



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 OF COUNTRY

ARTC acknowledges the Traditional Custodians of Country throughout Australia and acknowledges their continuing connection to land, waters and community. We pay our respects to the people, the cultures and the Elders past and present.

About this report

This is the second Environmental, Social and Governance (ESG) Report by the Australian Rail Track Corporation (ARTC).

As a Government Business Enterprise owned by the Australian Government, we build, maintain and operate the national rail network for haulage of containerised and bulk freight and regional passenger services. We provide train scheduling, network control, maintenance and deliver major rail infrastructure enhancement works.

We commenced ESG reporting in 2022 and intend to publish annually in October/November alongside our Annual Report.

This report covers the financial year ending 30 June 2023. During this period, Inland Rail was a business unit within ARTC, and for the purposes of this report, has been treated as such for the materiality assessment and performance data. Inland Rail Pty Ltd was subsequently established as a subsidiary company on 1 July 2023.

This report outlines ARTC's strategic approach to managing ESG risks and opportunities. We outline our priorities and share progress on key initiatives, including near-term targets.

We have developed this report with reference to the Global Reporting Initiative (GRI) reporting standard and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

All endeavours have been made to ensure the accuracy of the information in this report at the date of publication, noting we have not obtained independent assurance of our metrics.

For questions about this report, contact our General Enquiries line on (08) 8217 4366 or enquiries@artc.com.au.

For more detail on Inland Rail's sustainability initiatives, refer to the 2022–23 Inland Rail Annual Sustainability Report: inlandrail.artc.com.au/building-inland-rail/sustainability/.

Journey artwork by Elenore Binge, Gomeroi/Kamilaroi woman

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CEO AND CFO MESSAGE



WAYNE JOHNSON
ACTING CHIEF EXECUTIVE OFFICER



KYLIE GALLASCH
CHIEF FINANCIAL OFFICER – ESG EXECUTIVE SPONSOR

We invite you to read our second ESG Report which shares our goals and progress in support of a more sustainable future for Australia through modal shift to rail.

ARTC is one of the largest rail network managers in Australia and a champion of rail as a cost efficient, reliable and safe mode of transport. Moving goods and people by rail helps ease traffic congestion and lower harmful carbon and particulate emissions to make our cities and regions more liveable.

In 2022–23, we continued to sharpen our focus on our environmental, social and governance (ESG) responsibilities. Guided by our ESG Strategy that we developed in 2020–21 and our updated Statement of Expectations issued by our Shareholder Ministers in July 2023, we are progressing our action on greenhouse gas (GHG) emissions in support of Australia’s commitment to net zero.

Indeed, to reach net zero by 2050, Australia will need to decarbonise transport systems. When you consider that rail freight produces 16 times less carbon pollution than road freight per tonne kilometre travelled, rail is well placed to immediately support our nation’s efforts.

During the year, we began implementing our plan to reduce our Scope 1 and Scope 2 GHG emissions in line with our ESG target of 10% emissions reduction by the end of June 2024. In 2022–23, our emissions were 17,482 tCO₂e, which is a 6.1% reduction from 2021–22. But we still have work to do, with a 0.7% increase from our 2020–21 baseline. We also commenced our net zero planning and Scope 3 analysis to enable us to set a net zero pathway, including future collaboration with our value chain.

Other key activities and outcomes during the year included:

- **SAFETY:** In pursuit of a safer and more reliable network for customers and the communities in which we operate, we continued to focus on greater track protection for our employees and contractors. Key initiatives included the establishment of a Safeworking Services Panel as part of a more rigorous approach to engaging with external providers, while our Contractor Safety Management Program led to new tools and procedures to help reduce the risk of incident or injury within the supplier teams who work with us.

Our commitment to continual improvement in safety performance resulted in a reduced Total Recordable Injury Frequency Rate for employees and contractors – from 5.72 in 2021–22 to 2.91 in 2022–23, with the 49% reduction exceeding our ESG target of 10% annual reduction. There was also a 13% reduction in significant Level 1 events on our network in 2022–23, down from 46 to 40.

- **NETWORK RESILIENCE:** We ramped up our efforts to improve network resilience in response to the increase in extreme weather events that have disrupted Australia’s supply chain in recent times, including a three-month stoppage (late October to late January) on our Broken Hill to Parkes line in New South Wales due to record-breaking floodwaters. Our Melbourne to Adelaide line was also closed for a

week in November following a freight train derailment between Inverleigh and Gheringhap in Victoria after heavy rainfall in the region.

Extreme weather events are making it difficult to achieve our 2024 ESG target of 8.5% growth in non-coal volumes from a 2020 baseline, with growth currently sitting at 5.2% due to the network disruptions we've experienced. To address this ongoing challenge, in 2022–23 we continued our annual investment of more than \$150 million on capital, asset renewal and maintenance activities across our Interstate network. In addition, we commenced a \$180 million resilience capital program to reduce potential delays to train operations through additional rerailing, signalling, culvert replacement, flood monitoring, hydrology study and vegetation works, to be delivered 2022–23 to 2025–26.

- **INLAND RAIL:** In April 2023, an independent review of Inland Rail was released by the Australian Government, including its response to the review's 19 recommendations. We are working with the Government to implement the recommendations that will strengthen governance arrangements and enable more efficient and effective delivery of the project, which remains critical to meet the country's freight and supply chain task.
- **COAL:** In 2022–23, 58% of our revenue related to trains moving coal, down from 61% the previous year. As a national rail network provider supporting Australia's largest thermal coal export region in the Hunter Valley, we are acutely aware of the ESG challenges we face as the world transitions away from high-emission fossil fuels to meet decarbonisation targets. While we continued to deliver our service offering to long-standing coal customers, we also continued to plan to grow non coal revenues across the business and consider pathways to scale our cost base in anticipation of a longer-term reduction in supply of thermal coal internationally.
- **RECONCILIATION:** We were proud to progress our reconciliation journey and deliver on the commitments we made in our inaugural Reflect Reconciliation Action Plan to forge stronger connections and increase opportunities for First Nations people, communities and businesses. As of 30 June 2023, 3.6% of our workforce now identify as First Nations people, which puts us on track to achieve our ESG target of 4% by 30 June 2024.

Also of note is that more than 1,600 of our people have completed over 2,400 hours of cultural awareness training.


In light of Australia's current economic challenges – including a high inflationary environment that has increased the cost of labour, construction and maintenance activities – ARTC is proud of the contribution we are making to local and regional communities through jobs and investment, with half of our employees located in regional areas. Our four major projects are together achieving 53% construction spend with businesses located within 125km radius in addition to a number of First Nations businesses – exceeding our ESG target of 10%.

To that end, we remain committed to attracting, developing and retaining a talented and diverse workforce, and are pleased to have increased female participation to 30.8% from 28.0% in 2021–22 in pursuit of our ESG target of 33.3%. We also continue to pursue diversity, equity and inclusion initiatives, and during the year conducted unconscious bias training for more than 280 employees and launched our Diversity, Equity and Inclusion Network, including our first celebration of Pride Month in June.

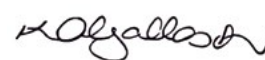
Following small decreases in stakeholder engagement surveys during the year, a key focus going forward is to build and strengthen relationships and improve engagement with all of our stakeholders in the future – including employees, customers and communities, as well as government and regulators – to foster greater collaboration, trust and satisfaction in support of our role to keep Australia moving.

On behalf of the leadership team, thank you to everyone who contributed to the challenges we addressed and the milestones we reached this year, and look forward to taking further strides in ESG in 2023–24 and beyond.

Regards,



Wayne Johnson
Acting Chief Executive Officer¹



Kylie Gallasch
Chief Financial Officer
ESG Executive Sponsor

1. Mark Campbell announced his resignation as CEO and Managing Director with effect from the end of July 2023.

ESG HIGHLIGHTS

5 out of **7** ARTC Board members and **3** out of **10** Executive Committee members are female

(at 30 June 2023)

3.6% First Nations Peoples workforce representation

(up from 3.1% in 2021–22, aiming for 4% by June 2024)

2.91 Total Recordable Injury Frequency Rate for employees and contractors

(resulting in a 49% reduction from 2021–22 which exceeds our target of 10% reduction annually)

0 significant non-compliances with environment laws and regulations


(since 2016)

30.8% female workforce representation

(up from 28.0% in 2021–22) aiming for 33.3% by end of June 2024

Scope **1** and **2** greenhouse gas emissions of **17,482tCO₂e**

(a 6.1% reduction from 2021–22 and aiming for 10% reduction by end of June 2024)



3rd Modern Slavery Statement

(published in October 2022)

53% construction procurement spend with local and/or First Nations businesses

(as a cumulative total across four active major projects, which exceeds our 10% target)

91% construction waste recycled or re-used

(as a cumulative total across four active major projects, which exceeds our 60% target)

13% reduction in Level 1 (significant) actual and potential safety events

(on our network in 2022–23)

\$630,000 in community sponsorship and grants

(up from \$620,000 in 2021–22)

5.2% growth in non-coal volumes moved on the network since 2020

(aiming for 8.5% growth by end of June 2024)

ABOUT ARTC

ARTC is proud to be a vital part of the national transport network supporting the economic development of Australia. Managing 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 ease traffic congestion and improve road safety.

At ARTC, we exist to keep Australia moving through the management of effective and resilient rail infrastructure.

We're a vital link in the nation's transport supply chain – building, maintaining and operating rail lines across the country to help move freight and passengers safely, reliably and efficiently.

We employ more than 2,000 people who manage the transit of more than 430 freight and passenger trains every day to connect our regions, cities and ports. This makes us one of the largest rail network managers in Australia, with our 8,500km network across 115,000 hectares of land spanning five states, 39 worksites and the lands of more than 50 First Nations.

Since we commenced operations in 1998, ARTC has invested more than \$10 billion to build, extend and upgrade our network to shift freight and regional passengers off road and onto rail. We support import and export markets and regional freight movements, and customers use our network to move a variety of products across the country, including minerals, coal, fresh produce, whitegoods, paper, beer, timber and aggregates. State governments also rely on our network to deliver rail passenger services.

We continue to enhance and expand our network, including ongoing construction of Inland Rail (established as a subsidiary company on 1 July 2023), which is a 1,600km rail line stretching across regional Victoria, New South Wales and Queensland. Inland Rail will increase freight efficiencies and network resilience by reducing transit times between Brisbane and Melbourne to 24 hours. This will increase the competitiveness of rail over road, providing a direct alternative route that avoids the high traffic Sydney corridor, which is subject to peak curfews and is also shared with passenger services.

ARTC operates safely and on sound commercial principles as part of a closely regulated industry. We comply with laws, regulations and industry standards at both a national and state level.

OUR BUSINESS MODEL

ARTC is a commercial business operating within the bounds of our legislative and governance framework. By being commercially sustainable we can support efficient investment in our network, service debt obligations and provide an appropriate return to the Government as Shareholder.

Our revenue is largely derived from charging customers to access our network based on occupying capacity and mass distance on our Interstate network. In the Hunter Valley we enter into coal volume contracts with our customers. ARTC earns a return on our asset base plus recovery of operating costs.

The 2022–23 financial year saw positive financial performance, despite the impact of three major flooding events disrupting network operations (and our revenue)

and resultant costs for rectification works. Rising interest rates, labour and material costs are also evident. Further, the heavy incidence of flooding in recent years has been evident in higher insurance premiums for weather related incidents in many industries, including rail. ARTC’s financial performance is more exposed to flood risk than has been the case previously.

In 2022–23, 58% of our revenue related to moving coal, a decrease from 61% in 2021–22. For more information on coal moved on our network and how we are growing new markets, refer to the “Growing new markets” section on page 54.

For comprehensive reporting on our 2022–23 financial performance, read our 2022–23 Annual Report: www.artc.com.au/about/reports

Figure 1: Revenue Sources

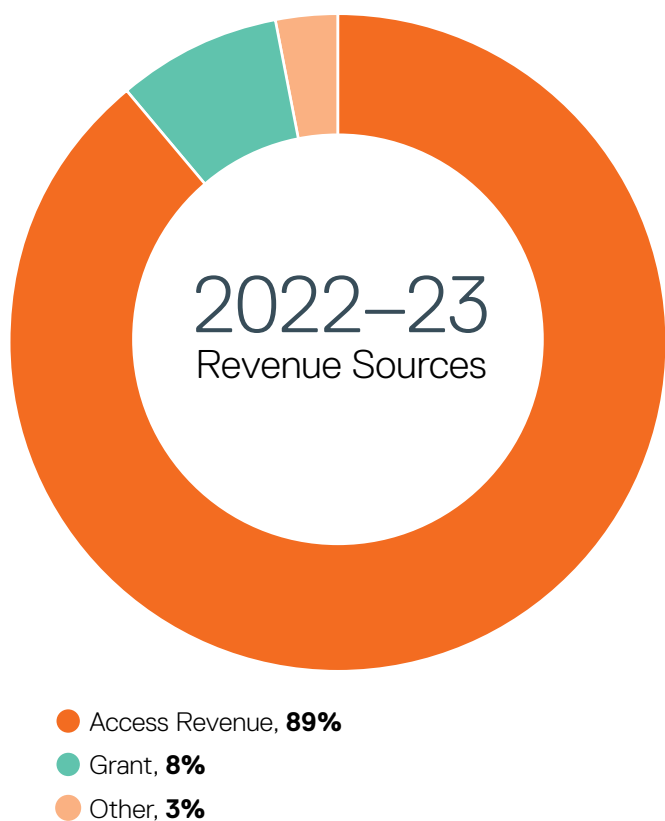
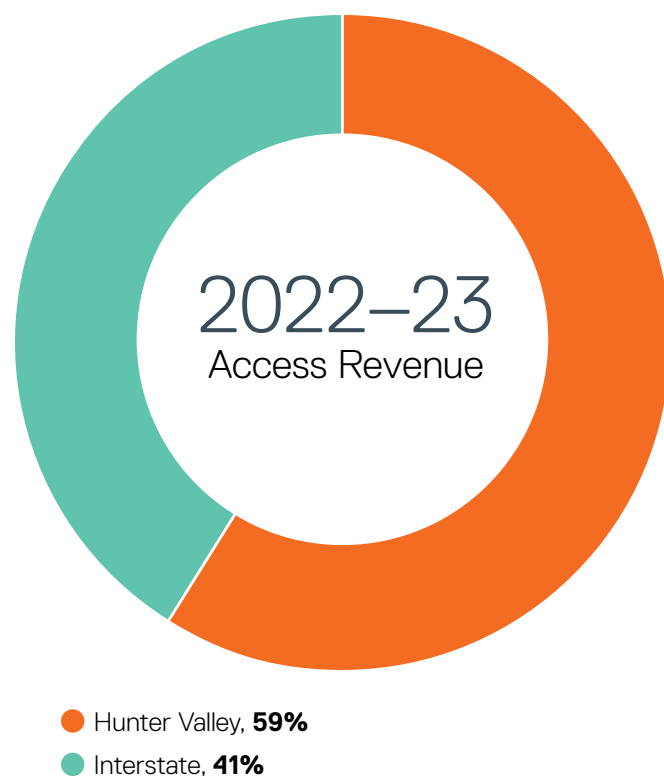


Figure 2: Access Revenue



OUR NETWORK

Our network forms the backbone of the national rail network.

During the year, we facilitated safe passage for a diverse range of freight and passenger trains, including:

- **Intermodal freight** – carrying manufactured and consumer goods
- **Bulk freight** – carrying coal, iron ore, steel, grain, mineral ore, aggregates, cement, sugar, flour, timber and waste
- **Passenger services** – long distance and regional, including the Indian Pacific, Ghan, Overland, Great Southern, NSW Trains and V/Line services.





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 of 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 Aurizon (formerly 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.

CREATING VALUE

ARTC aims to preserve and grow long-term value for our employees, customers, Shareholder, regulators and the communities in which we operate, as shown with reference to the six capitals model of value creation².

ARTC value chain



CAPITAL

Manufactured – Our network

8,500km of railway track plus 600km greenfield planned for construction

Human – Our people

Over 2,000 people supported by contractors, suppliers and consultants

Social – Our stakeholders

Shareholder, customers, regulators, host communities, First Nations

VALUE CREATED

Rail network that meets customer requirements

Our goal is a reliable, efficient and highly utilised supply chain network, safely linking tradeable goods to end markets.

Our network is used by over 15 public and private operators and customers conducting more than 430 train movements per day.

Engaged, safe and motivated workforce

We aim to provide a healthy and safe workplace where our people, suppliers and contractors are capable and skilled to deliver ARTC’s core purpose and strategy.

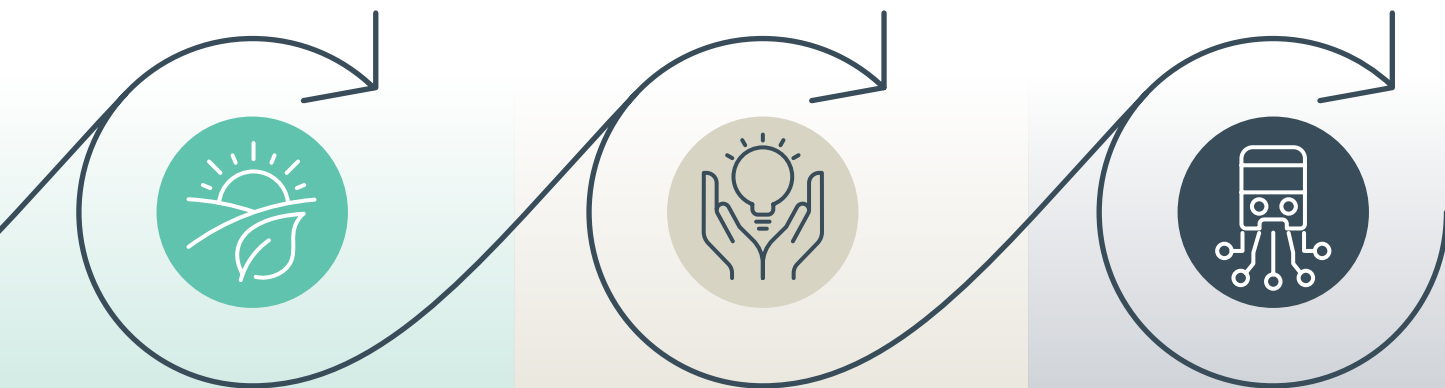
We support local, regional and First Nations jobs and business opportunities through our construction projects.

Collaboration in support of shared goals and outcomes

We aim to support the priorities of key stakeholders through building genuine and productive relationships.

We promote rail as the transport mode of choice and work to maintain our social licence to operate and expand.

2. International Financial Reporting Standards (IFRS) Foundation, Integrated Reporting Framework, 2021.



**Natural –
Our environment**

Around 115,000ha² of land under our management

**Intellectual –
Our innovation
and expertise**

Specialist knowledge in rail network operation and infrastructure development

**Financial –
Our business
performance**

Self-generating business model from customers paying to use our network

**Managing the environment
and reducing our impacts**

We aim to maintain our land on and off the rail corridor and reduce the environmental impacts of our activities.

Rail transport provides key environmental benefits, including reduced road congestion, improved amenity and lower carbon and particulate emissions.

**Rail expertise and
network optimisation**

We aim to respond to current and future network requirements and interoperability.

We coordinate train paths across our network, deliver large construction projects, and manage standards for routes, engineering, infrastructure design, rolling stock and plant and equipment.

**Sustainable financial growth
and Shareholder return**

Our goal is to operate our business commercially and in the interest of our Shareholder and customers.

We contribute to the national economy through improved productivity for import and export markets and logistics supply chains.

3. Area of land under ARTC management and ownership is subject to fluctuation due to major project delivery requirements.

BENEFITS OF MODAL SHIFT TO RAIL

ARTC supports 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.

The National Freight and Supply Chain Strategy forecasts that the annual freight task will grow to over 1,000 billion tonne kilometres by 2040⁴, supporting a national population of more than 30 million people.

Rail will be key to meeting future growth of the national freight task in a decarbonised economy.

ARTC is building the capacity and reliability of our rail network, including working with customers and developers of intermodal precincts to help meet freight demand. Freight volumes on Australia’s east coast are projected to more than double by 2050⁵, while the Australian Government is aiming to achieve its net zero emission target in the same period.

Modal shift from road to rail that arises from investments in the rail network – such as Inland Rail – will be key to meeting both these targets, helping reduce truck movements by 200,000 per year and cut carbon emissions by an estimated 750,000 tonnes per year from 2050.

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 from avoided road accidents and greenhouse gas (GHG) and particulate emissions. Significantly, rail freight is estimated to generate 92% less PM10 than road freight for each tonne per kilometre of freight moved⁶.

Rail has a proven record of substantially lower accident rates than road freight and offers improved health and amenity benefits through reduced traffic congestion and air pollution from heavy trucks.

Demand for regional passenger rail services is increasing by around 2% per year with increased patronage closely linked to population growth⁷ and increasing costs and issues associated with air travel. Increased use of trains for passenger and commuter services will also lower carbon emissions, road congestion and improve road safety. ARTC has a long history working with State Governments and private operators to ensure passenger trains have access to the rail network. This includes regional to metropolitan passenger services as well as rail tourism services.

Rail also provides a more reliable and sustainable service for the carriage of domestic freight than international shipping liners. Rail sustains Australian jobs and wages and supports economic growth through the multiplier effect of investment and the efficient, reliable delivery of freight ensuring inflationary impacts on freight are limited.

4. Transport and Infrastructure Council, August 2019

5. Transport and Infrastructure Council, August 2019

6. Australasian Railway Association, Value of Rail 2020, prepared by Deloitte Access Economics

7. Australasian Railway Association, Value of Rail 2020, prepared by Deloitte Access Economics

RAIL'S ROLE IN DECARBONISATION

Rail moves over half of all national freight yet is responsible for only 4% of transport emissions, producing 16 times less emissions than road freight when compared on a net tonne kilometre basis.

Adoption of Australia's first legislated emissions reduction targets in the *Climate Change Act 2022* set a clear mandate for industry and business to tackle their emissions. In 2022–23, the Government further cemented its climate change response with reforms to the Safeguard Mechanism to drive emissions reduction for Australia's largest emitters.

At ARTC, we fully support the Government's commitment to net zero and advocate increasing rail's freight task as an efficient way to assist in decarbonising the transport sector.

We recognise that these reforms and industry initiatives to decarbonise will in future change the way that freight is moved on our network. So, we are building our understanding of infrastructure requirements and rolling stock approval processes to support new locomotive technologies being trialled by our rail operators, including battery-electric and hydrogen capable fleet.

In our own operations, ARTC recognises our responsibility to act on climate change and are committed to reducing emissions from our activities. We have set a target of a 10% reduction in emissions by the end of June 2024, and in the coming year will work to establish longer term targets aligned with net zero.

We will continue to work with the Australian Government and industry on leveraging rail to reduce the carbon footprint of the national logistics supply chain by moving more freight on rail and improving the resilience of our network.



GOVERNANCE AND RISK

ESG GOVERNANCE

ARTC is a Government Business Enterprise (GBE), wholly owned by the Commonwealth of Australia represented by two Shareholder Ministers – the Minister for Finance and the Minister for Infrastructure, Transport, Regional Development and Local Government.

In July 2023, our Shareholder Ministers issued an updated Statement of Expectations⁸ to align our strategic direction with the Government's objectives. The Statement includes service and policy expectations relating to network resilience, net zero, First Nations Reconciliation Action Plan and local, regional and First Nations participation in supply chains. Our progress across these areas is outlined in this report.

We are governed by a Board of Directors appointed by the Shareholder Ministers, and we operate in accordance with our Constitution, the *Corporations Act 2001* and the *Public Governance, Performance and Accountability Act 2013*.

The ARTC Board is responsible for setting the company's ESG ambition, ESG Strategy, governance of climate-related risks and disclosures and reviewing and approving our annual ESG Report.

In recognition of the growing importance of ESG to director duties, the Board has included an ESG update as a standing item on its monthly agenda, and reviews progress on our ESG targets every quarter.

In May 2023, the Board participated in ESG training covering ESG due diligence, reporting standards and net zero peer benchmarks.

The Board sets the remuneration policy for ARTC's Executive management team. Non-financial performance target areas include network availability, stakeholder trust score and employee and contractor safety.

The Board has delegated ESG management to ARTC's Chief Financial Officer, who with her team, is responsible for delivering the Board-approved ESG Strategy supported by an ESG Working Group of senior leaders across the business.

Further detail on ARTC's Board and management and remuneration policies is outlined in our Annual Report: www.artc.com.au/about/reports

8. ARTC's Statement of Expectations, 2003 can be accessed from <https://www.infrastructure.gov.au/sites/default/files/documents/australian-rail-track-corporation-interim-statement-of-expectations.pdf>

ESG governance structure



RESPONSIBLE BUSINESS CONDUCT

ARTC is expected to meet the highest standards of transparency, governance and accountability, with our system of corporate governance aligning with the ASX Corporate Governance Principles and Recommendations.

We have established policies, procedures and practices to ensure we operate ethically and responsibly.

Our Statement of Ethics outlines codes of conduct and standards for behaviour, including conflicts of interest. All ARTC employees are required to disclose any actual, perceived or potential conflicts of interest and this requirement is extended to all ARTC proponents and suppliers.

The following policies and statements are available on our website:

- Code of Conduct
- Statement of Business Ethics
- Whistleblower and Public Interest Disclosure Procedure
- Reconciliation Action Plan
- Environment Policy
- Contractor Handbook
- Safety Policy
- Modern Slavery Statement
- Diversity Policy
- Tax Transparency Report
- Sustainable Procurement Policy

Policies and procedures are implemented and monitored with required internal and external controls through a risk and compliance-based framework.

Employees are also required to complete our ARTC Essentials online training course, which provides the fundamental information they need to help them do their jobs as efficiently and effectively as possible. Currently an annual requirement for all office-based employees, in 2023–24 the course will be rolled out to frontline employees to further reinforce standards of behaviour, culture and governance.

RISK MANAGEMENT

ARTC is committed to robust risk management to keep our people and the communities we work in safe, in support of our commercial performance objectives and stakeholder expectations.

Effective risk management is critical to creating a compliance-based culture that delivers on our purpose and anticipates and responds to a dynamic operating environment.

Our risk appetite is established by our Board, which informs our risk management framework and strategic and day-to-day approach to managing risks. Responsibility for oversight and monitoring of risk management activities is delegated to the Board Risk Committee, with relevant committees overseeing specific risks including safety, environment, climate, people and performance, operations, program delivery, financial, regulation and reputation. Day-to-day management of risk has been delegated to our Executive team, supported by a dedicated risk and assurance team, and as appropriate, independent risk reviews.

In 2022–23, ARTC had zero significant non-compliances with laws and regulations relating to rail safety, worker health and safety, competition and pricing, and environment that resulted in a fine, penalty or voluntary code.

However, we acknowledge that in October 2022, the Office of the National Rail Safety Regulator (ONRSR) laid charges against ARTC and NSW Trains over alleged failures to ensure adequate safety measures were in place before the fatal Wallan train derailment tragedy in 2020 where a train driver and co-pilot sadly lost their lives and 62 passengers were injured (eight seriously). As of 30 June 2023, legal proceedings are ongoing.

Since the incident, we have implemented additional operational controls including a new operational risk assessment procedure for managing deviations from Network Rules that involves stakeholders and is subject to Executive approval. The final report from the Australian Transport Safety Bureau (ATSB) is expected in August 2023 and we will continue to work to ensure that all recommendations from the report are implemented as quickly as possible.

ARTC risk categories

	Safety
	Asset: Network Performance
	Asset: Internal Operations
	Financial
	Environment
	Climate
	Regulatory
	Reputation

Managing climate risk

Climate change is increasingly being recognised as a material financial risk and we have applied the Task Force on Climate-related Financial Disclosures (TCFD) recommendations as a guide to assess, manage and disclose these risks to stakeholders⁹.

ARTC's business activities and value chain will be impacted by both the physical and transition risks of climate change:

- Acute and chronic physical risks such as widescale flooding and extended periods of extreme heat may disrupt and delay operations, impact supply chains, reduce revenue and increase the need for capital expenditure.
- Transition risks necessary to achieve a low carbon economy will drive modal shift, accelerate demand for enabling infrastructure to support rail decarbonisation, and most significantly, affect the demand for commodities such as coal moved across our network.

In 2022, we published our first TCFD roadmap for how we will progressively implement climate change considerations into our business strategy, risk management, metrics and reporting. We are on track to meet milestones identified within our TCFD roadmap. In 2023–24 we will revise our approach in accordance with expected new requirements for climate-related financial reporting in Australia.

The table on the following page outlines activities implemented this financial year.

9. ARTC notes that in July 2023, TCFD transfers to the International Sustainability Standards Board (ISSB) for full incorporation into International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures. Further to this, as of 30 June 2023, Treasury is leading a consultation for design and implementation of internationally-aligned and standardised reporting of climate-related financial risks and opportunities in Australia.

Progress implementing Task Force on Climate-related Financial Disclosures

Theme	2022–23 Update
Governance	<ul style="list-style-type: none"> - ARTC's risk appetite statement was reviewed to include climate risk considerations, which was approved by the Board - Risks related to ESG, climate, resilience and transition assessed and managed through enterprise risk management process
Strategy	<ul style="list-style-type: none"> - Qualitative (physical) climate risk workshops were conducted with each of our business units – Interstate Network, Hunter Valley Network, Major Construction Projects and Inland Rail (noting Inland Rail Pty Ltd was established as a subsidiary company on 1 July 2023) and summarised outputs have been prepared - Updated approach to quantitative hydrology modelling for flooding risk across the network is progressing, with 66% of the network assessed - Network Recovery and Resilience Strategy under development - Greenhouse Gas Emissions Reduction Plan, which targets a 10% reduction by the end of June 2024 has commenced (the plan has been resourced and funded)
Risk Management	<ul style="list-style-type: none"> - Greater engagement with the Corporate Risk team in relation to ESG and climate-related risks and opportunities - ESG risk (including climate risk) reviewed and updated in the enterprise management system
Metrics and Reporting	<ul style="list-style-type: none"> - In 2022–23, our emissions were 17,482 tCO₂e, a 6.1% reduction from 2021–22 and 0.7% increase from our 2020–21 baseline. - ARTC's full emissions profile, including Scope 3 inventory, is being evaluated in the development of a net zero pathway for ARTC.



CASE STUDY: RESPONDING TO THE INLAND RAIL REVIEW

One of the key governance challenges faced by ARTC in 2022–23 was the independent review into Inland Rail.

The focus of the review included the process for selecting the Inland Rail route, including stakeholder consultation; an assessment of the project's scope, schedule, and cost; and a review of options for the new Inland Rail intermodal terminals to be built in Melbourne and Brisbane.

In April 2023, the Australian Government released its response to *The Delivery of Inland Rail: An Independent Review* (Inland Rail Review) and the 19 recommendations.

ARTC is implementing the recommendations in a two-phase approach to deliver a more cost effective and timely Inland Rail project that maximises regional opportunities.

The first phase focuses on the rationalisation of Inland Rail scope and establishment of a subsidiary company to house the Inland Rail program as a fit-for-purpose

delivery organisation. The new subsidiary company, Inland Rail Pty Ltd, was formally established on 1 July 2023 and will oversee the governance and delivery of Inland Rail moving forward.

The second phase, which is in progress, is the detailed implementation of the operating governance and project arrangements, including a revised Project Development Agreement, revised Equity Financing Agreement, and a Service Level Agreement between the companies.

The Government has reaffirmed its support to completing the section of Inland Rail between Beveridge in Victoria and Parkes in New South Wales by 2027. The delivery of this section will enable Inland Rail to connect to existing rail networks between Melbourne, Sydney, Perth, Adelaide and the Illawarra via Parkes.

ARTC will actively engage with stakeholders and be responsive to the feedback we receive.



STAKEHOLDER ENGAGEMENT

Building trust-based relationships with our stakeholders is of utmost importance to ARTC. Delivering on promises, being responsibly governed, having an uncompromising commitment to safety, listening to and responding to stakeholder and community concerns, and operating an efficient and safe network are the key drivers of trust.

We use a variety of engagement tools, including face-to-face and virtual meetings, community forums, industry working groups and conferences to engage with our key stakeholders. We also conduct ongoing media monitoring to track key issues of interest to communities, interest groups and non-government organisations (NGOs).

Information relating to how we manage relationships with the communities in which we operate and construct our network, including grievance mechanisms, is included in the “Social Responsibility” section on page 44.

Stakeholder surveys

We undertake annual stakeholder surveys conducted by independent providers to inform our understanding of stakeholder priorities and guide engagement activities. In 2022–23, our stakeholders were impacted by general inflationary economic conditions, network stoppages due to extreme weather events and the Inland Rail Review:

- **Employee engagement survey** to understand our strengths and areas for improvement. In 2022–23, we had a good participation rate with 77% employees completing the survey. We achieved a 61% employee engagement rate, which was slightly down from 63% in 2021–22. The survey found 87% of our people feel their leaders genuinely care about their safety, health and wellbeing, with 71% believing ARTC shows genuine commitment to social responsibility. Every year we review results and develop and implement action plans in response.
- **Stakeholder reputation survey** involving key stakeholders from the government, supplier, community (local councils), regulatory, financial and industry sectors, is a measure of how ARTC is perceived by those who have regular interactions with the business. Survey respondents’ feedback is

calculated into an overall ‘net trust score’ which is an indicator of sentiment toward ARTC. In 2022–23, ARTC’s net trust score moderated to a more neutral position of 47, down from 52 in 2021–22.

The results of the survey were impacted by commentary surrounding the issues raised from the Inland Rail Review and business performance following significant flooding events in 2022 disrupting network operations. The findings represent an opportunity for us to focus on our operations, as well as reaffirming our approach to a Stakeholder Engagement Strategy, the importance of key relationships being built and recent organisational changes which are being embedded.

- **Customer satisfaction survey** of freight and passenger train operators on the Interstate network and coal and non-coal producers and operators on the Hunter Valley network – to determine overall experience and relationships with ARTC, as well as future needs, priorities and where we can improve our service offering. The customer satisfaction score for 2022–23 was 7.6/10, slightly down from 7.8/10 in 2021–22. While slightly down this year, 2022–23 and 2021–22 have seen the highest customer satisfaction results for the past five years.

We are focused on strengthening relationships and improving engagement to better meet the needs of our stakeholders, including greater collaboration to address the challenges we face in building, maintaining and operating a safe, efficient and resilient rail network.

Survey responses incorporate feedback from participants on their perspectives on ARTC’s ESG approach, which will provide valuable inputs to our 2023–24 activities, including shaping the next iteration of our ESG Strategy. Outcomes of previous engagement surveys were used to inform, prioritise and score our material topics (outlined in the “Material Topics” section on page 24).

Corporate partnerships

ARTC is proud to work with a variety of cross-sector partners to deliver our ambition of modal shift to rail and deepen our positive impact across communities and the economy.

National Transport Commission	NTC leads national land transport reform and developed the National Rail Action Plan drawing together governments and industry to improve delivery of rail infrastructure and improve the safety and productivity of rail operations.
Rail Industry Safety and Standards Board	RISSB supports national harmonisation and interoperability in the rail industry and co-regulation through good practice Standards, Codes of Practice, Guidelines and Rules. ARTC is represented on the Board.
Australasian Railway Association	ARA is the peak body for rail in Australia, advocating for the industry and greater use of rail. ARA works with and guides industry to provide safe, sustainable and efficient rail services. ARTC is represented on the Board.
Freight on Rail Group	FORG is an industry group working to increase public policy engagement on key risks and opportunities impacting the rail industry. ARTC is represented on the Board.
Australian Logistics Council	ALC represents the freight and logistics industry and has a focus on safety, efficiency, productivity and sustainability. ARTC is represented on the Board.
TrackSAFE Foundation	TrackSAFE works with industry and communities to deliver rail safety campaigns and suicide prevention and trauma management frameworks for rail workers and train operators. ARTC is represented on the Board.
United Nations Global Compact	UNGC seeks to align companies across the world with the principles of human rights, labour, environment and anti-corruption. ARTC became a participant in 2022, and in October 2023 will submit our first annual Communication of Progress.

ESG STRATEGY

We developed our inaugural ESG Strategy in 2020–21. This process involved benchmarking with peers, assessing current ESG activities, and engaging external stakeholders and key teams across the business – including our Executive and Board – to help define our ambition and strategic priorities.

Our ambition of ‘A modal shift to rail for a sustainable future’ is supported by five ESG priorities:

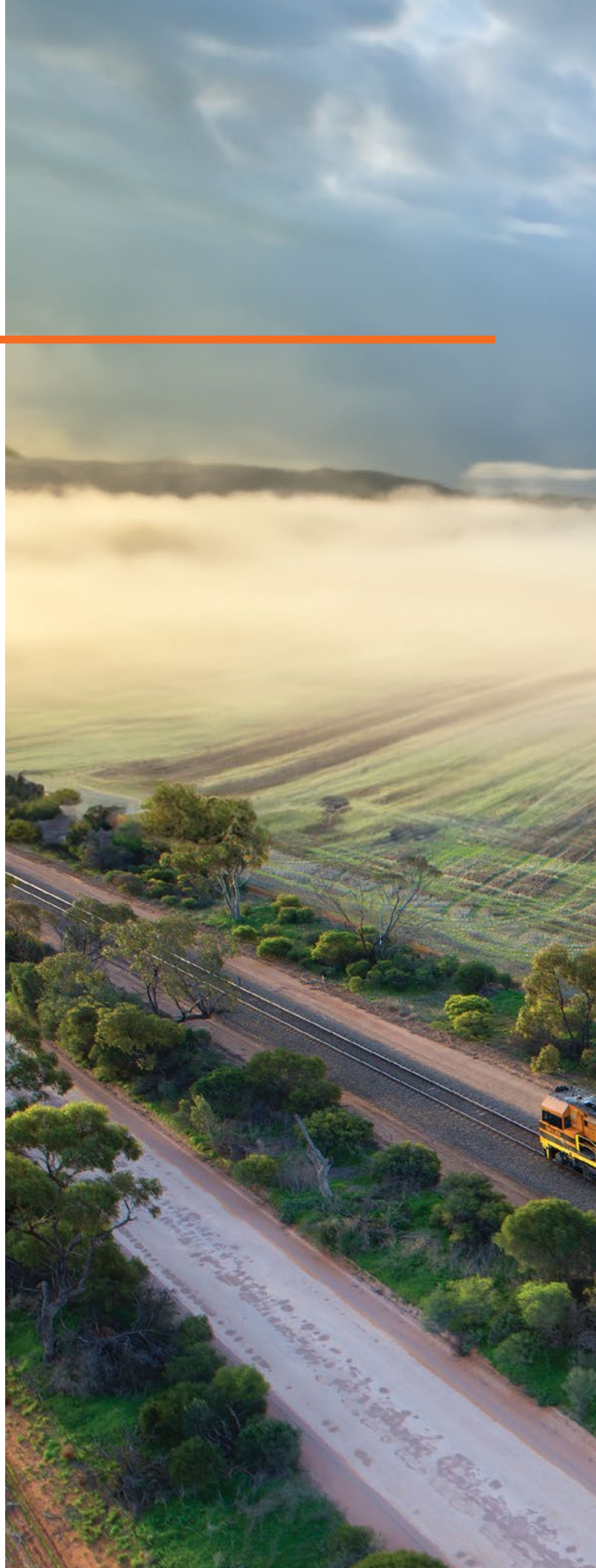
- **Network safety and resilience**
- **Skilled and diverse workforce**
- **Social responsibility**
- **Environmental benefits**
- **Growing new markets**

Ongoing integration of our ESG Strategy enables us to build on activities already underway and progressively embed ESG into our core business activities. To that end, we acknowledge the ongoing efforts of our people across the business who continue to drive positive change.

In 2022–23, we completed the second year of our initial three-year ESG Strategy and are ramping up efforts to achieve our 10 ESG targets by the end of June 2024.

In 2023–24, we will reset our ESG Strategy and associated ambition, actions, targets and governance in preparation for a strategy relaunch for 2025.

In the Priorities and Performance section starting page 27 we outline our progress across the five ESG priorities of our ESG strategy.





**NETWORK SAFETY
AND RESILIENCE**



**SKILLED AND DIVERSE
WORKFORCE**

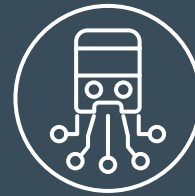


**SOCIAL
RESPONSIBILITY**

**MODAL SHIFT
TO RAIL FOR A
SUSTAINABLE
FUTURE**



**ENVIRONMENTAL
BENEFITS**



**GROWING NEW
MARKETS**

MATERIALITY ASSESSMENT

In 2023, ARTC undertook a comprehensive materiality assessment informed by the Global Reporting Initiative (GRI) framework to gain an updated perspective on the ESG topics that have the greatest potential impact on people, communities, the economy and environment, as well as assessing which material topics pose the greatest potential ESG risks and opportunities.

As part of this process, we engaged an external advisory firm to conduct a landscape assessment of industry trends, regulatory changes, and performance by peers, as well as interviewing key internal and external stakeholders.

The materiality assessment used results from our 2022 employee engagement, stakeholder reputation, and customer satisfaction surveys (refer page 20) to inform topic scoring and prioritisation according to ARTC’s impact on and ability to influence the topic, and the topic’s impact on and ability to influence ARTC.

From this, we identified 13 material topics, including seven highly material topics. We have reported how we are managing all 13 topics in this report and for the first time have included a GRI index.

Material topics 2022–23

Material topic	Materiality level	Section of report
Rail’s role in decarbonisation: Supporting the decarbonisation of Australian freight and passenger transportation through the expansion of rail by ensuring rail is the mode of choice in the national logistics chain and by reducing ARTC’s operational emissions.	Highly material	Benefits of modal shift to rail – page 12 Environmental benefits – page 49
Worker health, safety and wellbeing: Ensuring the safety of our workforce and supporting the physical and mental health of all our employees.	Highly material	Network safety and resilience – page 29
Community and customer safety: Ensuring community and customer safety on and around our network.	Highly material	Network safety and resilience – page 31
Network resilience to climate impacts: Investing in continuous network improvements to improve reliability, redundancy, resistance and recovery, and the mitigation of risks from more frequent and extreme weather events.	Highly material	Network safety and resilience – page 33
Environmental impacts: Minimising negative environmental impacts from ARTC’s activities, including noise, dust and impacts to biodiversity. Reducing waste by prioritising circular economy principles, including end of life for network materials.	Highly material	Environmental benefits – page 51
Social and economic impacts: Creating social and economic benefits at a local and national level by providing regional jobs and training opportunities and enabling export value, while minimising negative impacts in the local communities in which we operate.	Highly material	Social responsibility – page 44 Growing new markets – page 55

Material topic	Materiality level	Section of report
Governance and transparency: Maintaining an ethical culture and transparent reporting, supported by programs, procedures and governance that reflect national best practice.	Highly material	Governance – page 14
First Nations: Engaging with First Nations peoples with a focus on reconciliation and creating economic opportunities for Indigenous communities.	Material	Social responsibility – page 40
Attract and retain talent: Attracting new talent to ARTC. Developing the skills and capabilities of our people and making ARTC a great place to work.	Material	Skilled and diverse workforce – page 38
Diversity, equity and inclusion: Supporting equality of opportunity, engagement and wellbeing for all of our people.	Material	Skilled and diverse workforce – page 37
Cyber security and business resilience: Protecting our critical assets from cyber threats and maintaining our business resilience.	Material	Network safety and resilience – page 35
Supplier management and human rights: Taking responsibility for suppliers' management of human rights and environmental impacts.	Material	Social responsibility – page 46
Allocation of capital: Maximising the benefits from the delivery of Inland Rail and our Major Construction Projects division.	Material	Growing new markets – page 57

SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) were adopted by the United Nations General Assembly in 2015 as part of the 2030 Agenda for Sustainable Development.

The SDGs are 17 goals and related targets that serve as a blueprint for peace and prosperity for people and planet.

In October 2022, ARTC mapped our activities to the SDGs with the support of the Business Council for Sustainable Development Australia, of which we are an industry member. As part of this, over 85 employees participated in a series of online workshops to explore the SDGs where ARTC can make the greatest contribution and impact.

The exercise highlighted that ARTC is making the greatest contribution to SDG 9 (Target 9.1), SDG 3 (Target 3.6) and SDG 13 (Target 13.1 and 13.2). In addition, we support SDG 8 (Target 8.1) and SDG 5 (Target 5.5) through workforce and contractor initiatives.

ARTC alignment to Sustainable Development Goals



Rail is a sustainable transport mode, lower carbon, safer and more efficient than road.

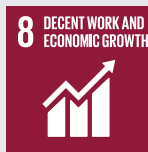
As one of the largest rail network managers in Australia facilitating more than 430 freight and passenger train journeys daily – connecting producers and consumers to markets – ARTC is a significant contributor to SDG Target 9.1 – the provision of sustainable, reliable and resilient infrastructure.



At ARTC, the safety of our employees, contractors and the communities in which we operate is critically important and an ongoing priority in everything we do.

In addition, rail has a proven record of substantially lower accident rates than road freight and offers improved health and amenity benefits through reduced traffic congestion and air pollution from heavy trucks.

Shifting freight off trucks and onto rail contributes to SDG Target 3.6 – reduce road injuries and deaths due to road traffic accidents.



ARTC employs more than 2,000 people and indirectly supports thousands more jobs through our business activities, including major construction and infrastructure projects and supplier contracts.

We support Target 8.1 sustained economic growth in accordance with national circumstances and support and are committed to decent work for all



Recognising the critical role of rail in national supply chains and the challenges posed by frequent and extreme climate hazards to network safety and reliability, ARTC is supporting climate action through SDG Target 13.1 – strengthening resilience and adaptive capacity.

As a lower carbon transport mode that emits 16 times less carbon emissions than trucks, modal shift to rail supports decarbonisation of transport systems and SDG Target 13.2 integrating climate change measures into national policy and planning.



ARTC operates within a traditionally male-dominated industry, which is also experiencing skills shortages due to increasing demand from major rail projects across the country.

We are committed to increasing the number of women in our workforce, and in particular support SDG Target 5.5 to ensure women's full and effective participation and equal opportunities for leadership positions.

PRIORITIES AND PERFORMANCE





1.

NETWORK SAFETY AND RESILIENCE

OBJECTIVE

At ARTC, the safety of our employees, contractors and the communities in which we operate is critically important and an ongoing priority in everything we do. We are committed to ensuring rail remains the safest mode of land transport and are implementing technologies and digital solutions to drive improved safety and resilience.

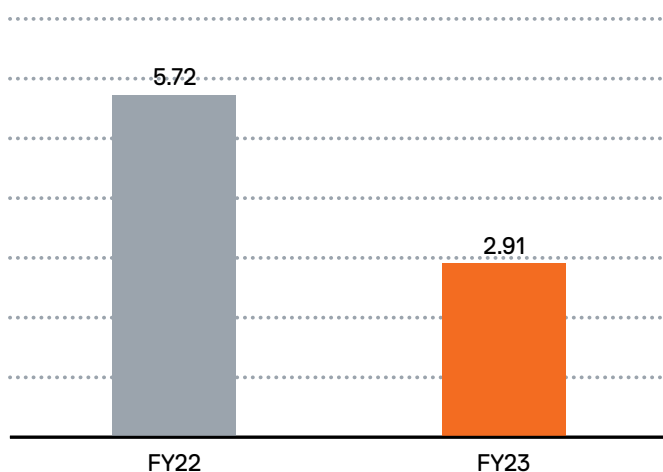
PERFORMANCE

Our ESG Strategy set two targets to monitor and improve performance for Network Safety and Resilience. These should be considered alongside other key metrics we use across the business, including Level 1 (significant) safety events and network availability that are discussed in the pages that follow.

Our safety ESG target is 10% annual reduction in our Total Recordable Injury Frequency Rate (TRIFR) for employees and contractors. As of 30 June 2023, we are tracking significantly better than our annual reduction target, achieving a 49% reduction (refer Figure 3). This was due to annual improvement in contractor injury rates, which reduced from 9.27 in 2021–22 to 2.95 in 2022–23.

Our employee TRIFR increased slightly in this reporting period from 2.45 to 2.88. Initiatives to reduce employee injuries are described on page 30 and include implementation of an integrated health, safety and environment platform to better manage incidents and improve reported data, as well as a refresh of our Fatal and Severe Risk Program with a focus on critical controls.

Figure 3: TRIFR employee and contractor¹⁰

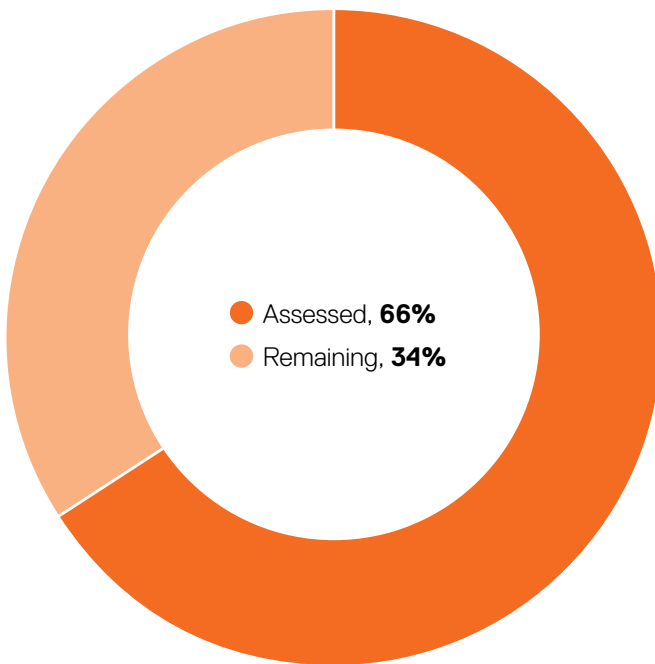


10. TRIFR is determined based on (number of recordable injuries ÷ by number of hours worked) × 1,000,000. ARTC previously reported safety using the All Injury Frequency Rate (AIFR). We are now using TRIFR to enable comparative benchmarking.

Our network resilience ESG target is completion of a network-wide assessment of flood-related climate risks and vulnerabilities by end of June 2024. This primarily refers to a detailed hydrological assessment, with approximately 66% of our network completed as of 30 June 2023 (refer Figure 4). We are on track for 100% completion by the end of December 2023.

This study is applying contemporary standards and guidelines with a projection included to take account of climate change effects modelled out to 2060. This provides a more detailed and realistic analysis compared to previous studies which will be superseded with this new information. This and other related studies underway will inform high risk locations for increasing culvert capacity and installing flood monitoring.

Figure 4: Network assessed for flood-related climate risks¹¹



11. Determined by kilometres assessed as a % total of whole network.

MANAGEMENT OF MATERIAL TOPICS

The material topics relevant to our Network Safety and Resilience ESG priority are worker health, safety and wellbeing, customer and community safety, network resilience to climate impacts, and cyber security and business resilience. This section outlines how ARTC is managing each of these topics.

WORKER HEALTH, SAFETY AND WELLBEING

Ensuring the safety of our workforce and supporting the physical and mental health of all our employees.

In 2022–23, our No Harm value and Pathway to Zero Harm Strategy guided our uncompromising approach to safety, which we recognise as a continuous journey that requires ongoing focus to create safer workplaces and communities. This financial year we completed the second iteration of our strategy which has been refreshed for 2023–24 and beyond.

Safety management systems

ARTC is accredited as a Rail Infrastructure Manager and Rolling Stock Operator by the Office of the National Rail Safety Regulator (ONRSR). In compliance with the *Work Health and Safety Act 2011*, rail safety legislation, and in alignment with our Safety Policy, we have developed a Safety Management System (SMS) that covers all ARTC workplaces, including railway operations.

Our SMS outlines safeworking procedures for all aspects of rail operations, including periodical risk review and assurance to ensure adequacy and effectiveness of risk control. It also articulates health and wellbeing requirements such as our Drug and Alcohol Policy, rail safety worker competency requirements, and fatigue procedures. We have a corporate hazard and incident reporting system in place to enable reporting of hazards and incidents, including near-hit events.



Across our business we convene Work Health and Safety Committees that meet quarterly to discuss occupational health and safety issues. All teams understand their duty to identify and assess risks, and implement controls to prevent or mitigate consequences, with training specifically required for high-risk activities according to the job role.

We endeavour to operate in compliance with all regulatory requirements and encourage strong relationships with our Rail Safety regulator ONRSR, as well as our work health and safety regulator Comcare.

In 2022–23, ARTC delivered a more rigorous approach to the provision of safeworking services by consolidating the number of organisations we engage on a new Safeworking Services Panel. It means that any organisation that provides safeworking services to ARTC as part of its tendered scope of works must now be an authorised panel member or an authorised self-performer organisation. Panel members have been selected for an initial three-year period.

Safety improvement initiatives

One of ARTC’s highest potential risk events is the possibility of a rail vehicle or train collision with people working on our tracks. Many of our employees and contractors are required to access the rail corridor to undertake work every day, and as such, our management of this risk is a high priority.

In addition to working in a live rail environment, other work-related hazards that pose a risk of significant injury include working around mobile plant, driving, working with cranes and lifting operations, working with electricity and working at heights.

These risks have been determined from incident and near-hit data, and while there have been incidents and injuries associated with these risks, none resulted in an actual high consequence injury in 2022–23. The main types of workplace injuries impacting employees and contractors in the reporting period were sprains, strains, lacerations and superficial injuries.

Key safety programs that we delivered during 2022–23 are outlined below, with level crossing safety discussed on page 32.

Safe Work Improvement Program

Developed to bolster safeworking systems and processes to increase protection for trackworkers on the front line. We have now progressed all 17 solutions in the SWIP.

Horizon360

A new reporting system to improve the way we record and analyse environmental health and safety (EHS) events and compliance, removing manual and paper-based processes.

Driver and Vehicle Safety Program

Continued to implement including on-site load restraint and chain of responsibility training. Heavy vehicle telematics systems with electronic driver diaries and prestart technology were installed in 64 heavy vehicles, with telematic trials undertaken with 18 light vehicles.

Contractor Safety Management Program

To achieve a more consistent approach to contractor management to reduce the risk of injury on our network. In 2022–23, all of ARTC’s contractor managers completed training workshops and new contractor management procedures and tools were implemented.

Rail safety competency matrices

We simplified the matrices that outline competency requirements for everyone who works in our rail corridor in alignment with the Rail Industry Worker (RIW) system. In 2022–23 we updated matrices for safeworking, track and civil, and network control roles.

Fatal and Severe Risk Program

Progressed a refresh of the program, with a focus on critical controls to avoid incidents that could jeopardise worker safety. Critical control checklists are currently being trialled.

ARTC is also committed to the mental health and wellbeing of our employees and supports a culture of care through a wide range of resources.

Mental health first aid training and personal resilience sessions are available to all employees, in addition to a comprehensive Employee Assistance Program (EAP). Delivered by Converge International, our EAP is a free, confidential counselling and support service available 24 hours a day, seven days a week.

We also offer a Fitness Passport to employees and their families – including access to a variety of fitness facilities around the country at discounted rates – and we promote industry-wide wellbeing initiatives throughout the year, including Mental Health Awareness Month (October) and R U OK Days (April and September).

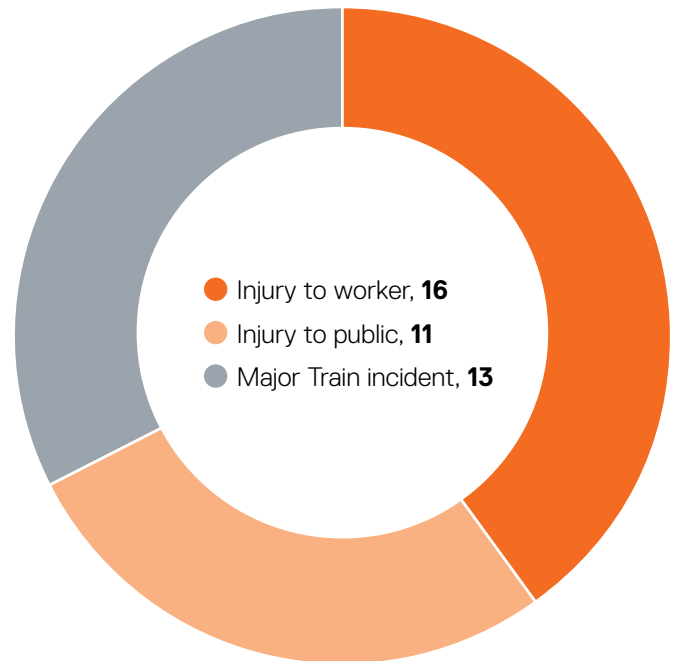
COMMUNITY AND CUSTOMER SAFETY

Ensuring community and customer safety on and around our network.

ARTC recognises our responsibility to protect the health, safety and wellbeing of customers and local communities that interact with our network.

While injuries to our workers is one of our highest potential safety risks, major train incidents and injuries to the public – including train and vehicle incidents at level crossings – are also an important safety focus. In 2022–23, there were 40 actual and potential Level 1 (significant) safety incidents on our network, down from 46 in 2021–22, showing a 13% reduction. Figure 5 shows the distribution of significant events attributable to ARTC and others.

Figure 5: Significant events attributable ARTC and others¹²



Tragically in 2022–23, significant events outside of ARTC’s operational control resulted in five fatal incidents. We are deeply saddened by these devastating events, which further strengthen our resolve to work with our key stakeholders to eliminate harm on our network.

Our Safety Management System outlines how we manage customer and community safety by integrating safety considerations into engineering and operational standards and procedures, and continually assess performance and areas for improvement with relevant stakeholders.

We participate in a number of stakeholder safety forums, including state and national level crossing safety advisory committees and safety groups to minimise safety risks at our level crossings.

We also invest in community outreach programs and partnerships and have been a long-standing supporter of the TrackSAFE Foundation – a harm prevention charity focused on reducing deaths, injuries and near-hits on the rail network.

¹² Significant events are where ARTC or a third party may be accountable. ‘Significant’ means actual and potential events which result in fatality or injury/illness with long term or permanent impairment.



Level Crossing Safety

To help reduce the number of actual and potential level crossing incidents on our network, over the past two years we have increased our focus through our Level Crossing Strategy Action Plan.

With more than 3,100 level crossings on our network – as part of more than 20,000 level crossings in Australia – the plan provides a guidance framework to ensure we work consistently and collaboratively with stakeholders to better manage safety risks at level crossings.

It adopts a safe systems methodology and encompasses four key focus areas:

Elimination: Support grade separation initiatives and identify opportunities to close or consolidate level crossings

Engineering: Implement level crossing risk mitigation strategies, develop and apply consistent level crossing standards and support technology enhancements, innovation and R&D

Enforcement: Support existing law enforcement activities, improve road user compliance with level crossing controls and share incident data and trends

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

Key level crossing safety initiatives that we undertook in 2022–23 included:

- establishment of our ‘Always On’ media campaign (see Case Study)
- partnered with industry stakeholders to identify new technologies and are currently trialling new SMART signs at level crossings in NSW
- revised our suite of level crossing Standards
- continue to work with Federal and State Governments to plan for asset improvements at our regional crossings throughout Australia.



CASE STUDY: ‘ALWAYS ON’ MEDIA CAMPAIGN

In 2022–23, ARTC initiated an ‘Always On’ social media campaign to enhance level crossing safety, aimed at drivers who demonstrate risky behaviour around level crossings.

The campaign is based on a study conducted by ARTC that combined ALCAM and incident data to identify high risk crossings on our network.

The campaign is delivering key messages aimed at minimising level crossing safety that could impact communities in which we operate and our customers. Messaging reminds members of the public that a fully loaded freight train can take up to 2km to stop after the emergency brakes are applied, as well as encouraging people to ‘Stand Back. Look Up. Stay Rail Safe.’

The low-cost campaign commenced in April 2023 and our goal is to reach 700,000 individuals over a 12-month period. As of 30 June 2023, the campaign had reached 298,250 individuals to put us well on our way to reach our target. The campaign will continue in 2023–24.



NETWORK RESILIENCE TO CLIMATE IMPACTS

Investing in continuous network improvements to improve reliability, redundancy, resistance and recovery and the mitigation of risks from more frequent and extreme weather events.

ARTC provides critical national infrastructure and understands the importance of a safe and reliable freight network for train operators, customers, producers and businesses across Australia.

We acknowledge the effects of climate change and increasing weather events on our network. In 2022–23, availability on our Interstate network was 59%, down from 79% the previous year, which was primarily due to the closure of the Broken Hill line (see Case Study on page 34). On our Hunter Valley network availability was 85.9% in 2022–23, remaining similar to the previous year's 85.4%. This section of our network also faced a temporary closure in July 2023 due to flooding.

In November 2022, we experienced a freight train derailment between Inverleigh and Gheringhap in Victoria which highlighted that the impacts of extreme weather are both a safety and operational concern for our business. The Australian Transport Safety Bureau (ATSB) released its preliminary report in February 2023, with a final report expected in early 2024.

In June 2023, ATSB also released its final report into a freight train derailment that occurred near Nana Glen in New South Wales during flooding in February 2021. ARTC acknowledges the findings of the report and has taken significant action to enhance operational safety, including increasing our remote weather stations installation program and an independent review of the risk profile of culverts.

Over the past three years, ARTC has installed 95 weather monitoring devices across our network, with plans to add more than 300 stream flow detectors in 2023–24 and 2024–25 to enhance flood prediction accuracy.

ARTC is investing in network improvements and infrastructure design to ensure we consider the reliability, redundancy, resistance and recovery from such events. This forms the basis of our approach to a resilient network incorporating the mitigation of risks from more frequent and extreme weather events.

To further assess our vulnerabilities and position ourselves to respond to threats to reliability, we are developing our first Network Recovery and Resilience Strategy. This strategy aims to support ARTC and the Australian Government in identifying key actions and capital investments that, if implemented, will enable us to better anticipate, manage, prevent, and mitigate threats to the network.

Our approach to network resilience includes minimising the impacts of climate change and increasingly frequent extreme weather events, so that our infrastructure can better withstand, adapt to and recover from disruptive events.

All actions and investments are founded on the 'four R' framework:



Redundancy:

Space capacity or diversion routes



Resistance:

Physical robustness



Reliability:

Ability to operate under a variety of conditions



Recovery:

Respond and recover from disruptions



In 2022–23, we continued our annual investment of more than \$150 million on capital, asset renewal and maintenance activities across our Interstate network. In addition, in 2022–23, we commenced the delivery of a resilience capital program with an expenditure profile of \$180 million between 2022–23 and 2025–26 to address network areas associated with train delays, including additional rerailing, signalling, flood monitoring, culvert replacement, hydrology study and vegetation works.

ARTC also continues to undertake significant work to understand flooding risks to different sections of our network. In addition to an ongoing network-wide hydrology study (see page 29), we completed a climate risk and opportunity analysis in September 2022 on our Telarah to Acacia Ridge and Sydney to Albury corridors.

The analysis enabled us to better understand impacts of climate scenarios and timelines, as well as assets most vulnerable to these changes. It also highlighted operation and maintenance protocols that need to be strengthened, design standards required to reduce vulnerability, and priority areas for future investment in resilience.

We have also taken into consideration the Bureau of Infrastructure and Transport Research Economics (BITRE) *Road and Supply Chain Resilience Review* (Phase 1 released February 2023), which assessed key rail freight routes for risk of natural hazard disruption. The Western Australian Transcontinental Line (covering sections of ARTC's east-west corridor) was rated by BITRE as very high vulnerability and New South Wales Main West Line (part of ARTC's north-south corridor) was rated as high vulnerability.



CASE STUDY: BROKEN HILL LINE FLOOD RESTORATION

ARTC faced a significant challenge in late 2022 when record-breaking floodwaters inundated central-west NSW, leading to the closure of the crucial Broken Hill to Parkes line.

Several washaways occurred between Parkes and Broken Hill, particularly in the Condobolin area where the Lachlan River runs parallel to the railway line. The damage was extensive, affecting 35 sites where ballast and formation had washed away. The impact on our services was substantial, forcing a shutdown of the line from October 2022 until late January 2023.

Our response was comprehensive, mobilising a significant workforce and resources to restore the line as quickly as possible. Over 60 workers were on-site at the peak of our repair efforts, managing 300km of track repairs using 15,000 tonnes of rock, 10,500 tonnes of ballast and 45 items of major plant machinery, as well as repairing level crossings and signals.

This massive undertaking would not have been possible without the collaboration of our dedicated Interstate crews on the ground, our project management and support teams, and our contractor partner.



CYBER SECURITY AND BUSINESS RESILIENCE

Protecting our critical assets from cyber threats and maintaining our business resilience.

Our rail network is a vital component of Australia's infrastructure, with efficient operation of rail traffic requiring sophisticated systems for train control and planning. As the wider rail industry increasingly pursues integrated, interconnected technical solutions, the potential exposure of systems to disruption grows.

Globally, cyber-attacks on infrastructure networks are on the rise. For ARTC, the ramifications of an attack may cascade into:

- Disruption of rail services and consequential costs
- Economic loss
- Increased costs of operation
- Legal and compliance risks, including privacy
- Loss of sensitive business or government information.

Amendments to the Security of Critical Infrastructure Act 2018 signal the Government's intent to ensure risk management rules secure vital services.

ARTC manages cyber security risk as part of our corporate risk management systems (see "Governance and Risk" section on page 16). We work closely with the Australian Cyber Security Centre to determine priority initiatives that enhance our cyber security maturity, with our policies and procedures based on the globally recognised National Institute of Standards and Technology (NIST) Cyber Security Framework.

We continue to advance our risk-based approach to preparing for and responding to cyber threats in line with the evolving threat environment.

All employees are required to complete our ARTC Essentials online training course, which includes cyber security awareness training. Currently an annual requirement for all office-based employees, the course will soon be rolled out to frontline employees.

The year ahead will see continued strengthening and assurance of controls, including building cyber response and business continuity processes. In 2022–23, we did not experience any cyber security incidents.

2022–23 ACHIEVEMENTS

- Our new Non-Technical Skills training program for safeworking personnel was recognised at the Australian Institute of Training and Development Excellence Awards.
- Over 150 employees and 250 external stakeholders representing 90 organisations attended briefing sessions about our Safeworking Services Framework and Non-Technical Skills training program.
- Standard PPE requirements, Contractor Safety Management Program training and Safe Work Inspection program implemented.
- Employee participation in mental health and wellbeing programs such as Mates in Construction program and Mental Health First Aid training program.
- Major hydrology studies including climate modelling have been completed on sections of the east-west and north-south corridor, with findings due at the end of 2023.

FUTURE OUTLOOK

- Key safety initiatives in 2023–24 include the launch of Horizon360 (new EHS reporting system), a full program refresh of our Fatal and Severe Risk Program, and rail safety competency matrices rolled out to additional roles in 2023–24.
- Implement higher order controls for critical safety risks that rely on administrative controls and/or are at risk of human error, and simplify our systems of work to improve efficiency.
- The Level Crossing Safety Action Plan includes 33 key actions, which are on track to be met by the end of June 2024. Our 'Always On' media campaign will also continue in 2023–24.
- Continued focus on network resilience as a key priority, including working with state and federal agencies to upgrade climate vulnerable sections of the network.
- Cyber security and business resilience will remain an ongoing focus.



2.

SKILLED AND DIVERSE WORKFORCE

OBJECTIVE

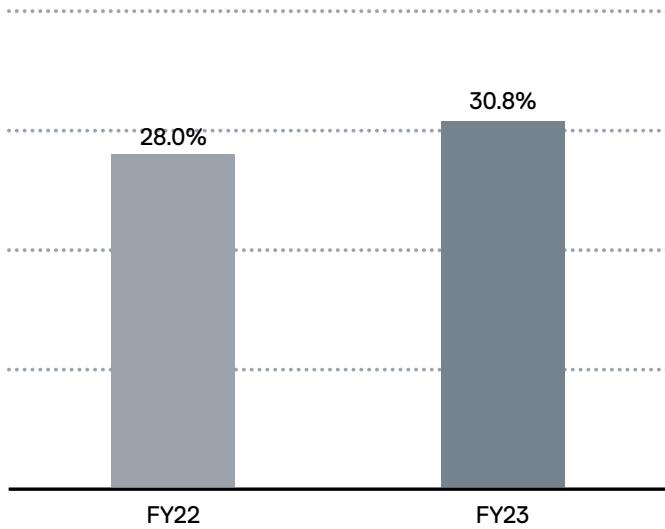
ARTC is committed to attracting, developing and retaining a talented and diverse workforce with the skills to deliver organisational success over the long term. Our commitment to diversity extends to strengthening ties with First Nations peoples and facilitating impactful opportunities for First Nations individuals, communities and businesses. We support our employees to reach their full potential through continuous investment in their development. This encompasses programs for mentoring, skill enhancement and professional growth, all underpinned by our Code of Conduct and company values.

PERFORMANCE

Our ESG Strategy sets two targets to monitor and improve performance for a Skilled and Diverse Workforce. These should be considered alongside other key metrics we use across the business, such as employee engagement score and employee turnover that are discussed in the following pages.

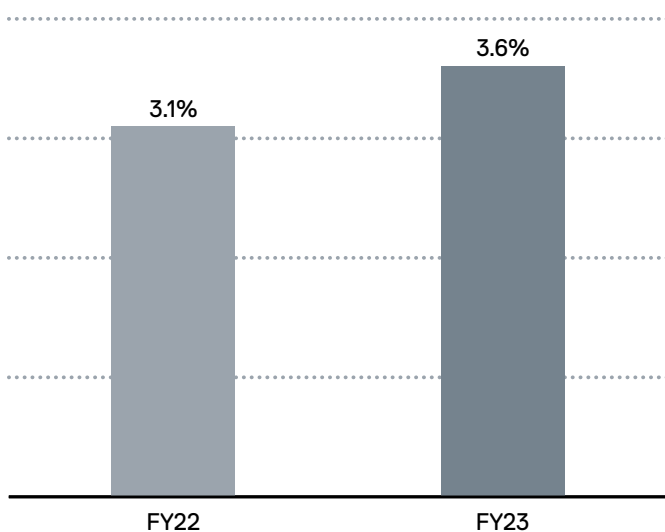
One of our ESG diversity targets is increasing female participation in the workforce to 33.3% by the end of June 2024. Female representation is gradually increasing, currently at 30.8% – up from 28.0% in 2021–22 (refer Figure 6). To meet our target of 33.3% we will need to employ an additional 55 women based on current employee numbers.

Figure 6: Females employees in workforce



Our other ESG target is increasing First Nations peoples participation in the workforce to 4% by the end of June 2024. The representation of First Nations peoples in our workforce, currently at 3.6%, is on an upward trend and on track to achieve our 2024 target (refer Figure 7). The number of ARTC employees identifying as Aboriginal and Torres Strait Islander people has increased to 84 people in 2022–23. This target has been supported through the dedicated focus of our Reconciliation Action Plan (RAP) team, with more than 60 employees becoming RAP champions to drive positive change and promote reconciliation across the business.

Figure 7: First Nations employees in workforce



MANAGEMENT OF MATERIAL TOPICS

Two material topics relevant to our Skilled and Diverse Workforce ESG priority are diversity, equity and inclusion, and attract and retain talent. This section outlines how ARTC is managing these topics. Additional workforce data can be found in the Appendix.

DIVERSITY, EQUITY AND INCLUSION

Supporting equality of opportunity, engagement and wellbeing for all of our people.

Our people

ARTC is dedicated to making ARTC a great place to work and continues to drive a more collaborative and inclusive culture as part of our ongoing efforts to build a high-performing, commercially strong and customer-focused company.

We have a workforce of 2,187 people located across five states, with half located in regional Australia. Our median workforce age is 43.1 years, with 21.8% of our people in leadership roles. We also have 127 people working for our organisation as contractors or consultants. In 2022–23, our employee numbers grew by 7.4% from the previous 12 months.

We continued to implement our People Strategy to enhance our workplaces in support of teams across the country and in 2022–23, we evolved our “People Platform” human resources information system to further simplify systems for employees, including processes around performance conversations and internal career opportunities.

In addition, we conducted an employee engagement survey in April to help identify areas of strength and what we can do better in the future. We found that 78% of our employees gave a favourable score for inclusion and psychological safety, and 87% feel comfortable participating in team activities and discussions. Information on the employee engagement score is also discussed in the “Stakeholder Engagement” section on page 20.

Our people have technical competencies across a range of specialities, including rail infrastructure maintenance, electrical signalling design and maintenance, network planning and operations.



Diversity, equity and inclusion

Our diversity, equity and inclusion initiatives aim to enhance leadership capability, talent progression and workforce participation of under-represented groups. We believe that diverse perspectives, approaches and ideas are crucial for achieving our strategic objectives and creating an inclusive culture.

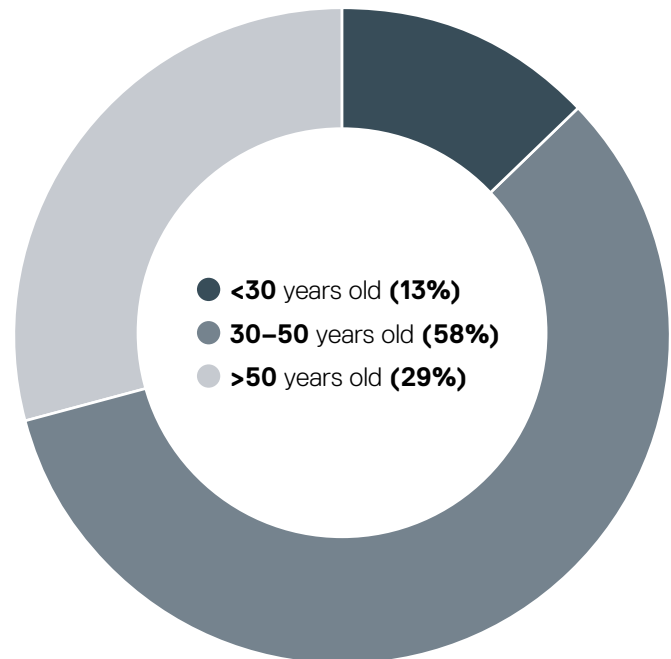
We work to create an inclusive workplace culture where individual differences are respected and embraced, supported by policies that ensure equal opportunities for all.

Our Diversity and Inclusion Policy Statement, established in 2015, underscores our commitment to attract, develop and retain high-performing employees who contribute to our long-term success and uphold our corporate values.

Some of our key focus areas in 2022–23 include increasing female and First Nations participation, supporting the Respect@Work legislation changes, gender pay gap audit, first Pride Week celebration and contributing to our updated employee value proposition. We are also reviewing and updating our policies, such as our Leave Policy, to align with industry benchmarks and evolving employee expectations.

Attracting younger people into the workforce is an important priority and we are in the process of designing a tailored Vacation Student and Graduate Program aimed at building a diverse talent pipeline from 2025.

Figure 8: Employee Age Distribution



Further information on our First Nations engagement and Reconciliation Action Plan can be found on page 40.

ATTRACTING AND RETAINING TALENT

Attracting new talent to ARTC.
Developing the skills and capabilities of our people and making ARTC a great place to work.

We support employee skills and capability development through implementation of development plans to help achieve individual and corporate goals, traineeships to attract new employees to ARTC and the rail industry, and leadership management programs to foster employee leadership skills.

The Australasian Railway Association (ARA) has declared an industry 'skills crisis' due to a rapidly increasing pipeline of major works, combined with a reduction in skilled migration during the COVID-19 pandemic. With a rail workforce aging at 2.6 times the national rate, and 20% of the workforce expected to retire by 2028, key rail occupation shortages are forecast to increase over the next 10 years.

In 2022–23, ARTC's employee turnover rate was 18.2%, slightly down from 19.1% in 2021–22. Employee turnover rates are higher in project delivery parts of the business and are indicative of the high demand for these skills. Turnover for the operating part of the business is tracking consistently around 14-15.5%, which continues to compete for talent in an historically low unemployment environment with intense competition for skilled employees.

ARTC is considering alternative recruitment strategies and actively assessing opportunities for attracting overseas talent. We also understand that a strong employee value proposition can improve retention rates and attractiveness to external talent, so we are refreshing our employee value proposition to maintain an employee-centred design that expands beyond reward. The majority of ARTC employees are provided with individual or team performance and career development reviews.

In our effort to attract new talent into the rail industry, ARTC traineeships provide both on and off-the-job training, allowing for the enhancement of skills and knowledge to support a career in rail.

ARTC has an established apprenticeship program focusing on signal electricians and plant mechanics and electricians. In the Hunter Valley, we have partnered with a trade college to establish a school-based traineeship program for students to complete their HSC as well as their Certificate III in electrotechnology whilst learning skills specific to the rail industry. All trainees successfully progressed to the apprenticeship program.

Recently, through Inland Rail we added 85 new leadership and management online courses to our resources, and were recognised as the Best Workplace in the Transport and Logistics sector by GradAustralia. In addition, we provided our leadership team with Officer Due Diligence Training through McCullough Robertson Lawyers, underlining our commitment to ensuring a high standard of leadership.





FIRST NATIONS

Engaging with First Nations peoples with a focus on reconciliation and creating economic opportunities for Indigenous communities.

In March 2022, we launched our ARTC Reconciliation Action Plan (RAP) to progress positive engagement with First Nations employees, businesses and communities.

The RAP is delivered through a dedicated team of internal RAP champions coordinated by our First Nations Strategy and Engagement Specialist, with the full support of our Executive.

In 2022–23, we were pleased with our progress in the first year of implementing RAP deliverables. Highlights included:

- Recognition that education is the first step to understanding the often-untold truths about our shared history, with more than 1,600 individuals completing 2,400 hours of cultural awareness training.
- Updated integrated mandatory procurement consideration of First Nations businesses in procurement processes, and improved access to First Nations businesses through directories such as Supply Nation and state-based registers.
- Launched a range of PPE and corporate shirts with ARTC's reconciliation *Journey* artwork, created by Gomeri/Kamilaroi artist Elenore Binge. A donation of \$3 per shirt is bestowed to a First Nations charitable organisation every quarter.
- Establishing a First Nations Employee Network to develop a strong sense of community within the workplace, increasing the number of employees identifying as Aboriginal and Torres Strait Islander peoples by more than 30%.

Our RAP is a framework that aligns our reconciliation commitments with our business objectives, supporting the five dimensions of reconciliation: race relations, equality, institutional integrity, unity and historical acceptance.

While we have delivered on most of our RAP actions, ARTC is continuously building on them and acknowledge there is room for improvement. We are looking to further deepen our engagement and commitment in 2023–24.



Uncle Michael 'Kumatpi' O'Brien at ARTC Reconciliation Week event, 2023



2022–23 ACHIEVEMENTS

- Formation of a Diversity, Equity and Inclusion (DE&I) Network to advocate for DE&I initiatives.
- Unconscious bias training completed by 283 employees.
- Since June 2022, 53 employees have completed formal leadership training in Certificate IV or Diploma of Leadership and Management.
- Major Construction Projects division partnering with Engineering Pathways Industry Cadetship Program to employ asylum or refugee background engineers.
- Hunter Valley team members attended a number of careers fairs for high school students to consider a career in rail, including Dubbo Aspire Career Expo which drew more than 300 schools from across the region.
- Diversity 101 training held in October 2022 for our Hunter Valley Maitland Provisioning Centre team. The team also completed cultural capacity training with Speaking in Colour.
- Inland Rail DE&I calendar 2023 – roll out of key activities, including unconscious bias training, code of conduct training and building personal resilience.
- Clean Up Australia Day team building initiatives held across the business in March 2023.

FUTURE OUTLOOK

- Our People and Culture team is drafting an enhanced Diversity, Equity and Inclusion Plan to boost the representation of women in our workforce.
- Continue to deliver on our Reflect RAP and explore steps towards our Innovation RAP
- Working to implement Workplace Gender Equality Agency (WGEA) reforms to earn recognition as a preferred employer for promoting gender equality.
- Introduction of a company-wide DE&I calendar to raise awareness of significant DE&I events.
- Implementation of the Gender Pay Gap Audit and recommendations in 2023–24.
- Launch of initiatives aimed at increasing female and First Nations participation in early career programs.
- Review and modification of policies to enhance sourcing and retention of diverse talent.



3.

SOCIAL RESPONSIBILITY

OBJECTIVE

We recognise that our long-term success is dependent on robust stakeholder engagement, delivering positive social and economic value to the communities in which we operate, and upholding the highest standards of business ethics.

To achieve these goals, we proactively engage with stakeholders and the communities we serve, ensuring their voices and concerns are integrated into our decision-making processes. As part of this, we are working to forge stronger connections with First Nations stakeholders and create meaningful opportunities for employees, communities and businesses.

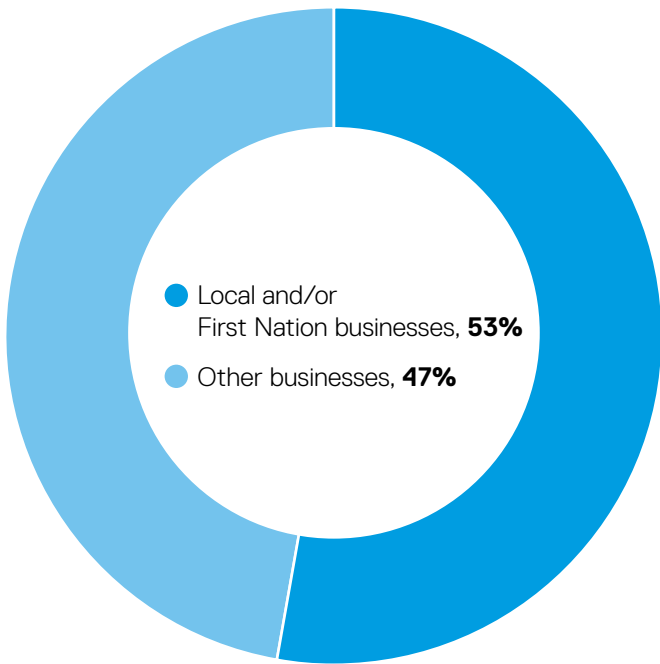
PERFORMANCE

Our ESG Strategy sets two targets to monitor and improve performance for Social Responsibility. These should be considered alongside other key metrics we use across the business, such as community matters received that are also discussed in the following pages.

One of our ESG targets is maintaining our trust score with Tier 1 stakeholders. We discuss the 2022–23 results in the Stakeholder Engagement section (refer page 20).

Our other ESG target is 10% construction spend with local (within 125km radius) and/or First Nations businesses (cumulative total to date for active major projects). The total spend achieved was 53%, which exceeded our ESG target (refer Figure 9). This positive outcome is largely due to Inland Rail Narrabri to North Star project.

Figure 9: Construction spend with local and/or First Nations businesses¹³



13. Construction project spend relates to businesses supplying to our Principal Contractors on four major projects – Narrabri to North Star, Beveridge to Albury, Botany Rail Duplication and Cabramatta Loop Project. ‘Local’ is businesses within 125km of the project and this forms the majority of businesses captured under this target. We have also included First Nations businesses which are either local or Australia-wide and make up a smaller percentage. The 53% result is positively influenced by our Inland Rail Narrabri to North Star project which will be completed in 2023–24.

MANAGEMENT OF MATERIAL TOPICS

The material topics relevant to our Social Responsibility ESG priority are governance and transparency, social and economic impacts, First Nations and supplier management and human rights. Social and economic impacts are presented in this section to highlight local and regional benefits and in the “Growing New Markets” section on page 55 to highlight contributions to the national economy.

GOVERNANCE AND TRANSPARENCY

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

We are committed to upholding the highest standards of governance, aligning our practices with the ASX Corporate Governance Principles and Recommendations. This commitment ensures we conduct our operations with integrity, transparency and accountability. This commitment is underscored by transparent reporting, demonstrated through our Annual Report and ESG reporting. More information can be found in the “Governance and risk” section on page 14.





SOCIAL AND ECONOMIC IMPACTS

Creating social and economic benefits at a local and national level by providing regional jobs and training opportunities and enabling export value, while minimising negative impacts in the local communities in which we operate.

Working to continually increase positive social and economic impacts in the communities in which we operate is integral to building positive relationships with communities along our network.

We endeavour to actively respond to feedback, ensuring that community concerns are acknowledged and effectively and appropriately addressed.

We're committed to minimising any negative impacts our operations may have, and recognise the importance of community sponsorship and donation programs in strengthening relationships, contributing positively to the communities we serve and demonstrating our commitment to their wellbeing and prosperity.

Managing community impacts

With 40,000 direct neighbours across our rail corridor, the communities in which we operate and construct are an important stakeholder. To improve interactions with our neighbours, we have implemented a Community Engagement Framework that guides the way we work with local communities.

We are committed to conducting our business in accordance with five community engagement principles to ensure we are considerate, fair, inclusive, trustworthy and connected. These five principles were introduced in February 2023 and are designed to guide how we engage with the community.

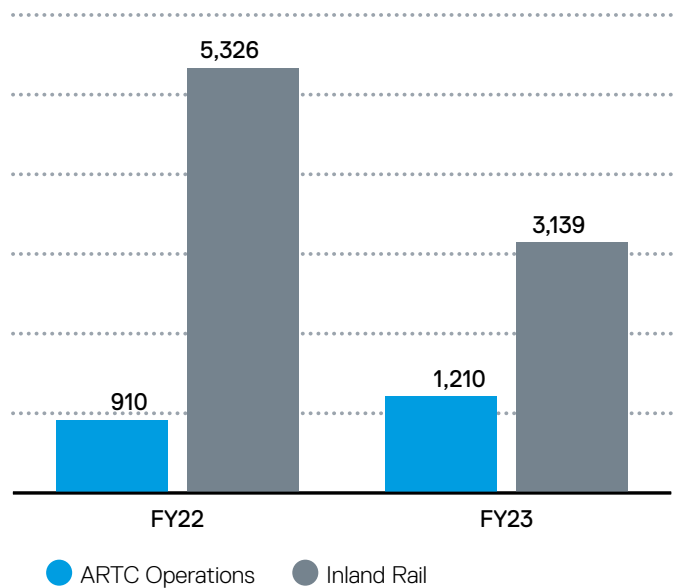
To continually improve our community engagement practices, we conducted an audit in 2021–22 to assess our engagement activities. In 2022–23, we actively addressed the challenges and opportunities identified in the audit, focusing on improving data collection and ensuring prompt responses to enquiries. Through these efforts, we are refining our overall approach to community engagement, recognising the impact it has on our social licence.

In 2022–23, ARTC received a total of 1,210 communications from the community regarding matters related to our operational network, which is around 300 less than received in 2021–22. Key issues related to vegetation and flora management, fencing/gate requests, and enquiries relating to level crossings.

ARTC works proactively with community members when matters have been raised to address them in a cooperative and fair manner to achieve mutually beneficial outcomes.

Regarding Inland Rail, ARTC addressed a total of 3,139 community matters during the year, a decrease from 5,326 in 2021–22. Matters raised included property access and acquisition, consultation process and project design. Our engagement with landowners, residents and other stakeholders has helped us incorporate local knowledge into our plans and build greater trust within the community.

Figure 10: Community matters addressed



ARTC is committed to providing a rapid response to any matter, concern or grievance received by the community. A dedicated team manages all community-related enquiries. For our projects, community relations and stakeholder engagement teams manage enquiries and complaints with community directly.

Environmental Impact Statements (EISs) are required for projects delivered by Inland Rail and Major Construction Projects division that trigger relevant state and federal planning and regulatory approvals based on their scale and potential impact. Detailed social impact assessment, stakeholder engagement and management plans are required for these projects. Project information is available on the ARTC and Inland Rail websites.



CASE STUDY: MANAGING NOISE IMPACTS

A new smart device that helps manage noise during construction is being used to minimise disruption to local communities.

Contractor McConnell Dowell, who ARTC has partnered with for the first tranche of Inland Rail works in Victoria, has adopted SiteHive technology. This smart tool can identify construction noise sources and provide clear reports for construction managers to address the issues.

The SiteHive allows us to keep on top of noise and vibration spikes and manage the impact on our local communities. The real-time monitoring also allows us to see noise levels remotely, which is a huge advantage on a project as geographically spread as Inland Rail.



Economic development

ARTC is an important contributor to regional communities. Our network traverses regional communities across the east-west and north-south corridor supported by 39 provisioning centres and offices. Around half of ARTC employees are located outside capital city locations in regional areas.

The National Institute of Economic and Industry Research economic multiplier tool can be used to assess the direct and indirect economic benefit ARTC contributes to the communities in which we live, work and operate. An assessment of five regional provisioning centres – Port Augusta, Broken Hill, Goulburn, Seymour and Parkes – found that while we directly employ 142 people in these locations, it has an economic multiplier benefit of an additional 51 indirect jobs and \$33 million contribution to the local economies.

ARTC engages principal contractors to deliver our large construction work programs. Working with our partners, Inland Rail has supported nearly 4,500 jobs, of which over 1,800 are local and regional construction jobs since construction commenced. The Inland Rail Skills Academy has also facilitated the training of 233 local and regional residents in construction and rail skills courses. In 2022–23, we entered a partnership with NSW TAFE which includes educating Clontarf Academy students in safety-related competencies as a workforce preparation measure, with 50 young First Nations men participating in this training initiative. More information on our reconciliation initiatives can be found in the “First Nations” section on page 40.



Community investment

ARTC invests in community programs and initiatives that resonate with our employees and we focus on areas where we can effectively make a positive difference.

In response to severe flooding in NSW, ARTC donated to 14 community groups within affected regions to provide much-needed support for flood victims. During emergency works in the Moss Vale to Unanderra region, we collaborated with a local school to mitigate noise and safety concerns, contributing \$10,000 towards enhancing safety measures on school premises.

During the extended COVID-19 lockdown in the Hunter Valley – where ARTC employs 487 people – we initiated a significant new partnership with Lifeline. This partnership continues to help the organisation deliver face-to-face counselling services in the region, with 1,500 of these sessions funded over the past 12 months alone. As of 30 June 2023, we have contributed around \$600,000 to Lifeline since 2020, making this our largest contribution to the mental health and wellbeing of the communities in which we live, work and operate.

Other community engagement initiatives delivered by our operational teams include supporting the AgQuip and Henty Machinery Field Day events, sponsoring the 'ARTC Great Train Race' at the Hunter Valley Steamfest, assessment of First Nation artwork on key locations in Wagga Wagga/Broken Hill, completion of the Werris Creek mural signal box artwork, mural partnership with Rotary East Maitland on a previously graffitied ARTC noise wall, and planting native trees to beautify an area adjacent to a new ANZAC Day mural in Glenalta.

In 2022–23, ARTC including Inland Rail invested \$630,000 in the community through donation and sponsorship activities, slightly up from \$620,000 in 2021–22.

SUPPLIER MANAGEMENT AND HUMAN RIGHTS

Taking responsibility for suppliers' management of human rights and environmental impacts.

ARTC's supply and procurement policies and procedures aim to maintain the highest standards for probity and integrity and deliver value for money.

We assess key suppliers through a pre-qualification and screening platform covering various mandatory performance requirements relating to aspects such as environmental, safety, labour hire licensing and modern slavery.

ARTC complies with the *Modern Slavery Act 2018* and publishes annual statements on modern slavery risks in our operations and supply chains, and how these are being addressed and managed.

Since 2020 when we published our first Modern Slavery Statement, which outlined our commitment to preventing modern slavery and exploitation, we have assessed that 99% of our Tier 1 supply chain are located within Australia, and identified that more than 90% of the goods and services we procure are sourced or manufactured domestically, further reducing the risk of modern slavery within our operations.

Key initiatives implemented in 2022–23 include:

- Broadened the scope of our modern slavery questionnaire to gain more specific and comprehensive information for a thorough appraisal of potential modern slavery risk.
- Engaged the five highest risk suppliers in direct dialogue to urge further disclosure on human rights and modern slavery issues while offering guidance and support regarding our policies and processes, with actions taken.
- Achieved more than 95% completion rate in conducting risk assessments for Tier 1 and Tier 2 supply chain.

2022–23 ACHIEVEMENTS

- Building our reputation and managing external stakeholder relationships supported by expanded capacity in our media and corporate affairs team.
- We invested \$630,000 in around 115 community organisations through community sponsorship and donations programs.
- Awareness raising and implementation of our Environment and Community Strategy and Community Engagement Framework and Principles.
- First ARTC Community Relations Community of Practice to ensure information can be shared on community issues, resolutions to issues can be undertaken and best-practice can be undertaken.
- Our Hunter Valley team developed a consistent mapping template for community notifications to meet Environment Protection Licensing obligations.
- Published our third Modern Slavery Statement.

FUTURE OUTLOOK

- The ARTC Community Engagement Framework, implemented in February 2023, will continue to be embedded across all business units.
- Sustain greater than 95% completion rate for modern slavery risk assessments for ARTC suppliers.
- Complete internal desktop audits of key supplier modern slavery policies and practices.





4.

ENVIRONMENTAL BENEFITS

OBJECTIVE

ARTC is committed to operating a safe, reliable, efficient and environmentally responsible rail network for our customers, stakeholders and the communities in which we operate.

The significant environmental advantages of rail transport, including its energy efficiency and reduced emissions per tonne of freight moved compared to road freight movements, make expanding rail an integral component of Australia's pathway to a low carbon economy.

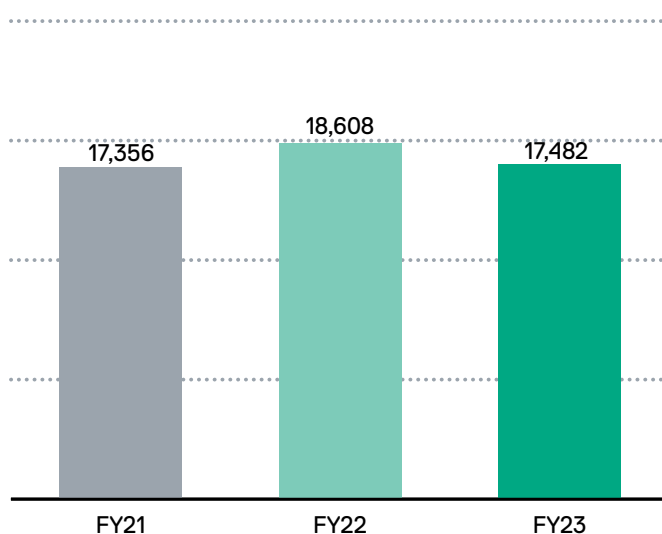
ARTC strives to minimise the environmental impacts of our construction and operational activities through minimising waste and maximising material recycling and re-use.

PERFORMANCE

Our ESG Strategy sets two targets to monitor and improve performance for Environmental Benefits. These should be considered alongside other key metrics we use across the business, such as the number of significant environmental non-compliances that are discussed in this report.

One of the ESG targets is a 10% reduction in greenhouse gas (GHG) emissions by the end of June 2024 using a 2021 baseline. So far, we have achieved a 6.1% reduction from our 2021–22 emissions, though a 0.7% increase from our 2020–21 baseline (refer Figure 11) reflecting the variability in our emissions based upon weather conditions, maintenance regimes and our facilities footprint.

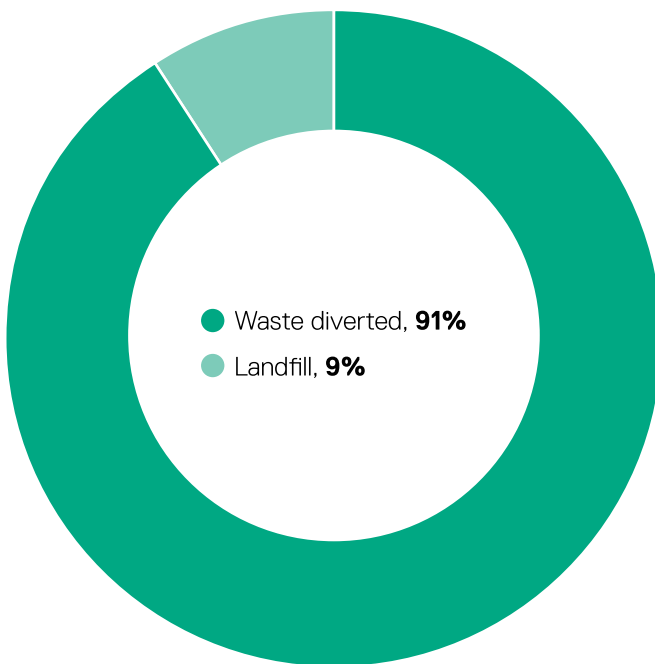
Figure 11: Scope 1 and 2 GHG emissions (tCO₂e)¹⁴



14. ARTC's Scope 1 and 2 emissions are calculated and reviewed annually.

The other ESG target is 60% construction waste recycling and re-use target (cumulative total to date for active major projects). We exceeded our target and, as of the end of June 2023, are achieving 91% waste diversion (refer Figure 12). This result was possible due to a current project portfolio of all brownfield upgrade projects and involved recovering and recycling removed track materials, spoil, timber and steel for new construction.

Figure 12: Construction waste recycled or re-used¹⁵



MANAGEMENT OF MATERIAL TOPICS

The two material topics relevant to our Environmental Benefits ESG priority are rail's role in decarbonisation and environmental impacts.

RAIL'S ROLE IN DECARBONISATION

Supporting the decarbonisation of Australian freight and passenger transportation through the expansion of rail by ensuring rail is the mode of choice in the national logistics chain and by reducing ARTC's operational emissions.

Rail provides a safer, lower emissions alternative to other transport options and our rail networks play an important role in the decarbonisation of Australia's transportation sector. We will continue to work with the Australian Government and industry on leveraging rail to reduce the carbon footprint of the national logistics supply chain by moving more freight on rail and improving the resilience of our network as outlined on page 13.

In terms of reducing emissions in our own operations, which is the focus of this section, since 2009, we have been reporting our GHG emissions annually to the Australian Government in accordance with the *National Greenhouse and Energy Reporting Act 1997* (NGERs). Our Scope 1 and 2 emissions are calculated based on:

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

ARTC's long-term decarbonisation objective aligns with the Australian Government's aim of achieving net zero emissions by 2050, and we are working to develop new medium- and long-term targets that reflect this trajectory.

As we work towards these targets, we are also ensuring that our actions facilitate our customers' emissions reduction efforts, fostering collective responsibility.

15. Determined based on a weighted average of total construction waste (m³) diverted from landfill for four active major projects – Narrabri to North Star, Beveridge to Albury, Botany Rail Duplication and Cabramatta Loop Project. This target excludes contaminated and hazardous waste materials.



Early progress regarding Scope 1 and Scope 2 emissions reductions include transitioning some of our fleet to hybrid vehicles, conducting energy audits and reviews to implement solutions such as installing solar panels, reviewing opportunities to improve electrical infrastructure efficiencies and initiating behavioural change programs. These measures are part of our strategy to meet a 10% reduction target by 2024.

ARTC is already working with construction partners to lower our Scope 3 emissions in construction, including shifting towards lower carbon fuel sources and optimising materials use. For example, on our Botany Rail Duplication project, our principal contractor set up a B20 biodiesel fuel tank for light vehicle use using a QR code to track usage. So far, about 2,000 litres of B20 biodiesel have been used for site utility vehicles, saving approximately 1,000kg CO₂e to date.



CASE STUDY: COOLLEEARLEE SOLAR SIGNAL INSTALLATION

Following a successful trial of an innovative signalling system at Coolleearlee in NSW, ARTC has approved the installation of 82 solar signalling sites across the Inland Rail line between Albury in NSW and Gowrie in Queensland.

The Coolleearlee solar signal system is estimated to save nearly seven tonnes of carbon emissions annually. It has been designed with battery back-up that provides up to 10 days of back-up operation, delivering a resilient system which can run 24 hours a day, 365 days a year.

The system runs on 100% solar energy, removing the need to use the local grid. Using solar power rather than mains power for the signalling system will deliver an environmentally friendly and sustainable solution to reliably power the signalling system.

The new system has resulted in approximately \$300,000 in savings by eliminating the need to dig new transmission lines, in addition to ongoing savings of approximately \$10,000 per year in electricity costs.

ARTC uses remote monitoring technology on the new solar powered signalling installations, adding further savings by reducing the requirement for maintenance visits.

Delivering power to rural signalling systems can be a real challenge and demonstrating the emissions reduction and cost savings of this project allow it to be scaled across the network.



ENVIRONMENTAL IMPACTS

Minimising negative environmental impacts from ARTC's activities including noise, dust and impacts to biodiversity. Reducing waste by prioritising circular economy principles, including end of life for network materials.

ARTC's extensive national network operates across five state jurisdictions. We are committed to reducing environmental impacts from our activities including noise, dust and impacts to biodiversity, and reducing waste by prioritising circular economy principles.

Our Environmental Management System (EMS) provides a strategic framework that promotes regulatory compliance, efficient use of resources, waste reduction and proactive risk management.

Each year, we review our management system performance and report outcomes to our Executive and Board. Every three years, we undergo a detailed management system audit with findings again reported to our Executive and Board. Additionally, we maintain open and frequent communication with stakeholders, including local communities, regarding our environmental management initiatives.

In New South Wales, we're working with our lessor Transport for NSW to deliver a contaminated land remediation program. The program seeks to remediate contaminated rail sites on our network and lower risks to both the environment and our people from interactions with these sites.

ARTC also manages cultural and natural heritage including archaeological sites to movable heritage, built environment, and natural and cultural landscapes, which is actively managed through our EMS.

Zero significant non-compliances with environmental laws and regulations for the past seven years.

Our aim is to engage employees in sustainable practices and foster a culture of continuous improvement, ensuring environmental considerations are integrated into daily operations, construction activities and long-term strategic planning (for example, see "Case study: Hunter Valley 'Adaptation for the future' employee engagement" on page 56).

Waste diversion and re-use

Through a collaborative approach with our contractors, ARTC effectively manages waste generation and resource recovery from large construction sites and operational maintenance activities. This approach allows us to achieve lower disposal rates and higher rates of recycling and recovery.

Additionally, on our large construction projects where we have engaged a principal contractor and are pursuing an Infrastructure Sustainability rating, such as those being delivered on Inland Rail and through our Major Construction Projects division, we have achieved high levels of diversion of waste from landfill (91% of waste).

In 2022–23, as part of our Scrap Recycling Program on our Interstate Network, we recycled more than 700 tonnes of redundant poles, 1,675 tonnes of old rail, and 2.5 tonnes of redundant copper wire. Our Interstate team also completed audits of two sections of our east-west corridor and has begun engagement with stakeholders to investigate beneficial re-use of waste ballast.

On our Hunter Valley network, as well as scrap steel recycling, other waste re-use activities include working with waste materials crushing contractors for spoil and timber recycling (with 16,000 tonnes spoil recycled for the reporting year), increasing workforce access to relevant technical spoil management information, working towards revised resource recovery licencing, and engaging with local stakeholders regarding potential provision of rail spoil for road and construction developments.

On our Cabramatta Loop Project, we deployed a concrete crusher reducing imported material and waste export requirements by processing 3,000 tonnes of demolished concrete structures to re-use as structural fill. This was supported by other ongoing waste re-use initiatives for spoil, ballast and use of products with recycled content.



Biodiversity management

ARTC manages around 115,000 hectares of land including regulated rail corridor, non-operational surplus land, and construction-related biodiversity offset sites.

Our network traverses nine Conservation Management Zones, including diverse landscapes such as arid shrublands and desert, temperate and subtropical forests, woodlands and grasslands. However, the majority of our operational network is in areas that have been subject to historical land clearing from over a century ago.

On our operational network, our Interstate team is investigating a biodiversity enhancement and carbon abatement opportunity in Port Augusta. The team has also completed mapping, fencing and inspection on the nationally endangered spiny rice flower in support of a national recovery plan for the species. Funding was also provided by the SA Landscape Board to intensify efforts on removing buffel grass.

ARTC aims to balance development with responsible stewardship of our natural environment.

In the Hunter Valley, our structures team participated in bat habitat training to understand how bridges and culverts can provide habitat for micro bat species, and how bat habitat conservation should be considered during the planning of maintenance and construction activities. Team members from our Muswellbrook Bridge Replacement Project also completed bushland rehabilitation planting within the project disturbance area.

ARTC acknowledges that the construction of new tracks and upgrades to existing infrastructure can have negative impacts on biodiversity. Where negative impacts do occur, and as required by relevant planning and approval requirements, we purchase biodiversity offsets.

To date, 85,000 biodiversity credits have been secured, protecting the equivalent of roughly 8,500 hectares of habitat as part of the Inland Rail offset program in NSW. In Queensland, we have purchased seven properties for offsets, including a large 2,700ha property at Canning Creek, which will provide offsets for a range of endangered species such as koalas, painted honeyeaters and glossy black cockatoos. The offset program provides secure habitats for species currently facing significant threats, as well as endangered species and high-risk ecological communities.

In addition, our Major Construction Projects team in Victoria has partnered with the Wangaratta Men's Shed to produce wildlife nest boxes to provide habitat for various species, including powerful owls and phascogales in grey box grassy woodland around Seymour.

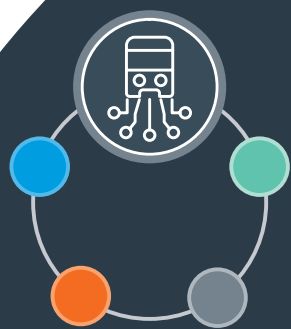
2022–23 ACHIEVEMENTS

- Seven-year track record of zero significant non-compliance events with environmental laws and regulations.
- Our large construction projects being delivered by Inland Rail and Major Construction Projects together have achieved 91% waste diversion to date.
- Completed development of a greenhouse gas (GHG) emissions reduction plan and commenced implementation of the plan.
- Significant progress delivering a contaminated land remediation program funded by Transport for NSW.
- Commenced a biodiversity optimisation review examining options to optimise ARTC non-operational land parcels for long-term benefit to ARTC's ESG ambition.
- Planned for the integration of environmental content within Horizon360 – a new reporting system to improve the way we record and analyse environmental health and safety events and compliance.

FUTURE OUTLOOK

- Progress implementation of the GHG Emissions Reduction Plan in pursuit of our 10% GHG reduction target.
- Progress our net zero roadmap pathways in line with Government targets and assess significant sources contributing to our Scope 3 emissions profile.
- Continue assessing and quantifying key waste streams and mature our waste data reporting systems to maximise waste reduction, recovery and recycling.
- Continue to assess opportunities for environmental restoration and contaminated land remediation.
- Continue monitoring ARTC's Environment Policy and Principles to raise environmental awareness and drive positive action.
- Explore how we can generate social and environmental value from non-operational land parcels that support ESG targets and objectives.





5.

GROWING NEW MARKETS

OBJECTIVE

ARTC provides open access rail infrastructure which means we move commodities on our network as dictated by market demand. We are working closely with our customers and key stakeholders to grow our network and capabilities to meet future demand.

Australia's freight needs are changing 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 long-term phase-down of coal production.

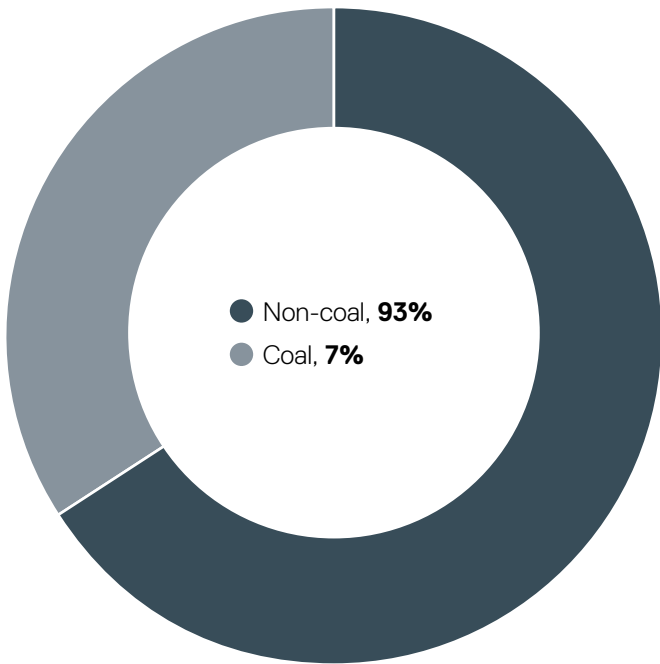
Our objective is to take a leadership role in advocating for policies and reforms that improve rail freight's competitiveness in the national logistics and supply chain industry, and support us to continue to adapt to rapidly changing customer needs and evolving stakeholder expectations (including that of financiers), and to diversify our revenue base.

PERFORMANCE

Our ESG Strategy sets two targets to monitor and improve performance for Growing New Markets. These should be considered alongside other key metrics we use across the business, such as Infrastructure Sustainability (IS) ratings for large construction projects that are discussed on the following pages.

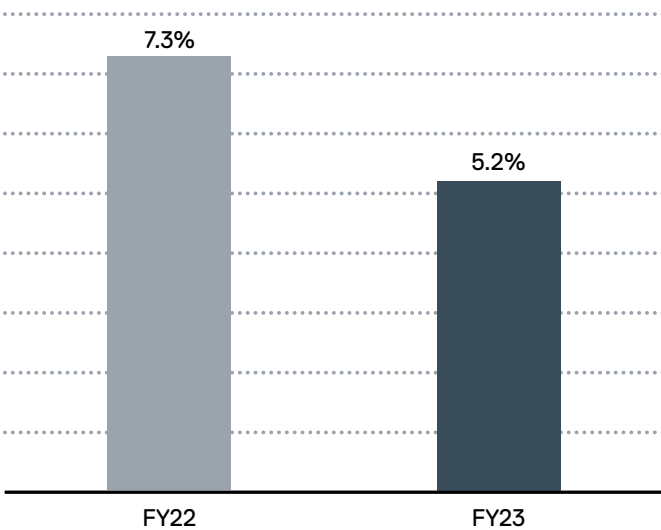
One of the ESG targets is 8.5% growth in non-coal volumes by the end of June 2024 based on a 2020 baseline. Our target of 8.5% growth has been challenged by extreme weather events that have disrupted our network and associated freight movements in non-coal volumes (refer Figure 13). To prevent future disruptions that impact network availability, ARTC has adopted a proactive approach to network resilience (see page 33).

Figure 13: Investment in non-coal focused infrastructure¹⁶



The other ESG target is 80% of accumulated investment capital in non-coal focused infrastructure calculated annually. We have exceeded our target of 80% accumulated investment capital in non-coal focused infrastructure, achieving 99.7% in 2022–23 (refer Figure 14).

Figure 14: Growth non-coal volumes¹⁷



16. Capital investment inclusive of major infrastructure works, corridor works and non-infrastructure works.

17. Cumulative growth in non-coal volumes by Gross Tonne Kilometres (GTK) using a 2020 baseline.

MANAGEMENT OF MATERIAL TOPICS

The material topics relevant to our Growing New Markets ESG priority are allocation of capital, and social and economic impacts. Local and regional impacts and benefits of rail are considered in the “Social Responsibility” section, with contributions to the national economy included in this section.

SOCIAL AND ECONOMIC BENEFITS

Creating social and economic benefits at a local and national level by providing regional jobs and training opportunities and enabling export value, while minimising negative impacts in the local communities in which we operate.

Demand for export coal

The value of Australian commodity exports, including thermal coal, has risen in the past two years. Concerns over energy security triggered by the Russian invasion of Ukraine and global supply constraints saw the price of thermal coal climb to record levels in 2022, before stabilising but remaining historically high.

Australian coal producers are capitalising on short-term price increases and demand for high quality coal, which supports the desirability of reduced emissions from the superior quality coal produced in the Hunter Valley. In this environment, the coal volume transported on our networks is expected to remain relatively stable in the short to medium term.

The long-term risks for thermal coal are widely acknowledged as the world continues to transition away from high emission fossil fuels to meet decarbonisation targets. However, the market consensus, echoed by many of our customers, is that importing nations such as Japan, India and South Korea will continue to rely on coal for energy security in the short to medium term in the absence of cost comparative substitutes for base-load energy sources.

In anticipation of a longer-term reduction in supply of thermal coal internationally, we have continued to plan to grow non-coal volumes across our business and identify feasible pathways to scale our cost base as coal volumes decline, with a view to ensuring continued service delivery and the long-term sustainability of our business.



CASE STUDY: HUNTER VALLEY 'ADAPTATION FOR THE FUTURE' EMPLOYEE ENGAGEMENT

ARTC recognises that the Hunter Valley region is preparing for future economic changes and diversification of its industry base.

We are supporting this transition as founding members of the Committee for the Hunter and are working with customers to understand the long-term impacts of the global energy transition.

Since 2018, our Hunter Valley team has conducted sustainability days as a way of engaging employees, focusing on increasing positive environmental impact, as well as safety, mental health and wellbeing.

During the year, two sustainability days were held in Newcastle and Dubbo in February and March 2023.

The key theme was *Adaptation for the future* and included a panel discussion with Executive members on ARTC's ESG Strategy. The events also included a keynote speaker from Lifeline, workshops on safety, building skills and capability, spoil re-use and cultural awareness, and a trade hall where providers of sustainability-related products and services shared innovative solutions to local sustainability challenges.

Sustainability days provide the team with a chance to engage with colleagues to focus on sustainability innovation and discuss economic transition challenges and opportunities.



Growth in domestic markets

ARTC's national network services a wide range of supply chains and markets, including passenger services. In 2022–23, we supported the growth of long-haul intermodal rail operations on our Interstate network, including Qube which commenced operations between Melbourne and Sydney ahead of proposed additional planned services. Aurizon also announced its re-entry to the intermodal rail market through an 11-year contract with Team Global Express and is progressively introducing new services on the east-west corridor.

ARTC commercial teams continue to work with the minerals sector to establish a growing pipeline of new business opportunities, including projects under development in South Australia and western New South Wales by a number of prospective mining companies. Notably, Tronox commenced a new mineral sands mining operation during the year near Ivanhoe in New South Wales, including new long-haul mineral sand movements by rail from Ivanhoe to Broken Hill and Broken Hill to Kwinana in Western Australia.

ALLOCATION OF CAPITAL

Maximising the benefits from delivery of Inland Rail and our Major Construction Projects division.

Our largest and most significant capital project for this reporting period was Inland Rail, which subsequently became a subsidiary of ARTC in July 2023.

In 2022–23, Inland Rail continued construction of the Narrabri to North Star Phase 1 section in NSW, which is set for handover to ARTC in 2023–24, enabling trains to operate between North Star and Narrabri. Works also progressed to establish a Materials Distribution Centre at Narwonah near Narromine to receive rail, sleeper and ballast materials.

In addition, construction of Inland Rail commenced in Victoria in February 2023, with the first tranche of works progressing in Glenrowan and Barnawartha North through the collaborative efforts of our Inland Rail and Major Construction Projects teams. Site establishment and early works also commenced in Wangaratta and Seymour.

We also continued to undertake several major infrastructure projects across our network through our Major Construction Projects division, including the Botany Rail Duplication and Cabramatta Loop Project.

Inland Rail is the largest freight rail infrastructure project in the nation, comprising a 1,600km route between Melbourne and Brisbane via inland regions. Inland Rail will better link regional producers, manufacturers and businesses to national and global markets.

Infrastructure Sustainability ratings

ARTC has been a member of the Infrastructure Sustainability Council since 2016. The IS Council administers the Infrastructure Sustainability Rating Scheme which provides a comprehensive system for evaluating sustainability across design, construction and operation phases and provides an independent verification of performance.

The Inland Rail project has achieved a number of 'Excellent' IS ratings, including an Excellent Design rating for the Stockinbingal to Parkes section in January 2023. Other Inland Rail sections to be recognised include Narrabri to North Star Phase 1 for Excellent Design (November 2020) and Parkes to Narromine for Excellent As Built (October 2021).



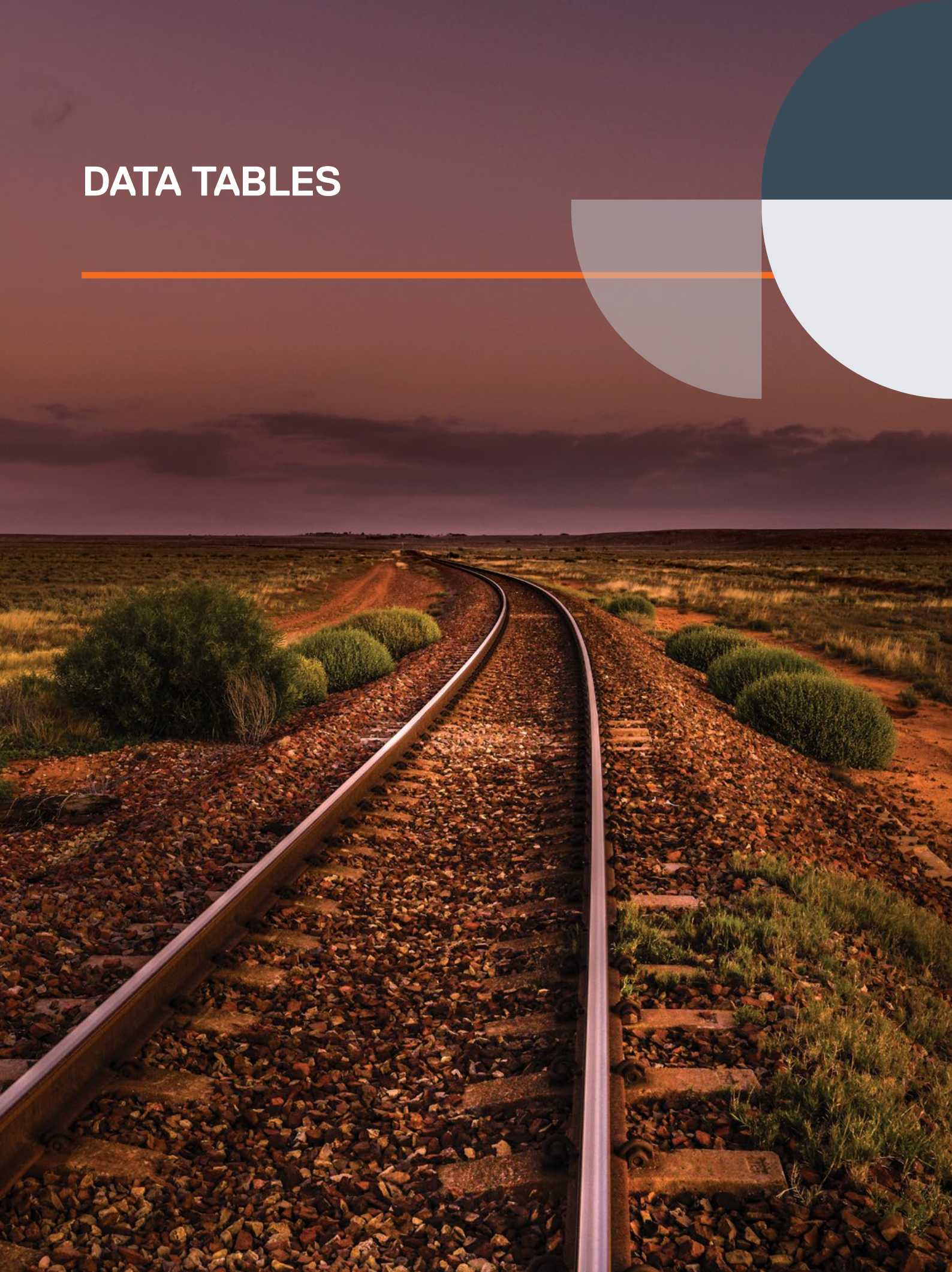
2022–23 ACHIEVEMENTS

- Supported rail operators to capture new volume from road by developing train path solutions that support the expansion of intermodal services on the east-west, Melbourne-Sydney and Sydney-Brisbane corridors.
- Supported the development of a new intermodal hub at Wagga Wagga along with three major terminal proposals for Melbourne.
- Continued to work with potential proponents on a pipeline of new mining and bulk freight business opportunities. These include projects under development in South Australia and western New South Wales.
- Project IS ratings continued to be achieved by Inland Rail projects, with other major construction projects progressing through design.
- An Australian-first innovation for Inland Rail for the Stockinbingal to Parkes project IS rating for the sustainability business webinars for small-medium businesses initiative.

FUTURE OUTLOOK

- Continue industry policy and advocacy around our ESG ambitions for modal shift and leadership on matters relevant to industry and key stakeholders.
- Encourage new market entrants and support initiatives to establish new intermodal terminals.
- Support rail operator plans to further expand intermodal services on the east-west, Melbourne-Sydney and Sydney-Brisbane corridors.
- Sustainability Manual outlining ESG standards and targets for contractors delivering projects with Major Construction Projects division.
- Our Major Construction Projects division is working with principal contractors on the Botany Rail Duplication and Cabramatta Loop Project to deliver Design and As Built IS ratings, which are expected to be completed in 2023–24.
- Inland Rail is working with principal contractors on an As Built rating for the Narrabri to North Star Phase 1 section and a Design rating for Beveridge to Albury Tranche 1 works in 2023–24.

DATA TABLES



ESG DATA

This data table is a summary of ARTC metrics discussed in this ESG Report and referenced in the GRI content index.

OPERATIONAL

Metric	Unit	Reference	2022–23	2021–22
Revenue split by type	%	Page 7	<ul style="list-style-type: none"> - Access revenue 89% - Grant 8% - Other 3% 	<ul style="list-style-type: none"> - Access revenue 88% - Grant 7% - Other 5%
Access revenue split	%	Page 7	<ul style="list-style-type: none"> - Hunter Valley 59% - Interstate 41% - Coal revenue 58% 	<ul style="list-style-type: none"> - Hunter Valley 62% - Interstate 38% - Coal revenue 61%
Revenue associated with moving coal	%	Page 7	58%	61%
Non-coal volume growth ¹⁸	%	Page 55	5.2%	7.3%
Non-coal focused investment capital ¹⁹	%	Page 55	93.0%	89.3%
Non-compliances with relevant laws and regulations	#	GRI 2-27 Page 16	0	0
Network availability	#	Page 33	<ul style="list-style-type: none"> - Interstate network 58.9% - Hunter Valley network 85.9% 	<ul style="list-style-type: none"> - Interstate network 79.1% - Hunter Valley network 85.4%
Trust score with Tier 1 stakeholders ²⁰	#	Page 20	47	52
Customer satisfaction score ²¹	#	Page 20	7.6	7.8

18. Cumulative growth in non-coal volumes by Gross Tonne Kilometres (GTK) using a 2020 baseline.

19. Capital investment inclusive of major infrastructure works, corridor works and non-infrastructure works.

20. Measures how ARTC is perceived by key stakeholders who have regular interactions with our business. Survey respondents' feedback is calculated into an overall 'trust score' which is an indicator of sentiment toward ARTC.

21. Measures customer overall experience and relationships with ARTC, as well as future needs, priorities and where we can improve our service offering.

SAFETY

Metric	Unit	Reference	2022–23	2021–22
TRIFR (employee and contractors) ²²	#	Page 28 GRI 403-9	2.91	5.72
TRIFR employee	#	Page 28 GRI 403-9	2.88	2.45
TRIFR contractors	#	Page 28 GRI 403-9	2.95	9.27
Level 1 significant events on our network ²³	#	Page 31	40 significant	46 significant
Fatalities and serious injuries on network outside ARTC control ²⁴	#	Page 31	– 5 fatalities – 0 serious injuries	– 1 fatality – 2 serious injuries
Work-related injuries – fatalities	#	GRI 403-9	0	0
Work-related ill health – fatalities ²⁵	#	GRI 403-10	0	0

PEOPLE AND COMMUNITY

Metric	Unit	Reference	2022–23	2021–22
Total employees ²⁶	#	GRI 2-7	2,187 – Female 674 – Male 1503 – Other 1 – Not disclosed 9	2,037 – Female 570 – Male 1342 – Other 0 – Not disclosed 125
Permanent employees	#	GRI 2-7 b. i	– Female 638 – Male 1454 – Other 1 – Not disclosed 9	– Female 528 – Male 1281 – Other 0 – Not disclosed 117
Temporary employees	#	GRI 2-7 b. ii	– Female 36 – Male 49 – Not disclosed 0	– Female 42 – Male 61 – Not disclosed 8

22. TRIFR is determined based on (number of recordable injuries ÷ by number of hours worked) x 1,000,000.

23. Significant events are where ARTC or a third party may be accountable. ‘Significant’ means actual and potential events which results in fatality or injury/illness with long term or permanent impairment.

24. Fatalities or serious injuries can involve train and vehicle events at level crossings and other incidents. Serious injuries is defined as resulting in long term or permanent impairment of the individual.

25. Hazards related to work related ill-health are determined through analysis of work practices and are controlled by work practices and PPE. Potential hazards that pose a risk of ill-health include exposure to manual handling, asbestos, lead, silica, noise, and vibration.

26. All employee data considers head count at end of reporting period 2022–23. Number of non-disclosed is higher in 2021–22 due to our transition to improved data collection in this category during the following year.

Metric	Unit	Reference	2022–23	2021–22
Full-time employees	#	GRI 2-7 b. iv.	<ul style="list-style-type: none"> - Female 599 - Male 1477 - Other 1 - Not disclosed 9 	<ul style="list-style-type: none"> - Female 514 - Male 1330 - Other 0 - Not disclosed 119
Part-time employees	#	GRI 2-7 b. v	<ul style="list-style-type: none"> - Female 75 - Male 26 	<ul style="list-style-type: none"> - Female 56 - Male 12 - Not disclosed 6
Non-employees whose work is controlled by ARTC²⁷	#	GRI 2-8 a	<ul style="list-style-type: none"> - 40 agency contractors - 87 service consultants 	<ul style="list-style-type: none"> - 44 agency contractors - 99 service consultants
Gender representation on Board²⁸	%	Page 4 GRI 405-1a i	<ul style="list-style-type: none"> - Female 62% - Male 38% 	<ul style="list-style-type: none"> - Female 50% - Male 50%
Age representation on Board	%	GRI 405-1a i	<ul style="list-style-type: none"> - 30–50 years old 12% - Over 50 years old 88% 	<ul style="list-style-type: none"> - 30–50 years old 12% - Over 50 years old 88%
Gender representation on Executive Committee²⁹	%	GRI 405-1a i	<ul style="list-style-type: none"> - Female 27% - Male 73% 	<ul style="list-style-type: none"> - Female 27% - Male 73%
Age representation on Executive Committee	%	GRI 405-1a i	<ul style="list-style-type: none"> - 30–50 years old 45% - Over 50 years old 55% 	<ul style="list-style-type: none"> - 30–50 years old 45% - Over 50 years old 55%
Gender representation of senior leadership³⁰	%	GRI 405-1a i	<ul style="list-style-type: none"> - Female 29.9% - Male 70.1% 	<ul style="list-style-type: none"> - Female 26.1% - Male 73.9%
Female employees in workforce	%	Page 36 GRI 405-1b i	30.8%	28.0%
First Nations employees in workforce	%	Page 36 GRI 405-1b iii	3.6%	3.1%
Age representation of employees	%	Page 38 GRI 405-1b ii	<ul style="list-style-type: none"> - Less than 30 years old 13.0% - 30–50 years old 58.0% - Over 50 years old 29.0% 	<ul style="list-style-type: none"> - Less than 30 years old 12.3% - 30–50 years old 59.7% - Over 50 years old 28.3%
Location of employees	%	Page 37 GRI 405-1b iii GRI 2-7	<ul style="list-style-type: none"> - Capital city 50.7% - Regional 49.3% 	<ul style="list-style-type: none"> - Capital city 51.8% - Regional 48.2%
Employee engagement score	%	Page 20	61%	63%
Employee turnover rate³¹	%	Page 39	18.2%	19.1%

27. Type of work performed is mostly project-based with the remainder in the operational business.

28. All Board representation metrics calculated based on directors who were current appointments as of 30 June.

29. Executive Committee are leaders who report directly to the Chief Executive Officer.

30. Number of female employees in senior leadership positions (Chief Executive, Executive and General Managers) divided by total number of employees in these leadership positions.

31. Number of employees' exits divided by average headcount over 12 months.

Metric	Unit	Reference	2022–23	2021–22
Employees covered by collective bargaining agreement	%	GRI 2-30	90.8%	91.0%
Annual compensation ratio ³²	%	GRI 2-21 a	9.1	10.3
Community matters received and addressed ³³	#	Page 44	– Operations 1,210 – Inland Rail 3,139	– Operations 1,538 – Inland Rail 5,326
Community donations and sponsorship	\$	Page 46	\$630,000	\$620,000
Construction spend with local and/or First Nations businesses (total to date for active major projects) ³⁴	%	Page 43	53%	N/A

ENVIRONMENT

Metric	Unit	Reference	2022–23	2021–22
Land under ARTC ownership and management ³⁵	Ha	Page 10	115,000	N/A
Kilometres of network assessed for flood-related climate risks and vulnerabilities	%	Page 29	66%	34%
Scope 1 GHG emissions	tCO ₂ e	Page 48 GRI 305-1a	10,212	10,782
Scope 2 GHG emissions	tCO ₂ e	Page 48 GRI 305-2a	7,270	7,826
Waste diversion from landfill ³⁶	%	Page 49	91%	N/A
Significant non-compliance with environmental law and regulation	#	Page 51 GRI 307-1	0	0
Operational sites adjacent to protected areas ³⁷	km	GRI 304-1	960 track km (11% of operational rail network)	N/A

32. The ratio reports the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest paid individual).

33. Includes all matters raised by members of the community as logged and processed in ARTC and Inland Rail reporting platforms.

34. Determined based on a weighted average of cumulative construction project spend which relates to businesses supplying to our Principal Contractors on major active projects – Narrabri to North Star, Beveridge to Albury, Botany Rail Duplication and Cabramatta Loop Project. 'Local' is within 125km of the project and this forms the majority of businesses captured under this target. We have also included First Nations businesses which are either local or Australia-wide and make up a smaller percentage. Reporting of this metric as a consolidated figure commenced 2022–23. The 53% result is positively influenced by our Inland Rail Narrabri to North Star project which will be completed in 2023–24.

35. Area of land under ARTC management and ownership is subject to fluctuation due to major project delivery requirements. Revised data collation methodology commenced 2022–23.

36. Determined based on a weighted average of cumulative total construction waste (m³) diverted from landfill for major active projects – Narrabri to North Star, Beveridge to Albury, Botany Rail Duplication and Cabramatta Loop Project. Reporting of this metric as a consolidated figure commenced 2022–23. This target excludes contaminated and hazardous waste materials.

37. Discloses areas on the National Collaborative of Protected Areas Database (CAPAD) that are adjacent to ARTC's operational rail network and ancillary owned/leased sites. Reporting commenced 2022–23.

GRI CONTENT INDEX

This index has been prepared with reference to the GRI reporting standard and is ARTC's first disclosure in this regard.

GRI Standard	Disclosure	Location	Page #	Comments and Omissions
GRI 2: General Disclosures 2021	2-1 Organisational details	About this Report	Inside cover	Location of headquarters: Building 1, Sir Donald Bradman Drive, Keswick Terminal SA 5035
	2-2 Entities included in the organization's sustainability reporting	About this Report	Inside cover	
	2-3 Reporting period, frequency, and contact point	About this Report	Inside cover	
	2-4 Restatements of information			GHG emissions data for the last three years has been recalculated due to two ongoing emissions sources being incorrectly assigned as Scope 1 and 2.
	2-5 External assurance			No external assurance has been undertaken for this report
	2-6 Activities, value chain and other business relationships	About ARTC	10	
	2-7 Employees	ESG Data	61	
	2-8 Workers who are not employees	ESG Data	62	
	2-9 Governance structure and composition	Annual Report	68	Annual Report can be accessed at www.artc.com.au/about/reports
	2-10 Nomination and selection of the highest governance body			The Shareholder Ministers appoint the ARTC Board
	2-11 Chair of the highest governance body	Annual Report	51	The Chair of the ARTC Board is not the Managing Director/CEO
	2-12 Role of the highest governance body in overseeing the management of impacts	ESG Governance	14	
	2-13 Delegation of responsibility for managing impacts	ESG Governance	14	
	2-14 Role of the highest governance body in sustainability reporting	ESG Governance	14	
	2-15 Conflicts of interest [Board]	Annual Report	68	Annual Report can be accessed at www.artc.com.au/about/reports
	2-16 Communication of critical concerns	Governance and Risk	16	Total number and nature of critical concerns has not been disclosed
	2-17 Collective knowledge of the highest governance body	ESG Governance	14	ESG training session for the Board was conducted in May 2023
	2-18 Evaluation of performance of the highest governance body			Performance of the Board is evaluated by the Shareholder Ministers in addition to internal Board reviews

GRI Standard	Disclosure	Location	Page #	Comments and Omissions
GRI 2: General Disclosures 2021	2-19 Remuneration policies	Annual Report	61	Annual Report can be accessed at www.artc.com.au/about/reports
	2-20 Process to determine remuneration	Annual Report	62	Annual Report can be accessed at www.artc.com.au/about/reports
	2-21 Annual Compensation ratio	ESG Data	63	
	2-22 Statement on sustainable development strategy	ESG Strategy	22	
	2-23 Policy commitments	Responsible Business Conduct	16	Additional information relating to human rights can be found in "Supplier management and human rights" section
	2-24 Embedding policy commitments	Responsible Business Conduct	16	
	2-25 Processes to remediate negative impacts	Stakeholder engagement	44	
	2-26 Mechanisms for seeking advice and raising concerns			ARTC contact page for general and community operational enquiries https://www.artc.com.au/contact-us/ . Inland Rail contact page for general and community enquiries https://inlandrail.artc.com.au/contact/
	2-27 Compliance with laws and regulations	Responsible Business Conduct	16	
	2-28 Membership associations	Stakeholder engagement	21	
2-29 Approach to stakeholder engagement	Stakeholder engagement	20		
2-30 Collective bargaining agreements	ESG Data	63		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality assessment	24	
	3-2 List of material topics	Materiality assessment	24	
TOPIC: WORKER HEALTH, SAFETY AND WELL-BEING				
GRI 3: Material Topics 2021	3-3 Management of material topics	Worker health, safety and wellbeing	29	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Worker health, safety, and wellbeing	29	
	403-2 Hazard identification, risk assessment, and incident investigation	Worker health, safety, and wellbeing	30	
	403-3 Occupational health services	Worker health, safety, and wellbeing	30	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Worker health, safety, and wellbeing	30	

GRI Standard	Disclosure	Location	Page #	Comments and Omissions
TOPIC: WORKER HEALTH, SAFETY AND WELL-BEING				
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	Worker health, safety, and wellbeing	30	
	403-6 Promotion of worker health	Worker health, safety, and wellbeing	31	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	Community and customer health and safety	31	
	403-8 Workers covered by an occupational health and safety management system	Worker health, safety, and wellbeing	29	
	403-9 Work-related injuries	ESG Data	61	
	403-10 Work-related ill health	ESG Data	61	
	ARTC Metric: Total Recordable Injury Frequency Rate (TRIFR) employees and contractors	ESG Data	28	
TOPIC: COMMUNITY AND CUSTOMER SAFETY				
GRI 3: Material Topics 2021	3-3 Management of material topics	Community and customer safety	31	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Community and customer safety	31	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Community and Customer Safety	31	
	ARTC Metric: Level 1 (significant) Events (actual and potential) on our network	Community and Customer Safety	31	
TOPIC: SUPPLIER MANAGEMENT AND HUMAN RIGHTS				
GRI 3: Material Topics 2021	3-3 Management of material topics	Supplier management and human rights	46	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supplier management and human rights		ARTC currently only collects this data for key contractors and suppliers registered in our pre-qualification platform
	414-2 Negative social impacts in the supply chain and actions taken	Supplier management and human rights	46	Modern slavery risk is ARTC's current focus area for managing negative social impacts in the supply chain and is managed in accordance with regulatory requirements

GRI Standard	Disclosure	Location	Page #	Comments and Omissions
TOPIC: SOCIAL AND ECONOMIC IMPACTS				
GRI 3: Material Topics 2021	3-3 Management of material topics	Social and economic impacts	44	
GRI 413 Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	Managing community impacts	44	
	413-2 Operations with significant actual and potential negative impacts on local communities	Managing community impacts	44	
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	Annual Report	16	Annual Report can be accessed at www.artc.com.au/about/reports
	203-2 Significant indirect economic impacts	Economic development	45	This largely relates to spend with local and First Nations businesses, skills and training programs, and employment supported through our large construction projects
	ARTC Metric: Spend with local and/or First Nation businesses	Social Responsibility	43	
	ARTC Metric: Growth in non-coal volumes	ESG Data	55	
TOPIC: RAILS ROLE IN DECARBONISATION				
GRI 3: Material Topics 2021	3-3 Management of material topics	Rail's role in decarbonisation	49	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	ESG Data	63	
	305-2 Indirect (Scope 2) GHG emissions	ESG Data	63	
	305-3 Other indirect (Scope 3) GHG emissions			ARTC has recently commenced planning for assessment of Scope 3 emissions and intends to disclose this information in future reporting
	305-5 Reduction of GHG emissions			ARTC has recently commenced emissions reduction activity and will disclose this information in future reporting
	305-6 Emissions of ozone-depleting substances			Not significant to our operations
	305-7 Nitrogen oxides (Nox), sulphur oxides (SOx), and other significant emissions			Not significant to our operations.

GRI Standard	Disclosure	Location	Page #	Comments and Omissions
TOPIC: ENVIRONMENTAL IMPACTS				
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental benefits	48	
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	ESG Data	63	
GRI 306: Waste 2020	306-1 Waste generated and significant waste-related impacts			ARTC currently collects waste data for large construction projects undergoing Environmental Impact Statements and Infrastructure Sustainability ratings and is working towards establishing an operational waste reporting system
	306-2 Management of significant waste-related impacts			
	306-3 Waste generated			
	306-4 Waste diverted from landfill			
GRI 304: Biodiversity 2020	306-5 Waste directed to disposal			
	301 -2 Recycled input material used			
	ARTC metric: Major construction project waste diverted from landfill	Environmental benefits	49	
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	ESG Data	63	
	304-2 Significant impacts of activities, products and services on biodiversity	Biodiversity	52	Detail on biodiversity impacts is currently only available for large construction projects that require an Environmental Impact Statement
	304-3 Habitat protected or restored	Biodiversity	52	Currently only quantified for biodiversity offset requirements
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations			Detail on biodiversity impacts is currently only available for large construction projects that require an Environmental Impact Statement
TOPIC: DIVERSITY, EQUITY, AND INCLUSION				
GRI 3: Material Topics 2021	3-3 Management of material topics	Diversity, equity and inclusion	37	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	ESG Data	61	
	405-2 Ratio of basic salary and remuneration of women to men			This information is currently not provided

GRI Standard	Disclosure	Location	Page #	Comments and Omissions
TOPIC: ATTRACT AND RETAIN TALENT				
GRI 3: Material Topics 2021	3-3 Management of material topics	Attract and retain talent	38	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee			This information is currently not provided
	404-2 Programs for upgrading employee skills and transition assistance programs			This information is currently not provided
	404-3 Percentage of employees receiving regular performance and career development reviews	Attract and retain talent	38	
TOPIC: GOVERNANCE AND TRANSPARENCY				
GRI 3: Material Topics 2021	3-3 Management of material topics	Governance	14	
	ARTC metric: Publishing annual ESG Report	Governance	14	ARTC is committed to transparent reporting and include our approach to ESG governance in our ESG Report
TOPIC: FIRST NATIONS				
GRI 3: Material Topics 2021	3-3 Management of material topics	First Nations	40	
	ARTC metric: First Nations representation within ARTC workforce	Skilled and diverse workforce	37	
TOPIC: ALLOCATION OF CAPITAL				
GRI 3: Material Topics 2021	3-3 Management of material topics	Allocation of capital	57	
	ARTC metric: Non-coal focussed investment capital	Growing new markets	55	
TOPIC: NETWORK RESILIENCE TO CLIMATE IMPACTS				
GRI 3: Material Topics 2021	3-3 Management of material topics	Network resilience to climate impacts	33	
	ARTC metric: Network wide assessment of flood related risks and vulnerabilities	Network safety and resilience	29	
TOPIC: CYBER SECURITY AND BUSINESS RESILIENCE				
GRI 3: Material Topics 2021	3-3 Management of material topics	Network safety and resilience	35	

