



MANAGEMENT APPROACH

Climate Adaptation & Resilience



COMMITMENT

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

Our governance and risk management approach supports the crucial role of assessing and addressing our climate-related risks, opportunities and reporting obligations.

NCIG recognises the impacts that climate change is having on businesses, particularly as it relates to transitional and economic risks, and that this is heightened for businesses with exposure to fossil fuels. We inherently mitigate these climate-related risks with the high quality of the coal we handle and subsequent market demand. We acknowledge that as a consequence of global decarbonisation efforts, the proportion of total energy that is generated from coal will reduce over time. We believe that Newcastle will continue to export thermal coal while ever global import demand exists, due to the world-leading energy content of the coal from the Hunter Region. Our coal handling service will continue whilst the demand from our customers remains.

MANAGING CLIMATE

Board and Executive oversight

NCIG's Board of Directors is responsible for overseeing our business processes and response to manage risks and opportunities as they relate to environmental, social, and economic matters. The Board consults on and monitors business decisions in relation to strategic directions, risk management, policy and procedures. Our Corporate Governance Policy and Charter describes specific duties of the CEO and management, which includes to develop, implement, monitor and effectively manage our risks and opportunities. The executive level of NCIG business is accountable for collaboratively implementing the strategic direction across the business. The manner in which NCIG has developed climate change strategy elements is consistent with the Taskforce for Climate-related Financial Disclosures (TCFD) framework and aligned to the four pillars of Governance, Strategy, Risk Management and Metrics and Targets.

Strategic and business planning

NCIG incorporates adaption and resilience to climate-related risks into its corporate strategy and business planning. Our corporate strategy identifies climate-related transition risks, physical risks and social risks. Our rolling three-year strategy also includes climate-related risks.

Risk management

Our approach to identifying and assessing climate-related risks follows that of our operational risk management. Our risk management processes help us systematically identify and assess the impact of foreseeable risks and emergencies, including those that could occur as a result of climate



change. Our Risk Management Framework and associated risk management procedures are used to manage the risks at a corporate level and include critical controls and risk control action plans. Our Corporate Risk Register is implemented applying an integrated risk-based approach and prioritises our risks, including climate risks, as identified during our annual risk assessment. Our risk control action plans help us effectively manage climate-related risk consequences through the implementation of controls such as NCIG's Crisis Management Plan and NCIG's Emergency Management Plan.

UNDERSTANDING OUR CLIMATE RELATED RISKS AND OPPORTUNITIES

Scenario based risk assessment

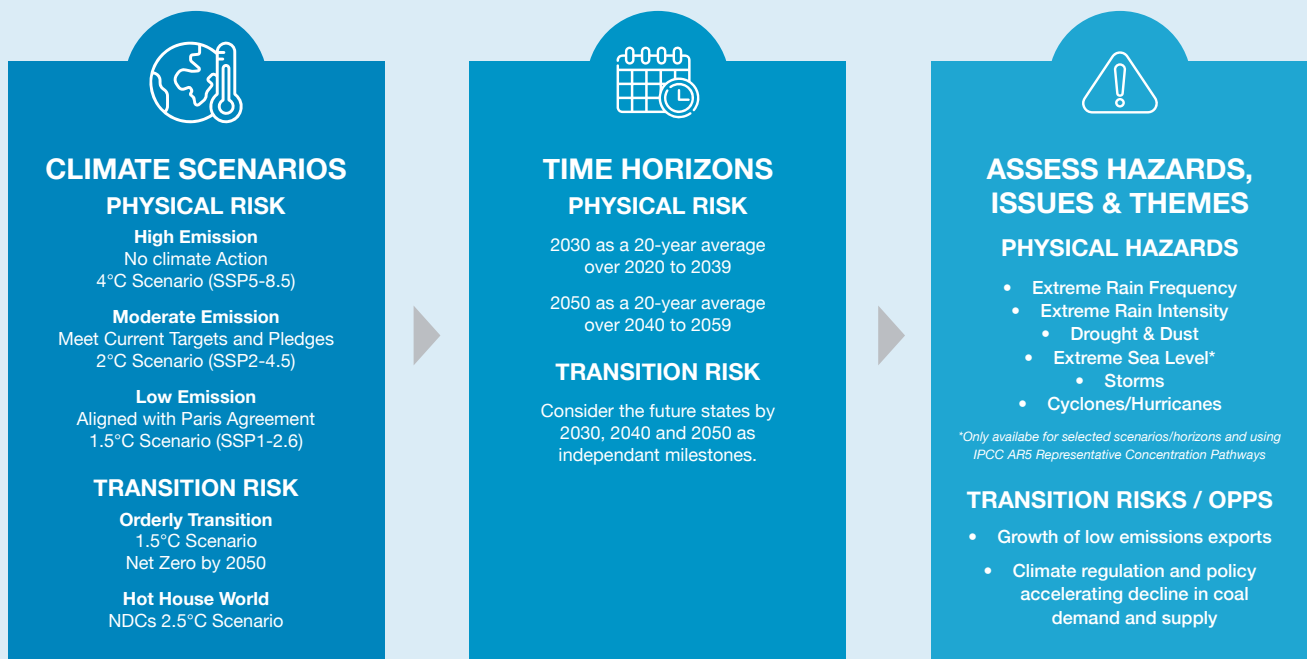
Our understanding of how climate-related risks and opportunities could impact on our business continues to evolve and we are working to further mature our knowledge and management approach. For several years NCIG's scenario analysis have been undertaken by consultants Wood Mackenzie on our behalf to model future market demand based on potential future climate-related policies. The scenario analysis included Current Policies Scenario (CPS); Stated (Energy) Policies Scenario (STEPS); and Sustainable Development Scenario (SDS). Building on this, in FY22, we worked with consultants Deloitte, to undertake a scenario-based climate risk assessment to complement our existing risk processes. The scope of work included modelling plausible transition and physical scenarios, hypothesising about what could happen in the future. The analysis provided insight into the potential change in demand for thermal coal under low, medium and high emissions futures using plausible climate scenarios for a long-term time horizon (2050).

Climate scenario analysis methodology

Climate scenarios from the Network for Greening the Financial System (NGFS) were selected to provide insights into risks and opportunities of different plausible futures. The Transition Risk Scenarios applied the scenarios Net Zero 2050, which limits global warming to 1.5°C achieving Net Zero by 2050, and the 'hot house world' scenario of Nationally Determined Contributions (NDCs), which results in approximate 2.5°C of global warming. The Physical Risk Scenarios were based on reports from the Intergovernmental Panel on Climate Change (IPCC) AR5 (Representative Concentration Pathways) and AR6 (Shared Socio-Economic Pathways). Three types of climate scenarios were applied – high, medium and low emissions futures – and the analysis methodology was based on publicly available information sources and NCIG internal information. The hypothesis testing included: increased frequency and severity of extreme climatic events; growth and development of low emissions future markets; and regulatory and trade restrictions. The risks identified include: material damage to assets and delays in shipping due to extreme weather events and reduction in fossil fuel usage to produce global energy. Longer term transition opportunities for NCIG also exists, for example, to potentially leverage export expertise and pivot to handle different energy-related commodities in the future.

SCENARIO ANALYSIS CONSIDERATIONS

NCIG's climate scenario analysis assessed several climate scenarios, time horizons, hazards, issues and themes.



CONTINUOUS MONITORING

NCIG carefully and continuously monitors climate-related risks and potential impacts and has developed action and adaptation plans to manage such risks in order to support operational continuity. As an example, the physical risks of climate change created by volatile weather, such as flooding and the increased frequency of extreme weather events have an impact on businesses operating throughout Australia, and in particular those located on the Eastern seaboard. Our Trigger Action Response Plans (TARPs) outline risk-based weather triggers that are monitored and provide guidance on the operational actions required if the threshold levels are reached. They also integrate a real-time site based severe weather tracking system that alerts and forecasts severe weather events including, thunderstorms, lightning, intense rainfall, hail and extreme winds. In terms of monitoring transition risks, we base our planning on independent research to periodically assess future demand for thermal coal and our customers' subsequent demand for our services.

REPORTING CLIMATE-RELATED DATA

NCIG recognises the importance of climate reporting to our stakeholders, particularly our financiers and insurers. For a number of years we have published our Scope 1 and Scope 2 emissions in our annual sustainability reports, and in reports made to the Australian Government's Clean Energy Regulator through the National Greenhouse Emissions Reporting Scheme (NGERS). In 2023, we began including our Scope 3 data in our sustainability reporting. All figures apply the Greenhouse Gas Protocol for calculations. We consider that the emissions related to the end use of coal are beyond the boundaries of our Scope 3 emissions since we do not own, market or sell coal.

* This document supplements our Management Approach for Governance & Risk Management.

