



# Newcastle Coal

INFRASTRUCTURE GROUP



**20  
19** | Sustainability  
Report



# welcome

## TO NCIG'S 2019 SUSTAINABILITY REPORT

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Our business continues to evolve its sustainability journey and the NCIG 2019 Sustainability Report reaffirms our commitment to managing a sustainable business with transparent reporting on Environmental, Social and Governance (ESG) performance. This report covers the twelve months to June 2019 and follows our most recent report for the FY18 period. It reinforces our undertaking to remain mindful of the economic, cultural and environmental influence we have on the community, while delivering a critical service to customers and the wider Hunter Valley Coal Chain.

At NCIG, we take a consultative approach to managing sustainability. Stakeholders are at the centre of our business – shareholders, customers, community, government, investors and our people are all active participants in assisting our management and board to set the strategic direction of the business. Our key focus areas reflect our material themes and have been established with the help of our stakeholders – you will see our FY19 performance for these areas throughout this report.

NCIG sustainability reporting periods are aligned with the Australian financial year. The 2019 Sustainability Report is NCIG's third sustainability report. This report has been prepared in accordance with the GRI Standards: Core option. This report is not externally assured against GRI Standards. A GRI Standards content page is provided at the end of this document for reference. The report does not include consolidated financial statements, which are reported directly to shareholders, investors and regulators.

For more information about NCIG, or to read our Sustainability Policy, please visit our website [www.ncig.com.au](http://www.ncig.com.au).

You can also contact us at [enquiries@ncig.com.au](mailto:enquiries@ncig.com.au)

# 2019 major highlights



**70.1 MT**

Operating Capability  
delivered to our customers



**\$246,000**

Invested in local  
community groups



**\$49.3M**

Direct Economic Investment  
in the Hunter Region



**US\$340M**

Successfully refinanced



**500 Days**

Lost Time Injury-free  
achieved (May 2019)



**Winner**

Coastal & Waterways  
Protection Award  
(NSW Keep Australia Beautiful)

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## ceo statement

As we continue on our sustainability journey at NCIG, annual reporting allows us to reflect on the significant milestones we achieve throughout the year. This NCIG 2019 Sustainability Report reaffirms our commitment to measuring economic, social and environmental performance across the business, while building relationships with our stakeholders through transparent disclosure of our results.

During the year, we've put our efforts into developing the frameworks which underpin our approach to sustainable development. Importantly, these reflect our company values – Customers and Suppliers, People and the Environment, Teamwork, Involvement and Achievement.

NCIG is a service provider, playing a critical role in the Hunter Valley Coal Chain – connecting our region's most valued resource to the world energy market. The Hunter Valley has some of the world's best thermal coal resources and demand for export coal through the Port of Newcastle has remained constant in recent years. We continue to see this positive outlook reflected in our customers' activities, with major operational investment being made by a number of operators. Whitehaven continues to expand its operations; Maules Creek increased production throughout the year; and development plans for the Vickery Extension Project are currently in the approval process. MACH Energy, a new customer for NCIG, has recently developed the Mount Pleasant mine, and we were proud to help take its first product to market. Encouragingly, what we're seeing at home is underpinned by positive projections in Asia, where population growth, the development of High Efficiency-Low Emissions power stations and increased access to affordable and reliable forms of energy indicate demand for coal will remain firm.

We also aim to provide outstanding value for our customers. In FY19 we completed a detailed scoping exercise to increase the capacity of our stockyard. Using the existing footprint, it was established we could increase yard capacity by 500,000 tonnes - a 12% increase on our current capacity. Maintaining large stockpiling capacity is an important service for a number of our customers - particularly those with long haulage distances from pit to port – because it buffers them against unforeseen production or railing restrictions. With the support of our customers, we will set about realising this extra capacity in FY20.

We've taken an industry best-practice approach to assessing our sustainability footprint in our report this year. To do so, we've been guided by the United Nations Sustainable Development Goals to identify where we are performing strongly and where there are opportunities for positive change in the future. It's a new approach for us, and we have complemented it by our adoption of the Global Reporting Initiative Standard 'Core Option' to reaffirm our commitment to transparent business reporting.

Our business recognises the realities of an increasingly carbon-constrained world on our industry – and on society as a whole. We're confident Hunter Valley coal will continue to be a preferred source of energy for the world market well into the future, but at the same time we're also aware to the realities of climate change. We are also aware that a number of our stakeholders have identified climate risk as a material issue to our business. NCIG monitors the physical and policy risks facing the coal industry overseas and in the Hunter very closely, and as a result, our developing themes include pressures on the financial sector and the rapid change in community expectations. Climate risk is also formally captured in our enterprise-wide risks.

Our people continue to be the greatest resource in our business. NCIG is widely recognised for our positive safety and environmental culture, with a recent Health, Safety and Environment System re-accreditation audit highlighting our professional approach to the wellbeing of our workforce. Our positive culture is reflected in the work we see delivered – the stockyard capacity increase is one of many improvement ideas generated by our employees. It's also heartening to see the care and diligence taken by our employees and contractors when it comes to workplace safety on the ground. Ensuring the safety of our people is always our number one priority; and in that light, I'm extremely pleased to report we did not record any lost time injuries this year. Unfortunately, we did see an increase in the total number of injuries – thankfully with minor consequences. Given our strong safety culture I am confident we can improve on this next year.

Operationally, we continue to reduce our impacts on the surrounding environment. NCIG has a strong reputation when it comes to environmental regulations. Since beginning construction in 2008, we have maintained a record of no penalty notices or breaches. However, we recognise community and government expectations are evolving. In line with that, we're ensuring our continuous improvement approach to business extends to environmental aspects, particularly dust and water impacts. We continued to work on critical business projects to manage these risks throughout FY19, with a number of improvement solutions progressively implemented over the period and more scheduled for FY20.

As a business, we have an opportunity to positively impact the people and communities around our terminal. During the year we implemented a number of initiatives to further support and engage with the community. We re-initiated direct community consultation with the establishment of our Community Engagement Group, and at the same time have begun offering regular site tours

to community members. To complement our Community Support Program, we've introduced three-year community partnerships with local organisations in the areas of education, health, social welfare and the environment. Our first partnership is with the University of Newcastle-based HunterWiSE program, which supports the development of young women in STEM. As part of our partnership, I had the pleasure of welcoming participants from Newcastle High School and Callaghan College – Waratah Campus to the terminal and it's my hope their experience onsite has inspired them to recognise the many career opportunities in STEM beyond school.

Every two years, NCIG holds a charity ball for a locally-based not-for-profit organisation. This year, we supported the John Hunter Children's Hospital through a charity ball in September. It was an outstanding success, with more than 300 people in attendance and more than \$100,000 raised for the Children's Hospital. It's always wonderful to see the effort and pride that is put into staging this event, because it is organised from start to finish by NCIG employees – something that I believe makes the event quite unique. I would like to personally thank everyone involved in making the ball such a success, including our contractors and suppliers, who always contribute so graciously.

I am extremely proud of what we've achieved during FY19 and I hope you enjoy reading this report. In whatever way you are part of NCIG – a community member, employee, contractor, neighbour or customer – we value your contribution to our efforts during the year and we appreciate any feedback you may have.

Regards,

  
Aaron Johansen | CEO





# our business

## WE PLAY AN INTEGRAL ROLE IN AUSTRALIA'S COAL EXPORT INDUSTRY

Every day, since 2010, we've been taking the coal of Australia and sending it to the world. We recognise the important role we play in the Australian coal export industry, as well as the State and regional economy. We receive coal from across the Hunter Valley, the Western Coalfields and as far away as the Gunnedah Basin, delivered exclusively by rail and stored in stockpile space dedicated to our customers. Moving coal from train to ship is our core business, but our business offers more than that. We are innovators. We are community members. We are caretakers of our environment.



## OUR TERMINAL

NCIG is a coal export terminal located on the South Arm of the Hunter River in the Port of Newcastle. We are situated among other industrial facilities on Kooragang Island and are directly adjacent the Hunter Wetlands National Park, including listed wetlands of international significance.

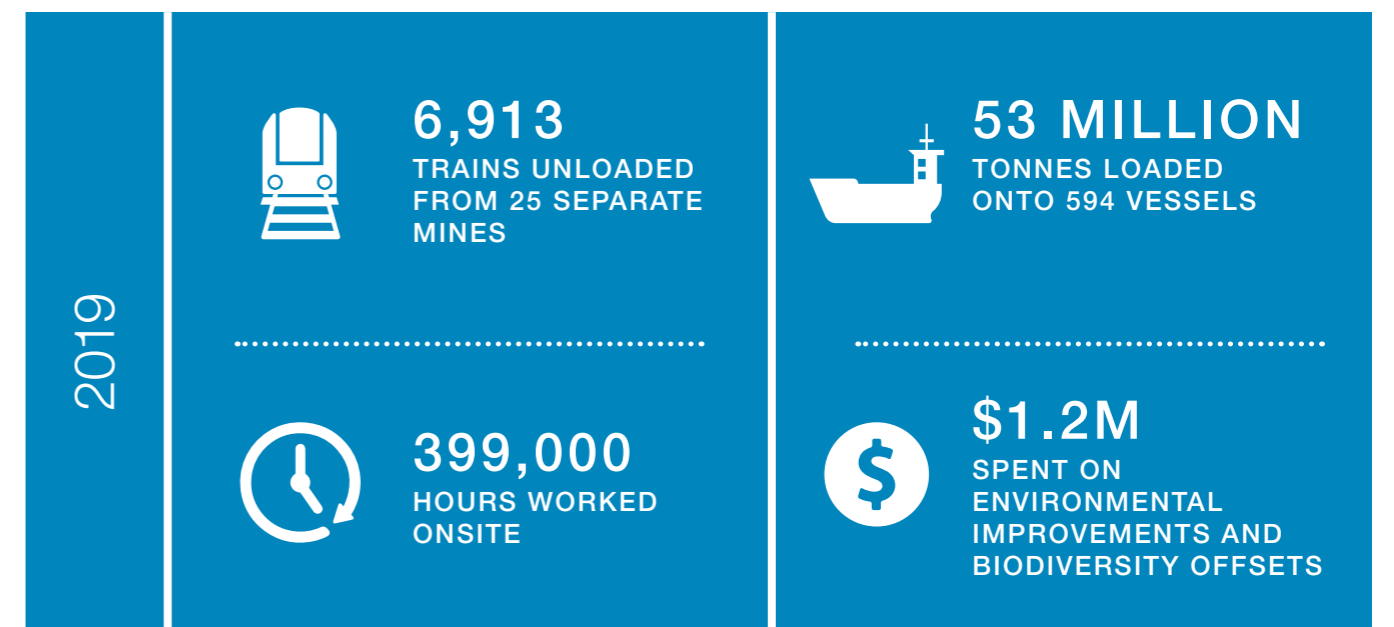
We are a privately-owned business that fundamentally exists for the benefit of our shareholders. Our shareholders are mining companies, specifically Yancoal, BHP, Whitehaven, Peabody Australia and Centennial Coal, who each own coal interests in New South Wales.

Since we began operations in 2010 we have established ourselves as a leading coal export facility and have integrated a variety of innovative technologies to ensure we achieve maximum efficiencies.

We unload an average of 20 trains per day and have the capacity to store up to 4.5 million tonnes of coal. We load vessels up to 300 metres long, carrying up to 165,000 tonnes of coal. We are a state-of-the-art coal terminal, employing the latest in technology and providing high reliability for our customers.

Quality control is a critical aspect of our operation. We facilitate inbound and outbound sampling of the coal stream to provide assurance to our customers that their product is handled to meet important quality specifications.

"We aim to be the leading coal export terminal through our people, processes, plant and performance"

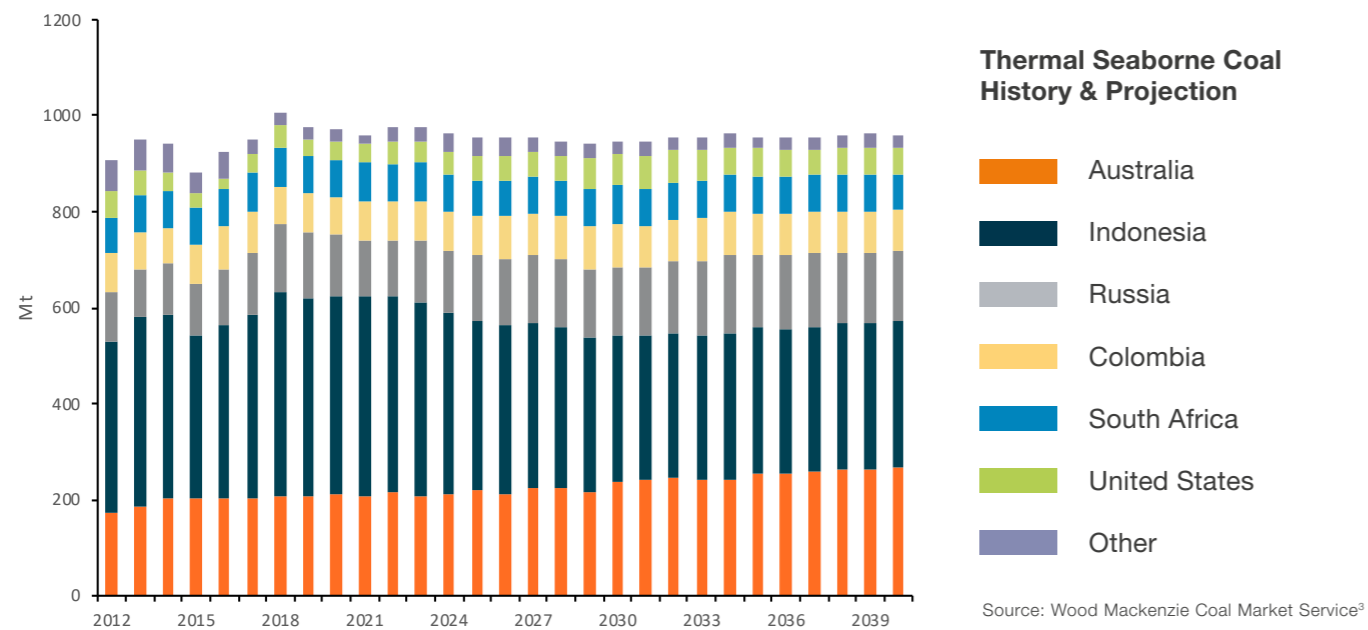


## DELIVERING VALUE TO OUR CUSTOMERS AND WORLD ENERGY

Coal is critical to world energy. To address the impacts of climate change, the global energy market is under transition. However, coal remains the largest source of electricity for the world's populations, due to its affordability and reliability. According to the International Energy Agency, more than 38% of the world's electricity is sourced from coal.<sup>1</sup>

Projections also support the case for coal. While the share of coal in the world's energy production is predicted to fall marginally over the coming years (from 27% to 25% in 2023, and down to 22% in 2040), under the International Energy Agency New Policies Scenario (NPS) coal's contribution to total energy production is expected to increase out to 2040.<sup>2</sup> This is driven by the rise of developing economies in South-east Asia, such as Vietnam, the Philippines and Malaysia.

Our customers are well positioned to serve these developing markets, with Australia and the Hunter Valley having some of the best reserves of high-grade thermal coal in the world. Our geographical relationship to Asia and increased standards on coal quality bode well for producers in our region, with projections indicating Australian thermal coal exports will grow from 200 to 270 Mt by 2040.



As our customers pursue growth opportunities in Asia, NCIG will stand by as a critical link to the seaborne market. We look forward to assisting our customers in realising their true potential, delivering value to the globe and our region.

## OUR APPROACH TO SUSTAINABILITY

The world's approach to sustainability is becoming increasingly coordinated as a result of social expectation that all parts of society will contribute to achieving a combined set of objectives. The reduction of inequality, increased education opportunities, bringing people out of poverty and environmental challenges – are all issues governments, communities and businesses must face and act on.

At NCIG, we don't aim to overstate our ability to influence these global issues. However, we recognise a joint effort is required to create a more sustainable world, which is why we have referenced the United Nations Sustainable Development Goals (SDGs) in developing this report. As part of this approach, we have reflected on our history, our current activities and where our future opportunities lie.

1. IEA website - <https://www.iea.org/statistics/>, "Electricity Generation by source, World 1990-2017".

2. IEA website - <https://www.iea.org/newsroom/news/2018/december/global-coal-demand-set-to-remain-stable-through-2023-despite-headwinds.html>, IEA (2018) World Energy Outlook. All Rights Reserved - 5.35 Btce in 2017 forecast to increase to 5.44 Btce in 2040.

3. Wood Mackenzie – Coal Market Service Thermal Trade, H1 2019 Long-term Outlook, June 2019. Source: Wood Mackenzie. The information and data contained or displayed in this graph is for information purposes only. We (and Wood Mackenzie) do not make any warranties or representations in relation to the completeness, accuracy, reliability or fitness for any purpose of the information or data in this graph and, to the extent permitted by applicable law, do not accept any responsibility or liability in relation to any use of or reliance on this information or data. Use of or reliance on this information or data is solely at your own risk."

## THE NCIG SUSTAINABILITY JOURNEY

### PAST



#### SDG 3 | Good Health and Wellbeing

**NCIG Bounce Program** – NCIG initiates an employee health and wellbeing program in 2011 to promote weight loss, healthy eating and physical activity among other benefits. The program has seen up to 98% employee participation.



#### SDG 8 | Decent Work and Economic Growth

**NCIG Coal Export Terminal commences construction** – through the development of the \$2.5B NCIG terminal, several thousand employees and contractors are engaged for construction and eventual operation, with substantial flow-on effects to the local economy.



#### SDG 9 | Industry, Innovation and Infrastructure

**NCIG employs leading automation in terminal design** – as part of the world's newest coal export terminal, NCIG uses leading-edge automation hardware, design and people to operate machines and plant.

### PRESENT



#### SDG 4 | Quality Education

**Partnership with HunterWiSE** – In 2019, NCIG announces a three-year partnership with locally-based program to support young women in STEM. This includes inviting school students to the terminal to see STEM in action in the workplace.



#### SDG 11 | Sustainable Cities and Communities

**NCIG Community Investment** – NCIG continues a founding tradition of supporting local organisations through the Community Support Program.



#### SDG 14 | Life Below Water

**Water Management Project** – NCIG implements onsite water quality improvement measures to reduce offsite impacts during extreme wet weather events.



#### SDG 15 | Life on Land

**NCIG Biodiversity Offsets** – The NCIG Compensatory Habitat and Ecological Monitoring Program continues to be implemented by NCIG in the Hunter Wetlands to support the endangered Green and Golden Bell Frog and Migratory Shorebirds. NCIG was recognised for its achievements in biodiversity conservation in 2018 separately by global and Australian organisations.



#### SDG 17 | Partnerships for the Goals

**Community Partnership Program** – NCIG established the CPP in 2018 to complement other community investment activities. Participating organisations were selected to align with United Nations SDGs.

### FUTURE



#### SDG 5 | Gender Equality

**Equality and Diversity Policy** – NCIG's future plans for equality and diversity will continue to build on our commitment to supporting women in industry, both within the organisation and through partner organisations.



#### SDG 6 | Clean Water and Sanitation

**Water Use Efficiency and Resourcing** – NCIG has further implemented water usage measures onsite and is continuing investigation of alternate water resources for plant usage.



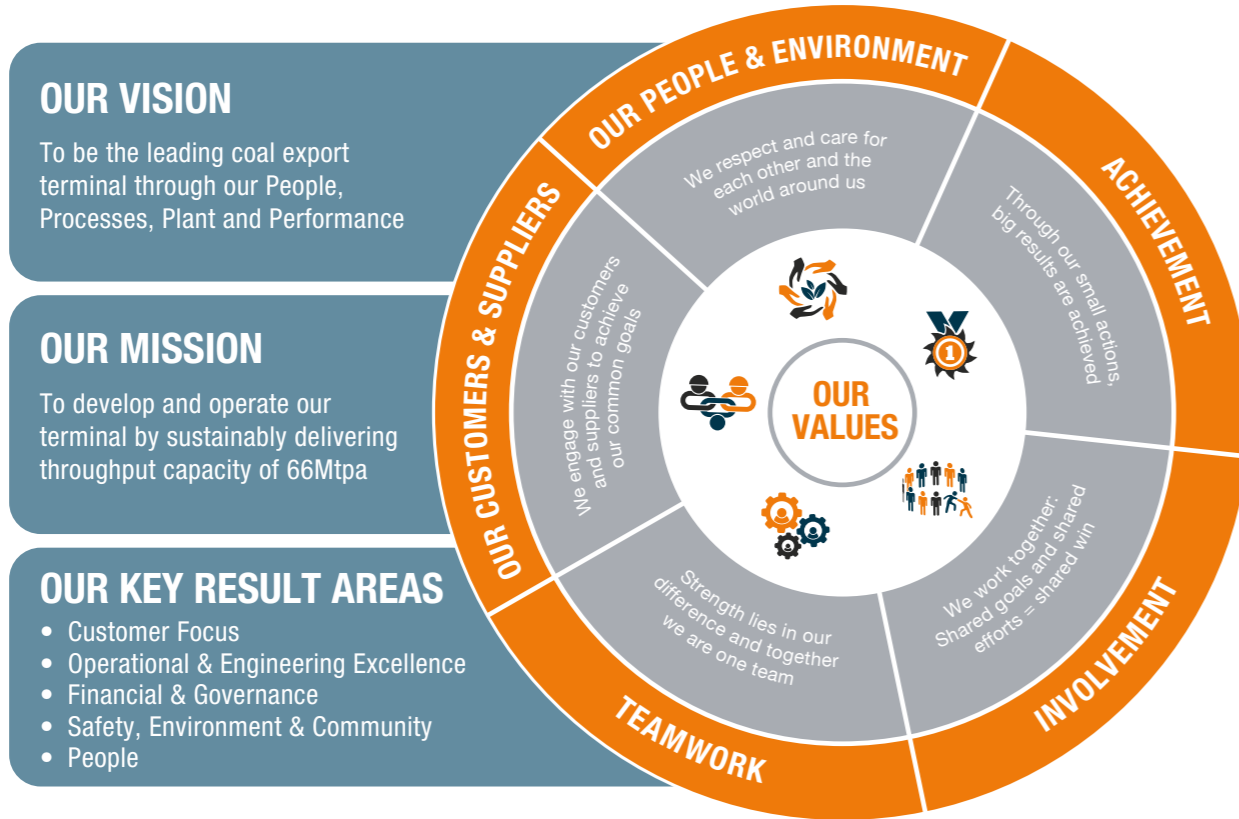
#### SDG 12 | Responsible Consumption and Production

**Circular Economy initiatives** – NCIG to continue soft plastic recycling after successful pilot program. Infrastructure to be employed onsite, produced from recycled plastic material.

## OUR STRATEGIC VISION

Our vision is to be the leading coal export terminal through our people, processes, plant and performance.

We strive to make a significant contribution to our local region ensuring a sustainable business model. Using our values to guide our everyday actions, we measure and manage five specific themes, which we call our Key Result Areas (KRAs). This helps us to remain focused on achieving high levels of performance in a sustainable way, and assists us to meet the expectations of our stakeholders.



## OUR STAKEHOLDERS

Our stakeholders are central to our business and our success, so we work closely with them to understand their concerns and expectations. Our stakeholder groups have been selected based on a combination of our business values, strategic relationships and a commitment to working sustainably. We worked broadly with a number of these stakeholder groups throughout 2019. We re-established targeted community consultation with our Community Engagement Group and worked hard to meet the expectations of a number of key regulators through our 3-yearly Independent Environmental Audit process. Once again, close relationships with our customers formed an important part of our day-to-day operation. We committed to working more closely with our contractors and suppliers to realise a mutually beneficial service, which we collaboratively delivered on. Important themes and information from stakeholder consultation processes are delivered to our board through updates on sustainability-related matters. We look forward to a renewed focus on investor relations in the coming year as well as a review of employee sentiment as part of our biennial employee survey.



## MATERIALITY

During the year we reviewed and rationalised the material themes to our business. With the assistance of sustainability consultants and input from key stakeholders, we consolidated issues identified in our previous materiality assessment work to create a simple snapshot of where our business lies relevant to contemporary sustainability issues.

In this table, we have displayed our material themes, with underlying issues, reflecting sustainability challenges as they relate to NCIG today. We have also provided brief explanations, including how this relates to our previous materiality assessment, and where the themes are addressed in this report.

## OUR SUSTAINABLE DEVELOPMENT POLICY

Our Sustainable Development Policy outlines our commitment to identify, evaluate and manage our risks, and to promote and improve our performance in achieving sustainable development.

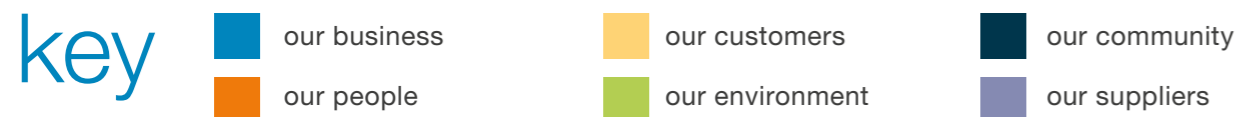
We monitor and manage our KRA performance based on our key performance indicators. Every year, as part of our planning cycle, we review these indicators to ensure we continue to work hard to deliver on our policy objectives, leading to long-term sustainable value.

By managing costs and delivering a quality service, we assist our customers to realise the true value of their commodity. By developing our systems, we protect and enhance the environment around us. By supporting our people and our local community, we ensure that we make lasting economic, environmental and social contributions to Newcastle and the Hunter Region.

You can find our Sustainable Development Policy on our website [www.ncig.com.au](http://www.ncig.com.au)



Material Themes	Topics	Context	Chapter
Safety	Safety of our People	The safety of our employees, contractors and visitors is of paramount importance. We focus on maintaining a strong safety culture at NCIG.	
	Security	We respect the right of people to protest, but do not support illegal trespassing, particularly onto industrial sites with inherent safety risks. Site security remains a strong focus for NCIG.	
Responsible Business Leadership	Robust Governance	Robust governance spans data integrity, transparency, risk management, strategy, reputation and ensuring sufficient outlet for grievances. Through effective governance structures NCIG will maintain good relationships with its stakeholders.	
	Financing	Access to finance and prudent financial acumen contribute to this topic. NCIG continues to work extensively to ensure finance is accessed at a competitive rate and company spending is responsible.	
	Regulation	NCIG is subject to extensive regulation, from business management to environmental protection. We commit to operating within the legal frameworks of the day and to monitoring changes in the regulatory landscape.	
	Cyber Security	With an increasingly connected world, there are increasing cyber threats for business. We commit to having effective cyber security systems that protect critical information, our employees and our stakeholders.	
Climate Change Response	Transitional Climate Risk	The world energy market is in transition. While coal from our region will be in demand into the future, we commit to actively monitor and manage the risk this transition poses to our business. We also commit to reducing greenhouse gas emissions from our operation into the future.	
Customers	Customer Experience	NCIG offers wide-ranging services to its customers. They include plant capacity, productivity, vessel turnaround times, stockyard capacity and quality customer relations. These are all factors that contribute to our customer experience.	
	Asset Management	We want to ensure we continue to service our customers well into the future. For this, we must ensure long-term operability, care for our assets and be innovative. We are a vital cog in the Hunter Valley Coal Chain.	
People	Supporting our People	We commit to caring for our people. We acquire the best talent, provide competitive remuneration and recognition and continue to build capacity through training.	
	Health & Wellbeing	The health and wellbeing of our people is critical to our operation. This contributes to a safe work culture and has a positive impact beyond the workplace.	
	Diversity & Inclusion	Diversity of the workplace is an increasingly important sustainability issue. NCIG will continue to support a more balanced workforce in industry.	
Community	Local Economic Health	NCIG continues to be a strong contributor to the local economy. Since construction we have injected hundreds of millions of dollars into the Hunter Region, and we will continue to be a major user of local goods and services.	
	Supporting our Community	Our Community Support Program began in 2010 when we started operations. We have now enhanced our community investment with targeted partnerships and focus on the areas of need within our local community.	
Caring for our Local Environment	Air Quality	The NCIG operation carries inherent risks to local air quality. We have a strong record in managing these risks and will continuously improve our performance, particularly during extreme wind events.	
	Water	Water is a valuable resource and requires protection for our environment and communities. NCIG is a large water consumer, with operations having the potential to impact water resources. These both provide a focus for our business into the future.	
	Land Use & Biodiversity	NCIG responsibly manages the land it occupies, including the terminal and offset sites. We have a strong record in biodiversity management and will continue to be stewards of the ecological values we manage.	
	Resource Management	NCIG is a large consumer of energy. We also produce waste as part of our operations. We have a tradition of pushing the boundary to reduce waste to landfill. While our plant and machinery are state-of-the-art, we will continue to look at ways to reduce our energy consumption.	
	Noise	NCIG is geographically located to avoid noise impacts to sensitive residential areas. The design and maintenance of our equipment supports this measure.	



## ROBUST GOVERNANCE

NCIG has a business governance structure including a constituted board of directors from each of our shareholder companies and is chaired by a person independent to our shareholders. The board is consulted on and ratifies strategic decisions by the business, including business purpose, values and sustainability-related decisions. The sustainability footprint of the business is an area reviewed by the board's audit and risk committee, which ensures processes are in place to manage risks and opportunities as they relate to environmental, economic and social issues.

Strategically we follow a rigorous annual budget and business plan process, the results of which provide the content of this report. The executive level of the business is then accountable for discharging the strategic direction through actions implemented collaboratively through Operations, Assets, Commercial, HSEC and HR functions within the business.

It is important to continuously assess risks and opportunities to the business, beyond the day-to-day terminal operations. During the year we conducted a review of our corporate risk assessment with our executive and key personnel from across the organisation. The results of this assessment have been consolidated into material risks and form the basis of our Risk Control Action Plans (RCAPs), an approach which has, once again, been ratified by our board.

We used FY19 as an opportunity to continue implementing a number of strategic documents and systems developed in previous years. These include our Project Management Framework (PMF), Long-Term Finance Strategy (LTFS), corporate compliance system and our Communications and Engagement Strategy, which applies to our people and other important stakeholders. In support of this we created a new position accountable for the successful completion of business-critical projects.

## SECURING FINANCE

We aim to continue to be an efficient export terminal and prudent cost control will allow us to meet these expectations from our shareholders and customers. A key element of keeping costs down is the securing of competitive finance through existing and new investor markets, an approach supported under our LTFS.

A US\$135M tranche of debt was due to mature in December 2019. In line with our LTFS, we elected to refinance this debt prior to June 2019. This approach reaffirms our commitment to prudent risk management.

Despite increasing scrutiny on fossil fuel investment, there was strong demand among NCIG's existing bank group. Our refinancing transaction was expanded to US\$340M of senior debt and this tranche of debt now matures in 2024. This action removes all debt facilities due to expire in FY20 and FY21.

## CLIMATE CHANGE RESPONSE

As part of our corporate risk assessment, climate change was identified as an important issue to the business. We see the product NCIG assists in delivering to the export energy market as having strong demand into the future, despite the transitional risk that a changing world energy market poses. The export of high-quality thermal coal mitigates this risk.

There are also physical threats posed by climate change, most notably scarcity of water resources and the increasing possibility of extreme weather events. NCIG is subject to these risks because of our high water consumption for dust suppression as well as the offsite impact of flooding or extreme winds. We have developed actions to adapt to these risks in order to maintain operational continuity.

## REGULATION

NCIG is subject to a number of company, safety and environmental regulations under State and Federal legislation. We continue to manage our business-critical compliance obligations through our corporate compliance system. This approach has proven to be effective with NCIG experiencing no material non-compliances under relevant legislation to date. While maintaining a strong compliance record is important to NCIG, we aim to operate beyond a compliance mentality. This is important for NCIG's social licence and building a strong rapport with our stakeholders.

We remain members of the Hunter Business Chamber, the NSW Minerals Council and the Hunter Valley Coal Chain Coordinator, all of which we value highly as forums for sharing knowledge and gaining insight into new government policy and the application of legislation. We also work with these stakeholders to liaise with government departments on policy issues that affect us.

In 2020, we will see new pieces of legislation concerning the Modern Slavery Acts take effect at both the Commonwealth and State level. We are currently putting resources into ensuring that NCIG complies with obligations under these acts. Our quarterly legal updates will continue to highlight pending government legislation before it applies to our operation.

# 2019 at a glance

2019 was a successful year for our business. While we did not achieve all of our key goals, the majority were exceeded and the remainder were close to target. We had encouraging results across all Key Result Areas (KRAs), a testament to the depth of talent across our team.

While our performance is important, the way we measure ourselves and communicate our results builds trust with our stakeholders.

PERFORMANCE ITEM	GOAL	ACTUAL	COMMENTARY	
<b>Operational &amp; Engineering Excellence</b>				
Operating Capability	71.3 Mt	<b>70.1 Mt</b>	Marginally below. Caused by increase in smaller vessel size	
Inbound Plant Availability	94.0%	<b>95.2%</b>	Good performance across number of plant outages	
Outbound Plant Availability	92.5%	<b>93.9%</b>	Good performance across number of plant outages	
Vessel Turnaround Time	3.0 days	<b>3.3 days</b>	Reduced coal availability at port for on-turn vessels	
<b>Customer Focus</b>				
Process Incident Managements	85% completion	<b>86.8% completion</b>	Strong focus on incidents affecting our customers, including corrective actions	
Material Process Incidents	0	<b>0</b>	No incidents with a significant consequence for NCIG or related third party	
<b>Safety, Environment and Community</b>				
Total Recordable Injury Frequency Rate	9 injuries/million hours	<b>8 injuries / million hours</b>	13 recordable injuries for the year, no lost-time injuries	
Environment & Community Complaints	3	<b>0</b>	No substantiated community complaints regarding operations	
Reportable Incidents under legislation	0	<b>0</b>	No incidents occurred which required reporting to environment or safety regulators	
<b>People</b>				
Achievement of Personal Development objectives	80%	<b>85%</b>	A strong performance individually for our people, leading to capacity building among our workforce	
Staff Absenteeism	3.0%	<b>3.2%</b>	Staff absenteeism marginally above target, but well below industry peers	
<b>Finance</b>				
Operating cost/Actual operating capability tonne	Within Budget	<b>1.4% Above</b>	Overall operations costs within budget. Lower than expected actual operating capability tonne	
No breach of material compliance obligations	0	<b>0</b>	No non-compliances recorded against material obligations	



## our people

### OUR PEOPLE ARE KEY TO OUR SUCCESS

Our people are key to our success and this is reflected in our values and everything we do. We take great pride in our business and have total commitment to the health, safety and wellbeing of all employees, contractors and visitors on our site. We continuously review and improve our systems and procedures, and engage with our workforce, offering various training and development opportunities, as well as health and wellbeing initiatives.

## SAFETY OF OUR PEOPLE

Keeping our people safe is a primary focus at NCIG. This is particularly evident at times when one of our employees or contractors is injured at work. Unfortunately, a total of 13 injuries were recorded during the year. All injuries were minor, although there were more than last year. However, the lesser nature of these injuries illustrates our success in effectively managing high-potential hazards and our healthy reporting culture.

The injuries comprised of three medical treatment injuries and ten first aid treatment injuries. There were no lost time injuries during the year, which represents a pleasing improvement from the past three years in which one lost time injury was recorded each year.

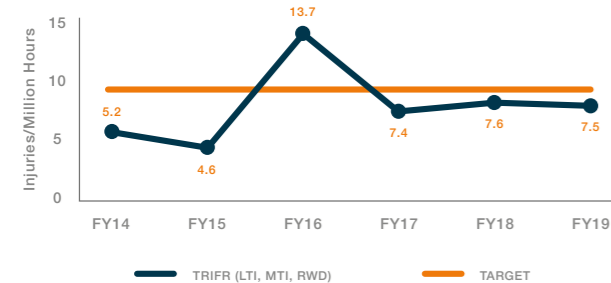
NCIG encourages active reporting of all injuries and incidents, no matter how minor. This helps us to identify areas of focus as we continue to improve our safety.

It is imperative that NCIG continues to maintain systems and procedures to the highest standard. This status is confirmed through an annual accreditation process of our safety system in accordance with international and national standards. A certification audit of the NCIG Health & Safety Management system, against the Australian standards AS/NZ4801 (in addition to an equivalent environmental standard audit) was undertaken in June 2019. The audit process found that NCIG systems conformed to relevant standards and there were no non-conformances or outstanding actions from the audit. In particular, the audit highlighted NCIG had *'instilled a positive culture to the management of WHS and environmental systems. During the audit, it was found that all persons interviewed had a good understanding of required processes and controls, and were open and willing to participate in the audit process'*.

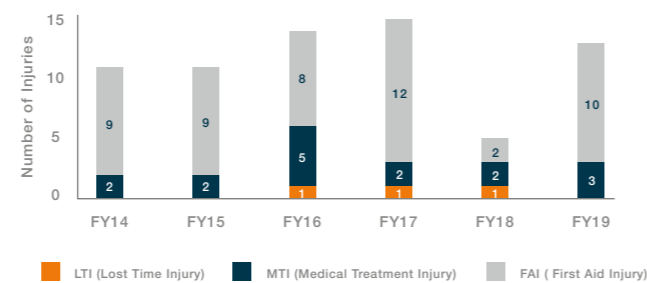
The Zero Incident Process (ZIP) behavioural safety program continues to be an important foundation of the NCIG safety culture. Training of all leader roles was completed in FY19 to reinforce their role in driving the NCIG safety culture and to reinforce the eight core leadership competencies that form a central element of the ZIP program. This forms part of a three year strategy towards Safety Citizenship.



**Total Recordable Injury Frequency Rate (LTI, MTI, RWD)**



**All Injuries (LTI, MTI, RWD)**



NCIG's All Injuries metric includes Lost Time Injuries (LTI – An injury that results in absence from work for at least a full day/shift), Medical time Injuries (MTI – An injury that requires attention from a medical professional) and First Aid Injuries (FAI – An injury that can be treated on site with immediate return to work). The Total Recordable Injury Frequency Rate (TRIFR) is a standard safety metric that includes the number of Lost Time Injuries (LTI) and Medical Time Injuries (MTI) per million hours worked on site. NCIG includes both employees and contractors in all our safety metrics and reporting.

## OUR CULTURE

Our business is built on a team of 110 employees (101 full-time and 9 part-time) and approximately 100 contractors, predominantly in maintenance support roles. Of our employee base, 19% are women and 81% are men. 104 of our employees are permanent and 6 are in temporary roles relevant to the current needs of the business. The following is a breakdown of our employees by age category: under 30 years – 7; 30-50 years – 83; over 50 years – 20.

Our executive team is predominantly sourced from our local area, with six of seven executive staff residing in the Hunter. Our executive staff breakdown is 29% female and 71% male.

We recognise our operation is dependent upon the quality, reputation and productivity of our people. As such, we continue to engage in regular analysis and planning to ensure the organisation's people-focussed objectives are achieved.

Central to this approach is the People and Communication Strategy, a suite of policies, processes and systems for managing employee related activities. This strategy was revised in 2019 and developed into the People and Communication Plan for 2020-2023. This sets the direction for people related activities across the business.

The key objectives of the plan are as follows:

- Develop a positive workplace culture that aligns to our company values;
- Create an environment for a stable and engaged workforce;

- Ensure the workplace is capable of continuous improvement; and
- Develop a flexible workforce able to respond to the changing needs of the business.

NCIG places a high emphasis on workplace culture and makes considerable investment into understanding and addressing workplace issues. Some indicators of the success of this investment are NCIG's low voluntary turnover, which remained steady at 2%, and low absenteeism rate of 3.2% in FY19.

## RENEWED WORK CONDITIONS

Close to 50% of NCIG employees are covered by the Coal Export Terminal (CET) Operations Workplace Agreement. This is a collective agreement which prescribes conditions of employment and entitlements for NCIG Operations and Maintenance Technicians. The four-year Enterprise Agreement was negotiated and approved by a workforce vote in November 2018. All parties worked amicably toward a mutually agreeable outcome, with the right spirit shown throughout the process.

NCIG continues to provide flexible work practices for employees. Where circumstances allow, employees enjoy flexible start and finish times and the business has exercised job share and part time arrangements for employees returning to work following parental leave. Given NCIG's low staff turnover, this is seen as an important workforce planning tool to allow the business to manage workforce demographics and encourage diversity.

## CELEBRATING 10 Years OF SERVICE

In 2019, a handful of employees were the first to celebrate ten years of service at NCIG. The group was recognised at a dinner with their partners and our executive. These individuals began working for NCIG during our construction phase and have seen the plant progressively develop to its current capability. This is a proud achievement for NCIG and its people and we congratulate our long-standing employees.



## DEVELOPING OUR PEOPLE

Employee competency remains a key area of focus for NCIG and we are committed to investing in training for our employees, from a compliance, competence and personal development perspective. In 2019, employees were provided with an average of 39 hours of formal training during the year. While the majority of these hours are made up of job-specific technical training, many employees were provided with development opportunities to assist in furthering their careers.

From an organisational perspective, development in the areas of change management, project management and behavioural safety were the main themes for the leaders across NCIG during 2019.

NCIG is committed to providing education, training and opportunities to the young people of our region. The business employs two apprentices and runs a program for university graduates. In June 2019, one of two graduates completed the program and accepted a human resources opportunity with another Hunter-based business. NCIG's environmental graduate continues to work in the HSEC department learning and experiencing the full scope of the environmental function.

## CREATING A HIGH PERFORMANCE CULTURE

During 2019, NCIG reviewed and overhauled its performance appraisal process and system. The main focus of the improvement process was to ensure the behaviours underpinning our cultural model are considered as important as the outcomes we achieve.

The new process was rolled out to the senior leadership team with a view to extending the system to the rest of the workforce in 2020. In addition to the incorporation of a behaviour framework, the new appraisal process targets key responsibilities and measures of success unique to each position in the business.



*“we are committed to the education and development of our people”*

2019



4

APPRENTICES & GRADUATES EMPLOYED



190 KG

COMBINED WEIGHT LOSS THROUGH BOUNCE PROGRAM



96%

EMPLOYEE PARTICIPATION MOVE FOR YOUR MIND



4,056

HOURS SPENT ON EMPLOYEE DEVELOPMENT

## HEALTH AND WELLBEING

NCIG places great importance on the health and wellbeing of our people. Our employee health program, 'Bounce', continues to lead industry practice. This program was introduced when operations began in 2010 and aims to help maintain or improve the health of site personnel during the term of their employment.

A ten-week 'Bounce' challenge was organised during the first half of FY19. It was centred around weight loss and body composition with a special focus on reducing sugary drinks intake. 108 people, including employees and contractors, completed the eight-week course, which represented 75% of our employee base. The combined weight loss across all participants was 189.7kg, an average of 1.75kg per person.

75%

of employees completed Bounce program

## SUPPORTING WORKPLACE MENTAL HEALTH

During the year, NCIG expanded its support for mental health initiatives in the workplace. We implemented a ten-week program, named 'Move for your Mind'. The initiative utilised interactive techniques to illustrate the benefits of physical movement and breathing practice to an individual's mental health. A noteworthy total of 96% of employees participated in the initiative. More than 80% of survey respondents indicated that the initiative helped them manage their stress levels at work and led to greater interaction with workmates across the business. The high participation and engagement experienced in our health programs is a true testament of the continued success of the 'Bounce' program.



## goals for 2020

Continue to implement the ZIP Program to embed safety culture principles on three-year journey towards Safety Citizenship

Keep High Potential Near Hit incidents below 8

Transition health & safety system to ISO45001 standard

Keep updated performance appraisal system roll out completed

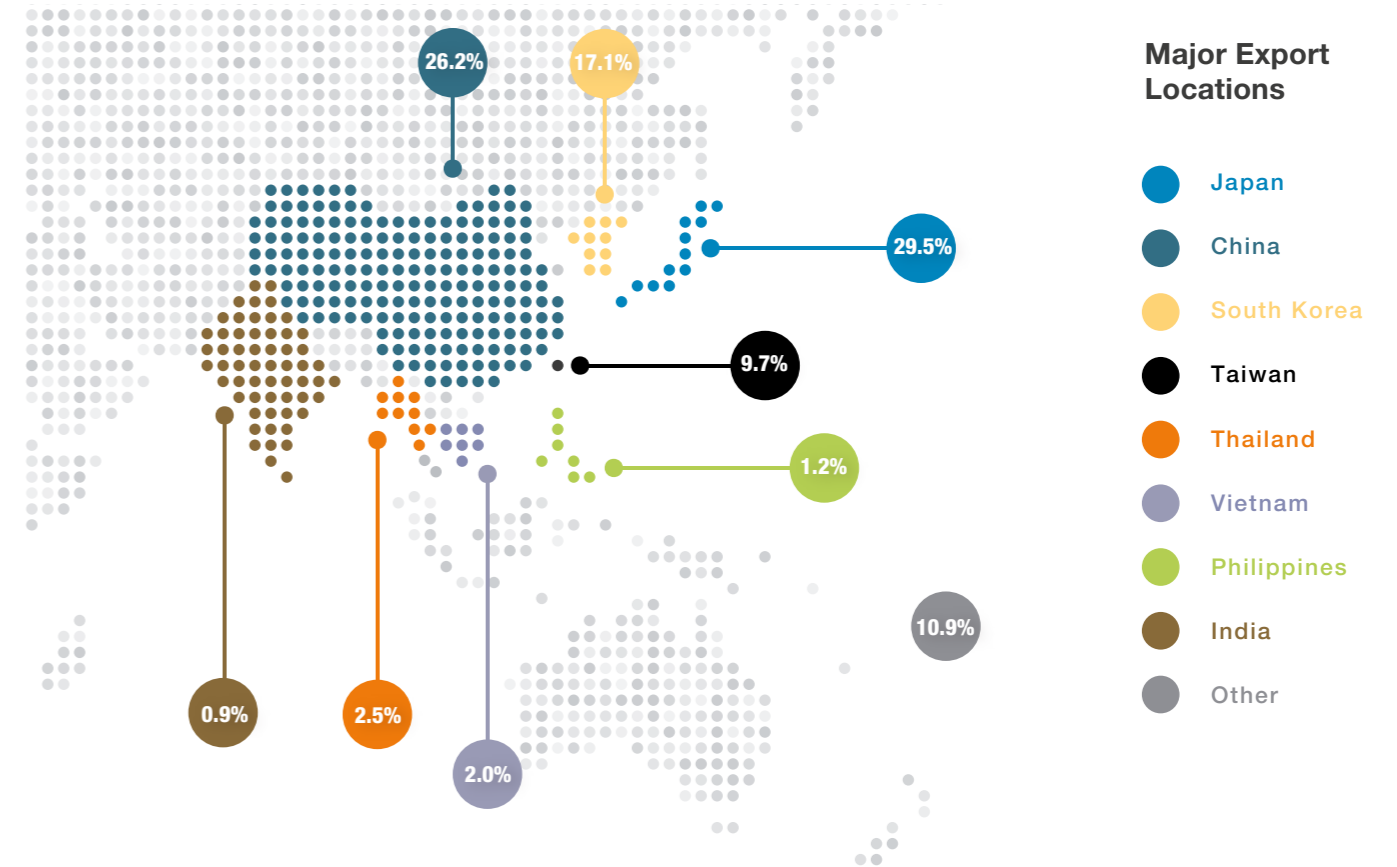
Achieve 100% critical role competency



## our customers

WE WORK CLOSELY WITH OUR CUSTOMERS TO ACHIEVE THEIR BEST POSSIBLE OUTCOME

Our customers are leading coal producers in the local region and broader NSW. We recognise each customer has their own needs which will change with time. It is our priority to obtain the best possible outcome for each individual customer while simultaneously balancing the interests of the collective customer group.



### WHO OUR CUSTOMERS ARE

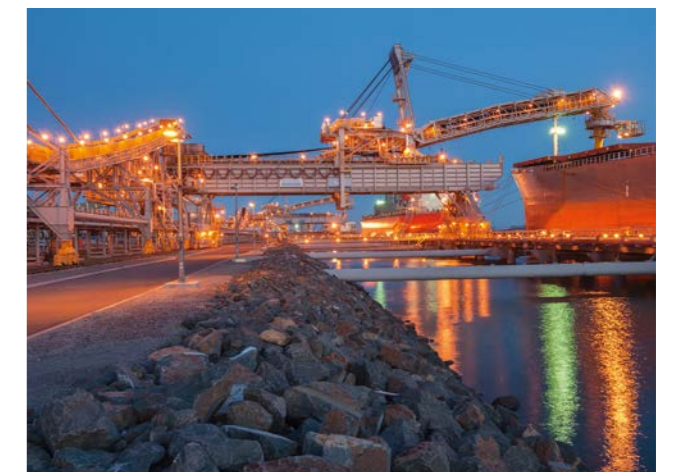
Our customers include BHP, Yancoal, Whitehaven Coal, Peabody, Centennial Coal, Idemitsu and MACH Energy. It is our role to connect their coal mines in Newcastle, the Hunter Valley, Gunnedah, Gloucester and Western Coalfields of New South Wales to the rest of the world. We do this by providing a quality service and ensuring capacity to meet their expectations.

### SUPPORTING OUR CUSTOMERS TO SUCCEED

NCIG's customer focus extends beyond the delivery of coal handling services. In addition to delivering the required throughput and operating capability to match demand, NCIG is striving to deliver a positive experience for our customers. The FY19 financial year has been characterised by NCIG's ability to work with our customers to support and enhance the business success of our shippers. Several pieces of recognition were received from our customers throughout the year relating to facilitating strong throughput, assisting in achieving product quality compliance, and the effectiveness of NCIG's quality management practices. Our positive customer service was underlined by maintaining an operational performance record without material impact incidents for our customers. Throughout the year we have seen a shift in the mix of vessel classes presenting at the terminal. Compared to the previous financial year, average vessel sizes dropped by around 10%, from 98kt in FY18 to 89kt in FY19.

This effect, driven by external forces in the market, has had an impact on NCIG operational performance metrics, particularly around vessel load rates and turnaround times. However, we are proud to have helped our customers complete an additional 50 vessels compared to FY18.

Locally, we have seen our customer mix changing. We have assisted Yancoal in executing the logistical changes associated with the acquisition of Coal and Allied and have welcomed the opportunity to establish working relationships with Glencore, their joint venture partner at Hunter Valley Operations. We were also excited to see MACH Energy transition the Mount Pleasant resource from a construction site to an active coal producer. And, as usual, we have continued to help facilitate short term capacity trading between shippers to enable them to meet their month to month capacity needs



## MEETING THROUGHPUT EXPECTATIONS

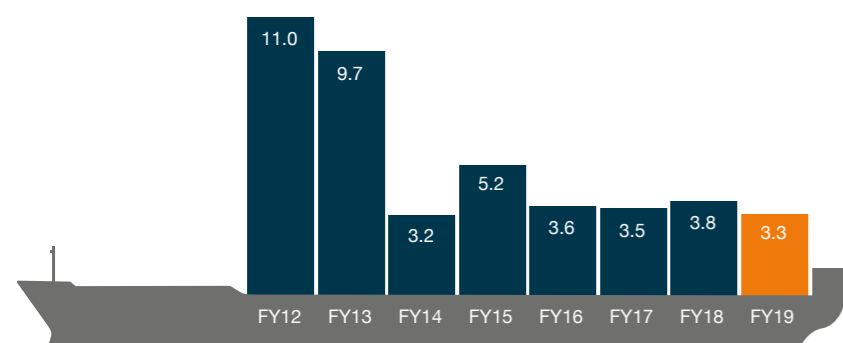
NCIG continues to deliver a coal handling service meeting and exceeding demand from our shippers. Total annual throughput for FY19 finished at 53.0Mt, which is generally consistent with the throughput trends of recent years.

The demand profile throughout the year was highly variable, resulting in both some of the smallest and largest throughput months the terminal has experienced for some years. The terminal had its second highest throughput month on record when total shipments reached 5.5Mt (64.5Mtpa annualised) in December 2018. In addition, 59 vessels were loaded over the month, the terminal's equal-highest monthly vessel count on record. In June 2019, total shipments reached 5.4Mt, the terminal's highest annualised monthly throughput (65.6Mt annualised) since operations began. Through shorter time periods within these months, total annualised throughput reached up to 90Mtpa annualised. This ability to 'flex up' generates value to our customers when needed and demonstrates the terminal's capability to handle throughput tonnages significantly above current levels if required.

The operational performance of the terminal continues to be market leading. Terminal operating capability (NCIG's measure of the potential terminal throughput that could have been loaded had demand been available) reached 70.1Mt in FY19. The FY19 result is approximately one vessel per month below the budget target of 71.3Mt. The end of year result is directly related to the vessel mix (smaller vessels are marginally less efficient for the terminal to handle). Despite this result, NCIG continues to provide sprint capability well above current demand levels as well as the terminal's approved and contracted Nominal Capacity of 66Mtpa. While the terminal cannot deliver total annual throughput above the consent level, this excess capability enables the 'sprint capacity' our customers value, helping achieve rapid train and vessel turnaround times, and reduced demurrage cost to the industry.

NCIG shippers continue to realise the benefit of NCIG's rapid vessel turnaround times, which saw our best result in five years, coming in at an average across all vessels of just 3.3 days for FY19. NCIG also tracks the vessel turnaround time excluding delays associated with vessel commercial terms and coal availability at the port. Shippers that routinely scheduled trains ahead of vessel arrival enjoyed an average of just 2.1 days from the time a vessel arrives off the port until departure. This remains consistent with NCIG's intention to provide a demurrage neutral service to our customers.

### Vessel Turnaround Time



Vessel turnaround time (VTAT) is a metric of the total time of a vessel loading event, including all delays encountered. It is calculated as the time between vessel arrival to the port until completion of the loading event at NCIG.

2019



50+  
LOADED VESSELS  
ON FY18 NUMBERS



53.0MT  
LOADING  
THROUGHPUT



5.4MT  
LOADED JUNE 2019  
NEW ANNUALISED  
THROUGHPUT RECORD  
MONTH



2.1 DAYS  
VESSEL TURNAROUND  
TIME FOR CUSTOMERS  
WITH COAL AT PORT

## ENHANCING USER EXPERIENCE

Throughout the year, NCIG continued the development and roll-out of new customer interfacing software systems. The new logistics management system streamlines the exchange of data between shippers, terminal service providers and NCIG. Numerous modules of the software are now online and further enhancements are planned for release across FY20. The result is a modern, intuitive and mobile NCIG interface for our customers.

During FY19, NCIG developed a contemporary version of the NCIG Operations Guidelines in consultation with our shippers. This document, which supports our commercial framework, now provides a comprehensive guide for logistics and operational interactions at NCIG.

The document has been designed to maintain the valuable balance between consistency and discretionary flexibility that results in a predictable user experience and the potential for enhanced customer outcomes. Since the implementation of the guidelines in February 2019, shipper representatives and NCIG employees have benefitted from the clarity of common expectations.

NCIG is proud to welcome visitors to the terminal and continues to provide high-quality site tours tailored to suit the needs of visiting parties. During the year we supported customers by facilitating more than 50 visits from existing and prospective coal buyers. NCIG continues to enhance this service by producing marketing material such as high-quality brochures, video content and animations to demonstrate terminal capability.

## INCREASING STOCKYARD CAPACITY

Work was undertaken during the reporting period to investigate and justify how stockyard storage volumes could be increased proportional to optimisation project capacity increases (66Mtpa to 74Mtpa). The project has identified a total potential increase in storage capacity of 0.5Mt, which could be realised through a number of low capital cost changes within the current stockyard footprint. Following endorsement by the NCIG Board in December 2018, the execution of these works will be conducted in FY20, which will see the existing storage volume increased by 12% to the benefit of our shippers.





## IMPROVING OUR BUSINESS SYSTEMS

NCIG continues to build upon the existing foundation as a technically advanced business with state-of-the-art electrical, business and control systems.

Projects have continued in line with the NCIG IT strategic plan to ensure our Enterprise Architecture and business systems adequately support our key business processes. Following the successful migration of a number of workloads in the previous year, work began on a cost-benefit analysis of migrating workloads from on-premise infrastructure to a cloud-based solution. We also continued to develop workflows for existing business processes with the aim of reducing manual processes and improving integration and workflow management between systems.

Significant works were undertaken to improve the IT security posture during the year, along with a formal audit conducted by an external security specialist. This was based on the 'Australian Government – Australian Signals Directorate Essential Eight Maturity Model' which provides a road map for future improvements to harden the IT security posture.

## goals for 2020

**Implement 12% increase in stockyard storage capacity**

**Continue to roll-out of Logistics Management System**

**Achieve Zero Material Process Incidents\***

\*an incident with a significant consequence for NCIG or a related third party

## STRONG ASSET MANAGEMENT PRACTICES

NCIG has adopted a holistic approach to the management of assets to proactively and sustainably manage risk, cost and performance of the assets over the life of the terminal. In 2017 an Asset Integrity Alliance was formed with Aurecon, the original plant designer. The multi-year initiative aims to further develop our asset integrity strategy and supporting practices associated with major structural elements, to allow for long-term asset reliability as the plant ages. Key FY19 activities as part of the Asset Integrity Alliance included the continued development of Finite Element models, review and update of the Asset Management Plans and the establishment of further detailed asset integrity inspections.

The terminal assets continued to perform with high levels of reliability and availability in FY19. The plant reliability (the measure of unplanned equipment downtime) exceeded 98%, while the plant availability for operations averaged more than 94%. These outstanding asset performance results are testament to NCIG's well defined and structured maintenance and condition monitoring programs. Our routine condition monitoring programs include both state-of-the-art automated machine monitoring through sensor and control systems and regular manual inspections, testing and analysis of key equipment and components. All data is analysed and used as a key input to the creation of both short and long-term predictive asset maintenance plans. This practice, in combination with well-defined asset management plans as part of the Asset Integrity Alliance, will ensure the plant continues to meet current and future capacity, as well as throughput demands of the business.

98%  
plant reliability



## our environment

### WE ARE COMMITTED TO MANAGING OUR IMPACTS AND PROTECTING OUR ENVIRONMENT

We manage our operations as best we can to limit our impact on local air quality, water resources, noise amenity and biodiversity. We make every effort to meet all regulatory requirements and the expectations of our stakeholders. Information about our environmental procedures is publicly available, as are environmental assessments, management plans and monitoring data.

## MEETING ENVIRONMENTAL REGULATIONS

NCIG is subject to strict environmental regulation in respect of its operation, land development and construction activities, governed by both State and Federal authorities. Environmental management processes are in place and have been maintained throughout FY19 to ensure continuing compliance against requirements relating to air quality, noise and water quality. NCIG is also obliged to facilitate audits and provide relevant authorities with regular updates on the activities and compliance status of the terminal. Throughout the year, there were no breaches of any environmental regulations that NCIG is subject to. No significant or material environmental incidents occurred as a result of NCIG activities.

During March, NCIG completed an Independent Environmental Audit (IEA) of the terminal against relevant Project Approval, Environment Protection Licence and Commonwealth Approval conditions, as well as Statements of Commitments from the Project Environmental Assessment. This was the first IEA conducted in three years and was completed by a specialist lead auditor, approved by the Department of Planning and Environment. The audit was completed over a three-month period and took into account the past three years of environmental and community performance. Of 228 conditions, the audit found three non-compliances, which were all classified as low-risk or administrative. Remedial actions have been agreed to with the regulator and are to be implemented over a 12-month period.

In addition to the above, NCIG once again met the relevant provisions of the international standard for environmental management systems, ISO14001. NCIG's strong commitment to management of environmental risks was highlighted during the audit.

## MANAGING ENVIRONMENTAL RISK

NCIG continues to focus on key environmental risks resulting from its operations. Projects have been initiated to review both onsite water and dust management to reduce our impacts on the surrounding environment.

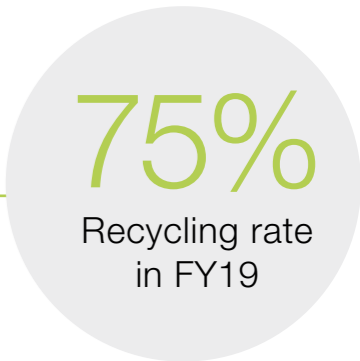
The water management project aims to better manage and reduce the business risk associated with uncontrolled water discharge events from the NCIG site as a result of prolonged or heavy rain.

During the year a computerised water model was developed to better understand the performance of the site water management network during rainfall events. This tool also allows potential water network improvements to be systematically evaluated, enabling further options to be prioritised for future execution. Minor infrastructure works were also executed during this period to improve the efficiency of the current system and further reduce risk associated with high flow events.

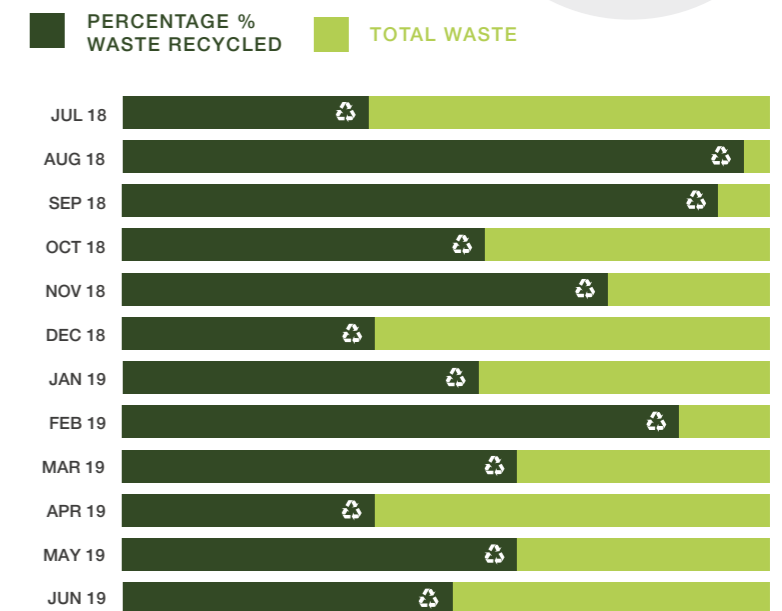
A review of the NCIG Dust Management System was conducted by an external specialist during FY19, with a number of minor system improvements identified. Additional dust containment measures were trialled on site during the period. The dust management project will continue to be implemented during FY20 to ensure optimal processes and procedures are adopted on site to manage dust emissions.

## IMPROVED RESOURCE MANAGEMENT

As part of NCIG's commitment to improving sustainability performance, we continue to focus on the way in which we manage our waste. This focus saw NCIG reach two sustainability milestones during the year. A recycling rate of 75% was achieved, exceeding our target of 65%, which is the company's best annual recycling performance to date. The second achievement relates to our participation in a locally-based waste management pilot program to recycle soft plastics, including introduction of a new recycling stream onsite and a number of employee engagement activities. Since the implementation of this program in 2018, NCIG has collectively recycled more than one tonne of soft plastic, meaning that the equivalent of more than 250,00 individual pieces of plastic have been diverted from landfill. While we have not yet implemented a solution onsite that utilises recycled product sourced from soft plastic, plans are underway to have infrastructure installed in FY20, managed and installed by our Operations technicians.



**FY19 Monthly Recycling Rate**



## RECOGNITION FOR ENVIRONMENTAL PERFORMANCE

NCIG received recognition for environmental performance in November 2018, following on from International and State awards in FY18. Keep Australia Beautiful NSW presented the Coastal and Waterways Protection Award to NCIG for environmental sustainability relating to the Shorebird Habitat Restoration project being undertaken by NCIG on Ash Island. NCIG also received a Highly Commended in the Habitat and Wildlife Conservation Award category. These awards have a local focus and are for projects that create, restore and sustain biodiversity of our native flora and fauna in urban environments, creating wildlife corridors and encouraging habitat conservation.

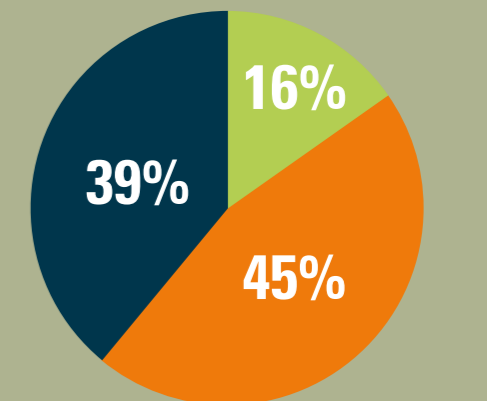


## NCIG'S WAR ON WASTE

Over the past two years, NCIG has strived to improve its recycling. Part of this process was to take a closer look at waste sent to landfill from the terminal. Through a partnership with local sustainability consultant, Cross Connections, and waste management contractors Remondis, NCIG sought to identify further recycling opportunities.

An onsite waste audit was conducted, with employees and contractors actively separating the contents of a 10m skip, normally destined for landfill. The results were encouraging. Materials for which there were existing recycling streams were only found in small quantities, while there were opportunities identified to recycle wastes sent to landfill. By implementing two new recycling streams NCIG can now reduce the amount of waste sent to landfill by more than 50%. The materials that contributed the greatest weight in the general waste bin were rubber, used mainly in conveyors (45%), and mixed plastics (7%).

NCIG will also work on delivering additional recycling training to employees and contractors. By sharing our process and findings of our audit, NCIG expects to be a leading industry example in sustainability practices.

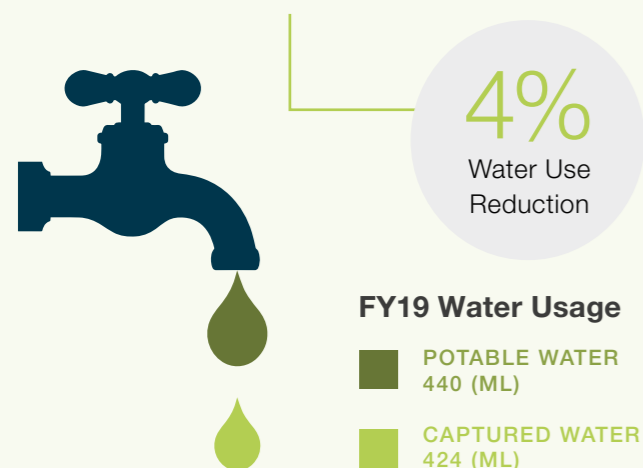


**Landfill** **Rubber** **Other Recyclables**  
incl. mixed plastics, paper, metal, soft plastics



## OUR ENVIRONMENTAL RECORD

NCIG has continued to strive for strong environmental performance throughout the year. We maintain a water management system preferencing the use of captured water over potable water. When onsite settling ponds contain water, this is drawn down for uses such as dust suppression. For the year, we used 39 megalitres less than the previous reporting period, which represents more than 4% less in onsite water use. This is the result of onsite water control logic changes and weather conditions requiring dust suppression. We also experienced no discharge events to the Hunter River during the reporting period, compared to one event in FY18.



We continue to monitor our current performance as we improve the way we control potential dust and noise emissions from site. Throughout the year, we performed well against applicable standards. Average daily particulate levels were below relevant standards at NCIG monitoring sites, with the exception of 23rd January where daily average PM10 concentrations were marginally above the relevant guideline at Mayfield. Our estimate of PM10 emissions generated from site fell by almost 16% due mostly to a review of site surface conditions such as re-vegetated areas. Our terminal remained within site-specific noise limits to ensure surrounding suburbs were not impacted by the operation of plant and machinery.

NCIG has a strong tradition in caring for and enhancing the biodiversity values of the land we manage. In 2019, we set ourselves a target of achieving at least one breeding event of the green and golden bell frog, a listed endangered species, within the compensatory habitat we manage. As a result, we successfully achieved two breeding events. We will continue to invest the appropriate resources to make our biodiversity offsets, including our migratory shorebird habitat, sustainably managed areas supporting targeted ecological values.

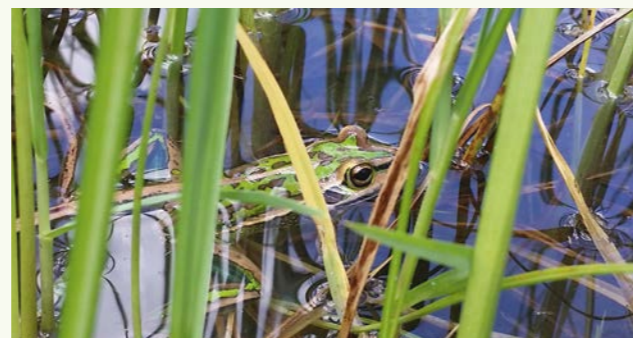
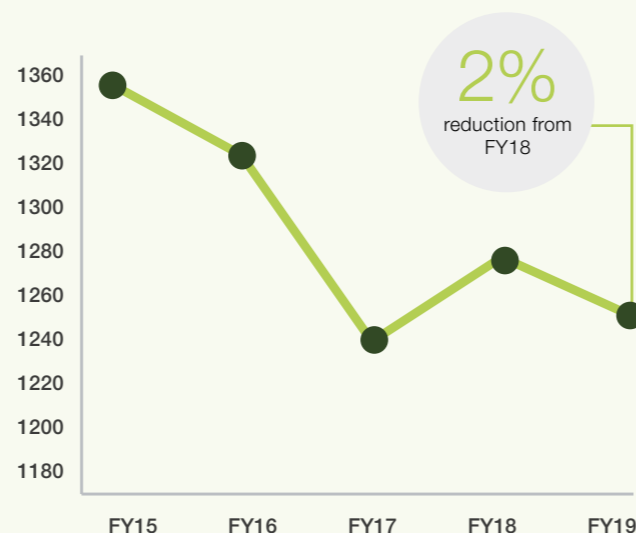
We also set ourselves a target of planting 500 trees and shrubs across the NCIG terminal site, which we exceeded. We care for our local environment and have a deep understanding of the value that natural assets bring to an industrial site.

## IMPROVING OUR ENVIRONMENTAL FOOTPRINT

As well as water, electricity and energy usage are a management consideration NCIG takes seriously. Our energy usage for the period was 295,258 GJ at a rate of 5.55 MJ per tonne of coal exported. This is a total energy usage reduction of 1.6% from the previous year. We continue to monitor and calculate emissions of all types resulting from the operation of our plant, including the use of electricity and raw materials. Through National Pollutant Inventory (NPI) and National Greenhouse and Energy Reporting (NGER) requirements, we have a detailed understanding of where our emissions stem from. We generated 349 tonnes of CO<sub>2</sub>-equivalent greenhouse gases from our operations and 65,106 tonnes indirectly through the purchase of electricity generated offsite.

In 2019 we completed a Greenhouse Gas Emissions (GHG) assessment, which included an assessment of our energy usage. The assessment identified a number of opportunities for further investigation, including the equipment we use, where we source our electricity and the logic we employ for major plant items onsite. We commit to pursuing opportunities across the coming years to reduce emissions from our facility in line with contemporary community expectations and to play our role in addressing the causes of climate change.

### Tonnes of CO<sub>2</sub>-equivalent emitted per million tonnes of coal exported



*“we strive for the best standards in environmental management”*

### goals for 2020

- Continue business critical projects on Dust & Discharge Water
- Achieve measurable reduction in dust emissions from site during high dust risk events
- Pursue water resource option with local recycled water utility manage
- Achieve 70% recycling rate
- Implement greenhouse gas reduction or energy savings measures

**2019**

**OVER 4%**  
REDUCTION  
IN WATER  
CONSUMPTION

**TWO**  
NEW RECYCLING  
STREAMS  
INTRODUCED

**250,000**  
INDIVIDUAL PIECES  
OF PLASTIC  
DIVERTED  
FROM LANDFILL

**2**  
GREEN AND GOLDEN  
BELL FROG BREEDING  
EVENTS IN NCIG  
COMPENSATORY  
HABITAT



# our community

## WE ARE PART OF OUR LOCAL COMMUNITY

We believe we have a responsibility to contribute to the community in which we operate, and being connected to the people in our surrounding communities is an important part of our sustainability approach. We welcome constructive interaction and actively engage and cooperate with our community members so we can listen to their feedback and concerns.

## ACTIVELY ENGAGING

We value the views of our local community members, regarding our operations, the way we connect to and support the community, and our approach to environmental protection. While NCIG has been active in numerous industry and community forums since we began our operations in 2010, it had been a number of years since NCIG had hosted a community consultation forum specifically regarding terminal operations. In 2019, we re-established a community consultation group for the first time since construction in 2010. Our Community Engagement Group (CEG) comprises representatives from the local community, as well as NCIG operations representatives. Community members on the CEG represent portside suburbs like Fern Bay, Fullerton Cove, Mayfield and Carrington.

Our initial meeting in April was well received by attendees, and included a tour of the facility, an introductory presentation on our operation and an overview of our environmental management system. The CEG will meet routinely to discuss operational activities, community concerns or complaints, our environmental performance and other community engagement and investment opportunities. We welcome this re-established element to our business and look forward to working with our community representatives to ensure a sustainable operation and to support endeavours that build capacity in portside suburbs and the broader Newcastle area.

## OPENING OUR DOORS TO THE COMMUNITY

In 2019, we started our community site tours for interested residents and members of the public wanting to know more about our terminal. The tours operate bi-monthly and provide visitors with a close-up look at our operations, including our automated machines, personnel and interesting facts about the terminal. Visitors to date have been very pleased with the level of detail provided in the tour and the increased knowledge on the importance of the export coal industry to the Hunter Region.

For a free, fully guided site tour, please head to our website to register yourself, your family and friends.  
<https://www.ncig.com.au/community/book-a-tour-at-ncig>

*“we understand the importance of supporting the local community”*

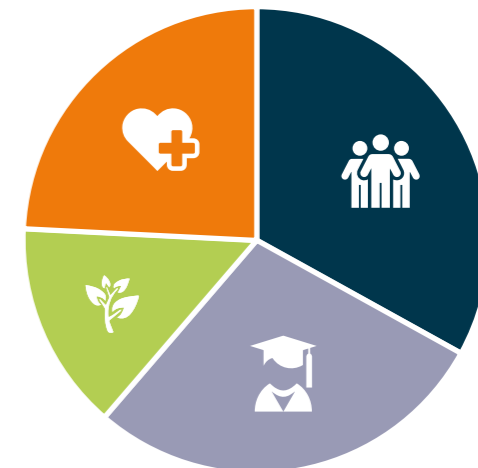
## DEVELOPING COMMUNITY PARTNERSHIPS

NCIG has a long-standing tradition of contributing to the local community. This began in 2010 with the Community Support Program (CSP). To date, NCIG has supported more than 400 community projects and provided over \$1.6M to local community groups through the CSP. This is an initiative we will continue to support into the future to contribute to healthy and vibrant communities.

While NCIG has developed a number of enduring relationships with local volunteer and interest groups through the CSP – Soul Café, Mission to Seafarers, the Hunter Bird Observers Club and Variety to name a few – we have been looking for a targeted investment initiative that assists in building capacity in groups servicing our local community. During the year we established a Community Partnership Program (CPP) to complement our existing CSP. The CPP focuses on investment in the areas of education, health, environment and community wellbeing; and delivers a three-year partnership with organisations to allow them to provide a meaningful difference in their area of support. In 2019, we announced HunterWiSE as our inaugural CPP partner, an organisation providing important support to young women in STEM education. Read further to find out more about this organisation and partnership.

We are very excited about our future CPP partners, in particular the benefits these groups will deliver to communities in the Newcastle area.

### FY19 Community Investment





### HUNTERWISE – OUR EDUCATION PARTNER

In February 2019, NCIG finalised our first community partnership agreement with HunterWISE – a program focusing on educational outcomes for young women in our community. HunterWISE is a University of Newcastle initiative providing a high school-based program to support and encourage women in Science, Technology, Engineering and Mathematics (STEM). The agreement will extend over a three-year period and

will provide direct support for the program to be rolled out at Newcastle High School and Callaghan College - Waratah Campus, both in the terminal's local school catchment.

An opportunity was also provided for program participants to visit the NCIG site to gain an appreciation of a STEM-based industry and potential career opportunities. NCIG staff provided interactive experiences demonstrating the importance of science and engineering principles to the terminal operations. Interactive learning activities included building small carrier vessels and conducting density tests, and automation programming using Lego Boost®. The students thoroughly enjoyed these sessions, as did the teachers, HunterWISE staff and NCIG employees. We look forward to welcoming students back to the terminal over the coming years. To find out more about the HunterWISE program, visit [www.newcastle.edu.au/research-and-innovation/centre/hunterwise/about](http://www.newcastle.edu.au/research-and-innovation/centre/hunterwise/about)



### JOHN HUNTER CHILDREN'S HOSPITAL OUR CHOSEN CHARITY

The biennial NCIG Charity Ball was held in September 2018. Our chosen charity for the event was the John Hunter Children's Hospital.

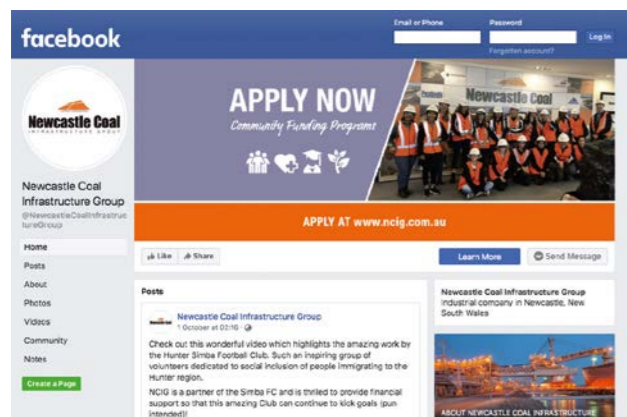
The gala event was organised by NCIG employees who donated their own time and worked together to bring the ball to life. The event was a standout success and NCIG proudly presented a cheque for just over \$100,000 to go towards the refurbishment of a four-bed patient room in the H1 ward, a room that had not been refurbished since the hospital opened in 1991.

The refurbishment was completed by the hospital throughout FY19 and the children and young people admitted to the room are now welcomed into a bright, colourful and vibrant space to enhance their healthcare experience during their stay.

Our business is proud to see the NCIG Charity Ball become a loyally-supported institution, collectively generating more than \$500,000 in funds since 2012, delivered to 6 different charities.

### GOING SOCIAL

As part of our Communications and Engagement Strategy, NCIG went live on Facebook during the year to support its existing LinkedIn social network presence. This is an important part in NCIG communicating the story of its role in the community. We recognise the informal nature in which people socialise and wish to obtain information. We believe is a more effective way for us to speak to our community partners and create easily-accessible awareness of the important activities we support and are involved in.



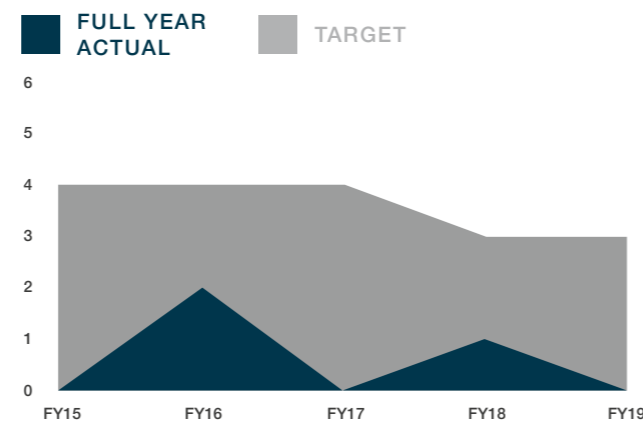
### OUR RECORD WITH THE COMMUNITY

During the year a very limited number of enquiries and complaints were received from community and we worked closely with stakeholders to address and resolve their concerns. None of the complaints made were found

to have been due to NCIG operations. This is a strong result for NCIG. However, we continue to improve our environmental management controls, particularly to manage dust from our operations, so we can limit any impacts this has on our surrounding land users.

We recognise there are members of our community fundamentally opposed to the coal industry. While this contrasts with our business, we respect the right to these views. However, we strongly denounce any protest activity that puts the safety of the public at risk, including members of protest organisations. The NCIG terminal continues to be the subject of infrequent illegal protest activity, including trespass and accessing an industrial site with inherent safety risks. We will work with government authorities to deter future protest activity and continue to ensure that site personnel, including security staff, are appropriately trained and competent in responding to illegal entrants to our site.

### Registered Complaints FY15-19



2019



40

COMMUNITY GROUPS SUPPORTED THROUGH COMMUNITY INVESTMENT ACTIVITIES



\$100,000+ RAISED FOR JOHN HUNTER CHILDREN'S CHARITY



OVER \$1.6M INVESTED THROUGH COMMUNITY SUPPORT PROGRAM SINCE 2010



ZERO REGISTERED COMMUNITY COMPLAINTS

### goals for 2020

Establish a second three-year community partnership with a local organisation

Embed community engagement activities in routine operations, e.g. CEG meetings, community site tours



## our suppliers

### OUR CONTRACTORS AND SUPPLIERS ARE AN INTEGRAL PART OF THE NCIG TEAM

At NCIG, our suppliers are critical to our operation and form a part of our core values. They are integral to many features of our business, particularly maintenance, supply and human resources. We invest heavily in the businesses that support us, and are proud of the contribution we make to the economy, both locally and across the country, by engaging these businesses.



### OUR APPROACH TO PROCUREMENT

NCIG relies heavily on the supply of products and services from local businesses. We have a strong tradition of engaging local contractors, across maintenance, engineering, human resources and other specialist services. Many of our critical supply partners are based in Newcastle and the broader Hunter Region.

The daily operation of NCIG relies on the critical role played by a number of key contractors, particularly in maintenance functions across several specialised technical disciplines. Representatives from contracting organisations like Downer, Port Hunter Conveyors, Cleanaway, Doito, Goldspring and Wheeler Cranes, were familiar faces within our business throughout the year, and are an important part of the NCIG team.

NCIG's contracting philosophy is critical to a responsive and agile workforce. We will continue to support local businesses in this endeavour, a key principle in our sustainability approach.

### SUPPORT FOR LOCAL ECONOMY

We aim to source as much as possible from local businesses, and make a substantial contribution to the local and regional economy through the procurement of goods and services. In 2019, NCIG spent over \$49 million on goods and services in the Hunter Region and more than \$55 million in New South Wales.

**\$49.3M**  
spent on goods & services in local region



### FY19 Economic Investment

- HUNTER/CENTRAL COAST - \$49.3M
- REST OF NSW - \$5.9M
- REST OF AUS - \$5.2M
- REST OF WORLD - \$0.1M

*\*The above excludes major utility costs and royalties/taxes*

NCIG has continued to work closely with its key suppliers in FY19. Routine quarterly update meetings and collaborative contract reviews are now a fundamental part of the NCIG-contractor relationship. We believe this process is a strong outcome for both parties and leads to successful business practice. We also engaged over 40 new contractors during the year, with over 280 suppliers actively engaged throughout the financial period.



### LOCAL BUSINESSES SUPPORTING OUR PEOPLE'S HEALTH AND THE ENVIRONMENT

Our people and the environment are important to NCIG – they form our business values. Protecting and promoting the health of these values is also important to us, which is why we look for local specialist organisations to assist us in this endeavour.

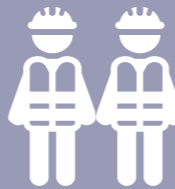
Companies like Ethos Health – a locally-based provider of physiotherapy, rehabilitation and nutrition services – assist us in ensuring our employees and contractors lead wholesome and productive lives, both at work and at home. They have helped us develop the hugely successful Bounce program, which has seen high levels of participation and fantastic health results for our people.

The environmental conservation activities that NCIG implements are also well supported by local organisations, including the University of Newcastle and Conservation Volunteers Australia. Throughout the year, NCIG invested \$220,000 in activities to support the conservation of the green and golden bell frog and migratory shorebirds, completed by these organisations, their subcontractors and other local environmental consultants. Employing local researchers and environmental professionals, these organisations help ensure strong conservation outcomes for local biodiversity values.

2019



**\$55 MILLION**  
INVESTED ACROSS  
NSW THROUGH  
SUPPLIERS AND  
CONTRACTORS



WORKING WITH  
**184 LOCAL**  
BUSINESSES IN THE  
HUNTER REGION



**OVER \$330K**  
SPENT ON  
EMPLOYEE HEALTH  
& ENVIRONMENTAL  
CONSERVATION THROUGH  
LOCAL BUSINESS



## Focus for the Future

**We believe constant review of our measures and targets into the future will ensure we are a sustainable business. We have maintained some measures for FY20, and developed new ones which will align us more effectively with our stakeholders needs and expectations. Some key focus areas are described below.**

### People Development Strategy

We will continue to develop the capability of our people, particularly critical roles and competencies. High performance remains a strong feature of our business, and we wish to further nurture attitudes that work towards a positive work culture. To support this initiative, our personal performance frameworks will be renewed and rolled-out throughout the coming year.

### Delivering a Valued Service

To support our customers in realising the full value of their product, we will once again focus on ensuring a level of service that makes NCIG the terminal of choice. We will be working on increasing stockyard capacity available to our customers throughout the year as a key part of enhancing our service. We will also work towards realising our ability in achieving greater throughput by engaging with government regulators and the community on future opportunities to gain increased annual tonnages.

### Holistic Safety and Environment Performance

We believe our safety and environmental performance should be measured comprehensively. This means that avoiding injuries and pollution incidents are not the only

measures of success. In FY20, we will hold ourselves accountable for maintaining a workplace that is free from major hazards that may otherwise lead to serious incident, having a healthy workforce and continuing to reduce environmental impacts across our border.

### Maintaining Strong Operating Capability

We pride ourselves on having a flexible operation. This means we must 'flex-up' in delivering expeditious service to our customers – efficient unloading and loading, working with customers to ensure product availability, minimal vessel turnaround time. This is once again a focus area for the business in the coming year.

### Prudent Risk Management

To date, our business has been effective at managing major risks to terminal operations across a number of key result areas. We wish to demonstrate this ability to our stakeholders in FY20, and to continue to challenge ourselves on prudent risk management practices. The completion of Risk Control Action Plans (RCAPs) will be a key focus for the business.

### Embedding Community in our Operations

In the past year, we have worked extensively at furthering our engagement with the community and seeking meaningful feedback on our performance. We wish to ensure our community initiatives are fully embedded into our operation and that our community members have access to key personnel in our operation on important issues.

## goals for 2020

**Report against Commonwealth and State modern slavery requirements, including reporting on our supply chain**

**Conduct an options assessment of sustainable procurement opportunities**

## GRI RECONCILIATION

This table provides details of report content which aligns with the GRI Global Reporting Standards. This is the first NCIG Sustainability Report developed to align with GRI and is in accordance with the GRI Standards: Core Option.

		PAGE REF.	NOTES
<b>GENERAL DISCLOSURES</b>			
<b>ORGANISATIONAL PROFILE</b>			
102	1	Name of Org	Cover Page
102	2	Activities, Brands, Products and Services	8, 9
102	3	Location of Headquarters	9
102	4	Location of Operations	9
102	5	Ownership and Legal Form	9
102	6	Markets Served	10
102	7	Scale of the Organisation	9 Net sales and total capitalisation omitted from report due to commercial in-confidence
102	8	Information on Employees and other Workers	19
102	9	Supply Chain	23
102	10	Significant Changes to the Organisation and its Supply Chain	23 Mach Energy was added as a new customer in FY19
102	11	Precautionary Principle or Approach	15, 28, 39
102	12	External Initiatives	28 NCIG participates in several external initiatives such as the International Organisation for Standardisation (ISO) and the United Nations Sustainable Development Goals. NCIG also supports external initiatives such as HunterWISE and is a member of the Hunter Business Chamber
102	13	Memberships of Associations	15
<b>STRATEGY</b>			
102	14	Statement from Senior Decision Maker	6, 7
102	15	Key Impacts, Risks and Opportunities	14, 15
<b>ETHICS AND INTEGRITY</b>			
102	16	Values, Principles, Standards and Norms of Behaviour	12
102	17	Mechanisms for advice and concerns about ethics	3, 7, 34
<b>GOVERNANCE</b>			
102	18	Governance Structure	15
102	20	Executive-level authority for economic, environmental and social topics	15
102	21	Consulting stakeholders on economic, environmental and social topics	13
102	23	Chair of the highest governance body	15
102	26	Role of highest governance body in setting purpose, values and strategy	15
102	30	Effectiveness of risk management processes	15, 39
<b>STAKEHOLDER ENGAGEMENT</b>			
102	40	List of stakeholder groups	13
102	41	Collective bargaining agreements	19
102	42	Identifying and selecting stakeholders	13
102	43	Approach to stakeholder engagement	13, 33
102	44	Key topics and concerns raised	14

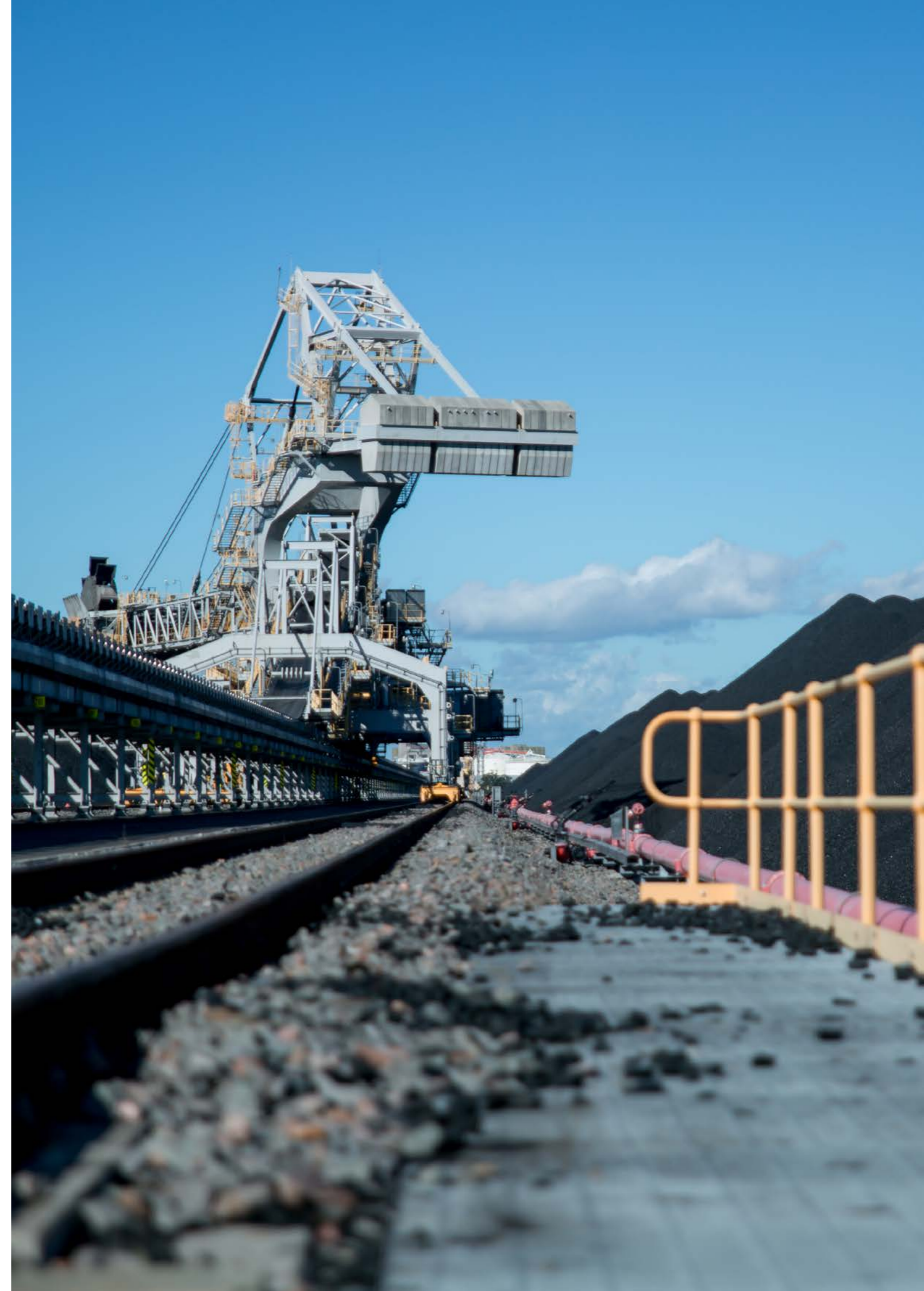
<b>REPORTING PRACTICE</b>			
102	45	Entities included in the consolidated financial statements	3
102	46	Defining report content and topic boundaries	13, 14
102	47	List of material topics	14
102	48	Restatement of information	N/A There were no restatements of information contained in the report
102	49	Changes in reporting	13 Consolidation of material topics from previous reporting period
102	50	Reporting period	3
102	51	Date of most recent report	3
102	52	Reporting cycle	3
102	53	Contact point for questions regarding the report	3
102	54	Claims of reporting in accordance with the GRI standards	3
102	55	GRI content index	3, 40
102	56	External assurance	3

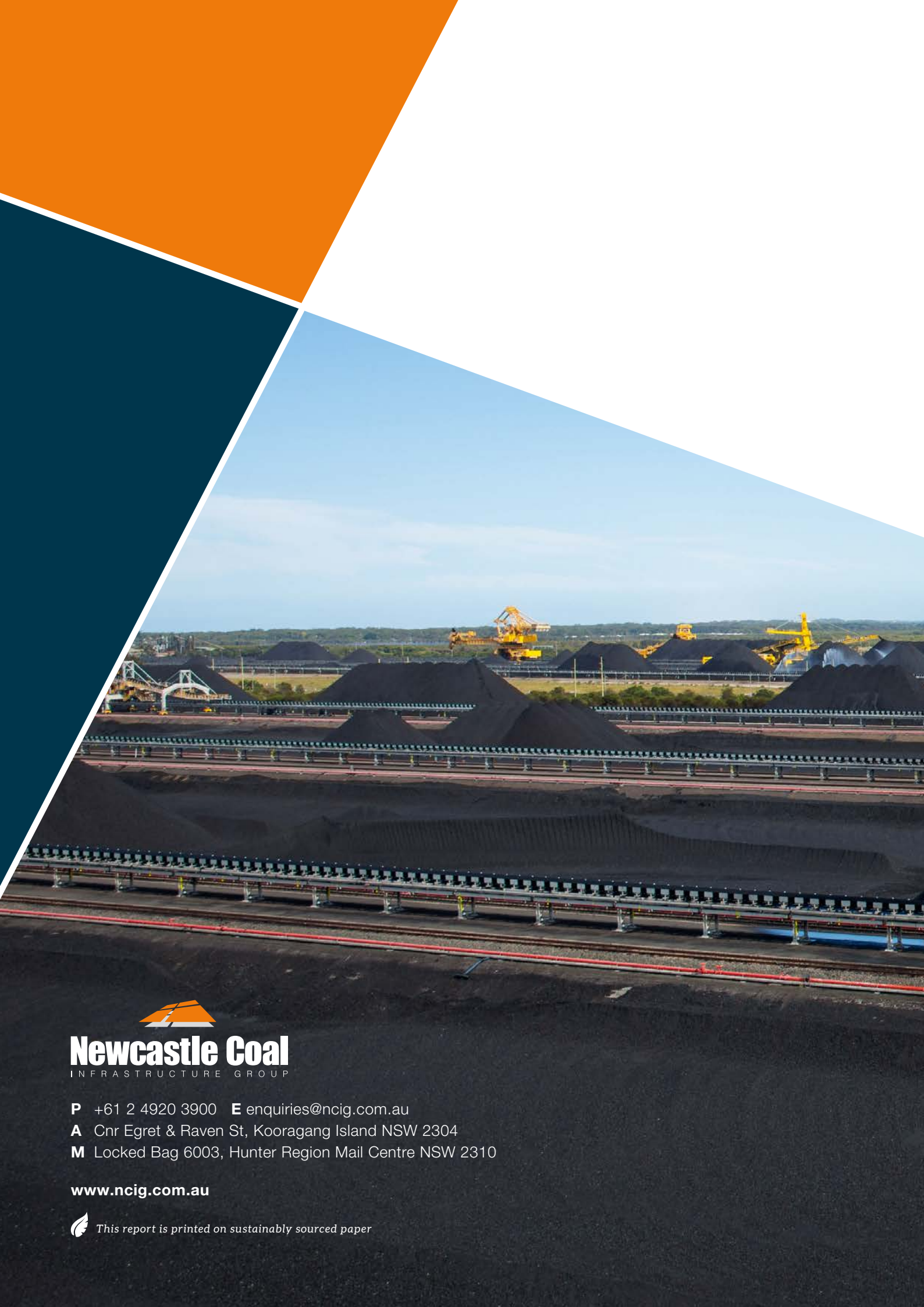
<b>MANAGEMENT APPROACH</b>			
103	1	Explanation of the material topic and its boundary	14
103	2	The management approach and its components	10, 11, 12, 15
103	3	Evaluation of the management approach	16, 18, 19, 20, 21, 23, 24, 26, 29, 30, 31, 33, 34, 35, 37, 38

<b>GRI 200 ECONOMIC STANDARDS SERIES</b>			
<b>ECONOMIC PERFORMANCE</b>			
201	1	Direct economic value generated and distributed	37, 38
<b>MARKET PRESENCE</b>			
202	2	Proportion of Senior Management hired from the local community	19
<b>INDIRECT ECONOMIC IMPACTS</b>			
203	2	Significant indirect economic impacts	37, 38
<b>PROCUREMENT PRACTICES</b>			
204	1	Proportion of spending on local suppliers	37, 38

<b>GRI 300 ENVIRONMENTAL STANDARDS SERIES</b>			
<b>ENERGY</b>			
302	1	Energy consumption within the organisation	30
302	3	Energy intensity	30
302	4	Reduction of energy consumption	30
<b>WATER</b>			
303	1	Interactions with water as shared resource	28
303	2	Management of water discharge-related impacts	28
303	5	Water consumption	30
<b>BIODIVERSITY</b>			
304	1	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	28, 30
304	3	Habitats protected or restored	28, 30

EMISSIONS			
305	1	Direct (Scope 1) GHG Emissions	30
305	2	Energy indirect (Scope 2) GHG Emissions	30
305	4	GHG emissions intensity	30
305	5	Reduction of GHG emissions	30
305	7	Nitrogen oxides, sulfur oxides and other significant air pollutants	30
			FY18 PM10 estimate - 71,047 kg, FY19 PM10 estimate - 59,885 kg (calculated for NPI reporting)
EFFLUENTS AND WASTE			
306	1	Water discharge by quality and destination	30
			FY18 - 1 discharge event to Hunter River (Approx. 4,000 KJ), FY19 - 0 discharge events
306	2	Waste by type and disposal method	29
306	5	Water bodies affected by water discharges and/or runoff	30
ENVIRONMENTAL COMPLIANCE			
307	1	Non-compliance with environmental laws and regulations	28
GRI 400 SOCIAL STANDARDS SERIES			
EMPLOYMENT			
401	1	New employee hires and employee turnover	15, 19
401	2	Benefits provided to full-time employees that are not provided to part-time or temporary employees	21
OCCUPATIONAL HEALTH AND SAFETY			
403	1	Occupational Health and Safety Management System	17
403	2	Hazard Identification, risk assessment and incident investigation	17
403	3	Occupational health services	21
403	4	Worker participation, consultation and communication on occupational health and safety	17
403	5	Worker training on occupational health and safety	17
403	6	Promotion of worker health	21
403	7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	21
403	8	Workers covered by an occupational health and safety management system	14
403	9	Work-related injuries	17
TRAINING AND EDUCATION			
404	1	Average hours of training per year per employee	20
404	3	Percentage of employees receiving regular performance and career development reviews	20
DIVERSITY AND EQUAL OPPORTUNITY			
405	1	Diversity of Governance bodies and employees	19
			Information on the NCIG Board of Directors can be obtained at <a href="http://www.ncig.com.au/business/for-investors">www.ncig.com.au/business/for-investors</a> . The age of current board members was not available for this report.
SECURITY PRACTICES			
410	1	Security personnel trained in human rights policies or procedures	34
LOCAL COMMUNITIES			
413	1	Operations with local community engagement, impact assessments and development programs	33, 34






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INFRASTRUCTURE GROUP

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