

WE PRIORITISE SUSTAINABILITY

and take a proactive approach

We stockpile, blend and load coal for export in the Port of Newcastle, and own and manage export terminals at Kooragang and Carrington, both of which operate 24/7. The terminals have a combined annual capacity of 145 million tonnes (Mt).

Our terminal services are critically important to the region's coal industry – connecting Hunter Valley coal with the world. We employ 328 people, plus 16 hosted apprentices and 11 casual employees, all of whom work to ensure excellence in the delivery of our service. We work with coal producers and numerous other service providers in the Hunter Valley Coal Chain, one of the largest and most collaborative coal supply chains in the world. We build strong relationships and work cooperatively with our people, our customers and our community. Knowing and understanding their point of view, interests and expectations enables us to maintain operational excellence, continuously improve our performance and contribute to a more sustainable society.

Operating in the Port of Newcastle means we have the potential to impact on natural and urban environments. We are committed to meeting our legal obligations and investing in our operations. To understand and fulfil our responsibilities, and to set our objectives, we engage in open and authentic dialogue with our stakeholders, which is reflected throughout this report.

Material topics

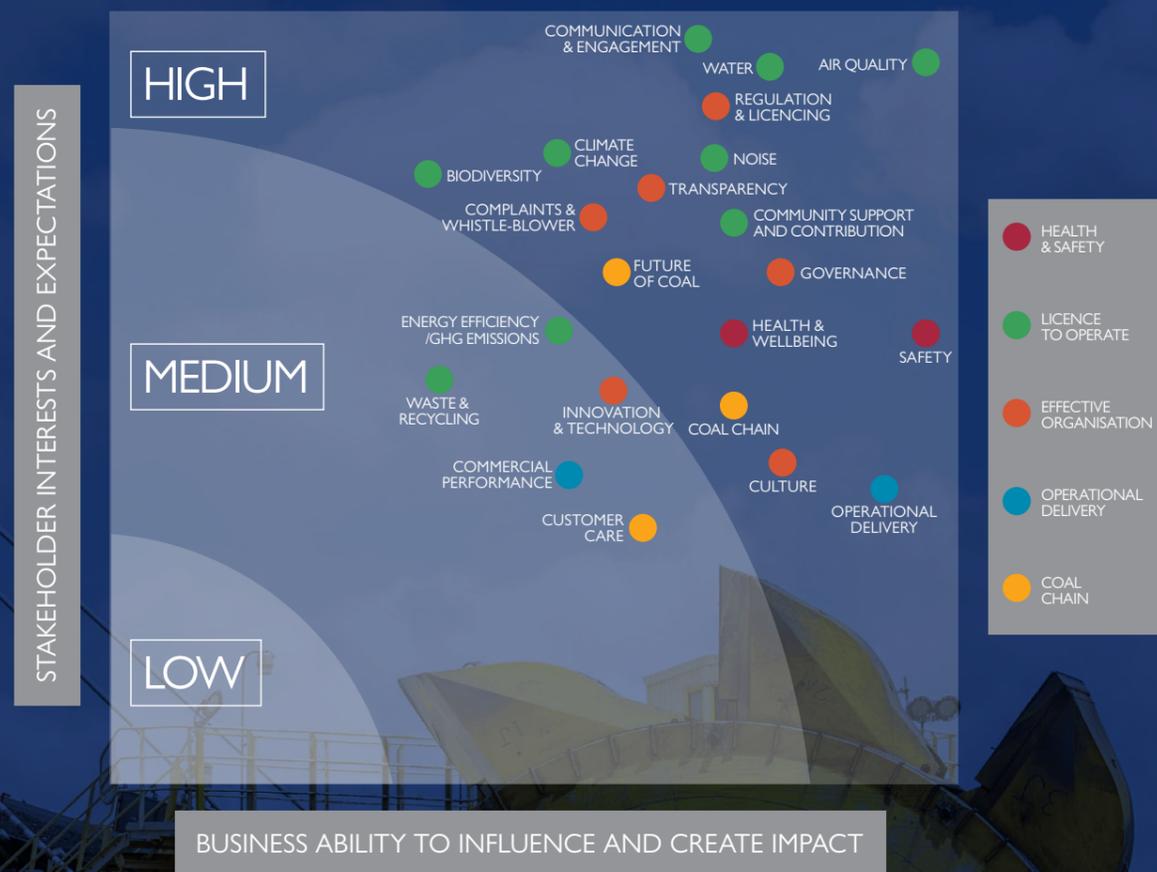
Materiality is essential to the quality of our sustainability management and reporting. It ensures we implement appropriate and relevant systems and provide timely and transparent information about the topics important to our business, community and stakeholders. The last formal assessment was undertaken in 2020, however the topics identified still strongly reflect in our significant activities, relationships, and economic, environmental and social impacts. Stakeholder engagement throughout the year has confirmed the relevance of these issues, with feedback showing there is increasing interest and importance in climate change and future of coal topics during the year.

Integrating sustainability is our 'business as usual'

Responsibly managing environmental, social and governance (ESG) aspects have always been part of the way we do things – it just makes good business sense. It ensures we create value for our stakeholders both today and into the longer term. Being a sustainable business enables us to live our values and deliver on our purpose, to deliver a high-quality, cost-effective service to our customers which meets their need for reliable access to contracted terminal capacity.

Who we are

Port Waratah Coal Services Limited is an unlisted public company with headquarters in Kooragang NSW, Australia. We have been operating since 1976, delivering an efficient, high-quality and reliable service to local coal producers. Port Waratah plays a vital role in the Hunter Valley Coal Chain, enabling our customers to reach a global market.



Our contribution to the SDGs

Port Waratah committed to contributing to the achievement of the UN Sustainable Development Goals (SDGs) in 2016. We address the challenges and targets in the context of our own business and operational environment. We do this by integrating sustainability into our business as usual and by implementing specific strategies, systems, programmes and initiatives. The achievement of the SDGs requires collaboration and partnership with other local businesses and services, and across the resources industry.

Since 2017, we have been aligning our business performance contribution to the SDGs. In 2018, we also aligned our Community Investment and Partnership Programme

contributions towards the SDGs and we are reviewing this again in 2022. The outcomes will feature on our Storylines website.

How we manage our impacts

There is strong alignment between our business drivers and the interests of our key stakeholders. Our business drivers, launched in 2013 are firmly embedded into the business and form the foundation that sets our objectives, the way we approach managing our impacts, and set goals describing where we strive to be. From the Shiploader Operator feeling confident and capable to identify and escalate a dust issue for proactive management to our community partnerships supporting areas of need in our local community or our focus on employee engagement, inclusion and diversity; a sustainability lens is applied to everything we do.

+ HEALTH & SAFETY

OUR APPROACH: How we operate

HEALTH & WELLBEING To be a workforce that is motivated to continually improve our personal and occupational health to achieve improved health outcomes both inside and outside of work.

SAFETY To continuously improve our safety performance through shared responsibility while proactively managing hazards and risks.

OBJECTIVE: Our performance must reflect that we hold the health and safety of people in our business as an overriding value.

OUR GOALS: Where we strive to be

FITNESS FOR WORK All people working onsite take responsibility for being fit for work and our people are encouraged to participate in Fitness for Work programmes.

HEALTH AND WELLBEING Our people strive for balance and our work contributes positively to a healthy lifestyle.

FATALITY PREVENTION We proactively work to identify, manage, control and verify the effectiveness of our critical risks to prevent fatalities.

SDG ALIGNMENT:



OCCUPATIONAL HYGIENE We have a shared responsibility for occupational hygiene from the identification of hazards to the implementation and measurement of controls, targeting zero harmful exposures.

HAZARD IDENTIFICATION AND RISK MANAGEMENT We have a shared responsibility to actively identify hazards, assess risk and implement robust controls to eliminate or minimise the risk of injury or illness to our people.

LICENCE TO OPERATE

OUR APPROACH: How we operate

ENVIRONMENT To continuously improve our baseline performance while proactively managing hazards and risks.

RELATIONSHIPS AND REPUTATION To be an active member of Newcastle and the Hunter Region. We build genuine, reliable relationships with our local community and together create shared positive outcomes.

SOCIAL IMPACTS AND CONTRIBUTION We contribute to a smart, sustainable and vibrant Newcastle. We support our local economy and community to help make our city more liveable.

OBJECTIVE: Our environmental performance and our engagement with stakeholders will support being granted ongoing and, if required, new Licences to Operate.

OUR GOALS: Where we strive to be

AIR QUALITY Proactively work to continuously reduce emissions from our operations and our contribution to the Newcastle airshed.

NOISE Proactively work to continuously reduce noise from our operations and our contribution to ambient and intrusive noise levels in residential areas.

WATER Proactively work to continuously improve our water management systems while reducing our impact on the Hunter River.

ENVIRONMENTAL FOOTPRINT Proactively work to reduce our demand on the capacity of the natural resources of the environment in which we operate.

COMMUNITY We create value for our stakeholders and seek to have a positive impact. We work in partnership to make Newcastle a smart, sustainable and vibrant city.

SDG ALIGNMENT:















RELATIONSHIPS We collaborate and work in partnership with all stakeholders to achieve mutually beneficial outcomes.

PARTNERSHIP We engage proudly within our community to advance our social licence and contribute to the success of the region.

COMMUNICATION AND ENGAGEMENT Stakeholders trust and want to work in partnership with us. Our relationships are long-term and robust.

REPUTATION Values-based leadership and decision making is at the heart of what we do.

SUSTAINABLE CONTRIBUTION We work in partnership to build a diverse and resilient local economy and seek to increase value for our customers. We operate within a sustainable and responsible supply chain.

EFFECTIVE ORGANISATION

OUR APPROACH: How we operate

CULTURE To enable and connect One Team to Port Waratah's values and strategy.

CAPABILITY To understand and align our people's capability to meet future needs.

IMPROVEMENT To enable our people to work smarter in a way that is aligned with our strategy.

GOVERNANCE We will ensure we meet or exceed our business obligations.

OBJECTIVE: Our culture encourages and rewards employee alignment and engagement. Our systems support efficient and effective leadership, robust governance, and excellence in operational delivery.

OUR GOALS: Where we strive to be

OUR STORY We proudly talk about Port Waratah, who we are and how our people connect to and shape our business and relationships.

ONE TEAM We actively communicate and collaborate across the business to align and leverage strengths to deliver and share successes.

OUR VALUES We identify with our four values, align our behaviours, and apply them consistently in the way we work.

LEADERSHIP We guide and enable our people to connect with our strategy as One Team to improve people and performance through change.

WORKFORCE PLANNING We forecast roles and skills required to enable business readiness to meet future needs.

REGULATION AND LICENCING Our compliance with relevant regulation and licensing aligns with our values and considers stakeholder expectations, even if this requires us to perform better than compliance standards.

SDG ALIGNMENT:






CHANGE MANAGEMENT Our people understand and accept the reason for change and influence the what and how through consultation and engagement.

BUSINESS ACUMEN Our people understand our strategy and use it to focus and align their work.

INNOVATION AND TECHNOLOGY We challenge the status quo, strive for innovation and actively exploit proven technology to optimise our ability to deliver our strategy.

MONITORING AND MEASUREMENT We continuously monitor, review and measure our performance, communicate outcomes and use data to identify improvement opportunities.

LEARNING AND DEVELOPMENT Our people are engaged with learning and development opportunities.

PERFORMANCE AND RECOGNITION Our culture celebrates performance that delivers our strategy and our people are recognised for the value they add.

OPERATIONAL DELIVERY

OUR APPROACH: How we operate

INFRASTRUCTURE STRATEGY To manage the life of our assets and optimise maintenance to maximise business performance.

PLANNING To cascade the infrastructure strategy enabling proactive and transparent planning in alignment with customer expectations.

DELIVERY To deliver a service that meets the customer expectations of responsiveness, flexibility and reliability.

COMMERCIAL To ensure our commercial strategy supports our business at the lowest sustainable coal handling charge.

OBJECTIVE: We deliver the services our customers expect and we care for our assets so that we can do so reliably on an ongoing basis at the lowest sustainable coal handling charge. We have efficient and robust governance and commercial processes.

OUR GOALS: Where we strive to be

ASSET STRATEGY We strategically manage the life of our assets consistent with our long-term capacity requirements and in a way that maximises asset service delivery, manages risk and considers whole of life costs.

MAINTENANCE STRATEGY Our Maintenance Strategy is optimised to ensure we are doing the right work at the right time to deliver business performance and reliability.

FINANCE Our financing and insurances are strategically managed in a proactive manner to support the business and are reflective of a balance of cost and risk.

PROCUREMENT Our people are engaged and aligned with the integrity of our processes to deliver value and efficient, timely outcomes.

SDG ALIGNMENT:





ACCOUNTING AND COST CONTROL Our people are engaged in maximising sustainable value through our fiscal and cost management decision making.

SERVICE DELIVERY We deliver our service in accordance with the plan while effectively managing variation to achieve customer requirements. We embrace continuous improvement to maximise our capacity.

PROJECT DELIVERY Our projects are delivered using consistent methodology to established performance standards. Projects are seamlessly integrated into an engaged business while delivering benefits aligned with our strategy.

COAL CHAIN

OUR APPROACH: How we operate

CUSTOMER SERVICE To act in the best interests of our customers and our relationships reflect mutual understanding and trust.

STRATEGY To understand our capacity requirements and adapt our operations in the best interests of our customers and the Hunter Valley Coal Chain.

OBJECTIVE: We engage proactively and positively with end users, customers and other service providers in the interest of maximising coal chain performance while securing our commercial model. We understand our development opportunities and are positioned to be able to pursue them when required.

OUR GOALS: Where we strive to be

RELATIONSHIPS AND REPUTATION Customer relationships reflect mutual understanding and trust. Our customers and potential customers acknowledge and advocate Port Waratah are the Terminal Operator of choice and our service offering adds value to their business.

COAL CHAIN PARTNER As an active participant in the Hunter Valley Coal Chain we identify opportunities, innovate, influence and lead in the best interests of our customers.

SDG ALIGNMENT:






CONTRACTS We actively promote and leverage the benefits of long-term contracts with existing and potential customers and other stakeholders.

CAPACITY ALIGNMENT We identify and plan to optimise capacity. We respond to internal and external forces and are positioned to be able to influence and implement change when required.

ADAPTABILITY Our customers trust that we make the right decisions to adapt our operations in their best interests and the interests of the coal chain.



Climate change

Our business is inextricably linked with the global seaborne coal trade, the continued demand for Hunter Valley coal and supports universal access to affordable and reliable energy of which coal-fired power generation will play a role for decades to come. We recognise the global transition to a low-carbon future, the climate change science set out in the UN's Intergovernmental Panel on Climate Change and the International Energy Agency's World Energy Outlook 2021.

Meeting global energy demand and reducing emissions is a key global challenge. Different countries will have different pathways and fuel mixes to reach the same shared global emissions goal. Taking a commodity level view, there are technology pathways towards lower emissions from coal including high-efficiency low-emission coal technologies and carbon capture, use and storage technologies. The quality of Hunter Valley coal and the reliability of the Hunter Valley as a supplier are two factors that are of key interest to the Hunter Valley's largest customer: Japan. As in most years over the last decade, in 2021, approximately 50 per cent of exports from Port Waratah's terminals were destined for Japan. The high-energy value of Hunter Valley coals has played a large role in supporting Japan's development of high-efficiency, low-emission thermal power generation technology. These are the factors that position our industry well to support our end user customers' future energy needs into and through the transition to a lower carbon future.

Port Waratah has assessed climate change risks and has strategies in place to reduce climate change impacts, planning for our role in global energy transition. We understand the potential physical and direct climate change risks, including changes to aspects such as sea levels, storm severity, bushfire weather and drought frequency and maintaining our operations and ability to meet contracted demand over two horizons: the next five and 20 years.

In 2021, we achieved our most energy efficient year to date with a saving of 851,000kWh, relative to the tonnes of coal Port Waratah handled for the year. This saving is equivalent to the annual consumption of 170 average Newcastle households. Compared to 10 years ago, our relative annual electricity savings exceed 9.1 million kWh, or close to 1,800 Newcastle households. Over this time, we have implemented numerous projects aimed at reducing electricity consumption, including physical changes such as LED lighting upgrades, as well as improving our operational efficiency and maintenance reliability, which reduces the time our plant and equipment needs to stop/start. In 2022, we plan to review our strategies to further reduce our emissions

footprint by looking for new opportunities, including technology efficiencies and energy alternatives.

Future outlook

When we look to the future, the regional strengths of product quality and reliable supply will support the coal industry to remain strong as more change comes along. The demand for the Hunter's product in its core markets in South-East Asia remains consistent with the implications of forecasts of the energy transition such as those from the International Energy Agency. Market changes during the year confirm that despite issues such as limited exports to China, the overall demand for Hunter Valley coal remains strong, and that high demand can be reflected in price quickly.

Furthermore, when we assess customer and producer expectations, including the transition plans in major customer markets, indications are that demand for Hunter Valley coal in its core markets will likely be fairly stable through a large part of the 2020s. With reference to the market in 2021 and the experiences in Europe, we consider it likely that the complexity of the transition will result in increased volatility and from time-to-time, demand and supply imbalances.

As the energy transition plays out over time, Port Waratah and indeed the Hunter Valley coal industry is exceptionally well-positioned to meet market demand in a very competitive way. The infrastructure exists throughout the coal chain and there are ample resources of quality product in existing mining areas, consistent with State Government policy. Our performance not only positions us well to support customers into the future, but also builds skills and capability in how local industry can operate in changing global markets at a time of unprecedented change. These skills and capabilities are in the region, available to play a role in supporting regional diversification and the economic transition.

Governance

As an unlisted public company, Port Waratah is overseen by a Board of Directors representing a range of shareholders. This Board determines and monitors our strategic direction, holding five board meetings a year, to ensure we meet our legal and social responsibilities. The Board's Audit and Risk Committee and its Health, Safety and Environment Committee, both hold four meetings a year respectively and focus specifically on compliance and governance to manage our operational risks and challenges. We have a comprehensive internal audit programme to ensure our governance processes achieve their objectives. Our policies and management systems lay the foundations for our culture and how we engage with each other and our stakeholders.

Our governance framework involves all levels of our organisation, and everyone has a role in reviewing, identifying and managing sustainability opportunities and risks. Our Chief Executive Officer oversees our economic, social and environmental performance with the Leadership Team reporting to the Board. Position descriptions for each employee are aligned with our business strategy and include commitments to our business drivers. Targets are embedded in all Employee Annual Performance Reviews and in our business performance incentive programme. All new Port Waratah employees and contractors undertake an induction programme that includes training on our values and business drivers.

Most of our regulatory reporting is related to financial, environmental and workplace health and safety requirements as dictated by State and Federal Governments. We are also subject to external financial, health and safety, and environmental audits.

In 2021, there were no incidents or legal actions in relation to: corruption, anti-competitive behaviour and violations of anti-trust and monopoly legislation; breaches of customer privacy; discrimination; nor any non-compliance with laws and regulations in environmental, social and economic areas. We are very proud to report that there were zero environmental incidents in 2021.

All employees at Port Waratah are represented on health, safety and environment matters by an elected representative from each department or work group. The employee representatives, Port Waratah leaders, and nominated resources form Port Waratah's Health, Safety and Environment (HSE) Committee. The HSE Committee works to continually improve systems and policies, and to promote a healthy, safe and environmentally conscious workplace through open, honest and transparent consultation. In 2021, the HSE committee met eight times and in addition 28 HSE consultation sessions were held discussing key topics including COVID-19 risk management and controls, significant incidents learnings and continuous improvement projects.

Co-Chairperson of the HSE committee, Leading Operator Grant Hughes said: *"After being involved with the HSE Committee in one way or another for the last 18 years, as a committee we have come a long way. As Co-Chairperson it is great to see the passion with which people come to the meetings for discussions on all Health, Safety and Environment issues that arise. We don't always agree and that is the beauty of discussion."*

"Everyone on the committee plays their own part from the Operations team members to Management. The HSE Committee plays an important role in the process of sustaining our ability to continue to operate and maintain both our terminals into the future."

Assurance

Port Waratah has had an ISO 14001 Environmental Management System (EMS) since 2009 and an ISO 45001 Occupational Health and Safety Management System (OHSMS) since 2014, both accredited to internationally recognised best practice standards. These systems provide our framework for managing environmental and occupational health and safety aspects of the business. Our management systems are subject to external auditing on an annual basis to ensure they are effective, fully implemented and continually improved in accordance with the ISO standards. Internal audits, reporting of incidents, and training also assess the performance of the management systems. Our management team approves objectives and targets, which are tracked monthly.



OUR SUSTAINABILITY PERFORMANCE SNAPSHOT

Our annual performance and progress at a glance

Our comprehensive performance reporting was first launched in 2017 and has been refreshed in 2021. Each business driver describes an objective, our management approach for key topics and our goals of where we strive to be. Success in achieving the objective and goals is determined through meeting qualified targets and we know when each target has been met through measuring relevant indicators.

Through the refresh, we have evolved our sustainability performance reporting to focus on a core set of 18 performance targets that are important to our business and our stakeholders. This sustainability performance snapshot is complemented by more detailed performance information throughout the report.



- HEALTH & SAFETY**
- Zero work-related fatalities**
Achieved in 2021.
 - Zero significant health exposures**
Achieved in 2021.
 - All injury frequency rate (AIFR) of four or less (per 1,000,000 hours)**
Unfortunately, five injuries occurred in the last six months of the year, finishing the year with an AIFR of 5.11.

- LICENCE TO OPERATE**
- Four or less reportable environmental incidents**
Achieved zero reportable incidents in 2021 for the first time, a significant result for the business.
 - Sustain dust mitigation practices and implement dust management improvement projects**
Sustained our focus on day-to-day best practice dust management and implemented all planned projects in 2021.
 - Sustain noise management practices and implement noise improvement projects to progressively reduce noise emissions over time**
Sustained our focus on noise management practices and implemented all planned projects in 2021.
 - Reduce sediment load in excess water released to the Hunter River compared to 2016/17 baseline year**
Exceeded the target weighted average of total suspended sediment concentration compared to the 2016/2017 baseline in a wetter than average year.
 - Reduce potable water consumption compared to the previous three-year average**
Achieved a 34% reduction in potable water consumption across the business in 2021, as compared to the previous three-year average.

- LICENCE TO OPERATE**
- Reduce electricity consumption and greenhouse gas (GHG) intensity per tonne of coal handled compared to previous three-year average**
Achieved the lowest annual electricity efficiency with a 0.6% improvement compared to the three-year average and a 0.1% year-on-year reduction in Scope 2 GHG emissions.
 - Sustain landfill waste diversion to recycling rate at 90%**
New record, we achieved the highest annual landfill diversion rate of 93.3% in 2021.
 - Sustain community perceptions of trust and acceptance as measured by the Community Attitude Survey**
Throughout 2021 the positive levels of trust and acceptance were maintained.
 - Sustain Port Waratah's contribution to the regional economy each year at 75% of expenditure**
More than 78% of total expenditure was spent in the Hunter and Central Coast.
 - Sustain Port Waratah's investment in the local community**
\$750,000 invested in local and regional projects through the Community Investment and Partnership Programme.

- EFFECTIVE ORGANISATION**
- Sustain commitment to supporting early careers within the Newcastle community, developing the next generation of Port Waratah employees and leaders**
A total of eight university scholarship students, four trainees and 16 apprentices were supported in early career pathways. In addition, two new graduate positions were introduced.
 - Increase percentage of female employees each year**
We increased female participation in our workforce by 0.5% compared to 2020. Overall, there has been a 3% improvement since 2016.

- OPERATIONAL DELIVERY**
- Meet forecast levels of total coal loaded**
In 2021, we achieved 99% of the annual forecast of total coal loaded with 111.3 Mt loaded, second highest year on record.
 - Target of 92% compliance to the outbound shiplading plan**
This was almost achieved with 87.6% compliance in 2021.

- COAL CHAIN**
- Deliver a vessel turnaround time within three days**
We strive to deliver the most time-efficient service to our customers, however throughout the year a number of weather and logistical factors affected the vessel turnaround time, final result 7.5 days.