

Pioneering Through Partnership

Sustainability Report 2022



PORT WARATAH
COAL SERVICES

Acknowledgement of Country

Port Waratah acknowledges the Traditional Custodians of the land on which we operate, the Awabakal and Worimi Peoples. We acknowledge their connections to land, sea and community. We pay our respect to their Elders past, present and emerging, and extend that respect to all Aboriginal and Torres Strait Islander Peoples today.

Reporting suite

Port Waratah's reporting suite sets out the annual sustainability, financial, operational and social performance for the period 1 January 2022 to 31 December 2022 across the following documents:

- **Sustainability Report:** An in-depth overview of our progress and contribution towards sustainability objectives and targets.
- **Financial Report:** An overview of Port Waratah's financial performance and disclosures, including the Directors' report and financial statements.
- **Modern Slavery Policy Statement:** A statement outlining our intentions and actions to eliminate slavery, servitude and debt bondage from our organisation and its supply chain.
- **Workplace Gender Equality Agency (WGEA) Report:** A short report and questionnaire detailing the gender ratio of employees and contractors in occupational categories, including apprentices and trainees.
- **Kooragang Coal Terminal Compliance Report:** A short report assessment of Kooragang Terminal's environmental performance against regulatory planning approvals.

About this report

This report, published on 30 March 2023, relates to the operations of Port Waratah Coal Services Limited. Sustainability considerations are integrated in our day-to-day operations. Our sustainability approach is embedded into our business strategy and is underpinned by our values, drivers for success, and monitoring and management processes. For that reason, our 2022 Sustainability Report is again structured around our five key business drivers. More information about how we manage our operations can be found on our website at pwcs.com.au.

The report includes a Sustainability Performance Snapshot of our annual performance against a set of material business targets. The summary is featured on pages 12-13.

Global Reporting Initiative (GRI)

Port Waratah Coal Services Limited has reported in accordance with the GRI Standards for period 1 January 2022 to 31 December 2022. For most disclosures we have chosen to only report information relevant to the current year as our processes for measuring performance have not changed since our 2021 Sustainability Report. Our 2022 GRI Content Index and performance relating to earlier years can be found on our sustainability website, sustainability.pwcs.com.au. At present our reporting is not externally assured however it has been reviewed by external consultants against GRI requirements and endorsed by our CEO and Senior Leadership Team.

For more information, or to provide feedback, please email contact_us@pwcs.com.au or call our Community Enquiries Line on +61 (0)2 4907 2280.



4	Foreword
5	CEO Welcome
6	Being a Sustainable Business
12	Our Performance

14 Health and Safety

18 Licence to Operate

36 Effective Organisation

42 Operational Delivery

44 Coal Chain

KEY ACHIEVEMENTS

Health and Safety



- ✓ Developed our revised Health and Safety Strategy that identified improvement projects for 2023–2025.
- ✓ Implemented a refreshed HSE Interaction process including Licence to Operate and 'Work to Live' principles.

Licence to Operate



- ✓ Achieved our lowest annual greenhouse gas emissions intensity and developed a Climate Action Plan.
- ✓ Achieved a 32.3% reduction in potable water consumption across the business to 664 Megalitres.

Effective Organisation



- ✓ Negotiated and implemented a replacement Enterprise Agreement covering 186 employees.
- ✓ Successfully recruited talent to all vacancies in 2022, a 42% increase in recruitment compared to 2021.

Operational Delivery



- ✓ Achieved a daily shiploading tonnes record in January with 520,241 tonnes loaded.
- ✓ Delivered major outages on time and to budget with a total investment of more than \$25 million.

Coal Chain



- ✓ Implemented and commissioned Newcastle Harbour salinity monitoring, reducing risk of uncontrolled vessel movements.
- ✓ Exported to two new destinations, Finland and Poland, bringing our total to 21 destinations in 2022.



Foreword

As Chair of the Board of Port Waratah, I am pleased to introduce this annual reporting suite. It provides our stakeholders with a comprehensive view into the performance of Port Waratah's mature but evolving approach to the complex sustainability challenge inherent in its operations.

The challenges and opportunities faced by Management in 2022 demanded attention to both shorter term operational matters and longer term positioning, highlighting the value of Port Waratah's clear operating strategy and commitment to excellent people leadership. In responding to an immediate challenge such as the disappointing safety performance in the year, the values-based approach to leadership enabled caring but robust engagement with the workforce, with a focus on learning and improving.

To successfully meet longer term challenges such as continuous improvement in environmental performance and redesigning its customer contracts, Management supports long-term goals with specific projects that can be delivered in achievable stages. This approach positions Port Waratah to meet stakeholder expectations over time while engaging in a meaningful way.

Meaningful engagement recognises stakeholder feedback regarding topics of high interest. In Port Waratah's case, air quality and dust management remain the topics of most interest to community stakeholders living portside and is reflected as the highest ranked topic in the materiality assessment. Port Waratah operationalises this engagement through day-to-day implementation of the Intelligent Dust Management System and by integrating consideration of dust risk into daily operational pre-starts. The team also aims to provide relevant information to community members about where they can obtain good quality, real-time air quality information for their suburb and how Port Waratah operationally manages dust.

Through its community engagement activities, including the Local Voices survey mechanism, Port Waratah's stakeholders have expressed a growing interest in understanding Port Waratah's positioning relative to the global energy transition and climate change. In response, Port Waratah has developed a Climate Action Plan with an emissions reduction target in respect of its Scope 1 and 2 emissions, that is aimed at making a positive contribution to Australia's global commitments.

Port Waratah also continues to share with stakeholders our planning for a continued role in meeting global energy demands while energy transition progresses across the globe. Coal was exported by our customers to 21 different countries in 2022. Product quality and reliable supply remain regional strengths of the Hunter Valley coal industry. Port Waratah, as part of the Hunter Valley coal industry, is positioned to competitively meet market demand as the global demand for thermal coal evolves. We remain committed to provide high-quality and reliable export services to our customers to enable them to trade globally with confidence.

I encourage you to engage with us on our sustainability performance and our global role in exporting Hunter Valley coal.

Stefanie Loader
Chairperson



Welcome to our report

Welcome to our Sustainability report, the flagship tool through which Port Waratah communicates performance with our stakeholders.

At Port Waratah, we continue to strive to achieve our vision: “to be an agile, efficient, sustainable organisation, able to operate at its best in any market conditions within an aligned and functioning coal chain”. Our Leadership acknowledge that we will only achieve this with our whole team fully engaged, not only in what we deliver, but also how we do it, which is the reasoning behind our theme of “Living our values, delivering our purpose”.

As we reflect on our 2022 performance against this background, we recognise that we faced some challenges in meeting the high expectations we set of ourselves for safety and environmental performance. Unfortunately, we recorded seven injuries and four reportable environmental incidents during the year. As our improvement journey continues, we maintain our commitment to work without having an impact on the health and safety of everyone in our operations and without impact on the environment.

Port Waratah has a caring and collaborative culture with an engaged workforce who play a key role in our success. Fifty eight per cent of our employees are employed under a collective agreement and are represented by four different unions. Our previous agreement expired in 2022, and I'm pleased that we were able to reach agreement on terms for a replacement agreement with a term of four years.

We are committed to contributing to the achievement of the UN's Sustainable Development Goals (SDGs). Storylines.pwcs.com.au is a project we undertake every three years to celebrate the positive outcomes our community partners are creating in our region every day. It demonstrates how our Community Investment and Partnership Programme, shares value with the community and builds partnerships to address local areas of need.

Total terminal throughput of 91.9 million tonnes was a decline on the 111.3 million tonnes exported in 2021. As reported by various Hunter Valley coal producers, mine production was negatively affected by adverse weather conditions that at times also impacted logistics across the coal chain. Our operational performance however, continued to be strong, with excellent reliability, high loading rates and low vessel queues. The growing economies of South East Asia remain the core markets for Hunter Valley coal, with 60 per cent of coal loaded through Port Waratah's terminals in 2022 destined for Japan.

As a service provider in the Hunter Valley coal chain, with thermal coal as the predominant product, we recognise that demand for our services will likely change over

time. Therefore we are planning to position Port Waratah for the future. Interaction with, and feedback from, all our stakeholders workforce, community and customers, is invaluable in developing our future strategy. The Local Voices survey programme, now in its sixth year, was once again a key tool for getting stakeholder feedback. Acknowledging changing expectations and our potential local impacts, we continued to invest in noise reduction at the Carrington Terminal and made further improvements to our dust management.

Many of our stakeholders are also interested in our emissions profile and as a result, 2022 activities included developing a Climate Action Plan. Our Climate Action Plan for 2023 to 2030 identify targets for our emissions footprint and strategies to further reduce this. Our target is to reduce our total scope 1 and 2 emissions by 50 per cent by 2030, and our actions will fall under four themes. Further information about all these issues is available in this report and on our website, where we also regularly report progress.

While we expect demand for terminal services to improve from 2022, we also acknowledge that our industry is at the forefront of global change. A key indicator of the future demand for terminal capacity is our contracts with customers. The current Capacity Framework Arrangements were developed at a time of significant industry growth and it is in our interest and that of our customers to ensure fit-for-purpose arrangements for the future. Therefore, we initiated a consultation process with customers regarding amendments that will ensure that these contracts are fit for the future.

In this environment of significant change, our focus as a team is to position Port Waratah to continue to meet the performance expectations of stakeholders over time, while also preparing to be able to respond to significant change. Our established business values of excellence, progress, caring and integrity are the framework for both our operational approach and relationships with our many stakeholders.

As always, we value your feedback about this report, our operations and our future focus.



Hennie du Plooy
Chief Executive Officer





WE PRIORITISE AND INTEGRATE SUSTAINABILITY INTO 'BUSINESS AS USUAL'

It's Who We Are

Port Waratah Coal Services Limited (Port Waratah) 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. We stockpile, blend and load coal for export in the Port of Newcastle, and own and manage two coal export terminals at Kooragang and Carrington, both of which operate 24/7. The terminals have a combined annual capacity of 145 million tonnes (Mt). We employ 319 people, plus 15 hosted apprentices and eight casual employees, all of whom work to ensure excellence in the delivery of our service.

Port Waratah plays a vital role in the Hunter Valley coal chain; one of the largest and most collaborative coal supply chains in the world. Our services are critically important to the region's coal industry because we enable and support our customers to connect with international markets.

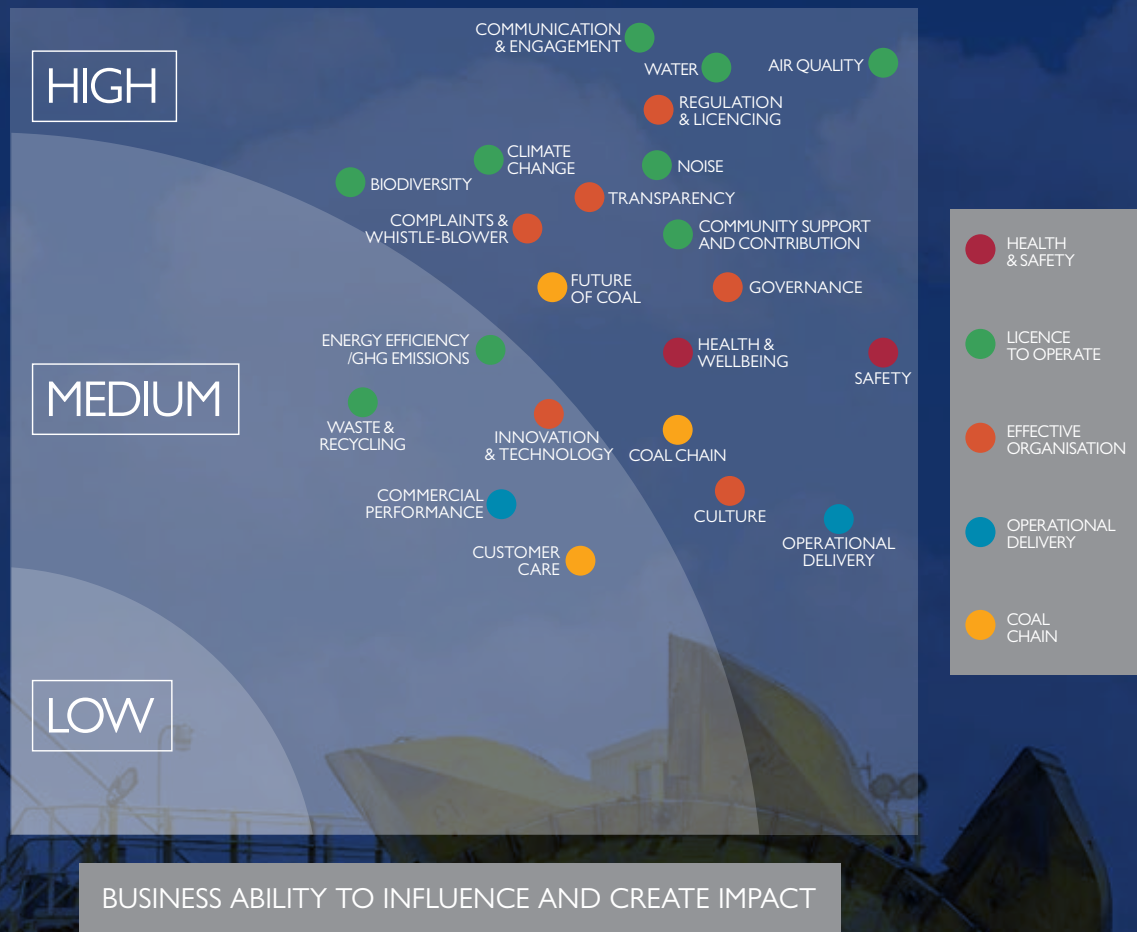
We build strong relationships and work cooperatively with coal producers and numerous service providers in the Hunter Valley coal chain, our customers, our people and our community. Knowing and understanding our stakeholders' point of view, interests and expectations enables us to maintain operational 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 other stakeholders. Our last formal materiality assessment facilitated by third-party specialists, was undertaken in 2020. The topics identified at that time continue to reflect in our significant activities, relationships, and economic, environmental and social impacts. Stakeholder engagement with our workforce, customers, business partners, suppliers and community throughout the year confirmed the relevance of these topics, with some feedback also demonstrating additional high interest in climate change and the future of coal.

STAKEHOLDER INTERESTS AND EXPECTATIONS



OUR SUSTAINABILITY JOURNEY





Contributing to the SDGs

Port Waratah is committed to contributing, however modestly, to the achievement of the UN Sustainable Development Goals (SDGs). We address the challenges and targets in the context of our own business and operational environment by implementing specific strategies, systems, programmes and initiatives as part of business as usual. The achievement of the SDGs requires collaboration and partnership with other local businesses and services, and across Industry. Port Waratah is a member of Hunter Region SDG Memorandum of Understanding and Taskforce, and Sustainable Procurement Subcommittee, working collaboratively to grow and improve the implementation of SDGs within the Hunter Region.

Responsibly managing ESG

Responsibly managing environmental, social and governance (ESG) risks and opportunities has always been part of the

way we do things. By taking an integrated approach to sustainability, we are able to live our values and deliver on our purpose.

Our business drivers framework delivers an overarching approach to maximising sustainable business practices and managing our potential social, economic and environmental impacts, including development of goals and objectives. Our Framework fosters openness and transparency with our stakeholders and provides a platform for ongoing collaboration with our people, empowering them to mitigate social and environmental risks. There is also strong alignment between our business drivers and the interests of our stakeholders.

In 2022, a review of our Stakeholder Engagement Strategy updated the Licence to Operate component of our business drivers' framework by introducing a new goal for climate action and refreshed approach to our relationships and social impact.

+ HEALTH & SAFETY

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

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.

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 critical controls and regularly verify and continue to improve their effectiveness to prevent fatalities.

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.

SDG ALIGNMENT:



LICENCE TO OPERATE

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

OUR APPROACH: How we operate

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

RELATIONSHIPS, SOCIAL IMPACTS AND CONTRIBUTIONS 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. We support our local economy and community to help make our city more liveable.

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.

CLIMATE Reduce total Scope 1 and Scope 2 (market-based) emissions by 50 per cent by 2030 compared to a 2018 baseline year.

RELATIONSHIPS Our relationships are long-term and robust, and are based on trust, values-based leadership and responsible decision making.

COMMUNICATION AND ENGAGEMENT We engage proudly and transparently about our operations, role in the coal chain and the topics that are material to our stakeholders.

PARTNERSHIP We collaborate and work in partnership to achieve mutually beneficial outcomes while contributing to the success of the Hunter Region.

SUSTAINABLE CONTRIBUTION We operate within a sustainable and responsible supply chain. We contribute to maintaining a diverse and resilient local economy and community.

SDG ALIGNMENT:





EFFECTIVE ORGANISATION

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 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.

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 strive to live our core values 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.

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.

SDG ALIGNMENT:



OPERATIONAL DELIVERY

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 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.

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.

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.

SDG ALIGNMENT:



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 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.

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.

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.

SDG ALIGNMENT:





Future outlook

The product quality and reliable supply of our customers' coal will support the local coal industry to remain strong with global demand for coal continuing to evolve. As the energy transition plays out over time, Port Waratah and the Hunter Valley coal industry are well-positioned to meet market demand in a highly competitive way. The infrastructure exists throughout the coal chain and there are ample resources of quality product in existing mining areas, which is consistent with State Government policy.

The demand for Hunter Valley coal in core Asian markets remains consistent with the forecasts of the energy transition, such as those from the International Energy Agency. This demand in Asia and other markets indicates that we will see fair stability through the majority of the 2020s. However, as we have seen in this year, volatility is not unknown. Above average regional rainfall in 2022, resulted in significant shortages of high-quality thermal coal produced by our customers in the Hunter Valley, and other global disruptions also influenced price and volumes.

As the energy transition continues to evolve, we will continue to manage the investment in the life of our assets. We regularly undertake assessments of customer and producer expectations of terminal services through our contract nominations processes, and also review the transition plans in major end-user customer markets. We consider it likely that the complexity of the transition will result in increased volatility and from time-to-time, impact on demand and supply imbalances in the global coal market.

Our future focus is to position Port Waratah to be able to respond with foresight to future uncertainty while continuing to meet the expectations of our stakeholders. This will not only position us well to continue to support our customers in the future, but to also support the regional development of skills and capability enabling local industry to operate in evolving global markets during times of unprecedented change.

Climate action

Our business is inextricably linked with the global seaborne coal trade, the continued global demand for Hunter Valley coal and supporting universal access to affordable and reliable energy. Meeting global energy demands and reducing emissions is a major global challenge. Over the last 12 months, the world has seen the breadth and scale of challenges in trying to balance energy security, affordability and reliability while striving to make progress on reducing emissions and positive contributions to global SDG outcomes.

Climate change was an important topic raised by local community members in our 'Local Voices' community surveys and during direct engagement. Stakeholders are seeking more understanding about what action Port Waratah is taking and our role in the global energy transition.

During the year, we reviewed our strategies to further reduce our emissions footprint and have galvanised our actions for 2023-2030 into four key themes in our Climate Action Plan. We have set a target to reduce total emissions by 50 per cent by 2030 compared to a 2018 baseline year. Our baseline year of 2018 was selected as it best represents a period of operational stability following multi-decadal growth in capacity, throughput and energy demands. We also developed a dedicated Climate webpage where we publish information about our climate action. We currently report our annual energy and emissions data and from next year will start reporting on key emission reduction projects.

Governance

As an unlisted public company, Port Waratah is overseen by a Board of Directors, selected by and representing a range of shareholders. This Board determines and monitors our strategic direction and that we are meeting our legal and social responsibilities. Our comprehensive internal audit programme helps ensure our governance processes achieve their objectives, and our policies and management systems lay the foundations for our culture and how we engage with each other and our stakeholders. Our Senior Leadership Team approves objectives and performance targets, which are tracked monthly.

In 2022, 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-compliances with laws and regulations within social and economic extents. There were four environmental incidents that were non-compliant: see page 19 of this report.

Assurance

Port Waratah's management systems provide a framework for managing the environmental and occupational health and safety aspects of our business. Our systems are certified against internationally recognised best practice standards, specifically ISO 14001 Environmental Management System (EMS) since 2009, and ISO 45001 Occupational Health and Safety Management System (OHSMS) since 2014. We undergo external auditing annually, and our internal management systems, including auditing, reporting of incidents, investigations and corrective actions, and ongoing employee training, ensure our systems remain effective, fully implemented and continually improved.

CLIMATE ACTION PLAN

Our 2023-2030 Climate Action Plan defines our emission reduction target and our strategic path to get us there. It fortifies Port Waratah's commitment to mitigate emissions, manage climate risk and make a positive contribution to Australia's Paris Climate Accord commitments.

OUR CLIMATE ACTION TARGET:

Reduce total Scope 1 and Scope 2 (market based) emissions by 50% by 2030 compared to a 2018 baseline year.

OUR EMISSIONS BASELINE:

Baseline Year:
2018

Scope 1 Emissions:
362.1 t CO₂-e

Scope 2 (market based)
Emissions: 124,085 t CO₂-e

OUR CLIMATE ACTION THEMES AND KEY ACTIONS:



Corporate Governance and Transparency

- Further develop and align climate related reporting and disclosures with recognised reporting frameworks
- Integrate Climate Action into our business strategy
- Review and update GHG & Energy Policy and Management Plan
- Understand and define Port Waratah's Scope 3 Emissions boundary



Continuous Improvement in Electricity Efficiency

- Establish Electricity Efficiency Working Group
- Refine power monitoring tool capabilities for practical utilisation
- Scope, prioritise and deliver efficiency projects from 2023-2030



Transition to a Low Emission Vehicle Fleet

- Conduct a detailed review of site vehicle requirements
- Update Port Waratah vehicle purchase standards and procedures
- Preferentially procure passenger EV, PHEV, HEV for fleet replacements



Sustained Reduction in Scope 2 Emissions

- Progressive reduction of Scope 2 Emissions via purchase of certified renewable energy in our electricity contract
- Prepare for the continuation of Scope 2 Emission reductions beyond 2030

For more information and progress updates visit pwcs.com.au/environment/climate



OUR SUSTAINABILITY PERFORMANCE SNAPSHOT

Our annual performance and progress at a glance

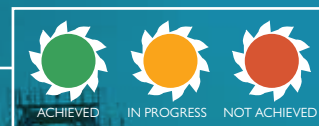
Our Sustainability Performance Snapshot provides an at-a-glance overview of our annual performance against our targets and is complemented by more detailed information throughout this report. Our sustainability performance progress focuses on a core set of 18 targets that are important to our business and our stakeholders.

These targets were determined by the Senior Leadership Team in alignment with the materiality matrix, developed with stakeholder consultation, and feedback through Local Voices community surveys. The targets are part of a business performance metric with results recorded every six months, and additionally integrated into regular business performance monitoring.


OBJECTIVES


TARGETS


INDICATORS



HEALTH
& SAFETY



Zero work-related fatalities

Achieved in 2022.



Zero significant health exposures

Achieved in 2022.



All injury frequency rate (AIFR) of four or less (per 1,000,000 hours)

Unfortunately, seven injuries occurred in 2022, finishing the year with an AIFR of 7.30.



LICENCE
TO OPERATE



Four or less reportable environmental incidents

There were four reportable incidents in 2022.



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 2022.



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 2022.



Reduce sediment load in excess water released to the Hunter River compared to 2016/17 baseline year

Achieved 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 32.3% reduction in potable water consumption across the business in 2022, 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 emissions intensity recorded by Port Waratah, however due to the low tonnage, exceeded the target for electricity efficiency by 3.49% compared to the three-year average.



Sustain landfill waste diversion to recycling rate at 90%

New record, we achieved the highest annual landfill diversion rate of 94% in 2022.



Sustain community perceptions of trust and acceptance as measured by the Community Attitude Survey

Throughout 2022 the positive levels of trust and acceptance were maintained.



Sustain Port Waratah's contribution to the regional economy each year at 75% of expenditure

Achieved 75% of total spend in the Hunter and Central Coast, a value of \$125.4M in 2022 compared to \$86.5M in 2021.



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 five university scholarship students, four graduates, two trainees and 15 apprentices were supported in early career pathways.



Increase percentage of female employees each year

We increased female participation in our workforce to 15.4% in 2022, this is a 0.73% increase compared to 2021. Overall, there has been a 5.81% improvement since 2016.



OPERATIONAL DELIVERY



Meet forecast levels of total coal loaded

Due to significant weather impacts affecting the coal chain and market conditions, tonnage in 2022 was lower than forecast. We achieved 76.9% of the annual forecast of total coal loaded with 91.9 Mt loaded.



Target of 92% compliance to the outbound shiploading plan

Despite continued strong operational performance, significant weather impacted compliance to the outbound plan with overall achievement being below target at 85.7%.



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 5.4 days.

WE'RE POWERED BY OUR PEOPLE

*We won't compromise on their
health, safety and wellbeing.
We are committed to a target
of zero injuries*

Our business success is dependent on the performance and achievements of our people. That's why their health, safety and wellbeing are an overriding value and why we have an unwavering commitment to zero injuries.

We facilitate the stockpiling and loading of coal utilising large and moving equipment, often operating automatically and controlled remotely, with skilled and experienced workforce operating on a 24-hour basis. We have established, implemented and maintained several procedures for the ongoing hazard identification, risk assessment and determination of necessary controls to keep our people safe and healthy. All employees, contractors and visitors are covered by our Health and Safety Management System and ISO 45001 certification, which is audited annually by external auditors.

Performance

In 2022, Port Waratah met the targets of zero fatalities and zero significant health exposures during the year. However, we ended the year with an all-injury frequency rate (AIFR) of 7.30, which means we did not meet our target of an AIFR of below four. We reported seven recordable injuries during 2022, which is an increase of two compared to 2021, and is not in line with our goal of zero injuries. Our ongoing focus is to continue to provide a workplace where everyone can work without being harmed as a result of activities or operations.

In 2022, there were 10 incidents identified that posed a risk of high-consequence injury. Actions have subsequently been implemented to prevent recurrence.

Of the 366 recorded health and safety incidents in 2022, 360 were determined to be low to moderate severity incidents and 6 high to critical.

No incidents of ill health were reported in 2022.

Occupational hygiene

Health risks for each worker in Similar Exposure Groups (SEGs) working at Port Waratah has been assessed, risk ranked and recorded in the Health Risk Register. This register is maintained and reviewed at least annually.

Our monitoring programme is coordinated and facilitated using an external consultant with specific occupational hygiene competency and qualifications. Monitoring is conducted in accordance with current accepted methods and is carried out on all SEGs based on their exposure levels in the workplace.



CASE STUDY

HSE Empowerment

A voluntary Health, Safety and Environmental (HSE) Pulse survey was completed by employees and contractors in July 2022. It concluded that health and safety empowerment at Port Waratah is considered positive and practiced. Highlights from the survey are that:

- ✓ 95% are clear on their responsibilities for health and safety
- ✓ 94% feel empowered to make changes and stop work if they feel there is potential for an incident that may harm themselves or their team members
- ✓ 93% feel their direct leader really cares about health and safety of people who work at Port Waratah
- ✓ 91% are clear on their responsibilities for environmental issues and impacts
- ✓ 92% feel empowered to make changes and stop work if they feel there is a potential for an incident that may harm the environment or community
- ✓ 90% think Port Waratah takes responsibility to address environmental issues and impacts
- ✓ 86% feel empowered to influence and take ownership of health, safety, and environmental performance.

Continuous improvement

In 2022, we focused on developing our revised Health and Safety Strategy and identifying improvement projects for 2023-2025. We continued to refresh and embed our Fatal Hazards approach to increase employee awareness, and mental health support available to team members. Peer Support Network development forums were also conducted throughout the year to actively engage and upskill our Network members.

To increase physical care for our employees, we strengthened the audiometric surveillance included in our periodic medical programme by implementing hearing protection device fit testing for workers who have an increased risk of developing noise induced hearing loss. We also continued our focus on musculoskeletal management by introducing a mobility assessment to our pre-employment, periodic and exit medicals, and commenced a comprehensive update of our Job Demands Manual.

By implementing a refreshed HSE Interaction process that includes Licence to Operate and 'Work to Live' elements, we have created a holistic approach and an understanding of managing risks and impacts across health, safety and environmental aspects with a focus on celebrating success.



A total of

2,219

safety interactions

216

Occupational hygiene samples taken

60

Employee medicals

162

Skin Cancer Checks

222

Flu shots given

44

Respiratory Protection Fit tests completed

✓ 132

Critical Control Monitoring Programme verifications across seven critical risks

Total hours worked (employees)

577,200



Total hours worked (contractors)

382,165



36

Peer Support Network team members



In 2023, we plan to continue implementing and embedding projects related to wellbeing, hazard identification and risk management, technology improvements and ongoing improvements in systems and processes. These projects will be underpinned by our culture of shared accountability and responsibility when it comes to health and safety, particularly our goal of zero work-related injuries and illnesses.



CASE STUDY

Keeping safe with improved electronic hazard identification

Pre-task hazard assessments (Take 5's and JSEA's) are important tools that help our workers identify hazards and controls for tasks they perform. The effective implementation of the identified controls helps Port Waratah to reduce the risk of injury, illness, or environmental harm.

One of our Effective Organisation business driver goals focuses on identifying and implementing technology solutions to improve our safety performance. In 2022, we implemented electronic Take 5's as part of our 'Engage Your Slow Brain' mobile application. It empowers our workforce to slow down and take the time to engage with the hazard and risk identification and assessment process for all tasks. The ability to complete an electronic Take 5 and JSEA has also helped us reduce the number of paper-based processes and support the effective completion of quality assessments.



Live Better, Work Better

In 2022, the 'Live Better, Work Better' programme continued to provide information and awareness around a range of modifiable health risk factors to support our people to achieve a balanced lifestyle. The key focus areas throughout the year were nutrition and physical activity. Key initiatives were developed and delivered with the support of external subject matter experts and provided to employees via videos and face-to-face presentations as well as regular email communications.



CASE STUDY

'Out of the Box' nutrition campaign

With a key focus of the 2022 'Live Better, Work Better' programme being diet and nutrition Port Waratah partnered with the University of Newcastle to deliver its 'Out of the Box' nutrition campaign during the first six months of the year.

The campaign was a multicomponent, health promotion programme, which is designed to educate and inform workers on the core fundamentals of a balanced diet. An online survey was completed at the start and the finish of the programme enabling the research team to evaluate the effectiveness of the intervention.

Topics covered throughout the campaign included the importance of fruit and vegetable consumption, how to pack a balanced lunch, sugar and sweetened beverages and alcohol. 'Out of the Box' uses a variety of education modalities including take home resources (e.g., fridge magnets, stubby holders, drink bottles), posters, videos, and verbal messaging. The combination of a pre-start message and a take home resource promoted the continuous reinforcement of key nutrition messages and increased uptake and retention.

**TOTAL
INJURIES 7**

GENDER



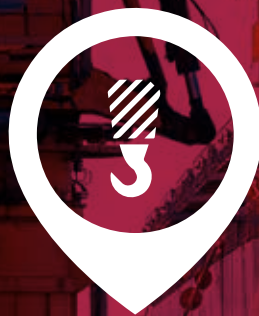
1 6

FEMALE MALE

INJURY TYPE

6 LTI (LOST TIME INJURY)

1 MTI (MEDICAL TREATMENT INJURY)



RES

1

CARRINGTON
(1 LTI, 0 MTI)

6

KOORAGANG
(5 LTI, 1 MTI)

ALL INJURY FREQUENCY RATE
7.30 (PER 1,000,000 HOURS)

0 FATALITIES



WE PROACTIVELY MANAGE OUR IMPACTS AND RELATIONSHIPS

We maximise the environmental sustainability of our operations. We build genuine relationships that support our community

The Licence to Operate (LTO) Framework is now in its seventh year delivering a portfolio of projects designed to continuously improve the management of our social, economic and environmental impacts. Each focus area has a range of management strategies, including investment to maintain and improve the environmental performance of our terminals, continue engagement with our local community, support local social and economic outcomes and help meet stakeholder expectations.

During 2022, Port Waratah identified 46 improvement projects, including six projects carried over from 2021 largely due to the impacts of COVID-19. We completed 35 of the projects, with two assessed to be no longer required. Seven were rescheduled for early 2023, and two were rescheduled for completion in later years. We have identified 40 projects to be undertaken in 2023, including the seven rescheduled projects from 2022.

Environment

Our Environmental Management System (EMS), which is certified to ISO 14001, provides a systematic approach to managing our potential environmental impacts and responds to changing environmental conditions in line with stakeholder expectations. This systematic approach contributes to our sustainability by managing our key areas of operational risk – air quality and dust emissions, potential noise impacts, the management of site water systems to avoid pollution incidents and reducing our environmental footprint and greenhouse gas emissions.

We assess environmental performance by regularly reviewing, at least monthly, our annual objectives and targets and the LTO Framework. We use this data to assess the potential environmental impacts of our operations and identify improvement opportunities. Port Waratah also incorporates an annual programme of internal audits to review the various elements of the EMS and verify how the requirements of the EMS are implemented within operational activities.

Performance

While mindful of the potential impact of environmental incidents, Port Waratah recorded four reportable incidents in 2022, all occurring at the Kooragang Terminal. This was within our target to record no more than four reportable environmental incidents across our operations.

The incidents that occurred in 2022 are summarised below:

January 2022 – an underground fire water pipeline located at Kooragang Terminal wharf was found to be leaking from beneath the ground, coming to the surface and discharging to the harbour.

May 2022 – Port Waratah estimated that four kilograms of coal fines material leaked from the launder system on a Kooragang Shiploader intermittently over a period of seven hours when the machine was in a raised position during hatch changes. The leak was determined to be a result of an abnormal build-up of water and coal fines material within the boom underpan. A Penalty Infringement Notice (PIN) for \$15,000 for failing to maintain equipment in a proper and efficient manner and an Official Caution for pollution of waters were issued by the Environment Protection Authority (EPA) in relation to this incident.

November 2022 – a relatively small amount of coal, estimated to be greater than 10kg however less than 40 to 60kg, discharged from a Kooragang Shiploader into the harbour following a blockage of the loading chute.

December 2022 – a small amount of hydraulic oil, estimated to be less than 500ml, from the boom hoist brake system leaked from a Kooragang Shiploader into the harbour.

For each of these incidents, Port Waratah self-reported the matters to the EPA, took action to minimise the potential environmental impacts, recovered all residual material that remained and has implemented additional measures to avoid potential recurrence of a similar nature.

In December 2022, our Carrington Terminal achieved four consecutive years with no reportable environmental incidents. The excellent performance milestone is a credit to all personnel working at the Terminal and one that we aim to continue.

To reflect our aim for continuous improvement, our performance targets for 2023 specify no more than three reportable environmental incidents. The target is supported by focused risk-based management strategies and implementation of improvement projects.



TOTAL # OF PROJECTS 46

COMPLETED 35

ONGOING 7

ON HOLD 2

REMOVED FROM PORTFOLIO 2

OF PROJECTS



8

CATEGORY

GOVERNANCE



5

AIR QUALITY



9

NOISE



10

WATER



4

ENVIRONMENTAL FOOTPRINT



10

RELATIONSHIPS, SOCIAL IMPACTS & CONTRIBUTIONS



Air quality

Monitoring dust levels and acting responsibly is critical to our operations. We understand that if not managed appropriately, the nature and scale of our operations have the potential to generate dust and negatively impact our community. Our control techniques, processes and systems are world class, designed to minimise the potential for dust creation, and where possible, eliminate negative impacts. Port Waratah is committed to delaying, or if required, ceasing operations in adverse conditions. Our dust management performance was strong in 2022, recording zero air quality related issues. Find out more about our management controls at pwcs.com.au/environment/air-quality.

Seasonal region-based air quality monitoring reports for 2021-22, which are collated by the NSW Department of Planning and Environment, indicate that air quality in the Newcastle region reported particulate levels within the national benchmarks for the majority of the year. Particulate levels were higher in summer, particularly at the monitor located in Stockton where results are heavily influenced by onshore winds and sea salt due to its proximity to the coast.

In addition to the government-operated monitoring stations, Port Waratah maintain a series of air quality monitors in residential areas surrounding the terminals that are operated and maintained in accordance with the requirements of our Air Quality Management Plan. During 2022, two high-volume air sampling units located at our Fern Bay environmental monitoring compound were vandalised and resulted in no data being recorded at this location between 27 February and 28 May 2022. The units have since been repaired and continue to provide information to this long-term dataset. Port Waratah monitors showed results consistent with the government stations and were all within compliance limits.

Dust management improvements

We are committed to the continuous improvement of our dust management systems and capabilities, evaluating our Intelligent Dust Management System (IDMS) capabilities throughout the year and introducing refinements, wherever possible.

During 2022, Port Waratah continued to review the operational performance of dust management infrastructure at both terminals. This included optimising the dump station dust monitoring capabilities, and conveyor and stockyard machine spray systems. An audit of the dust suppression infrastructure on our stockyard machines was completed in late 2022. The review identified several opportunities to enhance the dust management by fine tuning maintenance

regimes and the operating philosophy for some of the conveyor and stacker sprays. Implementing these changes will become a focus for improvement of our IDMS in 2023.

Unsealed surfaces have also been identified as a key focus area in internal dust management audits. We have committed to improving drainage and reducing the area of unsealed surfaces at the Kooragang Terminal and have commenced a staged drainage and sealing improvement program. In 2022, approximately 4.5km² of previously unsealed surface was converted to asphalt at a total investment cost of \$560,000. The effects of this improvement are immediate with increased capabilities in surface drainage, housekeeping and dust prevention.



CASE STUDY

Dust suppression tool kit

In recent years, investigations and several trials of dust suppression product application have been undertaken at Port Waratah. In 2022, we identified one product for application in unsealed hardstand areas, which has also been successfully used in a variety of applications at other coal terminals on the east coast of Australia. Although 2022 proved to be a very wet year, the trial of this product demonstrated a significant improvement in the ability to bind fine particles together preventing dust lift off even after drying.

The future use of this product will enhance our dust prevention capabilities in areas traditionally managed by water only. It will add to our tool kit of control options and complement our Intelligent Dust Management System. Additional supporting infrastructure investments to implement product use will be made in 2023.



HOW PORT WARATAH MANAGES DUST

Where possible we
enclose and install dust
suppression sprays in:

- Rail receival stations
- Transfer points
- Conveyors

We also design our equipment for 'soft flow' transfers and
minimal drop heights to reduce the risk of dust creation

We have also developed and implemented our award winning
INTELLIGENT DUST MANAGEMENT SYSTEM (IDMS)
to continually assess onsite conditions to prevent dust lift-off, stopping dust at the source

THE IDMS

Uses detailed weather forecasts from
the Bureau of Meteorology and onsite
real-time weather station data



Calculates the moisture level on coal
stockpile surfaces using the Global
Evapotranspiration Algorithm

It then calculates 



**TIMING OF AUTOMATED
SPRAY CYCLES REQUIRED
TO MAINTAIN STOCKPILE
MOISTURE AND PREVENT
DUST LIFT-OFF**

Additional spray cycles to
maintain moisture may be
triggered by **real-time dust
monitoring** alerts or increased
dust-risk conditions such as
wind speed and temperature



We have other
**dust management
strategies**
in our toolbox

- Utilising mobile water carts
- Wetting down hardstand areas
- Manually hosing/spraying coal
- Delaying, restricting or stopping coal movement
- Sealing, revegetating or rehabilitating disturbed areas
- Housekeeping and regular site cleaning programme



All of these systems work together
to make sure that we **manage dust**
before it becomes an issue





COMPLETION OF CARRINGTON CONVEYOR DRIVE STRATEGY



NO. OF DRIVES
REPLACED

28

AVERAGE
SOUND
POWER LEVEL
(SWL)
REDUCTION:
9.7 dBA

LARGEST SOUND
POWER LEVEL
(SWL)
REDUCTION:
**17.2 dBA
ON SC2
P1 DRIVE**



5 YEARS (2017-2022)

First drive installed in
December 2017



Last drive installed in
November 2022

TOTAL INVESTMENT:

\$8,300,000

Noise management

To effectively manage noise and ensure we continuously improve our noise emissions over time, Port Waratah considers potential sources of noise across our operations and applies a long-term strategic focus. We implement effective plant maintenance, conduct ongoing reviews, improve noise control processes, and trial and adopt advancing technologies. A key driver in prioritising noise improvement opportunities is focusing on the areas of site that offer the best noise reduction outcomes for our neighbouring communities and developing an effective plan that delivers sustainable noise improvement over the long-term.

Our employees and contractors are integral to delivering effective noise management. We invest in ongoing training and education with our workforce to ensure the awareness and management of potential noise impacts remains front of mind while conducting our activities. Ongoing regulatory compliance is demonstrated through our routine noise monitoring programme, where external consultants regularly assess our performance against noise criteria and long-term goals. Throughout 2022, we maintained full regulatory compliance with noise related conditions specified in our project approvals.

Where regulatory criteria are absent, Port Waratah has developed stringent internal noise goals to measure and monitor our performance. Performance against our internal noise goals significantly improved during the year, with only two minor elevated results recorded at the Carrington Terminal's closest residential monitoring location in the first three months of the year.

Noise management improvements

Our noise reduction strategy marked a significant achievement in November 2022 with the installation of the final low-noise conveyor drive assembly at the Carrington Terminal. Despite six drives originally scheduled for replacement during the year, plans were revised to four installations when two were removed from the programme due to no reduced noise level benefits anticipated at community receivers. Since commencement in 2017, a total of 28 drives have been upgraded, with a capital expenditure of more than \$8 million. The strategy has focused on reducing noise-related impacts on our neighbouring communities through upgrades to operational equipment with lower noise replacement options through a sustainable long-term capital improvement programme.

In 2022, Port Waratah continued its low-noise conveyor roller trial at Carrington Terminal to evaluate potential noise reductions from the stockyard conveyor systems and to test the durability of the trial rollers.

The outcome was largely successful with several lower-noise conveyor rollers offering sound power reductions of 3dB per 100m of conveyor. Results of the trial will be used in conjunction with a wider ergonomic review of rollers and roller performance to determine the most suitable suite of roller types to use across our terminals.

The Kooragang Terminal also continued implementation of its noise reduction strategy, focusing on a programme of noise hotspot monitoring for conveyor systems that will assist with targeted replacements of rollers in higher noise-generating segments. In 2022, the high exposure conveyors along our wharf area were assessed with the outcomes used to assist in prioritising targeted roller replacements.

Water management

Water is critical for day-to-day operational purposes at Port Waratah. We manage water captured onsite to maintain quality standards for reuse. We use water for operational purposes, such as dust suppression, wash downs and firefighting systems.

Responsible water management is a careful balance between storing adequate levels for operational reuse, while ensuring we maintain stormwater catchment capacity for wet weather events to ensure compliance with statutory requirements.

Our water management systems operate by capturing surface water runoff from rain events together with returned water that has been used in terminal operations and channelling the water into a series of drains and sumps that replenish our ponds and lagoons for settling and clarification prior to recirculation back to the plant for reuse.

The water management systems across both terminals performed exceptionally well throughout 2022, which was the wettest year recorded at Port Waratah over the past 14 years. More than 1,467mm of rain was recorded at our Carrington Terminal, which is nearly 400mm above average for the site. The significant rainfall received throughout 2022 on an already saturated site meant the operational performance of our water management systems were critical in maintaining compliance with our approval conditions.

Design requirements of water management systems at both terminals were met during the year. The Carrington Terminal recorded two wet weather overflow events in 2022, with one of these occurring whilst we were commissioning a third stormwater storage tank. As per the Carrington Terminal's EPA licence, the EPA were notified of each of these events.

The Kooragang Terminal recorded four overflow events during 2022, with the site not having an active discharge

facility such as the one at Carrington, the recovery time for the storage dams is significantly longer and more susceptible to overflows from prolonged or large rainfall events.

We achieved our 2022 performance target to reduce the amount of sediment contained within excess water released to the Hunter River. In a significantly wetter than average year, we released excess water more often than preceding years. The consistent use of the Controlled Discharge Filtration System (CDFS) at our Carrington Terminal and the implementation of flocculent dosing at our Kooragang Terminal contributed to the improved performance and reducing the sediment load released compared to our performance target.

CASE STUDY

Our successful Controlled Discharge Filtration System

Port Waratah's Controlled Discharge Filtration System (CDFS) was a significant investment made at our Carrington Terminal in 2017. Reviewing performance over the past five years, the CDFS has filtered almost 3,000 Megalitres (ML) of site water, and removed more than 156 tonnes (that's 91.5 per cent) of sediment from waters released to the Hunter River.

In 2022, we recorded the highest level of CDFS utilisation with:

- ✓ more than 741.4ML of water filtered
- ✓ 36.8 tonnes of sediment removed from filtration plant discharges
- ✓ 449.7ML of filtered water returned to site for re-use
- ✓ 292.7ML of filtered water released to the Hunter River

Our average sediment levels in the water released to the Hunter River since 2018 has been 13.9mg/L. In 2022, this was 14.6mg/L. Both of these levels are less than half the limit permitted in our EPA Licence (30mg/L).





Water management improvements

Port Waratah achieved several improvements at the Carrington Terminal during 2022 including the commissioning of a third stormwater storage tank and an upgrade to the Controlled Discharge Filtration System (CDFS) sediment collection facility. These upgrades have allowed us to contain more water onsite during a storm event while also assisting in the sediment removal process prior to excess water being released via the CDFS.

Installation of additional flow monitoring, embedding the use of flocculation products and operational improvements at the Kooragang Terminal have resulted in significant improvements to the water quality stored onsite. These improvements have resulted in lower sediment levels in overflow conditions from large or prolonged rainfall events. A further upgrade during the year was the completion of the second of a three-stage project to replace water pipelines located between the Kooragang wharf and the main terminal.

Environmental footprint

We describe our environmental footprint as our demand on the capacity of natural resources and the environment in which we operate. We reduce this demand through identifying and implementing opportunities to use potable water more efficiently, producing less waste and diverting more from landfill, as well as enhancing onsite biodiversity and improving land use practices.

Potable water consumption

Water use at Port Waratah is a critical aspect in nearly all areas of our operations. Stored water is used preferentially for operational activities, with potable water purchased from Hunter Water being used for amenities, and if required, to top up supplies during periods of insufficient water availability onsite. We aim to be conservative with the amount of potable water used for operational purposes, and continually strive to improve our on-site water efficiency. We also reduce our potable water consumption by reusing our on-site water resources regardless of climatic conditions.

With the significant amount of rainfall experienced in 2022 across the Hunter Water catchment, there were no water restrictions in place and no areas of water stress. Onsite water storage capacity increased at the end of the year following the commissioning of the Carrington Terminal's third stormwater tank. The capacity of the new infrastructure increases Carrington's capacity by eight megalitres, which will be utilised to further improve the management of stormwater runoff during wet weather conditions.

Hunter Water catchment storage capacity did not change throughout 2022, and storage volumes remained very high throughout the year at over 94 per cent.

Throughout 2022, several improvement projects enabled Port Waratah to maximise water re-use opportunities across both terminals. At the Kooragang Terminal, a focus on improving site water quality through flocculation enabled harvested water to be re-used more quickly and in greater volumes, which significantly reduced the need to purchase potable water for operational purposes for the majority of the high-rainfall year.

At the Carrington Terminal, the high utilisation of the CDFS with 449.7 Megalitres (ML) of filtered water returned to site for reuse, contributed to our reduction of potable water consumption goals.

In 2022, our target was to reduce our potable water consumption compared to the previous three-year average (2019-2021). With favourable weather conditions and improved ability to utilise captured rainfall runoff, Port Waratah was able to reduce potable water consumption across the business by 32.3 per cent to 664ML. This is our second lowest annual consumption in more than a decade.

Land use and biodiversity

Our terminals are situated in areas of rich industrial history and adjacent to areas of significant ecological importance. Immediately adjacent to the 2.1km² Kooragang Terminal is the Hunter Wetlands National Park and the internationally recognised Hunter Estuary Wetlands Ramsar site. These wetlands support 45 species of migratory birds listed under international agreements and more than 110 species of waterbirds.

Port Waratah also manages two land holdings adjacent to Kooragang Terminal. These sites are established seasonal habitats of the Green and Golden Bell Frog (*Litoria aurea*), which is listed on the IUCN Red List as Vulnerable. Since 2010, we have collaborated with the University of Newcastle to conduct a research programme on the Green and Golden Bell Frog population on Kooragang Island. The programme involves rigorous monitoring during the breeding season, which is typically between November to March each year. Research continued during 2022 and aims to provide insight into population dynamics as well as other factors that may contribute to the persistence of the species on the island.

As these land holdings host the biodiversity research programme, both are considered as non-operational land holdings. The core activity undertaken on these sites focuses on maintaining native biodiversity through

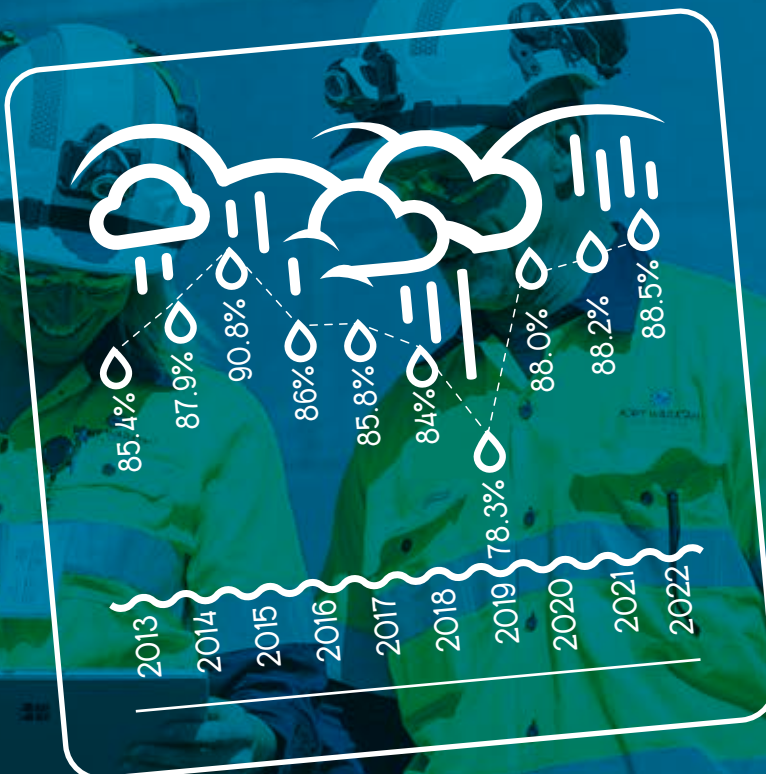


88.5%

WATER USE FROM CAPTURED AND STORED SUPPLY
IN 2022 (5,784ML) IS THE SECOND HIGHEST
PROPORTION IN MORE THAN 17 YEARS (90.8% IN 2015)

Kooragang
Terminal **5,311ML**

Carrington
Terminal **473ML**



**11.5% WATER USE
FROM POTABLE
WATER (664ML)**

Kooragang Terminal

479ML

Carrington Terminal

185ML

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



effective weed management. Port Waratah conducts regular site inspections to identify and prioritise weed treatment as required and in accordance with the Biosecurity Act 2015.



CASE STUDY

Supporting biodiversity in the Hunter Wetlands National Park

In 2022, Port Waratah participated in a vegetation corridor enhancement project on neighbouring Ash Island, in collaboration with Local Land Services (LLS) and National Parks and Wildlife Services (NPWS). The project involved 15 Port Waratah volunteers who planted more than 400 tubestock trees along Belfrog Way on the Island. This planting builds on previous work conducted in the area and intends to enhance the movement corridors utilised by the Green and Golden Bell Frog.



Waste

Port Waratah's objectives of improved resource efficiency through waste segregation, waste minimisation, landfill diversion and recycling opportunities are core to improving our environmental footprint.

We engage with a licenced waste management contractor to collect, safely manage and transport offsite waste materials generated in accordance with local legislative requirements. The contractor provides detailed feedback on the waste materials collected, including data and the treatment and disposal locations. These are regularly reviewed and verified through internal auditing.

Key waste streams generated and managed by Port Waratah include industrial water and other liquid wastes, scrap metal, engineered and raw timber products, hydrocarbon and other chemical wastes, co-mingled recycling and mixed solid wastes. We monitor our waste-related data monthly.

In 2022, our waste target was to minimise waste sent to landfill. Pleasingly, Port Waratah achieved this with a 22.5 tonne, or eight per cent reduction compared to 2021. The 258.9 tonnes of waste disposed to landfill was Port Waratah's lowest annual quantity for the second consecutive year. In addition, we recorded our best ever landfill diversion and recycling rate for the third consecutive year with 94 per cent of all waste generated by Port Waratah being diverted from landfill disposal to treatment and recycling. In the past 10 years, our landfill diversion rate has improved by almost 30 per cent.

Wastewater removed from the Carrington Terminal generates the largest proportion of waste across our operations at 55 per cent of the total waste generated by Port Waratah. Wastewater collected is transported to and treated at local Hunter Water treatment plants. Following the treatment process, water is re-used for irrigation and industrial use, with remaining volumes returned to the environment. The biosolids produced from the treatment process are reused for mine site rehabilitation.

During 2022, no waste materials were received for disposal at our terminals or licenced waste facilities.



CASE STUDY

Participating in the circular economy

We continued to investigate opportunities to minimise waste generation and further participate in the circular economy with our largest focus to identify a long-term sustainable landfill diversion opportunity for used conveyor belt. Several opportunities were identified that did not meet key objectives, however one is being further investigated: a local company that can process the conveyor belt into a usable end-product for third party customers in other markets.

Our soft plastics recycling programme has also expanded, and from 2023, will include all plastics. We will also procure products manufactured from recycled plastics in 2023 ensuring a true circular economy solution for the plastic waste we generate at Port Waratah.

TOTAL
WASTE 4,286t



CARRINGTON TERMINAL WASTEWATER: 2,357t

LANDFILL: 259t

Hazardous: 1t

↓
Hydrocarbon &
other chemicals:
1t

Non-hazardous: 258t

↓
Bulk (skip)
mixed waste:
175t

↓
Other mixed
waste:
83t

DIVERTED FROM LANDFILL: 1,670t

Hazardous: 931t

↓
Oil, oily water
& grease:
95t

↓
Liquid
waste:
834t

↓
Solid hazardous
wastes:
2t

Non-hazardous: 738t

↓
Commingled,
paper &
cardboard:
14t

↓
Metals:
714t

↓
Timber/
Greenwaste:
7t

↓
Other:
3t

94% LANDFILL DIVERSION
BEST EVER
annual diversion rate recorded by Port Waratah



For reporting purposes, one litre of liquid waste (for example, effluent, oil, chemicals) is taken to be one kilogram. All waste is diverted to local treatment facilities.



Climate action

In 2022, we reviewed our strategies to further reduce our emissions footprint. We have galvanised our actions for 2023-2030 by developing a Climate Action Plan and have a goal to reduce our Scope 1 and 2 (market-based) greenhouse gas emissions by at least 50 per cent by 2030. Under this plan Port Waratah will be focused on reducing its operational emissions footprint, improving the efficient use of electricity, transitioning to a low emission vehicle fleet and ensuring the governance and transparency regarding our emissions disclosures align with recognised frameworks.

Energy and greenhouse gas emissions

Grid purchased electricity comprises 99 per cent of the total energy consumed at Port Waratah and is primarily used to operate our plant and equipment. A key performance metric used to measure our energy and emissions performance is by measuring the amount of electricity required to move each tonne of coal handled at our terminals.

In 2022, our electricity efficiency target was to improve upon the previous three-year average (2019-2021). Challenging operating conditions throughout 2022 due to upstream and downstream weather impacts have resulted in significantly reduced annual tonnes exported through our terminals. This has meant a much higher proportion of electricity consumed for ancillary purposes (i.e. the baseline consumption of electricity consumed irrespective of volumes), which adversely impacts upon overall electricity efficiency.

In 2022, our electricity efficiency of 0.6897 kilowatt hours per tonne of coal handled (kWh/t) was 3.49 per cent below target. This tonnes-driven decline in efficiency was equivalent to a 5.1 million kWh increase in electricity consumption relative to the 2019-2021 average. When comparing annual electricity efficiency to the most recent year of similar throughput (2008), electricity efficiency at Port Waratah has improved by 4.37 per cent, or an equivalent reduction of 5.8 million kWh in electricity consumption.

Our energy consumption and greenhouse gas (GHG) emissions are reported each financial year to the Australian Federal Government through the National Greenhouse and Energy Reporting (NGER) Scheme. This scheme requires Port Waratah to report on Scope 1 emissions being the emissions released directly from our business and Scope 2 emissions being emissions released from energy purchased from an organisation.

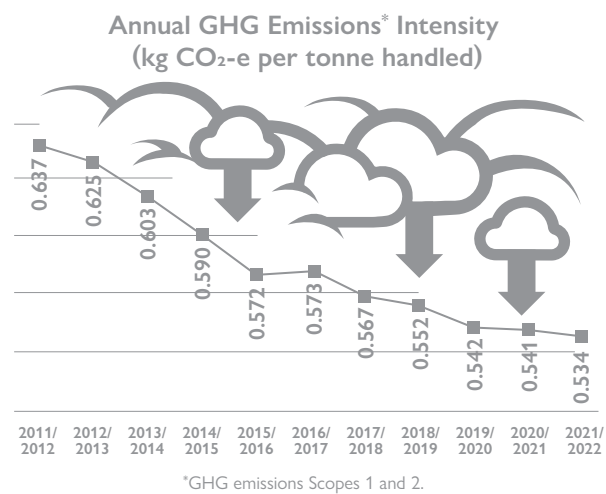
Port Waratah's Scope 1 GHG emissions for 2021/2022 were 396 tonnes of carbon dioxide equivalent (tCO₂-e), which is a 12.3 per cent reduction from the previous

reporting year. Compared to 10 years ago, our Scope 1 emissions have reduced by 54.8 per cent, or 480 tCO₂-e.

Our overall Scope 2 GHG emissions for the 2021/2022 NGERs reporting year reduced 5.2 per cent, or 6,168 tCO₂-e compared to the 2020/21 NGERs reporting year. Adjusted for total coal handled, our Scope 2 GHG emissions intensity reduced to 0.532kg CO₂-e per tonne handled, which further improves our lowest recorded level to date.

Greenhouse gas emissions calculations are based on our Scope 1 and Scope 2 (NGERS based) GHG emissions resulting from the fuel and electricity consumed, and includes carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) reported in carbon dioxide equivalent. Hydrofluorocarbon (HFC), perfluorocarbon (PFC), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃) emissions are not generated in any material quantities from Port Waratah activities. Our data is publicly available via the Clean Energy Regulator's website.

Ongoing energy consumption reduction initiatives that have progressed in 2022 include the LED light replacement project, upgrades to air conditioning and other electrical assets to improve efficiencies, and asset reliability improvement initiatives to reduce breakdowns and repairs, subsequently reducing emission generation.



EMISSIONS

2022 GHG Emissions (Scopes 1 and 2) was

0.534kg

of carbon dioxide equivalent per
tonne of coal handled (kg CO₂-e/t)

1.2%
annual
improvement

6.8%
5 year
improvement

16.2%
10 year
improvement



THIS REPRESENTS OUR
LOWEST ANNUAL
EMISSIONS INTENSITY

Based on Port Waratah's financial year data submitted to the NGER Scheme.

ENERGY

ELECTRICITY EFFICIENCY

0.6897 KILOWATT
HOURS

per tonne
of coal
handled
(kWh/t)



3.49% BEHIND
2019-2021

THREE-YEAR AVERAGE

HOWEVER THIS
PERFORMANCE IS
4.37% BETTER
THAN 2008,

WHICH IS THE MOST RECENT YEAR
WITH SIMILAR OPERATIONAL VOLUMES

Compared to 2021, overall
consumption reduced by
22,750,707kWh,

THAT'S
15.3%
LOWER

=

That's equivalent to
the consumption of

4,559
NEWCASTLE
HOUSEHOLDS
FOR A YEAR*



*Based on average LGA electricity use data published by Ausgrid (www.ausgrid.com.au/Industry/Our-Research/Data-to-share/Average-electricity-use).



Relationships, Social Impacts and Contributions

Port Waratah is committed to proactively engaging with our stakeholders. We strive to build strong relationships through open, timely and two-way communication

Our stakeholders

Our stakeholders are both people and businesses that care about our operations, and the value and impacts we create. This includes our local community, our city and our region, and those we have a business relationship with and that can shape our success. Our stakeholders include our people, customers, community, environment, coal chain partners, suppliers and governments.

Understanding and managing stakeholder expectations

Understanding our stakeholders' expectations and delivering value back to the community is a key business priority. Our stakeholders expect us to measure, evaluate and communicate our performance beyond compliance requirements, so understanding their interests and concerns is important to us.

Our materiality assessment process and the ongoing 'Local Voices' Community Survey, which in 2022 took place in March and September, identifies and validates the issues that are important to our stakeholders.

We continue to use a variety of tailored engagement methods to connect with and seek feedback from our stakeholders. Responses to 'Local Voices' have shown a preference for digital communication methods such as email, social media and news platforms to receive information, as well as make enquiries and to provide feedback. Increased digital communications enables us to respond quickly to community concerns.

Our Stakeholder Engagement Strategy is underpinned by a fundamental approach of communicating openly and in a timely way. It helps us effectively understand and address stakeholder issues, interests and concerns, with an emphasis on recording outcomes and evaluating our performance. In 2022, we reviewed the strategy to further shape the context and effective delivery of future engagement.

Engagement

In 2022, we redeveloped our website to improve communication and engagement with our stakeholders through refreshed content and navigation, and additional tools including a new enquiry form and eNewsletter subscription.

We also refreshed our Storylines website, showcasing 30 new stories about the incredible projects and

positive outcomes delivered by our community partners, which we're proud to support through our Community Investment and Partnerships Programme.

We continue to share information using a quarterly digital community dashboard and a quarterly community newsletter delivered to portside households; both are published on our website. We also utilise local print and digital media, radio and television broadcasts, social media platforms, news website updates and local broadcast sponsorships to build understanding and awareness of our operations.

Our Community Meeting Group met four times in 2022 and we continued to run a 24-hour community enquiry phone line and online enquiry form. During this year, we received six community enquiries, however none were in relation to our operational accountabilities.

This year our digital communication and social media approach again delivered positive results. We attracted 31 per cent more followers, totalling more than 5,000 across all platforms and achieved 56 per cent extended reach on organic posts when compared to 2021. Social media platforms, including Facebook, Instagram and Twitter remained key channels for information sharing between Port Waratah and the community.

 500,062

IMPRESSIONS ACROSS SOCIAL MEDIA PLATFORMS
(91% INCREASE FROM 2021)



60,000
COMMUNITY
NEWSLETTERS



6
COMMUNITY
ENQUIRIES
3 3 0
DUST NOISE OTHER
(ZERO ACCOUNTABLE)

Being part of the community involves advocating for Newcastle and the Hunter Region, and we actively participate in regional forums. Our CEO, Hennie du Plooy continued his focus on regional development as a Director of both Business Hunter and Committee for the Hunter, participating in ongoing regional conversations and civic leadership initiatives.

Our site tours programme steadily increased throughout 2022 as COVID-19 restrictions eased. We recorded a total of 139 tours and 846 people visiting our operations. Although this is down on pre-COVID-19 figures, it represents a substantial increase on the previous two years. The programme provides a platform for us to engage with customers, industry delegations, social clubs, schools, educational groups and other interested members of the public.



CASE STUDY

NBN News Rewind

To celebrate 60 years of local news broadcasts in Newcastle, local television channel NBN created 'NBN Rewind' a series that showcased milestone moments in Newcastle's history. Port Waratah was a proud sponsor of Season 1 in 2021 and of Season 2 in 2022. The second season included 24 episodes and is a positive demonstration of our connection to our local community, where we have operated for more than 45 years. We were also able to share information through the NBN News Facebook page reaching a large, predominantly local audience of more than 250,000 followers and increased our local digital presence through their website. Episodes can be viewed at nbnnews.com.au



CASE STUDY

Local Voices

We first introduced 'Local Voices' Community Surveys in 2018 in collaboration with CSIRO to improve our engagement methodology and local community and stakeholder participation. Now in its fifth year, we have received more than 4,300 responses.

The survey method involves a two-yearly cycle, commencing with an 'Anchor' survey, a more in-depth questionnaire about Port Waratah and the Newcastle community. This is followed by three 'Pulse' surveys every six months to monitor community perceptions and views and allow timely focus area questions on material topics.

In 2022, the 'Local Voices' Pulse and third Anchor survey shared the key topics of interest and information participants want from Port Waratah. Responses showed positive results for 'consideration of community' in Port Waratah's decision making, 'faith in regulation' to drive trust, and the extent to which community members feel we respond to their concerns. In response, we increased communication of about climate action and energy efficiency through our newsletter and website, established an online subscription newsletter and refreshed our website to streamline access to information and online enquiries.



LOCAL VOICES COMMUNITY SURVEYS

PARTICIPANTS

MARCH
2022 PULSE 3
589

SEPTEMBER
2022 ANCHOR
556



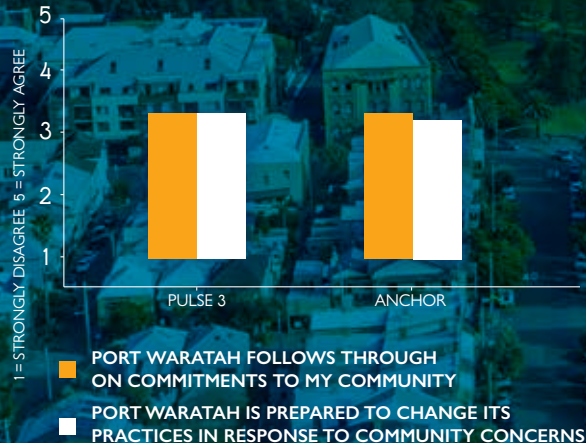
56.5% of 2022 Anchor participants were within portside suburbs

43.5% 2022 Anchor participants were from the broader Newcastle Region



**TRUST AND ACCEPTANCE
OF PORT WARATAH REMAINS
STRONG AND STEADY**

A SNAPSHOT OF HOW THE COMMUNITY
FEELS ABOUT PORT WARATAH



\$27,700
in total community rewards
unlocked since 2018



4,394
Surveys completed
since 2018



Support for our local economy

Port Waratah is committed to contributing to the prosperity of Newcastle and the Hunter Region. We are proud of our history and commitment to promoting local employment, stimulating the local economy by purchasing from businesses that are located in the Hunter and Central Coast, and by taking an active approach to sourcing local materials, contractors and professional services. We give preference to local suppliers in our decision-making process, while also taking competitiveness, reliability, reputation, previous experience, commercial considerations and legal obligations into account.

In 2022, we spent \$125.4 million in the Hunter and Central Coast regions, achieving our target of 75 per cent of our total spend.



CASE STUDY

Outstanding local service, Terrace Fabrications

One of our key suppliers which Port Waratah has a long association with is Terrace Fabrications. Their headquarters are located in Heatherbrae NSW and were established over 40 years ago and have grown to become a local supplier with an enviable reputation.

Among the variety of engineering products produced by Terrace Fabrications, they build and repair our iconic buckets that reclaim our coal stockpiles. Everyone who works for Terrace Fabrications is locally employed and the team takes pride in delivering a product of excellence, which Port Waratah has come to rely upon.



Sustainable procurement practices

When procuring goods and services from suppliers, we consider social and environmental impacts in purchasing decisions with a focus on maintaining safety and quality, protecting the environment and human health, saving energy, minimising waste, conserving resources and complying with the modern slavery legislation. Our contractors and suppliers are also expected to abide by our Code of Conduct, which is available on our website.

All site-based contractors are also required to undergo an accreditation process, including an assessment of their policies and procedures to ensure adequate health and safety and environmental management systems are in place. A review of our contractors, based on performance expectations, including safety, environmental and other agreed performance targets, is conducted every 12 months.

Port Waratah meets all requirements of the Federal Government's Payment Times Reporting Scheme as a large business (>\$100 million turnover). Our data is publicly available via the Payment Times Reporting Scheme website. Approximately 18 per cent of Port Waratah's total annual spend is to smaller businesses (<\$10 million turnover).



CASE STUDY

Mapping sustainable procurement

In 2022, we researched, surveyed and interviewed a cross-section of 10 suppliers to better understand the level of environmental, social and governance (ESG) practices, commitments and performance within our supply chain. Key findings showed that of our representative suppliers:

- ✓ 90% had an environmental policy
- ✓ 70% had an environmental management system
- ✓ 90% had a WHS or OHS policy and management system, 50% of which were ISO certified
- ✓ 60% had an ISO certified Quality Management System
- ✓ 70% had a formal Code of Conduct and/or behavioural requirements
- ✓ 40% had a Modern Slavery Statement

Following the survey a new Procurement Policy was developed with implementation planned for 2023.

2022

SUMMARY OF SPEND (% OF SPEND)

MATERIALS/PURCHASES*

\$40.771
MILLION



\$18.244M	HUNTER & CENTRAL COAST
\$8.865M	NEW SOUTH WALES
\$13.513M	AUSTRALIA
\$0.149M	OVERSEAS

CONTRACTORS/CONSULTANTS

\$104.104
MILLION



\$92.440M	HUNTER & CENTRAL COAST
\$3.937M	NEW SOUTH WALES
\$7.727M	AUSTRALIA

PROFESSIONAL SERVICES**

\$2.632
MILLION



\$14.755M	HUNTER & CENTRAL COAST
\$1.174M	NEW SOUTH WALES
\$6.703M	AUSTRALIA*

*Excludes electricity \$18.043 million. **Includes insurance. Due to rounding, numbers may not add up precisely to the totals and percentages provided.

0% OVERSEAS

17% AUSTRALIA

8% NSW

75% HUNTER & CENTRAL COAST

51%
OF SPEND IN
NEWCASTLE
LGA (\$66.212M)

COMMUNITY SUPPORT

2022 Investment:

\$750,000



87%

of projects directly benefit Newcastle and portside suburbs

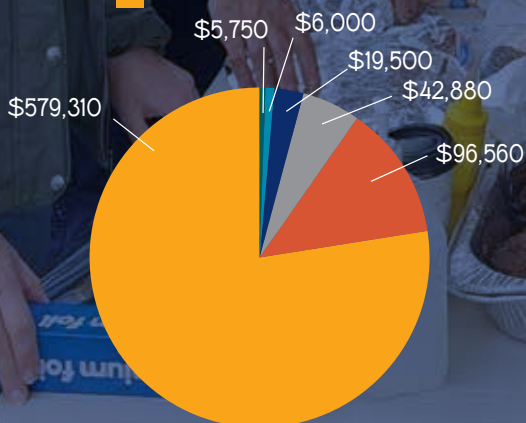
33%

OF FUNDING FOR HEALTH FOCUSED PROJECTS

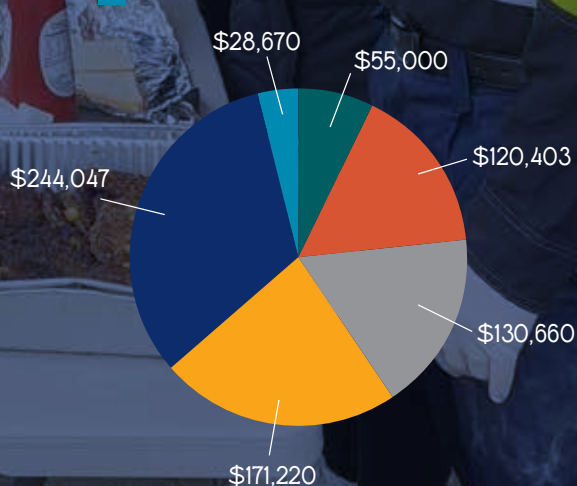


119 INITIATIVES SUPPORTED

BREAKDOWN BY LOCATION



BREAKDOWN BY PRIORITY AREA



Addressing and eliminating modern slavery risks

Port Waratah undertakes ongoing modern slavery due diligence through supplier screening, assessing actual and potential modern slavery risks, acting upon findings, tracking responses, and communicating how risks are being addressed. Our 2022 Modern Slavery Statement is available on our website.

Support for our community

In 2022, our Community Investment and Partnership Programme (CIPP) invested \$750,000 with local community groups and organisations delivering value to the Newcastle community. The programme supports projects and initiatives that address specific needs and contribute to the overall sustainability of the Hunter Region. Priority areas of our support were education, health, diversity, general community wellbeing, youth sport and the environment.



CASE STUDY

Shiploaders lighting up for a cause

The shiploaders at our Carrington Terminal lit up Mark Hughes Foundation blue during June 2022, in support of the Foundation's Beanie for Brain Cancer fundraising and awareness campaign.

It marked Port Waratah's fifth annual shiploader illumination project to raise awareness for one of our community partners. In 2018, the initiative lit up the shiploaders in green in support of the Hunter Medical Research Institute; in 2019, pink in support of Hunter Breast Cancer Education & Support Network; in 2020, blue in support of Hunter Prostate Cancer Alliance; and in 2021, purple for Domestic Violence Awareness in support of Got Your Back Sista. Port Waratah also makes donations to these local charities and community organisations as part of their partnership to further fund services and research for improved health and wellness outcomes in our local region.



Employee-led community participation

In 2022, employees participated in several fundraisers supported by the CIPP, such as Shltbox Rally for Cancer Council and Wests Ride for Rescue for Westpac Rescue Helicopter Service. Employees also participated in a Clean-Up Day in Throsby Creek, neighbouring our operations.

Through our 'Vote on a Good Cause' initiative, employees nominated charities that were shortlisted to three organisations and all employees were encouraged to vote on a \$30,000 donation pool. The 2022 recipients were Run DIPG, Newcastle Men's Shed and Waves of Wellness Foundation.

Our workplace giving programme also enabled our employees to support the John Hunter Children's Hospital, Lifeline Hunter Central Coast, The Salvation Army, Share the Dignity and the Westpac Rescue Helicopter through payroll donations, which are matched dollar-for-dollar by the CIPP. We also welcomed representatives from the recipient organisations to our employee development days to share with our employees the impact of their donations.



CASE STUDY

\$500K in donations for Westpac Rescue Chopper

Port Waratah and the Westpac Rescue Helicopter Service celebrated our longstanding partnership, which achieved a milestone of over \$500,000 through the employee Workplace Giving Programme. Every dollar donated by our employees is matched by Port Waratah.

This half a million dollars has gone a long way to support the vital rescue service, which operates 24/7 and delivers 1500 aeromedical missions a year. The service provides emergency aeromedical response to 1.5million people across northern NSW.



Jennifer Murphy, Specialist Business Information, a long-term donor says, *"When I see the Chopper flying overhead on its way to the more remote communities, I'm grateful that I have been able to contribute in a small way to what could be a life-saving flight. And you never know if it will be needed for someone close to your heart."*





OUR CULTURE IS COLLABORATIVE AND CARING

*We look after one another and
work together to achieve our goals*

Port Waratah has a caring and collaborative culture that focuses on building workforce capability, continuously improving and ensuring that our governance processes enable us to deliver our purpose and meet our customer and community expectations. Our workforce is engaged and committed and plays a key role in our successes. By employing people from our local community we are contributing to the prosperity of our region.

Our core values of caring, progress, integrity and excellence underpin our business drivers and decision making, and our desire to be a service that can be relied upon and trusted. These values also reinforce how we want to relate to our workforce and stakeholders; being supportive, valuing safety, working efficiently, and acting in a balanced, committed, and responsible way.

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, along with a selection of Port Waratah leaders, 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 2022, the HSE Committee met eight times and in addition, 29 HSE consultation sessions were held with teams to discuss key topics including fatal hazards and controls, significant incident learnings and continuous improvement projects.

An average of 300 registered contractors work onsite per day, across a diverse group of skill sets and tasks. In 2022, during scheduled major outages, both Kooragang and Carrington terminals engaged an additional 200 contractors required onsite for a period of three to four weeks. Contractor hours equate to 40 per cent of total hours worked (employee and contractor hours).

319 EMPLOYEES



OUR EMPLOYEES:



270

MALE



49

FEMALE

IN EXECUTIVE POSITIONS:

50% / 50%

MALE (5)

FEMALE (5)

BOARD MEMBERS:



90%

MALE (9)



10%

FEMALE (1)

+8



CASUAL STAFF 5 FEMALE 3 MALE

15

HOSTED
APPRENTICES

11 / 4

MALE
FEMALE

5

SCHOLARSHIP
STUDENTS

4 / 1

MALE
FEMALE

2

TRAINEES

2 / 0

MALE
FEMALE

4

NEW
GRADUATES

3 / 1

MALE
FEMALE

LIVING & WORKING LOCALLY

90%

OF THE SENIOR
LEADERSHIP TEAM
hired from
the Newcastle
and Hunter Region

38%
Lake Macquarie

33%
Newcastle

11%
Port Stephens

10%
Maitland

8%
Other



Enterprise Agreement

Port Waratah welcomes Freedom of Association for employees should they chose to be a member of a trade union. We have 186 Enterprise Agreement (EA) employees, 58 per cent of our workforce is represented by four different unions. A replacement Enterprise Agreement covering our trade, operator and hydrocarbon roles was negotiated in 2022, and approved by the Australian Government's Fair Work Commission. The new agreement will operate for four years from 2 November 2022 and will nominally expire on 26 October 2026, providing teams with stability and security. One workplace dispute that arose in 2021 was resolved during the 2022 Enterprise Agreement negotiation process, and there were no instances of industrial action.

Employee engagement

As part of our new employee engagement programme, 'The Vibe', two employee surveys were facilitated in 2022. 'The Vibe' involves shorter, more frequent surveys to better understand and respond to employee feedback with online leader dashboards that support leaders with team discussions and actions. The surveys focused on employee engagement and health, safety, and environmental (HSE) aspects at work. Feedback from the engagement survey demonstrated that 90 per cent of respondents are 'engaged' or 'neutral', with 10 per cent 'not engaged'. The survey also highlighted improvement opportunities in learning and development and informed a number of actions including the implementation of a revised framework to identify, assess and review training needs. A summary of results for the HSE survey are shown in the Health and Safety case study on HSE empowerment.

Port Waratah's reward and recognition programme, 'Celebrate Success' resulted in more than 241 recognitions and celebrations of success in 2022. Of these, 60 people were recognised as 'Top Achievers' for their contributions to safety, improvements, and customers and nine were further celebrated as 'Outstanding Contributors', recognising outstanding values-based service.

Developing our people

Each year all employees take part in an employee performance and career development review and discuss opportunities for formal training and development programmes.

In 2022, our employees attended 4,362 online and face-to-face courses and 22 leadership training events. The traditional method of attending a face-to-face training course is being replaced with



CASE STUDY

Supporting Careers and Development

Port Waratah has been sponsoring selected employees to participate in the HunterNet Future Leaders programme since it began in 2016, with a total of nine employees having participated to date. The programme is designed to equip future leaders with the skills, contacts, and confidence to lead. Sessions are delivered by industry leaders and professional practitioners and culminates with a major team project, with the winner announced at a gala dinner. Brooke Holbrow, Work Health and Safety Advisor, and Aaron Kimmons, Operations Supervisor, completed the programme in 2022. This year's major project involved participants working as a consultancy group to implement the United Nations' Sustainability Development Goals (SDGs) into a HunterNet Member Organisation.

Of the Future Leaders Programme, Aaron says:



"The programme has opened my eyes to progressive leadership principles that along with mentoring from experienced leaders has allowed me to develop strategies to grow as a leader and develop my leadership style. By networking with external leaders, I am now better positioned to deliver in my role."



a more contemporary concept of a 'learning journey' that better supports the diversity in how people learn best. We incorporated newer formats of learning such as self-directed, self-paced, micro-virtual, collaborative and on-the-job learning.

Employee Development Days are held for all employees, and in 2022 the theme was our value of 'Caring'. The interactive days contained sessions with internal and external guest speakers sharing knowledge about how we can care for ourselves, our community, our workmates and our customers. A highlight of the day was keynote speaker Kate Munari, the only female helicopter pilot to see active duty in Afghanistan, sharing her experiences and the value of caring about diversity and inclusion in teams.

Our Leadership Conference, held in September, focused on values-driven leadership and included customer visits and Business Planning.

As part of Port Waratah's ongoing commitment to support early careers and skill development within the Newcastle community, two graduate engineers completed Port Waratah's new Graduate Programme in 2022, and recruitment for a new intake of graduates in early 2023 was finalised.



CASE STUDY

Values Driven Leadership

Port Waratah's Evolve Leadership Programme focuses on values-driven leadership and culture with an emphasis on how leaders and teams deliver our business strategy. In August, we invited local OzHarvest Leader, Nicki Read-Jones to share an insight into OzHarvest culture and how they meet the challenge of delivering on their purpose to 'nourish the country'. OzHarvest is Australia's leading food rescue organisation and a Port Waratah community partner. All leaders were invited to volunteer and spend a day in an OzHarvest van supporting food rescue and deliveries to experience values-driven leadership and culture in action.

OzHarvest is known not only for their passion in creating a sustainable food culture but also for 'yellow army of volunteers' who live and breathe OzHarvest's values and purpose. In 2022, Port Waratah leaders have supported the rescuing of more than 20 tonnes of food, which has been distributed to charities and people in need. All leaders who have volunteered to-date have found the experience highly rewarding.

Embracing diversity

Following a refresh of Port Waratah's Diversity and Inclusion Strategy in 2021, actions in 2022 centred on two core focus areas: strengthening relationships with local First Nation communities; and embedding inclusive culture through communications projects.

We also continued to support diversity in learning and development through the Women in Mining Mentoring Programme. In 2022, two Port Waratah employees participated as mentees and five as mentors. This brings our total mentee participation to 27 women since we began supporting this programme and many have since moved into more senior roles, including senior leadership.

We experienced a higher-than-average turnover rate with 9.4 percent in 2022 compared to 6.1 per cent in 2021. Of the 30 employees that left the business 40 per cent were retirements. We also evolved our recruitment processes amid a tightening market to prevent unconscious bias, ensuring we attracted a diverse range of candidates. In 2022, we welcomed 30 new employees to the business adding a breadth of

OZHARVEST VOLUNTEERING

Volunteering every Wednesday from
3 August to 21 December 2022
(with two trial runs in July)



23
Volunteers

161
Volunteer
hours



Collected
23,308kg
OF RESCUED FOOD



THAT'S
46,616
MEALS
CREATED

2,520kms
Travelled in the truck





experience and background, including our first qualified female tradesperson and fourth female apprentice.

An increase in the number of employees transitioning to retirement resulted in a rise in the number of new job-sharing opportunities. Of the 22 employees that accessed flexible working arrangements, seven resulted in job sharing arrangements.

In meeting our obligations under the Workplace Gender Equality Act 2012, we lodged our Workplace Profile with the Workplace Gender Equality Agency (WGEA) on 26 May 2022, a copy of which can be found on our website. Port Waratah aims to eliminate gender pay gap through the annual remuneration process and a market analysis is completed on salary roles annually for each employee to ensure remuneration is within parity.

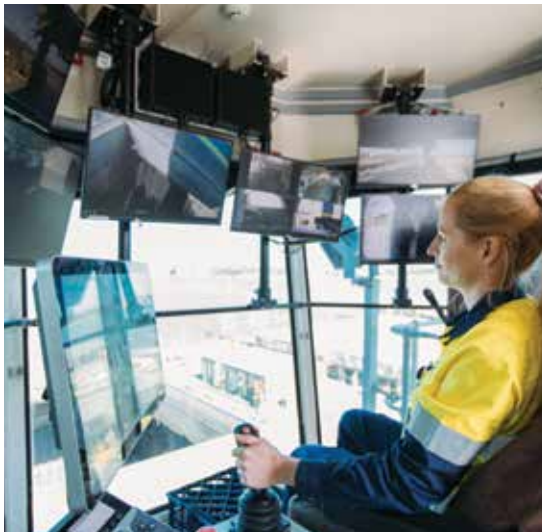


CASE STUDY

Breaking the gender bias through recruitment

In a specific initiative undertaken in 2022, our Human Resources and Operations Leadership teams worked together to 'break' the bias in the attraction and recruitment of Terminal Operators – a role which traditionally attracts male workers from the mining industry.

Improvements such as incorporating diverse language into recruitment campaigns, video spotlights, a blind shortlisting process, gender-equal assessors across recruitment stages, and unconscious bias training for the hiring managers and assessors, assisted in achieving record rates of women and diverse applicants. This initiative resulted in four per cent more female applicants and eight per cent more Indigenous applications received compared to the previous year. This translated into 43 per cent of new operators commencing in 2022 being female.



CASE STUDY

Diversity and Inclusion – Building Cultural Awareness and Relationships

We're committed to building cultural awareness within our workforce and strengthening our relationships with the Indigenous community. In December, members of the Senior Leadership Team, employees who identify as Aboriginal, and members of our Diversity and Inclusion Working Group participated in an In Country Tour with a local Aboriginal Cultural Educator. The tour commenced with a Smoking Ceremony and Cleansing Song followed by a cultural walk and learning about their principles of living. The day included stops at several local Aboriginal Traditional sites and a cultural food experience.

Our Leaders also had the opportunity to participate in an aboriginal cultural experience at the 2022 Leadership Conference in Mudgee. The experience was hosted by an Aboriginal Elder and leaders were immersed in Aboriginal art and lessons of storytelling, leadership, connection, and communication.

In 2023, we will continue to build on the foundations for understanding what is required to establish a Reconciliation Action Plan (RAP).





4,362

ONLINE AND
FACE-TO-FACE
COURSES COMPLETED

9.4%(30) **EMPLOYEE
TURNOVER
RATE**



BY AGE

7%
UNDER 30YRS

46.5%
30-50YRS

46.5%
OVER 50YRS

BY GENDER

77%
MALE

23%
FEMALE



38% OF VACANT
ROLES FILLED BY
WOMEN IN 2022



186 EA employees,
represented by
four different unions



22

TRAINING/
LEADERSHIP
PROGRAMMES



12 **FIXED
TERM**
6 MALE | 6 FEMALE

WORK LIFE

22

employees accessing flexible
working arrangements
17 MALE | 5 FEMALE



30 **NEW
EMPLOYEE
HIRES***

BY AGE

33%
UNDER 30YRS

57%
30-50YRS

10%
OVER 50YRS

BY GENDER

60%
MALE

40%
FEMALE

*Excludes vacancies
filled by internal
applicants.

OUR AGE
DEMOGRAPHICS

76%
OVER 40YRS

42%
OVER 50YRS

**EMPLOYEES ACCESSING
PARENTAL LEAVE**

2 MALE | 1 FEMALE

**EMPLOYEES RETURNING
FROM PARENTAL LEAVE**

2 MALE | 1 FEMALE

50
MEDIAN
EMPLOYEE
AGE

*This includes parental leave as primary and secondary carer's leave.



OUR CUSTOMERS CAN RELY ON US

We maintain and invest in infrastructure to optimise our operational outcomes

Port Waratah's core operating strategy focuses on operating and maintaining our assets in a sustainable manner making available our full export capacity of 145 million tonnes (Mt) per year. Our Carrington and Kooragang Terminals provide reliability and flexibility for the Hunter Valley coal chain, and we remain well-positioned to meet any changes in demand.

Our ability to continue to deliver a high-quality service to our customers while focusing on continuous improvement and leveraging off our experience, reliability and agility has enabled us to achieve a number of performance highlights in 2022.

Performance

Our total combined terminal throughput of 91.9 million tonnes during the year was below the 111.3 million tonnes exported in 2021. As reported by various Hunter Valley coal producers, mine production was affected by adverse weather conditions that at times also impacted logistics across the coal chain. Our operational performance continued to be strong, with excellent reliability, high loading rates and low vessel queues. We closely monitor our service delivery metrics to optimise and maintain operational performance and meet customer service requirements.

We were able to keep overall operating costs relatively stable in a higher inflation and higher interest rate environment. The coal handling charge for our customers was adjusted accordingly for future years and remains sustainable over the longer term. This adjustment enabled us to eliminate the need for refinancing the balance of our debt repayment programme to 2029. During the year we also successfully secured 100 per cent full coverage in an evolving insurance market and continued to maintain a consistently strong balance sheet and profitability. We have implemented a prudent Tax Governance Policy, which aligns with our legal tax obligations, and maintains a high level of confidence that we are paying the correct amounts of tax. The policy is reviewed every three years and is endorsed by our Board of Directors. Find out more in our Financial Report 2022, available on our website.

The implementation of our life of asset strategies and long-term plan continues to see significant investment in our operational assets to improve integrity, reliability, safety and environmental performance. Our strategy replaces or upgrades key assets such as belts, corrosion protection and end of life electrical equipment as maintenance milestones are reached. Despite supply chain challenges associated with COVID-19, more than \$25 million was invested across our electrical, structural, belting and mechanical infrastructure. A significant portion of the investment goes towards ensuring the structural integrity and safe operation of our assets.

In the largest proportion of capital investment, approximately \$7.8 million was invested in electrical assets across the two terminals including motor control centre upgrades, emergency stop upgrades, ring main cable replacement and drive upgrades all aimed at improving overall site safety, reliability and efficiency.



CASE STUDY

A new approach to belt replacement

Applying a continuous improvement mindset and leveraging off our experiences, the maintenance team developed a new way of working when replacing our large conveyor belts. In 2022, some of our largest and longest belts were due for replacement with a total length of just over 10km. Past methods have involved new belt being purchased in 300m rolls and changing over a series of several outages with only sections of the belt being changed each time. In the new method, belt was purchased in 600m rolls and the belt changes were implemented in one complete change, using specially engineered winders in single outages. This resulted in several positive outcomes including reduced safety risks, costs, conveyor down time, transport, crane movements and waste.



CASE STUDY

Machine protection during adverse weather

It is important that Port Waratah maintains our assets to withstand potential adverse weather impacts. In 2022, we upgraded the braking ability of our shiploaders with the installation of heavy-duty rail clamps to allow for storm retention to withstand 45m/s winds (162km/h) in any location along the wharf. This provides a failsafe long-travel braking system and further safety protection for shiploader operators. The project involved infrastructure redesign and rail maintenance works to ensure the effective operation of the clamps. Overall, \$5.6 million was invested to ensure machine safety and reliability in adverse weather conditions.

IN 2022
PORT WARATAH

LOADED

1,072 VESSELS

91.9
MILLION
TONNES OF COAL

77.2 MILLION
TONNES
FROM KOORAGANG

14.7 MILLION
TONNES
FROM CARRINGTON

TOTAL NUMBER OF
TRAINS RECEIVED IN 2022

10,236



TRAIN
CANCELLATIONS

0.1%

WE COLLABORATE ACROSS THE COAL CHAIN

Our unique coal blending capability sets us apart and provides certainty for our customers to trade globally with confidence

The Hunter Valley coal chain includes more than 35 coal mines with the coal being hauled distances of up to 380km to reach the Port of Newcastle. Port Waratah is in the unique position to provide our coal handling services to all coal mines in the region. Throughout 2022, we again demonstrated our ability to respond to challenging operating conditions caused by adverse wet weather that impacted our customers' mining operations, the rail network, and the port. Global coal market changes for preferencing higher quality coals reconfirmed the ongoing customer value in Port Waratah's coal blending processes, which ensures that the coal delivered at our terminals for export is blended into an homogenous product.

Performance

Flooding events in the Hunter Valley catchment area disrupted both rail capacity, port depth and vessel handling characteristics, impacting on the delivery capability of the coal chain, 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. Despite these challenges we decreased our vessel turnaround time from 7.5 days in 2021 to 5.4 days in 2022.

Customer and Industry engagement

We are committed to delivering superior services to our customers and acting in their best interests with continuous improvement at the heart of our customer service processes. During 2022, we surveyed our customers on how we could further improve our services. Pleasingly, we achieved another record score with 84 per cent rating our performance as 'very satisfied' and 16 per cent 'satisfied'. We live our values by listening to our customer's feedback and improving our level of service.

Currently, our customer contracts are enabled by the Capacity Framework Arrangements (CFA), authorised by ACCC from 2010 until 2024. This authorisation will end in December 2024. Port Waratah has been actively engaging with our customers and industry co-service providers about future contracting arrangements with Port Waratah. Port Waratah are proposing to maintain the benefits of current arrangements while evolving the contracts to meet the future needs of the industry and introduce increased flexibility. This consultation is ongoing and will continue into 2023.

Throughout the year we also continued to work with other port and shipping stakeholders to successfully manage the changing COVID-19 environment, specifically how this relates to the international maritime environment. Preventative controls to

ensure vessels are not delayed at our berths, focusing on areas such as crew tenure, crew health and crew transfers were adjusted and aligned with the state and national regulatory requirements. Crew access to complimentary Wi-Fi while vessels are at our berths continues to form part of our response to supporting vessel crews on an ongoing basis.

Market conditions

Japan remained our largest export destination in 2022, with 60 per cent of terminal throughput, which is an increase of 10 per cent compared to 2021. Our customers exported record tonnages to Chile, Finland, Italy, Netherlands, Poland and the United Kingdom. These destinations are non-traditional trade routes for Hunter Valley coal, representing customers servicing markets experiencing disruption. Thermal coal used for energy production accounted for 90 per cent of the terminal throughput in 2022. We continue to see a diverse range of vessels calling at our berths with 216 vessels loading at Port Waratah for the first time.



CASE STUDY

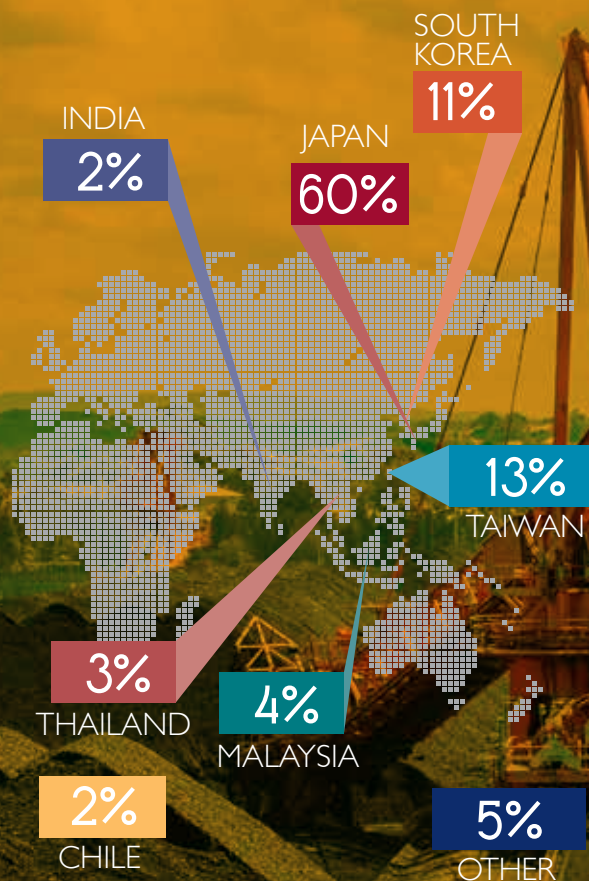
Measuring harbour salinity levels to ensure the safe loading of vessels

In 2022, we introduced a harbour salinity monitoring process to measure the level of salinity during adverse weather events and extended high rainfall periods. A reduction in harbour salinity can occur due to upstream flood water flowing downstream and into the harbour environment. Reduced salinity creates variability in vessel behaviour as compared to vessel behaviour during periods of normal salinity levels.

The reduction in the salinity level results in an increased likelihood of vessels moving while moored at berth during shiploading operations when other vessels pass our berths during transit into and out of the port. The introduction of this new tool and process improved risk management capability in low salinity periods and we did not experience any significant incidents throughout the year.



WHERE THE COAL GOES



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

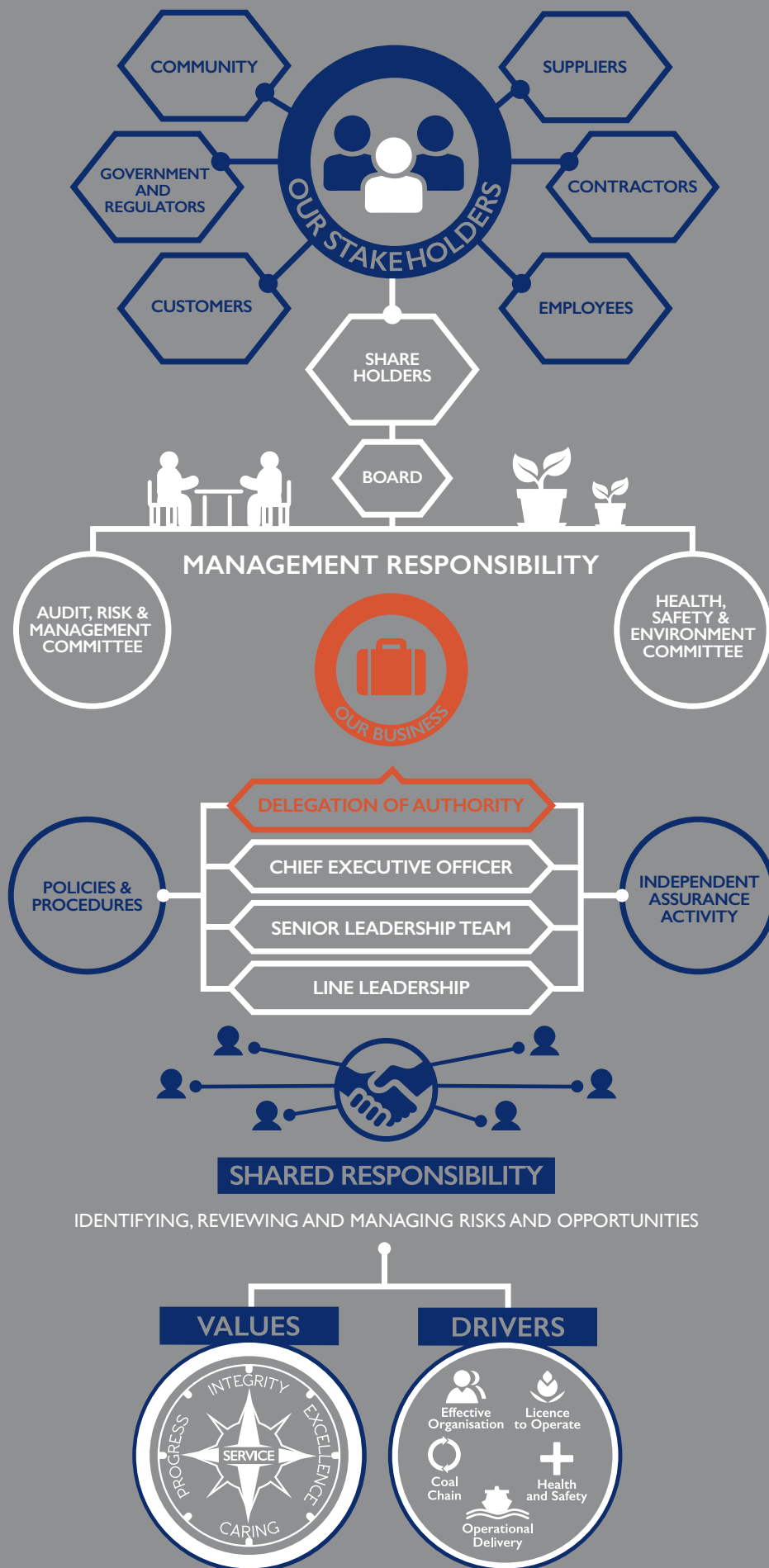
A DIVERSE CUSTOMER BASE

with
shipments
being
made for

different producer
or trading companies

33

OUR GOVERNANCE FRAMEWORK



OUR COMMUNITY PARTNERS

PORT
WARATAH
COAL
SERVICES
KOORAGANG

PORT
WARATAH
COAL
SERVICES
CARRINGTON

Diversity

- First Chance
- Hunter African Communities Council
- Hunter Homeless Connect Day
- Hunter Women's Centre
- Jenny's Place Inc.
- Making Waves Foundation
- Polished Man
- Soul Café
- SPL Living Foundation
- St Vincent de Paul – Matthew Talbot Centre
- Zara's House

Youth Sport In Portside Suburbs

- Bar In Water Polo Club
- Carrington Public School
- Easts Junior Rugby Club
- Mayfield Diggers Netball Club
- Newcastle Bodyboarding Club
- Newcastle City and Eastern Districts Cricket Club
- Newcastle Junior AFL Club
- Newcastle Rowing Club
- Port Hunter 16ft Sailing Skiff Club Inc.
- South Newcastle Leagues Netball Club Inc
- Stockton Junior Cricket Club

- Stockton Junior Rugby League Football Club
- Stockton Little Athletics
- Stockton Peninsula Netball Club
- Tighes Hill Public School
- Waratah Netball Club

Education

- Callaghan College Waratah Campus
- Career Links Mini Electric Vehicle Challenge
- Carrington Public School
- Clontarf Foundation
- Dads & Daughters Active and Empowered (DADAE)
- Fern Bay Public School
- Islington Public School
- Mayfield East Public School
- Mayfield West Demonstration School
- Merewether High School
- Newcastle Basketball
- Newcastle East Public School
- Newcastle High School
- Newcastle Writers Festival
- San Clemente High School
- St Columbans Primary School
- St Peter's Primary School
- St Dominics Centre

- Stockton Public School
- Tighes Hill Public School
- University of Newcastle Science & Engineering Challenge

Environment

- Hunter Wetlands Centre
- OzHarvest

Community Vibrancy

- Bikers for Kids
- Girls Day Out
- HunterNet
- John Hunter Children's Hospital
- Kiwanis Beachside-Newcastle Inc.
- Mission To Seafarers Centre
- Newcastle Fringe Festival
- Newcastle Italian Film Festival
- Newcastle Men's Shed
- Newcastle Rowing Club
- Ronald McDonald House
- Salvation Army
- Samaritans Christmas Lunch In The Park
- Share the Dignity
- Society of Artists
- Stockton Surf Life Saving Club
- Stockton Tennis Club
- Variety The Children's Charity

Health

- Calvary Mater Hospital (Dry July)
- Camp Quality
- Cancer Council (Shltbox Rally)
- Cerebral Palsy Alliance
- Hunter Medical Research Institute (HMRI)
- John Hunter Children's Hospital
- Lifeline
- Mark Hughes Foundation
- Procure Mental Health Services
- RUN DIPG
- Soul Café
- Waves of Wellness Foundation Ltd
- Westpac Rescue Helicopter



PORT WARATAH

COAL SERVICES

24-hr Community Enquiries Line (02) 4907 2280
contact_us@pwcs.com.au
PO BOX 57 Carrington NSW 2294
pwcs.com.au

