pacificnational

ESG
Report
FY2023

About this report

This is the fourth Environmental, Social and Governance (ESG) Report presented by Pacific National Holdings Pty Limited and its subsidiaries (Pacific National) for the financial year ending 30 June 2023 (FY23).

It sets out the results of our efforts in implementing the initiatives we described in our FY22 ESG report.

The initiatives we describe in this report apply to Pacific National and its subsidiaries, encompassing our intermodal, coal, and bulk and IMEX transport business units. It provides stakeholders with a report that demonstrates action on key ESG priorities material to our business.

It is aligned with the Global Reporting Initiative (GRI) Standards framework. KPMG has provided limited assurance over selected data sets within this report as described in the Limited Assurance Statement on page 66.

The Pacific National Board of Directors approved this report on 1 September 2023.

Beyond this report, Pacific National reports on ESG performance in the following ways:

- Modern Slavery Statement
- Regulatory reporting on energy and greenhouse gas emissions in Australia
- Regulatory reporting on safety
- Regulatory reporting on Workplace Gender Equality

For questions about this report please contact **PN_communications@pacificnational.com.au**.

Contents

Acknowledgment of Country

Pacific National traverses some of Australia's most remote locations, and we are proud of our connection to this land and nation – it is what makes us who we are and defines us as a business.

We acknowledge the Traditional Custodians of the land on which we work, live and rail. We pay respect to Elders past, present and future and to the continuation of cultural, spiritual and educational practices of all First Nations peoples.

Chief Executive Officer Commitment

The Chief Executive Officer and Executive Leadership Team of Pacific National present this ESG Report for the year ending 30 June 2023.

Pacific National is continuing to mature its focus on ESG. This report provides context and updates on the implementation of our ESG program that is progressing our commitment to managing our environmental footprint, caring for our people, and managing the impact we have on the communities in which we operate.

We acknowledge that managing our emissions and influencing the industry's emissions impact and climate change response will be central to our plans in the coming years.

In 2022, we published our Climate Change Strategy and set an interim target of 10 per cent reduction in carbon emissions intensity by 2030. In 2023, in alignment with the Australian Government's new Safeguard Mechanism reform requirements, we shifted our focus to improving our Scope 1 emissions intensity to meet the reforms.

Our ongoing work involves engaging Government with and on behalf of our industry to progress rail freight's transition to a low carbon economy. While technology options are becoming available to improve our emissions footprint, these require ongoing research and commercial scalability before they can deliver the step change we

anticipate in emissions. In the meantime, we continue to act on ways to reduce our Scope 1 emissions intensity through fuel reduction and improved utilisation of our assets. While we investigate technological options in addition to the continuous improvement efficiency initiatives we are implementing, we support and advocate modal shift of the transport of goods and commodities from emissions-intensive road to rail. By improving road-to-rail conversion, Australia can immediately improve its net emissions from freight movement in advance of technologies becoming commercially viable.

During the year, we have embedded ESG in decision making throughout Pacific National and continued to reflect our ESG commitments in the services we provide customers.

We have a direction towards scaling up our ESG ambition and we are committed to its delivery.

Paul Scurrah
Chief Executive Officer

Pacific National
FY23 ESG Highlights

Act Ethically and Responsibly

Revised our governance structure

Appointed Ms Catherine Livingstone AO as the new independent Chair of the Pacific National Board of Directors

Made changes to our ESG framework

Incorporated ESG in decision making, including factoring in ESG into capital projects, commercial and procurement activities

Pacific National's MSCI rating was upgraded one level from BB to BBB

A result of improvements in our performance in carbon emissions reduction and workplace safety

Introduced Ethical Procurement Certification

The Chartered Institute of Procurement and Supply Chain Ethical Procurement Certification strengthens our ability to deliver best practice procurement activity

Work Sustainably

Launched the Carbon Emissions Calculator

Allows us to provide our customers with a greater insight into their Scope 3 greenhouse gas emissions

Progressed our decarbonisation initiatives

Manufacturing has commenced of fifty 94 Class locomotives with lower fuel usage, emissions and featuring latest technologies to upgrade our fleet

Conducted research into battery electric and hydrogen-powered locomotives, and began investigation into alternative fuels

Respect and Enrich Communities

Commenced GHG emissions Scope 3 reporting

Continue to evaluate and deploy methodologies to improve understanding of our Scope 3 emissions to identify opportunities for decarbonisation

Supported Safeguard Mechanism reform implementation

Began to revise internal emissions reporting to set new targets aligned to the Mechanism

Key safety indicators

Signals Passed At Danger (SPAD) decreased by

41%

Significant incidents decreased by

42%

Recordable injuries increased by

19%

Endorsed by WORK180 for our initiatives in improving gender representation across our organisation

Formalised our Community Giving Frameworks

Allows us to have clear guidelines on community giving and track the support and benefits we provide

About Pacific National

Pacific National is Australia's largest private rail freight operator. Our vision is to be Australia's most trusted and respected logistics partner.

We have a broad and diverse customer base, helping businesses in energy and resources, consumer goods, multi-national freight-forwarding, industrial manufacturing, and agricultural companies bring their freight to market domestically and for export. For all of them, we deliver what matters.

Since the first train ran in New South Wales in 1855, our operations are round-the-clock, every day of the year.
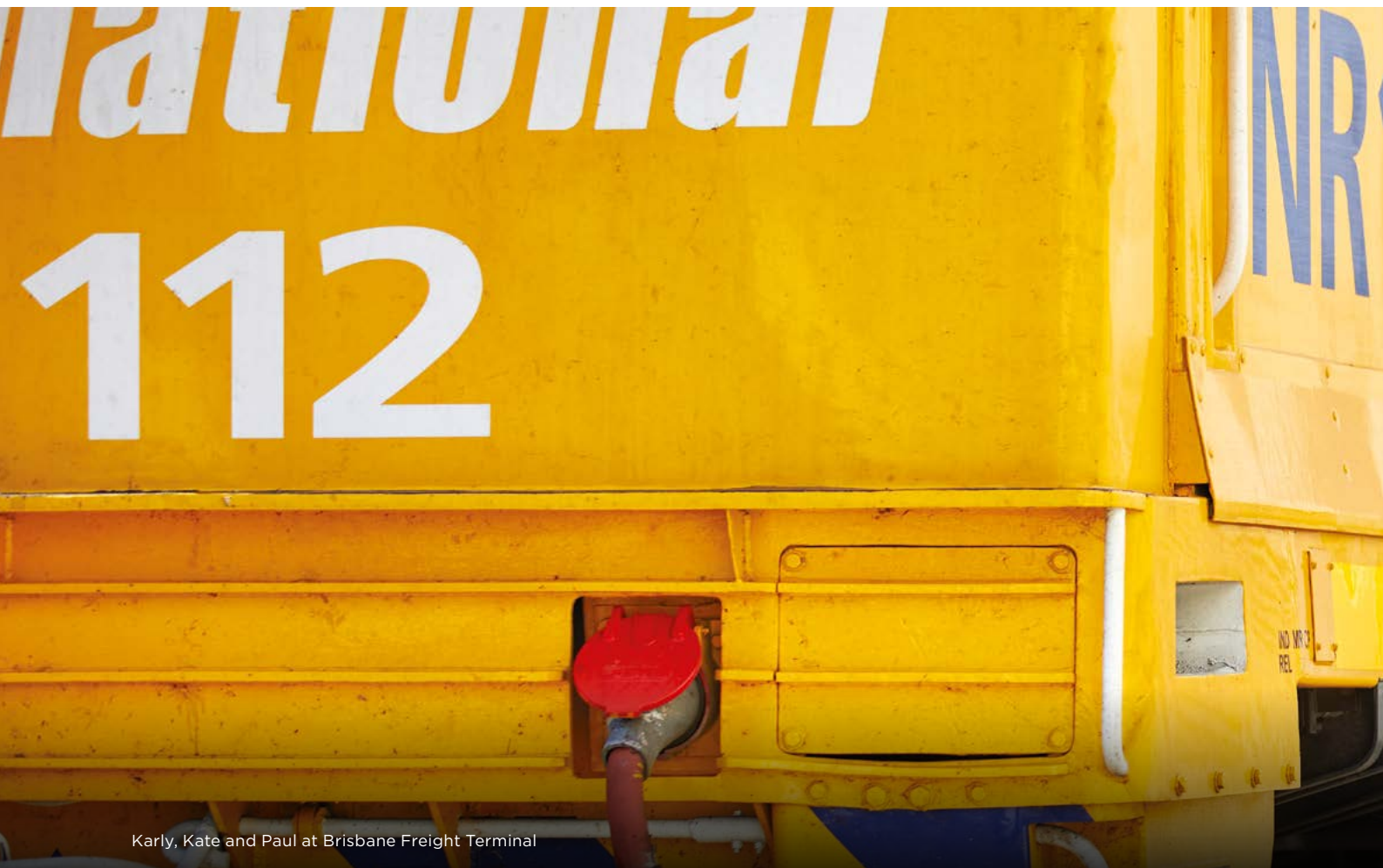
Karly, Kate and Paul at Brisbane Freight Terminal

Intermodal Freight

We operate a nationwide network of facilities, supporting Australia's supply chains of crucial goods and materials.

- We provide long-distance rail transport services for containerised freight.
- We manage a network of terminals and freight yards to support national supply chains.

Coal Freight

Our operations are integrated into regional communities throughout Queensland and New South Wales.

- We transport metallurgical and thermal coal from mine to port.
- We connect regional coalfields in Queensland and New South Wales with local and global export markets.
- We recognise the ongoing global energy transition to a low-carbon economy and coal's diminishing role in the future energy mix. We will continue to provide safe and efficient services to the sector.

Bulk and IMEX Freight

We move bulk commodities across Australia from their source to the point of export.

- We haul bulk minerals, waste, and construction material between our regional communities, ports, and major industrial and urban centres.
- We haul agricultural products from regional areas to port for export.
- We operate urban and regional port shuttle services for the import and export of containerised freight.

Our PNA

Our approach to ESG and Sustainability is underpinned by the Pacific National Approach – our *PNA*.

OUR
PNA
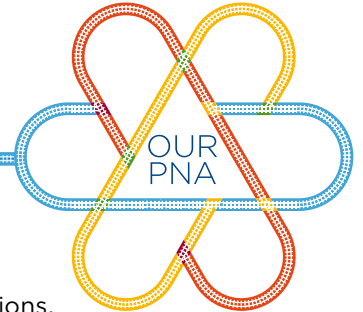
It guides the decisions we make and represents what is important to us, what we stand for and how we behave as a company and as individuals. We take this approach into our commercial relationships and regulatory obligations.

Our PNA defines our priorities, which form the strategic pillars for our vision and purpose.

OUR PURPOSE	**We deliver what matters.** For our people, customers, and shareholders.

OUR PHILOSOPHY	**We care more.**

OUR VISION	**Australia's most trusted and respected logistics partner.**

OUR PRIORITIES

Safety	People and Leadership	Customers	Community	Financial Success
Above all else. Home safely every day.	Inspiring people, leadership excellence and a respectful culture.	Innovating and succeeding together.	Enhancing and caring for the communities we operate in.	Controlling our destiny and earning the right to grow.

OUR VALUES

Make It Simple
We reduce complexity.

Share More
We create a learning environment through storytelling and embrace and share diverse experiences.

Kindness
We are thoughtful and show respect in all circumstances.

Gratitude
We show appreciation and express our thanks.

Curiosity
We embrace curiosity at all levels to benefit the safety, wellbeing, and continuous improvement of our workplace.

Own It
We take responsibility, we take action, we own our successes and our mistakes

OUR FOUNDATIONS

Footprints and Assets | **Heritage** | **Operational Excellence**

Yasmin and Jordon at Brisbane Freight Terminal

Our company snapshot*

Active Locos
~573

Active Wagons
~12,730

FTE Employees
~3405

Customers
~464

Weekly Revenue Train Services
~722

Annual Weekly Haulage FY23

Intermodal:
0.19m tonnes
15,022 TEU

Coal:
2.16m tonnes

Bulk and other Freight:
0.31 tonnes

WA

PERTH
FREMANTLE PORT

MERREDIN

KALGOORLIE

Our core markets^

Percentage of rail revenue by business segment

FY22
46%
20%
18%
16%

FY23
45%
19%
20%
17%
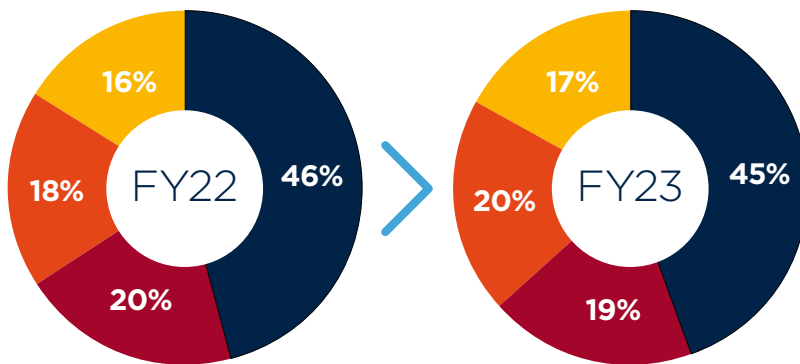
- ● Intermodal Freight
- ● Metallurgical Coal
- ● Thermal Coal
- ● Other

* Active locomotives are all locomotives excluding those that are on hire, scrapped or in storage. Active wagons are all wagons, owned and operated, excluding those scrapped or in storage. Customers are all customers with a transaction during FY23.

^ Core markets numbers are rounded to the nearest one per cent.

Where we operate

Legend:
- Intermodal
- Bulk
- Coal
- Port

DARWIN
KATHERINE
TENNANT CREEK
NT
ALICE SPRINGS
QLD
CAIRNS
TOWNSVILLE
PORT OF TOWNSVILLE
ABBOT POINT COAL TERMINAL
BOWEN
MACKAY
DALRYMPLE BAY COAL TERMINAL
HAY POINT COAL TERMINAL
ROCKHAMPTON
GLADSTONE
PORT OF GLADSTONE
RG TANNA COAL TERMINAL
WICET
BRISBANE
PORT OF BRISBANE
SA
NSW
BROKEN HILL
PORT AUGUSTA
WHYALLA
LEETON
GRIFFITH
PARKES
NEWCASTLE
NCIG
KOORAGANG
COAL TERMINAL
PORT OF NEWCASTLE
SYDNEY PORT OF BOTANY
JUNEE
WOLLONGONG
DIMBOOLA
ETTAMOGAH
PORT KEMBLA
PORT KEMBLA COAL TERMINAL
ADELAIDE
PORT ADELAIDE
VIC
PORTLAND
PORT OF PORTLAND
MELBOURNE
PORT OF MELBOURNE
APPLETON DOCK
GEELONG
PORT OF GEELONG

The Pacific National ESG Strategy

Our approach to ESG and sustainability means we acknowledge our responsibility within our industry in addressing the key risks and opportunities facing our sector. Our focus is on real and tangible actions.

At Pacific National, we are maturing our focus on ESG to reduce our carbon footprint, enrich our connection with community, and further better-quality inclusion and diversity.

We have invested in our ESG capability, attracting to the business an experienced and credentialed in-house team to support the entire business in delivering our ESG Strategy, drive its delivery, and continue to enhance our reporting. We have solidified our ESG Strategy and how we resource it to deliver more targeted reporting and outcomes, reflecting our Care More philosophy and values.

In acknowledging that climate change is real and that we must respond as a business, we continue to adjust and align the business to our key ESG and sustainability objectives. These are clear, easily understood, and supported by our Board and Executive Leadership Team, and our people.

ESG Strategy goals

Work sustainably *to reduce our environmental impact*

Respect and enrich *our communities to lift our social impact*

Act ethically and responsibly *to manage organisational effectiveness*

We deliver what matters

Our environmental objectives
- Leverage our carbon efficiency to reduce the impact of Australia's supply chain
- Line of sight towards net zero and enact asset and technology roadmaps to support it
- Minimise our environmental footprint beyond carbon

Our social objectives
- Provide an inclusive and safe workplace for our people, and enrich our connection to the communities we operate in

Our governance objectives
- Align our organisational structure to improve our effectiveness and corporate governance
- Enhance the resilience of our business in the face of evolving challenges to the national supply chain

Materiality assessment

We completed a comprehensive materiality assessment process in FY22 to inform our planning for key priorities to address in our ESG strategy. These priorities remain relevant to our business and our ESG strategy for next year.

For a detailed overview of the materiality assessment process and the materiality matrix, refer to pages 16–17 of our **FY22 ESG report**.

WORK SUSTAINABLY

Road to Rail and Climate Change

We are driving carbon efficiency in Australia's supply chain with our "Road to Rail" initiative. Rail is the most carbon efficient form of line-haul land transport while also delivering benefits beyond reducing carbon outputs. We can help move Australia to a low carbon future by shifting supply chain transport from high emission road transport to less intensive rail.

We are taking responsibility for reducing our environmental footprint through a solid strategy and improvements that are tangible and achievable, while working to establish baseline data so we understand the current risks and to put plans in place to reduce or mitigate them.

Environmental footprint

We are working to minimise our environmental footprint, focusing on the areas of land and resource management, air and noise pollution, water and waste. We want to ensure our environmental management practices are best-in-class, going beyond regulatory compliance, to ensure we minimise our impact and address community expectations.

RESPECT AND ENRICH

Health, safety and wellbeing

We continue to ensure our employees always work in safe conditions and we will also take care of their mental and physical health and wellbeing.

People and community

We want the best people working with us. We are striving to provide an inclusive, accessible, and safe workplace for everyone who engages with our business. Our ambition is to be known as a business that respects and cares for the communities it operates in.
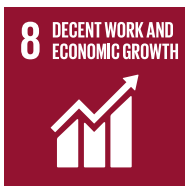
ACT ETHICALLY AND RESPONSIBLY

Governance

We are aligning our organisational structure to improve the effectiveness of our corporate governance. This alignment will help us to continue to mature our ESG focus, increase the integrity of the data we capture for reporting, and ensure we remain accountable to our people and stakeholders.

Commitment to the United Nations Sustainable Development Goals (UNSDG)

We remain committed to contributing towards the following UNSDGs.

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Jess at Brisbane Freight Terminal

Act ethically and responsibly

To manage organisational effectiveness

Objectives:

Align our organisational structure to improve our effectiveness and corporate governance.

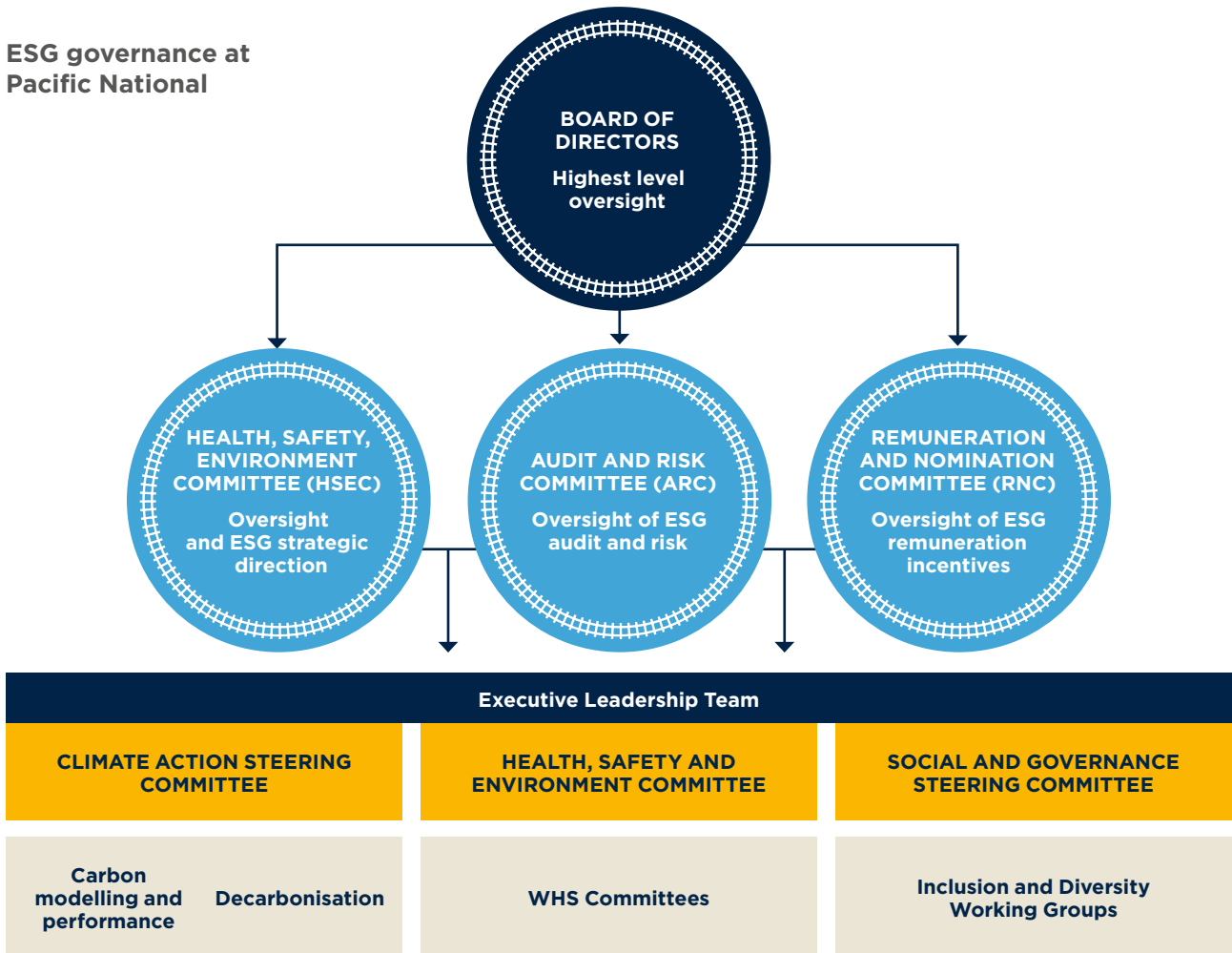Enhance the resilience of our business in the face of evolving challenges to the national supply chain.

Governance

We aligned our organisational structure to ensure the effective and efficient delivery of our strategic priorities and place Governance first in this report to highlight its significance in underpinning our ESG approach.

Driving an effective organisational structure involved appointing several new executive and senior leadership team members to ensure our decision making processes and business priorities align with the company strategy and supporting ESG Strategy.

We are implementing our workplan to address prioritised parts of the ESG strategy. We have developed a procedure to include ESG metrics in our decision making and this is currently being rolled out across the organisation.

ESG governance at Pacific National


```
                    BOARD OF
                    DIRECTORS
                  Highest level
                    oversight

HEALTH, SAFETY,      AUDIT AND RISK      REMUNERATION
ENVIRONMENT          COMMITTEE (ARC)     AND NOMINATION
COMMITTEE (HSEC)                         COMMITTEE (RNC)
                     Oversight of ESG
Oversight            audit and risk      Oversight of ESG
and ESG strategic                        remuneration
direction                                incentives
```

Executive Leadership Team		
CLIMATE ACTION STEERING COMMITTEE	**HEALTH, SAFETY AND ENVIRONMENT COMMITTEE**	**SOCIAL AND GOVERNANCE STEERING COMMITTEE**
Carbon modelling and performance / **Decarbonisation**	**WHS Committees**	**Inclusion and Diversity Working Groups**

On 13 March 2023, Ms Catherine Livingstone AO was appointed as the new independent Chair of the Pacific National Board of Directors.

We aligned our executive structure with strategic objectives and have appointed the Chief Strategy and Sustainability Officer, Chief Legal Officer, Chief People and Culture Officer and Chief Customer and Commercial Officer to the executive team.

Steering Committee

- Accountable for implementation of Strategies and Action Plans
- Responsible for monitoring and measuring progress towards targets and recommending changes to Strategy and Action Plans to the Pacific National Executive
- Responsible for reporting on progress of actions and targets on quarterly basis to the Pacific National Executive

Working Groups

- Responsible for delivery of programs
- Responsible for reporting on progress of actions and targets to Steering Committee

Framework Supporting ESG Strategy Delivery

We continued the development of our supporting ESG framework including:

- Incorporating ESG in decision making, including processes to factor ESG into capital projects, commercial and procurement activities.
- Developing guidelines for external decarbonisation engagements.
- Developing an Australian Carbon Credit Unit (ACCU) purchasing process to monitor and review the potential need to buy ACCUs.

The framework will continue to develop iteratively as we mature our ESG approach.

The Pacific National ESG framework

MSCI Rating Review

We submitted last year's ESG report and performance data to MSCI for the ESG rating agency's annual evaluation cycle. MSCI analysed our performance relative to 29 road and rail industry peers internationally.

Our rating has been upgraded one level from BB to BBB.

This result reflects the improvements we have made in our performance related to carbon emissions and workplace safety. MSCI noted our efforts towards reducing Scope 1 and 2 emissions.

Our performance in safety was recognised as leading our peers and industry.

We still have work to do on our emission intensity, currently exceeding that of railroad freight peers.

We continue to improve our data collection practices and disclosures to ensure the work done across our organisation is reflected appropriately in ESG rating agency scoring.

Policy Governance Framework

Our operating landscape is evolving. To enhance the resilience of our business in response to the changes, we implemented a new Policy Governance Framework setting out policy hierarchy, development processes, and a clear outline of roles and responsibilities for policies that guide our organisation.

The framework will allow us to deliver consistency, compliance, and predictability throughout our organisation to ensure we operate according to the best standards, procedures, and guidelines.

Pacific National Policy Suite

Code of Conduct	Conflict of Interest Policy	Supplier Code of Conduct	Compliance Framework and Policy	Whistleblower Policy	Fraud and Corruption Policy	Risk Management Framework and Policy

Code of Conduct update

Alongside an update to the framework, we revised our Code of Conduct to reflect our PNA. We introduced a simple one-page outline to provide guidance on our commitment and expectations of behaviour by our employees, contractors, and partners.

Industry leadership and government engagement

As a leading freight and logistics operator in Australia, we play an active role in industry bodies and government policy forums.

We want to ensure we promote the inherent safety and environmental opportunities provided by rail freight operations. We are committed to taking the lead in tackling the industry-wide, systemic, and structural challenges we face, such as transitioning to a low carbon economy and responding to the physical risks of climate change.

Industry association membership

Australasian Railway Association	Freight on Rail Group	TrackSAFE Foundation	Queensland Resources Council	Property Council of Australia

Industry group participation

Office of the National Rail Safety Regulator	National Transport Commission Rail Interoperability Advisory Group	Rail Industry Safety and Standards Board	Queensland Ministerial Freight Council	Victorian Grain Rail Improvement Program

Government engagement

This year we advocated for several issues essential to the rail industry when engaging with state and federal governments.

- Providing additional grant funding towards building greater resilience and reliability into regional and interstate rail networks. This advocacy initiative is in conjunction with the Australasian Railway Association (ARA) of which Pacific National is a key member.

- Continuing to promote the need for greater rail interoperability (harmonisation) across the nation, including in digital train control systems, rollingstock operating standards, and driver training.

- Understanding the rail industry's role and ability to contribute to the delivery of Australia's net zero targets under the Safeguard Mechanism reform and engaging with the federal government as part of this process.

- Introducing policy reforms to help encourage the shift of freight from road to rail (trucks to trains) to deliver significant social, environmental, and productivity benefits for the national supply chain.

- Recognising the benefits of private sector investment in new interstate intermodal terminals to help shift freight from road to rail.

Procurement

Ethical Procurement Certification

Pacific National partnered with the Chartered Institute of Procurement and Supply Chain (CIPS) to include the CIPS Ethical Procurement Certification as part of Pacific National's mandatory training program for all members of our procurement team.

CIPS is a globally recognised accreditation and membership organisation and is instrumental in driving change, sustainability, and best practice across the procurement sector. The certification is globally recognised and equips individuals and organisations with the skills and knowledge necessary to embed sustainable ethical processes, practices, and standards across all procurement activity.

This annual certification strengthens Pacific National's ability to deliver best practice ethical procurement activity and supports our ongoing commitment to delivering improved social outcomes throughout our third-party supply chain.

Social and environmental procurement awareness

As part of our consistent effort to raising awareness, developing capability, and embedding best practice across all aspects of social and environmental procurement, Pacific National's procurement team has developed and implemented a professional development program and community of learning.

We partnered with The Faculty – which represents procurement industry experts – to help develop individual and team subject matter expertise across sustainable, social, Indigenous procurement, supplier inclusion and diversity, strategic total cost and opportunity analysis, and carbon literacy within our third-party supply chain.

Through raising awareness, understanding and expertise across social and environmental procurement, Pacific National is well-placed to identify, benchmark, and deliver social procurement opportunities and outcomes.

Business Resilience

We continue to implement programs to enhance the resilience of our business in the face of evolving challenges to the national supply chain, such as weather disruptions. Pacific National operates on a network of more than 30,000 km of rail track nationwide. The track is owned, operated, and maintained by several public and private network operators.

Network resilience

To manage track disruptions such as derailments or flooding, we work with network operators and other rail operators to develop a coordinated approach to minimise the impact to the national supply chain.

This includes:

- Actively engaging and communicating with network operators and rail operators.
- Coordinating with network and rail operators to decide which essential freight services can feasibly get through, and when.
- Providing work trains to carry supplies to network operator worksites to support maintenance and repairs and the rebuilding of track.
- Communicating with customers to manage expectations around disruptions and services restoration.

Network maintenance scheduling

We work with rail network operators to ensure track maintenance involves minimal impact to our movement of freight on behalf of our customers. We aim to ensure that track closures occur at times which minimise the volume of freight disrupted, and that temporary speed restrictions facilitate safe operations without needing to close the line completely for repairs. This approach, in collaboration with the Australian Rail Track Corporation (ARTC) and the Victorian Government and its agencies resulted in significantly improved safety outcomes for our people and freight outcomes for all rail users.

Vegetation management

Managing trees close to rail lines is critical to the safety of our crews and the reliability of rail lines. Tree strikes on moving trains can cause physical and mental harm to our people, in addition to the operational and business risks it poses to Pacific National and our customers. Poorly managed vegetation also increases the likelihood of track closures or accidents, for example from treefalls during heavy rain. We have worked with ARTC and other network providers to improve vegetation management on rail corridors. We support expanded and harmonised regulatory powers for rail infrastructure managers to address the safety risks caused by vegetation.

Resilience during significant climate events

Ongoing *La Niña* conditions created severe weather events during the year which disrupted our operations. Flooding in known and new problem areas resulted in track closures, in some cases for many months. The weather also impacted the ability of our customers – particularly open cut mines – to generate their targeted freight volumes. Pacific National's flexibility and responsiveness in re-routing freight maintained the national supply chain's resilience during this period.
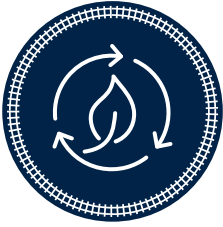
Work sustainably

To reduce our environmental impact

Objectives:

Line of sight towards net zero and enact asset and technology roadmaps to support it.

Leverage our carbon efficiency to reduce the impact of Australia's supply chain.

Minimise our environmental footprint beyond carbon.

Line of Sight Towards Net Zero and Carbon Efficiency

We acknowledge that we have a role to play in Australia's transition to a low carbon economy. We have continued initiatives designed to reduce our carbon footprint.

Pacific National Climate Change Strategy

We made progress on all four pillars of our Climate Change Strategy.
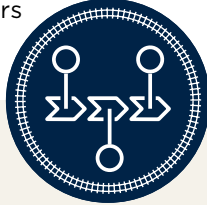
Supporting transition to a low-carbon future

Driving carbon efficiency in Australia's supply chain via Pacific National's Road to Rail initiative

Government and industry engagement to support rail freight industry transition to a low carbon economy

Customer communication on our action on climate risk management

Improving fuel data collection and reporting practices

Customer carbon emissions calculator
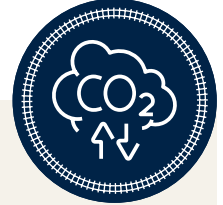
Decarbonising our operations

Seeking solutions to reduce emissions through

Purchase of carbon neutral inputs

Optimisation projects

Low carbon mobile assets

Energy efficient properties

Low carbon diesels

Alternative locomotive energy sources

Building climate resilience

Mitigating the risks of climate change on Pacific National

Commenced climate change risk assessment

Enhanced consideration of transitional and physical climate risks

Engagement and collaboration

Identifying, testing, and deploying low-emissions technology in our operations

Assessing alternative fuel options for terminal assets

Working with fuel providers on availability of biofuels

Exploring hydrogen opportunities with several industry organisations

Supporting transition to a low-carbon future

We continue to advocate for driving carbon efficiency in Australia's supply chains through our Road to Rail initiative. Shifting transport of freight from higher carbon emission intensity road transport to less intensive rail haulage supports the decrease in overall supply chain emissions within Australia, while supporting the sustainable growth of our business.

Compared to diesel-based road freight transport, rail provides a lower emissions solution for Australia's supply chain network. Rail freight transport also allows for reduced traffic congestion and delivers better road safety outcomes for all road users.

With our industry partners, we continue to advocate with Government to drive optimal solutions for the national supply chain while implementing efficiencies within our network and leading the industry in adopting sustainable technologies.

Pacific National Carbon Emissions Calculator

As part of our Road to Rail initiative, we launched our **Carbon Emissions Calculator** to help our customers understand their Scope 3 greenhouse gas (GHG) emissions* by assessing the carbon emissions associated with transporting products by rail compared to road.

The web-based calculator allows customers to input details of their freight journey, including volumes and load type, to calculate the estimated carbon emissions avoided by transporting by rail rather than road. The calculator is mapped to Pacific National's sites and rail routes. Emission savings are calculated based on the selected freight commodity type using the National Greenhouse and Energy Reporting (Safeguard Mechanism) Rule 2015.

This calculator provides our customers greater insights as they review their carbon emissions performance and consider rail as an option to reduce future emissions.

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*   Carbon Emissions Calculator emissions reduction numbers should not be used in sustainability reporting as they are not bespoke to each customer, rather providing an estimate of emissions reduction of rail transport vs. road transport
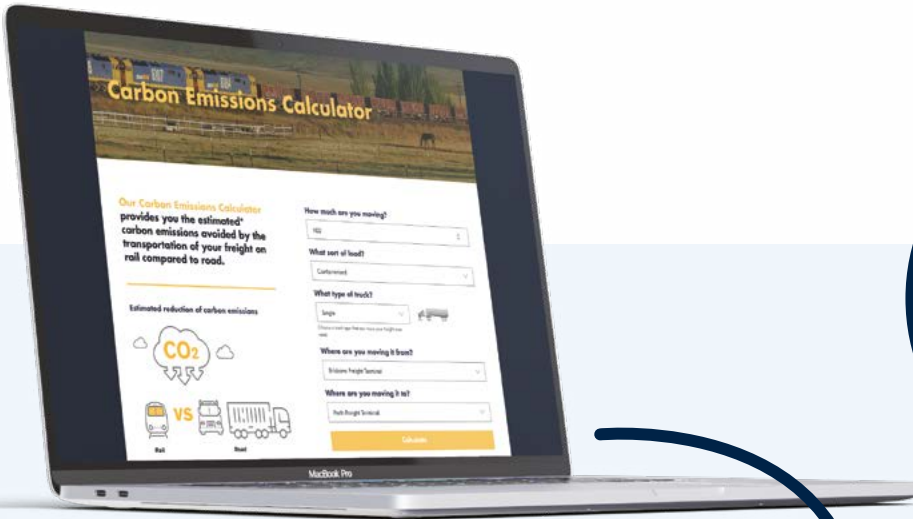
The Carbon Emissions Calculator is available on the Pacific National website

< Back

Rail saves an estimated **2.8** times of carbon versus road from *Sydney Freight Terminal NSW* to *Perth Freight Terminal WA* when moving **8000t in B-Double trucks**

Rail
645.5
Tonnes CO_2 emissions

Road
1828.5
Tonnes CO_2 emissions
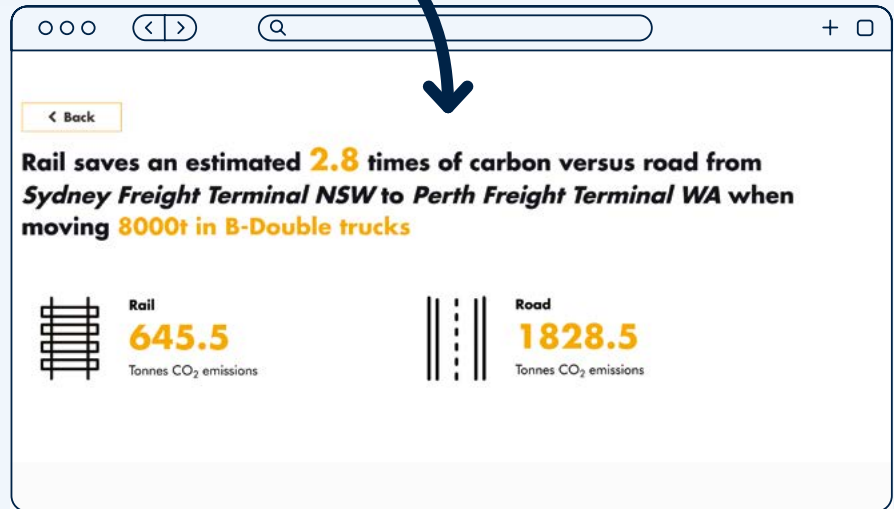
Building climate resilience

As Australia's largest private rail freight operator we are serious about our role in minimising and adapting to the effects of climate change. We are building climate resilience into our extensive national operations because climate change poses a significant risk to our business, our people, and the communities where we are present. To do this we will continue to develop our Business Resilience Framework.

Climate change risk assessment

We have commenced a climate risk assessment and in the coming year will review alignment of our climate reporting to the Taskforce on Climate-related Financial Disclosures. This will allow us to devise a Climate Transition Action Plan with appropriate strategies for mitigation of the risks of climate change as well as ensuring we take advantage of opportunities that arise.

We will work to understand physical risks related to our locations and operations. This will include assessing rail track-related risks, even though Pacific National does not own any rail tracks.
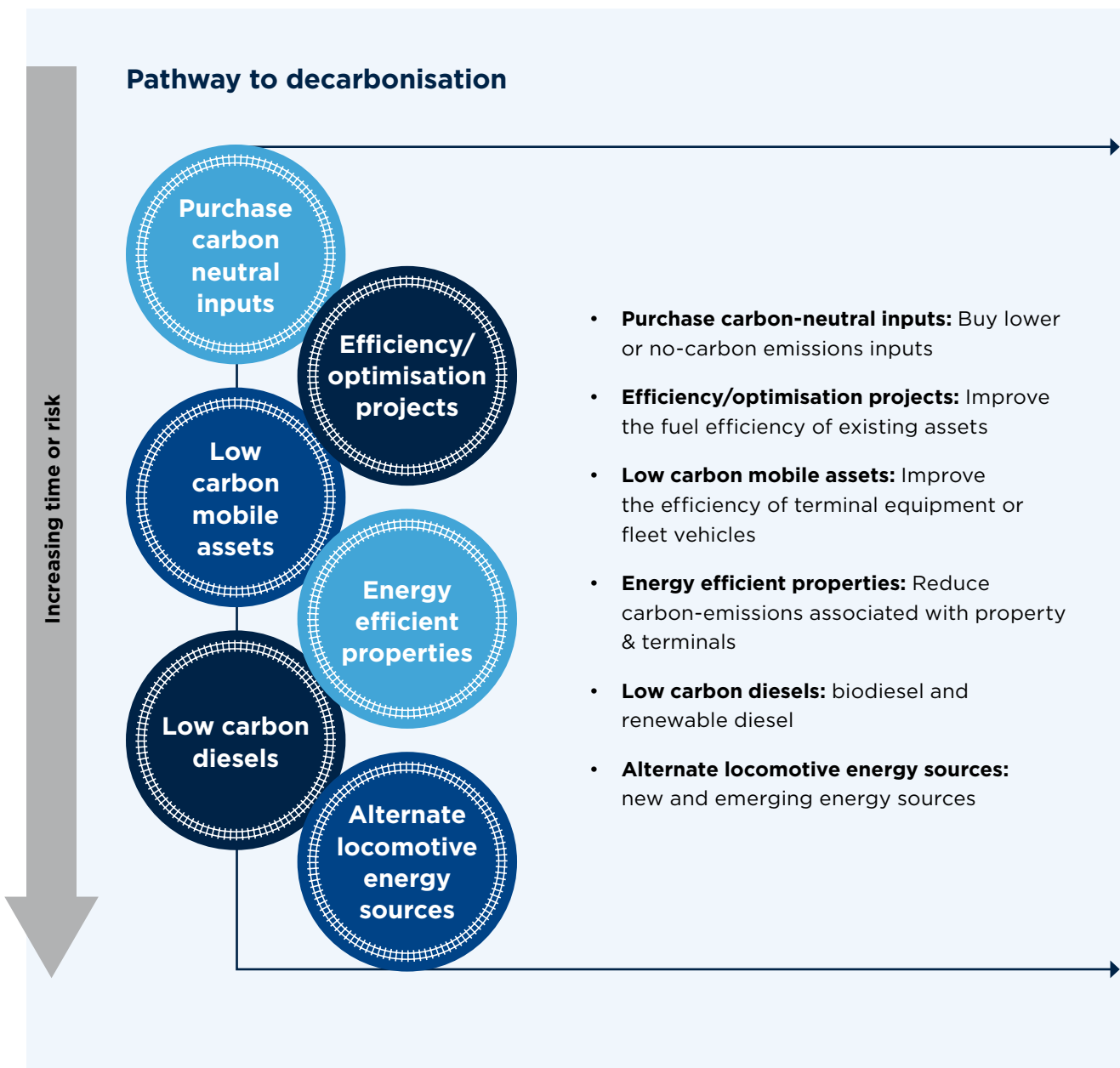
As part of the risk assessment, it will be important for us to engage our employees to provide input into the process, and to increase the understanding of climate risk and its impacts on our organisation.

Decarbonising our operations

In working towards future Safeguard Mechanism obligations, we want to establish our direction to address net zero and leverage our carbon efficiency programs to reduce the overall impact on Australia's supply chains.

We have identified six workstreams towards decarbonisation. They encompass a variety of solutions and cover a range of time horizons and risk levels.

We have completed several improvements to our operations that allow us to lower emissions into the future. We include details on projects we have progressed in this report. Our decarbonisation strategy includes multiple workstreams and requires whole-of-organisation upskilling, training, and change. We are proud of the progress made so far.

Pathway to decarbonisation

Increasing time or risk

- **Purchase carbon-neutral inputs:** Buy lower or no-carbon emissions inputs

- **Efficiency/optimisation projects:** Improve the fuel efficiency of existing assets

- **Low carbon mobile assets:** Improve the efficiency of terminal equipment or fleet vehicles

- **Energy efficient properties:** Reduce carbon-emissions associated with property & terminals

- **Low carbon diesels:** biodiesel and renewable diesel

- **Alternate locomotive energy sources:** new and emerging energy sources

Purchasing Carbon Neutral Inputs

Energy procurement

Where available, we are buying or establishing contracts to procure green electricity. We recently renewed our small sites electricity agreements through to November 2025. After identifying 24 contestable sites across New South Wales, Queensland, South Australia, and Victoria, and running a competitive tender process, we have entered contracts for the provision of 100 per cent renewable energy for those sites.

This collaboration ensures each of these sites is powered by renewable energy, underscoring our commitment to sustainability. This transition aligns with our sustainability goals and creates economic value, yielding annual savings of $22,600 and 468t of carbon saved.

Pacific National's large market agreements currently do not have provision for green energy; however, this option will be explored as we go to market prior to their expiry in 2024 and 2025.

Wheel discs using electric arc furnace steel

We engaged Comsteel to supply wheel discs for wagons. Comsteel uses electric arc furnace steel, which is composed of 93 per cent recycled raw materials including steel scrap which is recycled from end-of-life products such as cars, rail line, railway wheels, mattress springs, and demolition scrap.

The electric arc furnace process halves carbon emissions when compared to product produced from blast furnace, basic oxygen furnace or induction furnace steel. Carbon emissions associated with these products are 75 per cent lower than alternative sources.

Melbourne Freight Terminal

Optimisation projects

Fuel digitisation

To optimise our operations, improve data quality and business visibility, our organisation needs to be able to capture automated, real-time, and accurate data on fuel and oil movements and allocations within the business.

We are currently planning a digitisation project and we have completed proof of concept integration activities with successful project tests. We are planning to roll out improvements across our sites by the middle of 2024.

Fuel efficiency programs

A number of programs have been running to improve the fuel efficiency of our services. This includes focusing on improved matching of services with demand in the marketplace, resulting in moving more freight with fewer locomotives.

The Loco-Off lining program operates where train dynamics allow locomotive horsepower to be turned off when operating in appropriate circumstances (e.g., empty journeys), reducing fuel consumption while in transit and turning the locomotive back on when additional energy is required. This is operating well in those locomotives that have the technological capability to operate this system.

During the year, our Driver Support program has been developed to collect locomotive operating data to monitor opportunities to implement Loco-Off lining in our Queensland operations, with full roll-out anticipated in FY24.

We have continued to run the Wired Distribution Power program however this has been at lower than projected levels due to the reduced production volumes from customers, industrial matters and limited capability at coal load points.

As opportunities arise, we will look to expand these programs to make further fuel savings and reduce carbon emissions.

In-line fuelling

We are implementing in-line fuelling locomotive modifications for 48 locomotives to improve transit time and service running. This will allow us additional capacity on services for customer containers due to reduction of fuel wagons, result in better arrival and delivery times to our terminals and allow for double stacking activities.

Double stacking

We continue to progress our double stacking program that will allow us to increase volumes hauled, require no additional locomotive acquisitions, and enable targeted terminal capacity expansions.

Train length improvements

We are implementing the asset, technology, infrastructure and planning requirements needed to increase train length to improve fuel efficiency and reduce carbon emissions intensity.

So far, we have implemented train length improvements for our customers in Victoria. Through analysis of the infrastructure, discussions with our customers and multiple risk assessments, we increased the standard 40 wagon train length to 50 wagons with a 25 per cent payload improvement.

Trip Optimizer™ program

Trip Optimizer™, the equivalent of smart cruise control in trains, sees the software reduce sub-optimal fuel burn and improves consistency of driving by mapping the topography of the route and determining the optimal acceleration and braking for the locomotives.

To date we have installed Trip Optimizer™ in 91 of our locomotives. We have been trialling the technology since 2020 and we have extended those trials to increase driver exposure to the software and enhance and refine the system. So far more than 270 of our employees have been trained with 75 now fully qualified.

> **Preliminary fuel-saving results from Trip Optimizer™ usage indicate we will save approximately 14,000 tonnes of carbon annually with fuel savings of more than four per cent[†], and we are encouraged by early trials indicating greater savings may be achievable.**

Battery jumpstart fuel saving program

We are currently operating around 490 diesel electric locomotives which consume diesel at different rates based on a variety of technical and operational reasons.

To reduce diesel consumption, we have implemented a battery jumpstart program to allow the shutdown of locomotives when not in use. The devices will remove the risk of being unable to restart locomotives, particularly in remote locations. In the event of a flat battery, the device can restart the locomotive, mitigating potential service impacts.

This will help to reduce diesel consumption and emissions as well as reduce maintenance costs through decreased component wear.

We completed 24 required safety and operation modifications to implement the battery jumpstart program, with 13 sites completing WHSE consultation, site assessment checklists and risk assessment reviews.

We are working with our Learning and Development team on an e-learning training pack for all our operators.

Low carbon mobile assets

Locomotive fleet strategy

Key to long-term decarbonisation of our operations is rejuvenating our locomotive fleet. Manufacturing has commenced of our new 94 Class locomotives with lower fuel usage, emissions, and latest technologies. The 94 Class will be a first for the Australian rail industry[*] to feature a Tier 4 engine platform and are five per cent more fuel efficient[^]. We are grateful for the opportunity to work with the supplier to develop this technology.

These locomotives are being assembled in Newcastle, New South Wales, demonstrating our commitment to local procurement and the local economy.

Our other decarbonisation project teams have been working with the 94 Class Project to ensure efficiency-related measures, such as in-line fuelling and Trip Optimizer™, are being implemented across the new fleet. This will ensure we have the best possible new technology consolidated into these locomotives.

Intermodal wagons

We are adding more intermodal Well wagons to our operations to future-proof our business to operate on the inland rail network via fleet renewal, efficient operations, and double stacking. Well wagons enable double stacking of containers to increase volumes without adding additional locomotives, improving emissions intensity per unit of freight moved.

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[*] Outside of the mining industry.

[^] Based on the 93 Class locomotive.

[†] Compared to NR Class locomotives without Trip Optimizer™ installed and operating.

Energy efficient properties

Office leasing strategy

As part of Pacific National's commitment to minimising our environmental footprint the property and terminals team is implementing an office leasing policy to implement sustainability criteria in all future commercial leasing arrangements. This will include Green Star and NABERS energy rating.

All future fitout requirements are to include sustainable measures such as an emphasis on natural light, choosing energy efficient lighting, installing solar where possible, using energy efficient appliances, choosing furniture made from sustainable materials, bringing the outside in, utilising renewable energy sources, and reducing paper usage.

Terminal developments – the Little River Logistics Precinct

The 550ha Little River Logistics Precinct is being explored for a new interstate intermodal terminal, for import-export, warehousing and rail functions. A large portion of the site will be retained to support existing biodiversity.

The project is currently in the planning and design phase and included in the current scope of work is the development of an ESG Framework that will ultimately inform decision making in the design, construction, and ongoing operation of the precinct. It is expected that the framework will be adapted for future intermodal terminals and may be applicable to driving improved ESG outcomes for existing terminals.

There are seven focus areas specific for new terminals, as well as maintaining a focus on existing business wide initiatives, as follows:

- Climate Change (Terminal Specific)
- Responsible Asset Management (Terminal Specific)
- Environment Management (Terminal Specific)
- Regional Development and Community Engagement (Terminal Specific)
- Governance
- Health, Safety and Wellbeing
- Inclusion and Diversity

It is envisaged the framework will guide positive environmental outcomes and establish benchmarks and targets regarding energy, water, biodiversity, transport, emissions, Indigenous participation, and any other area that could be appropriate for the project.

Terminal developments – Parkes Intermodal Terminal

To realise the full potential of our investments in rollingstock, we continue to expand our Parkes Intermodal Terminal to enable the efficient consolidation and double stacking of Perth-bound trains from the East Coast.

Low carbon diesels

Our research into hydrogenated vegetable oil (HVO) and biodiesel as an alternative fuel source for locomotives has yielded promising results.

We have explored mixing biofuels with conventional diesel to create biodiesel blends. Certain blend ratios can be successfully used without significant engine modifications or performance degradation, with these blends pre-approved by our existing locomotive suppliers. We will explore further use of low carbon diesels in the short term to reduce emissions. The supply chain for low carbon diesels is still developing and as demand for these products increase, Pacific National's expectation is that both commercial viability and supply chain stability will improve.

Alternate locomotive energy sources

We are working to understand the potential benefit of battery electric locomotives in our operations. This includes modelling to understand where in the network sufficient regenerative braking takes place for this to be feasible.

Over the past year we have conducted exploratory research into battery electric and hydrogen locomotives and began investigating other alternative fuels.

Technological solutions to decarbonising our operations are increasing. In response we continue to build our in-house skills and capabilities, conduct research, and leverage existing supplier, government, and industry relationships to work towards new technology implementation.

Battery Electric Locomotives

We have conducted simulations and modelling exercises to assess the viability of battery-powered locomotives in different operational scenarios.

We have identified several high-capacity battery solutions to power our locomotives over extended distances. We have also explored the concept of fast-charging infrastructure and other charging solutions to minimise downtime and disruptions to operations and customers. We are engaging with rail operators globally and learning from their procurement of battery electric technology.

While battery locomotives show promise, we have also identified certain operational challenges that need to be addressed. These include the need to develop infrastructure such as charging stations along rail networks, and the optimisation of battery performance for heavy-duty and long-haul applications.

Hydrogen-powered Locomotives

In parallel with our battery research, we have been exploring the potential of hydrogen-powered locomotives as an alternative to diesel.

We have examined different hydrogen storage technologies, such as high-pressure tanks and solid-state hydrogen storage, to evaluate their suitability for locomotive applications. Additionally, we have explored fuel cell technology to convert hydrogen into electricity for propulsion.

One of the main challenges for hydrogen locomotives is establishing a robust hydrogen infrastructure, including production, storage, and distribution facilities. We have been investigating potential partnerships with hydrogen suppliers to ensure a reliable and sustainable source of fuel.

It is likely that hydrogen based heavy haul rail solutions and associated supply chains will mature more slowly than battery-based solutions, however our view is they will play a post-2030 role in decarbonising our operations.

Engagement and collaboration

Transition to a low-carbon economy and decarbonisation of our business cannot be achieved alone. Engagement and collaboration is a pillar of our strategy as we work to lower our operational emissions and enable lowering carbon emissions in Australia's supply chains.

Customers	Suppliers	Governments	Industry
Provision of our Carbon Emissions Calculator. Continuous conversations about needs and services.	Engagement about technologies available to decarbonise our operations.	Engagement related to policy development and investment in maintaining and further developing Australia's rail network.	Discussions with industry groups on opportunities to address industry decarbonisation risks and opportunities.

Safeguard Mechanism Reform

We are aligning to the Safeguard Mechanism reform requirements and continue to engage with the federal government to ensure the rail industry's continued competitiveness under the new legislation.

Last year we published our Climate Change Strategy and set an interim target of 10 per cent emission intensity reduction, including Scope 1 and 2, by 2030 based on a FY20 baseline. At the time we did not set a 2050 emissions reduction target as we continued to explore credible emissions reduction options.

The Safeguard Mechanism requirements of a 4.9% annual baseline reduction in Scope 1 emissions are more onerous than our initial 10 per cent interim target.

In response to the Safeguard reforms, we will have to revise our emission reduction targets to comply with the updated Mechanism and its focus on Scope 1 emissions. We are working to deliver our projects to reduce fuel use and emissions intensity and we will continue to address Scope 2 emissions through procurement and ESG in decision making.

We are revising our internal emissions reporting to reflect this and provide a shared understanding of our progress across the organisation, including education across the business for all our employees. We aim to deliver regular updates on the status of relevant projects and factor in outcomes of our fuel-related emissions reduction project as they are achieved to demonstrate our progress.

Greenhouse Gas Emission Footprint

Scope 1	Scope 2	Scope 3
Account for most of our emissions profile, driven primarily through our locomotives burning diesel.	Driven primarily by our electric locomotives in our Queensland operations.	We continue to work on Scope 3 emissions inventory. We commenced collation of data covering technology, business travel and our supply chains.

Greenhouse gas emissions – tCO$_2$e
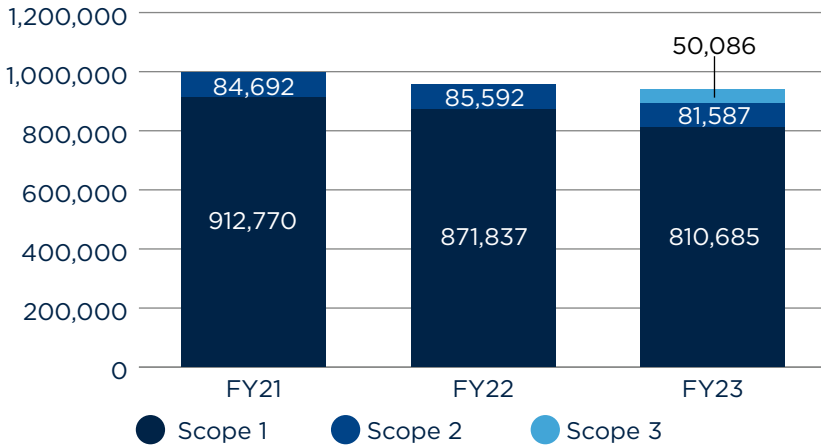
Emissions intensity – tCO$_2$e/mNTK
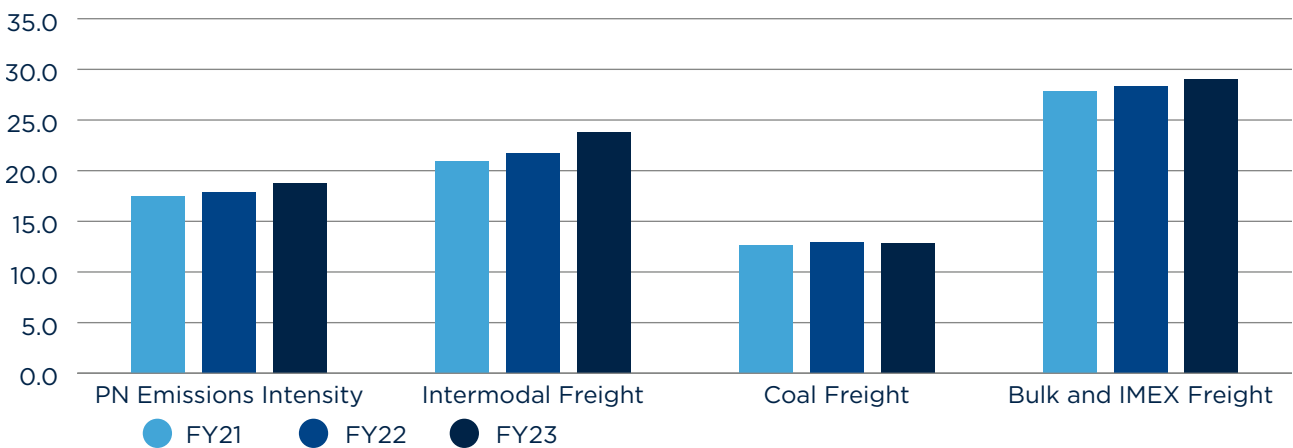
Total Greenhouse gas emissions for Pacific National have decreased by 6.8 per cent and net tonne kilometres (NTK) have decreased by nine per cent over last year.

Overall emissions intensity increased by five per cent and there has been an increase in emissions intensity across all business units, except for coal. This increase has been driven by a greater reduction in NTK compared with reduction in diesel usage. Weather events triggered by *La Nina* in the first half of FY23, derailments resulting in rerouting of services, and lower customer demand impacted emissions intensity performance.

Scope 3 Emissions

Our Scope 3 emissions predominantly relate to our supplier activity, such as fuel and energy-related sourcing and supply activities.

This year we are disclosing our Scope 3 emissions footprint. Over the coming year, we will continue to evaluate and deploy methodologies to improve our understanding of Scope 3 emissions associated with the goods and services we procure. This will allow us to identify and assess opportunities to decarbonise our upstream supply chain through supplier engagement.

Environmental Footprint

Environmental performance

To continually improve environmental performance in FY23 we established a streamlined environmental baselining program across our major operational facilities. It assesses the impacts of our operations on key environmental values including land, air, water, biodiversity, cultural heritage, and communities.

Our objective is to use an up-to-date understanding of our material environmental impacts to establish clear and consistent metrics to drive improved performance outcomes.

We track key performance metrics, including environmental pollution incidents, complaints, waste, water, and energy consumption (See Environmental Footprint Table, page 52). Our performance is also monitored under a rolling Health, Safety and Environment (HSE) Assurance Program which is performed on a regular three-year cycle across our operational footprint.

Pacific National had a four per cent decrease in the number of environmental incidents year-on-year. Most were minor hydrocarbon spills within controlled environments. Each was reviewed by site personnel with supporting advice from the environmental team, and where required, an internal investigation ensured measures to prevent, reduce, or control potential future events were implemented.

- There were no environmental regulatory compliance investigations.

- There were no further actions or orders from environmental regulatory agencies across our operations.

- Two environmental incidents required notification to environmental regulatory authorities, both of which involved the release of pollutants (diesel and flocculent respectively). Deployment of incident response and environmental remediation measures minimised the likelihood of environmental harm.

Noise monitoring at Kooragang Island (Progress Rail Yard)

Waste and Resource Management

We are improving our ability to monitor and manage how we consume resources across our operations.

Our recorded waste profile remained consistent, we will be placing an emphasis on improving our ability to capture and track waste data across our operational portfolio over the coming year to drive improved waste management practices down to the facility level. We will do this by identifying ways to avoid generating waste and divert it from landfill for re-use or recycling.

Water usage

The onus is on us to reduce unnecessary consumption of potable water and using it more efficiently.

Pacific National consumed 532 megalitres of potable water during the year. This represents a 126 per cent year-on-year increase driven in part by an underground pipe failure at our Brisbane Freight Terminal that has been rectified.

Wheel Squeal Rectification

The Wheel Squeal Rectification program is dedicated to reducing noise from our wagons as they navigate tight rail curves in populated areas.

Supply chain constraints caused delays securing the components needed for modification and the program was delayed for six months. This is a project high on our priority list as it provides the greatest improvement for the communities in which we operate.

More than 600 wagons are targeted for modification, of which ten per cent have been rectified. Forty-one per cent are scheduled to be rectified during routine servicing. We provide regular updates to the New South Wales Environment Protection Authority as per our ongoing compliance requirements.

Locomotive Noise Monitoring

The national reach of our fleet means that conditions introduced by one state must be reflected throughout the entire fleet. Locomotive noise testing after a major engine overhaul is carried out as a requirement of our New South Wales Environmental Protection Licence.

Following overhauls, noise testing has been undertaken on 60 locomotives across five locomotive classes. We established an in-house noise testing process to streamline testing and verify that locomotive engines meet established noise standards.

To date our locomotive noise testing program has confirmed that the majority of locomotives are compliant with sound level criteria. Any exceedances are being reviewed to identify fleet wide trends and the need for additional management plans.

Light management

Facility energy accounts for approximately 14 per cent of our total energy profile. To improve the energy efficiency of our facilities, we are implementing low-energy alternatives, such as LED yard lighting.

LED lighting replacement

We have replaced the old mercury vapour/sodium lighting at our Sydney Freight Terminal with LED lighting. In replacing 552 lights with LEDs, we have reduced annual energy consumption by 450MWh and greenhouse gas emissions by 357tCO_2-e.

We plan to extend our LED lighting replacement program across our terminal portfolio over the coming year.

Respect and enrich

Our communities to lift our social impact

Objective:

Provide an inclusive and safe workplace for our people and enrich our connection to the communities we operate in.

Health, Safety and Wellbeing

We strive to work safely and efficiently with a simple but robust approach that fosters a culture of safety and injury prevention. This is important because we continuously assess our health and safety standards and continue our focus on critical risk management to keep our people physically and mentally safe.

We refreshed our HSE strategy during the year to renew the focus on management systems, risk mitigation and implementing learnings from investigation and assurance.

Our Brilliant at the Basics and Critical Risk Management programs continued in parallel with this strategic review to ensure we maintained our fundamental operational health and safety focus.

Brilliant at the Basics

This program ensures new leaders are coached and mentored in the basics of HSE management. We measure success through safety statistics that indicate strong HSE leadership, including hazard reporting and safety engagements (lead indicators) and significant incidents, signals passed at danger, and rail operational safety incidents (lag indicators).

Critical Risk Management

Critical Risk management is an ongoing focus with key behaviours embedded in the operational environment of our business. These include Critical Control Visual boards, Critical Control Verifications (CCV) and Take 3 risk assessments before completing an unfamiliar or non-normal task.

We measure success through the monthly quality and types of CCVs conducted and through our internal HSE assurance program.

Risk Management

At a strategic level we have reviewed our safety and environment risk profile to provide clear line-of-sight of controls to inform our assurance program and test for effectiveness. We have enhanced safety risk reporting as the key focus to support safety governance by the leadership team.

For the FY23 reporting period:

41% fewer Signals Passed at Danger events

42% fewer significant incidents

19% higher recordable injuries

26% fewer incidents requiring first aid

Take 3 Infield Safety Tool

Recordable Injury Frequency Rate

The recordable injury frequency rate has seen a positive downward trend from 11.3 in FY17 to 3.6 in FY23. There was an increase from last year which we believe was due to heavy rain, flooding, and extensive disruption causing distraction. To combat this trend a focussed workplace hazard identification drive, as well as an action identification and action completion review was undertaken across the business.

Signal Passed at Danger Prevention (SPAD)

A SPAD in the rail industry indicates a train has gone past a 'stop light'. During the year, we were encouraged by the effectiveness of education and a focus on reducing the incidence of SPAD events with a resulting consistent downward trend.

At the end of June 2023, we had recorded 26 SPAD incidents compared with 44 the previous year, a 41 per cent reduction.

We attribute this to our consistent and ongoing dedication to SPAD mitigation, including our use of Critical Control Visual boards, the route knowledge of our experienced locomotive drivers, rail resource management protocols, and risk-triggered commentary.

Recordable Injury Frequency Rate
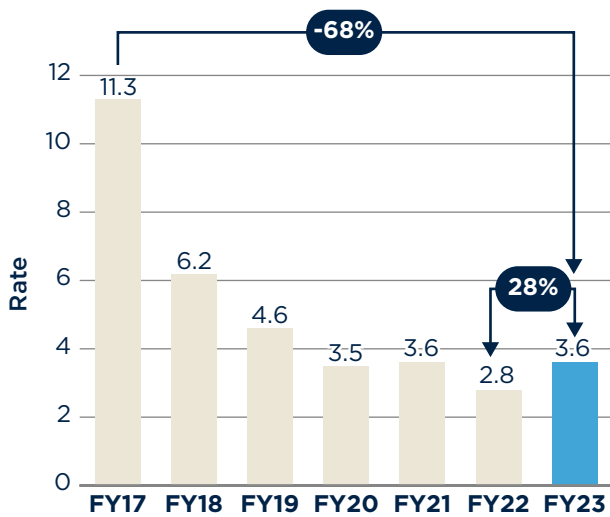
SPAD Results
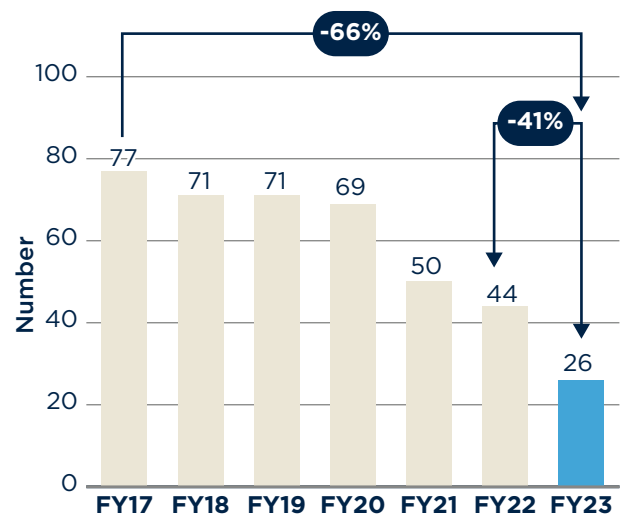
Deploying contemporary technology to enhance SPAD protection

Pacific National has been at the forefront of deploying innovative technology to protect and enhance the safety of our people and our assets.

We were among one of the first rail operators to successfully install Automatic Train Protection (ATP) technology in the early 1990s on locomotives on Queensland's North Coast Line. Its use has enabled single driver operations because it automatically detects location, sectional speed limits, and signal aspects. Over time sustaining this equipment has become challenging with the supplier no longer providing the necessary hardware.

Pacific National has sought the assistance of 4Tel to develop the Advanced Driver Advisory System (ADAS) to replace the legacy ATP technology. It leverages existing trackside equipment and has been developed in accordance with International Safety Standard IEC-61508.

We have completed the first two phases of the project, de-risking and critical design, and project design delivery. We expect to begin acceptance testing next year in conjunction with Queensland Rail and the Office of the National Rail Safety Regulator.

Mental health and wellbeing

Pacific National's Mental Health and Wellbeing Strategy allows us to focus on developing, delivering, and incrementally improving our program. Our strategy deliverables include the following:

- Promote a positive mental health culture in line with our PNA, which defines our organisational purpose, philosophy, vision, priorities, and values.

- Reduce stigma about mental health conditions and psychological stress in the workplace.

- Improve mental health literacy of our employees.

- Develop mental health capability among our people.

- Ensure Pacific National leadership promotes a mentally healthy workplace culture.

- Seek internal and external specialist expertise to achieve improved mental health and wellbeing outcomes.

Key initiatives that connect to our Mental Health Strategy:

Peer Connect Program	80 volunteers have been recruited as Peer Connect Champions to provide confidential support to colleagues. Champions and administrators are accredited Mental Health First Aiders (MHFA) or are undergoing accreditation.
Mental Health First Aid Training	180 employees have been trained in MHFA since the launch of the Mental Health Wellbeing program in September 2022. The training schedule is set 12 months in advance, with monthly online sessions scheduled alongside regular onsite sessions. We plan to apply for the Mental Health First Aid Australia Skilled Workplace Program, which dictates best-practice mental health activity which aligns with our strategy.
Unmind Digital Wellbeing Application	All employees and contractors have access to the Unmind Wellbeing mobile phone app, which promotes self-care and resilience and provides access to wellbeing content and tools rooted in neuroscience, cognitive behavioural therapy, mindfulness, and positive psychology.
Mental Health and Wellbeing Campaigns and Resources	We are leveraging and sharing resources from RUOK, TrackSAFE, Unmind, MHFA Australia, Benestar, Australians for Mental Health and other mental health and wellbeing resources.
Benestar Employee assistance Program (EAP) Services	Our EAP offers confidential counselling for employees and eligible family members. It also equips people leaders for RUOK? conversations with team members to ensure productive and positive conversations.
Wherefit	Based on employee feedback, we now offer emotional and physical wellbeing support with discounted gym memberships.

People Highlights

Employees by region

58%
42%

- Major cities
- Regional areas

Employees by gender

16%
84%

- Male
- Female

Employees by age

9%
38%
53%

- Under 30 years old
- 30–50 years old
- Over 50 years old
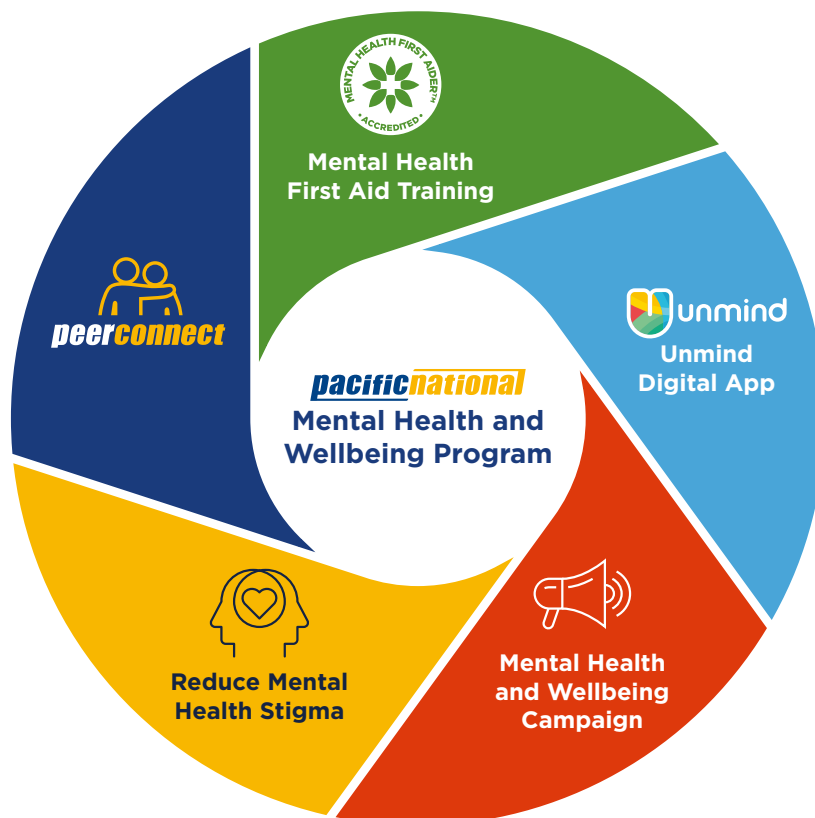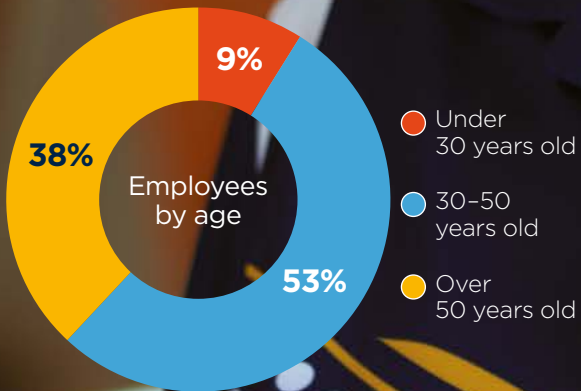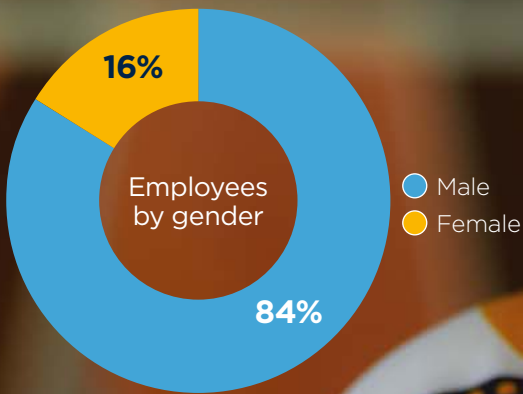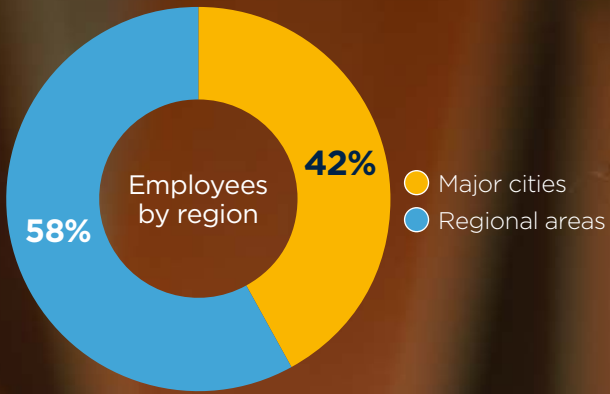
Moe at Brisbane Office

Employee engagement

Listening to our people is important to us. We've implemented a survey program to connect throughout the year. The surveys allow us to measure and monitor feedback from our people. We deployed an employee engagement platform in October 2022 that converts feedback into meaningful insights that drive execution excellence and continuous improvement.

Peakon by Workday provides leaders with a meaningful way to improve employee performance, spanning the employee lifecycle and giving real-time visibility into employee engagement, sentiment, and productivity, helping us to effect positive cultural change.

The ability to make data-driven people and strategy decisions has already proved to be efficient. We are already using the real-time feedback and people insights to manage the challenges of a large and geographically dispersed workforce by identifying the focus areas that drive the greatest positive impact.

Talent acquisition

Everyone can develop their career at Pacific National based on the expertise they bring to the role and their life experiences.

Our talent acquisition team has ramped up their efforts to advocate career pathways at Pacific National and the level of interest is encouraging.

- More women and people from diverse backgrounds are being short-listed for trainee roles.
- Using our talent pool and talent community programs to keep potential women candidates up to date with opportunities, 69 per cent of women hired were from the talent programs.
- Our Learning and Development team has created and delivered training for hiring managers which includes modules on unconscious bias.

Inclusion and Diversity Pillars

CULTURE & BELONGING

We embrace and celebrate our different and varied cultural and social backgrounds.

We care about the wellbeing of our people and foster an open and welcoming workplace where every team member feels valued.

We recognise and champion the diversity of thought, ideas and strong connections that our people bring.

DISABILITY & ACCESS

We are focussed on removing barriers that impact on an individual's ability to equitably participate in society.

We are committed to implementing adjustments for an accessible workplace, to provide an equitable experience for people with disability.

We support carers and recognise the significance of caring for others living with disability.

- We are working with the Inclusion and Diversity team to engage First Nations providers to deliver cultural awareness training for hiring managers.
- We aim to partner with several diversity providers to support recruitment of people with disabilities and First Nations people.

Paying attention to pay

We have revised our remuneration policy to ensure we remain market competitive to attract and retain the best people in our industry.

We shifted our benchmarking of market data from all industries to job specific. This fundamental change benefits all employees, including those not on enterprise agreements. It has resulted in an improved pay structure aligned with our people's roles.

Inclusion and Diversity

Our business is richer for the diversity and understanding each person brings to their work every day.

We have elevated the awareness of Inclusion and Diversity and implemented the strategy across the business at a transformative pace. We are taking a sensitive yet unapologetic approach.

Our strategy is built around five key pillars, which together provide the foundations we believe are right for our business and our people.

> We want the best people working at Pacific National and our business is richer for the diversity they bring to their work.

FIRST NATIONS

We acknowledge the traditional custodians of the land where we live, work and rail.

We are committed to strengthening our relationship with Aboriginal and Torres Strait Islander Peoples through reconciliation.

We are focussed on building a more inclusive and diverse workplace, through the recruitment and retention of First Nations people.

GENDER EQUITY

We are committed to raising our standards and challenging stereotypes for all genders – creating a workplace where we can all thrive.

We champion women, raising awareness, delivering initiatives and developing actions to achieve a gender equitable workforce.

PRIDE

We champion the LGBTQIA+ community and their allies in the workplace and beyond.

We raise awareness and deliver initiatives to develop a stronger culture of inclusion that can positively impact everyone.

Inclusion and Diversity Industry Associations

Pacific National has aligned itself to industry associations to assist, guide, inform and align our Inclusion and Diversity Strategy.

In the workplace, women encounter an array of obstacles, frequently exacerbated by biases like racism, ableism, and ageism. WORK180 is dedicated to raising workplace standards for all women so that all women can choose workplaces where they can thrive. Pacific National was endorsed by WORK180 in 2022 and continues to leverage the partnership to promote employment opportunities for women. Through focusing on what women need, Pacific National has increased the gender representation of its overall workforce to 16 per cent.

In corporate roles this percentage is much greater, with 46 per cent of our corporate workforce identifying as female.

2023
ENDORSED EMPLOYER FOR ALL WOMEN
work180.com

Culture and Belonging

At Pacific National 17 per cent of people identify as being culturally and linguistically diverse. We take the opportunity to celebrate this diversity by embracing national Harmony Week, through a series of activities that intentionally bring our people together.

Wear it Orange Day

We acknowledged Harmony Week and its theme of *Wear it Orange* day in a typically Pacific National way. Orange is the official colour of Harmony Week, reflecting social communication and encouraging self-respect and respect of others.

Our corporate teams showed their unity with our operational teams – who wear orange PPE every day – by also wearing orange. This simple yet profound acknowledgement of the value we place on our operational teams spoke directly to them in a tangible way.

Disability and Access

People with disability

Supported by Australian Network on Disabilities, our senior leaders have new insight into Pacific National's access and inclusion practices, triggering an extensive program to drive a review of policies and processes to address access and inclusion barriers.

- We are preparing to implement a new Workplace Adjustments Standard and framework that will enable people with disability to take part fully in employment, job design, recruitment and selection, the work environment, training and development, and performance management.

- Personal Emergency Evacuation Plans ensure that appropriate actions are taken during an emergency for people who require additional or specific assistance to evacuate a building.

- A Dignified Access Review of strategic sites to ensure we are at minimum meeting our obligations under the *Disability Discrimination Act 1992* and Disability (Access to Premises – Buildings) Standards 2010.

Breaking Bias

We are building a culture where our people leaders are better able to make more informed, effective, and confident decisions through training to minimise the impact of unconscious bias. This builds into our value of kindness where our people are respected and valued.

The training was facilitated by NeuroLeadership Institute over three weeks covering Label Bias, Mitigate Bias, and Engage Others.

Gender Equity

Since publishing our first ESG report in 2020, gender diversity at Pacific National has risen from 12 to 16 per cent. As we drive improvements across our diversity measures, we are seeing accelerated growth in the attraction of new talent. Data shows we are increasing representation and closing the gap on gender pay. In our corporate roles we have achieved 46 per cent female representation.

- Women were appointed to significant leadership positions on the board and executive, and the number of women hired across the business has increased.

- Initiatives to ensure asset and property improvements consider accessibility needs of our diverse workforce.

We have taken important steps to create the cultural change to better support women returning to work after a career break while also establishing a best practice approach to support all employees returning to Pacific National after an extended period away.

Career Revive

This program is facilitated by the Australian Government Department of Education and Department of Employment and Workplace Relations. Pacific National was selected to participate following a competitive selection process. So far, the program has added considerably to Pacific National's gender equity program. We are now having informed conversations among leaders about targeted actions and business priorities.

Supported Returner Program

We were awarded Silver Status by Career Revive in recognition that the program's key components have been implemented and that we clearly stated that we would continue working to increase the number of women attracted, recruited, and who remain at Pacific National.

- We are experimenting with job crafting to support women locomotive drivers through an agreed pathway that offers flexibility to suit individual circumstances.

- Established a cross-functional forum to advise on initiatives to improve infrastructure on locomotives and in depots to ensure women drivers and engineers have safe, hygienic, and adequate facilities.

- Established the Return with Confidence program to connect returning women with mentors and buddies who have navigated their own return after a significant break.

PN Connect | Women's Series

We established PN Connect | Women's Series to build on the foundations and success of our previous program WomenConnect@PN.

Thirty women from across our network met in our inaugural structured two-day program to grow their internal network, and to connect in a structured program with the objective of building conduits for career development.

Eighty per cent of participants reported improvement in the breadth of their network; 60 per cent reported their network's effectiveness had improved; and a similar number reported improved confidence, resilience, creating social capital, and self-reflection.

Workplace gender equality

We have put considerable effort into building job architecture to align employees with specific roles based on Pacific National's needs and employee competencies and responsibilities. This covers all roles that align to the Australian and New Zealand Standard Classification of Occupations (ANZSCO).

This helps with workforce planning and baseline data capture for external reporting, including Workplace Gender Equality Agency (WGEA).

We are also conducting a more detailed review of gender equity and representation. The board receives this research and analysis along with recommendations of programs to improve our position so that we better represent the communities we work in.

Pride

LGBTQIA+

Pacific National maintained its participation in the Australian Workplace Equity Index in FY23. It measures and recognises the efforts of employers in creating LGBTQIA+ inclusive workplaces. Managed by Pride in Diversity, the index evaluates organisational commitment, policy development, training and education, employee networks, and supplier diversity.

In preparing next year's submission, we hope to move from a Foundation Member to Bronze, recognising the significant work across our policies, practices and building our Pride in PN Employee Network and other initiatives to support our LGBTQIA+ employees and their allies.

Pacific National employees supporting Pride week

First Nations

Reconciliation Action Plan

Pacific National's Reconciliation Action Plan (RAP) outlines our commitment to First Nations peoples and provides a framework for our business to influence and support the national reconciliation movement.

Launched in 2022, it is our roadmap for our own reconciliation journey and outlines our commitment to action towards building a more inclusive and diverse workplace; delivering cultural learning programs to increase understanding of First Nations cultures, histories, knowledge, and rights; and for supporting First Nations-owned businesses through our procurement practices.

There are three components to our RAP: *Relationships*; *Respect*, and *Opportunities*.

Relationships:
Establish and strengthen mutually beneficial relationships with First Nations stakeholders and organisations.

What we have done:
Established relationships with key organisations including Red Cross, Evolve Communities, Real Futures, Ingeous Studios, Two Point Co, JT Academy, and communities we operate in to build our community engagement, organisational capability, and open pathways into Pacific National for First Nations people.

Respect:
Demonstrate respect to First Nations peoples by observing cultural protocols.

What we have done:
Provided resources and tools to help our people build their cultural awareness, including Acknowledgement of Country videos for the start of meetings. We also have been working with business units to engage with the traditional owners and communities.

Opportunities:
Increase First Nations supplier diversity to support improved economic and social outcomes.

What we are doing:
Recruiting and establishing our Reconciliation Action Plan Working Group who will be responsible for establishing strategic partnerships with key organisations.

The Australian Red Cross and Pacific National

When disaster strikes First Nations communities

Recovering from a disaster can be long and traumatic. Pacific National is partnering with the Australian Red Cross First Nations Community Disaster Resilience Team to enhance, care for and create safer communities for New South Wales First Nations communities, for when disaster strikes.

Australian Red Cross has more than a century of expertise in supporting communities prepare for, respond to and recover from disasters. For Aboriginal communities which have deep cultural connections to Country, disasters can be more than the physical destruction of land and water ways.

Below is a sample of the achievements of the Red Cross First Nations Community Disaster Resilience Teams we supported:

- Recruit and train First Nations Emergency Services volunteers.

- Deliver first aid and psychological first aid training.

- Provide community disaster preparedness and resilience workshops.

- Produce culturally appropriate disaster response and recovery collateral.

- Link Aboriginal communities with recovery support services.

- Assist with advocacy and representation of First Nations and marginalised groups in decision making at local, state, and federal levels of government.

With the frequency and intensity of climate-related emergencies set to rise, the Pacific National and Australian Red Cross partnership will help support First Nations communities be better prepared when disaster strikes.

It also helps Pacific National to embed its Reconciliation Action Plan by developing a deeper cultural awareness and understanding of First Nations people.

Community giving

Pacific National has a long history of giving to the community, either through financial donations, time or in-kind support. This year, we developed and launched our Community Giving Framework which formalises our commitment and approach to expressing our *Pacific National Approach*.

The framework incorporates policy, procedures, and tools for assessing community giving by the Social and Governance Committee. It also formalises our volunteering policy and allows us to track the support we provide.

Charitable contributions	Adopted the B4SI framework to report, verify and validate Pacific National's charitable contributions to include only those that deliver a direct voluntary community benefit.

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	Reportable charitable contributions increased to $588,193 in FY23, a 54 per cent increase on the previous year.
	Additionally, we also diverted $25,000 of our procurement spend towards organisations focused on delivering a social impact.
Australian Red Cross	Donated $150,000 to support Red Cross First Nations Community Disaster Resilience Teams across New South Wales.
TrackSAFE Foundation	Annual financial contribution of $60,000 to support TrackSAFE's work towards preventing suicides, reducing incidents and injuries on the rail network, improving trauma management, and improving the mental health and wellbeing of rail employees.
IndigiGrow Nursery	Donated the equivalent of $13,000 in volunteer time. Employees prepared more than 500 endangered native species for replanting to support local critically endangered native plants and the revival and sharing of cultural knowledge.
Westpac Rescue Helicopter	$25,000 towards operational expenses
In-kind support	$73,740 to support Foodbank, Seymour Rail Heritage, and ReLove

Seymour Rail Centre

Not all our community giving involves cash donations. In FY23 we gifted the S307 locomotive to the Seymour Rail Centre for restoration and use for heritage passenger rides throughout regional Victoria.

The S307 was built in 1957 and remained in service until 2011 when it was put into storage. Its return to active service acknowledges Pacific National's 170-year history and helping keep alive the skills and trades that maintained locomotives of this type over many decades.

ReLove

We support ReLove because their model is incredibly simple and highly effective. ReLove helps people in crisis impacted by domestic violence, people experiencing homelessness, and people seeking asylum. ReLove redirects furniture and other home-making items from landfill and provides it to people who need urgent help to make a new home. Their facilities are like department stores without the cash registers.

Executive Leadership Team at Sydney Freight Terminal

Performance data

Towards decarbonisation

Greenhouse Gas Emissions

Metric(s)	Unit	GRI	FY23	FY22	FY21
Total Greenhouse Gas Emissions (GHG) Scope 1 + 2	**tCO$_2$e**	**GRI 305-1**	**892,272**	**957,429**	**997,462**
Scope 1[1]	tCO$_2$e	GRI 305-1a	810,685	871,837	912,770
Scope 2[2]	tCO$_2$e	GRI 305-2a	81,587	85,592	84,692
Scope 3[3]	tCO$_2$e	GRI 305-3a	50,086	–	–
Emissions Intensity Scope 1 + 2	**tCO$_2$e/ mNTK**	**GRI 305-4a**	**18.8**	**17.9**	**17.5**
Intermodal Freight	tCO$_2$e/ mNTK	GRI 305-4a	23.8	21.7	20.9
Coal Freight	tCO$_2$e/ mNTK	GRI 305-4a	12.8	12.9	12.6
Bulk and IMEX Freight	tCO$_2$e/ mNTK	GRI 305-4a	29.0	28.3	27.8

Energy

Metric(s)	Unit	GRI	FY23	FY22	FY21
Total electricity consumed	**Kwh**	**GRI 302-1c (i)**	**112,010,031**	**106,958,591**	**104,369,432**
Total Fuel consumed from non-renewable resources[4]	GJ	GRI 302-1a	11,565,173	12,435,823	12,952,061
Total energy consumption	GJ	GRI 302-1e	11,968,414	12,820,872	12,952,061
Energy Intensity[5]	GJ / mNTK	GRI 302-3a	251.7	241.3	233.6

1   Includes emissions from all diesel, LPG, petrol, oils and grease consumption.

2   Includes emissions from all electricity consumption.

3   Includes emissions from purchased goods and services (IT assets purchased – mobile, laptops, tabs and desktops), fuel- and energy-related activities from purchased fuel (diesel, petrol, petroleum based oils and greases) , transmission and distribution losses from electricity consumption, general waste and recycled waste, wastewater and business travel (air, taxi and car rental).

4   Includes all diesel, petrol and LPG.

5   Total energy consumption within the organisation = (Non-renewable fuel consumed) + (Renewable fuel consumed) + (Electricity, heating, cooling, and steam purchased for consumption) + (Self-generated electricity, heating, cooling, and steam, which are not consumed) – (Electricity, heating, cooling, and steam sold).

Other

Metric(s)	Unit	GRI	FY23	FY22	FY21
Nitrogen oxides (NOx)	Tonnes		175.6	169.0	161.4
Sulfur oxides (SOx)	Tonnes		0.072	0.070	0.067
Net tonne Kilometres (millions)	mNTK		48,000	53,000	57,000

Environmental footprint

Waste

Metric(s)	Unit	GRI	FY23	FY22	FY21
Total Waste Generated	**Metric tonnes**	**GRI 306-3a**	**2,021**	**1,803**	**2,104**
Total non-hazardous waste generated	Metric tonnes	GRI 306-4a	546	412	504
Total hazardous waste generated[6]	Metric tonnes	GRI 306-4b	1,475	1,173	1,310
Waste directed to disposal	Metric tonnes	GRI 306-5a	1,897	1,585	1,814
Waste recycled	Metric tonnes	GRI 306-3a	124	222	303
Assets waste generated and recycled[7]	Metric tonnes	GRI 306-3a	4,644	14,118	6,111
Waste generated – E-waste[8]	Metric tonnes	GRI 306-3a	0	0.976	–

6   Oil and oil contaminated wastes, liquid waste sewerage, sludge, prescribed waste.

7   Includes wagons, locomotive and other assets recycled.

8   FY23 E-waste being accumulated at respective sites and will be sent for disposal collectively in FY24.

Environmental Incidents

Metric(s)	Unit	GRI	FY23	FY22	FY21
Environmental Incidents	**#**		**195**	**204**	**213**

Water

Metric(s)	Unit	GRI	FY23	FY22	FY21
Water consumption	**Megalitres**	**GRI 303-5a**	**532**	**235**	**233**

Community complaints

Metric(s)	Unit	GRI	FY23	FY22	FY21
Total Number of Community complaints[9]	**#**		**233**	**226**	**255**

9   A community complaint is complaint that is lodged by an person/stakeholder in relation to activities or performance of Pacific National operations, including operations/activities on mainline rail network. Categories of complaints include air, noise and other.

PEOPLE & COMMUNITY

Health and safety

Metric(s)	Unit	GRI	FY23	FY22	FY21
Number of fatalities as a result of work-related injury[10]	#	GRI 403-9a	0	0	0
Significant Incidents – Number of potential level 1 and 2 incidents (excluding fatalities)[11]	#	GRI 403-9a (ii)	15	26	35
Number of Recordable work-related injuries[12]	#	GRI 403-9a (iii)	25	21	27
Recordable Injury Frequency Rate (RIFR)[13]	#	GRI 403-9	3.6	2.8	3.6
Number of First Aid incidents	#		63	85	120
Number of Medically Treated Injuries	#		15	14	16
Number of Lost Time incidents/injuries	#		10	7	11
Number of Near Misses	#		1,132	524	384
Rate of fatalities			0	0	0
All Injury Frequency Rate			39.1	36.3	45.8
Near Miss Frequency Rate (NMFR)			161.4	69.5	51.7
Signal Passed at Danger Events (SPAD)[14]	#		26	44	50
Total Employee Hours	**#**	**GRI 403-9a (v)**	**7,011,538**	**7,542,027**	**7,431,175**
Employee Hours	#	GRI 403-9a (v)	5,857,639	6,335,096	6,252,658
Contractor Hours	#	GRI 403-9b (v)	1,153,899	1,206,930	1,178,517
Number of incidents required to be reported to the ONRSR	#		1,195	6,215	3,840
Number of collision /derailments or other events involving on-rail equipment[15]	#		155	202	234
Number of NCR's received from ONRSR and/or Comcare and/or any other external regulatory audit and or inspection	#		17	12	6

10 A work-related event or exposure resulting in the death of a Pacific National employee or contractor.

11 Potential Level 1 – Critical – An incident resulting in, or potential to result in multiple fatalities OR serious injury resulting in irreversible impairment or disablement >30% of body to more than 10 persons. Potential Level 2 – Major – An incident resulting in, or potential to result in a single fatality OR serious injury resulting in irreversible impairment or disablement >30% of body to one or more persons.

12 An injury or illness classified either as a medical treatment injury (MTI), lost time injury (LTI) or Fatality (FAT) involving a PN employee, or contractor.

13 RIFR is calculated as the total number of recordable injuries per million hours worked.

14 Any incident where rolling stock passes without authority through a signal displaying a stop indication or a stop aspect including but not limited to fixed signals, stop boards, hand signals, or black or improperly displayed signals; or exceeds the limits of authorised movements including in-cab indicators, paper-based and electronic "occupancy authorities" and encroachment on a protected worksite.

15 Rail Operational Safety Incident data.

Employees

Metric(s)	Unit	GRI	FY23		FY22		FY21	
Full Time Equivalent Employees Pacific National (PN) Total[16]	#	GRI 401 / 405	3,405.3		3,252.8		3,281.3	
Total: Workforce by Region[17]	#, %	GRI 401-1a	3,509	100%	3,342	100%	3,361	100%
Major cities	#, %	GRI 401-1A	1,459	42%	1,370	41%	1,348	40%
Regional areas	#, %	GRI 401-1A	2,050	58%	1,972	59%	2,013	60%
Total: New Employee Hires	#	GRI 401-11a	644		582		342	
New Employee Hires (Age)	#, %	GRI 401-1a	644	100%	582	100%	342	100%
Under 30 years old	#, %	GRI 401-1a	138	21%	147	25%	80	23%
30–50 years old	#, %	GRI 401-1a	387	60%	325	56%	188	55%
Over 50 years old	#, %	GRI 401-1a	119	18%	110	19%	74	22%
New Employee Hires (Gender)	#, %	GRI 401-1a	644	100%	582	100%	342	100%
Male	#, %	GRI 401-1a	487	76%	430	74%	247	72%
Female	#, %	GRI 401-1a	157	24%	148	25%	94	27%
Unknown	#, %	GRI 401-1a	0	0%	4	1%	1	0%
% of new recruits of Aboriginal or Torres Strait Islander background	#, %		40	6%	29	5%	5	1%
Employee Turnover	#, %	GRI 401-1a	459		600		422	
Turnover Rate[18]	%		13%		18%		13%	
Employee Turnover (Age)	#, %	GRI 401-1b	459	100%	600	100%	422	100%
Under 30 years old	%	GRI 401-1b	38	8%	58	10%	20	5%
30–50 years old	%	GRI 401-1b	228	50%	291	49%	201	48%
Over 50 years old	%	GRI 401-1b	193	42%	251	42%	201	48%
Employee Turnover (Gender)	#, %	GRI 401-1b	459	100%	600	100%	422	100%
Male	#, %	GRI 401-1b	368	80%	520	87%	342	81%
Female	#, %	GRI 401-1b	91	20%	79	13%	80	19%
Unknown	#, %	GRI 401-1b	0	0%	1	0%	0	0%

16   FTE is the sum of active full-time, part-time, casual and on-demand employees paid directly by Pacific National, and excludes employees from these categories who are on Leave of Absence (LOA), suspended, or terminated. FTE excludes contractors who worked for PN via third party agencies.

17   Regional workforce based on employee's work location. A regional area is identified as areas outside of major Australian cities.

18   Workforce (total headcount) is calculated using the total headcount (not FTE) of employees and includes active, LOA and suspended; Full-time, Part-time, PN paid Casuals (casual & on demand). Workforce excludes workers compensation (WCP). As a percentage of headcount.

Inclusion & diversity

Metric(s)	Unit	GRI	FY23		FY22		FY21	
Female representation in the workforce	**#, %**	**GRI 405-1b**	**568**	**16%**	**506**	**15%**	**436**	**13%**
Females represented in Leadership positions[19]	**#, %**	**GRI 405-1a**	**74**	**18%**	**75**	**19%**	**59**	**18%**
Board Representation (Gender)	**#, %**	**GRI 405-1a**	**10**	**100%**	**9**	**100%**	**9**	**100%**
Male	#, %	GRI 405-1a	8	80%	8	89%	8	89%
Female	#, %	GRI 405-1a	2	20%	1	11%	1	11%
Board Representation (Age)	**#, %**		**10**	**100%**	**9**	**100%**	**9**	**100%**
Under 30 years old	#, %	GRI 405-1a	0	0%	0	0%	0	0%
30–50 years old	#, %	GRI 405-1a	1	10%	2	22%	2	22%
Over 50 years old	#, %	GRI 405-1a	9	90%	7	78%	7	78%
Executive Leadership Representation (Gender)[20]	**#, %**	**GRI 405-1a**	**7**	**100%**	**6**	**100%**	**6**	**100%**
Male	#, %	GRI 405-1a	5	71%	5	83%	5	83%
Female	#, %	GRI 405-1a	2	29%	1	17%	1	17%
Executive Leadership Representation (Age)	**#, %**		**7**	**100%**	**6**	**33%**	**6**	**100%**
Under 30 years old	#, %	GRI 405-1a	0	0%	0	0%	0	0%
30–50 years old	#, %	GRI 405-1a	3	43%	2	33%	2	33%
Over 50 years old	#, %	GRI 405-1a	4	57%	4	67%	4	67%
Leadership/Manager Team Representation (Gender)[21]	**#, %**	**GRI 405-1a**	**396**	**1**	**393**	**100%**	**324**	**100%**
Male	#, %	GRI 405-1a	324	82%	319	81%	266	82%
Female	#, %	GRI 405-1a	72	18%	74	19%	58	18%
Leadership/Manager Team Representation (Age)	**#, %**		**396**	**100%**	**393**	**65%**	**324**	**63%**
Under 30 years old	#, %	GRI 405-1a	6	2%	6	2%	7	2%
30–50 years old	#, %	GRI 405-1a	261	66%	248	63%	196	60%
Over 50 years old	#, %	GRI 405-1a	129	33%	139	35%	121	37%

19 Includes Females in Executive Leadership and Manager roles.

20 Executive Leadership is the executive management including but not limited too; Chief Executive officer, Chief Operating Officer, Chief Financial Officer, Chief Customer and Commercial Officer, Chief People and Culture Officer, Chief Legal Officer and Chief Strategy and Sustainability Officer.

21 An individual is identified in a leadership or management position when they have a position designed/created to have a direct report.

Inclusion & diversity

Metric(s)	Unit	GRI	FY23		FY22		FY21	
Workforce Representation (Gender)	**#, %**	**GRI 405-1a**	**3,509**	**100%**	**3,342**	**100%**	**3,361**	**100%**
Male	#, %	GRI 405-1a	2,941	84%	2,832	85%	2,924	87%
Female	#, %	GRI 405-1a	568	16%	506	15%	436	13%
Unknown	#, %	GRI 405-1a	0	0%	4	0%	1	0%
Workforce Representation (Age)	**#, %**		**3,509**	**100%**	**3,342**	**100%**	**3,361**	**100%**
Under 30 years old	#, %	GRI 405-1a	304	9%	263	8%	223	7%
30–50 years old	#, %	GRI 405-1a	1,873	53%	1,665	50%	1,678	50%
Over 50 years old	#, %	GRI 405-1a	1,332	38%	1,414	42%	1,460	43%

Parental leave

Metric(s)	Unit	GRI	FY23		FY22		FY21	
Total number of Employees entitled to Parental Leave	**#, %**	**GRI 401-3a**	**2,873**	**82%**	**2,928**	**88%**	**2,864**	**85%**
Total number of employees that took Parental Leave	**#, %**	**GRI 401-3b**	**94**	**3%**	**99**	**3%**	**81**	**3%**
Male	#	GRI 401-3b	65	69%	77	78%	60	74%
Female	#	GRI 401-3b	29	31%	22	22%	21	26%
Total number of employees that returned to work in the reporting period after parental leave ended	**#, %**	**GRI 401-3c**	**94**	**100%**	**97**	**98%**	**81**	**100%**
Male	#	GRI 401-3c	65	100%	75	97%	60	100%
Female	#	GRI 401-3c	29	100%	22	100%	21	100%

PEOPLE & COMMUNITY

Procurement

Metric(s)	Unit	GRI	FY23	FY22	FY21
Total Supplier Spend	**$AU**		**$1,646m**	**$1,549m**	**$1,436m**
Supplier spend in Regional Areas (outside metropolitan cities).	$AU		$46m	$43m	$40m
Percentage of new suppliers that were screened using environmental criteria.	%	GRI 308-1a	57.1%	38.9%	–
Number of suppliers assessed for environmental impacts.	#	GRI 308-2a	458	556	2
Number of suppliers identified as having significant actual and potential negative environmental impacts.	#	GRI 308-2b	2	2	2
Number of significant actual and potential negative environmental impacts identified in the supply chain.	#	GRI 308-2c	2	2	5
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment.	%	GRI 308-2d	0.1%	0.1%	0.1%
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.	%	GRI 308-2e	0	0	–

Karen, Mel and Heidi at Brisbane Office

GRI Content Index

Statement of use

Pacific National Holdings Pty Ltd has reported the information cited in this GRI content index for the period of 1 July 2022 – 30 June 2023 with reference to the GRI Standards.

GRI 1 used   GRI 1: Foundation 2021

GRI Standard	Scope	Disclosure	Disclosure name	Location	Page number	Comments & Omissions
GRI 2	The organisation and its reporting practices	2-1	Organisational details	About this report	Inside cover	Location of headquarters: Level 16/15 Blue St, North Sydney NSW 2060.
		2-2	Entities included in the organisation's sustainability reporting	About this report	Inside cover; GRI Index	For this ESG report, information collected for Pacific National Holdings Pty Ltd and its subsidiaries has been consolidated and presented as information for Pacific National. Material topics have been defined for Pacific National including all its entities.
		2-3	Reporting period, frequency and contact point	About this report GRI Index	Inside cover	Pacific National aims to publish an annual sustainability report. Pacific National's last ESG report relating to FY22 was published 10 November 2022. For questions about this report, please contact **PN_communications@ pacificnational.com.au**
		2-4	Restatements of information	GRI Index		No information restatement has been included in this report.
		2-5	External assurance	About this report Statement of Limited Assurance	Inside cover; 66–67	KPMG provided limited external assurance.

GRI Standard	Scope	Disclosure	Disclosure name	Location	Page number	Comments & Omissions
GRI 2	Activities and workers	2-6	Activities, value chain and other business relationships	About Pacific National	6–11	
		2-7	Employees	About Pacific National: Our company snapshot Respect and Enrich: People Highlights Performance Data: Respect and Enrich	10–11; 41; 55	
	Governance	2-9	Governance structure and composition	Act Ethically and Responsibly: Governance	16–19	
		2-12	Role of the highest governance body in overseeing the management of impacts	Act Ethically and Responsibly: Governance	17	
		2-13	Delegation of responsibility for managing impacts	Act Ethically and Responsibly: Governance	17	
		2-14	Role of the highest governance body in sustainability reporting	About this report Board and Executive Endorsement Governance	Inside cover; 3; 17, 18	
		2-16	Communication of critical concerns	Act Ethically and Responsibly: Governance	19	
	Strategies, policies and practices	2-22	Statement on sustainable development strategy	Board and Executive Endorsement	3	
		2-23	Policy commitments	Act Ethically and Responsibly: Governance Modern Slavery Statement	19	Pacific National FY22 Modern Slavery Statement is available at the link: **https://pacificnational.com.au/modern-slavery/**. The FY23 Modern Slavery Statement has not been published at the time of the release of this report.
		2-28	Membership associations	Act Ethically and Responsibly: Governance	19, 20	

GRI Standard	Scope	Disclosure	Disclosure name	Location	Page number	Comments & Omissions
GRI 2	Stakeholder engagement	2-29	Approach to stakeholder engagement	The Pacific National ESG Strategy: Materiality Assessment	14	
GRI 3	Material topics	3-1	Process to determine material topics	The Pacific National ESG Strategy: Materiality Assessment	14	
		3-2	List of material topics	The Pacific National ESG Strategy: Materiality Assessment	14	
GRI 204	Procurement practices	3-3	Topic management disclosures	Act Ethically and Responsibly: Governance	18, 20	Pacific National's definition of 'local' include: locations outside of metropolitan cities.
		204-1	Proportion of spending on local suppliers	Performance Data: Respect and Enrich	58	Reference is to regional suppliers.
				Modern Slavery Statement		Pacific National FY22 Modern Slavery Statement is available at the link: **https://pacificnational.com.au/modern-slavery/**. The FY23 Modern Slavery Statement has not been published at the time of the release of this report.
GRI 302	Energy	3-3	Topic management disclosures	Work Sustainably: Pathway to Net Zero and Carbon Efficiency	23, 27–31	
		302-1	Energy consumption within the organisation	Performance Data: Work Sustainably	51	Data for fuel consumption from renewable sources is not available for this reporting period.
		302-3	Energy intensity	Performance Data: Work Sustainably	51	
GRI 303	Water and effluents	3-3	Topic management disclosures	Work Sustainably: Environmental footprint	34–35	
		303-5	Water consumption	Performance Data: Work Sustainably	35, 53	

GRI Standard	Scope	Disclosure	Disclosure name	Location	Page number	Comments & Omissions
GRI 305	Emissions	3-3	Topic management disclosures	Work Sustainably: Pathway to Net Zero and Carbon Efficiency	22–33	
		305-1	Direct (Scope 1) GHG emissions	Work Sustainably: Pathway to Net Zero and Carbon Efficiency Performance Data: Work Sustainably	33, 51	
		305-2	Energy indirect (Scope 2) GHG emissions	Work Sustainably: Pathway to Net Zero and Carbon Efficiency Performance Data: Work Sustainably	33, 51	
		305-3	Other indirect (Scope 3) GHG emission	Work Sustainably: Pathway to Net Zero and Carbon Efficiency Performance Data: Work Sustainably	33, 51	
		305-4	GHG emissions intensity	Work Sustainably: Pathway to Net Zero and Carbon Efficiency Performance Data: Work Sustainably	33, 51	
		305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Performance Data: Work Sustainably	52	
GRI 306	Waste	3-3	Topic management disclosures	Work Sustainably: Work Sustainably	34–35	
		306-3	Waste generated	Performance Data: Work Sustainably	52	
		306-4	Waste diverted from disposal	Performance Data: Work Sustainably	52	
		306-5	Waste directed to disposal	Performance Data: Work Sustainably	52	

GRI Standard	Scope	Disclosure	Disclosure name	Location	Page number	Comments & Omissions
GRI 308	Supplier environmental assessment	3-3	Topic management disclosures	Act Ethically and Responsibly: Governance Work Sustainably: Pathway to Net Zero and Carbon Efficiency Respect and Enrich: Inclusion and Diversity	20, 32, 47	
		308-1	New suppliers that were screened using environmental criteria	Performance Data: Respect and Enrich	58	
		308-2	Negative environmental impacts in the supply chain and actions taken	Performance Data: Respect and Enrich	58	
GRI 401	Employment	3-3	Topic management disclosures	Respect and Enrich: Health, Safety and Wellbeing	41–47	
		401-1	New employee hires and employee turnover	Performance Data: Respect and Enrich	55	
		401-3	Parental Leave	Performance Data: Respect and Enrich	57	
GRI 403	Occupational health & safety	3-3	Topic management disclosures	Respect and Enrich: Health, Safety and Wellbeing	36–40	
		403-1	Occupational health and safety management system	Respect and Enrich: Health, Safety and Wellbeing	36–40	
		403-2	Hazard identification, risk assessment, and incident investigation	Health, Safety and Wellbeing: Critical Risk Management Framework	37	
		403-6	Promotion of worker health	Respect and Enrich: Health, Safety and Wellbeing	39–40	

GRI Standard	Scope	Disclosure	Disclosure name	Location	Page number	Comments & Omissions
GRI 403	Occupational health & safety	403-8	Workers covered by an occupational health and safety management system	GRI Index		All Pacific National workers are covered by the health and safety management system.
		403-9	Work-related injuries	Respect and Enrich: Health, Safety and Wellbeing Performance Data: Respect and Enrich	37, 38, 54	Data included includes metrics tracked by Pacific National, in addition to GRI Standards disclosures.
GRI 405	Diversity and equal opportunity	3-3	Topic management disclosures	Respect and Enrich: Health, Safety and Wellbeing	43–47	
		405-1	Diversity of governance bodies and employees	Respect and Enrich: Health, Safety and Wellbeing Performance Data: Respect and Enrich	41, 56–57	
GRI 413	Local communities	3-3	Topic management disclosures	Respect and Enrich: Health, Safety and Wellbeing	47–50	
		413-1	Operations with local community engagement, impact assessments, and development programs	Respect and Enrich: Health, Safety and Wellbeing	47–50	Data on percentage of operations with implemented local community engagement, impact assessments, and/or development programs is not currently tracked.
		413-2	Operations with significant actual and potential negative impacts on local communities	Respect and Enrich: Health, Safety and Wellbeing	35, 53	Data on operations with significant actual and potential negative impacts on local communities is not currently tracked. Pacific National provided the number of community complaints the Data and Performance section on Environmental Footprint.

Statement of Limited Assurance

KPMG

Independent Limited Assurance Report to the Directors of Pacific National Holdings Pty Ltd

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the Selected Sustainability Information, which has been prepared by Pacific National Holdings Pty Ltd in accordance with management measurement methodologies for the year ended 30 June 2023.

Information Subject to Assurance

The Selected Sustainability Information, as presented in Pacific National Holdings Pty Ltd's (Pacific National, or the Company) ESG Report FY2023 and available on the Company's website, comprised of the following:

Select Sustainability Information	Value Assured
Number of fatalities as a result of work-related event/injury	0
Number of potential Level 1 and 2 incidents (excluding fatalities) (significant incidents count including Non PN controlled events)	15
Signal Passed at Danger (SPAD) Events	26
Recordable Injury Frequency Rate	3.6
Number of recordable work-related injuries	25
Total employee hours worked (contractor & employees)	7,011,538
Full time equivalent employees	3,405
Regional workforce representation	58%
Female representation in the workforce	16%
Female representation on the Board	20%
Female representation in Executive leadership	29%
Female represented in Leadership/Manager positions	18%
% of new recruits of Aboriginal or Torres Strait Islander origin	6%
Leadership team: Under 30 years old	2%
Leadership team: 30 – 50 years old	66%
Leadership team: Over 50 years old	33%
Workforce: under 30 years old	9%
Workforce: 30 -50 years old	53%

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Workforce: Over 50 years old	38%
Workforce: Employee turnover	13%
Community complaints	233
Total scope 1 greenhouse gas emissions (tCO2e)	810,685
Total scope 2 greenhouse gas emissions (tCO2e)	81,587

Criteria Used as the Basis of Reporting

The criteria used in relation to the Sustainability Information presented in the Company's sustainability report are Pacific National's management measurement methodologies as set out in the Company's Basis of Preparation ("the Criteria").

Basis for Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 (Standard). In accordance with the Standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Selected Sustainability Information, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures Performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- enquiries with relevant Company personnel to understand the internal controls, governance structure and reporting process of the Selected Sustainability Information;
- reviews of relevant documentation including Pacific National's ESG Report FY2023 Basis of Preparation;
- analytical procedures over the Selected Sustainability Information;
- walkthroughs of the Selected Sustainability Information to source documentation;
- evaluating the appropriateness of the criteria with respect to the Selected Sustainability Information; and
- reviewed Pacific National's ESG Report FY2023 in its entirety to ensure it is consistent with our overall knowledge of assurance engagement.

How the Standard Defines Limited Assurance and Material Misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of the Company.

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Inherent Limitations

There are inherent limitations in performing assurance — for example, assurance engagements are based on selective testing of the information being examined — and because of this, it is possible that fraud, error, or non-compliance may occur and not be detected. An assurance engagement is not designed to detect all misstatements, as an assurance engagement is not performed continuously throughout the period that is the subject of the engagement and the procedures performed on a test basis. The conclusion expressed in this report has been formed on the above basis.

Additionally, nonfinancial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating, and sampling or estimating such data. We specifically note that Pacific National has used estimates or extrapolated underlying information to calculate certain amounts included within the Selected Sustainability Information.

Use of this Assurance Report

This report has been prepared for the Directors of the Company for the purpose of providing an assurance conclusion on the Selected Sustainability Information and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of the Company or for any other purpose than that for which it was prepared.

Management's responsibility

Management are responsible for:

- determining that the criteria is appropriate to meet their needs;

- preparing and presenting the Selected Sustainability Information in accordance with the criteria; and

- establishing internal controls that enable the preparation and presentation of the Selected Sustainability Information that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Selected Sustainability Information for the year ended 30 June 2023, and to issue an assurance report that includes our conclusion.

Our Independence and Quality Management

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Management 1 to design, implement and operate a system of quality management.

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1 September 2023

Double stacked train traverses Victoria

Glossary

ANZSCO	Australian and New Zealand Standard Classification of Occupations
BEL	Battery Electric Locomotives
Bulk freight	Freight that is loaded directly onto its mode of transport
Carbon	Used as shorthand for greenhouse gases
CO$_2$e	Carbon dioxide equivalent is the standard unit of measure as used by the United Nations Intergovernmental Panel on Climate Change to compare the potential impact of greenhouse gases on global warming using the same basis.
CCV	Critical Control Verifications
FY22	Financial Year 2022 (1 July 2021 – 30 June 2022)
FY23	Financial year 2023 (1 July 2022 – 30 June 2023)
ESG	Environment, Social and Governance
FORG	Freight on Rail Group
GHG	Greenhouse Gas
GRI	Global Reporting Initiative Standards Framework
HSE	Health, Safety and Environment
IMEX	Pacific National's import and export rail services between regional and metropolitan areas and Australia's key container ports.
Inland Rail	The Inland Rail is the 1,700km fright rail project that will connect Melbourne and Brisbane through regional Victoria, New South Wales, and Queensland
Intermodal freight	The transportation of freight in an intermodal container or vehicle, using multiple modes of transportation.

Intermodal facility	A facility where freight loaded onto intermodal containers and transferred seamlessly between trains, trucks and cargo ships.
Materiality assessment	Assessing the impact of a company's business activities on the economy, the environment, and people, including human right impacts.
Materiality topics	A prioritised list of the material issues and the selected threshold for reporting.
MHFA	Mental Health First Aiders
NTK	Net Tonne Kilometres
PNA	Pacific National Approach – provides clear direction about Pacific National's purpose, philosophy, vision, priorities and values
RAP	Reconciliation Action Plan
RIFR	Recordable Injury Frequency Rate
Road to Rail	Shifting supply chain transport from high emission road transport to less intensive rail.
SPAD	Signal Passed at Danger
t	Tonnes
TCFD	Taskforce on Climate-related Financial Disclosures
TEU	Twenty foot equivalent unit – a measure of cargo capacity based on the volume of a 20-foot-long intermodal container, a standard-sized metal box which can be easily transferred between different modes of transportation.
WDP	Wired Distributed Power
WGEA	Workplace Gender Equality Agency
UNSDG	United Nations Sustainable Development Goals

Disclaimers

Statements about future events

This report contains statements about future events and expectations that are forward-looking statements. These statements typically contain words such as "may", "should", "expects", "believes", "intends", "estimates", "forecast", "predicts", "goals", "target", "aims" and "anticipates" and words of similar import.

Forward-looking statements are based on assumptions regarding Pacific National's financial position, business strategies, plans and objectives of management for future operations and development and the environment in which Pacific National will operate.

Any statement in this report that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause Pacific National's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

None of the future projections, expectations, estimates or prospects in this report should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct, complete or exhaustive or, in the case of the assumptions, fully stated in this report.

Pacific National assumes no obligations to update the forward-looking statements contained in this report to reflect actual results, change in financial condition, status or affairs, changes in assumptions or changes in events, factors, conditions or circumstances affecting these statements.

All financial values are in Australian dollars.

Reliance

All endeavours have been made to ensure the accuracy of the information in this report at the date of publication. Information in this report is subject to change without notice. Pacific National is under no obligation to review or update this report to reflect circumstances or events that arise after its publication.

FY23 Photo Competition People's Choice Winner Morgan Walton, Bowen Queensland

pacificnational

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