

# WE COLLABORATE WITH OUR CUSTOMERS

*Our services provide certainty and confidence to trade globally*

Port Waratah's Kooragang and Carrington Terminals are an integral part of the Hunter Valley Coal Chain, connecting Hunter Valley coal with the world. The coal chain includes more than 35 coal mines with the coal being hauled distances of up to 380km to reach the Port of Newcastle. We have again demonstrated during 2021, our capability to respond to changing market demands and circumstances to deliver for our customers. This inherent capability ensures we are well positioned to meet changing circumstances of the global demand for Hunter Valley coal and understand that our services remain of critical importance to the local, regional and national economies.

### Performance

Above average wet weather conditions impacted the coal chain in 2021. Flooding events in the Hunter Valley catchment area disrupted both rail capacity, port depth and vessel handling characteristics, all of which impacts the capability of the coal chain to deliver, including Port Waratah terminals. In addition, the inclement weather resulted in above average port restrictions mainly due to ocean swell conditions not permitting the safe passage of vessels into and out of the port. As a result, vessel turnaround times increased from 3.5 days in 2020 to 7.5 days in 2021.

In August, Port Waratah announced an extension to the Carrington Terminal lease from 2024 to the end of 2031. The decision to continue operations at Carrington aligns with our customers' needs and Port Waratah's expectations of coal industry demand, particularly from South-East Asia, where demand for high-quality Hunter Valley coal remains strong. The Carrington Terminal remains a key element of Port Waratah's operations and in a Local Voices survey, we asked community stakeholders about their views on the Carrington Lease extension. The overall results were positive, including strong agreement that the extension secures existing local jobs and provides ongoing opportunities for local businesses, such as contractors and suppliers. The results also showed that respondents felt that local impacts would continue but there was a balance of benefits and impacts regarding the extension.

### Customer engagement

Strong working relationships are critical to our success. Our customer contracts continue over a 10-year horizon and our focus is on providing a reliable and quality service. We are committed to delivering superior services to our customers and to act in their best interests. We live our values by listening to our customer's feedback and improving our level of service where we can. In 2021, we successfully implemented train discharge improvements utilising data from other coal chain partners to improve efficiencies and contamination controls.

### Market conditions

With 50 per cent of terminal throughput, Japan remained our largest export destination in 2021. Our customers exported record tonnages to Indonesia, India, Taiwan, Thailand, Turkey, Netherlands and Bangladesh. The coal we handle is used in export markets for energy production and steel manufacturing.

Port Waratah's range of shiploading assets enables vessels of all classes to be loaded at our terminals. This flexibility is demonstrated by a record sixth year in a row of loading greater than 5 million tonnes onto Handy class vessels, all serviced at our Carrington Terminal. A record 1,279 vessels were loaded at our terminals in 2021 with Post-Panamax vessels being the most prevalent vessel class at 48 per cent.

It is expected that our flexibility and coal blending processes, will meet the needs and challenges of our customers and continue to be highly valued into the future.

### CASE STUDY

#### Working with supply chain partners to reduce greenhouse gas emissions

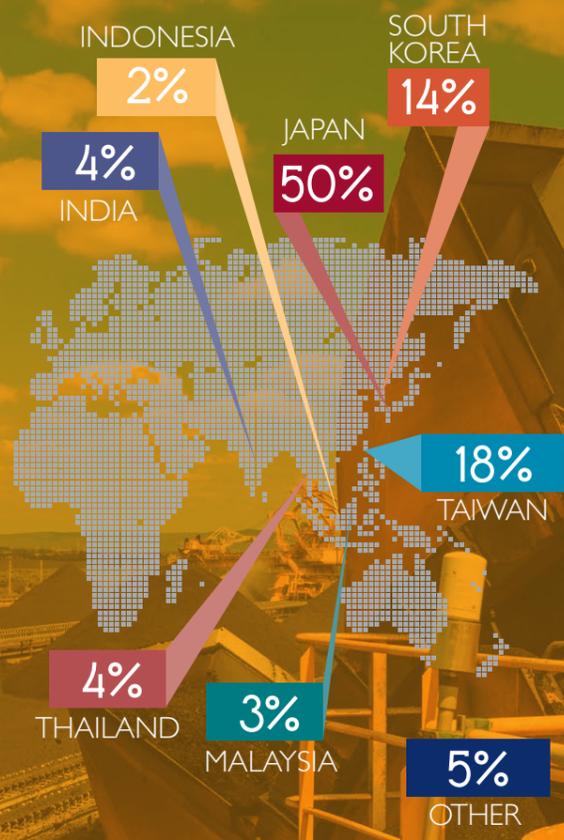
Port Waratah has a proud history of working with vessel designers representing a variety of shipping lines from around the world to improve the design of vessels. Our range of shiploading assets provides a benchmark for these organisations to test potential designs against a high-capacity terminal operation. Port Waratah has been collaborating with vessel designers to support their efforts to reduce greenhouse gas emissions in the shipping industry.

In early 2021, Port Waratah loaded the vessel HL ECO, the first LNG-fuelled vessel to berth on the eastern Australian seaboard. The vessel sets a new standard for eco-design, equipped with two of the world's largest Type C LNG fuel tanks, each with a storage capacity of 1600 m3. The LNG fuel reportedly reduces 99 per cent of sulfur oxides and particulate matter, up to 85 per cent reduction in nitrogen oxide emissions and a 30 per cent reduction in greenhouse gas emissions, compared to the levels of current bulk-carrier vessels.

Other shipping designs we have been involved with in recent years have focused on technologies harnessing wind energy to reduce emissions utilising rotor sails.



## WHERE THE COAL GOES



Due to rounding, numbers may not add up precisely to the totals and percentages provided.

### A DIVERSE CUSTOMER BASE

with 35 different producer or trading companies