



MANAGEMENT APPROACH

Governance & Risk Management



COMMITMENT

Our robust systems and processes support the delivery of our commitments and objectives.

Our governance and risk management enables us to optimise sustainable operations and fosters a culture that values integrity, excellence, and innovation, and which drives positive performance for our customers.

GOVERNANCE

Board oversight

Newcastle Coal Infrastructure Group (NCIG) is a privately-owned business that exists for the benefit of our mining sector shareholders, specifically BHP, Yancoal, Whitehaven, Peabody Australia and Centennial, who each own coal assets in New South Wales, Australia.

NCIG's governance structure includes a constituted Board of Directors with representatives from each of our shareholder companies and an independently appointed chairperson. The NCIG Corporate Governance Policy and Charter documents the Board's responsibilities, which includes consultation on and monitoring of business decisions in relation to strategic directions, including sustainability matters, as well as risk management, policy, procedures, and our mission, vision and values.

NCIG's sustainability performance is overseen by the Board's Audit and Risk Committee, which ensures the business has processes to manage risks and opportunities as they relate to environmental, social, and economic matters.

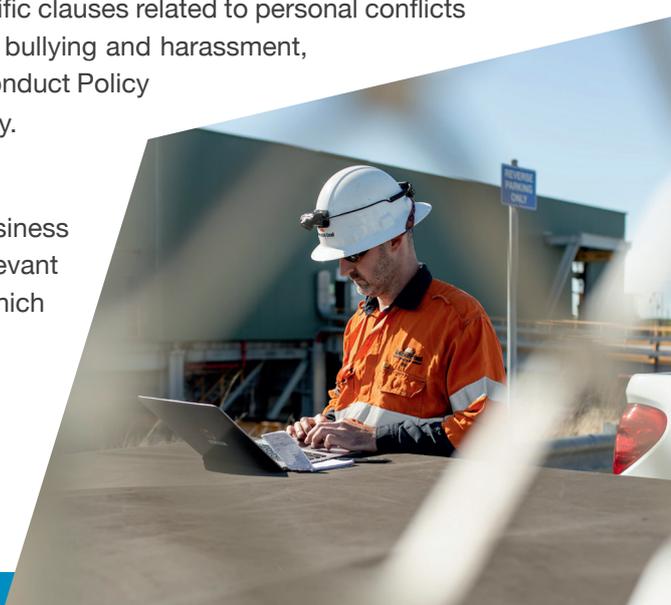
The executive level of the business is accountable for implementing the strategic directions and managing risk across the business through rigorous budget, planning and risk management processes. Annual budgets and plans are cascaded and delivered via collaboration between the different departments of Operational Capability, Assets & Infrastructure, Customer Assurance, Commercial, Health, Safety, Environment & Community (HSEC), Business Planning and People & Culture.

Code of Conduct Policy

Our Code of Conduct Policy outlines the way we work and is underpinned by the values outlined in our Corporate Governance Policy and Charter. It applies to all employees, directors and all others who work for, act on behalf of or represent NCIG, including contractors, agents, and consultants. The Code of Conduct Policy outlines expected as well as unacceptable behaviours, and includes, but is not limited to, specific clauses related to personal conflicts of interest, health and safety, equal opportunity, anti-discrimination, bullying and harassment, gifts and entertainment, and confidential information. Our Code of Conduct Policy also refers to our Anti-Corruption Policy and our Whistleblower Policy.

Anti-Corruption Policy

NCIG maintains high ethical standards and integrity in all its business dealings, and operates in compliance with the law, including all relevant anti-corruption and anti-bribery laws. Our Anti-Corruption Policy, which



all NCIG personnel are required to comply with, outlines the rules of engagement with business partners, government officials, and any other business or individual. It supplements our Code of Conduct Policy, and describes the policy's administration, our internal control systems, and approach to training. Breaches or suspicious activities are required to be reported to nominated internal authorities.

Whistleblower Policy

We are committed to maintaining an open working environment in which all personnel on the NCIG site can report instances of improper conduct without fear of intimidation or reprisal. Our Whistleblower Policy supports our company values and our Code of Conduct Policy. We do not tolerate reportable conduct and urge anyone who becomes aware of known or suspected reportable conduct to make a disclosure in accordance with our Whistleblower Policy, which is available on our website.

Material process incident management

Material process incidents are those that we consider significantly affect our logistical performance for our customers, or other coal chain stakeholders. They typically involve coal handling process errors, and we aim to remediate them within seven days, in consultation with our customers, and ensure the service we provide to our customers continues to improve.

Grievance mechanism

We operate a 24/7 help line, which individuals, members of our local community and other stakeholders can use to enquire and register concerns. We aim to proactively respond to any problems as they arise, and where relevant we will incorporate considerations into our improvement measures.

Continuous improvement

NCIG has an inherent drive to continuously look for ways to improve our terminal's performance and the service we provide to our customers. We continuously assess our business risks and opportunities beyond our day-to-day operations. We embrace innovation and continuous improvement and are willing to accept higher level of risk with approved projects to achieve beneficial outcomes. We have a proven track record of implementing continuous improvement initiatives that directly benefit our customers, the most notable being our Stockyard Optimisation Project that delivered system and logistical improvements for our customers and required no capital infrastructure expenditure.

Policies

NCIG values transparency of management approach and therefore makes many of its non-commercially sensitive governance policies publicly available. They can be found in the Policies and Report section of our website.

RISK MANAGEMENT

NCIG undertakes an enterprise-wide risk assessment annually to identify and assess material business risks and mitigation strategies. The process includes an annual risk assessment workshop, which is facilitated by NCIG's external risk advisor and attended by NCIG executive leadership and other key personnel. After the workshop, the NCIG corporate risk register is updated accordingly, and risk control action plans (RCAP) are developed to ensure proper management of high risks to the business. Material business risks (in accordance with the definition in the NCIG Risk Management Framework) and associated risk control action plans are presented to the NCIG Board's Audit and Risk Committee for acceptance of ongoing tolerance on an annual basis. Key controls to manage risks and ensure business continuity may be implemented over time to ensure the long-term stability of the business.

Emergent risks, such as the Covid-19 pandemic, are identified, assessed and added to the corporate risk register as required throughout the year. A risk control action plan is established, which may include a Business Continuity Plan, a Trigger Action Response Plan (TARP) and any other controls identified to adequately manage the identified risk.

Legal and regulatory risk

NCIG is subject to state and commonwealth regulations and laws and operate in accordance with our legal and regulatory obligations. We manage our business-critical compliance obligations through our corporate compliance system, an approach that has proven to be effective. While maintaining a strong compliance record is important to NCIG, we aim to operate beyond compliance and are committed to a high level of alignment to industry practice and sound corporate governance. This is important for maintaining our social licence and for building a strong rapport and positive reputation with our stakeholders.

Climate-related risk

NCIG recognises the impacts that climate change is having on businesses, particularly transitional and economic risks to traditional ways of working, and especially on those businesses with exposure to fossil fuels. We inherently reduce these climate-related risks with the high quality of the coal we handle and subsequent market demand. We acknowledge that because of the global energy transition, the use of coal for energy generation will reduce over time as power generation shifts away from carbon-intensive industries and towards lower carbon intensive sources of energy. Our coal handling service will continue whilst the demand from our customers remains.

There are physical risks of climate change created by volatile weather, for example flooding and the increased frequency of extreme weather events. These have an impact on businesses operating throughout Australia, and those located on the eastern seaboard. NCIG carefully monitors these risks and the potential impacts and has developed action and adaptation plans to manage such risks to support operational continuity. We recognise the interest in climate change reporting and are conducting a scenario-based climate risk assessment based on the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

Site security

Our wharf facility and operations are regulated by Australian maritime security legislation and as such we are required to identify our risks and vulnerabilities and have a site security plan in place, which includes mitigation measures and incident reporting procedures. NCIG also recognises that some members of our local community are opposed to the coal industry. While respecting the right to freedom of opinion, we strongly condemn any protest activity that has the potential to cause harm to the public, the protestor(s), our people, and our infrastructure assets. Our terminal is therefore a secured site and is only open to authorised visitors. We work with government authorities and security agencies to deter unauthorised access. Our site security is delivered by a specialised security service provider whose business management system is certified to ISO 9001:2015 for all services and activities in all locations. Maritime security guards are trained and equipped to deliver a meet stringent security standard.

Cyber security

Cyber attacks are an ever-present and growing risk to critical infrastructure businesses in Australia. NCIG runs a technologically advanced business with state-of-the-art electrical, business and control systems, and we are committed to effective cyber security that protects our systems, operations, employees, and customers. We have a series of multi-layered controls that can identify, isolate and remove cyber security threats to the business, and our cyber security maturity has been assessed by independent third-party specialists to be above the Australian average benchmark score for similar businesses with critical infrastructure. Continuous improvement and the maturing of our cyber security systems remains a priority for NCIG. We conduct regular cyber security assessments, including penetration testing, to ensure our security levels are maintained, that any security vulnerabilities are highlighted, and that our controls are constantly reviewed and updated.

Cost and capital management

NCIG provides its shareholders with one of the lowest operating cost coal export terminal services in the industry. We consistently apply a prudent approach to budget management to ensure that costs remain within forecasted levels. We also manage our capital structure in accordance with principles agreed with the NCIG Board through a Long-Term Financing Strategy (LTFS). In accordance with this strategy, we systematically refinance our maturing debt facilities before they become classified as a current liability. We continuously review a range of debt markets to proactively manage our debt profile.

We place emphasis on robust financing arrangements so we can ensure our operational toll charge, the fee payable by our customers based on operating costs and available capacity, remains stable. Our financing strategy delivers robustness through diverse financing arrangements. Our current credit rating with major agencies confirms that NCIG represents a strong debt investment proposition moving forward. Consistent with our current financing strategy, we intend to refinance debt well in advance of the stated maturity.

