Newcastle Coal
INFRASTRUCTURE GROUP

Modern Slavery Statement

Year ended 30 June 2022

28 November 2022

NCIG MODERN SLAVERY STATEMENT
(for the year ended 30 June 2022)

INTRODUCTION

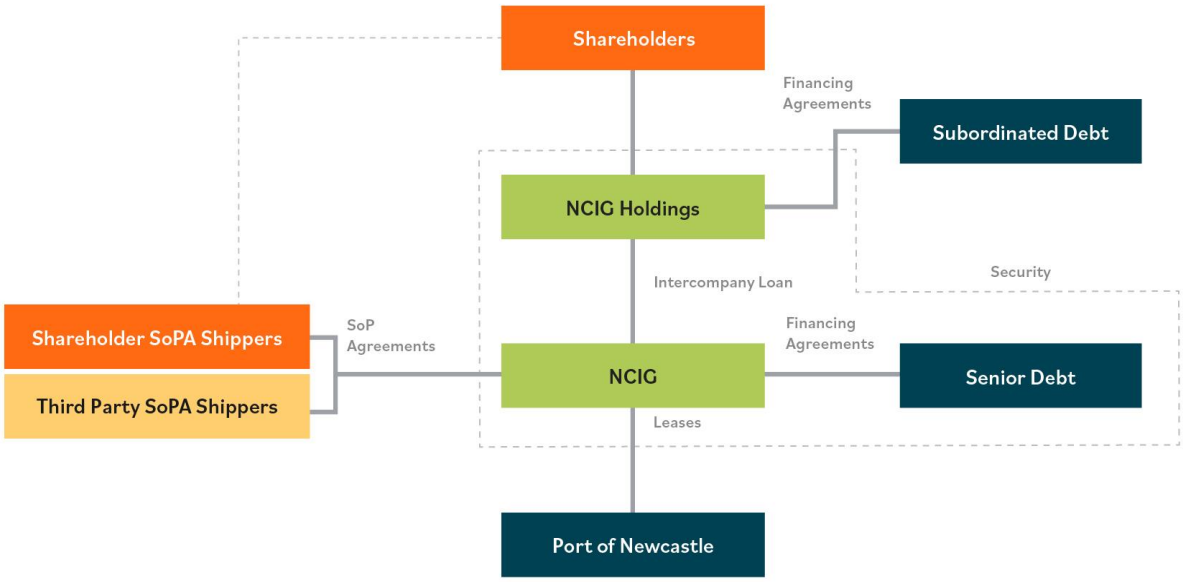
This is NCIG'S Modern Slavery Statement for the year 1 July 2021 to 30 June 2022 (Reporting Period), which responds to the requirements of the Modern Slavery Act 2018 (Cth). It describes the risks of Modern Slavery in our operations and our supply chain, and the actions we have taken to address those risks during this Reporting Period, based on the steps laid out in NCIG's last Modern Slavery Statement. It also provides details of our assessment, governance and risk management processes and sets out future identified actions. This Statement was approved by NCIG's Board of Directors on 28 November 2022.

ABOUT US

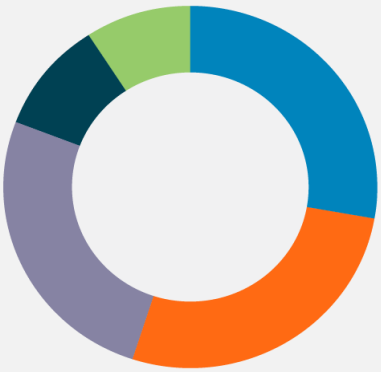
NCIG respects universal human rights and manages the risks of Modern Slavery in its own operations and in its supply chain where feasible. We work hard to provide a healthy, safe and sustainable workplace and will not tolerate any instances of Modern Slavery. We expect the same high standards from all of our contractors, suppliers and other business partners, and are committed to continuing to improve transparency in our business, and to managing the risk of Modern Slavery in our supply chain.

OUR STRUCTURE

Newcastle Coal Infrastructure Group Pty Ltd (NCIG), which is a wholly owned subsidiary of NCIG Holdings Pty Ltd, owns and operates the Newcastle Coal Infrastructure Group export terminal. It is the sole business of NCIG. NCIG does not own or control any other entities. The corporate structure of the NCIG group and its key contractual arrangements, including Ship or Pay Agreements (SoP), are depicted in the diagram below.



NCIG Holdings Pty Ltd is a privately held corporation owned and governed by a shareholder group that is solely comprised of coal producing companies and exporters in the Hunter Valley Region, specifically including BHP, Yankuang Group Co (Yancoal), Whitehaven Coal, Banpu Public Company Limited, and Peabody Energy Corporation. All shareholders are affiliates of shippers that have long-term capacity contracts at the terminal for the majority of our terminal's capacity. NCIG Holdings Pty Ltd is a holding company and does not conduct any operations. NCIG also provides coal export terminal services to third party (non-Shareholder) shippers.



OUR OPERATIONS

What we do

NCIG is an integral part of Australia's coal supply chain and generates strong economic benefits for the Hunter Region and for New South Wales. Our facilities operate 24/7 and include rail, coal storage, ship loading and associated infrastructure, ensuring reliability and continuity of coal supply from Newcastle, Lake Macquarie, the Hunter Valley, Gloucester, Gunnedah Basin and Western Coalfields to the world export market.

NCIG is one of three coal export terminals in the Port of Newcastle. Our export terminal has an approved capacity of 79 million tonnes per annum (Mtpa) and in FY22 we exported 50.1 million tonnes (Mt). In FY22, the Port of Newcastle had a total throughput of approximately 155Mt, making it the largest coal export port in the world based on throughput.

Our export logistics service is flexible, agile and considerate of our customers' needs, and we work closely with them to safely transport coal from rail to ship. As part of our approach to sustainably manage our business, we also promote and provide innovation, economic stimulus, ecological enhancement and community support.

Our workforce

NCIG has operated one of Australia's major coal export terminals on Kooragang Island within the Port of Newcastle since 2010. We have a lean and highly productive workforce of 106 employees, which is supplemented by contract labour to support our operations and maintenance activities. Of our employees, NCIG's Technicians are covered by the Coal Export Terminal (CET) Operations Workplace Agreement, which includes labour related standards as is approved by the Fair Work Commission.

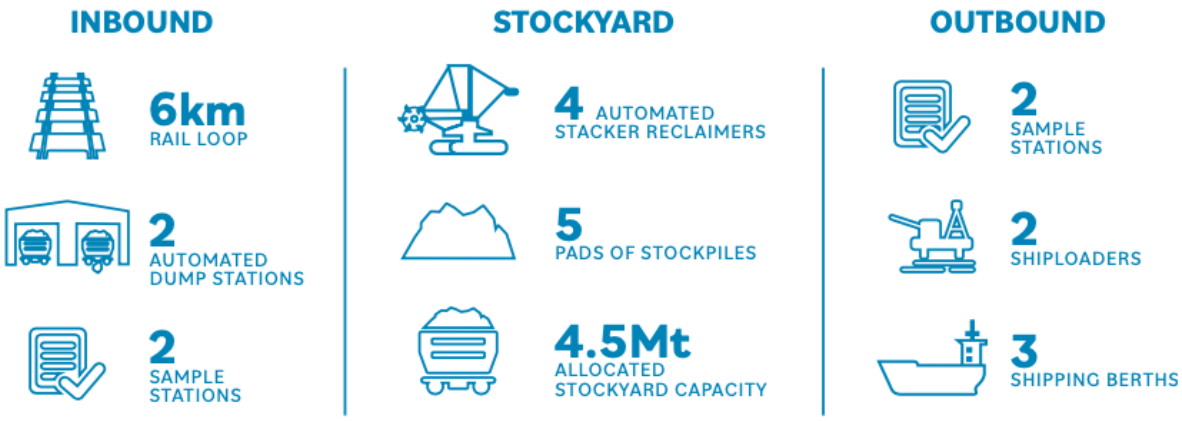
The daily operation of NCIG relies on the critical role played by a number of key local contractors across maintenance, engineering, human resources and other specialist disciplines. Although we recognise that there

are risks associated with contracted labour, NCIG sources from local and preferred contracting companies that undergo due diligence and regular audits.

Our infrastructure assets

Our primary infrastructure is located across three operational and geographical areas being:

- Inbound – privately owned rail track, comprising of two 6km loops and additional track, two automated dump stations (coal unloading stations), an inbound sample plant and associated conveyor infrastructure
- Stockyard – consisting of five 1km long stockpads, four stacker reclaimers and associated conveyor infrastructure
- Outbound – three shipping berths, two shiploaders, an outbound sample plant and associated conveyor infrastructure.



More information about what we do and how we work can be obtained on our website at www.ncig.com.au

OUR SUPPLY CHAIN

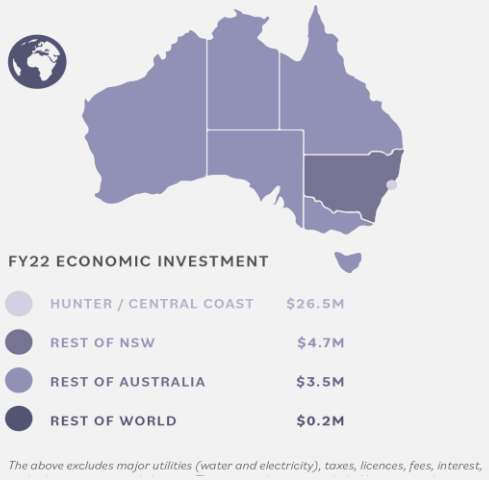
Each year NCIG typically purchases more than $30 million worth of goods and services. We recognise that this represents opportunities for us to promote social and economic value creation, and to contribute to the potential for development of social and environmental innovation. We are a member of a global supply chain and acknowledge that we are potentially exposed to Modern Slavery risks. Our suppliers in high-risk industries include those in heavy plant, rubber, IT equipment, bulk materials and personal protective equipment (PPE).

Local supplier focus

As part of our sustainability strategy, we aim to source as much as possible from local businesses with many of our critical supply partners based in Newcastle and the broader Hunter Region. During the Reporting Period, we further defined what local procurement means for NCIG, which is: the purchase of goods and services from businesses that have a local office in the Local Government Areas of Newcastle, Port Stephens, Lake Macquarie, Maitland, Dungog, Muswellbrook, Upper Hunter, Singleton, Cessnock and Central Coast. Our pre-tender identification process considers local businesses favourably, and we give preference to local suppliers where feasible and within criteria boundaries. With a largely local and Australian supplier base (99.5% in FY22), and a commitment to fair employment conditions for employees, NCIG's exposure to direct Modern Slavery risk is considered to be low.

Through our focus on local procurement, in FY22 our total local spend was $26.5 million, almost 76% of our total procurement expenditure. The total amount spent within the rest of Australia was $8.2 million, bringing total spend in Australia to $34.7million (99.5%). Only 0.5% of procurement expenditure was spent with suppliers incorporated outside Australia, and according to the Global Slavery Index.

(https://www.globalslaveryindex.org/2018/data/maps/#prevalence), risk in these countries is considered either low (Belgium, Germany, United Kingdom, and United States, or moderate (China)).



FY22 PROCUREMENT PROFILE

- 99.5% of our supply chain are Australian-based companies
- 76% of our suppliers are local businesses
- 0.5% are incorporated outside Australia, specifically in Belgium, China, Germany, United Kingdom, United States
- Our international suppliers are considered low or moderate risk of modern slavery according to the Modern Slavery Global Index (prevalence)

IDENTIFYING OUR MODERN SLAVERY RISKS

NCIG is aware that exposure to Modern Slavery could exist in our Operations and Supply Chain. We take a targeted risk-based approach to identifying Modern Slavery risks and acknowledge that there are several types of risk to consider, including products and services risk, sector and industry risk, geographic risk and supply chain model risk. We aim to identify our risks primarily through our policies and procedures, risk assessment and management, due diligence, sustainability strategy and training.

The vast majority of our supply chain is locally based and accordingly low risk. There is increased risk associated with international entities within the supply chain of our suppliers who may engage in Modern Slavery to minimise production costs. Our largest Modern Slavery risks relate to the supply of heavy plant, IT equipment, personal protective equipment and rubber products. NCIG sources these products from reputable Australian businesses who have international supply chains. There is increased risk associated with indirectly engaged, international entities who could utilise Modern Slavery to minimise production costs. NCIG is prioritising our Modern Slavery control efforts towards these risk areas.

NCIG is cognisant of other risks that we may be exposed to with respect to our customers' operations and being part of an international supply chain. We are committed to better understanding these risks over time.

During the reporting period, we did not become aware of any instances of Modern Slavery in our operations or supply chain.

MANAGING OUR MODERN SLAVERY RISKS

NCIG is committed to acting ethically and with integrity in all our business dealings and relationships. This includes implementing and enforcing effective systems and controls to ensure Modern Slavery is not taking place within our business and to taking appropriate steps to reduce and mitigate the impacts of Modern Slavery within our global supply chain.

GOVERNANCE STRUCTURE

NCIG's governance structure includes a constituted Board of Directors representing each of our shareholder companies, and an independent Chairperson. The Board is consulted on, and ratifies, strategic decisions by

the business, including our vision, mission, values and risk management. Our risk to Modern Slavery is also overseen by the Board's Audit and Risk Committee.

The executive level of the business is accountable for implementing the strategic direction across the business via collaboration between Business Planning, Operational Capability, Assets and Infrastructure, Commercial, Sustainability, Customer Assurance, and People & Culture teams.

Commitment to continuous improvement

Our governance framework is supported by a guiding principle of continuous improvement. It is important that we continuously assess our business risks and opportunities beyond our day-to-day terminal operations.

POLICIES AND PROCEDURES

Policies

NCIG's Modern Slavery Policy defines Modern Slavery and the behaviours that could amount to Modern Slavery, and mandates employee and contractor behaviours and commitments with respect to the management and mitigation of Modern Slavery, real or potential, across the organisation. Our Modern Slavery Policy, Whistle-blower Policy and Code of Conduct all provide support for our employees and contractors with respect to the identification of potential Modern Slavery risks across our business and supply chain. Our Code of Conduct and Whistle-blower policies also facilitate confidential reporting of any concerns that staff or external parties may have regarding Modern Slavery risks within our operation and across the supply chain.

Procurement procedures

Modern slavery criteria and requirements are incorporated in all procurement templates and conditions of tender. A detailed questionnaire (Tender Schedule 12) is required to be completed by respondents addressing how Modern Slavery is managed across their business. Respondents are also requested to provide supporting documentation regarding their Modern Slavery policies and procedures. This allows NCIG to assess their commitment to mitigating Modern Slavery and reducing NCIG's exposure to potential Modern Slavery risks before contracts and relationships with suppliers are formed. These conditions and requests for information have a two-fold effect, namely they:

- highlight to potential contractors NCIG's commitment to the management and mitigation of Modern Slavery within its business; and
- provide NCIG with the opportunity to review the commitment and maturity of potential contractors to the mitigation and management of Modern Slavery. NCIG's procurement process continues to require all tenderers to understand this commitment and to provide NCIG with relevant documentation and information through a detailed survey, to be submitted during procurement processes for NCIG's consideration and evaluation.

NCIG's standard supplier contracts and terms and conditions have provisions to address Modern Slavery, and all new contracts entered into with NCIG contain these provisions. The provisions highlight NCIG's commitment to mitigating Modern Slavery risks within our business and requires confirmation from respondents that these provisions are acknowledged and can be complied with.

Sustainability Strategy

NCIG's Sustainability Strategy describes our future direction and ambitions towards optimising sustainable operations. It demonstrates how we incorporate environmental, social and governance (ESG) considerations across our operations, and how we mitigate and manage our risks. External independent consultants and key internal stakeholders provided input. Twelve material performance areas were identified for deeper integration into our strategic planning, one of which was procurement. Building on our sustainability strategy, during the reporting period we developed formal three-year targets aligned to our strategic commitments and

goals. A procurement target was established to have at least 70% of total annual expenditure being spent locally.

RISK ASSESSMENT AND MANAGEMENT

Our risk management processes help us systematically identify and assess foreseeable risks, including those related to Modern Slavery. These processes include our:

- Broad-Brush Risk Assessment – facilitated by external consultants every three years and includes risk identification, descriptions, analysis, ratings and treatment plans.
- Enterprise-wide business risk assessment – an externally facilitated annual assessment workshop that identifies material business risks and mitigation strategies.
- Corporate Risk Register (CRR) – prioritises our risks based on their risk profile and level of severity as identified during the risk assessment. It is regularly reported to the Board and reviewed annually. The CRR includes Modern Slavery within the risk category Non-Compliance Events, which relates to legal and regulatory compliance.
- Risk control action plans - address key business risks, which are reported to the NCIG Audit and Risk Committee.
- Project Approval Management Plans - developed as part of our licence approval process, they describe our risk assessment procedures by topic and include the risk management activities.

DUE DILIGENCE AND EFFECTIVENESS

During the Reporting Period, NCIG adopted a staged approach to the due diligence process, which will continue to be our focus for future reporting periods. In particular, our updated contractual terms and updated procurement conditions, and our Modern Slavery Policy address our key internal needs. Our due diligence and risk assessment process is enhanced by:

- monitoring the mitigating actions our suppliers are taking to address real or potential Modern Slavery risks; and
- identifying gaps in our risk assessment and supplier relationships that will require further investigation over the next reporting periods.

TRAINING

NCIG has provided high-level training for key management personnel on our Modern Slavery Policy and actions taken to date. NCIG is committed to providing relevant staff and contractors with training in recognition of potential risks, actions that should be taken when a risk (real or potential) is identified, and the expectations of our suppliers and contractors in managing and mitigating Modern Slavery risks.

STAKEHOLDER CONSULTATION AND ENGAGEMENT

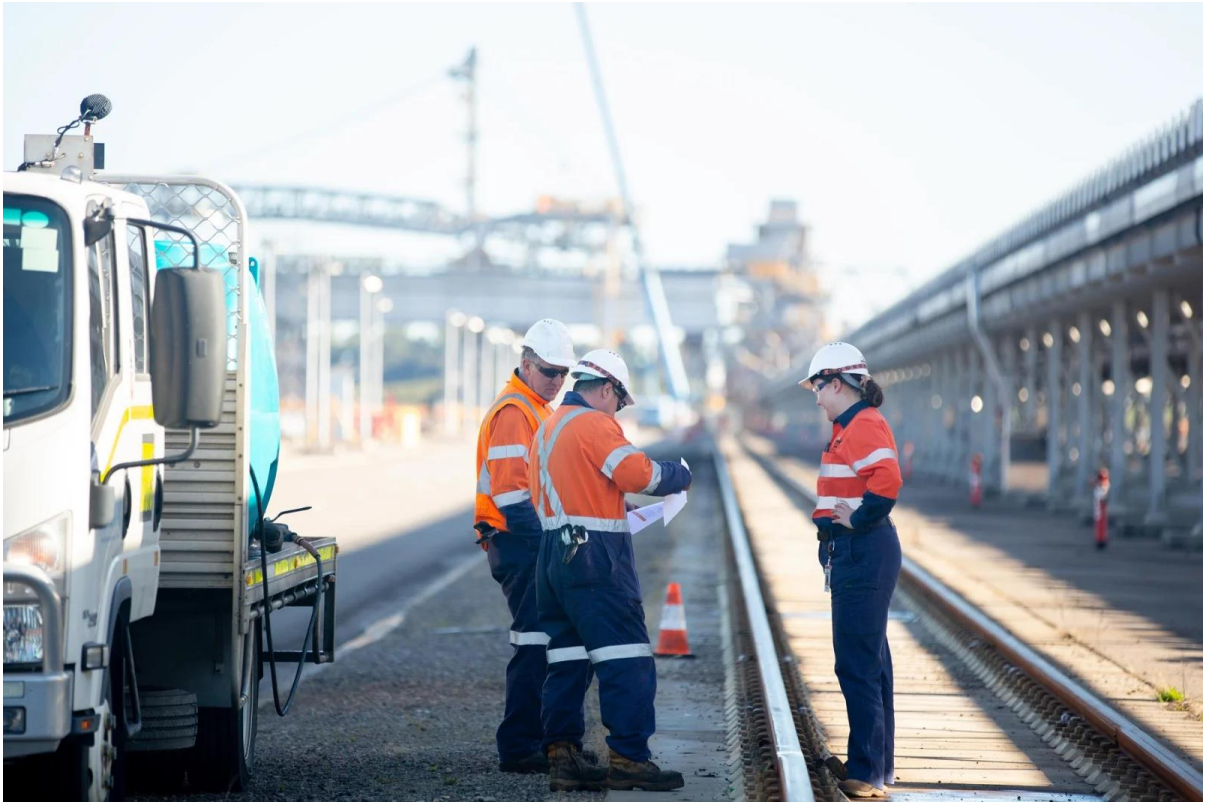
NCIG is committed to consulting and engaging with our key stakeholders and seek opportunities to collaborate to manage Modern Slavery risks. We recognise that stakeholder consultation and engagement is an effective measure in the identification, management and mitigation of Modern Slavery. Our key stakeholders extend beyond our personnel, contractors and suppliers to customers, industry peers, the local community in which we operate and associated government entities.

We communicate with our key stakeholders, which and allows us to develop trusting relationships with them through transparent reporting of performance and the sharing of information about our approach. One example is our Sustainability Report, in which we report our sustainability performance aligned to our Sustainability Strategy and in accordance with the Global Reporting Initiative Standards. We note that although NCIG does not directly contract the vessels we load, a risk of Modern Slavery on the vessels that we load could exist. To reduce our potential risk for indirect complicity in Modern Slavery, engagement with customers and industry peers is important.

ACTIONS UNDERTAKEN IN FY22

As part of our commitment to continuous improvement and our ongoing maturity and development in relation to Modern Slavery, in our last report we identified a number of actions targeted for this Reporting Period, with respect to our management and mitigation of Modern Slavery risks. Due to the impact of COVID-19, namely working from home requirements, staff shortages and recruitment challenges, and other safety management controls, such as onsite visitor restrictions, some of these actions were not fully completed during the financial year. These have been included in our 2023 planned actions which are shown on the following page of this report. The actions and steps that were successfully undertaken during the Reporting Period include:

- **Policies** an informal review of NCIG's Whistle-blower Policy, which is relevant for "suppliers of goods or services (whether paid or unpaid) including their employees" was undertaken. The policy was considered to sufficiently include Modern Slavery as Reportable Conduct due to it being an Illegal Activity. The policy therefore remained as per the previous Reporting Period.
- **Risk management** Modern Slavery was further integrated into our Corporate Risk Register in the risk category Loss of Social Licence by referencing our Sustainability Strategy, which incorporates Procurement as one of 12 focus areas.
- **Due diligence** We defined the term 'local' and evolved our supplier database to incorporate a supplier's local or non-local status. We continued to execute all new supplier contracts with Modern Slavery provisions and recruited a new Commercial Team member whose role and responsibility includes coordination of Modern Slavery actions.
- **Training** – Representatives from our Commercial Team undertook Modern Slavery training and identified the opportunity to expand our induction training to include Modern Slavery.
- **Stakeholder consultation** – NCIG added an additional executive role to its organisational structure, Manager Customer Assurance, which focuses on customer outcomes and enables us to actively pursue customer consultation on Modern Slavery.



ACTIONS IDENTIFIED FOR FY23

NCIG recognises that managing and mitigating our Modern Slavery risks requires continuous effort. Actions identified for FY23 include:

- **Establish an NCIG Modern Slavery Working Group** – Establish an internal Modern Slavery Working Group to help drive internal awareness of the risks of Modern Slavery in our business and develop a program of initiatives to prevent and investigate Modern Slavery risk and incidents.
- **Policies and procedures** – Consider the inclusion of specific Modern Slavery references in NCIG policies and procedures that fall due within the next reporting period.
- **Due diligence** – Build on our previous supplier risk review by conducting further supply chain analysis and creating profiles for high-risk suppliers looking at product/service risk and geographic risk to better understand our vulnerability and exposure to these risks.
- **Training** – Improve internal awareness by developing further training on Modern Slavery for our new and existing employees and contractors.
- **Stakeholder consultation** – Engage with our customers, industry partners and the port operator to better understand how they are managing Modern Slavery risk and how we can assist and/or collaborate.

ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

NCIG recognises the importance of regularly assessing the effectiveness of the actions we take to mitigate the risk of Modern Slavery occurring in our operations and supply chain.

The primary ways we are able to assess the effectiveness of our actions are:

a) Through our grievance mechanisms – we did not receive any reports regarding instances of Modern Slavery or other human rights abuses within our operations or supply chain during the Reporting Period.
b) Risk identification process – our Corporate Risk Register prioritises risks, including Modern Slavery, based on their risk profile and level of severity as identified during our annual risk assessment. Supplier profiles will be enhanced to include additional risk categories (sector and country risk), which will further enhance our procurement due diligence processes.
c) Commercial and procurement processes – our contractual terms are recognised and accepted by our suppliers and contractors.

NCIG will continue to look to ways to improve our assessments and review of the actions we are taking to adhere to our Modern Slavery commitments.

APPROVAL

This Modern Slavery Statement was approved by the Board of Directors of NCIG on 28 November 2022.

Signed (Director)	Phil Garling AM Name

Newcastle Coal
INFRASTRUCTURE GROUP

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