel employees 600-700 staff. Assuming equal distribution across the 4 shifts, the commute for 350 staff every day of the year (2 shifts) was estimated using a heavy SUV.

Note the following make this estimate conservative:

- The majority of staff will commute to Kestrel South, which is 10km closer to Emerald.
- Busses are organised for staff staying at the Emerald town camps, which will result in lower total emissions than these estimates.

As the estimates for immaterial for the mine site, where the majority of staff are located, they were not estimated for the Brisbane office.

Table 14: Emissions calculations key variables for employee commuting

| Data                                    | Value in this reporting period  |
|---|---|
| Activity Data                           | Assumed   |
| Activity Data Key Assumptions           | 52 km distance travelled each way<br>350 staff travel each day            |
| Greenhouse Gas                          | Emissions Factors   |
| Heavy SUV and light commercial vehicles | 212.5g/km   |
| Emissions Factor Key Assumptions        | Average emissions intensity for MA and MC+NA category, 2020–2021          |
| Emissions Factor Data Source            | Carbon Dioxide Emissions Intensity for New Australian Light Vehicles 2021 |

## 7.8 Upstream Leased Assets

In applying the entity boundary outlined in Section 5, this category of emissions is not relevant for the Kestrel Coal Group.

## 7.9 Downstream transportation and distribution

The GHG Protocol published, “Emissions Factors from Cross-Sector Tools” which consolidates a set of emissions factors including emissions factors for the transport of freight.

### 7.9.1 Rail Transport

Kestrel rails coal product from the wash plant at Kestrel North, Lilyvale to Gladstone Port on the Aurizon network using Pacific National. The Blackwater System Information Pack outlines the specifics of this rail line. The total distance was estimated at 396.6 km. It is assumed that all product coal is transported to the Gladstone port via this rail line.



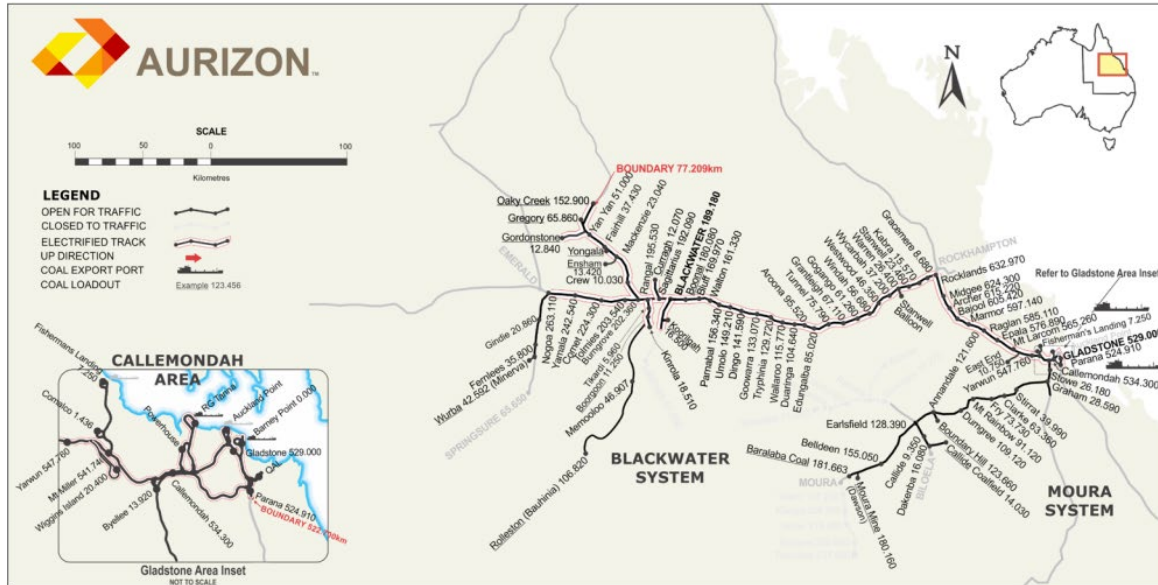


Figure 3: Blackwater Rail System

Pacific National published their operational emissions intensity in the 2024 Sustainability Report for FY23 as 17.1 tCO<sub>2</sub>-e/mNTK where NTK is defined as financed net tonne Kilometres (Pacific National, 2024).

### 7.9.2 Shipped Transport

Kestrel’s sold product is shipped from the Gladstone Port to our clients around the world. It is assumed that all sold coal is shipped, with the total shipped tonnages per location tracked by the Technical Marketing team.

The GHG Protocol Emissions Factors from Cross-Sector Tools Transport-Freight emissions factors were considered. The emissions factor for, “Watercraft Shipping” best describes the seaboard shipping of our product in Region, “Other”.

Whilst the factors are available on a type of ship basis, in practice the emissions factors are consistent and as such it does not change the calculated emissions to specific the ship type. For the watercraft-shipping freight type, the CO<sub>2</sub> factor for the Region, “Other” is nominated as 0.048 kg/Short Ton Mile and a CH<sub>4</sub> and N<sub>2</sub>O emissions factor for Waterborne Craft of 0.0041 gram/short ton mile and 0.0014 gram/short ton mile respectively.

A short ton mile is the equivalent of 907.18 kg of Product. These factors have been unit converted from a short ton mile to a tonne km.

### 7.9.3 Summary of Emissions Factors and Activity Data

Table 15: Emissions calculations key variables for downstream transportation and distribution

| Data                          | Value in this reporting period            |
|-------------------------------|---|
| Activity Data                 | Consistent with the NGER reporting method |
| Activity Data Key Assumptions | All product sold is railed to Gladstone.  |

| Data  | Value in this reporting period   |                                     |
|---|--|-------------------------------------|
| <b>Emissions Factors for Product Shipped in Tankers/Carriers</b>                |  |                                     |
| Emissions Factor (total CO <sub>2</sub> , CH <sub>4</sub> and N <sub>2</sub> O) | 0.048055   | kgCO <sub>2</sub> -e/short ton mile |
| Emissions Factor (total CO <sub>2</sub> , CH <sub>4</sub> and N <sub>2</sub> O) | 0.032881   | kgCO <sub>2</sub> -e/tonne km       |
| <b>Emissions Factors for Product Shipped via Rail</b>                           |  |                                     |
| Emissions Factor (total CO <sub>2</sub> , CH <sub>4</sub> and N <sub>2</sub> O) | 17.1   | tCO <sub>2</sub> -e/mNTK            |
| Emissions Factor Key Assumptions  | Region nominated as, "Other".  |                                     |
| Emissions Factor Data Source  | For shipped product: GHG Protocol, "Emissions Factors from Cross-Sector Tools"<br>For rail transport, Pacific National ESG Report FY2024 |                                     |

## 7.10 Processing of sold products

Kestrel Mine's primary product is metallurgical coal, exported from Australia to our clients around the world. Metallurgical coal is reduced by heating in an oxygen free environment to produce coke which is then in turn used as a reductant for iron oxides to metallic iron. The production of coke oven coke from Kestrel's metallurgical coal is captured in this category.

Whilst there are Australian estimates of the average emissions intensity of coke oven coke, as all of Kestrel's coal is exported, the emissions factors from the 2019 refinement to the IPCC Guidelines were used. The carbon content of coke is taken from Table 4.3 (updated) and the CO<sub>2</sub> emissions factor from Table 4.1 (updated), methane from Table 4.2 (updated). To account for the full value of the metallurgical coal the "Coke production without by-product recovery" factor in Table 4.1 was used, representing a conservative approach to estimating the ultimate emissions from the metallurgical coal.

Table 16: Emissions calculations key variables for sold products

| Data                             | Value in this reporting period  |
|----------------------------------|---|
| Activity Data                    | Consistent with the NGER reporting method   |
| Activity Data Key Assumptions    | Sold metallurgical coal   |
| <b>Greenhouse Gas</b>            | <b>Emissions Factors</b>  |
| Carbon Dioxide                   | 1.23 tCO <sub>2</sub> -e/t Coke produced  |
| Methane                          | 0.089g CH <sub>4</sub> / t Coke produced  |
| Emissions Factor Key Assumptions | Energy Content Factor of 0.73 kgC/kg  |
| Emissions Factor Data Source     | Table 4.2-4.4, Chapter 4 Metal Industry Emissions, Volume 3, 2019 refinement to the IPCC Guidelines |

## 7.11 Use of Sold Products

Kestrel also periodically produces thermal coal sold as part of the mining operations. This is primarily used for electricity generation.

As all of Kestrel’s coal is exported, the emissions factors from the 2006 IPCC Guidelines for stationary combustion in the energy industries. The default emissions factor for “Other bituminous coal” was taken for each of CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O from Table 2.2 with Kestrel’s specific calorific value of the coal used to convert to an energy content basis.

Table 17: Emissions calculations key variables for use of sold products

| Data                             | Value in this reporting period                        |
|----------------------------------|---|
| Activity Data                    | Consistent with the NGER reporting method             |
| Activity Data Key Assumptions    | All bituminous coal sold is used for Power Generation |
| Emissions Factors                | 94,902 kgCO <sub>2</sub> -e/TJ                        |
| Emissions Factor Key Assumptions | N/A   |
| Emissions Factor Data Source     | Table 2.2, Volume 2, 2006 IPCC Guidelines             |

## 7.12 End-of-life treatment of sold products

The end-of-life treatment of metallurgical and thermal coal are unlikely to result in significant emissions. Each of these products is valuable for their respective energy and carbon contents which incentivises our clients to minimise waste. There is also no established common approach, nor an emissions factor for our client’s management of the waste from their facilities. This is reflected in the ICMM categorisation of this emissions source as “Low” for relevancy and as such no further work has been performed on this category of emissions.

## 7.13 Downstream Leased Assets

In applying the entity boundary outlined in Section 5, this category of emissions is not relevant for the Kestrel Coal Group.

## 7.14 Franchises

In applying the entity boundary outlined in Section 5, this category of emissions is not relevant for the Kestrel Coal Group.

## 7.15 Investments

In applying the entity boundary outlined in Section 5, all material investments for Kestrel Coal Group have been included in the prepared FY22/23 inventory.

# 8. Total Scope 3 Emissions

## 8.1 Total Calculated Scope 3 Emissions

The total calculated emissions for each source for the FY22/23 is summarised in the table below. This demonstrates that Categories 9, 10 and 11 are material for Kestrel, with all other categories for which emissions were able to be calculated immaterial.

Table 18: Kestrel's FY22/23 Calculated Scope 3 Emissions

| Scope 3 Emissions Category  | Emissions Source   | Total Calculated Emissions (tCO <sub>2</sub> -e) | % of Total Calculated Scope 3 Emissions |
|---|--|--|---|
| 1. Purchased Goods  | Top Ten Category of Spend, by industry type                    | 46,271   | 1%                                      |
| 3. Fuel- and energy-related activities (not included in scope 1 or scope 2) | All Hydrocarbons and Electricity Transmission and Distribution | 31,735   | 0%                                      |
| 5. Waste generated in operations  | Waste to Landfill  | 2,558  | 0%                                      |
| 6. Business travel  | All Air Travel   | 300  | 0%                                      |
| 7. Employee Commuting   | Employee Commuting   | 2,824  | 0%                                      |
| 9. Downstream Transport   | Rail and Shipping of Product Coal                              | 1,302,948  | 18%                                     |
| 10. Processing of sold products   | Metallurgical coal to coke oven coke                           | 3,567,230  | 51%                                     |
| 11. Use of sold products  | Thermal Coal for power generation                              | 2,114,703  | 30%                                     |
| <b>Total</b>  |  | <b>7,069,739</b>                                 | <b>100%</b>                             |

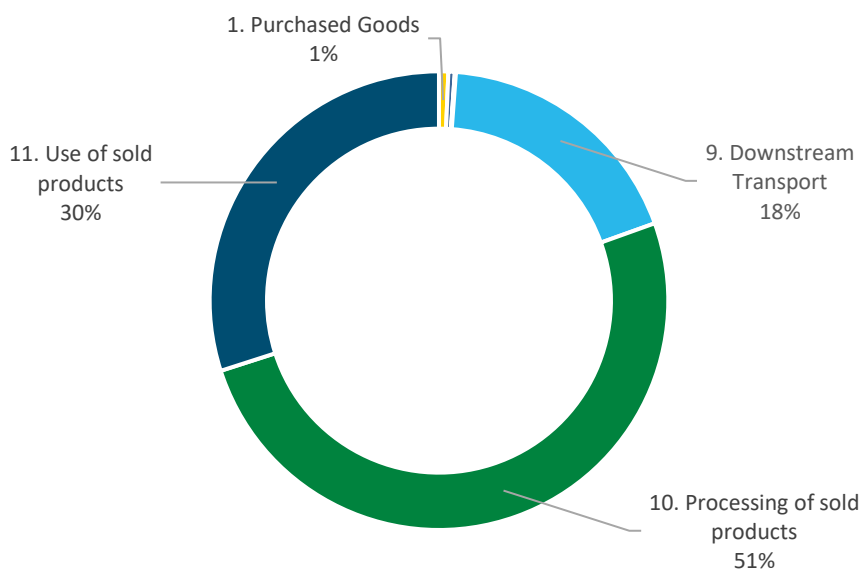


Figure 4: Kestrel's FY22/23 Calculated Scope 3 Emissions

## 8.2 Total Calculated Emissions

The table and figure below compares the calculated emissions scopes for Kestrel in FY22/23. This demonstrates, as expected, that the Scope 3 emissions for the activity in FY22/23 as 80% of all emissions reported for Kestrel.

Table 19: Kestrel's FY22/23 All Emissions Scopes

| Emissions Scope   | Total Reported (tCO <sub>2</sub> -e) |
|-------------------|--------------------------------------|
| Scope 1 Emissions | 1,558,246                            |
| Scope 2 Emissions | 154,576                              |
| Scope 3 Emissions | 7,068,570                            |
| Total All Scopes  | 8,781,392                            |

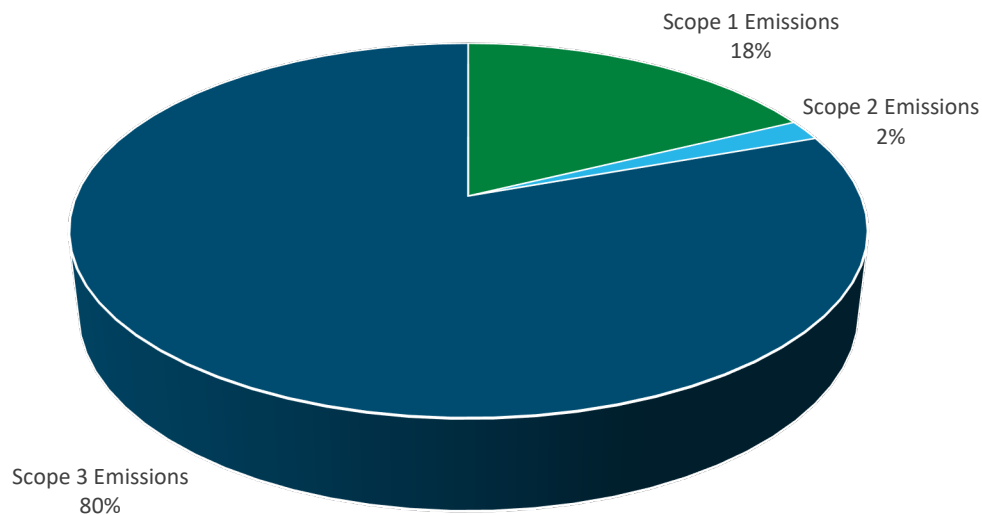


Figure 5: Kestrel's FY22/23 Emissions by Scope (all values rounded to the nearest %)

### 8.3 Assessing the relevancy of Scope 3 emissions sources for future Scope 3 emissions estimates.

With the work performed, the relevancy of the emissions sources in Table 6 was reassessed to determine which Scope 3 emissions sources should continue to be calculated in future inventories. To ensure all relevant categories of emissions were assessed, all Scope 3 emissions and the results of the considerations in this Basis of Preparation are set out in the revised table at Table 20.

Table 20: Emissions relevancy re-assessment for future Emissions Inventories

| Emissions Source  | Criteria           |  |      |                               |                        | Final Relevancy Assessment  |
|---|--------------------|--|------|-------------------------------|------------------------|---|
|   | Size (Materiality) | Potential to influence emissions reductions? | Risk | Relevant to Key Stakeholders? | Outsourced Activities? |   |
| 1. Purchased goods and services   | ✓                  | ✓  | ✗    | -                             | ✓                      | Assessed as relevant - Continue to be Reported.                                       |
| 2. Capital goods  |                    |  |      |                               |                        | Assessed as relevant - Captured in the assessment of 1. Purchased goods and services. |
| 3. Fuel- and energy-related activities (not included in scope 1 or scope 2) | ✗                  | ✗  | ✗    | -                             | ✓                      | Reported only because data and emissions factors are readily available.               |
| 4. Upstream transportation and distribution                                 | ✗                  | ✗  | ✗    | -                             | ✓                      | Captured in the assessment of 1. Purchased goods and services.                        |
| 5. Waste generated in operations  | ✗                  | ✓  | ✗    | -                             | ✓                      | Assessed as relevant - Continue to be Reported.                                       |
| 6. Business Travel  | ✗                  | ✓  | ✗    | -                             | ✓                      | Assessed as relevant - Continue to be Reported.                                       |
| 7. Employee Commuting   | ✗                  | ✓  | ✗    | -                             | ✓                      | Assessed as relevant - Continue to be Reported.                                       |

| Emissions Source                      | Criteria   |  |      |                               |                        | Final Relevancy Assessment                      |
|---------------------------------------|--|--|------|-------------------------------|------------------------|---|
|                                       | Size (Materiality)                                       | Potential to influence emissions reductions? | Risk | Relevant to Key Stakeholders? | Outsourced Activities? |   |
| <b>8. Upstream Leased Assets</b>      | Assessed as not applicable to Kestrel Coal Group Pty Ltd |  |      |                               |                        |   |
| 9. Downstream Transport               | ✓  | ✗  | ✗    | -                             | ✓                      | Assessed as relevant - Continue to be Reported. |
| 10. Processing of sold products       | ✓  | ✗  | ✗    | -                             | ✓                      | Assessed as relevant - Continue to be Reported. |
| 11. Use of Sold Products              | ✓  | ✗  | ✗    | -                             | ✓                      | Assessed as relevant - Continue to be Reported. |
| 12. End of Life Treatment of Products | Assessed as not applicable to Kestrel Coal Group Pty Ltd |  |      |                               |                        |   |
| 13. Downstream Leased Assets          | Assessed as not applicable to Kestrel Coal Group Pty Ltd |  |      |                               |                        |   |
| 14. Franchises                        | Assessed as not applicable to Kestrel Coal Group Pty Ltd |  |      |                               |                        |   |
| 15. Investments                       | Assessed as not applicable to Kestrel Coal Group Pty Ltd |  |      |                               |                        |   |

Key: ✓ = Yes, ✗ = No, - = Unassessed

## 9. Terms and Definitions

All definitions are consistent with those set out in the Corporate Value Chain Accounting Reporting Standard (GHG Protocol).

| Term  | Definition   |
|---|--|
| CO <sub>2</sub> equivalent (CO <sub>2</sub> -e) | The universal unit of measurement to indicate the global warming potential (GWP) of each greenhouse gas, expressed in terms of the GWP of one unit of carbon dioxide. It is used to evaluate releasing (or avoiding releasing) different greenhouse gases against a common basis.  |
| Control   | The ability of a company to direct the policies of another operation. More specifically, it is defined as either operational control (the organization or one of its subsidiaries has the full authority to introduce and implement its operating policies at the operation) or financial control (the organization has the ability to direct the financial and operating policies of the operation with a view to gaining economic benefits from its activities). |
| Downstream emissions                            | Indirect GHG emissions from sold goods and services. Downstream emissions also include emissions from products that are distributed but not sold (i.e., without receiving payment).  |
| Emission factor                                 | A factor that converts activity data into GHG emissions data (e.g., kg CO <sub>2</sub> -e emitted per litre of fuel consumed, kg CO <sub>2</sub> -e emitted per kilometre travelled, etc.).  |
| Global Warming Potential (GWP)                  | A factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given GHG relative to one unit of CO <sub>2</sub> .   |
| Materiality                                     | Concept that individual or the aggregation of errors, omissions and misrepresentations could affect the GHG inventory and could influence the intended users' decisions.   |
| NGER  | National Greenhouse and Energy Reporting Act 2007 and its subordinate legislation  |
| Scope 1 emissions                               | Emissions from operations that are owned or controlled by the reporting company.   |
| Scope 2 emissions                               | Emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by the reporting company.   |
| Scope 3 emissions                               | All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.   |
| Upstream emissions                              | Indirect GHG emissions from purchased or acquired goods and services.  |



## 10. Accountabilities

Where the source data aligns with the NGERs report, please see the Basis of Preparation for this report.

| Title                                   | Definition  |
|---|---|
| Chief Executive Officer                 | Executive Officer responsibility for National Greenhouse and Energy Reporting                                   |
| Strategic Sourcing Manager              | Responsible for certain categories of spend, resulting in Scope 3 emissions.                                    |
| Manager Commercial and Services         | Responsible for fuel, oils and consumables use tracking and reporting.  |
| Manager Accounting & Finance            | Responsible for provision of general ledger spend.  |
| Manager Technical Marketing & Logistics | Responsible for the provision of shipped tonnages   |
| General Manger Planning and Strategy    | Responsible for life of mine planning including carbon profile, and development of decarbonisation strategy.    |
| Superintendent Environment              | Responsible for collation and supply of waste invoices.   |
| Manager Sustainability                  | Responsible for sustainable business policy and strategy.   |
| Principal Carbon Transition             | Responsible for the preparation and maintenance of this document and the Scope 3 emissions inventory each year. |

## 11. Related Documents

| Reference                        | Title   | Link/Doc ID   |
|----------------------------------|---|---|
| <b>Legislative requirements</b>  |   |   |
| NGER                             | National Greenhouse and Energy Reporting Act 2007   | <a href="https://www.legislation.gov.au/C2007A00175/latest/text">https://www.legislation.gov.au/C2007A00175/latest/text</a>         |
| NGER Regulations                 | National Greenhouse and Energy Reporting Regulations 2008   | <a href="https://www.legislation.gov.au/F2008L02230/latest/text">https://www.legislation.gov.au/F2008L02230/latest/text</a>         |
| NGER Measurement Determination   | National Greenhouse and Energy Reporting (Measurement Determination)  | <a href="https://www.legislation.gov.au/F2008L02309/latest/text">https://www.legislation.gov.au/F2008L02309/latest/text</a>         |
| <b>Standards &amp; practices</b> |   |   |
| UNFCCC 2019                      | Chapter 4, Metal Industry Emissions, from the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories | <a href="https://www.ipcc-nggip.iges.or.jp/public/2019rf/index.html">https://www.ipcc-nggip.iges.or.jp/public/2019rf/index.html</a> |

| Reference                              | Title  | Link/Doc ID   |
|--|--|---|
| UNFCCC 2006                            | Chapter 2, Stationary Combustion, 2006 IPCC Guidelines for National Greenhouse Gas Inventories | <a href="https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf">https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf</a>   |
| N/A                                    | GHG Corporate Value Chain (Scope 3) Accounting and Reporting Standard                          | <a href="https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporting-Standard_041613_2.pdf">https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporting-Standard_041613_2.pdf</a>                       |
| N/A                                    | CDP Technical Note: Relevance of Scope 3 Categories by Sector                                  | <a href="https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/003/504/original/CDP-technical-note-scope-3-relevance-by-sector.pdf">https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/003/504/original/CDP-technical-note-scope-3-relevance-by-sector.pdf</a> |
| N/A                                    | ICMM Scope 3 Emissions Accounting and Reporting Guidance                                       | <a href="https://www.icmm.com/website/publications/pdfs/environmental-stewardship/2023/guidance_scope-3-reporting.pdf?cb=69120">https://www.icmm.com/website/publications/pdfs/environmental-stewardship/2023/guidance_scope-3-reporting.pdf?cb=69120</a>                         |
| N/A                                    | National Greenhouse Accounts Factors: 2023   | <a href="https://www.dcceew.gov.au/climate-change/publications/national-greenhouse-accounts-factors-2023">https://www.dcceew.gov.au/climate-change/publications/national-greenhouse-accounts-factors-2023</a>   |
| N/A                                    | Supply Chain Greenhouse Gas Emission Factors v1.2 by NAICS-6                                   | <a href="https://catalog.data.gov/dataset/supply-chain-greenhouse-gas-emission-factors-v1-2-by-naics-6">https://catalog.data.gov/dataset/supply-chain-greenhouse-gas-emission-factors-v1-2-by-naics-6</a>   |
| N/A                                    | September 2022 Carbon Dioxide Emissions Intensity for New Australian Light Vehicles 2021       | <a href="https://www.ntc.gov.au/search?keyword=carbon%20dioxide%20emissions%20intensity">https://www.ntc.gov.au/search?keyword=carbon%20dioxide%20emissions%20intensity</a>   |
| N/A                                    | Carbon Neutral Organisations: Climate Active Carbon Neutral Standard for Organisations         | <a href="https://www.climateactive.org.au/sites/default/files/2023-04/Standards_Organisation.pdf">https://www.climateactive.org.au/sites/default/files/2023-04/Standards_Organisation.pdf</a>   |
| N/A                                    | Climate Active TECHNICAL GUIDANCE MANUAL   | <a href="https://www.climateactive.org.au/sites/default/files/2024-02/Technical%20Guidance%20Manual_February%202024_PDF_0.pdf">https://www.climateactive.org.au/sites/default/files/2024-02/Technical%20Guidance%20Manual_February%202024_PDF_0.pdf</a>                           |
| N/A                                    | Pacific National ESG Report FY2024   | <a href="https://pacificnational.com.au/wp-content/uploads/2024/09/PCN13271_ESG_Report_2024_V10_WEB.pdf">https://pacificnational.com.au/wp-content/uploads/2024/09/PCN13271_ESG_Report_2024_V10_WEB.pdf</a>   |
| <b>Kestrel documents &amp; records</b> |  |   |
|  |  |   |

## 12. Revision History

| Rev | Date       | Reason for Issue   | Originator     | Checked                                      | Approved     |
|-----|------------|--|----------------|--|--------------|
| 0   | 07/03/2025 | Approved and authorised for use by the General Manager Planning and Strategy   | Helen McCarthy | Fergus Lee                                   | Peter Manton |
| A   | 07/02/2025 | Issued for full review- new procedure - this document sets out the assumptions and calculations for a Scope 3 Emissions Inventory associated with Kestrel's reporting in the FY2 |                | Helen McCarthy<br>Fergus Lee<br>Peter Manton |              |