



Australian Government

Coal Mining Industry
(Long Service Leave Funding) Corporation

COALLSL

CORPORATE PLAN 2023/24

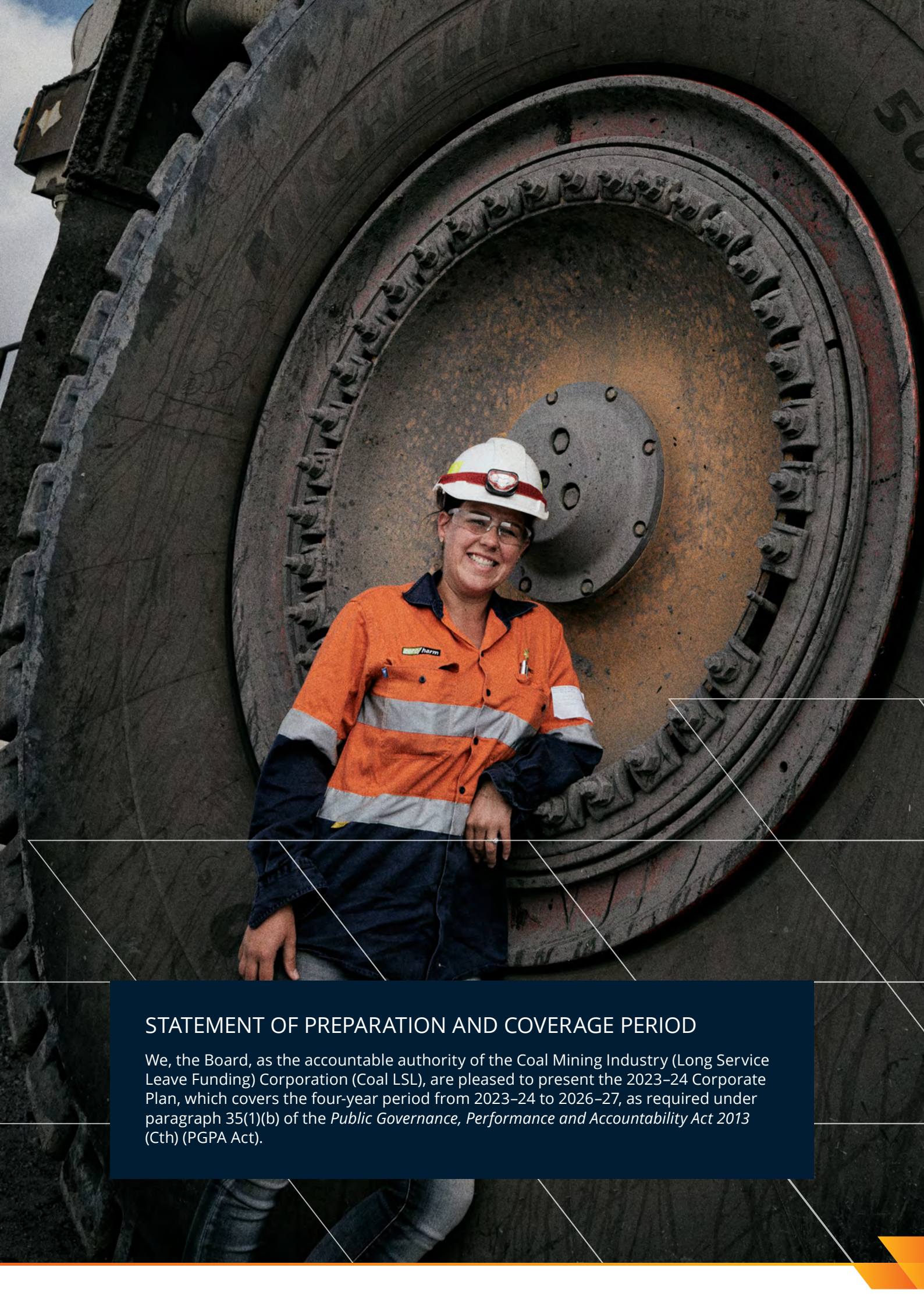




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Coal LSL acknowledges the traditional custodians of the land on which we work. We pay our respects to its people, cultures and elders past, present and emerging.





STATEMENT OF PREPARATION AND COVERAGE PERIOD

We, the Board, as the accountable authority of the Coal Mining Industry (Long Service Leave Funding) Corporation (Coal LSL), are pleased to present the 2023–24 Corporate Plan, which covers the four-year period from 2023–24 to 2026–27, as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act).



A MESSAGE FROM OUR CHAIR

I am delighted to introduce Coal LSL's 2023–24 Corporate Plan.

Last year, the organisation embarked on its 3-phase plan to bring its vision and purpose to life, strategically positioning Coal LSL for the years ahead.

This year's plan builds on those foundations, outlining a clear set of programs with distinct key initiatives that will align the organisation to ensure its responsibilities as a corporate Commonwealth entity continue to be met and enhanced.

Coal LSL has two very important roles under its governing legislation – as custodian and regulator of the scheme. With the ultimate aim of being the exemplar portable long service leave scheme modelling excellence through continual innovation in the way it operates, this year will see the organisation move well into phase 2 of its plan.

I would like to acknowledge the Fund's strong investment performance in the past year. Despite the uncertain global markets, the Fund generated strong returns. Guided by the investments team, the Fund continued its disciplined long-term investment strategy and returns recovered strongly from 2021–22 to end the 2022–23 financial year at 10.7%.

As a result, at 30 June 2023 the value of the investment portfolio was \$2.1 billion, up from \$1.96 billion at the same time last year. This performance continues to meet our long-term objectives as a prudent financial manager and effective custodian.

More broadly, on behalf of the Coal LSL Board, I would like to acknowledge the entire team at Coal LSL, which has worked diligently and passionately to create a robust foundation for the significant period of transformation ahead while continuing to connect employees with their long service leave entitlements and support employers to comply with their obligations.

This is an ambitious Corporate Plan that will see Coal LSL modernise its core systems and processes, address the 10 recommendations the Independent Review made to the organisation, and meet the expectations of our stakeholders as a contemporary, sustainable, portable long service leave scheme.

A handwritten signature in black ink, reading 'C. Langby'.

Christina Langby
Chair



A MESSAGE FROM OUR CEO

The ability to access long service leave can never be taken for granted. Portable long service leave makes this possible. Coal LSL is proud to be providing this valuable benefit for employees in Australia's black coal mining industry.

There has been a lot of change in the coal mining industry since 1949 when the scheme was established – technology, employment models, instruments of employment and, importantly, the global view of the role coal mining plays in the future as a source of energy.

The environment in which we are operating remains dynamic and uncertain. As the industry continues to absorb changes to Commonwealth policy impacting coal mining as well as the broader industrial relations landscape, we remain focused on delivering on our purpose of ensuring employees are connected with their long service leave benefits.

This year is a significant one for Coal LSL as we implement legislative change as part of the *Fair Work Amendment (Protecting Worker Entitlements) Act 2023*. The measure demands new ways of calculating entitlements for casual employees in the scheme and will require operational changes for Coal LSL and process changes for registered employers. We will be dedicating resources to this transformation, which touches all parts of the organisation.

Importantly, 2023 was also marked by an adjustment to the payroll levy rate, which increased to 2.7%.

These two changes come about as we mature our operations as a regulator. Our data driven, risk based approach informs our strategy of industry engagement, education and enforcement as we continually improve our regulatory practices and build on the solid foundations of last year's programs.

Our vision of enhancing our communities as a contemporary, sustainable long service leave scheme is a focus of this year's corporate plan, which sees us move into phase 2 of our multi-year transformation. While 2022–23 was dedicated to strengthening our foundations, 2023–24 is about advancing the organisation through 4 strategic programs: Regulation, Technology and Data, Capability, and Corporate Governance.

Together, these programs will be enablers for our transformation agenda, help us strengthen alignment organisation-wide and reach excellence through continual innovation.

I look forward to the year ahead and am extremely proud to present the 2023–24 Corporate Plan.

Darlene Perks
Chief Executive Officer



ABOUT COAL LSL

We are the custodian and regulator of the long service leave scheme for employees within Australia's black coal mining industry.

OUR PURPOSE

We ensure employees are connected with their long service leave benefits.

OUR VISION

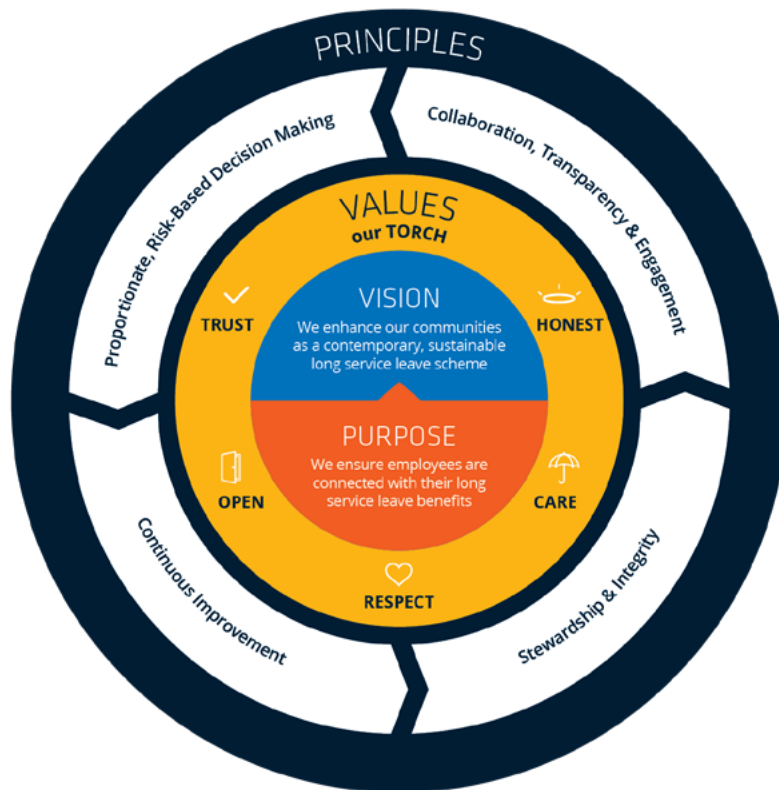
We enhance our communities as a contemporary, sustainable long service leave scheme.

OUR ROLE

Established under the *Coal Mining Industry (Long Service Leave) Administration Act 1992* (the Admin Act), our role is to:

- ▶ collect funds from employers by way of levy
- ▶ invest funds and ensure Fund sufficiency to finance the cost of reimbursements of long service leave
- ▶ ensure accurate and compliant record keeping
- ▶ reimburse employers' authorised payments of long service leave
- ▶ enable recognition of long service leave entitlement for eligible employees.

WE ARE THE CUSTODIAN AND REGULATOR OF THE SCHEME



STRATEGIC PRIORITIES



Prudent Financial Management



Easy To Do Business With



Effective Operations

WE ARE GUIDED BY OUR VALUES

VALUES



TRUST

We act with integrity, accountability and consistency by saying what we do and doing what we say.



OPEN

We listen with curiosity and communicate with transparency to set expectations and guide outcomes.



RESPECT

We value diversity of thought and appreciate the contributions of our people in carrying out an important role in our community.



CARE

We promote wellbeing and empower our people to work together to have a meaningful impact.



HONEST

We value respectful candour in a safe space to foster genuine and courageous interactions.



OUR ENVIRONMENT

As the world's largest exporter of metallurgical coal and the second largest exporter of thermal coal, the Australian coal mining industry is sensitive to price volatility created by changes to supply and demand.

Global Energy Research organisation Wood Mackenzie's Global thermal coal short-term outlook (June 2023) reports prices as very volatile during FY23. The Newcastle benchmark price for thermal coal fell by around 55%, averaging US\$357/t during 2022, and falling to US\$161/t by the second half of FY23. Further price pressures are likely during FY24.

While prices have fallen, seaborne thermal coal export volumes have remained strong, exceeding one billion tonnes, of which Australia accounts for around 18%. Asian demand and European decarbonisation will be key determining factors in the global supply-demand balance.

Wood Mackenzie's Global metallurgical coal short-term outlook (June 2023) suggests that metallurgical coal prices based on Queensland Hard Coking Coal (HCC) Benchmark could ease by around 20% from the average price during the last quarter of FY23 to around US\$220/t and stabilise around that level.

Seaborne metallurgical coal export volumes are likely to remain stable at around 315 million tonnes, of which Australia accounts for around 50%.

Despite relatively favourable prices and export volumes for both thermal and metallurgical coal, macro trends such as climate change, decarbonisation, emission targets, carbon tariffs and geopolitical risks have and will continue to impact the Australian coal mining industry.

The macro trends have an impact on capital investments, with limited greenfield sites progressing. Wood Mackenzie research suggests it is fair to expect high coal prices are no longer leading to large reinvestment in the industry.

Coal LSL remains attuned to these shifts and variants as context for the setting of our strategic programs and our multi-year transformation agenda.



OUR CHANGING INDUSTRY

Coal LSL is operating in a period of uncertainty created by the nexus of Commonwealth policy changes in both the coal mining industry and the industrial relations landscape.

The *Safeguard Mechanism (Crediting) Amendment Act 2023* (The Act) enshrines the nation's 2030 emission reduction target to 43% below 2005 levels by 2030, and locks in Australia's commitment to net zero emissions by 2050. The Act makes amendments to the 2015 Safeguard Mechanism to ensure high emitters, including coal mines, contribute to meeting these targets. Additionally, Coal LSL is acutely aware the transition to clean energy is at the forefront of the collective mind both nationally and globally.

Despite industry uncertainty, Coal LSL's priority is to progress our transformation agenda and invest in initiatives that contribute to achieving our strategic priorities and realising our vision of being a contemporary sustainable portable long service leave scheme.

The *Fair Work Amendment (Protecting Worker Entitlements) Act 2023* includes a measure to ensure casual employees are treated no less favourably than permanent employees under the Coal LSL scheme. The change will give effect to Recommendation 4 of the 2021 KPMG Report *Enhancing certainty and fairness: Independent Review of the Coal Mining Industry (Long Service Leave Funding) Scheme*.

The implementation of the new measure will require operational changes for Coal LSL and process changes for employers. These have been incorporated into year one of our strategic plan.

The KPMG Report marked a significant milestone for our organisation and in addition to the facilitation of legislative reform, we have aligned our strategic programs to give effect to the recommendations of the report directed at Coal LSL.



INVESTMENTS AND GLOBAL MARKETS

Guided by our Strategic Asset Allocation (SAA), the Fund continued its disciplined long-term investment strategy in 2022–23 and returns recovered strongly from -5.3% for the year ended 30 June 2022 to around 10.7%.

The 2023 financial year saw inflation remain at elevated levels despite sharp interest rate increases by central banks and the easing of supply chain bottlenecks. Multiple economic indicators pointed towards recession in the major economies, which proved more resilient than anticipated. Geopolitical tensions remained high with no end to the war in Ukraine and tensions between China and the US growing.

Despite the multitude of risks, the 2023 financial year was a good one for investors, especially those with broadly diversified portfolios.

The Australian share market generated a return of 15%, largely driven by technology and resources. International shares returned 18% in local currency terms, which was boosted to around 23% in \$A terms given the \$A fell in value relative to the \$US during the year. The returns were largely driven by Japanese, European (excluding UK) and US shares.

It was a challenging year for property, both listed and unlisted, due to the sharp increases in interest rates and challenges in the commercial property market due largely to flexible working arrangements.

After a very difficult 2022 financial year in which bond investments sustained big capital losses, bond returns stabilised during the 2023 financial year resulting in positive nominal returns for the Fund, despite returns remaining negative in real terms.

The Fund's investment objective is to generate an average annual return of CPI+3% p.a. over 8-year rolling periods. For the 8 years ended 30 June 2023, the return averaged 6.2% p.a. compared with an objective of 5.7% p.a. and an actuarial earnings rate of 6% p.a.

The strong investment return for the 2023 financial year boosted the value of the investment portfolio from \$1.96 billion at 30 June 2022 to \$2.10 billion at 30 June 2023. Despite negative cash-flow during the year, the funding ratio improved from 133% (actuarial assessment based on 30 June 2022 data) to around 135%.



OUR INVESTMENT STRATEGY

Our Strategic Asset Allocation (SAA) is the roadmap for the Coal LSL portfolio, designed to balance and provide a long-term view of the risk and return opportunities across a range of asset classes.

It is reviewed once a year unless there are significant dislocations in markets, which represent relative value opportunities compared to the capital market assumptions embedded in the long-term SAA. No such dislocations occurred during the 2023 financial year and the return expectations going forward are not materially different from those used to calibrate last year's SAA. Hence the annual SAA review resulted in only minor changes, which revolved around an increase in cash and fixed income at the expense of an allocation to Alternatives. The increases in the strategic allocations to cash and fixed income will provide some protection and options should the anticipated recession materialise in the major economies during the 2024 financial year.

Asset Class	Strategic Asset Allocations (SAA)	
	FY23 SAA (%)	FY24 SAA (%)
Australian Equities	16.5%	16.5%
International Equities	35.5%	35.5%
Property	7.0%	7.0%
Unlisted Infrastructure	13.5%	13.5%
Alternatives	5.0%	0.0%
Alternative Debt	12.0%	12.0%
Fixed Interest	6.0%	8.5%
Cash	4.5%	7.0%
Total	100.0%	100.0%



REGULATORY APPROACH

Coal LSL's regulatory strategy provides transparency on the way we will support employers to comply with their obligations so employees are connected with their long service leave benefits and the ongoing sustainability of the Fund is maintained.

Underpinning this strategy is a data driven, risk based approach that will inform regulatory activities and ensure employer compliance to the legislative requirements that Coal LSL administers.

We will deliver this through continually improving regulatory practice in line with industry stakeholders and government expectations and enhancing the accessibility of records relating to employees' long service leave entitlements.

Coal LSL will continue to pursue a strategy of engagement, education and enforcement; providing clarity around its regulatory functions and how regulated entities and industry stakeholders can work with us to ensure our regulatory objectives are achieved.

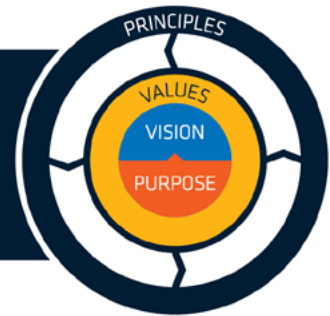


STRATEGY AND PROGRAMS

We are committed to enhancing our communities as a contemporary sustainable long service leave scheme, ensuring employees covered by the scheme have confidence their entitlements are available when they need them.

Connecting employees with their long service leave benefit is at the heart of what we do and we remain steadfast in our commitment to continually innovate the way we operate so we can remain responsive to changes within the industry we serve.

2023-26 STRATEGIC PLAN



STRATEGIC PRIORITIES



**Prudent Financial
Management**



**Easy To Do
Business With**



**Effective
Operations**

STRATEGIC PROGRAMS

Regulation

Building stakeholder trust in the Scheme through risk-based, data-driven and transparent processes

Key Initiatives

- ▴ Advance regulatory frameworks
- ▴ Enhance client experience
- ▴ Progress regulatory reform

Key Outcome

Enhanced employee outcomes and employer compliance through proportionate regulation and systems

Technology & Data

Connecting employees with entitlements and supporting employers to comply through technology and data

Key Initiatives

- ▴ Optimise platforms
- ▴ Expand digital services
- ▴ Mature data management

Key Outcome

Improved service to stakeholders through secure, contemporary technology and data capabilities

Capability

Developing the capabilities and culture to continually improve organisational performance

Key Initiatives

- ▴ Evolve people experience
- ▴ Strengthen workforce capability
- ▴ Enrich connection and engagement

Key Outcome

A talented and engaged team which drives an enhanced organisational performance

Corporate Governance

Ensuring credibility with stakeholders through best-practice, fit-for-purpose frameworks

Key Initiatives

- ▴ Advance finance and performance models
- ▴ Mature governance frameworks

Key Outcome

A culture of integrity, leading to positive performance and a sustainable organisation

VALUES

✓ TRUST

📖 OPEN

♥ RESPECT

☂ CARE

☪ HONEST

1: OUR STRATEGIC PRIORITIES

As the custodian and regulator of the scheme, our strategic priorities define what it means to be a contemporary organisation and direct the activities and programs to help us achieve our vision and purpose.

This section outlines the key programs and initiatives we will undertake to achieve our purpose and how we will measure our performance against our purpose.

The following 3 strategic priorities are enabled through our commitment to fostering an environment of connected, capable people; a talented and engaged team who is proud of the work we do.



PRUDENT FINANCIAL MANAGEMENT

We are an exemplar for how to manage a portable long service leave scheme.

KEY OUTCOMES

Stakeholders trust and have confidence in Coal LSL as the custodian of the scheme.



EASY TO DO BUSINESS WITH

We make it simple for employees to access their entitlements and employers to comply with their obligations.

KEY OUTCOMES

Employees trust their entitlements are well managed and accessible.
Employers understand and comply with their obligations under the legislation.



EFFECTIVE OPERATIONS

We are a risk based and future focused organisation delivering quality and timely outcomes.

KEY OUTCOMES

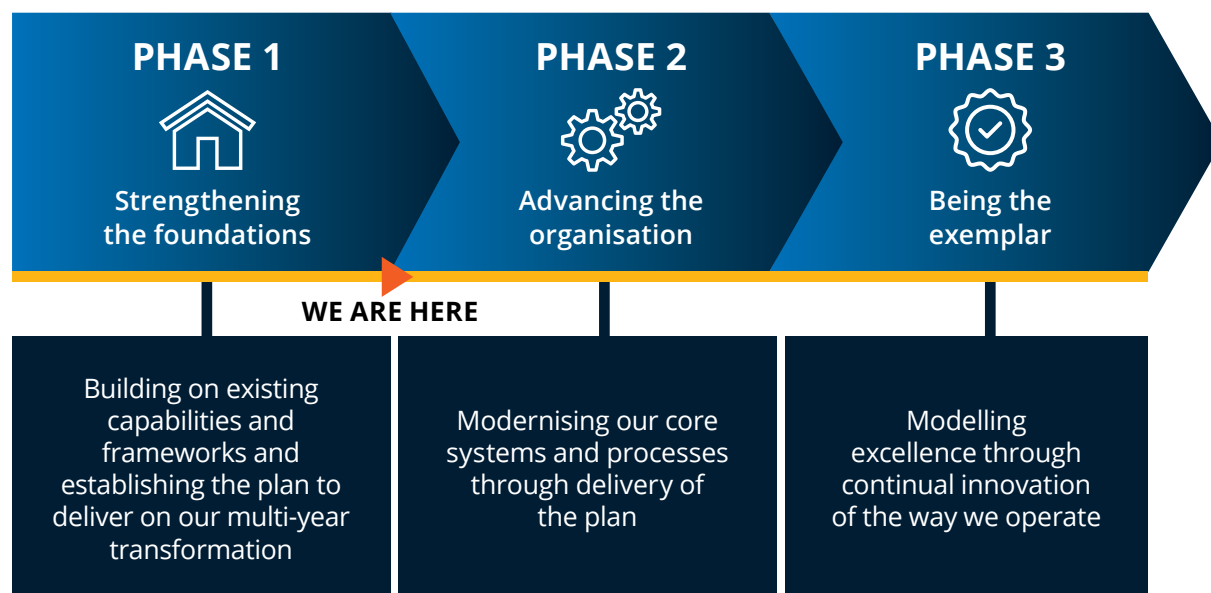
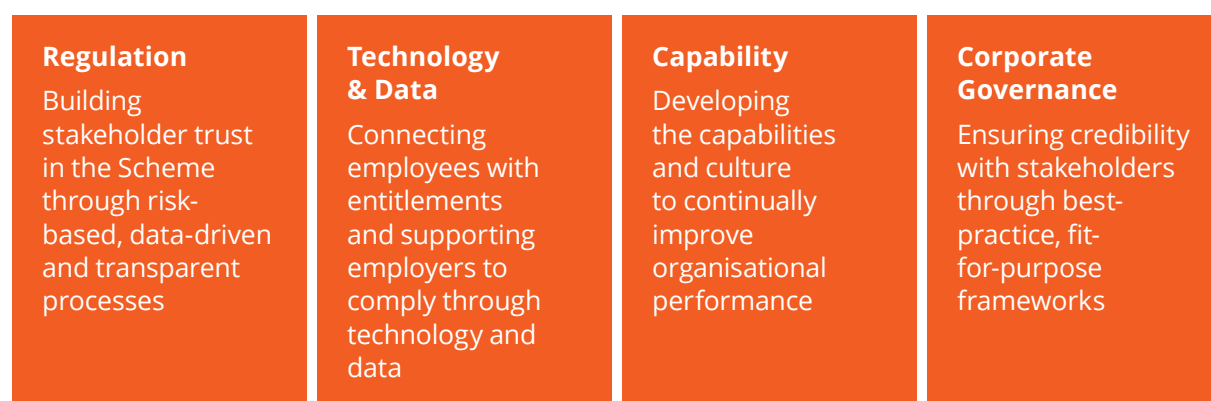
Digital and streamlined processes that enhance stakeholder interactions and improve productivity.

2: OUR STRATEGIC PROGRAMS

We remain dedicated to our multi-year plan to achieve our priorities.

Our strategic programs drive our multi-year transformation as we continue to invest in initiatives that contribute to achieving our strategic priorities and realising our vision of being a contemporary sustainable portable long service leave scheme.

As we complete phase one of our plan, strengthening the foundations, we turn our focus to advancing the organisation by modernising our core processes and systems to ones that are consistent with contemporary service delivery before embarking on the final phase of continuously innovating the way we operate.



Within our plan are 4 strategic programs of work that combine to deliver on our transformation agenda and reinforce alignment across the organisation: Regulation, Technology and Data, Capability, and Corporate Governance.

REGULATION

Coal LSL's Regulation program is underpinned by our Regulation Strategy, which sets out a clear agenda for reinforcing our regulatory capabilities by driving the requisite culture, setting clear expectations for employers on their obligations under the legislation, and investing in technology to make it easy for employers to be compliant.

We will focus our efforts on 3 key initiatives in the Regulation program:

- ▶ **Advancing regulatory frameworks** with investment in technology and business intelligence to derive insights into regulatory and compliance activities that will allow us to remove unnecessary barriers to compliance and ensure proportionality in the way we regulate.
- ▶ **Enhancing client experience** by embedding an education and engagement framework that prioritises proactive communication with stakeholders to support awareness and understanding of employer obligations and employee entitlements.
- ▶ **Progressing reform** in collaboration and consultation with the Commonwealth government and external stakeholders to ensure our legislation is reflective of changes within the industry, provides fair and equitable access to portable long service leave, and provides Coal LSL with appropriate tools and mechanisms to effectively regulate the scheme.

TECHNOLOGY AND DATA

We have developed a clear future state enterprise architecture to direct our investments in technology and support our journey to becoming a contemporary service provider.

To do so, we will invest in the development of online services to streamline and modernise the way employers and eligible employees engage and interact with us.

As a critical enabler of our strategy, the Technology and Data program is focused on 3 key initiatives:

- ▶ **Optimising platforms** through investment in our core systems, such as our registry system. This investment will automate processes to enhance stakeholder interactions and improve productivity.
- ▶ **Expanding digital services** with the evolution of our online services platform to deliver transparent and contemporary services to both employers and eligible employees.
- ▶ **Maturing data management** through strong data governance practices, alignment with technology and the broader enterprise architecture, and developing data literacy capabilities to maintain the integrity, access and usage of data to better inform decision-making.

CAPABILITY

Guided by our Workforce Strategy we will invest in initiatives to develop the capabilities we need and mature our Employee Value Proposition to cultivate a high performing, engaged team.

To deliver on our Capability program we will focus on 3 key initiatives:

- ▶ **Evolving the people experience** by providing a clear Employee Value Proposition aimed at attracting and retaining the talent and technical skills that will ensure our ongoing success as the custodian and regulator of the scheme.
- ▶ **Strengthening our workforce capability** with investment in capability programs to develop the skills and competencies needed to effectively steer the organisation through its transformation and foster a culture of high performance.
- ▶ **Enriching connection and engagement** through greater alignment with our vision and purpose, a steadfast commitment to supporting the health and well-being of our team and providing opportunities for staff to connect with each other and the broader community.

CORPORATE GOVERNANCE

We remain dedicated to strong corporate governance practices as an important element in building trust in Coal LSL as the custodian and regulator of the scheme. Driven by our commitment to stewardship and integrity, we continue to invest in developing fit-for-purpose, best practice and transparent frameworks.

The Corporate Governance program focuses on 2 key initiatives:

- ▶ **Advancing finance and performance models** to monitor and assess performance and enable informed decisions to maintain confidence in the long-term sustainability of the scheme.
- ▶ **Maturing governance frameworks** that evolve with us as we transform and strengthen credibility with our stakeholders as stewards of the scheme.

3: OUR PERFORMANCE MEASURES



PRUDENT FINANCIAL MANAGEMENT

We are an exemplar for how to manage a portable long service leave scheme.

KEY OUTCOMES

Stakeholders trust and have confidence in Coal LSL as the custodian of the scheme.

PERFORMANCE MEASURES

		TARGETS			
OUTCOME	MEASURE	2023-24	2024-25	2025-26	2026-27
Stakeholders trust and have confidence in Coal LSL as the custodian of the scheme	Fund surplus	115% (+15/-5% tolerance)	115% (+15/-5% tolerance)	115% (+15/-5% tolerance)	115% (+15/-5% tolerance)
	Rationale	To measure the adequacy of the Fund in servicing the long service leave entitlement liability			
	Investment portfolio return	CPI + 3% over rolling 8-year period	CPI + 3% over rolling 8-year period	CPI + 3% over rolling 8-year period	CPI + 3% over rolling 8-year period
	Rationale	To measure investment performance relative to the long-term actuarial rate to deliver a sustainable scheme			
	Operational and capital expenditure	Within budget	Within budget	Within budget	Within budget
	Rationale	To measure the efficiency in delivering on our responsibilities as the custodian and regulator of the scheme			



EASY TO DO BUSINESS WITH

We make it simple for employees to access their entitlements and employers to comply with their obligations.

KEY OUTCOMES

Employees trust their entitlements are well managed and accessible. Employers understand and comply with their obligations under the legislation.

PERFORMANCE MEASURES

		TARGETS			
OUTCOME	MEASURE	2023-24	2024-25	2025-26	2026-27
Employees trust their entitlements are well managed and accessible	Real time long service leave balance	Establish baseline	Maintained or improved compared with previous year		
	Rationale	To measure the percentage of employees who can check their long service leave balance in real time			
Employers understand and comply with their obligations under the legislation	Employer compliance	Establish baseline	Improvement compared with previous year		
	Rationale	To measure the effectiveness of Coal LSL's regulatory activities and interventions in supporting employers to comply with their obligations			



EFFECTIVE OPERATIONS

We are a risk based and future focused organisation delivering quality and timely outcomes.

KEY OUTCOMES

Digital and streamlined processes that enhance stakeholder interactions and improve productivity.

PERFORMANCE MEASURES

		TARGETS			
OUTCOME	MEASURE	2023-24	2024-25	2025-26	2026-27
Digital and streamlined processes that enhance stakeholder interactions and improve productivity	Core process improvements*	Establish baseline	Improvement from baseline measure		
	Rationale	To measure the efficiency of our processes as a contemporary portable long service leave scheme			

**Based on % of core processes.*



CAPABILITY

PEOPLE

As Coal LSL continues to face the challenges and opportunities of growth and transformation, it is a priority to enhance the skills, capability and wellbeing of our people. With this in mind, we remain steadfast in our commitment to fostering an environment of connected, capable people; a talented and engaged team that is proud of the work it does.

Our Workforce Strategy is a vital enabler of our strategic programs and multi-year roadmap. Enabled by technology and data, we are building a workforce that is always learning and is committed to connecting eligible employees in the scheme with their long service leave benefits.

Workforce empowerment and development are important opportunities and essential enablers for building critical capabilities. As we continue our multi-year transformation, we are increasing our investment in core capabilities to ensure our people have the necessary skills and behaviours to be successful. These include:

- ▲ Adaptive Leadership
- ▲ Digital Literacy
- ▲ Managing Change.

Our workforce transformation will be underpinned by a leadership development program to provide our leaders with the skills and mindsets necessary to lead their teams through times of change and drive a high-performance culture. Our solutions will be co-designed and co-evolved by our leadership cohort to leverage diversity of thought and take an evolutionary approach, ensuring we minimise duplication of effort and build staff confidence.

Strategic workforce planning is critical to our success. We are focusing on data and insights from an ever-changing labour market, paired with a strong Employee Value Proposition that continues to put our people's wellbeing at the heart of decisions and helps us attract and retain the best talent. We will continue to evolve our diversity and inclusion strategy, while investing in internal career development to ensure our people stay connected and enjoy a positive, productive and meaningful work environment.



TECHNOLOGY

We continue to drive towards creating a contemporary, scalable and secure technology environment that enables organisational productivity, service quality and regulatory excellence.

This will require considerable investment in the replacement of our registry. We have made substantial progress in the research stage and expect to begin implementation in the second phase of our transformation agenda. The new registry will advance our back-of-house system and form the basis from which we can increase digitalisation, improve our processes and lift data capabilities.

To address the KPMG Review recommendation that Coal LSL's technology capabilities and digital transformation should be accelerated to enable contemporary service delivery, we will:

- ▶ further automate the levy collection process
- ▶ improve our operating platforms and cloud infrastructure to ensure systems are current and reliable
- ▶ further strengthen our cybersecurity posture to safeguard information and systems
- ▶ advance our Enterprise Architecture to support our roadmap to our technological future state and the broader transformation agenda.

Taking an enterprise architecture approach aligns the technology roadmap to our strategic direction and priorities. Our roadmap focuses on progressively modernising operational processes and mitigating strategic risks. Key outcomes include increased digitalisation, improved process quality and efficiency, and improved data quality and management. The roadmap will evolve to meet the needs and demands of changes in the organisation and the external environment.

DATA

Advancing the use of data intelligence will inform regulatory risk and priority activities to ensure we evolve as a data-driven organisation.

Data quality and data management are vital to effective scheme administration and regulation. We will continue to implement our long-term data maturity program to improve the data literacy of the organisation over time as well as progress the migration and digitalisation of historical data and the development of data management infrastructure.

The completion of the first phase of our Data Management Framework delivered foundational data governance capability. As we build on this, improvements to our data architecture will continue to be delivered to support data storage, management and integration.



RISK MANAGEMENT

Coal LSL's risk management framework is consistent with the Commonwealth Risk Management Policy and AS ISO 31000 Risk Management standard.

This risk management framework supports the delivery of the organisation's strategic and operational plans. It includes a risk strategy, risk guideline, system, strategic, operational and project risks, and Risk Appetite Statements.

Our risk management framework is overseen by our Audit, Risk Management and Compliance Committee which in turn supports our Board.

Coal LSL has identified key strategic and operational risks, where material uncertainty may impact our purpose and our ability to achieve our goals.

We identify and manage risk in the context of our performance, in line with the Board's strategic risk appetite. Strategic risks are reviewed annually by the Board. All risks are managed and regularly reviewed, further embedding an enterprise-wide risk culture.

COAL LSL'S STRATEGIC RISKS

- ▲ Organisational stability
- ▲ Organisational culture
- ▲ Effective regulator
- ▲ Stakeholder management
- ▲ Funding adequacy



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