

# Net Zero Transition Plan



NCIG's Net Zero Transition Plan outlines how we intend to deliver on our commitment of Net Zero operational emissions by 2030. It provides detail on the source of our greenhouse gas emissions (emissions) and our strategy of focusing on reducing emissions that are within our direct control.

## ABOUT NCIG

Newcastle Coal Infrastructure Group (NCIG) provides a premier coal export service and is an integral part of the Australian coal export industry. Our facilities include rail, coal storage, ship loading facilities and associated infrastructure. We are a privately-owned business that fundamentally exists for the benefit of our mining sector shareholders, specifically BHP, Yancoal, Whitehaven Coal, Peabody Australia and Centennial Coal, who each own coal assets in New South Wales, Australia.

## OUR ROLE IN THE TRANSITION TO A LOWER CARBON WORLD

NCIG recognises the critical challenge the world faces to respond effectively to the risks of climate change, and the importance of a transition over time to a lower carbon-intensive economy. We recognise that many countries, including Australia, have committed to emission reduction targets that align with the Paris Agreement, as evidenced in their Nationally Determined Contributions (NDCs). We are committed to operating as sustainably as possible, and to actively work to reduce the emissions within our direct control. We also acknowledge that the pace of global decarbonisation is uncertain and will take time. We believe that coal will remain part of the global energy mix for some time, and a combination of lower carbon energy technologies and abatement technologies, such as carbon capture and storage, are imperative to meeting net zero commitments. The coal we handle on behalf of our customers will play an important role during this transition, particularly for Asian economies, helping ensure energy security, affordability and reliability and enabling their social development ambitions to be met during this period. We base our planning on a range of plausible and internationally recognised climate-related risk scenarios to periodically assess future demand for thermal coal and our customers' subsequent demand for our services.

## CEO MESSAGE

At Newcastle Coal Infrastructure Group (NCIG) we have a commitment to achieve Net Zero operational emissions by 2030. This ambition is integrated in our Board approved strategy, and initiatives that support the targets outlined in our Net Zero Action Plan, which is outlined on page 3 of this document.

The coal we handle on behalf of our customers currently plays an important role in supporting energy security, affordability and reliability predominately in the Asian region. As a modern company, in a developed nation like Australia, it is important that we operate as sustainably as possible. NCIG is therefore focused on reducing the operational emissions within our direct control, being our Scope 1 and Scope 2 emissions, while also understanding and working together with our stakeholders to manage our indirect Scope 3 emissions.

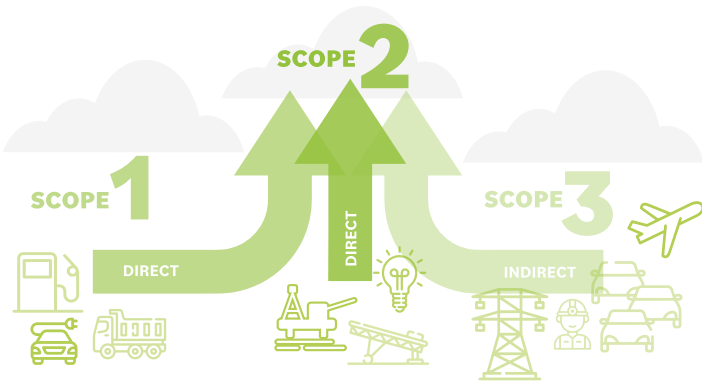
We will continue to explore opportunities that can help us deliver services to our customers in more effective and efficient ways, and actively contribute to Australia's 2030 and 2050 emission reduction targets, and the global ambition as outlined in the Paris Agreement.



**Aaron Johansen**  
Chief Executive Officer

## WHERE OUR EMISSIONS COME FROM

NCIG's approach to identifying the sources of our emissions and quantifying them reflects the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHG Protocol), the world's most widely used greenhouse gas accounting standards for emission measurement.



**Scope 1 emissions** are the direct emissions created from an organisation's owned or controlled sources, including company facilities, machinery and vehicles.

Our Scope 1 emissions relate primarily to diesel, oil, grease and petrol consumption by vehicles and machinery onsite.

**Scope 2 emissions** are the indirect emissions associated with an organisation's operations, primarily purchased electricity, steam, heating and cooling.

Our Scope 2 emissions primarily relate to electricity purchased from the grid, of which approximately 99% is used to operate our infrastructure assets such as conveyor belts, stacker-reclaimers and shiploaders.

**Scope 3 emissions** are the indirect emissions that occur in the value chain, both upstream and downstream.

Our Scope 3 emissions relate to emissions derived from the production and transport of materials purchased by NCIG, as well as emissions associated with employee commuting, working from home, transmission losses and waste.

Our emissions data is subject to an annual independent assurance review and is reported to the Australian Government's national framework for reporting and disseminating company information about greenhouse gas emissions, energy production and energy consumption. Reports can be found at <https://www.cleanenergyregulator.gov.au/NGER>. Emissions data includes calculated reduction in emissions associated with renewable energy procurement.

## MANAGING OUR EMISSIONS

NCIG is an energy-intensive business, and our energy management strategy focuses on reducing operational energy consumption at the critical points of demand. We regularly review and identify energy savings opportunities and initiatives across our operation. Through the purchase of LGC's and now with our PPA moving forward, we are supporting the development of renewable energy generation in Australia.

We understand the source of our emissions and report our Scope 1 and 2 greenhouse gas emissions (emissions) each year in accordance with the National Greenhouse and Energy Reporting Scheme (NGERS). By focusing on reducing our directly controlled operational emissions (Scope 1 and 2), we believe we have a feasible pathway to reach our target of net zero operational emissions by 2030. We currently share progress on our transition plan initiatives to our Board at quarterly meetings, and with the public in annual sustainability reports and bi-annual sustainability scorecards.

## REDUCING OUR EMISSIONS

Our Net Zero Action Plan outlines actions to address our sources of operational carbon emissions, which are associated with our Scope 1 and 2 emissions. It includes current and future initiatives, climate-related risks and opportunities, and is integrated into our overall business strategy and financial planning. Although we have emphasised our actions to 2030 in this roadmap, our considerations for strategic, operational and financial planning extend beyond, to 2040.

### Focus on direct operational control emissions

NCIG has applied the GHG Protocol consolidation approach of operational control for boundary setting and focuses on actively reducing carbon emissions for which we have direct operational control, specifically Scope 1 and Scope 2 emissions.

### Scope 2 emissions reduction is key

At present, approximately 99% of the electricity procured by NCIG is used to move coal through our terminal utilising our infrastructure assets such as conveyor belts, stacker-reclaimers and shiploaders. Given the energy intensive nature of our business, specifically the reliance on electricity to operate our infrastructure assets, our primary operational emissions are Scope 2 and our reduction strategy is dependent on the uptake of renewable energy over time.

### Scope 1 emissions reduction

Although we consider our Scope 1 emissions to be immaterial (at less than 1% of total emissions), in the short-term, we plan to further identify, analyse and reduce where feasible. We will also continue to consider climate-related opportunities that benefit our shareholders as they arise, including alternative energy exports from the Port of Newcastle.

### Indirect operational control emissions

NCIG acknowledges the growing focus on the management and disclosure of Scope 3 emissions and will look to reduce these emissions where feasible, affordable and within our control. As a logistics service provider, our Scope 3 emissions are not associated with the coal that we transport, store or load on behalf of our customers, or the associated transport services contracted.

We have not established a target for our Scope 3 emissions reduction since we have no ownership nor direct control. However, we have defined and quantified our material Scope 3 emissions. The process determined that primary sources are: purchased goods and services; fuel and energy-related activities; waste generated in operations; business travel; and employee commuting.

## ASSUMPTIONS, CHALLENGES AND UNCERTAINTIES

The metrics we use to track our progress are aligned to the GHG Protocol and the National Greenhouse and Energy Reporting Act 2007.

We acknowledge that there are further assumptions, uncertainties and implementation challenges that could impact on the successful delivery of our Net Zero Transition Plan, primarily our reliance on:

- our customers' future strategies
- best estimates for forecasting future expenditures
- the availability of low-carbon technology that are suitable for our heavy industrial site
- an executed Power Purchase Agreement that may not proceed to generation status, for example due to financial and/or technical issues.

We will review our Net Zero Action Plan, including planned operational and tactical activities and targets annually in line with our risk assessment, operational business and budget planning.

# NET ZERO ACTION PLAN



Direct operational control emissions – Scope 1		PRIMARILY DIESEL, OIL AND PETROL CONSUMPTION BY VEHICLES AND MACHINERY ONSITE	1
FOCUS AREAS	INITIATIVES		
<b>Fleet electrification</b> – NCIG has commenced electrification of its vehicle fleet and has installed charging infrastructure at our facility. Each year at least 10-20% of our existing fleet of combustion vehicles is planned to be transitioned to electric vehicles (depending on the availability of suitable vehicles).	<b>Electrify 100% of NCIG fleet vehicles by 2030.</b>		
<b>Oils &amp; Greases</b> – our objective is to work to identify and procure lower emissions alternatives to meet operational demand. We will engage with our suppliers to define the suitability of alternative products.	<b>Investigate sources of lower emission alternatives and deploy over time where feasible by 2030.</b>		
<b>Stationary plant fuel usage</b> – practical renewable energy units are planned to be utilised as they become available. This may include forklifts, lighting plants, elevated work platforms, etc.	<b>Utilise practical renewable energy units as they become available.</b>		
<b>Offsets</b> – although considered immaterial, from 2030 NCIG intend to purchase Australian, and if possible, local offsets, to reduce net emissions of the remaining sources of Scope 1 emissions to zero.	<b>Offset remaining Scope 1 emissions from 2030.</b>		
<b>Climate-related opportunities</b> – explore blue carbon or other offset opportunities associated with the critical habitat areas under NCIG management.	<b>Investigate blue carbon and other offset opportunities and implement where feasible.</b>		
Direct operational control emissions – Scope 2		PRIMARILY PURCHASED ELECTRICITY USED TO OPERATE INFRASTRUCTURE	2
FOCUS AREAS	INITIATIVES		
<b>Electricity sourcing</b> – we have entered into a Power Purchase Agreement (PPA) to secure the future supply of renewable energy to meet 100% of our electricity requirements for a 10-year period. Through this agreement we will directly support the development of a local solar project and the renewable energy sector more broadly. After this initial period NCIG plans to continue to procure electricity that ensures the ongoing 100% renewable energy status of our electricity supply. Our target for Scope 2 emissions is intensity based, meaning it is a percentage of annual estimated electricity usage, which is primarily governed by terminal throughput.	<b>Procure 100% of electricity demand from renewable sources by 2030.</b>		
<b>Electricity efficiency</b> – the objective of NCIG’s Energy Efficiency Leadership Team (EELT) and associated processes is to continue to identify and implement opportunities for energy efficiency and associated initiatives. We have established an energy efficiency internal target as a critical element to further drive our efficiency focus.	<b>Expect to reach 8% energy efficiency improvement by 2027.</b>		



## GOVERNANCE & RISK MANAGEMENT

NCIG's Board has approved our commitment to net zero operational emissions by 2030. The initiatives, and anticipated expenditures, are also aligned with the company's overall business strategy, supporting budgets, related financial targets and financial plans. Senior management is responsible for, and has adequate authority and access to, resources to ensure effective execution of the plan, which translates to performance KPIs through the team targeted at areas of authority and accountability. The Board receives regular climate regulation updates as well as reporting on key sustainability achievements and performance against ESG targets. Each quarter, Executive Management reviews performance against sustainability metrics.

Our corporate risk management processes help us systematically identify and assess the impact of foreseeable risks, including climate-related transition and physical risks. Our processes include:

- **Enterprise-wide business risk assessment** – a review process that includes external stakeholder interviews, and an externally facilitated annual assessment workshop that identifies material business risks and mitigation strategies.
- **Broad-Brush Risk Assessment** – facilitated by external consultants every three years and includes risk identification, descriptions, analysis, ratings and treatment plans.
- **Corporate Risk Register** – prioritises our risks based on their risk profile and level of severity as identified during the enterprise-wide business risk assessment and is regularly reported to the Board.
- **Climate Risk Assessment** – undertaken with support from external consultants, we model transition and physical scenario analysis based on three distinct and plausible climate scenarios. The findings provide deeper context to our risk environment and have led to the development of several new control responses.
- **Risk control action plans** – address key business risks, which are reported to the NCIG Board's Audit and Risk Committee.
- **Project Approved Management Plans** – developed as part of our licence approval process, they describe our risk assessment procedures by topic and include risk management activities.
- **Risk Assessment Training Module** – a new risk assessment module was developed and seamlessly integrated into our internal training processes for ongoing use.



**Newcastle Coal**  
INFRASTRUCTURE GROUP

To learn more about how we manage the environment in which we operate, visit our website [www.ncig.com.au](http://www.ncig.com.au)

