



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 332 people, plus 17 hosted apprentices and trainees, 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.

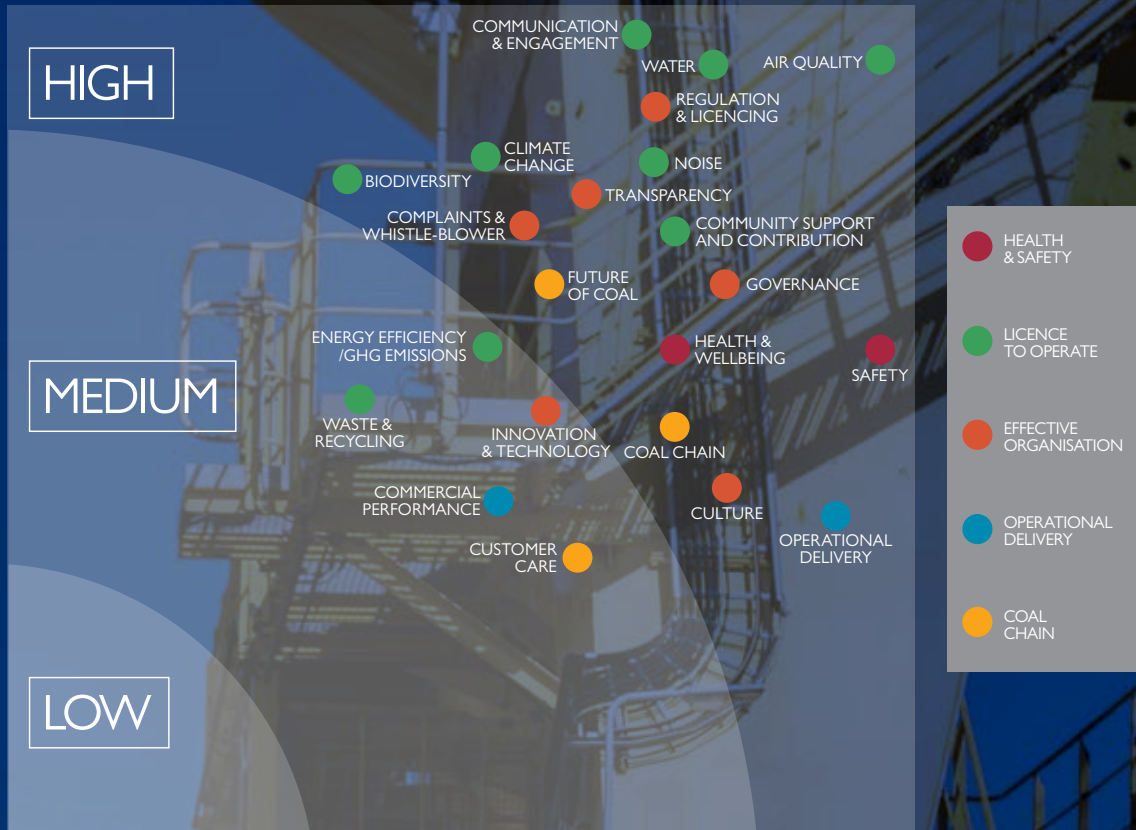
Operating in the Port of Newcastle means we have the potential to impact on natural and urban environments. We are committed to meeting our legal obligations and investing in our operations. To understand and fulfil our responsibilities, and to set our objectives, we engage in open and authentic dialogue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

Material topics

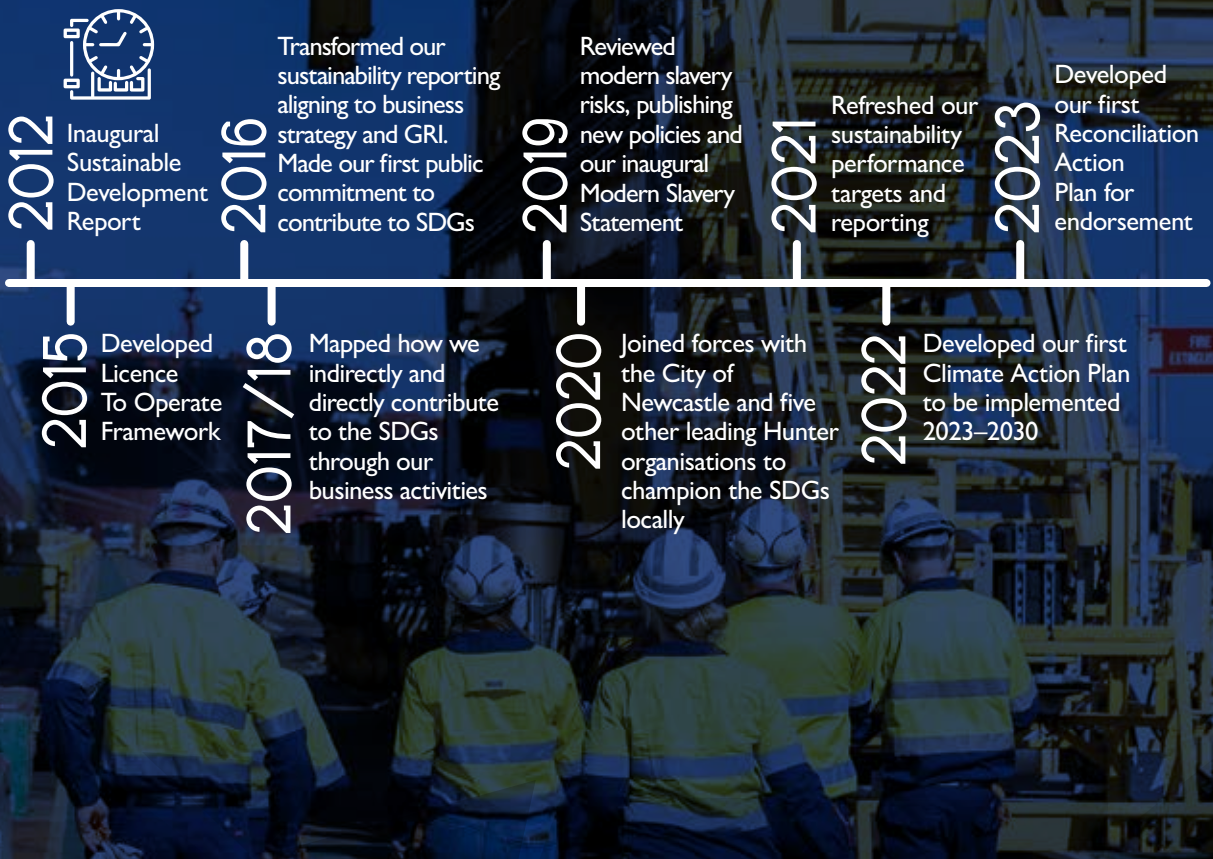
Materiality is essential to the quality of our sustainability management and reporting. It ensures we implement appropriate and relevant systems and provide timely and transparent information about the topics important to our business, community and other stakeholders.

We conducted a materiality assessment in 2020 and the topics identified 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. We intend to formally review our materiality assessment in 2024.

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 of service, progress, integrity, excellence and caring, and deliver on our purpose.

Our business driver 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.

+ 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 and the environment in which we operate.

CLIMATE Reduce net 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 GOALS: Where we strive to be

OUR STORY We regularly talk about Port Waratah's purpose, strategy and what matters here, in the context of global change, to remain relevant, sustainable and responsive.

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 and what matters here.

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 licencing aligns with our values and considers stakeholder expectations, even if this requires us to perform better than compliance standards.

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.

CHANGE MANAGEMENT Our people are enabled to co-create solutions, implement change and iterate it to drive value and foster continuous improvement.

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, enhancing our core capabilities to deliver strategic objectives.

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 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.

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.

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 performance.

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 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.

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.

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

Thermal coal, which accounts for 80 to 90 per cent of the product we handle for our customers, is at the centre of the most significant industrial and economic change underway across the globe. We recognise that the demand for our services may materially change in the future and that the timeframe for these changes is uncertain and unpredictable. The demand for Hunter Valley coal in core Asian markets remains consistent with the forecasts of the energy transition, such as those of the International Energy Agency.

The complexity of balancing the potential for a material reduction in demand for coal with the operation and maintenance of large, long-life assets that require long-term investment is our challenge. We regularly undertake assessments of customer and producer expectations of demand for terminal services through our annual processes, and review transition plans in major end-user customer markets.

The product quality and reliable supply of our customers' coal will support the local coal industry to remain strong as the global demand for coal continues to evolve. As the energy transition evolves 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.

During 2023, we started understanding the scope and planning for major equipment long life asset replacement and refurbishment strategies for the Kooragang Terminal shiploader fleet.

Understanding the scope and planning for the closure and rehabilitation of Port Waratah's assets is also integral to planning for our future. We're taking steps to prepare for the future of our Carrington Terminal due for lease renewal in 2031. Although timing of closing the terminal remains uncertain, it is prudent that Port Waratah start planning for a scenario in which we have to deliver closure and rehabilitation in this timeframe. In addition, we hold two non-operational waste emplacement facilities that we also plan to undertake further closure planning and rehabilitation works over the next few years.

Our future focus remains to position Port Waratah to be able to respond with foresight to future uncertainty while continuing to meet the expectations of our stakeholders.

Climate action

This year marked the publication and the first year of implementation of Port Waratah's Climate Action Plan. We have established a goal to reduce our net Scope 1 and Scope 2 (market-based) emissions by at least 50 per cent by 2030, compared to the 2018 baseline. The Climate Action Plan has four key themes, all with a set of actions that will contribute to continuous emissions reduction and achieving our 2030 goal, see pages 27-29 for our action plan progress and our annual energy and emissions data and reporting.

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. Our Governance Framework is described on page 46.

In 2023, 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.

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 to 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.

OUR RECONCILIATION JOURNEY



For many years Port Waratah has been on a journey of listening to and learning from everyone in our community. This helps us improve and be a stronger more inclusive business.

We are exploring how we as a business can strengthen relationships with the region's First Peoples and how we can contribute to creating more equitable and positive outcomes.

This year we have developed our first Reconciliation Action Plan and are seeking endorsement for publishing in 2024 from Reconciliation Australia.

Listening, learning and building relationships

- Taken a relationships-based approach to developing our Reflect Reconciliation Action Plan.
- Our Working Group members and other employees have participated in community-based events and forums to expand their knowledge and understanding of First Nations Peoples' perspectives, culture and community needs.
- Held inaugural onsite smoking ceremonies at each terminal as a part of our six-monthly CEO briefings.
- Throughout National Reconciliation Week and NAIDOC Week 2023 we lit up our Carrington Shiploaders in colours inspired by the Aboriginal Flag to mark the importance of reconciliation and respect in Australia and this year's themes "Be a voice for generations" and "For Our Elders".
- Our leadership participated in cultural experience, tour and learning with Worimi Local Aboriginal Land Council at Murrook Cultural Centre.

Expanding our Community Investment & Partnership Programme

- Introduced a new priority area: Partnerships for Reconciliation.
- Increased the total value of our annual investment by \$100,000 per year to \$850,000.
- Projects and initiatives that support local contributions to the National Agreement on Closing the Gap socio-economic outcome areas and targets.
- Through conversations we have also come to understand that to properly acknowledge the regional interest of the Awabakal and Worimi people, the Traditional Custodians of the lands on which we operate, we need to consider initiatives that extend across these lands, beyond our current portside focus.
- We are hopeful that this extension of our programme will broaden our potential impact and contribution to the community as a whole.



See page 35 for how we are supporting First Nations students at Newcastle High School.

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 2023.



Zero significant health exposures
Achieved in 2023.



All injury frequency rate (AIFR) of four or less (per 1,000,000 hours)
Two recordable injuries occurred in 2023, finishing the year with an AIFR of 1.88.



LICENCE TO OPERATE



Three or less reportable environmental incidents
There were four reportable incidents in 2023.



Sustain dust mitigation practices and implement dust management improvement projects
Identified opportunities to enhance the belt cleaning efficiency and dust management on the exposed Kooragang Terminal stockyard and wharf conveyors through focused auditing in 2023.



Sustain noise management practices and implement noise improvement projects to progressively reduce noise emissions over time
Sustained our focus on noise management practices including the development of a business wide five-year noise improvement strategy.



Reduce sediment load in excess water released to the Hunter River compared to 2016/17 baseline year
Achieved in 2023. The weighted average concentration of total suspended sediment was 17.3mg/L which was a reduction compared to the 2016/2017 baseline.



Reduce potable water consumption compared to the previous five-year average
Low levels of harvestable rainfall contributed to a 46% increase in consumption compared to the five-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 our lowest annual emissions intensity ever recorded, however due to the relative lower tonnage exported, exceeded the target for electricity efficiency by 1.23% compared to the three-year average.



Sustain landfill waste diversion to recycling rate at 90%

Achieved a record annual landfill diversion rate of 95.3%.



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

Achieved in 2023. Port Waratah conducted two Local Voices surveys during the year with results demonstrating sustained positive levels of trust and acceptance.



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

Achieved 79.5% of total spend in the Hunter, a value of \$140.9 million in 2023 compared to \$125.4 million in 2022.



Sustain Port Waratah's investment in the local community

Increased the total value of our Community Investment and Partnerships Programme to \$850,000, which was invested in local and regional community-focused projects.



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, five graduates, three trainees (one hosted) and 16 hosted apprentices were supported in early career pathways.



Increase percentage of female employees

We increased the number of female employees by seven in 2023 contributing to a total of 56. This represents 16.9% of employees overall, compared to 15.4% in 2022.



OPERATIONAL DELIVERY



Meet forecast levels of total coal loaded

Achieved 88.4% of the annual forecast of total coal loaded with 95.5 Mt loaded. Tonnage was lower than forecast due to continued residual water impacts experienced by our customers in the first half of 2023 following the previous La Niña weather pattern.



Target of 92% compliance to the outbound shiploading plan

Achieved outbound plan slightly below target at 90.3% despite continued strong operational performance.



COAL CHAIN



Deliver a vessel turnaround time within three days

Achieved second-lowest annual vessel turnaround time in 2023 with the result of 2.8 days.