



NEW HOPE  
GROUP

2019

SUSTAINABILITY  
REPORT







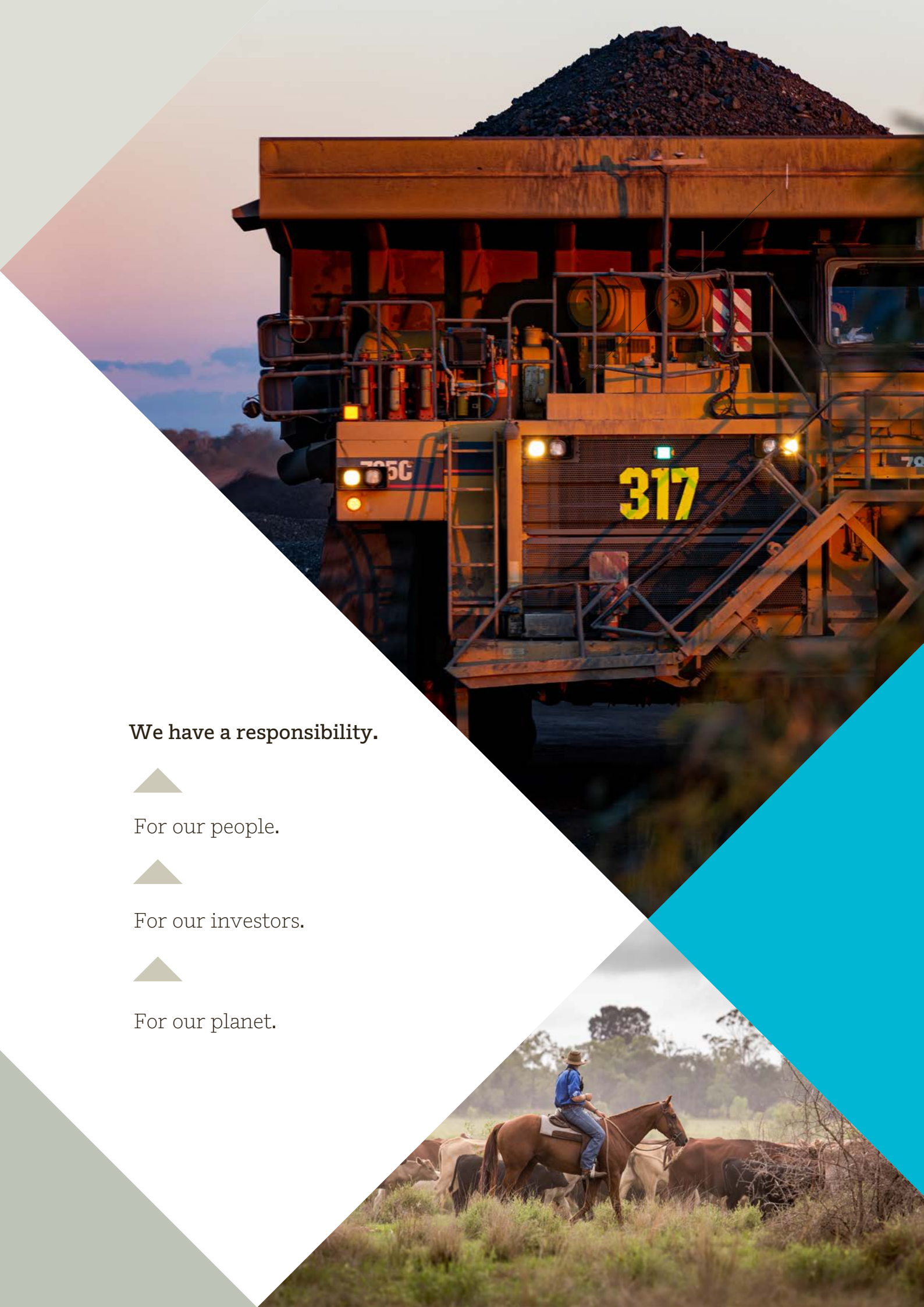
## NEW HOPE CORPORATION LIMITED 2019 SUSTAINABILITY REPORT

### Reporting Boundary and Scope

This Sustainability Report, is for the period 1 August 2018 to 31 July 2019 (Reporting Period) and includes all operations and activities of New Hope Corporation Limited and its subsidiaries (New Hope, Company or Group). The Bengalla operations are only included from 1 December 2018 being the effective date of New Hope management.

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We have a responsibility.



For our people.



For our investors.



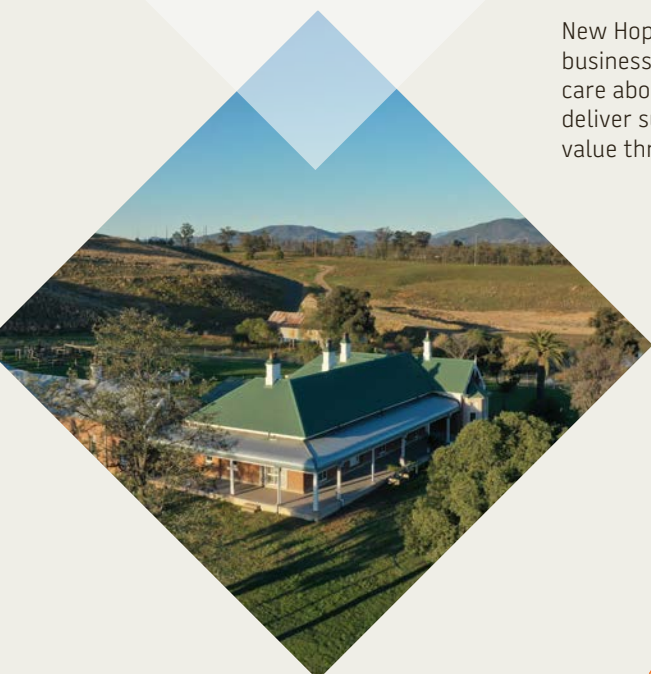
For our planet.

# About New Hope

Who we are

## Our Vision

New Hope is a successful diversified mining and energy business. We are proud of our achievements, and we care about our people and the environment. We will deliver sustainable growth and enduring shareholder value through our people and quality assets.



## Our Values



### INTEGRITY

*We are ethical, honest and can be trusted to do the right thing.*



### RESPECT

*We listen to our stakeholders and treat others as we expect to be treated ourselves.*



### SAFETY

*We share a mutual responsibility to prevent harm and promote wellbeing.*





### SUCCESS

*We take pride in the achievement of our goals, being innovative and making a positive difference.*



### RESILIENCE

*We strive to achieve long term sustainability by navigating through change and uncertainty.*



### ACCOUNTABILITY

*We act in accordance with our obligations, deliver on our commitments and take responsibility for our actions.*



# Message from the Managing Director

Sustainability has been defined as meeting the needs of the present without compromising the ability of future generations to meet their needs. It is commonly thought to have three main pillars: economic, environmental and social. These three pillars are informally referred to as the three p's, profits, planet and people.

To succeed, businesses need to build for the future and the resources sector is no different.

Mining is a long term investment business and that means it is vital that we invest heavily in the future of:

- Our people;
- Our resource base;
- Our equipment and infrastructure; and
- Our communities.

To achieve this we need to build institutions – institutions that stand the test of time and change.

It is not good enough to install a talented leadership group and hope they carry the business forward. It's important to also put in place processes such as succession planning, talent identification and development programs that ensure the leadership team evolves as business demands change. The business' people systems need to be resilient to cope with both internal changes as well as technological and other factors driving change so that the business can sustain future success.

We need to continually train our workforce; not just to perform their current jobs well but to be able to step up and fill future voids.

In the community space we have made significant progress in the establishment and progress of the Community Reference Groups but again, we need to ensure the process that got us here is robust and that renewal of these groups is undertaken so that the groups reflect the communities in which we operate.

We need to continue to invest in innovation and encourage our people to think about what's next – continually looking at what our peers are doing not only in our industry but other industries to not just match them but surpass them.

The technology around coal use is moving forward quickly and we need to be aware of these changes and how they will affect our customers' needs and move with these trends. The response of our customers to the issues associated with climate change cannot be ignored and presents both risks and opportunities to us as an energy supplier to Asia.

Reliable and affordable energy supply is one of the core requirements of a sustainable civilisation. Our customers are often highly dependent upon energy imports and therefore desire diversified types and sources of energy. They seek to balance the three key characteristics of each source of energy; being reliability and safety, environmental performance and financial cost so as to ensure their country's energy supply is sustainable.

To manage a sustainable energy policy our customers need factual information about their alternatives. New Hope has a role in participating in the organisations which develop this factual information. These policies need to reflect the realities of the stage of industrial development of each country. There will not be simply one sustainable path forward. We are learning the limitations of intermittent power sources in a region's power supply.

Coal has many advantages over other forms of energy supply along with some disadvantages; this is the case for all forms of energy generation. An electricity supply system



▲3%

**PROFIT BEFORE  
INCOME TAX**

(BEFORE NON  
REGULAR ITEMS)

**\$384M**

**349 Ha**

**OF PROGRESSIVELY  
REHABILITATED MINED  
LAND CERTIFIED BY THE  
QUEENSLAND STATE  
GOVERNMENT**

reliant upon intermittent generation without storage is simply not sustainable as it does not meet the needs of its customers.

Many of our customers need a reliable source of low cost energy at an acceptable level of environmental performance. They are demanding high energy, low ash coal along with LNG, nuclear and some intermittent renewables in addition to hydroelectricity in their energy supply system. They have made their decisions in light of the principles of sustainable development. New Hope has studied these trends and is in an ideal position to supply our customers' needs on a sustainable basis.

To maintain our social licence to operate we not only have to meet the community expectations, we need to exceed them. How we do things is just as important as what we do as is evidenced through our Core Values.

We are proud to be miners and believe in sustainable mining.

We appreciate that we are the custodians of large parcels of land and have an obligation to care for it and ensure that following the necessary disruption of mining we return the land to a productive use post mining. We believe that mining and agriculture can sustainably coexist.

Many of our industry's opponents believe in absolute answers. They only see things as black or white with nothing in between. Fortunately the majority of people are far less rigid in their thinking with regards to appropriate energy policy and understand for every benefit there is a cost. The best sustainable solutions are typically those

that balance the costs and benefits of each of the potential energy sources.

One of the costs of mining is the substantial disruption to the land when it is being mined and as a sustainable mining company we strive to minimise that time when land is unproductive and return it to its natural productive state as soon as possible.

As you work your way through this report I hope you will see the steps we are taking to ensure that not only does the Company succeed in the present but that we are growing a sustainable future for our people, our investors and our planet.

**Shane Stephan** | MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

# How we create value for our key stakeholders

Our business model draws on these inputs to produce, transport and market coal in a safe and sustainable manner to a growing Asian market to support regional economic growth and address energy security, reliability and sustainability requirements.



## QUALITY PRODUCTS AND ASSETS





- Consistent high-quality coal with desirable value-in-use characteristics and superior environmental performance;
- Excellent combustion and handling characteristics;
- One of Australia's cleanest burning coals, recognised as one of the lowest greenhouse gas producing coals in the world;
- Environmental advantages including low levels of nitrous oxides, carbon dioxide emissions and sulphur content; and
- Dedicated stockpile capacity at coal export terminals.



## ESTABLISHED ACCESS INTO GROWING MARKETS



- 
- 
- Long established relationships with our customers in Asian markets;
  - Coal is highly regarded by premium Asian markets and burnt by Japanese utilities as a 'single burn coal'; and
  - Freight cost savings due to voyage duration over competitor ports.





## ENGAGING LEADERSHIP AND SKILLED EMPLOYEES

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- Positive culture and robust corporate governance;
- Experienced leadership teams focused on safe production, customer service and stakeholder management; and
- High employee retention rates.



## STAKEHOLDER ACCEPTANCE/APPROVED

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- Proactive stakeholder engagement;
- Focus on community needs – employment, procurement and investment; and
- Targeted community investment strategies and initiatives.




## EFFICIENT OPERATIONS

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- Ability to manage each step in the coal chain from exploration and mining through to delivery for customers via our port operations;
- Innovative technologies developed to improve fuel efficiency;
- Recycled waste water used for dust, coal processing and irrigation activities;
- Integrated supply chain management delivering in full and on time;
- Despatch port with protection from most prevailing weather conditions; and
- Recognised as a leader in progressively rehabilitating mined land achieving productive final land use outcomes.



Our  
differentiating  
factors

# This translates into tangible and sustainable value for our stakeholders

## STAKEHOLDER

## HOW NEW HOPE GENERATES VALUE

### INVESTORS



We generate a sustainable return for our investors supported by responsible operational decisions that factor short, medium and long term variables.

### EMPLOYEES



We provide our employees with economic benefits; a pathway to achieve career aspirations and a diverse and inclusive workplace that supports their safety and wellbeing.

### CUSTOMERS



We provide our customers with high-quality, reliable supply to meet their growing energy needs.

### SUPPLIERS



We prioritise local suppliers, which promotes regional economic growth and supports the communities in which we operate.

### COMMUNITY



We generate economic growth and employment within the areas in which we operate. We have an active focus on development of our communities through education, health and employment outcomes.

### GOVERNMENT AND REGULATORS

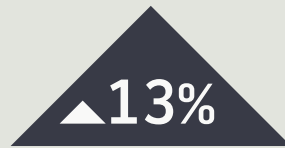


We contribute tax and other payments to governments at federal, state and local levels.



WHAT VALUE WAS CREATED IN THE YEAR ENDED 31 JULY 2019

**9.0 cents**  
FINAL DIVIDEND  
to shareholders



**1,024**  
EMPLOYEES  
under management across  
Queensland and New South Wales

**\$160m**  
PAID IN WAGES  
AND BENEFITS

LONG TERM  
EMPLOYEE  
BASE

**10**  
COUNTRIES

Number of countries we  
have helped in meeting their  
local energy needs including  
domestic customers

**851**  
LOCAL SUPPLIERS

equating to

**\$372m**  
SPEND

**\$1.9m**  
COMMUNITY INVESTMENT  
AND DONATIONS

Our employees spend  
numerous hours volunteering  
within the communities in  
which we operate

**\$243m**  
GOVERNMENT  
CONTRIBUTIONS PAID

# Our approach to sustainability

## Governance and Strategy

### ► Strategic priorities

New Hope will continue to focus on creating synergies and integration efficiencies across all sites by leveraging off the individual strengths of each operation and, where possible, applying those across other sites.

### ► Sustainability governance

The Board maintains direct oversight of climate-related risks and opportunities through its corporate risk management processes and is assisted in this by the Audit and Risk Committee. Responsibility is delegated to Management for the identification and ongoing management of the opportunities and risks of climate change.

The Group recognises that there is a shift in the market in respect of primary energy sources from coal to lower-carbon alternatives and that there are opportunities and risks associated with this change. The Group acknowledges the

increasing interest from various stakeholders and the need for increased transparency of climate related opportunities and risks to the business in the medium to long term.

The Group have developed a framework for guiding its strategy and disclosure regarding the sustainability of its operations including managing potential risks posed by changes to the external environment from a physical, policy, legal, market demand, reputational and technological perspective and has considered the Taskforce on Climate-related Financial Disclosures (TCFD) Recommendations as part of establishing its strategy and framework.

### ► Engaging with our stakeholders

New Hope is committed to clear, meaningful and transparent engagement across the business and with our stakeholders. It is through this engagement that New Hope gains an understanding and appreciation of stakeholder perceptions and issues in relation to our business. Being able to respond to stakeholder concerns, both real and perceived, allows us to develop trust in the communities in which we operate.

Our key stakeholder groups, areas of interest and nature of interactions during the 2019 year are summarised below.

## STAKEHOLDER TYPE    AREA OF INTEREST

|   |  |
|---|--|
| <b>SHAREHOLDERS AND PARTNERS</b>          | Sustainable long term returns underpinned by prudent governance, business strategy, risk management and operational expertise.   |
| <b>NEW HOPE'S CUSTOMERS</b>               | Product quality, reliability of supply and price.  |
| <b>EMPLOYEES</b>                          | Remuneration, job security, training and learning opportunities, health and safety, contractor management.   |
| <b>LOCAL COMMUNITIES</b>                  | Investment, employment and procurement opportunities, training and education, environmental and social impacts including groundwater, dust and noise, social licence to operate. |
| <b>LANDHOLDERS</b>                        | Land management, noise, dust, groundwater, employment opportunities, agriculture.  |
| <b>GOVERNMENT AGENCIES AND REGULATORS</b> | Mine extensions and approvals, operational activities, policy, royalties, taxes and compliance.  |
| <b>FINANCIERS AND INSURERS</b>            | Financial performance, business strategy, operational performance, share value, risk management, social licence to operate.  |
| <b>NEW HOPE'S SUPPLIERS</b>               | Ongoing purchases, local procurement.  |
| <b>INDUSTRY ASSOCIATIONS</b>              | Policy and regulatory formation, industry promotion.   |





## NATURE OF INTERACTIONS

Financial and operational reports. Annual General Meetings and various ad hoc presentations and meetings as needed.

Regular meetings and ongoing engagement.

Direct ongoing interactions, employee surveys, annual performance reviews.

Community events, in-kind and financial investments, ad hoc engagement activities, direct engagement with community members, including one-on-one engagement.

One on one engagement.

Meetings with agency and regulator representatives and other meetings as required. Direct engagement with Ministers and senior policy advisors.

Regular meetings and other interactions.

Regular meetings, contract management and other interactions.

Advocacy alongside industry partners. Participation in meetings, dialogues and forums.

# Our approach to sustainability continued

## Defining our material topics

We report on risks and opportunities relevant to the environmental, social and governance impacts of our operations, which are critical areas and also influence the decisions of stakeholders. We undertook an independent review of our operations to both identify and prioritise material sustainability topics. We intend to review the relevance of these topics on an annual basis to ensure New Hope is well positioned to respond to shifting stakeholder and business priorities.

### STEP 1 IDENTIFICATION

1

We identified the environmental, social and governance topics that could impact New Hope and our stakeholders. An initial list of topics was collated using a range of inputs including:

- Interviews with New Hope's Management and selection of Board Directors;
- Existing regulatory and legislative requirements;
- GRI Reporting Standards and GRI Mining and Metals Sector Supplement;
- Existing and emerging sectoral trends;
- Investor focus areas; and
- Review of peer disclosures.

### STEP 2 PRIORITISATION

2

The list of initial topics were socialised with New Hope's Leadership team to identify any additional topics and to prioritise the identified topics. These topics were prioritised based on the significance of New Hope's environmental, social and governance impacts and the influence that New Hope's management of these issues have on the decisions of key stakeholders.

### STEP 3 VALIDATION

3

Following this prioritisation process the material topics were presented to New Hope's Board as part of the Sustainability Reporting Framework to communicate the outcome of this process.

The table below outlines our material topics and associated definitions. We have also listed the section of the report where we have discussed each topic in further detail. The sequence of material topics listed below is consistent with the structure of the content in the forthcoming sections and does not reflect level of prioritisation or risks associated with each of these material topics.



| MATERIAL TOPIC                          | DEFINITION  | RELEVANT PAGE |
|---|---|---------------|
| REHABILITATION AND MINE CLOSURE         | Responsible and fit for purpose progressive rehabilitation and site closure planning.   | 20            |
| WATER                                   | Effective management of water resources, security of access and potential impacts of finite water supply.   | 22            |
| CLIMATE-RELATED RISKS AND OPPORTUNITIES | Identification and management of climate-related risks and opportunities including the potential impacts of changing market demands, policy and regulation and changing physical climate futures. | 14            |
| OPERATIONAL ENERGY AND EMISSIONS        | Effective management of New Hope's operational energy and emissions footprint and investment in emission reduction initiatives.   | 23            |
| WASTE MANAGEMENT                        | Effective management of New Hope's hazardous and non-hazardous waste generated by its operations.   | 24            |
| AIR QUALITY AND NOISE                   | Management of material exposures to noise and dust.   | 24            |
| HEALTH AND SAFETY                       | Management of a safe workplace and culture for our people.  | 26            |
| MENTAL HEALTH AND WELLBEING             | Investment in initiatives to raise awareness and support mental health and wellbeing services.  | 27            |
| LOCAL EMPLOYMENT AND PROCUREMENT        | Attracting, retaining and developing our people and the procurement from local suppliers.   | 27            |
| TRAINING AND EDUCATION                  | Invest in the skill and career development of employees.  | 30            |
| LOCAL COMMUNITY ENGAGEMENT              | Proactive engagement with local communities to understand and manage immediate and long term impacts.   | 32            |

# Our position on climate change

There is no doubt that climate change is an issue that poses both risks and opportunities to our business over the short, medium and long term.

We acknowledge the importance of affordable and accessible energy to facilitate economic growth in developing markets.

We recognise the key challenge facing governments today is how to deliver energy in a way that does not disrupt availability and affordability in key markets. Informed by all the mainstream analysis, coal is expected to remain as a significant component of the energy mix for decades to come.

Given the continued global need for coal over this period, the supply to the markets of higher quality coal will facilitate the contribution to reduced global emissions.

Our view is that the continued use of our high calorific value (CV), low sulphur, low ash coal in these markets, leads to lower emissions (per unit of energy produced) and will continue to be the product of choice for high efficiency, low emissions (HELE) power stations.

We recognise the importance of providing transparency to our shareholders and other key stakeholders regarding our approach to the identification and management of climate related risks and opportunities and our resulting financial and operating resilience.

## Governance

The Board maintains direct oversight of climate-related risks and opportunities through its corporate

risk management processes and is assisted in this by the Audit and Risk Committee. Responsibility is delegated to Management for the identification and ongoing management of the opportunities and risks of climate change.

The Group recognises that there is a shift in the market in respect of primary energy sources from coal to lower-carbon alternatives and that there are opportunities and risks associated with this change. The Group acknowledges the increasing interest from various stakeholders and the need for increased transparency of climate related opportunities and risks to the business in the medium to long term.

The Group have developed a framework for guiding its strategy and disclosure regarding the sustainability of its

| RISK CATEGORY   | TIME HORIZON <sup>1</sup>   | POTENTIAL RISKS   |
|---|-----------------------------|---|
| <b>POLICY</b>   |                             |   |
| Domestic and international policy actions around climate change continue to evolve.   | Short, medium and long term | <p>Changes in government regulations in Australia which restrict the use of coal, or the use of land for coal mining, could impact the ability of the Group to develop new coal projects, or to extend the life of existing projects.</p> <p>The introduction of new and/or more stringent carbon pricing mechanisms, both within Australia as well as key coal importing countries, may reduce the cost competitiveness of coal as an energy source.</p> <p>Changes in government policy relating to either coal consumption or energy generation in large Asian economies such as China, Japan and India could impact the longer term outlook for global coal demand.</p> <p>Global political disputes or policy positions may restrict the ability to export or import coal from certain ports or through certain shipping channels.</p> <p>Changes in government policy which increase the cost of land rehabilitation requirements and bring forward the timing of various rehabilitation obligations.</p> |
| <b>LEGAL</b>  |                             |   |
| Increased litigation from shareholders, insurers and activist organisations against governments and companies, either seeking compensation for damages caused to them because of climate change impacts or to force greater action on climate change. | Short, medium and long term | <p>The Group could incur increased costs associated with defending legal claims related to coal mining operations or when seeking project approvals.</p> <p>Land rehabilitation requirements, both from a timing and cost perspective, may increase. Refer to Policy Risk discussion.</p>   |

<sup>1</sup> In this context, we consider short term, medium term and long term as the next 1-3 years, 4-10 years and 11-50 years, respectively.

operations including managing potential risks posed by changes to the external environment from a physical, policy, legal, market demand, reputational and technological perspective and has considered the Taskforce on Climate-related Financial Disclosures (TCFD) Recommendations as part of establishing its strategy and framework.

## Risk management

The identification and management of climate related risks is governed as part of New Hope's Risk Management Framework. While climate change is not a standalone risk category within the Risk Framework; physical and transitional climate risks are explored as part of the risk management processes

of the Company. These risks, as well as opportunities, are summarised in the table below. The Company has a robust and well documented risk management framework which is overseen by the Board of Directors and embedded into all levels of the organisation. The framework assists the organisation to identify, classify, document, manage and report on the risks facing the Company. Each identified risk is tracked in a risk register and allocated to an accountable individual who is discharged with managing and reporting on the risk. Maintenance of the risk register has been delegated to the Manager Risk Management and Internal Audit.

The perceived likelihood and potential consequence of each risk are used to determine the risk level, which

in turn determines the actions required to manage the risk and reporting obligations. The risk management framework requires that all significant risks have a specific documented action plan, and that updates are provided to the Board of Directors on a periodic basis.

## Climate related risks and opportunities

The table below summarises the most significant climate related risks and opportunities and their application to New Hope's business. This table is not listed in order of significance and are not intended to be exhaustive, but rather reflects our Company's current understanding of the relevant climate related risks and opportunities to our business.

### POTENTIAL OPPORTUNITIES

As the global economy transitions towards lower emission energy sources, it is likely there will be an ongoing demand for high quality thermal coal to supply HELE coal fired power stations in order to generate affordable base load power. The Group's high quality thermal coal reserves are ideally placed to meet that demand.

New Hope's Bengalla Mine has existing approvals that extend to 2039, enabling New Hope to avoid potentially lengthy and costly mine extension approvals.

New Hope has long standing experience with undertaking progressive rehabilitation at its sites in Queensland. There is an opportunity to leverage this expertise across the Group's other operations to effectively manage any changes to rehabilitation obligations.

The Group has a strong, long standing reputation for operating in a responsible and respectful way. This includes the support of the communities in which we operate, and an excellent track record of regulatory compliance. This strong reputation will enable the Group to distinguish itself as an "operator of choice" for both current and future projects.

### APPLICATION TO NEW HOPE

Ongoing demand for the Group's high quality thermal coal is anticipated to underpin the Group's revenues in the short to medium term.

Changes in the longer term global coal demand outlook could have an impact on the Group's future coal revenues and the recoverability of undeveloped coal reserve assets.

The financial impact of any future policy changes will depend on the nature and timing of those changes. Note 10 Property, Plant and Equipment, Note 12 Exploration and Evaluation and Note 13 in the Group's Annual Report have identified specific financial risks associated with policy risk.

The Group will continue to proactively monitor the policy environment both domestically and internationally and take appropriate steps to manage, maximise opportunities and mitigate risks associated with policy changes.

The recoverability of undeveloped coal reserve assets will be underpinned by the ability of the Group to secure and maintain necessary project approvals.

Note 10 of the Group's Annual Report specifically considers the assessment of impairment for the QLD mining cash generating unit which has been triggered by indicators of impairment arising from the delays in securing necessary approvals for the mine extension.



# Our position on climate change continued

| RISK CATEGORY  | TIME HORIZON <sup>1</sup>   | POTENTIAL RISKS   |
|--|-----------------------------|---|
| <b>TECHNOLOGY</b>  |                             |   |
| Technological improvements or innovations that support the transition to a lower-carbon economy will affect the competitiveness of certain organisations, their production and distribution costs, and ultimately the demand for their products and services from end users. | Short, medium and long term | Demand for coal could be impacted if future improvements in the efficiency, affordability, and reliability of alternative energy sources and battery storage solutions occur at a faster pace than similar improvements in the thermal coal industry.   |
| <b>MARKET</b>  |                             |   |
| Markets could be affected by the transition to a lower carbon global economy through shifts in supply and demand for certain commodities, products, and services as climate-related risks and opportunities are increasingly taken into account.                             | Medium and long term        | Demand for thermal coal could be impacted if alternative energy sources become more competitive and reliable, relative to thermal coal as an energy source.<br><br>The number and mix of market participants could lead to increased volatility in the supply and pricing of thermal coal.  |
| <b>REPUTATION</b>  |                             |   |
| Customers, suppliers and other stakeholders have begun including climate related considerations into their decision making process around which businesses they will engage with.  | Short, medium and long term | Pricing for financing and key services such as insurance may increase if the pool of parties prepared to partner with the thermal coal industry reduces significantly.<br><br>Increased regulatory compliance costs.<br><br>The ability to attract and retain a suitably skilled workforce could be impacted by employee perceptions about what it means to work in the coal mining industry.   |
| <b>PHYSICAL</b>  |                             |   |
| Climate change modelling suggests that climate change has the potential to increase the frequency and intensity of extreme weather events as well as longer term shifts in climate patterns.   | Short, medium and long term | An increase in the intensity and frequency of extreme weather events may have the potential to damage infrastructure and interrupt mining and port operations.<br><br>An increase in temperatures could impact the health and safety workplace requirements for employees as per the relevant Occupational Health and Safety regulations.<br><br>Sustained increase in temperatures as well as intensity and duration of droughts, may have a longer term impact on operational reliability or longevity of mining equipment. |

<sup>1</sup> In this context, we consider short term, medium term and long term as the next 1-3 years, 4-10 years and 11-50 years, respectively.

## POTENTIAL OPPORTUNITIES

The continued development of HELE coal fired power stations (and other clean coal technology) underpin the demand for the Group's high quality thermal coal assets. Additional details of these technologies and opportunities are considered in this Report.

There is an opportunity for the Group to leverage its existing innovative capabilities to derive further cost efficiencies from emerging developments in energy-efficient mining equipment.

There is an opportunity for the Group to leverage the anticipated sustained demand for high quality thermal coal as part of a diversified energy portfolio. The role of the Group's high quality thermal coal and its position in the market have been outlined further in Our Resilience section of this report.

Pressure from external stakeholders could see some producers exit the thermal coal industry with a resultant reduction in supply and increase in pricing for remaining industry participants.

New Hope has a long and enviable reputation for being a respectful and trustworthy operator. The Company has formed strong relationships with the communities in which we operate, our employees, suppliers, customers, and regulatory bodies with many of these relationships spanning multiple decades. The continuity of these relationships are underpinned by a strong corporate culture which acknowledges that long term success can only be achieved by respecting the views of our key stakeholders. New Hope has the ability to leverage and grow this support base so as to differentiate the Company from its peers and be seen as an "Operator of Choice".

The Group's key operations are located in geographic areas which are not areas of high risk in relation to extreme weather events such as cyclones or flooding. This may give the Group competitive advantage relative to other market participants.

New Hope's existing New Acland Mine utilises recycled waste water from the Wetalla Waste Water treatment facility. This provides the Company with a competitive advantage for this site, which could be potentially duplicated and leveraged at other locations.

## APPLICATION TO NEW HOPE

The timing of technology development and deployment is a key uncertainty in assessing the financial implications of technology risk.

The financial implications of technology risk, as they relate to coal demand, are similar to those noted above for policy risk.

The Group will continue to monitor developments that have application to the mining and broader energy industries and invest in new technologies where they deliver an acceptable return on investment.

The Group will continue to work closely with its key customers to ensure it is well positioned to meet the demand for high quality thermal coal.

The Group will proactively monitor the market environment and take appropriate steps to manage the impact of any shifts in supply and demand for thermal coal.

The Group may see an increase in specific costs such as interest expense and insurance premiums as well as increasing workforce related costs.

The Group will work to manage the impact of these potential cost increases through the ongoing implementation of operational efficiency initiatives including through the deployment of emerging technological solutions and the consideration of non-traditional markets for access to financing and key services such as insurance.

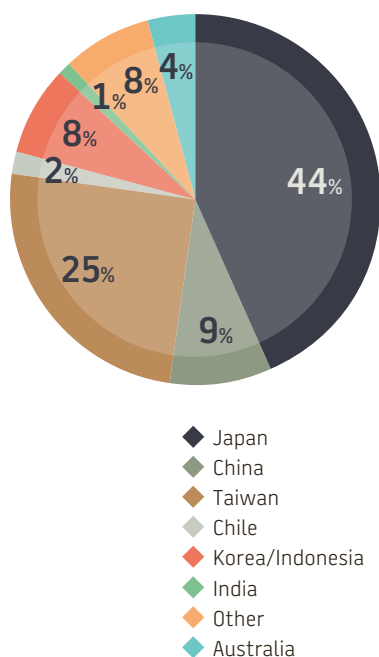
While direct risks associated with lost production time or increased costs due to weather are considered to be a low possibility and low consequence they continue to be pro-actively managed through the Company's standard risk management process.

The most significant of these risks would be a loss of key infrastructure for a prolonged period, which is actively managed with a dedicated risk action plan.

# Our position on climate change continued

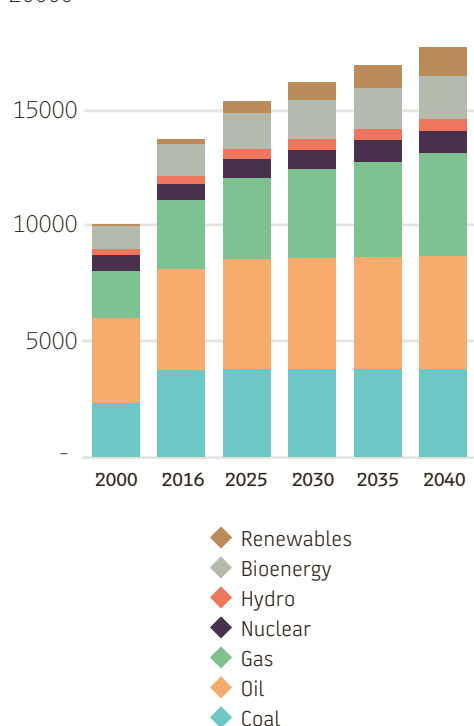
## Group Coal Revenue by Country

Period ended 31 July 2019



## Primary energy demand in South-east Asia in the New Policies Scenario

Million tonne oil equivalent  
20000



Source: www.iea.org

## Our resilience

### Our business

Our business is underpinned by long term demand for high CV coal in our key export markets.

### Market resilience

Regional economic growth in Southeast (SE) Asia is forecast to triple in size by 2040 with energy demand predicted to grow by almost two thirds in the same timeframe. China's dominance as a coal importer is forecast to reduce over the coming years with this decline offset by increased imports from India and other SE Asian countries, despite an increase in the renewable capacity of these countries.

This highlights that while the energy transition is underway coal use in power generation will remain robust in many of our key export markets.

As illustrated in the graph to the left, coal is forecast to account for 40% of the energy growth, driven in large part by demand for high quality thermal coal for electricity generation. Australian thermal coal is widely recognised as the 'coal of choice' for the growing Asian market because of its high energy content and favourable environmental attributes. New Hope is well positioned to take advantage of this growth and continue being a supplier of choice to our key Asian markets.

## Future supply

As the global economy transitions towards a lower carbon future demand for coal will be driven by the need to secure reliable and affordable energy. This will be particularly advantageous for New Hope as a key producer of high CV, low-ash, low-sulphur coal with primary customers in many of the major import markets. One of the primary risks to our market resilience is associated with the potential for future policy or legislative changes which impose new conditions that may impact upon the viability of our operations.

## New Technologies: High Efficiency, Low Emissions and Carbon Capture and Storage (CCS)

Over the next 20 years continuing industrialisation and urbanisation will result in a continued demand for coal. Additionally, with 1.3 billion people globally without access to reliable electricity, it is clear all sources of energy will be needed to meet this demand including coal.

The International Energy Agency's (IEA) published scenarios show a future for coal in the energy mix up to 2040. Demand for high efficiency, low emission technology for both new builds and plant upgrades will play a key role in ensuring the growing role of coal in meeting the forecast growth in energy demand. Coal will remain one of the most affordable options for power generation into the future making investment in HELE technology vital in facilitating affordable energy access while reducing the greenhouse gas (GHG) emissions of coal. Widespread deployment of HELE technology would improve the global average efficiency rate of coal fired power generation by over 20% and would reduce CO2 emissions by 2 giga tonnes per year. HELE technology continues to be deployed in many countries around the world to deliver significant efficiency gains in energy production and reduce the GHG emissions. Analysis from the World Coal Association suggests that if there is no investment in HELE technology, by 2040 subcritical coal-fired power generation capacity will make



up 43% of incremental coal-generation capacity. As such, there is a clear need and a significant opportunity to support HELE technology and ensure the future of coal in a carbon constrained world.

HELE technology will also play an important role in the commercial deployment of carbon capture and storage technology by reducing the amount of CO2 to be captured, transported and stored. Analysis from the IEA suggests that to achieve the emissions reductions necessary to minimise global warming, widespread deployment of CCS technology will be essential.

### Product quality

New Hope is well positioned to continue being a supplier of choice to the Asian coal import markets for the following reasons:

**Coal quality attributes:** our operations produce coal with high calorific value, low levels of trace elements, sulphur and nitrogen, which result in low emissions of atmospheric pollutants and comparatively higher organically bound hydrogen than other thermal coals. This in turn reduces the emissions intensity per unit of electricity generated.

**Long-standing customers:** New Hope has strong relationships with customers in key Asian markets as well as growing client bases in newer Asian markets such as India. These long-standing relationships provide us with certainty regarding demand for our products and also mean we are well positioned to understand and respond to the changing needs of our customers.

**Diversified customer base in Asia:** New Hope’s customer base spans more than half a dozen Asian countries which ensures the company is resilient to potentially abrupt changes in government regulations regarding the import of coal.

**Long term approvals:** New Hope’s Bengalla Mine has existing approvals that extend to 2039 which enables New Hope to avoid potentially lengthy and costly mine approval processes. In the event that future policy is more heavily focussed on emissions intensity this will likely delay or prevent the opening of new or expanded coal deposits, which in turn increases the value of operations with existing long life approvals.

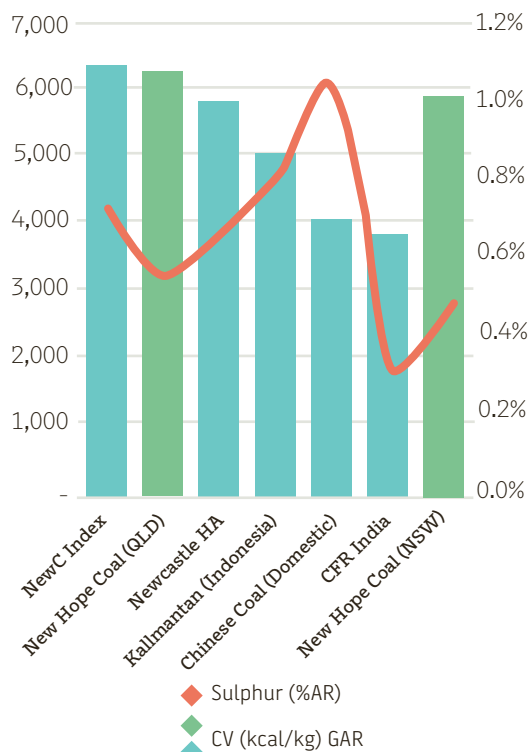
### Climate change scenarios

The World Energy Outlook published by the IEA explores a number of possible scenarios of how government climate policy changes could impact future energy markets and any resultant changes in the demand for coal. The graph to the right provides three scenarios for coal demand:

Under any of these scenario’s it is clear that coal will continue to have a role to play in meeting global energy demand. Even in the Sustainable Development Scenario (where projected policy changes focus heavily on emissions intensity) there is an ongoing need for high quality thermal coal to ensure that projected global energy demand is met beyond 2040.

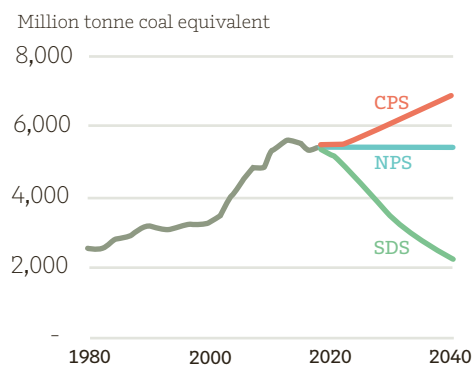
New Hope has invested in coal projects that have a combination of high quality coal (with lower emissions per unit of energy generated), low operating costs, strong customer relationships and long term operating approvals. The strategic focus on these attributes underpins the sustainability of the Group’s coal business (by supplying the requisite high quality coal at a competitive price) in any of the IEA scenarios above and most importantly safeguards New Hope’s operations in even the most emissions focussed Sustainable Development Scenario.

### Thermal Coal Benchmarking

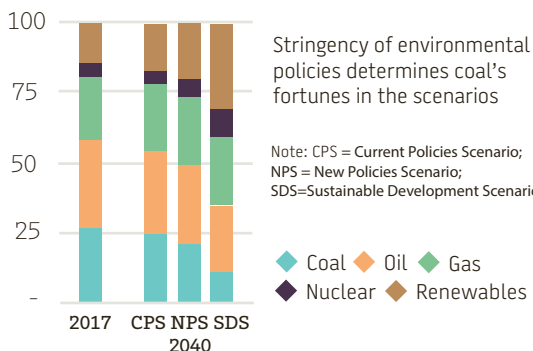


Source: New Hope Group (median coal quality across product grades) and S&P Global Platts (April 2018). Newcastle HA Index adjusted to GAR.

### Global coal demand



### Shares of primary energy



Source: www.iea.org

# Environment



## CASE STUDY

### AGRICULTURAL RESTORATION: NEW ACLAND MINE

New Hope's industry leading environmental credentials have been acknowledged through the Queensland Government's certification of 349 hectares of progressively rehabilitated mined land at our New Acland coal mine operations.

Our ongoing commitment to sustainability in operations has been a priority for New Hope. Our approach recognises the importance of adopting productive agricultural practices and long term environmental stewardship of the land.

We are committed to sustainable environmental practices, including this world-class rehabilitation, which ensures our land is returned to environmentally and economically sustainable land use as soon as possible after mining activities have ceased in that area.

With 349 hectares of state government certified rehabilitated land at the New Acland Mine alone, New Hope's dedication to sustainable environmental and rehabilitation practices is undoubtedly proven.



## Rehabilitation and mine closure

### Rehabilitation

New Hope is an industry leader in rehabilitation of open-cut coal mines and is committed to the progressive rehabilitation of disturbed land across its operations. We have an extensive rehabilitation program and strive to return land to the most optimal state possible given the underlying environmental conditions. We use industry leading progressive rehabilitation techniques and have achieved considerable success in returning rehabilitated land to cattle grazing. In FY2019 the Queensland State Government certified 349 hectares of rehabilitated land at New Acland Mine. This is the largest single area of certified rehabilitation for an open cut coal mine in the State.

Acland Pastoral Company conducted independent scientific grazing trials over five years which assessed livestock production performance on rehabilitated land. Results of the trial showed that the rehabilitated land was a stable, safe environment for grazing with productivity at least as good as equivalent pastures on unmined land in the local area. Acland Pastoral Company continues to mature as a farming operation taking on another 180ha of rehabilitated mined land during the 2019 year. The size and quality of the herd continues to grow with breeder numbers at 31 July 2019 of 2,585 head of cattle. While the trial project has finished work has continued on analysing livestock performance on rehabilitated areas, with the findings informing future trial and investigative work in this space.

The approach to rehabilitation at Bengalla is to develop a safe, stable and non-polluting landform that aligns to the mine's operating approvals. The majority of the post mining landscape will support a mixture of native woody vegetation and pastures suitable for grazing.

Rehabilitation at Bengalla is undertaken progressively and as soon as practicable after the completion of surface preparation (typically within a period of three months). Inert capping material and topsoil is spread over areas to be rehabilitated as soon as possible to maintain topsoil quality and take advantage of native seed-banks if present. This minimises the areas of disturbed land; reduces future rehabilitation liabilities; minimises visual impacts and helps suppress the potential for wind-blown dust and erosion. Seeding of a rehabilitation area commences as soon as practical after scarification, if required, tube stock may be planted.

Rehabilitation activities over the next 12 months at Oakleigh East will focus on back filling the Normanton open cut area.

New Hope is committed to ensuring land is returned to environmentally and economically sustainable land use as mining completes. This approach aligns with industry standards and site approval commitments that seek to achieve long term protection and management of the post mine landscape.

At Bengalla this will entail progressing existing rehabilitation areas through the rehabilitation phases and furthering monitoring and maintenance to achieve optimal final land outcomes. New rehabilitation areas will integrate the use of fluvial geomorphology design influences into its landform surfaces, a practice that involves natural micro-relief and drainage lines through landforms.

While final land use and rehabilitation objectives have evolved over time at New Acland the sites successful approach to rehabilitation generally remains the same and is demonstrated with the 349 hectares of progressively rehabilitated mined land being formally certified through the Queensland Government. Land contouring and re-establishment processes are currently being trialled and monitored with the site endeavouring to build on the existing knowledge base to carry forward into future certification stages.

**Table 1: Year on year land data from FY17 – FY19**

| INDICATORS   | UNIT OF MEASURE | YEAR TO 31 JULY 2019 | YEAR TO 31 JULY 2018 | YEAR TO 31 JULY 2017 |
|--|-----------------|----------------------|----------------------|----------------------|
| Land owned/leased                                  | ha              | 30,500               | 23,070               | 21,906               |
| Land disturbed                                     | ha              | 82                   | 135                  | 136                  |
| Land rehabilitated (in the given reporting period) | ha              | 218                  | 50                   | 68                   |
| Land rehabilitated (cumulative)                    | ha              | 1,638                | >1,000               | >1,000               |

### Mine closure

Having a strategically considered mine closure plan is just as important as operating the site in a sustainable manner during its productive life. By sustainable closure we mean leaving the area of our operations in a state that enables ongoing future viability. That covers not only environmental matters, but people, community and assets.

Our current mine closure focus is at West Moreton where mining operations will cease late 2019 (acknowledging the underlying environmental conditions present at the site). We have established a West Moreton Closure Steering Committee to co-ordinate and we are actively working on closure plans incorporating rehabilitation, asset removal and reuse, community, supplier and employee engagement and change management.

A key focus for 2019 and beyond is land rehabilitation at Oakleigh East and Jeebropilly (operational until late 2019) which will require rehabilitation including consideration of any changes in post mining land use. We are preparing strategies to optimise the final land use for these areas.

To manage the impacts of closure on people and communities including consideration of any changes we are engaging with impacted groups including employees, suppliers and members of the broader community. Our approach has focused on assisting all employees and their families who may be impacted by the closure of the site to assist them in managing their transition. Where it has not been possible to redeploy employees to other roles within the Group, we have provided those employees with the tools and skills necessary to face this change in a proactive and positive manner. The Jeebropilly Mine “Finishing Well” project has included but is not limited to:

- A presentation to employees and their partners from a panel of celebrities who have been through significant transitions;
- Hosting career expos and inviting prospective employers to meet with the Jeebropilly team;
- Financial planning sessions;
- A high tea for partners to facilitate discussions on coping with the transition; and
- Commissioning a documentary to commemorate the history of the site.

Bengalla operations are currently anticipated to extend to at least 2039 and as such current closure planning remains focussed on the timely and effective rehabilitation of disturbed areas to enable the long term protection and management of the post mining landscape, its biodiversity, aesthetic and agricultural values.



## CASE STUDY

### “FINISHING WELL”: JEEBROPILLY MINE

As the Jeebropilly Mine comes to a close New Hope continues to help employees find work, whether it be within mining or in another sector.

Throughout the past 12 to 18 months management have been working with all impacted employees to ensure they “finish well”.

The Jeebropilly team are determined to honour the legacy of all miners in the Ipswich region the birthplace of coal mining in Queensland.

The leadership team have spent a lot of time this year preparing all impacted employees and their families for the closure. This included, but was not limited to running financial planning sessions to mental and physical health programs.

Knowing that they have the ongoing support and help of New Hope in either continuing their career or hanging up the high-vis to start retirement makes the transition a little easier.





# Environment continued

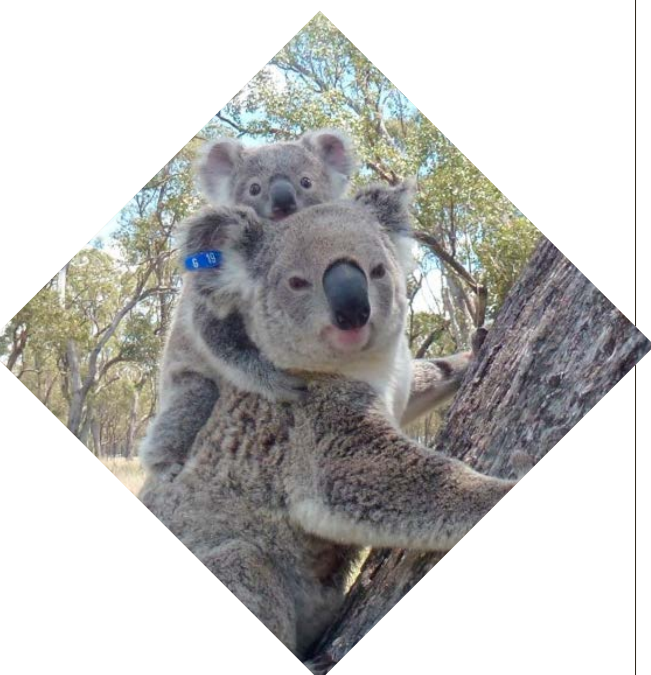
## CASE STUDY

### THE KOALA RESEARCH PROJECT

With the support of New Hope, The University of Queensland and the Queensland Trust for Nature has created The Koala Research Project, specialising in the study and rehabilitation of koalas and restoration of their habitat in the local area.

Using tracking equipment the project focused on monitoring the koala population around the New Acland site and ensuring the reproductive behaviour of koalas in the area was normal. Notwithstanding being situated right beside the mine there were several young raised during the 12-month study period.

Restoring the natural habitat and reducing predation and traffic incidents were the most crucial factors to maintaining a healthy population. The koala population and overall health thrived throughout this study period.



## Water

Recognising that water is a valuable resource shared with our communities all our sites have water management plans in place.

The New Acland Mine minimises its impact on the groundwater system by utilising recycled water from Toowoomba's Wetalla Waste Water Reclamation Facility for use in operations. This recycled water is the primary source of process water for the mine site as well as a water source for Acland Pastoral Company property operations around the mine. We continue to invest in greater water efficiency at the mine. Variable frequency pumps are being used in the coal preparation plant to control water consumption more efficiently and to minimise the power required for pumping.

The Bengalla Mine's Surface and Groundwater Management Plans are designed to optimise the operation's sustainable use and management of water resources. This includes the prevention of uncontrolled water discharge events. The operation minimises its impact on clean water by using dams, pipelines and associated drainage structures to redirect clean water away from disturbed areas. Unclean water from the bathhouse is processed through the Wastewater Treatment Plant which then directs water into the process water circuit for reuse in the Bengalla water management system. Dirty water from the vehicle wash bay is processed through a hydrocarbon separation system and the water is also reused in the site's water management system.

**Table 2: Water usage at New Acland over FY17 – FY19**

| INDICATORS   | UNIT OF MEASURE | YEAR TO 31 JULY 2019 | YEAR TO 31 JULY 2018 | YEAR TO 31 JULY 2017 |
|--|-----------------|----------------------|----------------------|----------------------|
| Toowoomba recycled waste water available               | ML              | 3,000                | 3,000                | 3,000                |
| Toowoomba recycled waste water used at New Acland Mine | ML              | 2,186                | 1,116                | 1,979                |
| Bore water used at New Acland Mine                     | ML              | 8                    | 9                    | 8                    |
| Water recycled   | ML              | 4,812                | 5,071                | Not available        |

**Table 3: Bengalla total water withdrawal by category in FY19**

| CATEGORY      | UNIT OF MEASURE |       |
|---------------|-----------------|-------|
| Surface water | ML              | 1,329 |
| Groundwater   | ML              | 161   |

## Operational energy and emissions

We report on emissions, energy consumption and energy production to the Clean Energy Regulator in accordance with the National Greenhouse and Energy Reporting legislation through the corporate group of Washington H. Soul Pattinson and Company Limited with the Bengalla Mine reporting through the operator currently Bengalla Mining Company Pty Ltd. We also report annually under the National Pollutant Inventory legislation. New Hope continually identifies opportunities to reduce both energy usage and emissions intensity across our operations.

Bengalla have implemented a number of measures to minimise the release of greenhouse gas emissions from its operations. These include the successful implementation of B2 biodiesel, the optimisation of fleet operating conditions and the use of high efficiency electric motors and lighting systems.

Our operations also contributes to several research and development initiatives that investigate GHG emission minimisation. The initiatives include a voluntary levy to the Coal21 Fund to support the development of low emission coal technology in Australia as well as a 5 cent per tonne of product coal contribution to the Australian Coal Association Research Program (ACARP) to fund research and the development of technologies that lead to the safe, sustainable production and utilisation of coal.

New Acland have previously completed a positive trial of a hybrid haul truck using both natural gas and diesel.

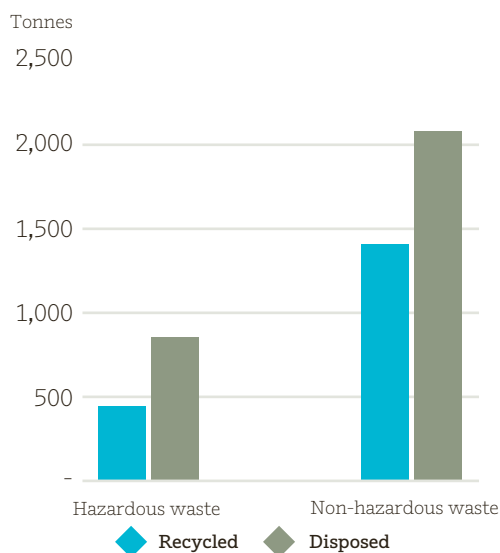
The table below demonstrates a significant decline in total energy use across all sites.

| INDICATORS   | UNIT OF MEASURE       | YEAR TO 30 JUNE 2018 | YEAR TO 30 JUNE 2017 | YEAR TO 30 JUNE 2016 |
|--|-----------------------|----------------------|----------------------|----------------------|
| Total Scope 1 and Scope 2 greenhouse gas emissions (for facilities where New Hope has operational control) | ktCO <sub>2</sub> -e  | 156.1                | 170.2                | 160.8                |
| GHG emissions intensity (tCO <sub>2</sub> -e per tonne ROM coal produced)                                  | tCO <sub>2</sub> -e/t | 0.0153               | 0.0162               | 0.0152               |
| Total energy use (for facilities where New Hope has operational control)                                   | GJ                    | 1,391,588            | 1,422,152            | 1,419,616            |
| Energy intensity (GJ per tonne ROM coal produced)  | GJ/t                  | 0.133                | 0.135                | 0.137                |



# Environment continued

## Recycled and Disposed Waste – FY19



Source: New Hope Group

## Waste management

New Hope's approach to waste management is outlined in our site Environmental Management Plans to ensure relevant legislative requirements are met. Hazardous and non-hazardous waste is collected and either recycled or disposed of by third party providers. For New Hope hazardous waste is mainly comprised of effluents and waste oils, while non-hazardous waste includes scrap steel, mixed solid waste and timber.

The Bengalla Mine's approach to hazardous and non-hazardous waste management is guided by the site's Mineral Waste and Non-Mineral Waste Management Plans. This includes specific requirements on the appropriate disposal, tracking and reporting of mineral and non-mineral waste. During the reporting period approximately 1,295 t of waste was recycled. This volume represents approximately 78% of the offsite non-mineral waste generated at Bengalla during 2019. For Bengalla the major waste streams recycled in 2018 were scrap metal, waste oil and co-mingled recycling.

Sites continue to focus on effective waste stream segregation to maximise recycling and reuse and ensure compliance to regulatory waste management requirements.

## Management of tailings storage facilities

All our tailings storage facilities are subject to an annual inspection regime conducted by a Registered Professional Engineer of Queensland (RPEQ). Management plans are in place to ensure all risks are appropriately managed including the appropriateness of key controls in place.

As part of the management plans, quarterly inspections are conducted over tailings storage facilities. Our approach includes proactive management of waste in decommissioned cells.

Since Bengalla does not have a tailings dam the fine reject material is thickened and dewatered and then combined with other coarse reject streams generated from the coal processing and conveyed to a rejects bin. From there, haul trucks are loaded and are generally taken to the existing OEA for co-disposal with overburden or to a temporary storage area where it is then rehandled and taken to the OEA at a later stage.

New Acland operates tailings storage facilities, however has progressively sought to cap tailings storage facilities once they have reached design capacity. Currently, only one tailings storage facility is active, with three previously used facility areas fully capped and rehabilitated and a further two partly capped. Rehabilitation monitoring is currently undertaken on the rehabilitated tailings facilities to monitor capping and rehabilitation success.

Recent work at Oakleigh has seen two tailings facility areas capped, rehabilitated and seeded, securing an additional 13 hectares of completed rehabilitation.

## Air quality and noise

New Hope is committed to continuous improvement of our operations and we strive to minimise noise and disturbance from our mine sites. We understand our noise management practices are an important area of interest for our near neighbours and local communities. As part of this commitment we have implemented an extensive range of management measures that effectively address and reduce potential noise and vibration impacts.

New Acland Mine operates a live noise monitoring system in the Acland Township that contributes to reducing noise observed outside the mine site. It has also installed electric horns and significant noise attenuation hardware on its mobile fleet to reduce noise generation from its operation.

We monitor and publish the results of air quality testing near our operations. New Acland has continuous air quality monitoring at its rail load out facility near Jondaryan and publishes the results monthly on its website. Proactive air quality monitoring is also located around the port facility and between the port facility and neighbouring suburb Wynnum North with results published online.

Bengalla has implemented procedures for the management of odour, fume, dust and greenhouse gas emissions. The mine utilises the real time air quality monitors to continuously monitor dust levels. These monitors have been installed to provide monitoring data that is beyond that required by regulatory requirements to ensure a more proactive approach to managing the operations. Real time monitoring allows dust controls to be implemented when measured dust concentrations approach or exceed the regulatory air quality assessment criteria. Meteorological monitoring is undertaken to predict adverse weather conditions. Operations can be modified to prevent dust exceedances from occurring during adverse conditions.

| COMPLAINTS                               | UNIT OF MEASURE | JEEBROPILLY | ACLAND    | BENGALLA  |
|--|-----------------|-------------|-----------|-----------|
| Noise                                    | Number          | -           | 13        | 2         |
| Air Quality (Dust)                       | Number          | -           | -         | 8         |
| Blasting (Overpressure, vibration, fume) | Number          | -           | -         | 12        |
| Waste                                    | Number          | -           | -         | -         |
| Visual (Light)                           | Number          | -           | -         | 2         |
| Other - Odour                            | Number          | 4           | -         | 3         |
| <b>Total (all complaints)</b>            | <b>Number</b>   | <b>4</b>    | <b>13</b> | <b>27</b> |

## Biodiversity

Biodiversity management is integrated into a number of on-site processes, primarily in the long-term establishment of rehabilitation areas where biodiversity indicators form a key part of the outcome assessment of these landforms.

New Hope is committed to the protection and management of the post mine landscape to achieve a range of biodiversity, aesthetic and agricultural values.

Our Bengalla operation is committed to the ongoing management of biodiversity as well as the maintenance of selected offsite lands as an offset for the impacts to biodiversity predicted in the Bengalla Environmental Impact Statement. Bengalla's Biodiversity Offset Strategy covers 6,215 ha of land including broad areas of native forest and woodland. Bengalla is required to manage many risks associated with the land including bushfire. During July 2018, Bengalla undertook a bushfire assessment to determine the fuel load across the biodiversity conservation land. The assessment identified four areas that required hazard reduction burning. LRM Fire & Rescue were commissioned to execute four hazard reduction burns over an area of 918ha which occurred in the financial year. The hazard reduction burns were successfully completed.



## CASE STUDY

### GOING GREEN: BRISBANE CITY

Queensland Bulk Handling Pty Ltd (QBH) has partnered with Bulimba Creek Catchment Coordinating Committee (B4C) to restore the banks of the Brisbane River joined forces to help restore the banks of the Brisbane River aiding in the revegetation and conservation of native wildlife on Gibson Island.

The collaboration of QBH and B4C is the alliance that the “brown snake” of Brisbane River needed, with 900 square metres rehabilitated and revegetated with native flora and fauna, and further plans for more restorative work.

Through this partnership work has also begun on QBH's 11-hectare site situated in the Port of Brisbane aiming to create a greener Brisbane over the next 6-12 months.

The restoration at the port facility will attract more native species and create improved pathways for native fauna.





# Social



## Health and Safety

We strive to ensure that our people remain free from work related injury and illness and that their work environment is both safe and healthy.

Our focus in health and safety is to:

- Identify, assess, manage and reduce risks to people and equipment;
- Provide a safe and healthy workplace with the necessary fit for purpose equipment, environment and systems for work;
- Provide the training and resources to support our Health and Safety program;
- Actively monitor, investigate, analyse and report our Health and Safety performance;
- Continually improve both our systems and performance through the involvement of our employees and contractors;
- Encourage all employees and contractors to take personal responsibility for both their own and their fellow employee's health and safety; and
- Rely on mutual assistance, support, cooperation, and interaction amongst employees and contractors to achieve our health and safety objectives.

## New Hope's Performance

The overall annual result has shown a decrease in the total recordable injury frequency rate (TRIFR) from last year from 11.75 to 9.97. The results show that fewer people were injured across the group. This has largely been because of a continued effort to reduce incidents and injuries. Leadership teams at all sites have maintained the focus on driving proactive safety leadership initiatives including critical controls, safety management, safety interactions, personal risk management and hazard reporting.

Safety is a Core Value at New Hope with QBH at the Port of Brisbane leading the way, extending its record of being Lost Time Injury Free (LTIF) to seven consecutive years.

| INDICATORS   | UNIT OF MEASURE | YEAR TO 31 JULY 2019 | YEAR TO 31 JULY 2018 | YEAR TO 31 JULY 2017 |
|--|-----------------|----------------------|----------------------|----------------------|
| Number of workers covered by an occupational health and safety management system | #People         | 873                  | 417                  | 408                  |
| Fatalities (employees and contractors)   | #People         | Nil*                 | Nil                  | Nil                  |
| Total recordable injuries (employees and contractors)                            | #People         | 19*                  | 21                   | 8                    |
| Number of hours worked (employees and contractors)                               | #Hours Worked   | 2,444,795            | 1,210,620            | 1,249,365            |
| New occupational illness cases   | #People         | 5*                   | 10                   | 2                    |
| Safety interactions (operated mine sites only)                                   | #Interactions   | 11,561*              | 6,272                | 2,222                |

\* Bengalla Health and Safety data is included from 1 December 2018 with the fatality occurring on 3 November 2018.

Tragically, on 3 November 2018, a tyre fitter employed by a contractor to Bengalla was fatally injured. The NSW Department of Planning's Resource Regulator is continuing their investigations and Bengalla continues to cooperate with the authorities. Bengalla continues to offer support to the contractor's family and to all personnel who have been affected by the tragedy.

## Mental Health and Wellbeing

In employee health, our signature program is the "Live Well, Work Well" health and wellness initiative, which aims to improve the health and wellbeing of our workforce both in and outside the workplace. The program gives New Hope employees and contractors access to health professionals including doctors and psychologists and delivers monthly toolbox talks on health related topics such as stress management and topical health related issues. Our most recent annual health program survey at New Acland Mine demonstrated that 77.5% of employees thought the program had made a positive change to their health. The award winning program at Jeebropilly and New Acland has gained positive recognition taking out a Queensland Mining Industry Health and Safety Award.

To assist our people to have a conversation about safety in a supportive environment the "Mates Helping Mates" program from Bengalla has commenced at QBH. To support our people a peer support program with volunteer employee Peer Support Officers has been implemented across Queensland operations. The trained Peer Support Officers act as a confidential support and advisory service to employees for both personal and work related matters. In addition, we provide a confidential Employee Assistance Program available 24/7, free of charge to all New Hope employees (and their immediate families) to address any work or personal issues.

To date our approach has resulted in outstanding results, which have been recognised at a State, National and industry level including:

- 2015 Queensland Safe Work and Return to Work Award;
- 2016 Australian Mines and Metals Association Health and Wellbeing Award;
- 2017 Queensland Mining Industry Health and Safety Conference Best Health Program Award;
- Queensland Bulk Handling achieved seven years Lost Time Injury Free; and
- 2019 Queensland Mining Industry Health and Safety Conference Best Health Program Award for Finishing Well Program at Jeebropilly.

## Employment

We value our people and want our workforce to have a sense of purpose and the opportunity to achieve their career aspirations. Our focus over many years has been to ensure that the culture of New Hope fosters a high-performing and engaged workforce, promoting training and development, diversity and inclusion, safety and wellbeing, and recognises exceptional performance.



## CASE STUDY

### 2019 AMMA YOUNG PROFESSIONAL AWARD: FIONA FORSYTH

**Bringing together two well established workforces into one cohesive unit can be a challenge at times but it was one New Hope's Fiona Forsyth relished.**

**Fiona exceeded expectations in the challenging role as Integration Services Advisor at Bengalla Mine - tasked with building positive relationships with managers and teams to create a smooth transition following New Hope's majority shareholder acquisition.**

**Her exemplary work saw her awarded the 2019 AMMA Young Professional of the Year Award. AMMA is the Australian Mines and Metals Association and is the national representative for Australia's resources, energy and supply industry employers. The Young Professional Award recognises an individual within an organisation who has had a positive and obvious impact on work-force related processes.**



## Social continued



Bengalla offers school work experience and vocational education and training experience to local students coordinated through local schools. In 2018, Bengalla mine welcomed 10 students to site as part of the Muswellbrook High School work experience program.

New Acland Mine presently has a school based traineeship in place whereby the trainee works on site 2 days per week and goes to school the remaining 3 days. This allows the student to apply their knowledge and to fuel the interest in a future career path while still at school.

In addition New Hope hosts a number of vacation students at its various sites which allows young professionals still at University the opportunity to apply the skills they learn at university to a mining business on a range of areas. The vacation students undertake a major project which they then present to senior members of the business at the completion of their program.

New Hope also has in place a generous Study Assistance Policy which allows employees the opportunity to study in the field they work in while reimbursing a large proportion of the costs incurred on fees and text books back to the employee and also providing additional leave to undertake university examinations. This encourages further learning and assists to prepare team members for their next opportunity in the business.

We believe in a workplace where everyone is treated fairly and with respect and we strive to ensure all individuals are provided with equal opportunity in all aspects of employment. We also offer flexible working arrangements such as paid or part time work to accommodate individual circumstances. Not only does this foster positive relationships at work, it directly supports a high performing organisation.

New Hope has a suite of human resources policies and guidelines covering a range of issues. They include:

- Code of Conduct;
- Equal Employment Opportunity & Workplace Behaviours;
- Workplace Rehabilitation;
- Leave;
- Recognition; and
- Learning & Development.

New Hope is committed to fostering a culture which supports equal opportunity, inclusiveness and diversity. Our company policies are based on principles of merit and equal opportunity. To date we have implemented the following initiatives:

- Flexible work arrangements;
- Additional annual leave purchase scheme;
- Paid parental leave;
- Mates helping Mates Peer Support program;
- Employee Assistance Program, and
- Equal Opportunity Employer Awareness Training.

New Hope continues to foster a workplace where employees feel they are a valued member of the organisation, treated fairly and that inappropriate behaviour does not take place.

New Hope generates value by investing in our people to support attraction, engagement and retention of employees. This is increasingly important in the current environment where demand for labour in the coal industry is increasing and there has been a decline in new entrants into the resources industry. A testament of the value delivered by our investment in people is that New Hope has one of the lowest employee turnover rates comparatively in the Australian coal mining industry and an extended length of service.

**Table 4: Workforce by gender, age group and employment type**

| INDICATORS                    | YEAR TO 31 JULY 2019 | YEAR TO 31 JULY 2018 | YEAR TO 31 JULY 2017 |
|-------------------------------|----------------------|----------------------|----------------------|
| <b>Number of employees</b>    | <b>1,024</b>         | <b>536</b>           | <b>531</b>           |
| <b>By gender</b>              |                      |                      |                      |
| Female                        | 147                  | 78                   | 68                   |
| Male                          | 877                  | 458                  | 463                  |
| <b>By geographical region</b> |                      |                      |                      |
| New South Wales               | 489                  | 36                   | 29                   |
| Queensland                    | 535                  | 500                  | 502                  |
| <b>By age group</b>           |                      |                      |                      |
| Below 30                      | 84                   | 57                   | 55                   |
| 30-50                         | 602                  | 279                  | 283                  |
| Over 50                       | 338                  | 200                  | 193                  |

**Table 5: Employee turnover**

| INDICATORS  | YEAR TO 31 JULY 2019 | YEAR TO 31 JULY 2018 | YEAR TO 31 JULY 2017 |
|---|----------------------|----------------------|----------------------|
| <b>Rate (%) of employee turnover</b>              | <b>10.4</b>          | <b>9.5</b>           | <b>10.4</b>          |
| <b>By gender</b>                                  |                      |                      |                      |
| Female  | 18.4                 | 12.8                 | 22.2                 |
| Male  | 9.1                  | 8.9                  | 8.5                  |
| <b>By geographical region</b>                     |                      |                      |                      |
| New South Wales                                   | 9                    | 13.8                 | 13.6                 |
| Queensland  | 11                   | 9.2                  | 10.3                 |
| <b>Tenure</b>                                     |                      |                      |                      |
| Current employees with 25 years tenure or greater | 31                   | 29                   | 31                   |





# Social continued



**Table 6: Gender diversity**

| INDICATORS                | FY19 COUNT |      | FY19 % |      | FY18 COUNT |      | FY18 % |      |
|---------------------------|------------|------|--------|------|------------|------|--------|------|
|                           | FEMALE     | MALE | FEMALE | MALE | FEMALE     | MALE | FEMALE | MALE |
| New Hope Board            | 1          | 6    | 14     | 86   | 1          | 6    | 14     | 86   |
| Executive Leadership Team | 2          | 4    | 33     | 67   | 2          | 5    | 29     | 71   |
| Senior Management         | 13         | 63   | 17     | 83   | 5          | 21   | 19     | 81   |
| Management                | 4          | 62   | 6      | 94   | 2          | 35   | 5      | 95   |
| Frontline Employees       | 128        | 748  | 15     | 85   | 57         | 293  | 16     | 84   |

## Training and Education

Training and development is a critical element of our workforce planning. We grow talent by educating and training employees across different aspects of work providing employees with the opportunity to complete best practice education and training through a combination of face-to-face, practical and e-learning approaches.

**Table 7: Training and Development**

| INDICATORS   | YEAR TO 31 JULY 2019 |
|--|----------------------|
| <b>Total cost of training</b>  | \$1.7 million        |
| <b>Number of employees who received training on the following topics</b> |                      |
| Trade Practices Training module  | 70                   |
| Safety Awareness (I Safe/We Safe) for new employees                      | 18                   |
| Safety Awareness training update (all Qld employees)                     | 500                  |
| Mental health & Suicide Awareness training                               | 55                   |
| Leadership (Leading Leaders & Leading Others)                            | 44                   |
| Peer Support Officer training for new participants                       | 18                   |

## Procurement

We focus on working with local suppliers to maximise socio-economic benefits for our local communities. Our local procurement policies support suppliers close to our operations and through engaging with prospective local suppliers at community events and information sessions we are able to build a sustainable value chain.

Bengalla has committed to maximising the opportunities for local suppliers to compete and participate in the Bengalla supply chain, including indigenous businesses, without compromise to safety, risk or sustained commercial value.

**Table 8: Suppliers by geographical region**

| INDICATORS                       | YEAR TO 31 JULY 2019 | YEAR TO 31 JULY 2018 | YEAR TO 31 JULY 2017 |
|----------------------------------|----------------------|----------------------|----------------------|
| <b>Number of local suppliers</b> | <b>851</b>           | <b>479</b>           | <b>503</b>           |
| <b>By region</b>                 |                      |                      |                      |
| New South Wales                  | 338                  | Not applicable       | Not applicable       |
| Queensland                       | 513                  | 479                  | 503                  |

| INDICATORS                                   | YEAR TO 31 JULY 2019 (\$M) | YEAR TO 31 JULY 2018 (\$M) | YEAR TO 31 JULY 2017 (\$M) |
|--|----------------------------|----------------------------|----------------------------|
| <b>Payments made to local suppliers</b>      | <b>372.3</b>               | <b>281.2</b>               | <b>279.6</b>               |
| <b>By region</b>                             |                            |                            |                            |
| New South Wales                              | 85.4                       | Not applicable             | Not applicable             |
| Queensland                                   | 286.9                      | 281.2                      | 279.6                      |
| <b>Total payments to all other suppliers</b> | <b>317.3</b>               | <b>77.7</b>                | <b>76.3</b>                |

## Modern Slavery

The Modern Slavery Act 2018 (Cth) requires entities operating in Australia, which have an annual consolidated revenue of more than \$100 million to report annually on the risks of modern slavery in their operations and supply chains and the actions taken to address those risks.

At a high level the term modern slavery encompasses situations of exploitation where a person cannot refuse or leave work because of threats, violence, coercion, abuse of power or deception. Global estimates suggest that over 40 million people are living in situations of modern slavery hidden within the supply chains of global economies and industry sectors.

We recognise that as a diversified mining and energy business there may be risks of modern slavery present within the supply chains of our operations and broader business. In light of this New Hope will review its procurement practices to ensure adequate identification and management of any modern slavery risks.

New Hope is considering a number of actions in the 2020 year to address the reporting requirements including:

- Mapping of the Group's first tier suppliers and identifying any key risk areas;
- Conducting a risk assessment of the Group's operations to increase our understanding and prioritise New Hope's focus and efforts;
- Making a policy statement on modern slavery and human rights which encourages employees and suppliers to report any concerns;
- Making a supplier communication document to send to all our suppliers stipulating our expectations; and
- Conducting team member training to raise awareness of modern slavery.



## CASE STUDY

### SUPPORTING LOCALS: TOOWOOMBA

When five of the massive Caterpillar 793F haul trucks working at New Acland Mine were ready for a full component change, New Acland Maintenance Supervisor Rob Trapp knew where to go.

Hastings Deering in Toowoomba was the place that was given the task of replacing almost every component on the trucks a project that would take 19 weeks and cost over \$10 million. It was by far the biggest job they'd done for New Acland Mine to date.

While the fleet is only six years old, each had completed about 24,000 hours of work at the New Acland site, slightly above industry standard.

Service Manager at Hastings Deering, Justin Butcher confirmed that the workers saw this project as a great win and were honoured when they were given the contract.



# Social continued

## \$1 MILLION MILESTONE WITH LIFEFLIGHT AUSTRALIA

New Hope Group (NHG) has hit the magic million dollar mark in its partnership with LifeFlight Foundation.

Over the past six years NHG has donated more than \$1.1 million dollars to the life saving organisation, helping them continue their important work.

LifeFlight provides medical evacuation services to a large part of Queensland, including the rural communities surrounding New Acland Mine.

LifeFlight Foundation CEO Leanne Angel said New Hope's support had made a real difference to hundreds of Queenslanders in their greatest hour of need.

"Each of our rescue missions cost in excess of \$12,500 so we rely heavily on our corporate partners and dedicated community members to keep our helicopters in the air and saving lives," Ms Angel said.

"Last financial year there were 206 missions performed in the Southern Downs region, 204 in the Western Downs and 165 in and around Toowoomba."

"Our partnership with New Hope has helped us saved hundreds of lives in the area."



## Local community engagement

We aim to be an integral and accepted part of the communities where we operate. To achieve this we engage directly and proactively with stakeholders and invest in our local communities, giving time, skills and financial support and developing genuine partnerships as the building blocks to sustainable futures.

New Hope is committed to working closely with local landholders and residents and other key stakeholders who neighbour our operations. Our New Acland Community Information Centre is based in Campbell Street, the main street of Oakey. Our community team including our Senior Landholder and Community Coordinator, Community Liaison and Landholder Liaison, who are based at the Centre, have been part of the Darling Downs community for many years and are passionate about working closely with local stakeholders. The Centre provides factual information about the New Acland Mine, employment, contractor and local supplier opportunities and details about New Hope's community sponsorships and donations program. The Centre hosts an annual landholder social function and facilitates monthly public tours of the New Acland Mine.

The New Acland Community Investment Fund (Fund) is part of New Hope's ongoing commitment to community investment and development. It aims to assist not-for-profit community groups and organisations through providing grants to support community based initiatives and projects which develop long-term positive outcomes for the communities around the New Acland Mine. The Fund is focussed on areas relevant to the local community and contributes to a variety of local initiatives related to New Hope's community investment priorities, namely:

- Education, training, capacity building and youth support;
- Community safety, health and welfare;
- Sport and recreation;
- Arts, entertainment and culture;
- Environment and sustainability; and
- History and cultural heritage.

The New Acland Community Reference Group (CRG) is integral to the ongoing engagement between the New Acland Mine operations and the local community. The CRG operates as an advisory body with members from the local community and the Company and outcomes inform New Hope's planning and community-based decision-making. The CRG provides local insight on key community topics, particularly in relation to potential opportunities and impacts presented by the New Acland Mine operation. It is also another avenue for sharing information with the broader community which complements our Community Information Centre, newsletters, media and other initiatives.

Bengalla is proud to be a long-term member of the Upper Hunter community. Bengalla is committed to working closely with the local community to keep them informed and create stronger communities through:

- Support for local schools and students by providing opportunities for work experience, apprenticeships and scholarships, by participating in school careers days and STEM activities, through hosting school tours of the mine and supporting academic enrichment for Aboriginal students;

- Partnering with major local events with a focus on culture, health & education;
- Financial and in-kind assistance to community organisations, groups and clubs; and
- A Voluntary Planning Agreement with the Muswellbrook Shire Council.

Bengalla engages directly with the community through its regular Community Consultative Committee meetings. At these meetings local community stakeholders, representatives of government departments and Bengalla staff discuss environmental management, mine development and performance and community partnerships.

The Bengalla Community Support Team and Community Development Fund Committee meets regularly to assess applications from the local community for donations, sponsorship and in-kind contributions by providing time and expertise. A diverse range of innovative projects and events have been supported through Bengalla's community partnerships. Highlights from the 2019 year, have been The Scone Charity Rodeo, Aberdeen Highland Games, school swimming programs, Muswellbrook Netball Association sponsors, The Upper Hunter Eisteddfod and the Upper Hunter Show.

Bengalla's undergraduate scholarship program is in its 20th year supporting students at Muswellbrook High School and this year was the second year Bengalla has extended the scholarships to local students at St Joseph's Aberdeen, Scone High School and Scone Grammar School. Bengalla's engineering scholarship provides financial assistance over four years as well as a 10 week vacation program onsite each year. This gives the vacation students an opportunity to develop skills and expertise by partnering with industry experts onsite.

| INDICATORS   | UNIT OF MEASURE | YEAR TO 31 JULY 2019 | YEAR TO 31 JULY 2018 | YEAR TO 31 JULY 2017 |
|--|-----------------|----------------------|----------------------|----------------------|
| Wages and salaries (including on-costs)                | (\$ million)    | 159.8                | 90.5                 | 87.9                 |
| Payments to government (including taxes and royalties) | (\$ million)    | 243.2                | 145.8                | 73.8                 |
| Sponsorships and partnerships                          | (\$ million)    | 1.9                  | 0.5                  | 0.6                  |



## CASE STUDY

### ENCOURAGING EDUCATION: MUSWELLBROOK HIGH SCHOOL

**Bengalla Mine is supporting graduates of Muswellbrook High School by gifting four students' tertiary study scholarships and awarding an additional scholarship to a student whose parent is an employee at Bengalla Mine.**

**New Hope sees these scholarships as an important contribution to students within the region giving them the initiative to seek further education once they've left school. There have already been 85 scholarships awarded over the past 16 years.**

**The five scholarship recipients receive \$3000 towards their chosen tertiary studies supporting them both financially and through vacation work.**





# Glossary

| ACRONYM                 | MEANING  |
|-------------------------|--|
| ACARP                   | Australian Coal Association Research Program       |
| Acland Pastoral Company | Acland Pastoral Company Pty Ltd                    |
| ASX                     | Australian Securities Exchange                     |
| B4C                     | Bulimba Creek Catchment Coordinating Committee     |
| CCS                     | Carbon Capture and Storage                         |
| CRG                     | Community Reference Group                          |
| CV                      | Calorific value                                    |
| Fund                    | New Acland Community Investment Fund               |
| FY                      | Financial Year                                     |
| GHG                     | Greenhouse gas                                     |
| GJ                      | Gigajoule  |
| GRI                     | Global Reporting Initiative                        |
| ha                      | Hectare  |
| HELE                    | High Efficiency Low Emission                       |
| IEA                     | International Energy Agency                        |
| LTIF                    | Lost Time Injury Free                              |
| M                       | Million  |
| ML                      | Million Litres                                     |
| NSW                     | New South Wales                                    |
| OEA                     | Overburden emplacement area                        |
| QBH                     | Queensland Bulk Handling                           |
| Reporting Period        | 1 August 2018 - 31 July 2019                       |
| ROM                     | Run of Mine  |
| RPEQ                    | Registered Professional Engineer of Queensland     |
| SE                      | South East   |
| TCFD                    | Taskforce on Climate related Financial Disclosures |
| TRIFR                   | Total recordable injury frequency rate             |





