



2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ARTC

Australian
Rail Track
Corporation

ABN 75 081 455 754
11 Sir Donald Bradman Drive
Keswick Terminal, SA 5035



ACKNOWLEDGEMENT

We acknowledge Aboriginal and Torres Strait Islander Peoples as the Traditional Custodians of the land and waters on which we operate and honour their spiritual relationship and enduring connection to Country.

We pay our respects to Elders past and present and recognise the hundreds of cultures, languages, and kinship structures that have existed for more than 65,000 years.

We celebrate the diverse traditions, customs, and storytelling, and recognise the importance of truth telling to create a positive future of belonging.

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JOURNEY

Created for ARTC by Elenore Binge, proud Gomerroi/Kamilaroi woman

Elenore started painting at the age of 12 on her Auntie's porch in Boggabilla. Great Aunty Colleen would sit with Elenore and share stories of the Dreamtime, as well as animals, nature, and symbols. Elenore studied at Canberra's Institute of the Arts where she majored in printmaking.

"Mother Earth is the land that we call Australia, and the waterways are her veins. Our Ancestors have walked this Country since time began. The Traditional Custodians of each Nation are our Spirit Guides, and they are there to protect our Lands and to make the reconciliation journey with ARTC a safe one, and the Value of No Harm which is the Heart of what you do. Represented also are the Traditional bush medicines, which is an acknowledgement of healing and moving forward with shared learning of the reconciliation journey.

The black and white hands are a symbolism of reconciliation between ARTC and the Traditional Custodians on which ARTC operates. With railway tracks depicted throughout, the blue lines are Mother Earth's veins, representing our rivers and waterways.

The Meeting Place to the right is ARTC, with the Five Spirit Guides of the five states and the symbol of No Harm central and Meeting Place symbols a representation of the five states that ARTC operate on and through. White footprints of the Ancestors gone before us surrounded by Sacred Sites that may be on Country."



Created for ARTC by Elenore Binge, proud Gomerroi/Kamilaroi woman

ABOUT THIS REPORT

This report is our inaugural Environmental, Social, and Governance Report.

This report outlines our strategic approach to managing the environmental, social, and governance (ESG) risks and opportunities facing our company and our key stakeholders. This report has been developed with reference to industry standards including the Core Global Reporting Initiative Standards and the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD).

In this report, we present our ESG Strategy, including the objectives and targets that provide the framework for reporting on our annual progress. Our strategy includes our five strategic priorities: growing new markets, skilled and diverse workforce, network safety and resilience, social responsibility and environmental benefits.

Our ESG Materiality Assessment, conducted in 2021 and updated in 2022, maps our 15 material issues to each of our strategic priorities. Our three-year strategy was endorsed by our Board and Leadership Team and will be reviewed in response to considerations such as evolving community expectations and changing regulatory requirements.

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CEO AND CFO MESSAGE

We are proud to present our inaugural 2022 Environmental, Social, and Governance (ESG) Report. We have set an ESG ambition of a 'modal shift to rail for a sustainable future' which aligns with ARTC's stated purpose 'to improve Australia's productivity by making rail the mode of choice in the national logistics chain'.

Our ambition is supported by our ESG Strategy and our five strategic priorities: growing new markets, developing our skilled and diverse workforce, enhancing network safety and resilience, and our approach to social responsibility and environmental benefits.

Rail is a sustainable mode of transport and this report highlights many of the social, environmental, and economic benefits that flow from increasing the volume of freight that is transported by rail.

We support Australia's commitment to net zero emissions by 2050 and the United Nations call for countries to step up their efforts to achieve the 2030 Sustainable Development Goals. As a socially responsible business, we must play our part.

In May 2022 we became signatories to the UN Global Compact and a member of the Business Council for Sustainable Development Australia. In this report we have included our first disclosure and implementation roadmap in line with the recommendations of the Taskforce on Climate-related Financial Disclosure.

Collaboration and partnerships are key to meeting these objectives and we care about what matters to our stakeholders.

We also value future thinking which inspires us to innovate, change the game and break through challenges and barriers.

We must be resilient to the disruptions and changes that are happening on a global scale. Severe weather events, the war in Ukraine, and the impacts of the COVID-19 pandemic are impacting global supply chains in unprecedented ways.

Our role as the provider of national freight rail infrastructure has never been more critical in ensuring the reliable and safe passage of goods to Australian consumers and export markets, and we recognise the importance of growing our network to meet future demand.

Delivering value for our stakeholders is critical to our success. Every year we survey our employees, customers, government and value chain partners to understand their perspectives and priorities and how we can improve our service. We are committed to listening to our stakeholders and being responsive to the changing conditions in which we operate.

In delivering on our ESG commitments, ARTC strives to embrace the highest standards of governance, reflecting our status as an Australian Government Business Enterprise.

We celebrate our achievements and have taken action to learn from our challenges.

Our unwavering focus to deliver 'no harm' has seen our All Injury Frequency Rate (AIFR) reduce from 9.85 in 2019–20 to 6.14 in 2020–21 to 4.45 in 2021–22 supported by our Pathway to Zero Harm Strategy.

We are committed to the safety, health and well-being of our employees, contractors, customers, and the communities in which we operate and continue to make significant progress implementing two key leader-led safety initiatives: Safe Work Improvement Program for track construction and maintenance workers and our Level Crossing Safety Strategy.

Train and vehicle events at level crossings are one of ARTC's highest potential risk events involving our customers and the community. Our commitment to reducing the potential risk of collision between a train and vehicle at one of the many level crossings across our vast network is uncompromising.

We work closely with relevant authorities, community, and industry to reduce and eliminate fatalities and injuries on our rail network. Despite our efforts, there were 11 vehicle collisions in 2021–22 including one fatality and two serious injuries.

We acknowledge and are deeply saddened by the severe consequences for those affected, including families, communities, first responders, and our workforce. We are committed to achieving zero harm across our network.

Delivery of Inland Rail will transform Australia's rail freight task and is catalysing regional economic development opportunities.

This year we are proud to publish our fourth Inland Rail Annual Sustainability Report sharing the outcomes we are achieving in partnership with our private sector delivery partners as we move further into construction. The report can be accessed [here](#).

ARTC is committed to supporting all our people, from diverse backgrounds, to reach their full potential and provide a safe, equitable, and inclusive environment.

This year we launched our first Reconciliation Action Plan to forge stronger connections and create meaningful opportunities for our First Nations stakeholders, communities, and businesses.

To date, 30% of our workforce have completed cultural awareness training and our 'Journey' artwork created for ARTC by proud Gomerroi/Kamilaroi woman Elenore Binge inspires change.

This financial year we saw the number of women in senior leadership positions only increase from 25% in 2021 to 26.1%, and we will continue to promote the benefits of a career in rail and foster a work environment where all employees can succeed. We are proud to state that as of June 2022, our Board of Directors now has equal representation of women and men.

We invite you to read this Report to discover the ESG initiatives we achieved in 2021–22 and those planned for our future which we believe will create enduring value for all our stakeholders – our people, Shareholder, customers, industry, regulators, and communities.

On behalf of the leadership team, we thank all our stakeholders who contributed to our success and continue to champion our ESG ambition.

“As a Government Business, the ESG leadership position ARTC has adopted will support our nation's sustainable future.”

The Hon Warren Truss AC
Chairman



Mark Campbell
CEO and
Managing Director



Kylie Gallasch
Chief Financial Officer

ESG 2021–2022 HIGHLIGHTS

New signatory to UN Global Compact and Business Council for Sustainable Development Australia member

50% (4 of 8) ARTC Board members are female

63% employee engagement score
(up from 60% in 2020–21)

26.1% women in senior leadership positions
(up from 25.0% in 2020–21)

Scope 1 and 2 total operational GHG emissions of **21,914tCO₂e**

First Taskforce on Climate-Related Financial (TCFD) disclosure and roadmap published

3.1% or **62** First Nations Peoples representation in the workforce
(up from 2.8% in 2020–21)

4.45 All Injury Frequency Rate (AIFR)
(down from 6.14 in 2020–21)

0 significant non-compliances with environmental laws and regulations since 2016

2nd Modern Slavery Statement published in August 2021

\$251.2m construction spend with local businesses since commencement of Inland Rail

\$620,000 in community sponsorship and grants

1. ABOUT ARTC

OUR COMPANY

Australian Rail Track Corporation (ARTC) is proud to be a vital part of the transport supply chain and the economic development of Australia. We manage the transit of hundreds of freight and passenger trains across our network every day. We are champions of rail as an efficient, reliable, and lower carbon mode of transport that helps to relieve congestion and improve the safety of Australia's roads.



SERVING AUSTRALIA SINCE 1998

We were established by the Commonwealth Government as a way to provide efficient and seamless transit operations across the nation and we have been proudly serving customers across Australia since 1998. As a Government Business Enterprise (GBE) we are held to rigorous governance and disclosure standards. The Auditor General is responsible for auditing the company's financial statements and ARTC's Annual Report is tabled in Parliament, with all financial reporting lodged with the Australian Securities and Investments Commission (ASIC). You can view our 2021–22 Annual Report [here](#).

ABOUT OUR BUSINESS

We manage and maintain an 8,500km network across five states. Through our network, we facilitate the planning and routes of hundreds of trains which enable Australian products to be transported to market. Our customers use our network to transport a variety of products across the country – including fresh produce, coal, timber, and aggregates for interstate, intrastate and export markets. Our customers also rely on our network to deliver regional rail passenger services.

Over the last fifteen years, we've invested \$8 billion dollars to build, extend and upgrade our network to shift freight off-road and onto rail. One of the largest expansions to our network is the construction of Inland Rail which is comprised of 1,700km of rail stretching across regional Victoria, New South Wales, and Queensland. It will increase freight efficiencies by reducing transit times between Brisbane and Melbourne down to 24 hours – increasing competitiveness with trucked freight. The Parkes to Narromine section of Inland Rail is already operational with the remainder of the line to be completed over the coming years.

1. 2020 Deloitte Access Economics

OUR PEOPLE

We are proud to employ more than 2,000 employees across 59 sites including main offices, provisioning centres, network control centres, and construction projects. We seek to be an employer of choice for people from diverse backgrounds and are actively seeking to increase the representation of women and First Nations peoples within our company, particularly in leadership roles. The safety and well-being of our people is our number one priority, and we believe in investing in our people's mental health and well-being, as well as proactively protecting their physical safety.

FUTURE NETWORK

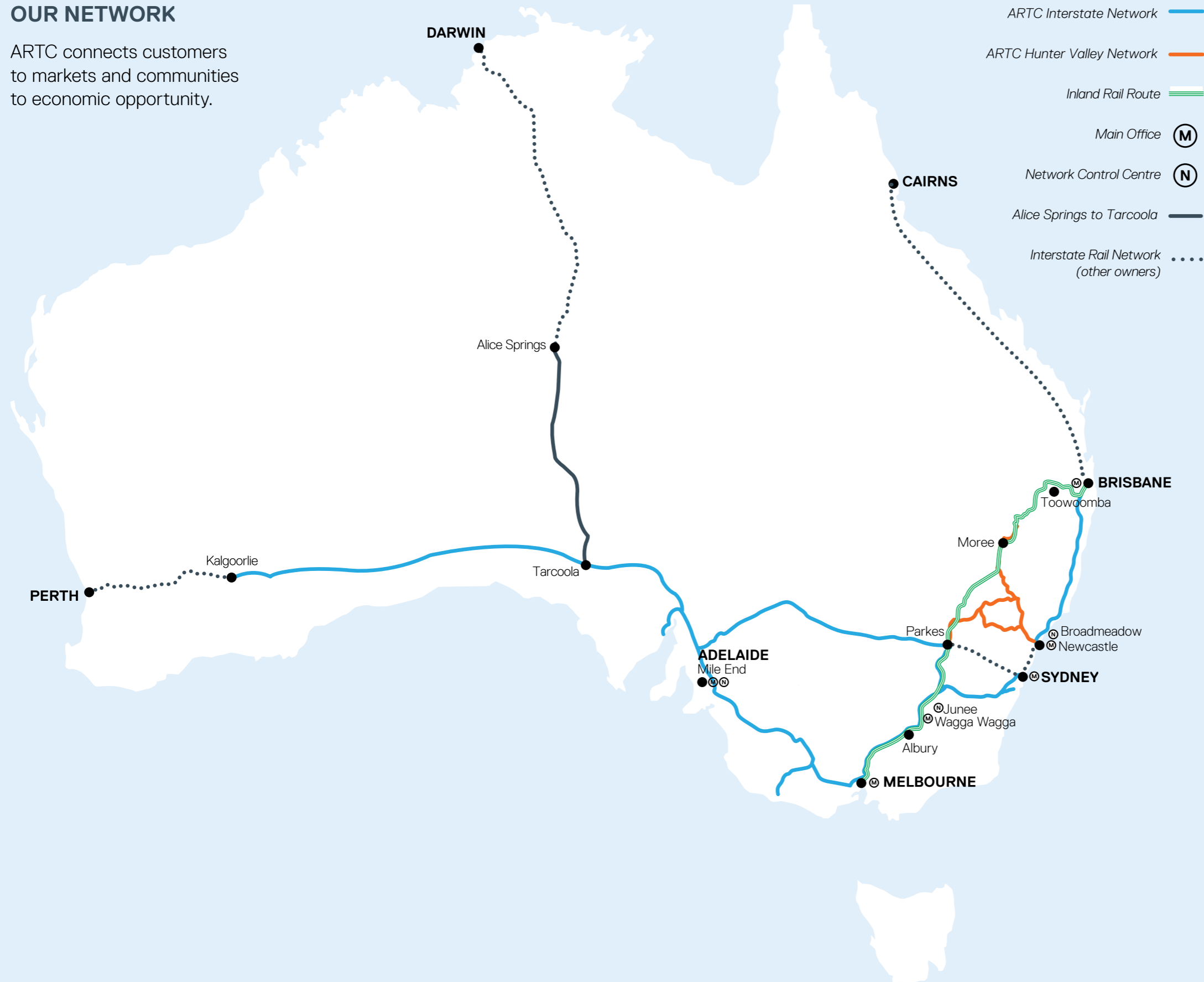
Interstate rail reliability and efficiency have vastly improved over the last decade. Rail freight is forecast to grow by 20% between 2022 and 2030¹. This equates to an annual growth rate of 2.5%, compared to road and coastal shipping at 2.0% and -0.1%, respectively. We believe a modal shift to rail can play an integral role in meeting the growing demand for freight while supporting the low carbon energy transition by shifting a higher percentage of Australia's growing freight needs from trucks to trains.

REGULATION

ARTC operates within a closely regulated industry and complies with a range of laws, regulations, and industry standards. The Office of the National Rail Safety Regulator (ONRSR), Comcare, Australian Consumer and Competition Commission (ACCC), state-based access regulators such as NSW Independent Pricing and Regulatory Tribunal and state-based Environment Protection Agencies ensure we comply with the regulatory and legislative frameworks within which we conduct our business activities safely and on sound commercial principles.

OUR NETWORK

ARTC connects customers to markets and communities to economic opportunity.



Our **Interstate** network's east-west corridor links Kalgoorlie in the west to Whyalla and Crystal Brook in South Australia before diverging to Parkes and Melbourne via Adelaide. The north-south corridor links Melbourne to Acacia Ridge in Queensland via Sydney along the east coast

Our **Hunter Valley** network connects the Port Newcastle with mines in the Hunter Valley, Gunnedah Basin and Ulan

Inland Rail will link Melbourne to Brisbane through regional Victoria, New South Wales and Queensland. As each section of Inland Rail is constructed it is transferred to our Interstate network for operation

The **Tarcoola to Alice Springs** section of the line to Darwin is operated by One Rail Australia under a long-term lease

Connections between our network and key locations such as Perth, Darwin and central and northern Queensland operated by third-party network owners such as Arc Infrastructure, Sydney Trains, One Rail Australia, and Queensland Rail.

2.

VALUE OF MODAL SHIFT TO RAIL

At ARTC, we seek to create long-term value for our people, government, customers, partners, and the communities in which we operate.

According to the Value of Rail Report², shifting freight from road to rail has significant social, economic, and environmental benefits to Australian communities. Australia's rail freight needs are set to grow by 2.5% per year between 2022 and 2030 at a time when we need to reduce national GHG emissions to mitigate the effects of climate change.

ARTC is supporting efficient, low-cost supply chains – ensuring the nation's growing freight task can be transported safely with the lowest social, economic, and environmental cost to society while optimising benefits.

According to the National Freight and Supply Chain Strategy 2019, Australia's freight volumes are projected to grow by over 35% between 2018 and 2040. Urban freight is growing at a rapid pace and is forecast to increase by nearly 60% over 20 years to 2040.

Due to the significant increase in freight volumes, increased capacity for freight transport is required, as well as better integration and adaptability. ARTC plays a vital role in this, increasing Australia's rail freight capacity and connecting rail to other transport modes.

2. Unless otherwise specified, general benefits of rail figures included in this section are based on the 2020 Deloitte Access Economics report.



ENVIRONMENT

ARTC recognises that we all have a responsibility to act on climate change. Rail freight provides a safer, lower emissions alternative to other logistics modes and our rail networks play a crucial role in the decarbonisation of our national transportation sector.

According to the International Energy Agency (IEA), globally, rail accounts for about 9% of freight activity but only 3% of transport energy use, making rail the least energy and carbon intensive way to move freight of any land-based transport mode.

As one of Australia's largest rail freight network providers, we have a significant and positive influence on the decarbonisation of Australian freight supply chains by providing the essential infrastructure to get more freight off-road and on rail.

Rail freight produces 16 times less carbon pollution per tonne kilometre travelled than internal combustion engine road freight. In addition, one freight train can carry the equivalent of around 110 B-double trucks.

Once operational ARTC's Inland Rail is predicted to reduce carbon emissions by 750,000 tonnes per year by 2050. This is the equivalent of the annual emissions from 40,000 Australian households.

We are also committed to reducing the emissions from our activities, including construction, maintenance, and energy consumption.

We have set a target of a 10% reduction in emissions by the end of June 2024. We also have a goal to assess our full network for climate-related risks and vulnerabilities by the end of June 2024.

COMMUNITY

We are proud of the social and economic benefits we provide to the local communities in which we operate, and we work hard to ensure negative impacts, such as noise pollution and safety risks, are minimised.

Transport accidents represent a huge toll on Australian communities. Rail has a strong track record of lower accident rates than road freight equivalents.

Inland Rail is estimated to eliminate the equivalent of 15 serious crashes on roads per year compared to trucks, saving Australian families from preventable injuries, fatalities, and the associated social and economic impacts.

A single container of freight switched from road to rail, between Sydney and Melbourne, is predicted to reduce accident costs by approximately \$109 each year.

Rail also offers improved health benefits through reduced road congestion and air pollution from trucks. Rail freight is estimated to generate 92% less PM10 than road freight for each tonne per kilometre of freight moved.

Overall, for every 1% of the national freight task that moves to rail, there are estimated benefits to Australian communities of approximately \$72 million a year.

We are also building our partnerships with First Nations communities, working together to provide more opportunities for First Nations peoples to engage in our expanding business, as suppliers of choice, employees, and active stakeholders.

We have set a goal to increase the representation of First Nations employees in our workforce to 4% and women to 33.3% by end of June 2024.

ECONOMY

ARTC provides over 2000 jobs across Australia, with more than 30% of our employees living outside capital cities and in regional locations.

We are proud of the support we provide to regional businesses and communities.

In 2015, we worked with PwC to develop the Australian Government Inland Rail 2015 Program Business Case. The report outlines how Inland Rail will increase gross domestic product (GDP) by \$16 billion over the 10-year delivery period and first 50 years of operation.

A subsequent report by Ernst and Young (2020) was undertaken which assessed the potential positive economic impacts of Inland Rail on regional communities across Victoria, New South Wales, and Queensland. The study found that complementary investments along the corridor such as in intermodal terminals would add benefits of up to \$13.3 billion in Gross Regional Product over the first 50 years of operation.

Inland Rail is predicted to support more than 21,500 direct and indirect jobs at the peak of construction. We are also proud of the support we provide to regional producers and business owners.

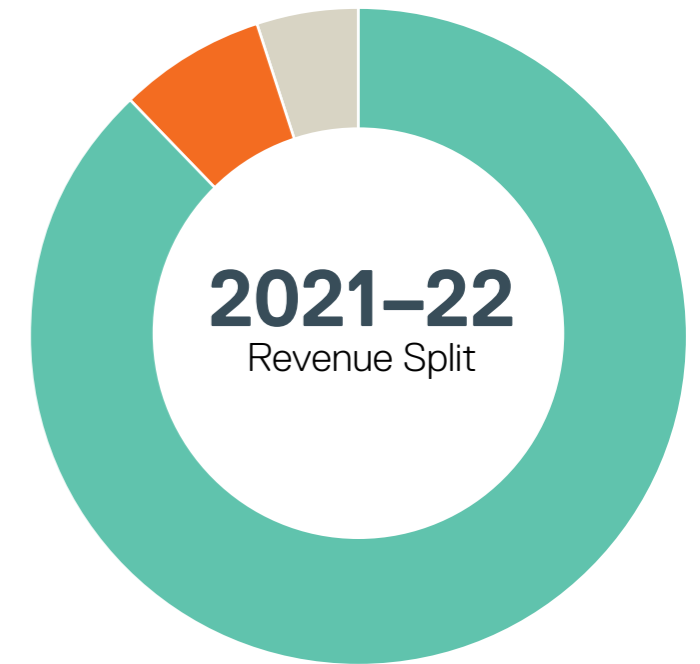
Rail freight is the most cost-effective form of land transport – reducing costs for regional producers exporting products across Australia and overseas.

ARTC FINANCIAL PERFORMANCE

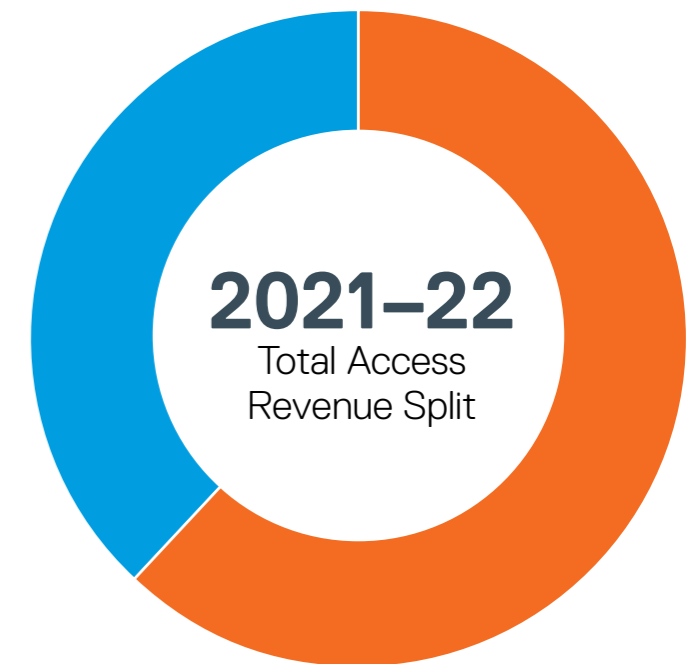
The last 12 months have seen positive economic conditions within the Interstate and Hunter Valley operating business units. For comprehensive reporting on our 2021–22 financial performance, please visit our 2021–22 Annual Report [here](#).

ARTC generates the majority of its revenue by charging access fees to train operators and other producers for the use of our rail network. In 2021–22, 88% of our total revenue came from access fees paid by our customers, with the remainder coming from government grants and a small percentage from sources such as third-party revenue, rents, and scrap metal sales. 62% of our access revenue came from the Hunter Valley network, with the remaining 38% derived from our Interstate network.

ARTC provides open access rail infrastructure which means we move commodities on our network as dictated by market demand. We are also growing our network to meet future demand.



- Access Revenue, **A\$744.8m, 88%**
- Grant, **A\$58.4m, 7%**
- Other, **A\$40.6m, 5%**



- Hunter Valley, **A\$459.2m, 62%**
- Interstate, **A\$285.6m, 38%**

DEMAND FOR EXPORT COAL

Coal is the most significant export commodity moved on our network. In 2021–22, 60.6% of ARTC's revenue was related to access revenue from customers transporting coal. This is a decrease from 62.5% the previous year.

Most of this transportation occurs on our rail network in the Hunter Valley, with state regulators mandating the carriage of coal by rail, rather than road, for environmental and safety reasons.

We recognise the important logistics role we play in Australia's coal supply chain. The Port of Newcastle is the largest coal export port in the world and 93% of coal transported by rail is for export, with key markets including Japan, Korea, and Taiwan.

The coal transported on our network is primarily thermal (90%, with 10% metallurgical) and is amongst the highest quality coal globally with high energy and low ash and sulphur content, the benefits of which are maximised through supercritical high energy and low emission (HELE) power station technologies in end-user markets.

This financial year the global energy transition continued to chart an undefined path, with energy security and benefits of Australia's higher quality Hunter Valley coal continuing to dominate demand for coal moved on our network. However, future indications of transition and diversification are also evident.

Recent geopolitical tensions, in particular the war in Ukraine, have seen a renewed global focus on energy security with upside for Hunter Valley producers evident in global coal prices as some end user markets seek to secure alternatives to Russian coal and gas.

It has been recognised by numerous commentators that if Australia's relatively higher quality coal exports were to be disrupted, then end user markets would substitute Australian coal with lower quality coal from alternative sources which would potentially increase global emissions.

In the Hunter Valley, this year BHP announced the early closure of the Mt Arthur export coal mine in 2030 – 15 years ahead of its scheduled end of life. AGL also announced the retirement of Liddell Power Station in 2023, transforming their site into a clean energy hub.

In collaboration with our key stakeholders in the Hunter Valley, we are exploring the impacts of a longer-term global energy transition away from coal including diversification scenarios and new economic futures for the region.



We are working with key partners to support the Hunter Valley in becoming a leader in green hydrogen production through our participation in the Committee for the Hunter. Read more about the Committee's strategy for the region [here](#).

We will continue to provide updates on our partnerships and progress regarding managing transition risks and sustainable regional diversification as part of our annual ESG reporting.

Our network in the Hunter Valley also supports the movement of grain as well as regional passenger traffic.

GROWTH IN DOMESTIC MARKETS

ARTC's nation-wide network services a broad range of supply chains and markets. Our two major corridors in the north-south and east-west transports groceries, building materials, cars, and electronic goods for domestic markets, export steel and mineral ore, bulk agricultural produce and regional passenger traffic.

We are investing heavily to grow our network in response to market demand by investing in Inland Rail which will transform inter-capital and inter-modal freight capacity in Australia.

Inland Rail capital expenditure represents the majority of ARTC's spending pipeline. Following completion of Inland Rail, the proportion of our overall revenue related to the transportation of coal by our customers is expected to decrease.

Due to projected increase in domestic demand, non-coal volumes represent a growing portion of ARTC's business. Refer to the Growth in New Markets section on page 72 for further details.

3. GOVERNANCE

ARTC's system of corporate governance reflects the ASX Corporate Governance Principles and Recommendations covering management, Board structure, ethics, reporting, disclosures, risk management, and remuneration.

Our Corporate Governance approach is further detailed in our Annual Report.

As a Government Business Enterprise (GBE) we are proud to be held to rigorous standards of governance and disclosure. Under Section 98 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the Auditor General is responsible for auditing the company's financial statements. In addition, ARTC's Annual Report is tabled in Parliament and financial accounts are lodged with the Australian Securities and Investments Commission (ASIC).



OUR SHAREHOLDER

The Commonwealth of Australia holds all shares in ARTC. The responsible Shareholder Ministers are the Minister for Finance, and the Minister for Infrastructure, Transport, Regional Development and Local Government.

The Board of Directors of ARTC are appointed by the Shareholder Ministers in accordance with the company's Constitution, and Commonwealth Government Business Enterprise Governance and Oversight Guidelines (GBE Guidelines).

ARTC recognises, upholds, and facilitates the effective exercise of the rights of the single Shareholder, the Commonwealth of Australia. In this regard, the company is subject to the *PGPA Act* and the GBE Guidelines in addition to the *Corporations Act 2001*.

ARTC complies with the GBE Guidelines, including the development and publication of an annual Corporate Plan, and regular Shareholder liaison, including formal quarterly Shareholder meetings, regular Inland Rail Sponsor Group meetings and related reports.

Although there is no Shareholder requirement that ARTC publishes an ESG report, this activity has been undertaken voluntarily in recognition of its broader importance.

BOARD AND MANAGEMENT

ARTC recognises the respective roles and responsibilities of the Board and management through its system of formal delegations and a schedule of matters reserved for the Board.

This enables the Board to provide strategic guidance for the company and effective oversight of management. It also clarifies the respective roles and responsibilities of Board members and senior executives to facilitate Board and management accountability to both the group and Shareholders.

Government policy (Section 115(c), Cabinet Handbook 2018, 12th Edition) requires that due regard be paid to gender balance in appointments. The GBE Guidelines refer to the Cabinet Handbook as per Section 2.14. As of 30 June 2022, the Board was comprised of four women and four men.

ARTC has five committees under the Board of Directors, each Committee is governed by its own Charter, detailing the Committee's role, membership requirements and duties and is reviewed periodically and revised when appropriate.

ARTC BOARD OF DIRECTORS



- 1 Warren Truss AC – Chairman
- 2 Mark Campbell – MD/CEO
- 3 David Saxelby
- 4 Jennifer Seabrook
- 5 Rocheen Garnon
- 6 Katrina Hodgkinson
- 7 Keira Brennan
- 8 Ryan Arrol

BOARD ESG RESPONSIBILITIES

SHAREHOLDER (COMMONWEALTH OF AUSTRALIA)				
ARTC				
ARTC BOARD				
Responsible for overseeing the operations and performance of ARTC. Oversees ARTC's strategic approach with ESG as a standing agenda item. Also includes review and approval of public ESG reporting and public bi-annual progress reports.				
BOARD COMMITTEES				
Five committees assist in the discharge of the Board's responsibilities				
<p>RISK Responsibilities include the review of the effectiveness of the Risk Management framework, monitoring of risk profiles, including ESG-specific risks.</p>	<p>AUDIT AND COMPLIANCE Reviews any formal public reporting and determines completeness and consistency with information known to the Committee, reviews appropriateness of ESG standards and frameworks, and recommends acceptance of public ESG reporting to the Board.</p>	<p>PEOPLE AND PERFORMANCE Assists with responsibilities related to policies, procedures, and practices that affect employees, contractors, or others, and makes recommendations to the Board regarding remuneration of the CEO and key management personnel including linkages to ESG goals.</p>	<p>ENVIRONMENTAL HEALTH AND SAFETY Assists with responsibilities for management of risks associated with environment, public and work health and safety functions, and monitors processes and programs adopted by management to ensure compliance with relevant policies and procedures.</p>	<p>INLAND RAIL Assists with responsibilities relating to the oversight and management of the Inland Rail project.</p>

ARTC is managed by an Executive Management Team who provide leadership across the business. ARTC's ESG Executive Champion is the Chief Financial Officer.



RISK MANAGEMENT

ESG risks are identified and managed as part of our Risk Management Framework. Risk management is conducted within ARTC to meet our company objectives through a clear, defined, and continual process. ARTC’s management of risks operates on a three lines of defence model:

1st line of defence	2nd line of defence	3rd line of defence
A robust framework of internal policies and procedures which guide how all major activities within the business are conducted	A series of self-attestation and independent assurance activities confirm the effectiveness of the application of policies and procedures covering safety, financial delegations, ethical matters, and policy compliance	Independent internal audit review

ARTC has a range of policies, procedures and practices that relate to the management of environmental, social, and governance aspects of the company. Of significance, the key ESG-related policies are:

- ARTC’s **Code of Conduct** recognises the importance of integrity and ethical behaviour, which sets out principles of conduct and behaviour required from our employees.
- ARTC has a framework for the **disclosure** of suspected wrongdoing and the protection of whistle blowers, in accordance with the *Public Interest Disclosure Act*, which applies to disclosures made by ARTC staff.
- Under ARTC’s Code of Conduct and Conflict of Interest Policy, all staff is required to disclose any actual, perceived, or potential **conflicts of interest** to the General Counsel and company for evaluation and advice.
- All procurement activity must be conducted without prejudice or favour and in accordance with our **Code of Conduct** and **Conflict of Interest Policy**. All participants in any procurement activity must declare any potential, actual, or perceived conflicts of interest.
- The goal of no one harmed on our network is outlined in our **Safety Policy** which outlines commitments to a Pathway to Zero and Fatal and Severe Risks.
- ARTC’s **Environment Policy** commits to undertaking our activities in a safe and environmentally responsible manner supported by **Environmental Principles**.
- ARTC’s **Diversity Policy** outlines the company’s commitment to valuing diversity, treating all job applicants equally, and promoting equal opportunities for all employees.
- Annual ARTC **Modern Slavery Statements** outline our commitment to ensuring that slavery in any form does not occur within our supply chain by strengthening practices to reduce our exposure.

4.

ESG APPROACH

STRATEGY

ARTC developed our ESG Strategy over two years from 2020–2022. This process involved benchmarking key peers, assessing current ESG activities, and engaging key teams across the business including our Executive and Board to help define material issues, ambition, and strategic priorities.

Our mission: 'A modal shift to rail for a sustainable future' is supported by five strategic ESG priorities. See pages 26–27 for further details.

To develop our ESG strategy, we undertook a materiality assessment which was informed by the Global Reporting Initiative methodology. We assessed a long list of over 50 topics according to relevance to our business activities and importance to our key stakeholders.

Stakeholder perspectives were informed through 2021 reputation research insights, employee engagement survey, as well as a review of media commentary.

ARTC has assessed risks to the business from climate change using recommendations of the Taskforce for Climate-related Financial Disclosure (TCFD) on pages 32–33. We intend to implement our roadmap and achieve fuller compliance over the next 3–5 years.

Integration of our ESG Strategy within the business strategy will enable us to build on activities already underway and progressively embed ESG into our core business activities.

We acknowledge the ongoing efforts of our people right across the business who continue to drive positive change.



MATERIAL TOPICS

In 2021–22 ARTC identified 15 topics that are of most importance to our business and key stakeholders. These topics have been mapped to our strategic priorities – aligning our strategy with the issues that matter most to the future success of our company.

Decarbonisation:

Reducing our operational emissions and supporting the decarbonisation of Australian freight through the expansion of rail.

Network resilience to climate impacts:

Mitigating risks from more frequent and extreme weather events to increase network resilience and reliability.

Environmental impacts:

Minimising negative environmental impacts from ARTC's activities.

Community and customer safety:

Ensuring community and customer safety at all times on and around our network.

Worker health, safety, and wellbeing:

Supporting the physical, emotional, and mental health of all our employees and contractors.

Social and economic impacts:

Creating social and economic benefits for the local communities in which we operate, while ensuring negative impacts, such as noise and safety risks, are minimised.

Diversity, equity, and inclusion:

Supporting equality of opportunity, engagement, and well-being for all of our people.

Attract and retain new talent:

Attract new talent to ARTC. Develop the skills and capabilities of our people and make ARTC a great place to work.

Stakeholder engagement:

Engaging with our regulators, all levels of government, customers, supply chain partners, and the broader industry.

Connecting with First Nations peoples:

Focussing on reconciliation, positive engagement, and economic opportunity.

More freight on rail:

Ensuring rail is the mode of choice in the national logistics chain.

Accessing finance:

Ensure we are well positioned to access finance in a context where ESG and climate issues are influencing financiers' decision making.

Allocation of Capital:

Maximising the benefits from delivery of Inland Rail and major construction projects.

Business ethics:

Maintaining an ethical culture and transparent reporting, supported by programs, procedures, and governance that reflect national best practice.

Innovation and technology:

Utilising emerging technologies and digital solutions to drive customer growth, improvements in safety and increase long-term business resilience.



ARTC ESG STRATEGY OVERVIEW



NETWORK SAFETY AND RESILIENCE

Ensure rail remains the safest form of freight transport. Reduce network failures or stoppages due to increasing severity of climate risks. Improve workforce safety.

SKILLED AND DIVERSE WORKFORCE

Ensure workforce has the skills to innovate, collaborate and deliver.

SOCIAL RESPONSIBILITY

Maintain reputation and social licence with host communities and key stakeholders.

ENVIRONMENTAL BENEFITS

Provide low carbon transport option that supports environments.

GROWING NEW MARKETS

Grow intermodal, intercapital markets and reduce risks associated with declining coal production.

MATERIAL TOPICS

- Worker health, safety, and wellbeing
- Community and customer safety
- Network resilience to climate impacts
- Innovation and technology

- Diversity, equity and inclusion
- Attract and retain talent
- Connecting with First Nations peoples
- Innovation and technology

- Business ethics
- Social and economic impacts
- Connecting with First Nations people
- Stakeholder engagement

- Decarbonisation
- Environmental impacts
- Network resilience to climate impacts

- More freight on rail
- Allocation of capital
- Accessing finance
- Innovation and technology

5. STAKEHOLDER ENGAGEMENT

Understanding our stakeholders' priorities is critical to our company's success. At ARTC, we actively engage key stakeholders throughout our value chain to understand their needs, identify opportunities for positive impact and collaboration, and ensure that we continue to deliver value. We use a variety of engagement methods including face-to-face and virtual meetings, as well as surveys. We also conduct ongoing media analysis to track key issues of interest to communities, activists, and NGOs.



ANNUAL STAKEHOLDER SURVEYS

ARTC conducts three separate annual stakeholder surveys: Customer Satisfaction, Employee Engagement, and Stakeholder Research. These engagement efforts support the identification of stakeholder perceptions of ARTC, stakeholder priorities, risks, and opportunities to build trust and improve our performance.

The stakeholders that participated in these research surveys included:

- Employees
- Customers including freight, coal and non-coal producers and passenger
- Government
- Community
- Banks and Financial Institutions
- Supply Chain Partners (freight and logistics)
- Suppliers and Delivery Partners (project partners)
- Peak Bodies and Industry Associations
- Regulators.

See the summary of ARTC's key stakeholder groups on the next pages and their reported core areas of interest.

In 2021–22 ARTC's trust score with external stakeholders as measured through the Tier 1 stakeholder research has moderated to 52% from 79% in 2020–21.

According to our independent research firm, this remains within the range of a "positive" reputation outcome.

However, a range of factors have driven what remains as a decline from the year before including a broader involvement from participating stakeholder groups which has highlighted the significance of continuing to improve community relationships and our responsiveness and openness to concerns. Our customer satisfaction score was 7.8/10, up from 7.4/10 in 2020–21 and our employee engagement score 63%, up from 60% in 2020–21.

ARTC STAKEHOLDERS

Stakeholder Group	Stakeholder Description	Topics of Interest	Relevant Material issues
Government	Federal and State Government officers	<ul style="list-style-type: none"> - Network operations and implementation - Inland Rail - Transparency and professionalism - Innovation - Collaboration - Communication and management of community impacts 	<ul style="list-style-type: none"> - More freight on rail - Business ethics - Capital allocation - Innovation and technology - Social and economic impacts - Stakeholder engagement - Decarbonisation
Employees	ARTC employees	<ul style="list-style-type: none"> - Workplace values and leadership effectiveness - Role clarity and performance management - Safety and inclusion - Collaboration and cross-functional communication - Innovation - Reward and recognition - Future-oriented decision-making 	<ul style="list-style-type: none"> - Worker health, safety, and wellbeing - Diversity, equity, and inclusion - Attract and retain talent - Community and customer safety - Innovation and technology
Customers	Includes bulk and import/export freight customers, passenger services and coal producers	<ul style="list-style-type: none"> - Innovation - Proactive communication and responsiveness - Collaborative engagement - Fairness/equity/consistency - Flexibility - Value for money and price transparency - Competitiveness of rail - Customer service - Management of customer impacts - Track reliability 	<ul style="list-style-type: none"> - Community and customer safety - Innovation and technology - More freight on rail - Business ethics - Network resilience to climate impacts
Community	Local councils Community groups	<ul style="list-style-type: none"> - Accessible touchpoints - Opportunities for two-way communication - Contributions to communities - Noise pollution - Community impacts related to coal freight movement 	<ul style="list-style-type: none"> - Social and economic impacts - Environmental impacts - Stakeholder engagement - Connecting with First Nations peoples - Decarbonisation
First Nations Peoples	First Nation communities, Elders, and stakeholders including Traditional Owners of the land where ARTC operates	<ul style="list-style-type: none"> - Native Title - Active Local Aboriginal Land Council engagement - Cultural heritage - Employment/procurement - Sites of significance 	<ul style="list-style-type: none"> - Connecting with First Nations peoples - Stakeholder engagement - Diversity, equity, and inclusion - Social and economic impacts - Environmental impacts

Stakeholder Group	Stakeholder Description	Topics of Interest	Relevant Material issues
Suppliers	Commercial supply and project delivery partners	<ul style="list-style-type: none"> - Regulation and best practice - Innovation - Partnerships - Transparency and consistency - Streamlined, accessible interfaces - Competitiveness of rail over time - Global energy transition - Inland Rail 	<ul style="list-style-type: none"> - More freight on rail - Business ethics - Capital allocation - Innovation and technology
Peak Bodies and Industry Associations	Organisations or advocacy groups that represent the rail, transport, energy and resources sectors	<ul style="list-style-type: none"> - Innovation - Transparency and flexibility - Industry best practice - Streamlined, accessible interfaces - Energy transition - Management of community impacts related to employment and revenue 	<ul style="list-style-type: none"> - More freight on rail - Decarbonisation - Business ethics - Innovation and technology - Social and economic impacts
Regulators	Regulatory bodies	<ul style="list-style-type: none"> - Timely information and engagement - Transparency and professionalism - Inland Rail - Advanced Train Management System (ATMS) - ESG/Sustainability reporting 	<ul style="list-style-type: none"> - Community and customer safety - Worker health, safety, and wellbeing - Capital allocation - Business ethics - Innovation and technology - Network resilience to climate impacts
Banks and Financial Institutions	Financial services companies (including banks, and insurance companies)	<ul style="list-style-type: none"> - Trustworthiness - Innovation - Sustainable investment solutions and future practices - Global energy transition 	<ul style="list-style-type: none"> - Accessing finance - Decarbonisation - Capital allocation - Business ethics - Innovation and technology - Network resilience to climate impacts
Freight and Logistics Supply Chain Partners	Other freight, logistic, and supply chain operators	<ul style="list-style-type: none"> - Competence and safety focus - Trustworthiness - Growth-orientation - Competitiveness of rail, now and in the future - Resilience to climate change - Global energy transition 	<ul style="list-style-type: none"> - More freight on rail - Allocation of capital - Innovation and technology - Business ethics - Decarbonisation - Network resilience to climate impacts
NGOs and Activists	Vocal groups on general operations and projects	<ul style="list-style-type: none"> - Benefits to community and industry (i.e. agriculture) - Visual amenity - Noise and dust impacts - Flora and fauna impacts - Design and cost of Inland Rail - Community impacts related to coal freight movement 	<ul style="list-style-type: none"> - Environmental impacts - Social and economic impacts - Stakeholder engagement - Capital allocation - Decarbonisation

6. TASKFORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

DISCLOSURE

This is ARTC's first disclosure in line with the recommendations of the TCFD Guidelines and covers the four key criteria of Governance, Strategy, Risk Management, Metrics and Reporting.

The impacts of climate change, both physical and transitional, are increasingly being realised around the world.

Our management of climate risks and maximisation of opportunities is critical to the role we play as a key provider of national infrastructure.

We understand the importance of a reliable freight network for train operators, customers, producers, and communities across Australia and seek to proactively address the physical and transitional risks associated with a changing climate.

ARTC acknowledges and supports the scientific consensus on climate change and is committed to supporting the Australian Government's commitment to net-zero by 2050 under the Paris Agreement.

We recognise the value of these disclosures in supporting our stakeholders' understanding of ARTC's responses to the physical and transition risks which may impact our operations, supply chain, customers, and other stakeholders.

ARTC continues to collect and disclosure its Scope 1 and Scope 2 emissions. We are also committed to developing and implementing a GHG emissions reduction plan across Scope 1 and 2 emissions and are developing a better understanding of our Scope 3 emissions (see pages 66–67).

We recognise that climate change impacts and the frequency of extreme weather events will continue to impact the reliability, safety, and efficiency of our network, and are exploring how we can design and upgrade our network for improved resilience (see page 45).

We are also actively considering the impacts of the global energy transition on commodity markets and in particular the long-term impacts on coal volumes in the Hunter Valley and what this means in terms transitional financial risks and a sustainable economic future for the region (see pages 14–15).

As we continue to identify and understand our climate risks and opportunities, we will work to identify additional metrics to support our understanding of risk management and opportunity maximisation.

In future reporting periods, we will disclose and report our progress in accordance with our TCFD roadmap. Further detail on our TCFD disclosures can also be found in our Annual Report [here](#).

TCFD ROADMAP

2021–22

Governance

- Chief Financial Officer appointed ESG Executive sponsor
- Support of Paris Agreement
- Regular ESG risk update provided to Board and Management
- Board oversight of Hunter Valley long term Financial Scenario Analysis
- Network Resilience Risk Analysis and Recommendations developed

Strategy

- Physical climate risk considered in design of Inland Rail and operational sections of the network
- Network of the Future considerations commenced for Hunter Valley
- Regular ESG updates provided to Board commenced as a formal agenda item

Risk Management

- Implementation of Climate Change Risk Assessment Framework for Inland Rail
- Physical risk mitigation measures identified for most of network

Metrics and Reporting

- Reporting of group Scope 1 and 2 emissions
- Target for 10% reduction in Scope 1 and Scope 2 emissions by end of June 2024
- Target to complete network wide climate risk and vulnerability assessment by end of June 2024

2022–24

Governance

- Ensure climate-risk governance is articulated alongside ESG risk considerations
- Consideration of ESG within remuneration
- Ensure consistent processes across whole of ARTC

Strategy

- Undertake transition scenario analysis to complement physical resilience program
- Disclose climate risks and opportunities in-line with the TCFD recommendations, including impact on business and strategy

Risk Management

- Articulate and implement whole of organisation process for climate risk identification and assessment
- Assessment of implementation of internal carbon price

Metrics and Reporting

- Develop understanding of source and quantity of Scope 3 emissions
- Explore reduction target for Scope 3 emissions for whole of business
- Identify metrics and targets aligned to the management of identified significant climate related risks and opportunities

2025>

Governance

- Full disclosure aligned with the recommendations of the TCFD

Strategy

- Disclosure of material climate-related risks and opportunities
- Embedding of climate-related risks into broader business strategy
- Continued review of scenario assumptions and impact on business

Risk Management

- Continued review of the management of climate related risks and opportunities

Metrics and Reporting

- Reporting against climate-related risk metrics and public disclosure of targets



7. NETWORK SAFETY AND RESILIENCE

OBJECTIVE

We have an uncompromising commitment to the safety and well-being of our employees, contractors, suppliers, customers, and the communities in which we operate. ARTC is committed to ensuring rail remains the safest form of transport. Our objective is that no one is harmed at work or on our network and to improve our safety culture and performance. We are implementing technology and digital solutions to drive safety improvements.

MATERIAL ISSUES

Worker health, safety, and well-being:

Supports the physical, emotional, and mental health of all our employees and contractors.

Community and customer safety:

Ensuring community and customer safety at all times on and around our network.

Network resilience to climate impacts:

Mitigating risks from more frequent and extreme weather events to increase network resilience and reliability.

Innovation and technology:

Utilising emerging technologies and digital solutions to drive customer growth, safety improvements, and increase long-term business resilience.

HOW WE MANAGE OUR MATERIAL ISSUES

WORKER HEALTH, SAFETY AND WELL-BEING

ARTC's Pathway to Zero Harm Strategy defines the actions required to improve safety culture and manage risks; for our people working in the rail corridor, in our office environments, and our local communities. The Strategy includes key programs such as Safe Work Improvement Program (SWIP), Level Crossing Safety Strategy, Contractor Safety program and Driver and Vehicle Safety Strategy

ARTC is committed to supporting the mental health and well-being of our employees. We demonstrate this through the implementation of programs such as free counselling and support services, delivering mental health first aid training, and roll-out of the Building Personal Resilience Program.

COMMUNITY AND CUSTOMER SAFETY

Many different stakeholders interact with the ARTC rail network including contractors, regulators, train operators, and members of the public. ARTC as a Person Conducting a Business or Undertaking (PCBU) has an obligation to ensure the health and safety of others in our workplace or where our work may impact others.

In addition to complying with relevant legislation, we undertake consultation, coordination, and cooperation with relevant stakeholders in the provision of safe railway operations ARTC regularly engages with government and local communities to raise awareness of safe rail behaviours in the community. We invest in community outreach programs and partnerships and have been a long-standing supporter of TrackSafe Foundation.

ARTC recognises the importance of not only ensuring our employees and contractors are safe and healthy, but also ensuring the health and safety of our local communities.

The safety of our customers – the train operators who use our network – is managed through our operational standards publicly available on our website and we engage with our customers on safety matters through various industry consultation forums and relationships. Operational standards include safe working systems and procedures for all aspects of rail operations, including responsibilities and safe behaviours.

NETWORK RESILIENCE TO CLIMATE IMPACTS

We acknowledge the effects that climate change impacts can have on the safety, reliability, and efficiency of ARTC network, impacting our stakeholders and employees, building more resilience and capacity through weather monitoring, infrastructure design, updates to standards, maintenance, and network rules and procedures will increase the ability of ARTC to manage climate impacts and protect the safety of employees, customers, and communities.

INNOVATION AND TECHNOLOGY

We utilise technology and data analytics to help improve safety on, and around, our network. This is driven by our Pathway to Zero Strategy initiatives and includes our internal cloud-based Horizon 360 safety and environment platform, the industry-leading train communications safe working system called Advanced Train Management System (ATMS) (more details on ATMS are in the Growing New Markets section on pages 78–79), and data and technology applications in SWIP and Level Crossing Safety initiatives.

ACHIEVEMENTS

The implementation of robust governance systems, training, and compliance programs, has resulted in changes in behaviours, seen by a decrease in employee Lost Time Injury Frequency Rate from 1.01 in 2019–2020 to 0.71 in 2020–21 to 0.67 in 2021–22, and All Injury Frequency Rate (AIFR) from 6.14 in 2020–21 to 4.45 in 2021–22.

We have appointed a new Executive for Safety and Environment to continue to drive our focus, and two new general manager-level safety roles will commence in 2022–23.

We have promoted the benefits of vaccination to our people and continue to promote booster shots to assist in the health impacts of COVID-19. We achieved a COVID-19 double vaccination rate of 90.9%.

ARTC's Inland Rail Safety and Wellbeing Program was awarded the Safety Leadership/Program by Rail Industry Safety Standards Board (RISSB) for 2022.

FUTURE OUTLOOK

Key initiatives in 2022–23 and 2023–24 include:

- Complete integration of track worker Safe Work Improvement Program (SWIP) actions and Driver and Vehicle Safety Strategy
- Continued implementation of Level Crossing Safety Strategy
- Continued implementation of Contractor Safety Program
- Continue to follow government COVID-19 guidelines and adapt our management of the pandemic to reflect the risk profile.
- Implement the ARTC Network Resilience Strategy.



OUR PEOPLE'S SAFETY

Our values articulate that safety is everything, it doesn't matter how big or small, doing things safely means doing things right. We value active engagement and are committed to the safety and well-being of our customers, stakeholders, and employees.

ARTC takes a proactive approach to health, safety, and wellbeing. We approach health and safety holistically. We work to identify and eliminate hazards and we prioritise supporting employee and contractor wellbeing. ARTC shares health and safety learnings and best practices across the organisation, including with our contractors and external stakeholders.

We have built strong relationships with our work health and safety regulator Comcare, and rail regulator the Office of the National Rail Safety Regulator, our priority is to ensure we meet all regulatory requirements.

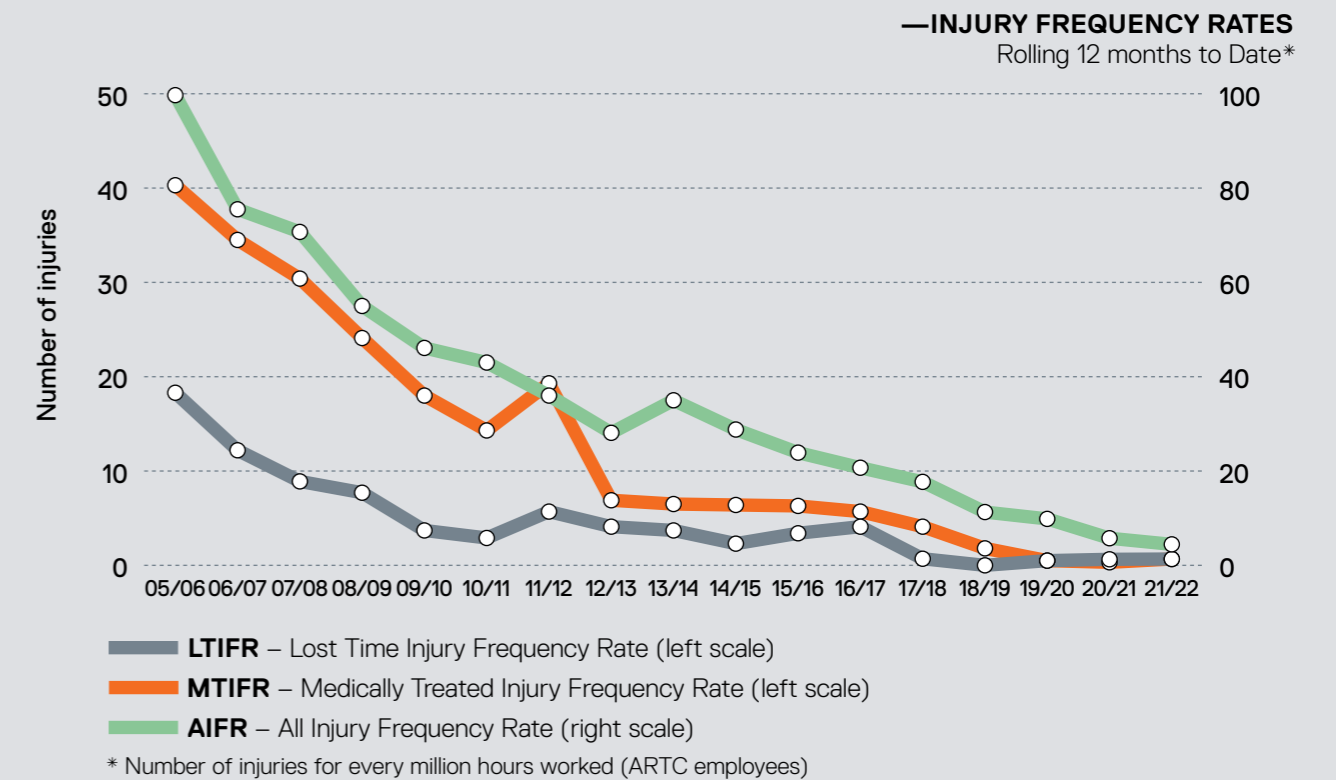
ARTC is accredited as a Rail Infrastructure Manager (RIM) and Rolling Stock Operator (RSO) by the Office of the National Rail Safety Regulator (ONRSR). ARTC must maintain a Safety Management System to retain our Accreditation.

In compliance with Work Health and Safety and Rail Safety legislation and alignment with ISO45001, ARTC has developed a Safety Management System that covers all ARTC workplaces including the railway operations. The SMS articulates health and well-being requirements such as the ARTC drug and alcohol policy, rail safety worker competency requirements, and fatigue procedures.

Our values articulate that safety is everything, it doesn't matter how big or small, doing things safely means doing things right.



YEAR TO DATE TRENDS COMPANY SAFETY PERFORMANCE



We track our safety performance through several indicators. Illustrated is the injury frequency rates for 2021–22. The trend line across all injury types has decreased.





PATHWAY TO ZERO HARM STRATEGY

ARTC's Pathway to Zero Harm Strategy was established in 2017 to help drive improvements in safety culture and mitigation of risks – for all of our key stakeholders. The Pathway to Zero Harm Strategy focuses on four strategic themes:

Our People internally motivated about the safety and wellbeing of themselves and their workmates

Our Leaders embody the values and the safety behaviours of the organisation and take personal responsibility for their safety and that of their team

Our Organisation uses data and indicators to drive improvement in safety performance

Our Safety Systems are integrated, simple to use and support our leaders and our people in meeting the needs of the business

Key safety initiatives implemented under the Pathway to Zero Harm Strategy include:

- **Safe Work Improvement Program** – refer next page
- **Level Crossing Safety Strategy** – refer page 40
- **Horizon 360** – In 2020–21, ARTC established a new, innovative safety and environment event reporting platform called 'Horizon 360' which is based on the SAI360 platform across Inland Rail. Horizon 360 will significantly improve our ability to record, analyse and identify safety and environment events and compliance. The second phase of implementation is now in planning for delivery in 2023.
- **Contractor Safety Program** – ARTC recognises the need for sustainable improvements in our approach to contractor safety and the inherent safety aspects of contractor engagements. The Contractor Safety Program aims to develop a consistent, proactive and systemised approach to contractor management, reducing high risk events, injuries and supplier related risks.
- **Driver and Vehicle Safety Program** – ARTC commenced our Driver Vehicle Safety Strategy in August 2021. This two-year program is focussed on improving our safe driving culture, with a particular focus on using heavy vehicles and Chain of Responsibility. Over the last 12 months we have rolled out safety training to all heavy vehicle drivers across the business. Our recent trial involving installation of telematics in seven heavy vehicles was successful enabling tracking and monitoring of safety factors such as speed, fatigue, and seatbelts. Telematics will now be installed on all ARTC heavy vehicles ensuring our proactive compliance with National Heavy Vehicle Law including roll-out of electronic driver work diaries and pre-starts. Under development are e-learning modules on driving safely and Chain of Responsibility awareness for all employees.

Our program focusses on six key areas: training and development, clear expectations of contractors, contractor led safety investigations, principal contractor engagements, monitoring contractor performance and ARTC terms and conditions. In 2021–22 we matured and delivered a contractor management procedure and supporting documents. We are now developing a training plan for front line contractor managers and teams for implementation in 2022.

WORKING SAFELY ON TRACK

Every day, ARTC employees and contractors access the rail corridor to undertake work, which requires safe separation between workers and trains. One of the highest potential risk events at ARTC is the possibility of train collision with our people on track.

As part of our Pathway to Zero Harm Strategy, our **Safe Work Improvement Program (SWIP)** is one of our key safety initiatives to help us reduce our safety risk across the business, especially for people who work in our rail corridors. SWIP focuses on long-term reduction of risk across the business and is a holistic change program consisting of eight projects designed to deliver a single, companywide approach to improve track worker safety. The program is dedicated to simplified, unified, and safe track worker protection across the ARTC network.

Key focus areas for SWIP:

- Build on conversations about safe behaviours to help us improve safe work practices being used on site
- Enable everyone to engage in two-way conversations about safety, risk, and their work
- Opportunity for everyone working in our business to understand what works and what doesn't work so that together we can create a safer workplace
- Focus on what is being done well and what we can improve to make everyone safer
- Operationalise our Just and Fair Culture Framework and demonstrate that we value team input in improving safety outcomes.

As of the end of June 2022, ARTC is 24 months into the three-year program, and we have delivered the following projects:

A review of the core technical knowledge of safe working personnel updated with our RTOs	We have defined the hierarchy of protection for the whole ARTC network	We can manage internal staff work in the field through mobile devices using our enterprise asset management system
Introduced a single source of truth for Notices, Waivers and Alerts	Implemented a process to identify and authorise access to people wishing to enter the ARTC rail corridor	Implemented an ARTC competency framework that enhances the Non-Technical Skills required to deliver effective Safe working
Updated Pre-work brief and WPP process	Implementation of ARTC Network Communication Standard	Deployment of eTAP in NSW

SWIP is striving to ensure a risk-based approach is used when undertaking track protection resulting in a reduced risk profile. We want our people to think safe and work safe, to go home safe, every day.

Our website provides more detailed information about our **SWIP**.



LEVEL CROSSING SAFETY

Train and vehicle events at level crossings are one of ARTC's highest potential risk events and we take level crossing safety very seriously. As the population of Australia increases and the freight task continues to grow our level of community, industry, and government engagement and investment in safer outcomes must continue to adapt to changing circumstances.

ARTC has approximately 3,520 level crossings of which 735 are signal activated with boom gates and/or flashing lights. A review of incident investigations indicates that drivers are often familiar with the level crossing where an incident occurs, and that driver error/behaviours can contribute to these types of incidents.

While level crossing incidents are less frequent than general road incidents, level crossing incidents have the potential to be higher consequences for road users and consequential trauma injuries for rail workers, first responders, and communities.

In 2021–22, there were 11 collisions at ARTC level crossings. This led to four casualties of which one was a fatality, two were serious injuries and one was a minor injury.

This financial year our Level Crossing Strategy focus team developed the ARTC Level Crossing Action Plan (2022–2024) providing a guidance framework to ensure we work consistently, smarter, and collaboratively to better manage our safety risks at level crossings.

Key focus actions areas include:

Elimination

- Grade separate public crossings
- Close or consolidated public, private and service level crossings

Engineering

- Implement level crossing risk mitigation strategies
- Develop and apply consistent level crossing standards
- Support technology enhancements, innovation, and R&D

Education

- Develop campaigns by using data to target safe road behaviour and identify high exposure/risk locations

Enforcement

- Support existing law enforcement activities
- Improve road user compliance with level crossing controls
- Share incident data and trends

Other key initiatives in 2021–22 include the completion of a road camera pilot program in regional NSW to monitor how motorists respond to stop signs at level crossings. The results revealed more than half of motorists ignore stop signs – data from this trial will be used to progress ongoing safety efforts with government and other stakeholders to help increase awareness and address safety risks.

As part of our ongoing commitment to level crossing safety, ARTC continues to work with state governments across the country to complete upgrades and improvements via a risk-based assessment approach.

COVID-19 RESPONSE

COVID-19 has posed many challenges across the world. Not only have there been health, safety, and well-being-related challenges, but also logistical challenges for transporting freight and goods.

The COVID-19 pandemic has impacted both worker and product shortages, driven changes in demands and supplies, and created negative health impacts to people. However, the freight network proved resilient throughout these impacts, with limited disruptions.

Initiatives that have been taken as part of the COVID-19 response include:

- Creation of an information hub for our staff, as well as regular updates and support of our people
- Activated business continuity plans and other arrangements to support and isolate our critical business functions, such as our Network Control Centres
- Flexible working from home arrangements for a large sector of our staff
- Limiting all non-essential and domestic travel and delivering as much work where possible with locally based employees and contractors (rather than intra or interstate workers)
- Working with our contractor partners and suppliers to ensure appropriate standards are in place for workers and de-scoping non-essential project works
- We continue to adapt our management response to reflect the risk profile and consideration of government and health authority advice

As part of our ongoing efforts to protect our people and communities, we encourage our employees to be double vaccinated and have implemented rapid antigen testing regimes.

As of the 6 June 2022, 90.9% of the ARTC workforce is double vaccinated against COVID-19.





MENTAL HEALTH AND WELL-BEING

ARTC is committed to supporting the mental health and well-being of our employees and the community through the implementation of programs to support employees and communities and provide a safe and supportive workplace. We want all our people to actively care for themselves through healthy lifestyles and behaviours, so we have procured several partnerships to help employees make healthy choices inside and outside work.

Over the last two years more than 300 employees have completed mental health training under programs such as the Mental Health First Aid certificate and Building Personal Resilience Program.

Periods of high stress and personal or work-related issues can impact a person's health, mental and emotional wellbeing, and ability to focus fully and work effectively. We have implemented a range of mental health and wellbeing initiatives and programs for employees and contractors, including:

Free counselling and support service available to employees and their families for issues that may disrupt wellbeing and work effectiveness. The service is available 24 hours a day, all year round and can be utilised for personal and work-related issues. The service is strictly confidential.

Raising awareness of mental health through participation in **industry-wide initiatives** such as mental health first aid training courses, Mental Health Awareness Month, Rail R U OK Day, and R U OK Day.

Roll-out of the **Building Personal Resilience Program** to provide a framework and tools to build resilience, both in the moment and the longer term.

Employee **Fitness Passport** which provides access to a wide variety of gyms, pools, and fitness outlets for our people at discounted rates.

ARTC supports community initiatives and organisations that can positively impact the mental health and well-being of the communities in which we operate. The mental health and well-being initiatives that were undertaken for the community include:

Lifeline partnership

ARTC has partnered with Lifeline over the last two years to help provide face-to-face counselling services in the Hunter Valley in response to community need (see page 58 for more details).

MATES in Construction partnership

In October 2021, through Inland Rail we announced this partnership, to ensure there is a dedicated focus on suicide prevention and early intervention in the project's construction workforce.

TrackSAFE Foundation

ARTC is a corporate supporter of the TrackSAFE Foundation – a charity focussed on harm prevention through rail safety campaigns, level crossing safety, school education, suicide prevention and trauma management frameworks for rail workers and train operators.

Primary Health Networks (PHNs)

Through Inland Rail, ARTC partnered with six PHNs along the Inland Rail alignment to promote local, independent mental health services that are accessible to stakeholders at no cost, ensure local mental health services and GPs are aware of Inland Rail's progress in local areas and provide resources to services to mitigate any increased demand caused by Inland Rail.





CLIMATE RESILIENT NETWORK

ARTC is a provider of critical national infrastructure and we understand the importance of a reliable freight network for train operators, customers, producers, and other businesses across Australia. Our network operates as part of an interdependent and complex supply chain.

ARTC is committed to providing a safe and reliable network, however, disruptions outside of ARTC's control pose risks to the network. Increasing frequency and severity of severe weather events and changes in temperature and precipitation can affect ARTC's network and impact the safety of employees, communities, and customers from unsafe driving conditions, derailments, collisions, and damage to infrastructure.

In 2021–22 the ARTC network was impacted by three significant flood events – widespread flooding impacting the Queensland and New South Wales network in November 2021 and March 2022 and the 1 in 300 rain event and flooding that impacted the network between Port Augusta and Tarcoola, resulting in significant supply impacts in Perth and Darwin.

ARTC has developed a Network Resilience Strategy to define our approach and ensure resilience is maximised across the network with consideration of options that either improve reliability, build resiliency, increase resistance or prepare for recovery.

The objective of network resilience is to minimise the impacts of delayed events and ensure our infrastructure can continue to provide essential services by withstanding, adapting, and recovering positively from whatever shocks and stresses have developed.

ARTC identifies four Resilience Principles for our network, these are:

RESILIENCE

Redundancy	Resistance	Reliability	Recovery
Space capacity or diversion routes	Physical robustness	Ability to operate under a variety of conditions	Respond and recover from disruptions

Over the years, ARTC has undertaken significant ongoing work to understand and model flooding risks to different sections of the network and implement remedial actions. More recently, following the recent flooding near Tarcoola, we are developing new flood models to understand our risk – and account for an increased range of rainfall events across the whole corridor. This financial year, on the Telarah to Acacia Ridge and Sydney to Albury corridors, we are undertaking climate risk and opportunity assessments to understand:

- Climate projections under various scenarios and timelines
- Assets most vulnerable to these changes and their condition
- The operation and maintenance protocols that need to be strengthened
- Increases in design standards are required to reduce vulnerability and enhance resiliency
- The priority areas for investing in and implementing resiliency measures across the network.

Updates from this important work will be included in the next ESG report and as part of our TCFD disclosures.



8. SKILLED AND DIVERSE WORKFORCE

OBJECTIVE

We aim to attract, retain and support all our people, from diverse backgrounds, to reach their full potential by investing in their future. Furthermore, we aim to ensure our workforce has the skills to innovate and collaborate. We deliver this through our policies and employee programs including mentoring and skills development, and diversity, equity, and inclusion services.

We are working to forge stronger connections with First Nations peoples and create meaningful opportunities for First Australians, communities, and businesses. We are committed to embedding strong cultural awareness across ARTC. Our Code of Conduct and company values define our expectations of employee behaviour.

MATERIAL ISSUES

Diversity, equity, and inclusion: Supporting equality of opportunity, engagement, and well-being for all our people.

Attract and retain new talent: Attract new talent to ARTC. Develop the skills and capabilities of our people and make ARTC a great place to work.

Innovation and technology: Utilising emerging technologies and digital solutions to improve organisational productivity, drive customer growth, safety improvements, and increase long-term business resilience.

Connecting with First Nations peoples: Focussing on reconciliation, positive engagement, and economic opportunity.

HOW WE MANAGE OUR MATERIAL ISSUES

DIVERSITY, EQUITY, AND INCLUSION

Diversity allows us to broaden our talent pool to foster greater innovation and creativity, develop stronger problem-solving skills through different ways of thinking, and increase morale, motivation, and engagement. Our Diversity and Inclusion Policy supports our strategic objectives. Each year ARTC provides the Workplace Gender Equality Agency (WGEA) information about ARTC to complete the compliance reporting required under the *Workplace Gender Equality Act 2012*, which is then published. We know having a diverse and inclusive work environment goes beyond gender and local representation.

ATTRACT AND RETAIN TALENT

ARTC recognises the important role inclusion and diversity in the workplace plays in attracting and retaining the best talent. Inclusion and diversity ensure we have a variety of perspectives that can lead to increased innovation, better problem-solving, and higher engagement of our colleagues. We have a range of incentives and programs to attract and retain employees such as employee development programs, employee bonus schemes, employee assistance programs, flexible working arrangements, fitness passports, and leave including parental, domestic violence, sick and carer leave. We also provide traineeships to attract people to the rail industry.

INNOVATION AND TECHNOLOGY

ARTC is focusing on initiatives that automate and systemise workflows and processes, support effective remote working, and provide seamless management of information and data. Further details on how we are using innovation to drive safety improvements is on pages 38–39 and drive customer growth on pages 78–79.

CONNECTING WITH FIRST NATIONS PEOPLES

We strive to be an employer of choice for First Nation peoples, offering an inclusive workplace and attractive regional and inner-city job opportunities. We have a goal of lifting our current representation of 3.1% Aboriginal and Torres Strait Islander people in our workforce, to 4% by the end of June 2024. We are also strongly committed to increasing the representation of First Nations peoples within our company leadership.

ACHIEVEMENTS

In 2022, ARTC conducted an engagement survey, which had a 63% employee engagement score.

ARTC continues to pursue greater diversity and gender balance in the workplace. Our employee breakdown in 2021–22 included:

- 28.0% female employees – down from 30%
- 26.1% female leadership – up from 25%
- 3.1% First Nations employees – up from 2.8%.

In 2021–22, 43 employees completed formal leadership training in Certificate IV or Diploma of Leadership and management.

We also launched a new human resource information system called People Platform to better manage HR data.

FUTURE OUTLOOK

Key initiatives for 2022–23 and 2023–24 include:

- Refresh diversity and inclusion initiatives, including establishing a network of champions
- Implement Reflect Reconciliation Action Plan (RAP) and develop and prepare Innovate RAP
- Deliver future staff reward and employment structures that strengthen culture and performance
- Develop and implement new professional development training and programs
- Continued implementation of our Digital Strategy
- Identify and prioritise opportunities to improve organisational productivity through technology platforms.



DIVERSITY, EQUITY AND INCLUSION

ARTC recognises that a talented and diverse workforce is fundamental to building a competitive and customer-focused organisation that will give rail a competitive advantage.

We believe that our workforce should reflect the communities in which we operate. ARTC aims to support all employees and foster a work environment that promotes and recognises a diverse workforce.

We aim to ensure a truly inclusive workplace where individual differences are embraced and where all employees have the opportunity to succeed. We see value in a diverse workforce and thus recognise equal opportunities for all employees.

Our Diversity and Inclusion Policy Statement was developed in 2015 to support our strategic objective of attracting, developing, and retaining high-performing employees who contribute to our long-term success and corporate values through a broader range of perspectives, experiences, and ideas.

Key diversity and inclusion focus areas for ARTC include:



Fostering and promoting an awareness and commitment to workplace diversity



Developing recruitment strategies that attract a diverse pool of qualified candidates



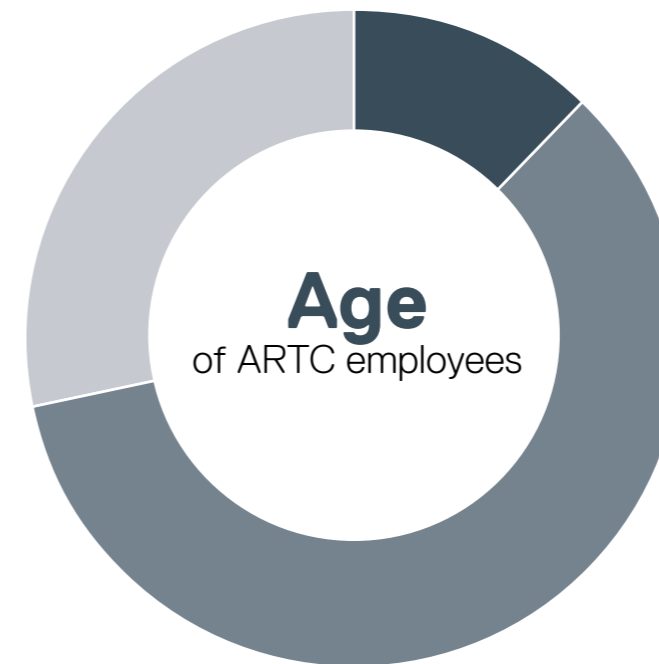
Increasing female and First Nations peoples' participation in key employment categories



Enabling flexible work arrangements to support work and personal life balance



Establishing and assessing measurable objectives for achieving improved diversity



- Less than **30 years old (12.30%)**
- **30–50 years old (59.70%)**
- More than **50 years old (28.30%)**

ARTC has 2,037 employees and 179 contractors, we have 28.0% female representation in our workforce. Of the 53 senior leadership positions, 15 are female, which represents 2.6% of the total workforce. The majority of our employees are aged between 30 and 50 years old.

In 2020–21, ARTC implemented an organisational-wide gender pay gap analysis to ensure we proactively address this issue. When comparing the same or similar roles, no material discrimination or cognitive bias was identified in ARTC's pay practices. This financial year Inland Rail implemented a cognitive bias training program for employees.

ARTC is also participating in the Australasian Railway Association's Women in Rail Mentoring Program, which encourages greater participation and advancement of women in rail to support the industry's long-term success. The program is a six-month mentoring program designed to support, guide, and help retain women working in rail.

In 2021-22 ARTC's workforce included 3.1% or 62 First Nation people. Refer to page 60 for more information on how we are building relationships with First Nation people through out Reconciliation Action Plan.





ATTRACTING AND RETAINING TALENT

ARTC's People and Culture Strategy allows us to invest in the frameworks, systems, and initiatives that better support our people to deliver business goals and attract, develop, reward, and retain employees. In 2020–21, ARTC had an employee turnover rate of 13.0% which increased to 19.1% in 2021–22. This increase in turnover is reflective of significant increase in investment and infrastructure projects across the nation (in-particular the rail sector), coupled with the current external environment of inflation and wages growth. The markets in which ARTC competes for talent is becoming highly competitive indicating specific skills shortage, especially in relation to project engineering and related capabilities.

Having a diverse workforce means we can attract and retain the best talent by actively addressing the barriers many in our society face. ARTC provides a variety of incentives and programs to attract and retain employees, including:

EMPLOYEE INCENTIVES AND PROGRAMS			
Employee Development Programs	Employee Bonus Scheme	Employee Assistance Program	Flexible Work Arrangements
Parental Leave	Domestic Violence Leave	Sick and Carers Leave	Fitness Passport



- Capital city location (69.30%)
- Regional locations (30.70%)

Our people are located nationally with over 30% of employees based in regional areas outside of capital cities.

We are committed to the success of our employees and embody this through active engagement. We aim to foster a positive workplace culture where we take initiative and pay attention to employees' views. We seek to listen to our employees' perspectives through our annual employee survey, and we benchmark our results against our peers.

The 2022 Employee Engagement Survey had 63% employee engagement, which met the designated Key Performance Indicator (KPI), and 63% female engagement, which was above the KPI. The survey showed that 71% of employees agree or strongly agree that 'my leader takes personal action to improve safety and environmental performance, showing enthusiasm, decisiveness and support'.





SKILLS AND CAPABILITY

Cultivating a workforce of skilled employees is critical to ARTC's sustainable growth and success.

At ARTC, we believe that building skills, leadership capability, and technical competencies should be an opportunity that every employee can access. In 2021–22, to build change leadership skills we leveraged the expertise of external consultants and our Capability Team to deliver Change Leadership Programs to support the impacts of change on team members and enhance skills in coaching and business partnering. We also delivered Targeted Leadership Programs designed and delivered based on a 360-degree capability assessment and focused on enhancing people leadership skills.

ARTC is committed to supporting our people to meet their full potential in their current roles as well as preparing them for career growth – attracting the right people, but also developing the skills of current staff, are fundamental aspects for the success of our business.

ARTC recognises the important contribution that every individual in its team makes towards achieving our goals. In 2021–22, ARTC supported skills and capability development through:

1

Continuing to develop and implement individual employee development plans over a defined period. Employees and managers discuss their performance objectives and agree what development will assist them to achieve individual and corporate goals.

2

Providing traineeships to attract new employees into the rail industry. Traineeships provide you with on and off-the-job training to enhance skills and knowledge to support your future career in rail.

3

Supporting the ongoing development of our employees are our Certificate IV and Diploma in Leadership and Management Programs. In 2021–22, we had 43 employees complete the program.



Our commitment to future thinking is embedded in our corporate values. It informs how we innovate, operate dynamically, and approach challenges and barriers.

ARTC's Digital Strategy defines our technology priorities and in 2021–22 our primary focus was on delivering enabling technologies to progressively improve our digital maturity as an organisation.

The fast-tracked roll-out of Microsoft Teams coupled with existing infrastructure and capabilities enabled a rapid roll-out of remote working during the COVID-19 pandemic. This ensured ARTC's business continuity throughout the pandemic, with as much as 40% of our workforce working from home during the pandemic.

Our Digital Strategy will continue to help us make smarter investments to meet the day-to-day needs of our people in line with the overarching goals of the company.



9. SOCIAL RESPONSIBILITY

OBJECTIVE

Social responsibility is at the heart of our business. Our objective is to meaningfully engage with our key stakeholders, including local communities and First Nations peoples, to better collaborate and achieve mutually beneficial outcomes. We are also committed to maintaining an ethical organisational culture and governance practices that reflect national best practices. A key component of this is transparent reporting on our performance through both our Annual and ESG reports.

MATERIAL ISSUES

Stakeholder engagement: Engaging with our regulators, all levels of government, customers, supply chain partners, and the broader industry.

Connecting with First Nations peoples: Focussing on reconciliation, positive engagement, and economic opportunity.

Social and economic impacts: Creating social and economic benefits for the local communities in which we operate, while ensuring negative impacts, such as noise and safety risks, are minimised.

Business ethics: Maintaining an ethical culture and transparent reporting, supported by programs, procedures, and governance that reflect national best practice.

HOW WE MANAGE OUR MATERIAL ISSUES

STAKEHOLDER ENGAGEMENT

Understanding our stakeholders' priorities is important to us and we regularly undertake engagement activities and survey research to determine how we can continue to improve communication and achieve mutually beneficial outcomes. You can view our approach to stakeholder engagement on pages 28–29.

CONNECTING WITH FIRST NATIONS PEOPLES

We strive to build and maintain strong relationships with First Nations communities that are mutually beneficial and support meaningful and long-term opportunities for First Nations peoples, including within our supply chain. Through the construction of Inland Rail, we continue to engage with First Nations peoples along our alignment in the spirit of advancing reconciliation, preserving cultural heritage, and identifying partnership opportunities.

SOCIAL AND ECONOMIC IMPACTS

The communities in which we operate are our valued stakeholder and ARTC is committed to building positive relationships. We actively engage with communities along our alignment, responding to feedback, ensuring that community matters are addressed appropriately, and that negative impacts are minimised. Our network is primarily located in regional areas and we aim to support regional economic development outcomes through our major construction projects such as Inland Rail and community sponsorship and donation programs.

BUSINESS ETHICS

As a Government Business Enterprise, ARTC strives to embrace the highest standards of governance. ARTC's system of corporate governance reflects the ASX Corporate Governance Principles and Recommendations. We have policies, procedures, and practices that relate to the management of environmental, social, and governance aspects of the company. Refer to Governance in section 3 for more information.

ACHIEVEMENTS

In 2021–22 ARTC were proud to publish our first Reflect Reconciliation Action Plan. We also appointed a First Nations Strategy and Engagement Specialist to drive implementation of the RAP.

Other achievements this financial year include:

- We invested \$672,000 in around 115 community organisations through our community sponsorship and donations programs
- The second Modern Slavery Statement was published, and associated activities implemented
- Inland Rail community investment and local and First Nations workforce and industry participation outcomes continues to generate a positive legacy in the communities in which we operate.

FUTURE OUTLOOK

Key initiatives in 2022–23 and 2023–24 include:

- Implement Reflect Reconciliation Action Plan and develop Innovate RAP with the aim of developing new ways for local and First Nations communities to access economic opportunities and community benefits throughout our value chain and across our network
- Continue to implement activities under the Modern Slavery Statement
- New corporate Sustainable Procurement Policy and associated activities
- Stakeholder input to ESG materiality assessment and review of the strategic approach
- Engage key stakeholders and participate in industry collaborations in relation to ESG.





MANAGING COMMUNITY IMPACTS

We value the communities in which we operate as important stakeholders. Developing mutually beneficial relationships with local communities based on trust and goodwill is a core priority. ARTC is committed to listening and responding to feedback provided by communities and building relationships through open and transparent communication and engagement.

We are committed to pursuing best practice community outcomes through alignment with standards set by the International Association for Public Participation (IAP2) of which we have been a member since 2017. We are proud to state that 100% of all community matters received are addressed by our dedicated community relations and stakeholder engagement professionals.

We developed our first Environment and Community Strategy in 2020–21 to recognise the strong link between environmental management and community engagement. In 2022, we received 1538 communications from the community on matters relating to our operational network. Of these, 228 related to operational railway noise.

All community communications are received via our dedicated 24-hour hotline (1300 550 402) or email (enviroline@artc.com.au) and managed by our Community Relations Team. Key issues we addressed in 2021–22 related to vegetation management, noise, fencing, and rail maintenance work:

Vegetation Management

The visual condition of the local environment is an important concern for local communities. ARTC has a dedicated maintenance program clearing vegetation, weeds, and feral animals from rail land. Before fire season, additional targeted clearance of vegetation is undertaken to ensure the rail corridor remains safe from fire.

Noise

People living close to railway lines can experience varying levels of noise from rail activity. While noise is unavoidable, our goal is to reduce and manage sources of noise through management measures, such as working with our train operators and customers to decrease noise, scheduling maintenance activities, or working with regulators to address community needs on a wider basis.

Fencing

While fencing laws vary by state, ARTC's focus remains to ensure the safe separation of farmland and livestock and to work with neighbours to ensure residents and stock are kept safely away from rail lines.

Rail Maintenance Work

ARTC ensures that residents, community groups, and local governments are kept informed of important activities in our community, such as maintenance or urgent work. This allows the community to be involved in our decision-making and prioritise works and impacts that matter at a local level.

On Inland Rail, ARTC managed a total of 5,326 community matters in 2021–22 relating to matters such as property access, property acquisition, flooding/drainage, and project design.

ARTC is committed to engaging with landowners, residents and other community stakeholders respectfully, sensitively and fairly, incorporating more local knowledge and building trust.

The final report of the Senate Inquiry into the *Management of the Inland Rail project by ARTC and the Commonwealth Government* was tabled in parliament in December 2021. Senate hearings are an important part of our political process that provides a voice to the community and provides an opportunity to hear different perspectives about Inland Rail but also share the history, thinking, and detail that has gone into developing Inland Rail and consider why it is so crucial for this country's future.





SUPPORTING SOCIAL AND ECONOMIC DEVELOPMENT

The ARTC network is primarily located in regional areas and at least 85% of our \$7 billion capital investment in the network to date has been outside the capital cities. A large proportion of goods transported on our network are produced in regional areas – such as grain, minerals, and steel – directly and indirectly supporting regional jobs.

New or upgraded freight rail track helps to generate construction jobs and procurement opportunities while also attracting significant investment in complementary transport and logistics infrastructure. Through the delivery of the Inland Rail program, we are building a new 'corridor of commerce', enabling regional communities to embrace the immediate and long-term economic opportunities created by freight rail. To date, the public and private sectors have invested significantly in the planning and construction of intermodal hubs along the Inland Rail alignment, including in Parkes, Narrabri, the Riverina, and Toowoomba.

ARTC contributes to community programs and initiatives our employees care about and areas where we are well placed to have a positive impact. In 2021–22, ARTC supported around 115 community organisations totalling almost \$620,000 in value. This included just under \$280,000 invested in 84 local community organisations through our Inland Rail sponsorship and donations program.

Over the last two years through our Hunter Valley network, ARTC has invested \$460,000 in a partnership with Lifeline enabling more people to benefit from Lifeline's local, face-to-face counselling service in the Hunter Valley region. This partnership is an effective and tangible way to support the local community in their time of need, recognising additional stressors such as the COVID-19 pandemic.

REGIONAL JOBS AND SKILLS PATHWAYS

ARTC is committed to supporting meaningful economic development and employment outcomes for local and First Nations communities. As at 2021–22, in collaboration with our private sector delivery partners for the Parkes to Narromine and Narrabri to North Star (Phase 1) segments of Inland Rail, ARTC has:

- Supported 1,298 local construction-related jobs of which 325 are local and First Nations workers
- Invested \$251.2 million in construction spending in local businesses including \$3.2 million in local First Nations businesses
- Invested \$24.15 million in First Nations businesses Australia wide.

The Inland Rail Skills Academy supports our job creation strategy by offering programs for residents and businesses to build capabilities aligned to the skills Australia needs to not only support the delivery of Inland Rail but broader construction and infrastructure projects.

ETHICAL SUPPLY

We strongly believe that all people around the world have the right to live free from exploitation. We are committed to doing our part to ensure that slavery in any form does not occur within our supply chain.

We published our first Modern Slavery Statement in 2020 outlining our approach to preventing modern slavery in our supply chain and continued to build on these foundations. In 2021 we assessed our Tier 1 supply chain and identified that 99.7% of the suppliers we contact are directly located in Australia, and over 90% of goods and services are sourced or manufactured in Australia. We also began assessing Tier 2 supply chain which captures the suppliers that our Tier 1 suppliers contract with.

Key activities implemented in 2021–22 include:

- Continuing to implement the 2021 Modern Slavery Statement
- Requiring all new vendors to complete a compulsory modern slavery questionnaire
- Making modern slavery training available to all employees as part of induction
- Participated in an industry information session relating to modern slavery issues.





CONNECTING WITH FIRST NATIONS COMMUNITIES

ARTC strives to build and maintain strong relationships with First Nations communities that are mutually beneficial, and support meaningful, long-term opportunities while enhancing ARTC's operations, workforce, and reputation.

We continue to engage with First Nations peoples along our alignment in the spirit of advancing reconciliation, preserving cultural heritage, and identifying partnership opportunities.

Our Hunter Valley Aboriginal and Torres Strait Islander Action Group supports local economic and procurement opportunities for First Nations peoples.

In early 2021, the Group facilitated the Quirindi Mural Project – five new murals created by the Quirindi community on the new Jacob and Joseph Creek Bridge. The murals were an opportunity to work with the community and give a new identity to the bridge which ARTC recently replaced. ARTC engaged the art group UP&UP to work with a local Kamilaroi artist.

Engaging local communities to share culture is an important step in building trust and this year the Port Waratah Provisioning Centre received artwork on a surfboard from proud Worimi Elder Debbie, of her grandmother's totem – a turtle.

In addition to the important construction job and supply outcomes on Inland Rail outlined on page 58, cultural tours have been an invaluable opportunity for Traditional Owners and Elders to share their knowledge and for our teams to connect with culture.

In 2021–22 Inland Rail through the Skills Academy program commenced a new partnership with Clontarf Foundation supporting over 1000 young Aboriginal and Torres Strait Islander men in 14 schools along the alignment over two years.

To support community engagement and outcomes across our Interstate Network we are recruiting a new Indigenous Engagement Advisor role.

REFLECT RECONCILIATION ACTION PLAN

In 2021, ARTC established our first Reconciliation Action Committee, a team of passionate people across the nation focused on developing our first Reconciliation Action Plan (RAP) and making a genuine difference to our company culture.

The vision is to create a clear strategy to positively engage and impact First Nations peoples within our business and within the communities in which we operate.

Our Reconciliation Action Committee has the full support of our Executive team and senior leadership. Our organisation knows we need to better understand the diversity of the First Nations communities in which we operate and identify opportunities to work together.

ARTC launched our Reflect RAP in March 2022, which serves as the start of our pursuit of deeper knowledge and connections among our people and local communities.

The Reflect RAP, endorsed by Reconciliation Australia and available on ARTC's website, contains 13 forward-focused actions for delivery in 2022 and 2023 focussed on four key objectives, Respect, Relationships, Governance, and Opportunities.

In support of our RAP, ARTC on boarded our First Nations Strategy and Engagement Specialist – a new role within the company to provide leadership, guidance, and governance to enable ARTC to build a greater sense of belonging for all employees.

We need to consider the support structures we have in place so that we can attract more First Nations employees and understand our role in closing the gap. Through this process, we will learn and grow as individuals and as a business, gaining a deeper understanding and appreciation of First Nations cultures and communities.

In 2021–22, 30% or 590 ARTC employees completed cultural awareness training to date with a target of 50% completion by end of the 2022–23.



Proud Gomeri elder Aunty Elaine Edwards leading the Toomelah cultural appreciation tour



10. ENVIRONMENTAL BENEFITS

OBJECTIVE

ARTC is committed to undertaking our activities in a safe and environmentally responsible manner to achieve positive outcomes for our customers, stakeholders, community, and the environment. We acknowledge climate change science and support the Paris Agreement goals. Climate change is one of the most significant challenges the world faces, and we play an important role in the decarbonisation of our national transportation sector. We are committed to reducing our operational carbon footprint and investing in low-carbon solutions to speed the transition to a lower-carbon economy. We are also committed to minimising the impact of construction and operational activities on the natural environment including the impact on flora and fauna and minimising the generation of waste.

MATERIAL ISSUES

Decarbonisation: Reducing our operational emissions and supporting the decarbonisation of Australian freight through the expansion of rail.

Environmental impacts: Minimising negative environmental impacts from ARTC's activities.

Network resilience to climate impacts: Mitigating risks from more frequent and extreme weather events to increase network resilience and reliability.

DECARBONISATION

ARTC is a large player in coal transportation in Australia. We acknowledge that as part of the global energy transition and in accordance with the Paris Agreement and country commitments to net zero emissions by 2050 there will be a world-wide transition away from coal use. In collaboration with our key stakeholders in the Hunter Valley, we are exploring the impacts of a longer-term global transition away from coal including diversification scenarios and new economic futures for the region such as the potential to become a hub for green hydrogen (refer pages 14–15 for further details).

ENVIRONMENTAL IMPACTS

We have implemented our Environmental Management System (EMS) for the evaluation, management, and reporting of environmental issues. The EMS supports our Environment Policy and Principles and has been developed with consideration of ISO14001. Due to our expansive network, we operate under five state government jurisdictions as well as the Commonwealth of Australia, therefore we must abide by all relevant legal requirements for environmental management.

NETWORK RESILIENCE TO CLIMATE IMPACTS

ARTC is focussed on building more resilience and capacity to manage climate impacts through initiatives such as implementation of the Network Resilience Strategy, weather monitoring and hydrological and climate assessments. For more information refer to page 45.

ACHIEVEMENTS

We are proud to achieve six years in a row of zero significant non-compliance events with environmental laws and regulations.

In 2020–21 we updated our Environment Policy and created a new set of Environment Principles for the business. We also launched our Environment and Community Strategy 2021–2023. These documents move ARTC beyond compliance and towards a contemporary vision for environmental management that defines standards that will influence our environmental culture and behaviour.

This financial year we commenced development of a GHG emissions reduction plan and waste stream assessment project. We are also increasing our capacity in vegetation management and contaminated land management with the recruitment of two new roles on our Interstate Network.

FUTURE OUTLOOK

Key initiatives in 2022–23 and 2023–24 include:

- GHG emissions reduction plan, with future consideration of Scope 3 emissions
- Waste reduction, recovery, and recycling, focussing initially on assessing and quantifying key waste streams and current waste data reporting systems
- Sustainable materials and circular economy principles for trial, demonstration, approvals and use of recycled and low embodied carbon material on the network
- Biodiversity improvement and opportunities as part of our environmental management approach.
- Continue rollout and monitoring of ARTC's Environment and Community Strategy and Environment Policy and Principles to raise environmental awareness and drive action
- Hunter Valley Network Bronze certification under the NSW Government Sustainability Advantage Program
- Publish Heritage Management Policy.



OUR APPROACH TO ENVIRONMENT

We are committed to minimising the potential impact of construction and operational activities on the natural environment, including soil and water, biodiversity, air, and the responsible stewardship of waste.

Our Environmental Management System (EMS) guides our activities, and our performance is audited regularly and reported to management. We communicate with our stakeholders regularly about our environmental management activity.

Environmental matters actively managed by ARTC include:

-  Noise and vibration
-  Air Quality
-  Biosecurity
-  Waste
-  Soil and water
-  Biodiversity
-  Heritage

In the Managing Community Impacts section (refer page 56) we outline our approach to managing environmental issues of ongoing importance to communities along our alignment including noise and vegetation management.

ARTC developed our first Environment and Community Strategy for financial years 2020–21 to 2022–23 to strengthen our management of environment and community matters and identify actions that will be undertaken to ensure the environment is at the forefront of our projects. This is supported by our updated Environmental Policy and Principles.

The Strategic themes of this strategy are:

- REDUCE ENVIRONMENT AND COMMUNITY RISK**
We are focusing on leading and positioning our business to address emerging needs and move beyond compliance.
- IMPROVE RESOURCE EFFICIENCY**
We are positioning ourselves in our consumption of resources which can result in business improvements combined with environmental, economic, and social benefits.
- PROTECT AND PROMOTE OUR REPUTATION**
Ensure ARTC can continue to earn a positive and respected reputation which is founded on our contribution to social value and continual improvement to achieve more than compliance.





ENVIRONMENTAL PERFORMANCE

ARTC manages a significant area of land covering rail corridor and associated property across five states.

ARTC's portfolio of assets is diverse and includes listed heritage assets covering all aspects of Australia's heritage such as cultural heritage, archaeology, movable heritage, the built environment, and natural and cultural landscapes.

We are committed to recognising and protecting Australia's railway heritage and building relationships with First Nations communities along our alignment to identify and protect Cultural Heritage.

ARTC measures our environmental performance to identify trends and opportunities for improvement. In 2021–22, there were no significant (Level 1) non-compliance events with environmental laws and/or regulations, following a similar track record for the previous five years.

GREENHOUSE GAS EMISSIONS

ARTC reports operational greenhouse gas emissions (GHG) to the Australian Government under the *National Greenhouse and Energy Reporting Act 1997* (NGER). Every year we collate data on direct and estimated Scope 1 and 2 emissions for:

- Fuel consumption from general transport, generators, maintenance, and minor construction activities (Scope 1)
- Electricity usage from provisioning centres, offices, and other ARTC-operated facilities (Scope 2).

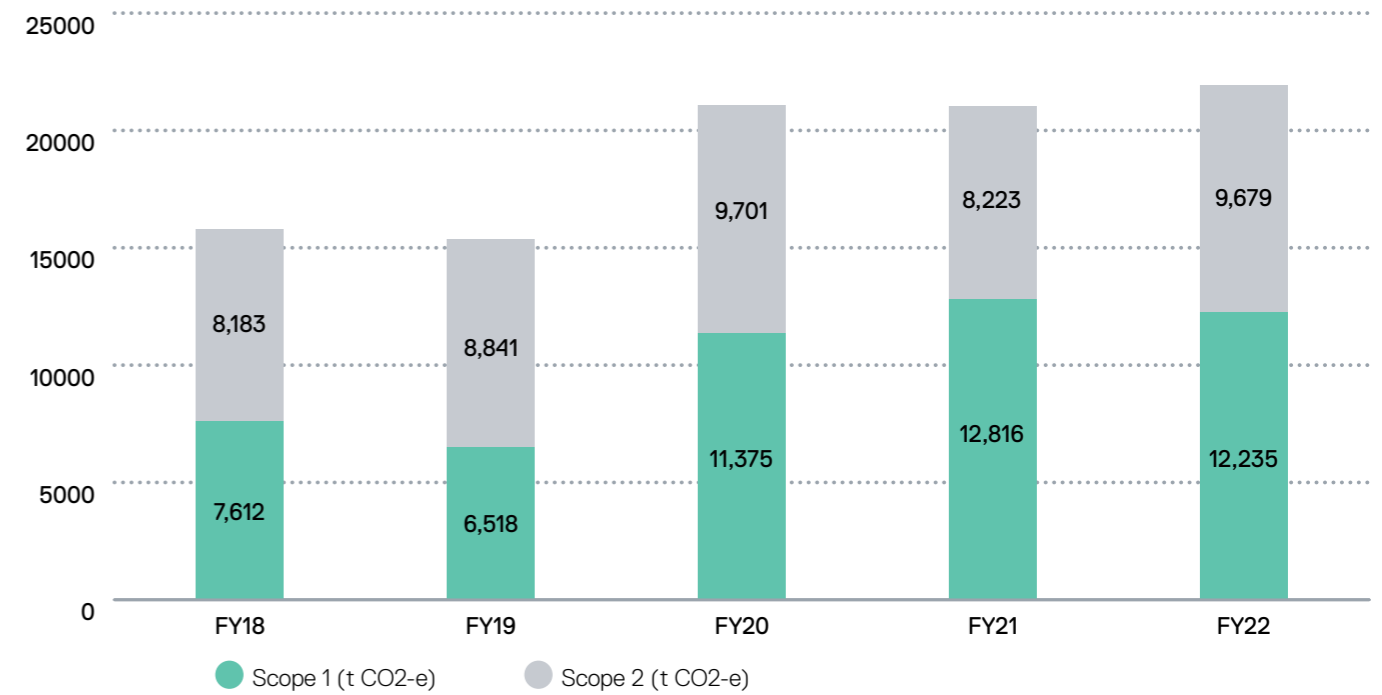
Our Scope 1 and 2 emissions profile over the last five years is shown in the figure. Increases from 2018–19 to 2019–20 were due to increased project activity as part of Inland Rail and Major Construction Project associated facility and fleet usage. The emissions profile largely remained similar for 2020–21, taking into consideration lockdown restrictions associated with the COVID-19 pandemic. In 2021–22 emissions increased by 4.2% largely due to the increase in electricity and general fuel usage associated with relaxing of COVID-19 restrictions.

In 2021–22 ARTC commenced the development of a GHG reduction plan, investigating actions to meet our 10% reduction target for Scope 1 and 2 emissions by the end of June 2024.

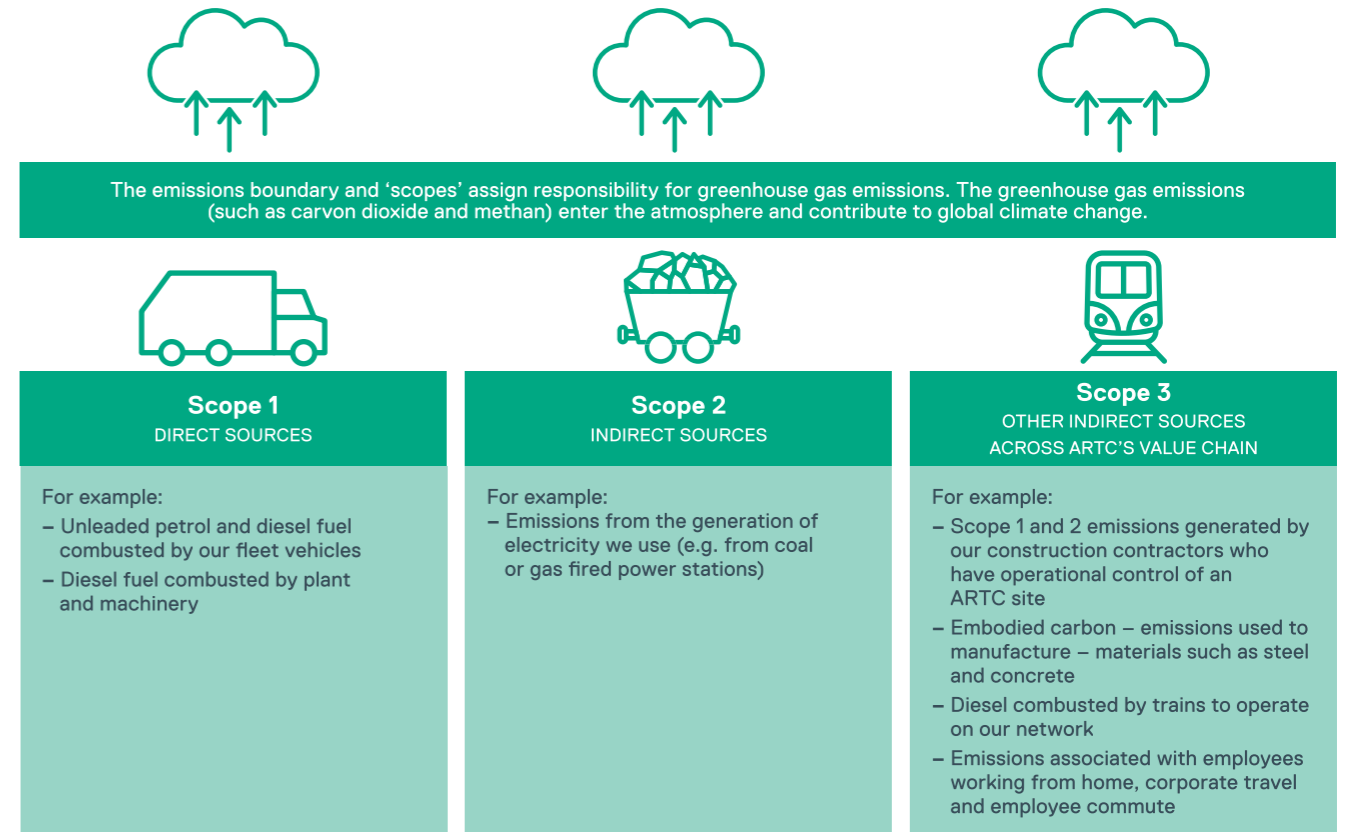
The study will be completed in 2022 and will support ARTC with meeting our targets and also consider our approach to managing Scope 3 emissions, as well as potential to developing future reduction targets in line with global commitments.

Construction of Inland Rail is a significant contributor to ARTC's Scope 3 emissions profile. These emissions are generated by activities such as the operation of diesel-powered plant and machinery and vegetation clearing. Construction-related emissions also includes installation of materials such as steel and concrete which have high embodied carbon. Other significant Scope 3 emissions are diesel combustion by trains operating on our network and emissions associated with employee work from home, commuting and corporate travel.

ARTC Scope 1 and 2 GHG emissions



ARTC GHG Emissions Profile





WASTE DIVERSION AND REUSE

The effective management of waste, generated by our maintenance, upgrade and construction activities, brings an opportunity to reduce costs to the business and minimise impacts on the environment and communities.

ARTC has commenced work in assessing key waste streams, associated quantities, forecast generation, and its ability to accurately gather data on the various waste streams. The work is intended to help identify process improvements and assist in identifying waste diversion, reuse, and recycling opportunities aligned with circular economy principles.

This will build on the waste audit conducted by Interstate Network in 2019–20 which resulted in an increase in re-use and resource sale as well as activities being undertaken by Hunter Valley as part of the NSW Government Sustainability Advantage Program.

Waste generation and resource recovery from large construction sites and operational maintenance activities are managed through a collaborative approach with our contractors to achieve lower rates of disposal and higher rates of recycling and recovery. The Infrastructure Sustainability rating process also outlines waste diversion targets and is applied to Inland Rail and other major construction projects.

Working with the NSW Environmental Protection Agency, ARTC has established two Resource Recovery Exemptions that facilitate the re-use of waste soil and aggregate as well as waste timbers from the rail corridor.

On the Inland Rail Parkes to Narromine project, ARTC achieved almost 98% beneficial re-use of the 200km length of steel rail track removed with the majority being used for applications on the Country Rail Network (NSW) and the remaining on sections of ARTC's network. For un-usable rail track and associated trimmings, ARTC has pursued scrap steel sales.

TOWARDS A MORE CIRCULAR ECONOMY FOR MATERIALS

ARTC aims to minimise negative environmental impacts and create positive environmental outcomes. ARTC is ramping up our focus on gathering data and systemising the way we recycle on-site materials and considering applications of third-party recycled or sustainable materials as part of a wider circular economy. Examples of this include:

- Following a successful trial conducted with Duratrack and Monash University, ARTC has type approval for use of composite plastic sleepers in low-speed settings (sidings and yards)
- ARTC updated the relevant type approval and is progressively replacing petrochemical-based curve greases with biodegradable alternatives to reduce impacts to potentially sensitive receptors in the environment
- ARTC has previously applied re-purposed tyre waste to create a retaining wall on the ARTC network at Kooragang called eco-flex the product repurposes waste and meets relevant design and technical standards
- Composite plastic (FFU) sleepers have been used in bridge transoms across the network, this product is made from new plastic materials and have an expected 50-year design life. ARTC are reviewing options for recycling, re-use and disposal to ensure an adequate understanding of product life cycle.

Recent waste outcomes



Progressively diverting over 16,000t waste timbers on Inland Rail between Parkes and the NSW/QLD Border.



Trials in the Hunter Valley to beneficially re-use excavated spoil material back into rail infrastructure.



Investigate beneficial re-use of surplus spoil materials as fill for internal and external projects.



Diversion of 9,000t excavated material from Mt Murray Loop project for general fill on neighbouring approved developments.





BIODIVERSITY MANAGEMENT

ARTC is committed to minimising the impact of construction and operational activities on the natural environment and supporting wider environmental benefits in balance with safe and efficient operations.

We recognise that construction and operation of linear infrastructure such as railways and roads have traditionally had negative impacts on biodiversity due to fragmenting landscapes, disrupting wildlife movements, mortality from vehicle interactions, and the introduction of weeds and pests.

The extensive size of infrastructure corridors has also resulted in growing recognition of the unique opportunities provided to some groups of fauna, such as large areas of foraging resources for insects and birds, as well as roost sites for bats and nest sites for birds.

Due to the breadth of ARTC's operations, our network traverses nine Conservation Management Zones, being:

- Arid Shrublands and Desert
- Eastern Australia Woodlands
- Eastern Australia Temperate and Subtropical forests
- South Australian Eucalypt Woodlands
- South Eastern Australia Mallee Woodlands
- South Eastern Australia Temperate Woodlands
- Brigalow Woodlands
- Naracoorte Woodlands
- South Eastern Australia Mixed Temperate Forests Woodlands and Grasslands

Some sections of the ARTC network are in landscapes that have significant biodiversity values. For example, in the north coast/border region of NSW, our railway is adjacent to and surrounded by the World Heritage-listed Gondwana Rainforest, which is listed as Border Ranges National Park.

MAINTAINING TRACK IN ENVIRONMENTALLY SENSITIVE LOCATIONS

To ensure effective management of lands of biodiversity value, sections of the network have a current ecological assessment, and locations have been risk mapped.

Detailed management plans have been prepared for high-risk vegetation communities and species, which ensure that maintenance activities apply appropriate avoidance and mitigation actions in these environmentally sensitive locations.

Mitigation management plans for Critically Endangered Ecological Communities (CEEC), such as between Muswellbrook and Turravan in the Hunter Valley ensure that activity can be undertaken in a manner that prevents harm.

BIODIVERSITY OFFSETS FROM CONSTRUCTION

As part of our Inland Rail project, ARTC secured 2,068 biodiversity credits created on a property near Moree. These offset credits contribute to the offset liability for vegetation communities impacted by the construction of the Inland Rail Parkes to Narromine project. The 169-hectare offset package will provide greater protection for koala habitat and endangered ecological communities.





11. GROWING NEW MARKETS

OBJECTIVE

Australia's freight needs are changing. This is happening in response to expanding consumer demand for domestic goods across Australia, technological innovations in network safety, efficiency, and reliability, and the impacts of global energy transition policies which are resulting in the phase-down of coal production. Our objective is to take a leadership role in advocating for policies and reforms that improve rail freight's competitiveness in the national logistics and supply chain industry and supports us to continue to adapt to rapidly changing customer needs and the evolving ESG finance landscape.

MATERIAL ISSUES

More freight on rail: Ensuring rail is the mode of choice in the national logistics chain.

Allocation of capital: Maximising the benefits from delivery of Inland Rail and major construction projects.

Accessing finance: Ensure we are well-positioned to access finance in a context where ESG and climate issues are influencing financiers' decision-making.

Innovation and technology: Utilising emerging technologies and digital solutions to drive customer growth, safety improvements, and increase long-term business resilience.

HOW WE MANAGE OUR MATERIAL ISSUES

MORE FREIGHT ON RAIL

We actively advocate for policies at the local, state, and national levels that improve rail freight's competitiveness. Our unique position as a Government Business Enterprise (GBE) means we are optimally positioned to work with private sector partners, regional producers, and all levels of government on finding ways to increase the percentage of freight being transported on rail in ways that are mutually beneficial for all stakeholders and allows us to expand new markets.

ALLOCATION OF CAPITAL

We enable the investment of billions of dollars of capital in regional Australia via Inland Rail and major construction projects, the creation of regional jobs, and work with diverse Australian suppliers, including local, regional and First Nations businesses supporting regional economic development.

ACCESSING FINANCE

We are actively working to embed ESG into the core strategy of our company to meet the growing expectations of insurers and investors for robust approaches to ESG risk assessment, management, and governance. Integration of ESG into ARTC's strategy will position ARTC to respond to the needs and opportunities presented by debt markets, which continue to evolve in response to ESG considerations including the proliferation of sustainability-linked loans and products.

INNOVATION AND TECHNOLOGY

We are deploying new technologies that enable data-driven insights to optimise operational performance, safety, and ongoing management. We are investing in world-class research innovation to ensure we continue to attract new customers by being the transit mode of choice in Australian freight logistics.

ACHIEVEMENTS

- Customer satisfaction score of 7.8/10, up from 7.4/10 in 2020–21
- Over 100km of new/upgraded Inland Rail track operational
- Port Botany and Cabramatta Loop project environmental and planning approvals were received, and Design and Construction proponents appointed
- Advanced Train Management System implemented across 75km to date
- ARTC Network Control Optimisation Project operational
- Expansion of Wayside Rollingstock Condition Monitoring network coverage.

FUTURE OUTLOOK

Key initiatives in 2022–23 and 2023–24 include:

- Define the future supply chain and the analysis of long-term diversification scenarios for Hunter Valley
- Encourage new market entrants and grow our business including progress on Melbourne and Brisbane intermodal terminals
- Sustainability minimum standards/targets for major construction projects
- Continue industry policy and advocacy around our ESG ambitions for modal shift and leadership on matters relevant to industry and key stakeholders
- Continued implementation of our Network of the Future vision including infrastructure and technology improvements targeted at future customers.



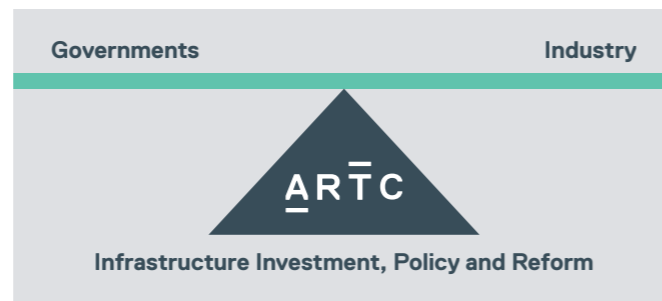
ADVOCATING FOR MODAL SHIFT

ARTC's unique position as a Government Business Enterprise (GBE) enables us to take a leadership role in policy and advocacy. We actively advocate for policies and reforms that improve rail freight's competitiveness in the national logistics and supply chain industry and which support more freight on rail.

Despite the well-proven and important benefits of rail, freight is still transported by heavy road vehicles even where a rail transport option is available. This is particularly the case for the Melbourne to Sydney corridor where rail freight's mode share is less than 5%. ARTC continues to focus on an efficiency and productivity agenda and on policies that support a level playing field.

We are champions of freight on rail and committed to promoting outcomes that drive improved competitiveness of rail by:

- Improving the end-to-end service offering for customers
- Raising recognition of the relative benefits of rail
- Lowering the unit cost of rail
- Improving competition and lowering barriers to entry.



ARTC's unique position as a Government Business Enterprise enables us to advocate for infrastructure investment and policy reform that benefits the rail industry in Australia.

GROWING OUR CUSTOMER BASE

Australia's freight volumes are projected to increase by nearly 60% over 20 years to 2040 with urban and domestic freight accounting for most of this growth (see Value for of Modal Shift to Rail on pages 10–12 for more detail).

ARTC operates in a competitive freight transport market and we understand that our customers, businesses, and producers have choices when selecting and procuring logistic solutions. We need to ensure that rail remains the most efficient, reliable, and lower carbon mode of transport for heavy haul and long-distance freight.

Over the last two years, there has been a change in the volumes of commodities that have been transported on ARTC's rail network. This is due to large grain crops generating additional demand for freight rail transportation in 2020–21 and 2021–22 after several years of drought, as well as improved iron ore prices. Additionally, a focus by our customers to diversify away from coal and grow alternative bulk opportunities has seen modal shift from sea to rail this financial year.

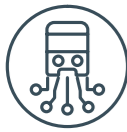
Future volume growth is anticipated to be driven by bulk agricultural products in the Hunter Valley and northwest of NSW, iron ore and other heavy minerals opportunities across regional areas, as well as industries in the north-south corridor taking advantage of ARTC's upgraded and expanded network between Melbourne and Brisbane as part of the Inland Rail program.

Our customers are key stakeholders, and we are committed to supporting customer needs through advocating for freight on rail and optimising our network efficiency, reliability, and capacity. The operators that currently use our network are identified on our website [here](#).

To use our network, customers are required to comply with network access requirements and are approved to use the network through long term track access agreements.

Every dollar invested in our network not only helps our business but the national supply chain network. Our network enables the nation's businesses and producers to compete in the global marketplace. ARTC is investing in its vast interstate network to meet future demand for intermodal and bulk freight markets.

	2020–21	2021–22
% Growth in non-coal volumes compared to 2019–2020 baseline	6.3%	7.3%
% Accumulated growth capital invested in non-coal focussed infrastructure compared to 2019–2020 baseline	13.1%	31.5%



GROWING NETWORK CAPACITY

INLAND RAIL

Our largest and most significant inter-capital project is Inland Rail. It comprises 13 projects across three states covering 1,700km.

This financial year Inland Rail had more than 607 active contracts and \$1.85 billion in committed spend.

When completed, Inland Rail is expected to deliver significant benefits including reduced transit time and freight costs between Melbourne and Brisbane, improved access to markets, increased reliability and network resilience, and enhanced safety and sustainability.

It is expected that rail freight will become highly competitive with road freight, rail mode share on this corridor will increase from 26% currently to over 60% by 2050.

Inland Rail will help meet the 14 million tonne freight task expected between Melbourne and Brisbane by 2040 and is catalysing complementary developments along the corridor, including at Parkes and Narromine. Business cases are being developed for potential investments elsewhere along the route that will support agricultural producers, industries and local communities while boosting our competitiveness.

ARTC is designing and constructing Inland Rail in line with industry best practices for sustainability. Inland Rail has developed a project-specific sustainability strategy outlining objectives and targets for how the program will drive change and leave a positive legacy.

For more information visit www.inlandrail.artc.com.au.

MAJOR CONSTRUCTION PROJECTS

In 2021, we restructured our business to create a new Major Construction Projects business unit. This was developed to meet the significant growth in our non-Inland Rail capital projects portfolio.

Key major construction projects include the Cabramatta Loop Project and Botany Rail Duplication in New South Wales which support the projected increase in freight demand on the Southern Sydney Freight Line. The two projects have received environmental and planning approvals and the design and construction proponents have been appointed.

Connecting to the ARTC network is the Moorebank Logistics Park (MLP), the largest intermodal precinct in Australia that will link Port Botany to rail terminals and warehousing on a 243ha site. Key businesses intending to lease at the facility include Woolworths which estimates that direct rail access to Port Botany will help remove at least 26,000 of its truck movements from NSW roads each year.

Major Construction Projects Division is currently drafting a Sustainability Manual for inclusion in the Program and Project Management Framework to outline what is expected of those involved at each stage of a program or project delivered by the Division. The Manual will set Sustainability Principles and Goals, define the procedures for sustainably planning and delivering major construction projects and ensure Major Projects can contribute to ARTC's ESG strategy.

SUSTAINABLE DESIGN AND CONSTRUCTION

ARTC has been a member of the Infrastructure Sustainability Council (IS Council) since 2016.

The IS Council administers the Infrastructure Sustainability (IS) rating scheme which provides a comprehensive system for evaluating sustainability across design, construction, and operation phases, and creates a common language around sustainability as well as a formal framework for its application.

Achieving an IS rating is a mandated requirement for state significant critical infrastructure projects in New South Wales and is mandated for projects greater than \$100 million in value in Queensland and Victoria.

ARTC has committed to achieving an 'Excellent' level IS rating for the design and construction of Inland Rail in collaboration with our private sector partners.

We also recently registered our Major Construction Projects – Cabramatta Loop Project and Botany Rail Duplication for IS ratings.

In 2020–21, the first ARTC project to be rated – Inland Rail Narrabri to North Star (phase 1) section – achieved an 'excellent' design rating and in 2021–22 the Parkes to Narromine project received an 'excellent' as-built rating.



<24 hours

TRANSIT TIME

Move freight from Melbourne to Brisbane in less than 24 hours.



98%

RELIABILITY

Deliver 98% reliability for freight customers.



\$\$

PRICE

Deliver competitive pricing for freight customers.



FREIGHT AVAILABILITY

Achieve a schedule for freight at times that suit customers.



NETWORK INNOVATION AND DIGITISATION

Technology and innovation are at the heart of how ARTC is transforming our business. With a comprehensive vision to create the 'Network of the Future', we are accelerating our transformation into a digital network. The Network of the Future is resilient, responsive and digitally enabled.

As innovation in the freight and logistics sector increasingly offers avenues for technological disruption through application of sensors, geographic information systems (GIS), automation of data and predictive platforms, we are preparing our business to meet the challenge and harness the opportunities of digital solutions.

NETWORK OF THE FUTURE



Pathway to Automation



Digitising Customer Experience



Embracing Technology to Manage Assets

Key to our vision is the deployment and embedding of our Advanced Train Management System (ATMS) and ARTC Network Control Optimisation (ANCO) initiatives. These new technologies enable an array of capabilities that harness the power of data-driven insights to optimise operational performance, safety, and asset management.

Advanced Train Management System (ATMS) is a communications-based safe working system that will allow much of the lineside signalling infrastructure to be removed. It provides the control, location accuracy, and intervention ability to allow trains to safely operate at closer headways than is possible today.

ATMS will provide significantly upgraded capabilities to the ARTC network. It will support ARTC's objectives of improving rail network capacity, operational flexibility, train service availability, transit times, rail safety, and system reliability.

In 2020–21 ATMS was trialed and installed between Port Augusta and Whyalla covering 75km of the Interstate network. The next stage of ATMS roll-out will be 1,200km between Port Augusta and Kalgoorlie over the next few years.

The **ARTC Network Control Optimisation (ANCO)** project optimises ARTC's network control in the Hunter Valley through the enhanced dynamic capability to manage variation and streamline network-wide train management.

Locally based train control professionals make thousands of decisions every day to safely transport the daily movement of more than 215 coal, freight, grain and passenger trains.

ANCO considers multiple factors including train schedules, traffic control systems and train movements relative to each other and develops an optimised traffic plan for the trains throughout the network improving safety and efficiency for customers. In 2020–21, ANCO became fully operational across our Hunter Valley network.



Our strategic technology investments support ARTC's new direction of moving from a traditional 'time and tonnes' to a 'risk and condition' approach. Through our Asset Management Improvement Program, we continue to benchmark and improve our performance against the ISO 55001 best practice standards and the Global Forum on Maintenance and Asset Management (GFMAM). In 2020–21, a Network Rail Independent Audit noted that ARTC's use of asset management technology, particularly in managing defects, was world leading.

Asset management technologies and digital datasets we deploy on our network include:

- Track conditioning monitoring train 'AK Car' provides automated quarterly reports on the performance of track quality
- VTI sensor systems on board rolling stock measure the dynamic response of a rail vehicle to the track
- Wayside monitoring sensors enable track and rolling stock owners to identify wear and manage condition based on lead indicators
- Spatial inventory of 9,000km of the network using Mobile Laser Scanning and visualisation diagnostics
- eTAP app provides location assurance, improving safety control for Track Workers.

12.

UN GLOBAL COMPACT

In May 2022, ARTC became a signatory to the United Nations (UN) Global Compact and committed to aligning our strategies and operations with the ten principles of human rights, labour, environment, and anti-corruption.

ARTC's commitment supports our increasing focus on ESG within our company and our ESG ambition of a modal shift to rail for a sustainable future supported by priority actions and targets.

The Ten Principles of the UN Global Compact are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.



GUIDING PRINCIPLES INITIAL ASSESSMENT

This table represents our initial assessment of the UN Global Compact Ten Principles and we will commence our annual Communication of Progress in 2022–2023.

Human Rights	
<ul style="list-style-type: none"> Businesses should support and respect the protection of internationally proclaimed human rights Businesses should ensure that they are not complicit in human rights abuses 	<p>ARTC has developed a Diversity and Inclusion Policy, a Reconciliation Action Plan, and an annual Modern Slavery Statement that addresses risks associated with human rights.</p> <p>No significant human rights-related issues were identified in this reporting period.</p>
Labour	
<ul style="list-style-type: none"> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining Businesses should uphold the elimination of forced or compulsory labour Businesses should uphold the effective abolition of child labour Businesses should uphold the elimination of discrimination in respect of employment and occupation 	<p>The diverse nature of our business means we have a mix of collective and individually regulated employment arrangements. Whatever the nature of those arrangements, we recognise the right of our employees to freely associate and join trade unions. ARTC consults with its employee's unions as required and recognises and supports the rights of trade unions to enter the workplace to hold discussions and investigate alleged breaches as per <i>Fair Work Act 2009</i>.</p> <p>We are not aware of any ARTC business activities which are at risk from forced/compulsory labour and child labour issues. Assessments of our supply chain labour risks are undertaken through our Modern Slavery Statements.</p> <p>ARTC meets its obligations under anti-discrimination legislation, which is supported by our policies regarding the making of complaints, Code of Conduct, People Plan and Diversity and Inclusion Policy. ARTC's remuneration policy and practices do not differentiate based on gender.</p>

Human Rights	
Environment	
<ul style="list-style-type: none"> Businesses should support a precautionary approach to environmental challenges Businesses should undertake initiatives to promote greater environmental responsibility Businesses should encourage the development and diffusion of environmentally friendly technologies 	<p>ARTC has developed an Environmental Policy and Principles, and Environment and Community Strategy which define the environmental initiatives ARTC will pursue. Embedding risk management processes into all our critical business systems allows us to adopt a precautionary approach to business management that is based on valid data and sound science.</p> <p>ARTC's environmental innovation approaches include showcasing environmental best practices across the business through sustainability working groups, and trialling and type approval for sustainable and recycled material.</p>
Anti-Corruption	
<p>Businesses should work against all forms of corruption, including extortion and bribery</p>	<p>ARTC has a Code of Conduct and associated annual training and engagement, Whistleblower and Public Interest Disclosure procedure including the provision of an external whistle blower hotline, and probity advisors for significant procurements.</p> <p>ARTC will not make political contributions in cash or in-kind and will not participate directly in the activities of political parties.</p>

