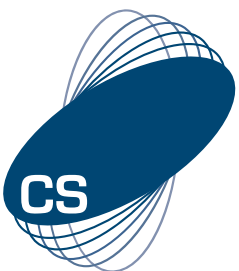
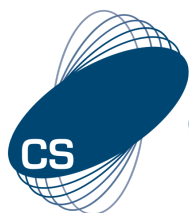


Coal Services

Corporate Governance Statement 2023





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Introduction

Coal Services Pty Limited and its subsidiaries, Coal Mines Insurance Pty Ltd and Mines Rescue Pty Limited are collectively referred to here as **Coal Services**.

Coal Services is committed to best practice in corporate governance and to advancing the coal mining industry in New South Wales as well as supporting their communities. This commitment is reflected in our adoption of the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (CGPR) released in February 2019.

Coal Services is an unlisted proprietary limited company and is not formally required to report against the CGPR. We do so to comply with Clause 1, Schedule 2 of the Company's Notices of Approval and as a benchmark to best practice. We have implemented these Principles as far as they are relevant to us.

Coal Services seeks to send a strong message to our shareholders, customers, employees, and the public, that it is committed to upholding high standards for the benefit of the coal industry and the public interest.

This document represents the Coal Services Corporate Governance Statement as of 17 August 2023.

Governance Framework

The separation of responsibilities between the Responsible Minister, the Coal Services Board of Directors, the Managing Director/CEO and the General Management Team is governed by the *Coal Industry Act 2001* (NSW) and the *Corporations Act 2001* (Cth).

Responsible Minister

The Minister is responsible for the appointment of the Board of Directors, including the Chairperson, Independent Directors (via nominations by the Mining and Energy Union and the NSW Minerals Council) and the Managing Director/CEO.

The Board of Directors

The Board independently and objectively assesses Coal Services' decisions and oversees the performance and activities of management. This creates a disciplined process to enable the achievement of the Company's strategic objectives.

The Board, as of 17 August 2023, comprises the Managing Director/CEO, two Nominees each from the Mining & Energy Union and the NSW Minerals Council as Non-Executive Directors, and two Independent Non-Executive Directors. Biographies are available on our website at coalservices.com.au/mining/about-us/governance/board-of-directors/.

Managing Director/CEO

The Managing Director/CEO is appointed by the Board and the Responsible Minister. The Managing Director/CEO provides the Board with relevant strategic options, policies, delegated authorities and financial issues on which to deliberate and leads Coal Services in accordance with the Board's approval.

The Managing Director/CEO is also responsible for the appointment, replacement, and evaluation of the performance of the General Management Team (except for the General Counsel/Company Secretary in relation to duties connected with the Board, which is performed with the Chairperson of the Board).

The General Counsel/Company Secretary

All Directors have access to the General Counsel/Company Secretary who is appointed by the Board. The General Counsel/Company Secretary reports to the Managing Director/CEO (from a day-to-day operational perspective) and is accountable to the Board, through the Chair, on all Board related matters, including, governance matters.

The General Counsel/Company Secretary performs the following functions in relation to the proper functioning of the Board:

- advising the Board and its Committees on governance matters
- monitoring that Board and Committee policy and procedures are followed
- coordinating the timely completion and dispatch of Board and Committee papers
- ensuring that the business at Board and Committee meetings is accurately captured in the minutes
- helping to organise and facilitate the induction, professional development, and performance evaluation of Directors.

General Management Team

The General Management Team, including the Managing Director/CEO, are responsible for the following functions:

- implementing the strategic objectives set by the Board
- operating within the risk appetite set by the Board
- providing accurate, timely and clear information to the Board to assist the Board in performing its duties
- all other aspects of the day-to-day running of the entity.

All General Manager appointments are overseen by the Managing Director/CEO.

Board Nominations and Appointments

Coal Services is subject to regulation by the NSW Government, represented by the Responsible Minister who oversees Coal Services' operations in respect of its statutory functions, including the appointment of Directors to the Coal Services Board. Specific details on Board nominations and appointments can be referred to Schedule 5 of the Coal Industry Act 2001 (NSW). A summary is provided below:

The shareholders of Coal Services, the Mining and Energy Union and the NSW Minerals Council, will nominate individually two Non-executive Directors for appointment to the Coal Services Board via a Letter of Nomination to the General Counsel/Company Secretary. Included with the Letter of Nomination is a copy of the nominee's curriculum vitae. The General Counsel/Company Secretary will perform all relevant checks prior to referring the nomination to the Minister.

A similar process is followed for the nomination of the two independent Non-executive Directors.

The Minister approves all nominations for appointments to the Board via an Instrument of Appointment.

Once a director's term of appointment is due to expire, the Director is eligible for re-appointment if nominated, as per the above nomination process.

The Responsible Minister also selects the Chairperson from either a nomination from the Mining and Energy Union or the NSW Minerals Council on an alternate arrangement every two years.

Board Independence

Board members have a range of relevant general financial knowledge, as well as specific skills and expertise in the coal and insurance industries and the financial services sector. Specific details for each individual Director are set out in the **Board of Directors** section.

Four of the six Non-executive Directors are directly connected with Coal Services' shareholders, as outlined in the *Coal Industry Act 2001* (NSW).

In relation to independent Non-executive Directors, independence is assessed prior to nomination to the Responsible Minister.

If a conflict of interest arises through the course of the directorship, all Directors must comply with Coal Services' Code of Conduct and Conflict of Interest Procedure. Further details are provided in the **Ethical Framework** section.

On an annual basis, all Directors must complete a Fit and Proper Responsible Person Assessment as per the Coal Services Fit and Proper Policy.

Board Skills Matrix

As per Coal Services' Board and GMT Diversity Policy, the organisation seeks to add value by ensuring that there is an appropriate mix of skills, experience (in a variety of specified fields), expertise and diversity available within the Board and General Management Team to:

- drive business results
- enhance Coal Services' reputation
- attract, recruit, engage and retain a diverse team of talented people.

Coal Services continues to review the specific skills, experience and expertise that is required to achieve the outcomes above as part of business as usual activities.

Board Induction and Continued Professional Development

On appointment, all Directors are offered an induction program that is provided by the General Counsel/Company Secretary. During the induction program, each Director is provided with a Board Information Pack which includes relevant information for the Director to familiarise themselves with the governance framework that Coal Services operates within, strategic direction and any current issues relevant to the proper functioning of a Board.

A continuing education program is incorporated into the Board calendar, which ensures that Directors, individually and collectively, develop and maintain skills and knowledge required for the Board to fulfil its role and responsibilities.

Performance Evaluation

Board Performance

The Board performance evaluation process is conducted every two years. An internal review was conducted in 2021 and the results made available to the Board in February 2022.

The General Management Team (GMT) Performance

During performance evaluations, the GMT is reviewed against agreed objectives set during the previous performance review process and new objectives are set for the following financial year in line with Coal Services' strategic direction and the Business Units' operational objectives.

GMT Performance Evaluations for the financial year ended 30 June 2023 were conducted in July 2023. The Board considered and approved overall GMT remuneration based on the recommendation of the Board Remuneration, People & Culture Committee.

Culture and Diversity

Coal Services values and manages diversity through a variety of programs, practices and policies which cover:

- recruitment, selection, and promotion of employees with the appropriate skills, talent, and experience for the position
- equal employment opportunity and discrimination including but not limited to differences that relate to gender, age, ethnicity, and cultural backgrounds
- talent and succession planning
- employee assistance programs
- flexible work hours, working arrangements and parental leave that support employees at all levels of the organisation who may have domestic responsibilities
- career development and performance through programs that assist employees to develop skills and experience for career enhancement
- a defined grievance and dispute process
- work health and safety programs and training
- study assistance.

Workplace profile 2022-23

Coal Services is required to report its workplace profile annually under the *Workplace Gender Equality Act 2012* (Cth). Figures below correct as of May 2023.

Workplace Profile 2022-23													
	Women					Men					Total	Women %	Men %
	Full time	Full time contract	Part time permanent	Part time contract	Casual	Full time	Full time contract	Part time permanent	Part time contract	Casual			
Managing Director/CEO	1										1	100.00	-
Key management personnel	2		1			6					9	33.33	66.67
Senior managers	7					16	2				25	28.00	72.00
Other managers	10		3			6	1	1			21	61.90	38.10
Professionals	77	11	42	2	7	78	15	4	1	9	246	56.50	43.50
Technicians and trade	4	1				32	5				42	11.90	88.10
Clerical and administrative	81	10	32	4	3	9	2				141	92.20	7.80
Labourers		1								1	2	50.00	50.00
Total	182	23	78	6	10	147	25	5	1	10	487	61.40	38.60
Board	1					5					6	16.67	83.33

Ethical Framework

Code of Conduct

Coal Services is committed to conducting business with integrity and accountability in accordance with the highest ethical standards and in compliance with all applicable laws, rules, and regulations. It is the responsibility of all employees, including the Board of Directors, to remain aware of, and comply with, the Code of Conduct.

The Code of Conduct describes Coal Services' expectations relating to the desired level of professionalism and behaviour that supports Coal Services' business reputation and corporate image within the community.

Coal Services Code of Conduct is reviewed every two years.

Conflict of Interest

All Directors are required to disclose any conflict of interest upon appointment and are required to keep these disclosures to the Board up to date. Any Director with a material personal interest in a matter being considered by the Board must declare their interest and, unless the Board resolves otherwise, may not be present during the boardroom discussion or vote on the relevant matter.

All employees are expected to disclose all conflicts of interest and have appropriate controls in place around the conflict.

The Conflict of Interest Procedure is supported by the Acceptance of Business Courtesies Procedure (referred to as the Conflict of Interest Framework). This provides Coal Services' employees with guidance to manage their obligations relating to the acceptance of gifts.

Coal Services Conflict of Interest Procedure is reviewed every three years.

Protected Disclosures

Coal Services has incorporated the Protected Disclosure Policy (which incorporates whistleblower protection) with an outsourced Protected Disclosure Management Provider.

This policy is reviewed every two years.

Fit and Proper

The Fit and Proper Policy addresses the requirements of APRA's Prudential Standards CPS 520 Fit and Proper and SPS 520 Fit and Proper. The policy requires all persons appointed to a Responsible Person role (including Directors) to satisfy the fit and proper requirements prior to their initial appointment, and be re-assessed annually, or at any time information that may affect their fit and proper status becomes known.

Coal Services Fit and Proper Policy is reviewed every year.

Environmental, Social and Governance

Coal Services' Environmental, Social and Governance (ESG) Statement details our commitment to managing environmental and social obligations and is published in the **ESG** section of our corporate website.

Coal Services publishes a Modern Slavery Statement in compliance with Australia's *Modern Slavery Act 2018* (Cth). The Statement discloses actions taken to identify and mitigate modern slavery and human trafficking in our business operations and supply chain and is published on our website and on the Australian Border Force website.

Financial and Risk Management

Financial Management

The Coal Services Board receives regular reports from management about the financial performance of Coal Services and all controlled entities. The Managing Director/CEO and the Chief Financial Officer provide a Representation Letter to the Board in relation to the following principles:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* (Cth) including:
 - I. giving a true and fair view of the financial position and of performance for the financial year
 - II. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001* (Cth).
2. Internal controls related to the preparation of the financial reports have been appropriately reviewed by the external auditor and are free from any material misstatement whether due to fraud or error.
3. There are reasonable grounds to believe that Coal Services will be able to pay their debts as and when they become due and payable (going concern).
4. The Coal Services Board delegates the responsibility of the review of the various policies and procedures associated with financial management to the various Board Committees, including:
 - **Board Finance, Investment and Audit Committee:** monitors the financial and investment performance against strategies and targets, the capital and solvency position, and oversees the internal and external audit process as well as financial management.
 - **Board Remuneration, People and Culture Committee:** oversees Directors' remuneration and the remuneration and employment conditions of all Coal Services employees.
 - **Board Risk Management Committee:** oversees Coal Services' compliance with corporate policies, corporate governance, and risk management policies.
 - **Board Insurance Committee:** oversees the operation and effectiveness of Coal Services' NSW coal workers compensation scheme, including reviewing actuarial reports.

Risk Management

Coal Services Board is ultimately responsible for Coal Services' management of its risks.

The recognition and management of risks is a critical function within Coal Services and is performed using a risk management framework which has been developed to manage the following key risks:

- **Strategic:** The risks of making erroneous or sub optimal decisions regarding Coal Services' strategic direction and the risk of poor execution of those strategic decisions
- **Financial:** The risks relating to liquidity, market, credit, and insurance.
- **Operational:** The risks relating to the day-to-day operation of Coal Services.

The risk management framework is based around the three lines of defence model:

- **1st line of Defence:** Business units are responsible for identifying, evaluating, and managing the risks that they originate within approved risk appetite and policies. They are required to establish and maintain appropriate risk management controls, resources, and self-assurance processes.
- **2nd line of Defence:** A separate risk and compliance advisory, support and monitoring function which establishes frameworks, policies, limits and processes for the management, monitoring, and reporting of risk.
- **3rd line of Defence:** Internal Audit provides independent assurance, and opines on, the adequacy and effectiveness of 1st line risk management activities.

Coal Services' Enterprise Risk Management Framework and the Risk Appetite Statement is reviewed annually with the latest in August 2023.

The Coal Services Board oversees these lines of defence directly and through appropriate Board delegations.

Internal Audit

The Head of Internal Audit has a direct reporting line to the Chairperson of the Board Finance, Investment and Audit Committee. The Internal Audit Function is governed by the Internal Audit Charter which is reviewed and approved by the Board Finance, Investment and Audit Committee.

The Internal Audit Function is authorised to:

- have unrestricted access to the Board Finance, Investment and Audit Committee
- have unrestricted access to all functions, property, records and employees of Coal Services
- allocate resources and apply such techniques as may be required to fulfil the requirements of the annual audit plan and any additional audit activities that may be agreed.

The periodic audit plan is resourced internally by the Internal Audit Function and by outsourced audit partners where appropriate.

External Audit

KPMG was appointed as the Group's External Auditor (External Auditor) by the Coal Services Board at the 21 June 2007 meeting. In 2020 a tender process was undertaken and re-confirmed KPMG as Auditor. The External Auditor provides an independent opinion on whether, among other things, that Coal Services' financial reports are true and fair, and comply with applicable accounting standards and the Corporations Act 2001 (Cth).

In line with legislation promoting auditor independence, the Group requires rotation of KPMG's lead audit partner after the audit of five successive financial years. The current lead audit partner was appointed effective October 2022. KPMG receive all Board Finance, Investment and Audit Committee papers and attend, at a minimum, the Board Finance, Investment and Audit Committee meeting held annually to discuss the Statutory Accounts. The external auditors are also welcome to attend any other Board Finance, Investment and Audit Committee and Risk Management Committee meetings and have access to Committee members and Coal Services' employees at any time.

Board and Committees

Committee Charters are reviewed annually to confirm the role, responsibilities and accountabilities of each Committee and are available by contacting the Company Secretary.

The following Committees have been formed to oversee various aspects of Coal Services operations:

Board Risk Management Committee

The Board Risk Management Committee (Committee) will assist the Board of Directors (Board) of Coal Services Pty Limited, Coal Mines Insurance Pty Ltd and Mines Rescue Pty Limited (the Group) in discharging its responsibilities on matters relating to:

- a) Monitoring and oversight of the Group's risk management and governance;
- b) The design, implementation and operation of the Group's risk management framework;
- c) Monitoring and assessing the effectiveness of the Group's risk management framework, and ensuring that an appropriate framework of policies, procedures, internal controls, reporting, ethical standards and management accountability and legal and regulatory compliance are consistently maintained;
- d) Monitoring and oversight of the Group's risk profile, risk appetite and the policies and controls of the Group's risk management function;
- e) The Group's risk culture.

Board Finance, Investment and Audit Committee

The Coal Services Board Finance, Investment and Audit Committee (Committee) will assist the Board of Directors (Board) of Coal Services Pty Limited, Coal Mines Insurance Pty Ltd and Mines Rescue Pty Limited (the Group) to discharge its responsibilities on matters relating to:

- a) Managing and overseeing the investment portfolio of the Group;
- b) Considering and, in certain circumstances making decisions in relation to, investments, corporate transactions and growth opportunities and the Group's capital and financing arrangements;
- c) Having oversight of the financial statements and financial reporting systems of the Group;
- d) The internal auditor (**Internal Auditor**), internal audit function (Internal Audit) and the external auditor (**External Auditor**);
- e) The Group's internal control environment;
- f) The Group's risk management framework, in conjunction with the Board Risk Management Committee.

Board Insurance Committee

The Board Insurance Committee (Committee) will assist the Board of Directors (Board) of Coal Mines Insurance Pty Ltd (Company) in discharging its responsibilities on matters relating to:

- Corporate governance and oversight responsibilities in relation to financial, operational, risk management and legislative changes in relation to the Coal Mines Insurance Scheme (Scheme) in collaboration with the Board Finance, Investment & Audit Committee, and the Board Risk Management Committee of Coal Services Pty Limited, Coal Mines Insurance Pty Ltd and Mines Rescue Limited (the Group);
- Reviewing the effectiveness of operational controls and satisfying itself that risk-based information is used effectively by management for the purposes of the Scheme;
- Assessing the appropriateness and adequacy of the Scheme.

Board Remuneration, People & Culture Committee

The Board Remuneration, People & Culture Committee (Committee) will assist the Board of Directors (Board) of Coal Services Pty Limited, Coal Mines Insurance Pty Ltd and Mines Rescue Pty Limited (the Group) in discharging its responsibilities on matters relating to:

- a) The Group's remuneration strategy;
- b) The Group's remuneration policy (as set out below);
- c) Retention strategies;
- d) Employee engagement and talent management strategies;

- e) Diversity and inclusion;
- f) Performance management frameworks.
- g) Organisational culture

Clinical Governance Committee

The Clinical Governance Committee (Committee) will monitor Coal Services Pty Limited's operational adherence to the CS Health Clinical Governance Framework (the Framework). Its roles and responsibilities are to:

- a) Support CS Health to drive clinical excellence and to continue to deliver high-quality, safe, and valued services to the NSW coal industry.
- b) Monitor adherence to the Framework.
- c) Monitor operational performance and alignment to strategic business goals.
- d) Identify potential and actual risks and develop strategies and action plans to ensure issues are resolved promptly to avoid reputational damage.
- e) Advocates for quality improvement and promoting a safety-focused organisational culture.
- f) Endorse transparency and oversight of clinical performance, escalation of critical risks and provide recommendations to the Board Risk Management Committee and the Coal Services Board.

Environmental, Social and Governance Committee

The ESG Committee (Committee) will coordinate Coal Services' ESG obligations. Its roles and responsibilities are to:

- a) Develop Coal Services Group's ESG strategy and framework in line with the Group's values.
- b) Develop Coal Services Group's ESG statement for proposal to the Board Risk Management Committee and review it annually.
- c) Propose and support ESG activities and initiatives in line with the agreed framework.
- d) Socialise and implement ESG activities and initiatives.
- e) Hold the Coal Services Group accountable to the ESG statement.
- f) Assess ESG status on annual basis against the ESG Framework and Statement.
- g) Report ESG status to the Board Risk Management Committee for further reporting to the Board and other stakeholders.

2022-23 Board Attendance (Summary)

Director, Position	Board Meetings Coal Services ¹ (inc. CMI & Mines Rescue)		Board Finance, Investment and Audit Committee		Board Risk Management Committee		Board Insurance Committee		Board Remuneration Committee ⁶		Board Remuneration, People & Culture Committee ⁷	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Lucy Flemming Executive Director	7	7	0	0	0	0	5	5	0	0	0	0
James Barben ^{2, 3} Non-Executive Director	7	6	0	0	4	4	3	3	0	0	0	0
Linda Bostock Independent Non- Executive Director	7	7	5	5	0	0	5	5	0	0	1	1
Mark Genovese Independent Non- Executive Director	7	7	5	5	4	4	0	0	0	0	0	0
Peter Jordan Non-Executive Director/Chairperson	7	7	0	0	0	0	5	5	1	1	1	1
David Mould ^{4, 5} Non-Executive Director	7	4	5	3	0	0	2	1	1	1	1	1
Graeme Osborne Non-Executive Director	7	7	0	0	4	4	0	0	1	1	1	1

1. The Boards for Coal Services Pty Limited, Coal Mines Insurance Pty Ltd and Mines Rescue Pty Limited are opened concurrently as one meeting (Coal Services Boards).

2. Appointed to Insurance Committee on 1 September 2022.

3. Removed from Remuneration Committee effective from 1 September 2022.

4. Appointed to Remuneration Committee on 1 September 2022.

5. Removed from Insurance Committee effective from 1 September 2022.

6. Reformed as the Remuneration, People & Culture Committee on 15 February 2023

7. Replaced the Remuneration Committee on 15 February 2023

Further information

For further information about Coal Services' operations and history, refer to <https://www.coalservices.com.au/mining/about-us/>

For access to the current and historical Coal Services annual reports, refer to <https://www.coalservices.com.au/mining/about-us/annual-reports/>

For access to any media releases and other publications, refer to <https://www.coalservices.com.au/mining/news-and-events/>

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