

Contains confidential information

Anglo Coal (Grosvenor Management) Pty Ltd
 Anglo Coal (Capcoal Management) Pty Ltd
 Anglo Coal (Moranbah North Management Pty Ltd)

QUEENSLAND COAL MINING BOARD OF INQUIRY
Coal Mining Safety and Health Act 1999 (Qld)

STATEMENT OF WARWICK DAVID JONES

on behalf of Anglo Coal (Grosvenor Management) Pty Ltd, Anglo Coal (Capcoal Management) Pty Ltd and Anglo Coal (Moranbah North Management Pty Ltd)

No.	Document ID	Document	Paragraph
1.	[[AGM.003.004.0001]]	Labour hire agreement between Anglo Coal (Grosvenor Management) Pty Ltd and One Key Resources Pty Ltd 2 March 2016	16
2.	[[AGM.003.004.0095]]	Variation to the labour hire agreement between Anglo Coal (Grosvenor Management) Pty Ltd and One Key Resources Pty Ltd, 22 May 2019 ,	18
3.	[[AAMC.001.011.0155]]	The FES COAL PTY LTD GREENFIELD AGREEMENT 2018 approved by the Fair Work Commission on 13 August 2018	19
4.	[[AGM.003.002.0080]]	The Met Coal 2019 Bonus Outcomes Scorecard Calibration Dashboard.	40
5.	[[AGM.003.004.1008]]	Employee briefing "Re-imagining Incentives in support of our burning ambition"	36
6.	[[AAMC.001.032.0001]]	Grasstree Mine Operations Enterprise Agreement 2018 (Grasstree EA) which was certified on 7 February 2019	48
7.	[[AAMC.001.032.0038]]	Grasstree Mine Deputies Enterprise Agreement 2017 (Grasstree Deputies EA) which was certified on 7 February 2019	51
8.	[[AAMC.001.032.0068]]	Moranbah North Mine Enterprise Agreement 2018 which was certified as at 22 March 2019	54
9.	[[AAMC.001.022.0090]]	Anglo American Group Whistleblowing Policy v.1, valid from 5 May 2019	80

I, Warwick David Jones, Head of Human Resources, Anglo American Metallurgical Coal, Level 11, 201 Charlotte Street, Brisbane in the State of Queensland, state as follows:

1. I am currently employed by Anglo American Metallurgical Coal Pty Ltd (MetCoal) in the Brisbane office as the Head of Human Resources. I have held this position since 2016.
2. I am authorised to make this statement on behalf of Anglo Coal (Grosvenor Management) Pty Ltd, Anglo Coal (Capcoal Management) Pty Ltd and Anglo Coal (Moranbah North Management Pty Ltd) (together '**Anglo**'), and I do so, to the extent possible, from my own knowledge.
3. I have prepared this statement to assist the Queensland Mining Board of Inquiry, including to respond, insofar as I am able, to the request for information issued by the Board of Inquiry to Ashurst, the solicitors for Anglo, on 22 June 2020 (**the Request**) and provide an overview of relevant information on certain areas of the Anglo Metallurgical Coal business.
4. The information I provide in this statement is given based on my knowledge and experience from my role set out above and the documents I have reviewed for the purpose of preparing this statement, which are Annexed as set out in the table above. Where I rely on information provided to me, I believe that information to be true and correct. I have, at the end of this statement, set out certain questions from the Request and my answers to them.
5. For the purposes of preparing this statement, where matters were not within my own knowledge I have made enquiries of relevant employees of Anglo and Met Coal and reviewed documents of Anglo so as to provide me with an understanding about the matters referred to below. Schedule 1 to this statement contains a table listing employees of Anglo and MetCoal whom I have made enquiries of and the corresponding paragraphs of my statement which comprise the matters about which they informed me. Schedule 2 is a glossary of terms which I refer to in this statement.

QUALIFICATIONS AND EXPERIENCE

6. I hold a Bachelor of Commerce from the University of Wollongong, which I obtained in 1990.
7. I have worked at MetCoal since January 2011 in a number of roles, including:
 - (a) Regional Human Resources Manager between 2011 and 2014; and
 - (b) Head of Human Resources for Australia and Canada from 2014 until I took my present role as Head of Human Resources, Metallurgical Coal, following the demerger of the Australian and South African Coal divisions of Anglo.
8. Prior to joining MetCoal I worked at various roles, including:
 - (a) Various Human Resources Management and Executive roles with BHP from 1989 through until 2003 – Coal, Copper, Steel in Australia, South America and North America;
 - (b) From 2003 to 2006 with Roche Mining as Executive General Manager, Human Resources. Roche was a major mining contracting business and is now a division of Downer;
 - (c) From 2006 to 2010 I was as the Managing Director of three SME businesses involved in the construction and manufacturing sectors;
 - (d) From 2010 until joining Anglo American, I worked as the General Manager, Human Resources for BHP in the Major Projects Hub involved in construction on the Daunia

Mine, Caval Ridge Mine, Broadmeadow Mine Expansion and the Hay Point Coal Terminal Expansion.

9. I report to Tyler Mitchelson, CEO of MetCoal. All those who report to Mr Mitchelson directly comprise a group referred to as the MetCoal Leadership Team (MCLT).
10. In my role as Head of Human Resources, I have functional interaction with the Anglo American plc Human Resources team who report to the Anglo American Group (Anglo American plc) Director People and Organisation, Didier Charreton, who is based in London. However, I do not have a direct reporting line to them. My interactions typically involve supporting the wider global corporate function by, for example, contributing to the development of Group level strategy and policy and facilitating the roll out of Anglo American plc initiatives in the MetCoal business.
11. I am based in the Brisbane Corporate Office (BCO). I have a team of direct reports who, under my direction, have the carriage of the corporate human resources function which supports the operations. As a team we are responsible for:
 - (a) employee relations which includes employee relations direction on a rolling 3 – 5 year term, providing advice to site on more complex industrial and disciplinary matters and coordination of all external legal IR and legal resources;
 - (b) remuneration, Rewards and Human Resources Systems which includes remuneration strategies and policies for all staff, annual benchmarking and salary review cycles, including incentives and acting as the contact point for Anglo American plc remuneration and reporting;
 - (c) talent management which includes career management processes, implementation of Anglo American plc Talent Management process, facilitating internal MetCoal development programs such as the Safety Leadership Program (SLP), the Front Line Leaders Program (FLP) and Leading the Workplace (LTW) programs, certain aspects of organisational design and effectiveness reviews, job design and grading assessment for all staff roles, manager level recruitment and workforce planning beyond a single site;
 - (d) operations training and compliance which includes policy development and being owner of the Coal Mine Operator Training Scheme, compliance auditing of the Training scheme and records, Training programmes to support critical skill needs across the business and MetCoal and Anglo representation on industry training bodies;
 - (e) Human Resources planning and support for all major Capital and Stay In Business (SIB) Projects, which currently involves supporting the Aquila mine which is under construction and a number of Studies; and
 - (f) Culture and Inclusion which is responsible for promoting the MetCoal inclusion and diversity agenda and ensuring we evolve our workplace culture to allow full participation and contribution by all.
12. I typically participate in the monthly performance review (MPR) meetings which are held, via teleconference, with each site. Typically the attendees at this meeting are the MCLT (or most of them; all are invited but not all are able or required to attend each month) and the site leadership team (SLT) from the site being reviewed. This meeting includes a review of safety, operation and financial performance at the site in the previous month, then reviews same for the current month along with forecasting performance against budget for the remainder of the period.

13. I also participate in the Quarterly Performance Review (QPR) meetings held with each site. Again the MCLT is all invited and most attend. Prior to COVID 19, these meetings were held at site and took a day at each site.
14. During the COVID 19 restricted times since approximately March 2020, the meetings have occurred via technological platforms and video calls.
15. I frequently attend the Serious Incident Teleconference (SITC) meetings which are held monthly by telephone. The attendees (the MCLT, the General Managers and SHE Managers from all sites, together with other invited attendees such as safety professionals, relevant operational superintendents and BCO functional managers) review High Potential Incidents and High Potential Hazards as classified according to the MetCoal Incident Reporting Standard which have occurred across the coal businesses in Australia and Canada to discuss the learnings from the formal investigation of these incidents and to share innovations that drive safety and health improvements. There is also a part of the meeting dedicated to innovation where sites, on a rotating basis, will bring leading examples of innovation and improvement.

LABOUR HIRE

The arrangements with One Key Resources Pty Ltd

16. Anglo Coal (Grosvenor Management) Pty Ltd entered into a labour hire agreement with One Key Resources Pty Ltd (OKR) on 2 March 2016 (Agreement) which primarily covers operational and trades roles but doesn't extend to the majority of management, professional, technical and front line leadership roles.
17. The MetCoal MCLT's focus and the focus of the senior managers of Grosvenor which primarily included the Executive Head of Underground Operations, Glen Britton and the General Manager of the mine at the time, Adam Foulstone was to provide a balanced workforce offering, which included having an attractive roster, (which at the time was, and still is, a 7 on, 7 off shift pattern), Anglo subsidies on FIFO, home purchase or rental assistance to allow employee choice on residential location, as well as competitive rates of remuneration for all roles on site. Over time, Anglo Grosvenor Management has identified aspects of the structure that require attention and/or change: for example, when flights became very expensive for people to fund themselves, Anglo Grosvenor Management changed its policy to provide for greater level of subsidy and cost cap to the employee. The same, or substantially similar benefits extended to employees of OKR with the exception of the home purchase subsidy.
18. The contractual arrangements with OKR were extended and in some matters varied, and that was finalised with OKR in 2019.
19. I understand that OKR has an enterprise agreement with its employees which was approved by the Fair Work Commission on 13 August 2018 as the FES COAL PTY LTD GREENFIELD AGREEMENT 2018.
20. Anglo has no involvement in how OKR or other contractors which provide labour to Anglo sites set up their employment arrangements or employee relations strategy.
21. I set out the bonus arrangements for OKR personnel at Grosvenor below.

Current figures

22. Looked at in overall terms, the employees directly employed by Anglo performing production and trade tasks generally comprise less than 50% of the workforce at each Anglo site covered in the scope of the terms of reference for the Board of Inquiry (Sites).

23. That is, more than 50% of the workforce are contractors who are utilised at Site for the purposes of specialised tasks, supplemental labour supply or engaged under various services contracts to deliver specific work packages.
24. Generally, I would understand that the workforce profiles are not dissimilar to other mining company sites in Queensland. Anglo does retain service contractors to perform specific tasks at the various sites, such as exploration and gas drilling for example as operators do.
25. Typically, at the Sites, contractors would provide workforces to provide the following:
- (a) outbye support;
 - (b) drilling;
 - (c) SIS or UIS drilling this is specialised gas draining drilling as opposed to exploration drilling – UIS is quite different given it is performed from within the underground working whiles SIS is similar in skills and equipment to exploration surface drilling;
 - (d) conveyer recovery, install and rebuild; and
 - (e) installation and repairs of ventilation control devices (e.g. Stoppings).
26. The breakdown of Anglo employees to contractors in terms of overall workforce statistics as at May 2020 is as follows:

- (a) In staff roles (i.e. those employees under common law contracts):

Mine	#	Percentage of total site workforce
Grosvenor	129	15%
Moranbah North	154	13%
Grasstree	158	20%

- (b) Employed directly by an Anglo American entity in Operator, Trades and ERZC roles (see point (e) below):

Mine	#	Percentage of total site workforce
Grosvenor Mine	38	4%
Moranbah North	281	24%
Grasstree	273	35%

- (c) Mining contractors and Capital Projects (which includes service contractors such as Roadway Development works):

Mine	#	Percentage of total site workforce
Grosvenor	656	76%
Moranbah North	698	58%
Grasstree	289	37%

(d) Non - Mining contractors (includes cleaning, catering etc):

Mine	#	Percentage of total site workforce
Grosvenor	41	5%
Moranbah North	60	5%
Grasstree	62	8%

(e) ERZC (Deputies) can be employed under a range of different employment contracts. The majority are engaged directly by an Anglo American plc entity under a staff contract or under the terms of a relevant Enterprise Agreement. A small number are employed via service contracts (i.e. approximately 14 in total across the three Underground Mines).

27. In comparative terms, the proportion of the operators, trades or ERZC roles engaged directly by a MetCoal entity ranges from approximately 4% at Grosvenor to 35% at Grasstree.
28. These profiles have been broadly consistent at each of the sites over the last three years.
29. Because Grasstree is reaching an end of mine life situation, permanent employees who have left Grasstree have typically not been replaced if that role is not required or alternatively, the tasks have been performed by contractors.
30. There are former contract employees at Grasstree who have been moved across to permanent positions to beyond the life of that mine.
31. Contractor numbers can vary depending on the stage of an asset. For example, development contractors are typically those who leave a site first. This can therefore have an impact on the workforce profile statistics taken at a point in time. For example, at Moranbah North, development numbers have fluctuated between two or three development crews working on a contract basis depending upon operational needs and the mine plan sequence. The primary reason to have a part contractor or supplemental labour workforce is to have the flexibility to cater for the peaks and troughs which occur.
32. OKR has contracts with Anglo at each of the sites relevant to the Board of Inquiry.
33. At Grasstree Mine, OKR are one of the providers of supplemental labour who form part of the outbye, development and longwall crews. They also have a relatively small number of professional roles filled, generally on a short term or interim basis whilst the business is recruiting for a permanent placement.

34. At Moranbah North, OKR also provides a small number (e.g. 10) of supplemental labour who form part of the outbye, development and longwall crews. Again, they also have a relatively small number of professional roles filled, generally on a short term or interim basis whilst the business is recruiting for a permanent placement.

BONUS AND INCENTIVE PAYMENTS

35. Bonuses payable to employees under an Enterprise Agreement are generally calculated and paid on a weekly basis while bonuses payable under the Anglo American Staff Incentive Plan (STIP) are calculated and paid annually on a calendar year basis.

BONUS AND INCENTIVE PAYMENTS FOR ANGLO EMPLOYEES ON STAFF CONTRACTS

36. In late 2018 Anglo American plc introduced changes to the STIP annual incentive delivered globally to all its employees (i.e. in Australia this means those Anglo employees who are employed on a staff contract, as distinct from those who are employed pursuant to a collective agreement or in some other form, are eligible to be paid the site production bonus). The changes took effect for the 2019 Calendar Year and beyond. The new arrangements were rolled out to impacted staff in early 2019 throughout Anglo American plc's businesses globally, including Met Coal.
37. Before the change, the bonus system had components for site performance, modified by a measure of individual performance (called an Individual Performance Multiplier).
38. With the change starting in January 2019, the Individual Performance Multiplier was removed. The effect of this is that:
- (a) Every staff employee at a site up to and including the General Manager has their entitlement to a bonus assessed on the same criteria as each other at that site. The final bonus payment figure will vary as the bonus is expressed as a % of individual salary. The criteria are contained in what is called a 'scorecard'. The criteria contained in the scorecard and the weighting of each element is determined by Anglo American and applied the same across all entities globally. The criteria are shared with the site's employees through a web portal as part of what is called Teams+ and often included as part of a site's operational updates (ie state of the nations). Under Teams+, each team takes direction from the metrics and targets contained in their site scorecard and translate that into specific tasks, projects or initiatives within their accountability that contribute to the overall site result. The site scorecard metrics and individual targets are shared openly with employees at the site, the only exception to this would be the Metcoal level financial metrics of Free Cash Flow, Earnings before interest and taxes (EBIT) and Return on Capital Employed (ROCE) – all of which are deemed commercial and market sensitive. Target financial performance will largely be in line with the approved site budget;
 - (b) Every staff employee in Met Coal who is based regionally (working for a single site or multiple sites) will have a portion of their bonus outcome determined by financial performance across all sites aggregated at the business unit level (ie Metcoal). This is 15 % of the total incentive target;
 - (c) For staff employed at BCO, their bonus has a 15% component which is determined by the financial performance across all sites at the Group level (i.e. Anglo American plc);
 - (d) At the senior global leadership level, I understand that all senior leaders (including Mr Cutifani, Mr O'Neill and Mr French) have their bonus assessed on criteria that measure performance at the relevant Business Unit or overall Anglo American plc level. The incentive remuneration for this level of the business is managed within Anglo American plc HR, however I am aware that Messrs Cutifani and O'Neill have

a weighting of 50% Financial, 20% Safety, Health Environment (SHE) and 20% Strategic and 10% Individual performance. Mr French has weightings of 50% Financial, 20% Safety, Health Environment (SHE) and 30% Individual performance. The 20% of their incentive targets weighted in SHE metrics are measured against three areas:

- (i) Injuries – 5% on Total Recordable Case Frequency Rate (TRCFR) which includes all lost time and medically treated injuries
- (ii) Environment – 5% on delivering the roadmap to carbon neutrality
- (iii) Safety – 10% delivery of three priority programmes (Safety review/verification audits/vehicle safety).

39. Within MetCoal, the general approach to the criteria within the scorecard and the weighting of each are the same from site to site.
40. Taking Grosvenor as an example, the Grosvenor scorecard for the Calendar year 2019 contained the following criteria to assess bonuses for staff employees:
- 40.1 The first 70% of the potential bonus entitlement comprised:
- (a) 15% based on the financial performance at a MetCoal level (5% on EBIT, 5% on operating free cash flow and 5% on return on capital ROCE);
 - (b) 18.5% based on site production. For Grosvenor that was a measure of saleable tonnes of coal;
 - (c) 18.5% based on cost control, being site's controllable costs;
 - (d) 18% based on the HSE component: (4% Elimination of Fatalities metric which was each site achieving their specific deliverables in accordance with their 2019 site EOF plan; 5% on TRCFR, 4.5% on environmental management and 4.5% on health and medical surveillance);
- 40.2 The remaining 30% of the bonus was based on the site's delivery of critical tasks. Typically there will be between 3 and 6 critical tasks per site. The critical tasks at Grosvenor for 2019 were:
- (a) 4% for a digitalisation metric associated with application of electronic and digital platforms for the underground environment. For 2019 the focus for each underground operation was to finalise the digital roadmap of the future and fully implement tablets in the underground workings of the mine. Both are seen as steps toward further automation and remote operations;
 - (b) 10% for development achieving a cutting hours target during the course of the next panel. The target was 77 hours per week out of a total available hours of 168 per week;
 - (c) 8% on safety, where the critical task was to deliver a fully implemented surface zoning proposal. This project was considered important because it was directed to removing the interaction between people and machinery on the surface of the mine. This was deemed a priority on the basis that the operations had experienced a significant increase in surface activity and task interactions involving surface contractors in particular. Ensuring effective critical risk controls were in place depended on clarity of accountability for all work areas. Similar zoning was already in place in the underground workings of the mine;

- (d) 8% on the longwall achieving an average hours per week. The target was 88 hours per week out of a total available hours of 168 per week.
- 40.3 The reason for the development and longwall metrics being set as critical tasks was that they represented delivery of the year's approved budget with any upside being break throughs which, if achieved, demonstrated performance at the site was on track to meet the goals on the 5 yearly planning process;
- 40.4 The final aspect is that there is a non-discretionary safety deductor automatically applied in the event of a fatality as follows:
- (a) The site where the fatality occurred has a 20% reduction applied to the incentive otherwise due to each staff employee. That amount is applied per fatality at a site. By way of illustration, if you assume the maximum available incentive (100%) for an employee on the site was \$1000 and the site score card was assessed as eligible for a 60% incentive (after an assessment of performance against the score card criteria), the employee would be eligible for a bonus of \$600.00. However, if the site had had a fatality, that \$600 would be reduced by 20% on account of the fatality. The employee would receive a bonus of \$480.00; and
- (b) The Met Coal personnel in BCO and regional offices have a 10% reduction in bonus to all employees in the event of a fatality. Again, this amount is applied per fatality across the MetCoal sites and calculated in the manner as set out immediately above.
41. Deductors apply to the Anglo American plc Executives referenced above. For Messrs Cutifani and O'Neill, the deductor is calculated as an average of the deductors across all BU's within Anglo American plc. In 2019, this resulted in both having an 8% deduction applied to their total bonus earnings (eg cash and share components). For Mr French, his deductor is an average of the deductors across the four Bulks BU's only. In 2019, this resulted in a 10% deductor applied to his total bonus earnings.
42. In the 2019 financial year:
- (a) Grosvenor achieved 100% for its critical tasks (i.e. 30% from 30%) and, overall, 57% from a possible 100% of the total available bonus;
- (b) Grasstree achieved 73% for its critical tasks (i.e. 21% from 30%) and, overall 43% from a possible 100% of the total available bonus; and
- (c) Moranbah North achieved 98% for its critical tasks (i.e. 29% from 30%) and, overall 66% from a possible 100% of the total available bonus before the safety deductor is applied.
43. In 2019 the metrics and weightings of the 70% factors was the same at Grasstree and at Moranbah North as it was at Grosvenor although the actual targets within each were site specific for each site. The 30% factors were slightly different:
- (a) Both Grosvenor and Grasstree had the surface zoning project (8% weighting) and the digitisation project (4% weighting). At Moranbah, the metrics were the same but the weighting was 6% and 4% respectively;
- (b) At both Grosvenor and Grasstree there were tasks associated with development and longwall operating hours and cutting rates weighted at 18% of the total, but the actual targets for each were site specific.
- (c) At Moranbah North there were tasks associated with development operating hours (8% weighting), Longwall cutting rates (6% weighting) and increased CHPP performance (6% weighting).

44. The first 70% of the MetCoal BCO and Regional employees bonus entitlement was:
- (a) 15% based on the financial performance at the Anglo American plc level:(5% on Earning Per Share (EPS) @ fixed prices, 5% on EPS @ actual prices and 5% on attributable Free Cash Flow);
 - (b) 18% based on site financial results at the MetCoal level (6% EBITDA, 6% FCF, 6% ROCE);
 - (c) 12.5% based on cost control, being an aggregate measure of the sites' controllable costs;
 - (d) 12% based on the HSE component: (4% Elimination of Fatalities metric, 3% on TRCFR, 2.5% on Environmental management and 2.5% on health and medical surveillance).
45. The remaining 30% of the bonus was based on MetCoal's delivery against five critical tasks
- (a) 6% on safety, where the task was to focus on reducing the existing % of critical controls that were deemed to be 'administrative' and move them up the controls hierarchy (eg engineering, elimination etc) thereby creating greater confidence and reliability in critical control effectiveness. This was a goal included in the 2019 MetCoal Elimination of Fatalities framework;
 - (b) 6% on a Development Step change process – initial implementation of the remote 'Smart Center' which is capability to receive and analyse real time data from identified continuous miners to drive improvement in operating and maintenance performance. This was seen as an important pre-cursor for further automation of the process;
 - (c) 6% on improving the debottlenecking – deliver higher run hours and washing rate from Moranbah CHPP as this was a process constraint on the capacity of the Moranbah/Grosvenor complex;
 - (d) 6% on the implementation of the Anglo American plc Operating Model – Implementation of key elements of the Anglo American plc Operating model at both the underground (Operational Planning modules) and open cut sites (Work Management Modules); and
 - (e) 6% on development of a strategy for gas – development of the technical and operational strategies to manage gas related impacts (particularly low permeability areas identified across life of mine plans).
46. The MetCoal BCO and Regional employees were assessed as achieving an overall 60% bonus entitlement out of 100% of the total available bonus.
47. In 2019, by reason of the death of an employee at Moranbah North:
- (a) All bonuses calculated in accordance with the Moranbah North scorecard for staff employees at that site had the 20% deductor applied to them. This meant that instead of receiving a bonus calculated based on 66%, every employee received a bonus calculated based on 53% of the notional 100% amount;
 - (b) All staff at MetCoal Regional offices and BCO had the 10% deductor applied to them (including myself and Mr Mitchelson). This meant that instead of receiving a bonus calculated based on 60%, every employee received a bonus calculated based on 54% of the notional 100% amount; and

- (c) I have set out the position in respect of the deductors for 2019 for the members of the Anglo American plc Management Committee (including Mr Cutifani and Mr O'Neill) at paragraph 41 above.

ANGLO EMPLOYEES ON COLLECTIVE AGREEMENTS

Grasstree

48. The employees at Grasstree are covered by the Grasstree Mine Operations Enterprise Agreement 2018 (Grasstree EA) which was certified on 7 February 2019 by the Fair Work Commission.
49. Clause 2.6.4 of the Grasstree EA sets out the terms of the Incentive Coal Bonus Payments payable to employees. Attachment 3 to the Grasstree EA sets out the production criteria that provide the manner of calculation of the bonus. As is apparent from clause 2.6.4:
- (a) 60% of the bonus is paid weekly;
 - (b) 40% of the bonus is paid provided the performance criteria agreed between Anglo Coal (Grasstree Management) Pty Ltd and the CFMEU (Grasstree Lodge) as set out in the applicable Grasstree Memo are met. The Grasstree Memo is not a part of the Grasstree EA.
50. Component 2 of the bonus (ie 40%) comprises two metrics and results in the bonus being reduced by 20% if one of the performance criteria is not met in the week or by 40% if both criteria are not met. The performance criteria are Medical Treatment Case and Lost Time/Serious Injury. These criteria have been agreed between Grasstree Management and the CFMEU bargaining representatives at the time of negotiation that 2019 EA. During the course of this current year to date, I am aware the bonus has been adjusted as a result of Component 2 criteria on two separate occasions. Each occasion was a reduction of 20% (ie half of the 40% available).
51. The majority of the deputies at Grasstree are covered by the Grasstree Mine Deputies Enterprise Agreement 2017 (Grasstree Deputies EA) which was certified on 7 February 2019 by the Fair Work Commission. In this context the word 'deputies' refers to those persons who are "ERZ Controllers" within the meaning of that term in the *Coal Mining Safety and Health Regulation 2017* and appointed by the underground mine manager in accordance with section 60(9) of the *Coal Mining Safety and Health Act 1999*.
52. Clause 2.5.5 of the Grasstree Deputies EA sets out the terms of the Grasstree Performance Incentive Scheme payable to these employees. Attachment 3 to the Grasstree Deputies EA sets out the production criteria that provide the manner of calculation of the bonus. Clause 2.5.5 provides:
- (a) the bonus due is paid monthly;
 - (b) 60% of the bonus is not affected by the performance criteria referred to immediately below; and
 - (c) 40% of the bonus is paid provided the performance criteria agreed between Anglo Coal (Grasstree Management) Pty Ltd and the CFMEU (Grasstree Lodge) as set out in the applicable Grasstree Memo are met. The Grasstree Memo is not a part of the Grasstree EA.
53. The formulae and production rates used to calculate the bonus amount under both EAs are the same.

Moranbah North

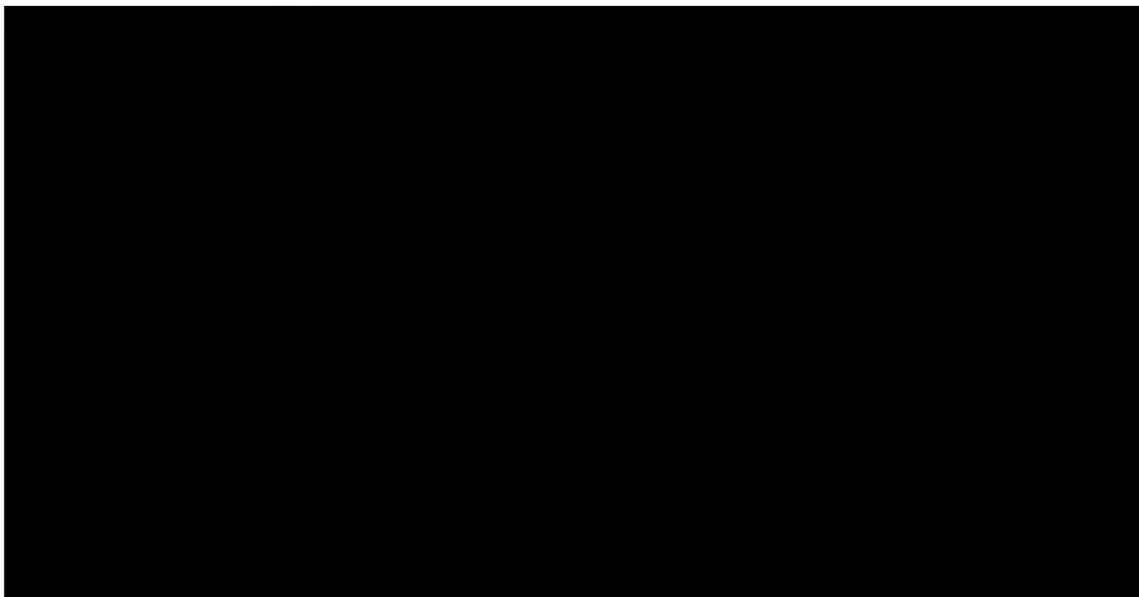
54. The employees at Moranbah North are covered by the Moranbah North Mine Enterprise Agreement 2018 (which was certified as at 22 March 2019). Again, the employees covered by this agreement are those employees who work in the longwall and development areas of the mine. Their bonus structure is based on production rates. It does not have a safety KPI as part of it. The Moranbah North Mine bonus has never included a safety component as far as I am aware. It has been raised during the bargaining process conducted by Anglo Coal (Moranbah North Management) Pty Ltd and the CFMMEU has not been agreed upon as part of that process.

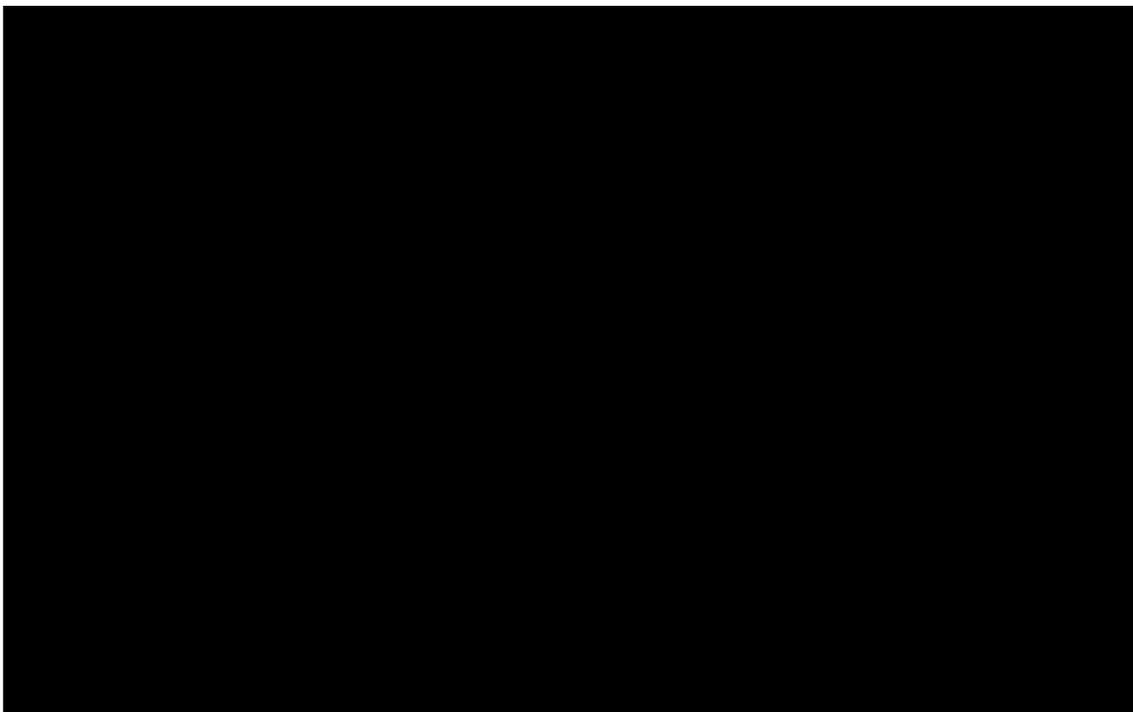
Grosvenor

55. Currently at Grosvenor, there are no Anglo employees who are employed pursuant to an enterprise agreement. Employees at the classification of ERZ controllers and 'above' in the mine's management hierarchy are on staff contracts and the Anglo American STIP set out at paragraphs 35 and 36 above applies to them. Employees at the ERZ controller classification are presently in negotiations with Anglo for an enterprise agreement. We have tabled (on a number of occasions) our view that the current STIP staff incentive would continue to have application to this group – whether as a formal term within the EA or outside.
56. A small number of the ERZ controllers at Grosvenor are individuals who provide their services through their own service company under a contract with Grosvenor Mine. They are entitled to claim a bonus amount equivalent to that which might be paid under the STIP.

CONTRACT EMPLOYEES PROVIDED TO ANGLO PURSUANT TO LABOUR HIRE ARRANGEMENTS**Grosvenor**

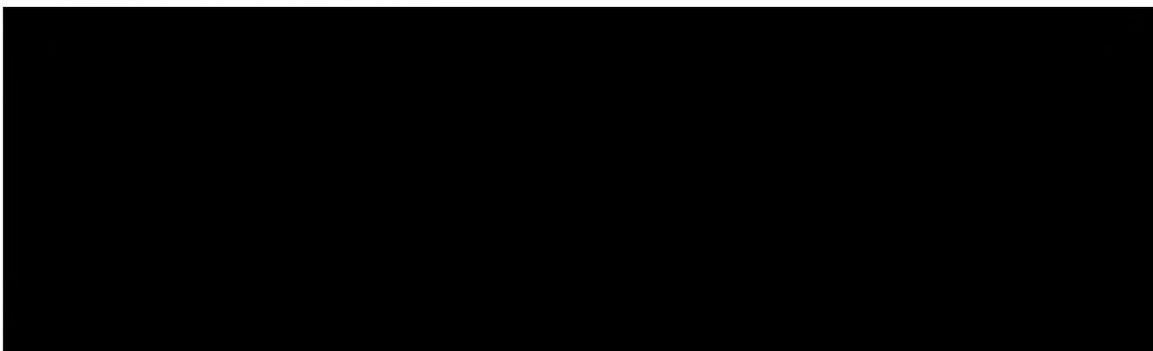
57. At Grosvenor, as set out at paragraphs 16 to 18 above, Anglo Coal (Grosvenor Management) Pty Ltd has a contract with OKR for the provision of labour hire workers to work as coal mine workers including, but not limited to, roles of Operations Coordinator, Tradespersons and Operators. The scope of roles included in the Grosvenor contract is similar to those roles covered by other labour hire agreements covering MetCoal's underground operations.
58. As provided for in the Agreement, OKR's contractors receive incentives and bonuses at the discretion of Anglo.





65. The proposed list of contractors who are to receive incentives and the amounts in which they are to be paid are sent to OKR each month.
66. The site provides details on the individual bonus calculations and remits the total amount for OKR for distribution to eligible employees. The bonus amount for that period is then published across the site. This ensures any variance to the amounts advised to OKR and the amounts paid to employees is readily identifiable.
67. I am informed by the site Human Resources Manager that in the period of November 2019 to May 2020, safety deductions were applied to the amounts payable to OKR.

Grasstree and Moranbah North



HR FUNCTION AND SAFETY

70. The BCO Human Resources Function is not responsible for compliance or safety matters or processes in an operational sense.
71. The HR team has no involvement in the preparation of the Learning from Incident (LFI) documents unless there is a disciplinary follow on or organisational theme about the particular issue. Unless this was the case, I would doubt that the site HR Manager would

be aware of or involved in most of them. Human Resources is not the process owner of the LFI process.

72. Typically, too, the HR function does not participate in an investigation leading to an LFI arising from an incident because, if there is to be a disciplinary process arising from the incident, it is appropriate that HR has not been involved in the investigation.
73. HR at site will be asked to become involved in the instance of a disciplinary situation, where a safety investigation has identified the possibility of a disciplinary outcome. In that circumstance, HR will lead the disciplinary process along with the appropriate line manager and be responsible to ensure process fairness and consistency in decision making. The actual process may vary slightly but broadly this would apply to both directly employed personnel, supplemental labour of service contractors.
74. The other situation where Human Resources becomes involved in safety matters is in the delivery of safety behaviour programs and certain employee benefits where a collaboration between the two functions would occur. Example of this would include the design and delivery of our Safety Leadership Program and the provision of an employee assistance program which is available to employees and their families.
75. But otherwise, behaviour-based programs rest with the relevant site's SHE manager.
76. The MCLT may tell the sites that it wants certain matters highlighted across the Business Unit (BU). One example may be, in addressing safety behaviours it may instruct the sites to develop and implement a particular intervention such as behavioural safety or light/heavy vehicle separation.
77. Every site then takes responsibility for developing a programme to deliver. Typically, the site will design and lead such a programme, which will have been responsive to site specific issues. One such example is the "How We Rock Up Matters" programme at Grosvenor. My HR Group at BCO has very little involvement in the design and delivery of such a programme.
78. Anglo American plc may also develop initiatives outside the Met Coal business, but which are then rolled out within the Met Coal business.
79. Human Resources is also involved in crisis management and incident management teams as they might be established from time to time at each site or at the MetCoal level.

'YOUR VOICE'

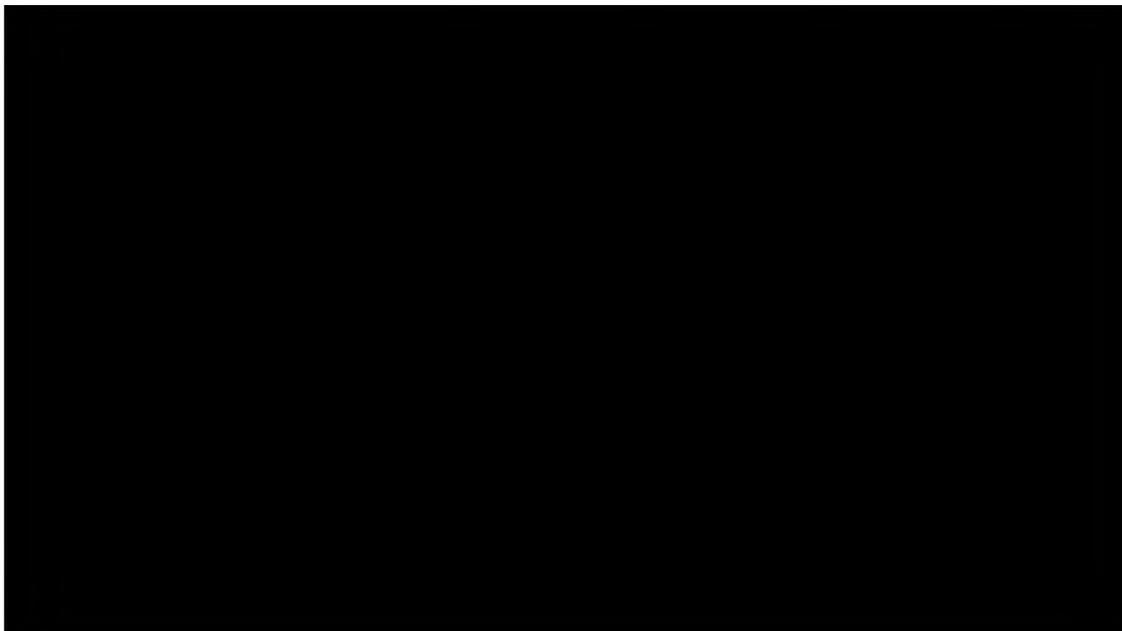
80. The Anglo American plc Whistleblowing Policy v.1, valid from 5 May 2019 to 1 October 2021 is owned by the Anglo American plc Director of Finance, Stephen Pearce. It sets out how the 'Your Voice' program is managed, as well as dealing with whistleblowing (which, in some jurisdictions where Anglo American plc operates, is also regulated by legislation).
81. Your Voice is a fully confidential service through which concerns about potentially unethical, unlawful or unsafe conduct and practices can be reported and investigated. It is independently managed by an external service provider¹.
82. It applies to Anglo American plc and all its managed operations². Reportable issues within the scope of the Your Voice programme include actions that may result in danger to the

¹ AAMC.001.022.0090 at p 3

² AAMC.001.022.0090 at p 3

health and/or safety of people or damage to the environment and failure to comply with any legal obligation³.

83. Your Voice is available to employees, contractors, suppliers and broader stakeholders, 24 hours a day seven days a week. Your Voice can be contacted online or by calling the Your Voice helpline and local numbers are located on the Your Voice website or on the Anglo American or De Beers internet/intranet sites⁴.
84. Typically, at MetCoal's sites, there are posters up on notice boards which contain the relevant contact details and the fact of the existence of the Your Voice programme and how to access it is frequently highlighted in presentations to the site based workforces.
85. Within MetCoal, when a contact is made to the third party service provider, Deborah St Clare, Head of ABAS (the Anglo American internal audit function) receives a notification that a complaint has been raised. Ms St Clare then advises Adriaan Esterhuizen (Head of Finance) and me, by email of this, often with a pdf version of the anonymised report. Typically, we are contacted because the reports usually relate either to human resources matters, or matters involving commercial or financial issues.
86. The matter will then be allocated to either Finance or HR for investigation depending on the issue raised. The matter may either be investigated using internal, but arms-length resources such as the site HR Manager, or where that's not appropriate, we will engage an external investigator.
87. The MetCoal risk and assurance committee, of which I am a member, meets approximately every 6 months and, amongst other things, reviews alerts raised through the Your Voice hotline and the responses to those alerts.



89. The reference to 'employee safety' includes alerts raised by contractors.

³ AAMC.001.022.0090 at p 3 and 4

⁴ AAMC.001.022.0090 at p 4

⁵ Contents of table generated from graphical materials in the Me5tcoal Risk and Assurance committee meeting June 2020 p 22

STRATEGIES FOR ACHIEVING COMMITMENT TO SAFETY

90. There are a significant number of strategies aimed at achieving commitment to safety across the MetCoal and wider Anglo American plc business. I have set out below a number of them.
91. One of these is the Global Safety Day. On this day, the entire workforce stops work for the majority of its shift, to participate in a variety of safety engagement activities. These include presentations on safety, barriers to achieving safety, current initiatives to improve safety across our operations and how things can be done better or differently. The Global Safety Day has been a feature of our operations since 2013. A range of external parties will be invited to be on site and participate each year such as contractor principles, the Union ISHR's and local community representatives. Those who are not rostered at work that day, will participate in a similar day on their next rostered shifts: – the format has some changes such as presentations being delivered by video which were recorded on the actual Global Safety Day.
92. Within MetCoal, we have hosted two CEO Contractors forums since 2016, the most recent being in 2018. Each session was of approximately 6 hours in duration. All major contractors are invited and specifically the principals of those contractors. At these forums we explain the MetCoal safety policies and commitments and seek commitments from our contractors of their commitments to acting in accordance with our requirements. We include in our commercial agreements with contractors contractual requirements that the contractor, and any personnel on our site, comply with Anglo American plc and MetCoal safety policies and commitments, including, specifically, to comply with the MetCoal incident reporting standard.
93. Each of our sites (underground and open cut) conducts behavioural programmes designed to foster safe working behaviours across our site based workforces (including contractors' employees). These programmes may be prepared and delivered by expert consultants, or prepared by expert consultants and delivered by site personnel.
94. Various, at the sites the subject of the board of inquiry, the programmes are:
- (a) at Grosvenor: "How we rock up matters";
 - (b) at Moranbah North: a programme conducted by an organisation called Sentis which is often called "Sentis"; and
 - (c) at Grasstree it was known as 'SafeStart'.
95. I am aware, too, that in the organisation restructure effective as at 1 January 2020, there was a role created for a behavioural psychologist within the MetCoal BCO safety team. The focus of that position is to look at developing a MetCoal wide ongoing behavioural safety programme. We had identified a person from an Anglo entity overseas but due initially to that person's illness and then the COVID 19 interruptions, that position has not been activated yet. This work will recommence in September this year.
96. In 2017, at Grosvenor, we had a specific programme working with our Deputies, which focused on front line leadership, as these are our site based workers who have most day to day interaction with the contractors who provide our operations workforce there. The program involved a series of workshops and one to one coaching sessions using external expertise in safety leadership – Reflect Consulting.
97. All site toolbox talks and safety related training or briefings include our contractors' workforce.

98. Each year the Company sends a large cohort of people to the industry safety conference – in 2019 for example Anglo had 110 people attend including 9 from Grosvenor (which included CMW’s from OKR).

RESPONSES TO INFORMATION REQUESTED BY THE BOARD

99. In response to question 6 of the Request⁶ I can say:
- (a) I have set out at paragraphs 35 to 69 above the terms of the various incentive schemes that apply to the different groups of personnel at the three underground operations and in the BCO. At paragraphs 40.1 to 40.4 above I have also set out how those factors were applied in 2019 to the incentive based elements of remuneration for the various groups of personnel;
100. In response to question 7 of the Request⁷ I can say:
- (a) I have set out at paragraphs 35 to 69 above the terms of the various incentive schemes that apply to the different groups of personnel at the three underground operations and in the BCO.
101. In response to question 8 of the Request⁸ I can say:
- (a) I have set out at paragraphs 35 to 69 above the terms of the various incentive schemes that apply to the different groups of personnel at the three underground operations and in the BCO.
102. In response to question 9 of the Request⁹ I can say:
- (a) I have set out at paragraphs 35 to 69 above the terms of the various incentive schemes that apply to the different groups of personnel at the three underground operations and in the BCO.
103. In response to question 14 of the Request¹⁰ I can say:
- (a) I have set out at paragraphs 35 to 69 above the terms of the various incentive schemes that apply to the different groups of personnel at the three underground operations and in the BCO.
104. In response to question 15 of the Request¹¹ I can say:

⁶ It was reported that safety results “affect the performance-based remuneration of all employees in the business”? Given the reference to “all employees in the business”, in what way does safety manifest itself in performance indicators, or performance-based remuneration for:

- permanent employees of the mines named in the terms of reference;
- contracted workers of those mines provided by a labour force provider;
- middle and senior management of those mines, and
- executive directorship of the operating companies, and Anglo American Met Coal?

⁷ What measure of safety is applied as an indicator for performance-based remuneration?

⁸ How does any safety related KPI rank, relative to other KPIs?

⁹ Specifically, what health and safety targets are “included within the annual performance incentives for executive directors and senior management”, not only of AA PLC, but of AA Met Coal and the mine operating companies? What measure is applied?

¹⁰ In what way does rate of production at the mines manifest itself in performance indicators, or performance-based remuneration for:

- permanent employees of the mines named in the terms of reference;
- contracted workers of those mines provided by a labour force provider;
- middle and senior management of those mines, and
- executive directorship of the operating companies, and Anglo American Met Coal?

¹¹ A work force profile for the mines, distinguishing between employees and contracted workers engaged through a labour provider.

- (a) I have set out at paragraph 26 above tables which break down the numbers and percentages of Anglo direct employees and contractors' employees at the three underground mine sites.
105. In response to question 16 of the Request¹² I have set out at paragraphs 90 to 98 the strategies in place focused on achieving commitment to the mine's safety culture. There are no means that I am aware of to measure that commitment.
106. In response to question 17 of the Request¹³ I have set out at paragraph 88 information concerning Your Voice and a table with statistical information.
107. The Board posed certain further questions in an email of 21 July 2020.
108. As to "*what determines whether Anglo offers workers labour hire contracts or mine operator employment contracts*" I say:
- (a) As I have set out at paragraph 38 above, it is critical to successful operations of our business (with resources prices rising and falling) that we have flexibility to increase or decrease our operations workforce, so we can meet peaks in demand and survive troughs in demand for our products. On some occasion, if it best suits our current business need, we will get a service contractor in to perform work (which will bring with it its own equipment and fleet);
- (b) At most of our sites, our operations workforce comprises direct company employees to contractors in a ratio expressed in percentages as ranging from 60 – 40% to 40-60%; and
- (c) Our aim is to get an appropriate balance between our core operations workforce and supplementary workforce. From time to time, we will offer a labour hire worker a contract with our operating company to maintain that workable balance.
109. As to "*what are the advantages or disadvantages of both*" I say:
- (a) When using the labour hire model, it is always possible to move to a direct hire, enterprise agreement model, but it is not possible to transition the other way; and
- (b) It is economically competitive to utilise the labour hire model, but the labour market conditions mean that, particularly in the underground environment, it is necessary to offer competitive remuneration to other operations to secure and maintain the service of good contractors.
110. As to "*what are the advantages /disadvantages in workers joining the CFMEU*" I say:
- (a) Anglo supports the worker's choice as to whether they choose to or they do not choose to join the CFMEU or another relevant union;
- (b) At a number of our operations we have enterprise agreements to which the CFMEU is a party. These operations include Grasstree and Moranbah North. Further, at our new Aquilla site, which we are in the process of commissioning, we have a greenfields agreement with the CFMEU;
- (c) Some of our workers belong to other unions, such as APESMA;
- (d) A number of our contractors, including OKR, have enterprise agreements with the CFMEU. As I have set out above at paragraph 110(a), Anglo does not direct its

¹² A description of strategies for achieving commitment of permanent employees, and the contracted workforce, to the mines' safety culture. Is there a means of measuring such commitment?

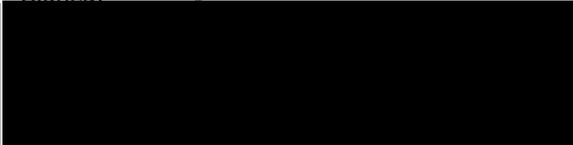
¹³ Information about the take up rate of "Your Voice". A breakdown of the type of complaint made by this means.

contractors as to the way they should organise their business or conduct their arrangements with their employees;

- (e) In my experience, I have had constructive and on occasions unproductive dealings with employees who are members of unions where I have been dealing with the union on behalf of that employee. Equally, I have had constructive and unproductive dealings with employees with whom I have dealt directly.

The contents of my statement are true and correct to the best of my knowledge and belief.

Signed:

A large black rectangular redaction box covering the signature of Warwick David Jones.

Warwick David Jones

Date: 28 July 2020

Schedule 1

Paragraph No.	Name	Position
26,27,28,54	Brendan Storer	Manager Human Resources Talent and Learning
16,17,18,34,68	Matthew Norris	Manager Human Resources Moranbah North Mine
56,59,60,61,65,66	Sandra Thomson	Manager Human Resources Grosvenor Mine
33,49,50,69	Stephanie Oppermann	Manager Human Resources Grasstree Mine
63,98	Katherine Bachmann	Manager Safety Health and Environment Grosvenor Mine

Schedule 2

Glossary of terms	
Anglo American plc	Anglo American Group
BCO	Brisbane Corporate Office
BU	Business Unit
EBIT	Earnings before interest and taxes
EPS	Earnings Per Share
FLP	Front Line Leaders Program
Grasstree Deputies EA	Grasstree Mine Deputies Enterprise Agreement 2017
Grasstree EA	Grasstree Mine Operations Enterprise Agreement 2018
KPI	Key Performance Indicator
LFI	Learning from Incidents
LTW	Leading the Workplace
MCLT	MetCoal Leadership Team
MetCoal	Anglo American Metallurgical Coal Pty Ltd
MPR	monthly performance review
OKR	One Key Resources Pty Ltd
QPR	Quarterly Performance Review
ROCE	Return on Capital Employed
SHE	Safety, Health Environment
SITC	Serious Incident Teleconference
Sites	The Anglo sites covered in the scope of the terms of reference for the Board of Inquiry

SLP	Safety Leadership Program
SLT	Site Leadership Team
STIP	Anglo American Short Term Incentive Plan
TRCFR	Total Recordable Case Frequency Rate