

ESG Report FY2024



About this report

This ESG Report is presented by Pacific National Holdings Pty Limited and its subsidiaries (Pacific National), for the financial year ended 30 June 2024 (FY24).



This report applies to Pacific National and its subsidiaries, encompassing our intermodal, coal, bulk and IMEX logistics business units. It provides stakeholders with a report that reflects action on key ESG priorities that are material to our business.

It is aligned with the Global Reporting Initiative (GRI) Standards framework and includes climate-related financial disclosures aligned to the Taskforce on Climate-related Financial Disclosures (TCFD). KPMG has provided assurance over selected data sets within this report as described in the Assurance Statement on Page 83. Separate KPMG assurance was provided over greenhouse gas data to support regulatory reporting under Safeguard Mechanism emissions intensity determination requirements.

The Pacific National Board of Directors approved this report on 13 September 2024.

Beyond this report, Pacific National reports¹ to various government departments and regulatory authorities on the following ESG matters:

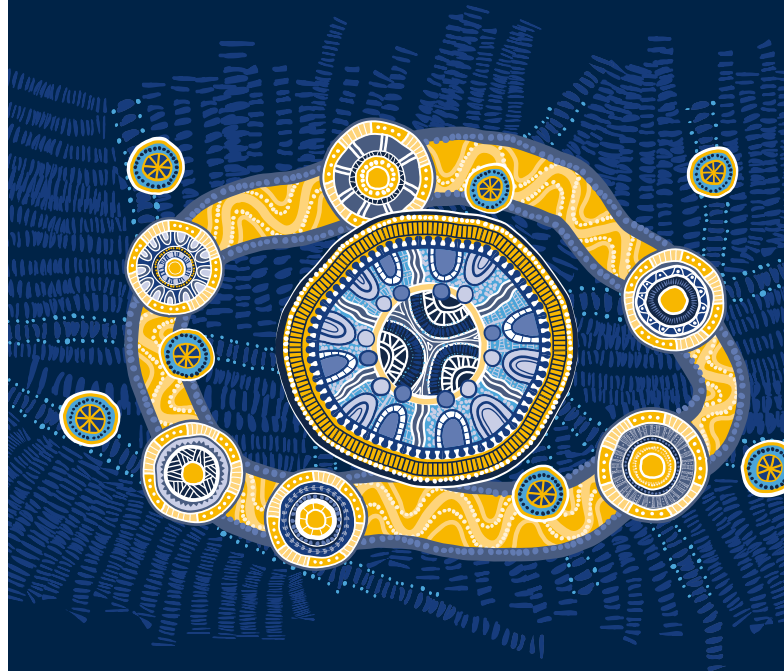
- Modern Slavery Statement
- Energy and greenhouse gas emissions in Australia
- Safety
- Workplace Gender Equality
- Environmental compliance reporting in line with licences, permits and development approval requirements.

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

¹ Information and disclosures contained in this report are consistent with other reporting listed.

Acknowledgment of Country

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 Aboriginal and Torres Strait Islander peoples.



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Chief Executive Officer Commitment

The Chief Executive Officer and the Executive Leadership Team of Pacific National present this ESG report for the year ended 30 June 2024.



Pacific National is progressing the implementation of its ESG program. We have continued to mature our approach to sustainability, with improved governance, internal processes, and people capability uplift. This report provides an update to stakeholders regarding progress on keeping our people safe, reducing our carbon footprint, mitigating climate risks, enriching our connection with community, and embedding equality, inclusion and diversity in our culture.

We acknowledge delivering an effective ESG strategy relies on a governance structure that is robust and effective. In that regard, we have reviewed the way our business is organised and in FY25, we will implement a commodity-aligned business unit structure. This is consistent with our business strategy, supports clear accountability for business units, and enables us to respond quickly to market opportunities. Supporting this restructure, our executive team now includes a newly created role of Chief of Health, Safety, Environment and Sustainability. This role reflects the connectedness of HSE, Sustainability, Risk and Resilience in our business and positions our organisational structure to best deliver on our ESG strategy.

Our company continues its focus on operational emissions reduction. We advocate for the carbon efficiency of the rail supply chain and work to implement new business solutions that will allow us to further reduce our emissions impact. Our Road to Rail initiative supports transition to a low-carbon future in Australia's supply chain.

Rail freight is a lower-emissions mode of transport than road and is likely to remain more energy efficient. The complete transfer of freight from road to diesel rail would reduce annual emissions by 45% compared to road in 2030 and by 10% in 2050*. Beyond carbon-related benefits, rail transport contributes to reduced road congestion, and rail is a safer mode of transport. Increasing the share of rail transport in our supply chains benefits the Australian community in multiple ways.

Climate change risk management is an important pillar of our business strategy and in FY24 we have progressed work in this area. We have completed a physical and transition climate risk assessment, and we are working on devising the right mitigation and adaptation strategies.

During the year, we continued to engage with the Australian Government and our industry to ensure rail freight supports our country's transition to a low carbon economy. Our contribution to one of the government's Safeguard Mechanism reform consultation papers has changed the way rail transport is defined in the mechanism, recognising future decarbonisation initiatives as new technologies, such as transition from diesel to alternate sources of energy to power locomotives, become available. Our team has also worked with the Australasian Railway Association to form a Resilience Working Group to advance discussions related to improving resilience and reducing risk in the rail industry.

* Explora: Environment and Resource, Robin Smit and Paul Graeme Butler, Impacts of mode shift on well-to-wheel emissions from inter-capital transport in Australia - Part I: Road and rail transport, 26 July 2024.

This year has not been without its challenges. In December 2023, our team suffered the tragic loss of train drivers Mick Warren and Kevin Baker at a level crossing collision in Bindarra, South Australia. This was a heartbreaking event for everyone at Pacific National and prompted us to launch a public education and awareness campaign to promote safety at level crossings. We launched an awareness campaign to highlight the risk at level crossings and we supported the Australian Government's National Level Crossing Strategy 2023-2032 and continue to work towards zero harm on Australia's level crossing network.

Two of our key safety metrics have also increased this year with proceed authority exceedence (PAE) and recordable injury frequency rate (RIFR) results both higher than prior year performance. We continue to prioritise safety above all else and double down on our efforts to focus on safety in every moment. Leading into the new financial year we have invested in a technology trial and a refresh of our safety messaging. Safety is everyone's responsibility and we continue to work with the Office of the National Rail Safety Regulator (ONRSR) and our industry partners to learn from incidents and improve performance.

This is my final report as Chief Executive Officer of Pacific National. Since joining the business in 2021 and working closely with the Board, executive, and management teams, we have set strong governance foundations to embed ESG in our business planning and strategy. We launched our Climate Change Strategy two years ago, with progress across several decarbonisation initiatives. I am confident Pacific National has the expertise, capability, and momentum to deliver its ESG plans and I am proud of our progress in ESG and sustainability.

In delivering its ESG program, Pacific National will continue to ensure the business remains resilient, and our people are proud of where they work and what they do.

Paul Scurrah
Chief Executive Officer



Pacific National FY24 ESG Highlights

Act Ethically and Responsibly

Created a new sustainability role at the executive team level

Chief of Health, Safety, Environment and Sustainability is responsible for delivery of our ESG strategy.

Updated and relaunched core people policies

- Code of Conduct
 - Respect at Pacific National Policy
 - Parental Leave Procedure
 - Flexible Work Arrangements Procedure.
-

Developed a Procurement Framework

The framework considers ESG, Modern Slavery and risk.

Launched the Capability Framework

The framework defines the skills, abilities and attributes that Pacific National people need to support our strategic priorities and business objectives.

Pacific National received a “BBB” rating from MSCI

We continue to improve our data collection practices, including development of Scope 3 emissions inventory, as well as progressing climate risk and opportunities disclosure.

Work Sustainably

Conducted a climate risk assessment

We assessed physical and transition climate risks related to our business and value chain.

Matured Scope 3 emissions accounting

Purchased goods and services, and capital goods spend-based emissions have been added to our inventory.

Contributed to several government consultations

Our response to the Safeguard Mechanism reforms resulted in a change of definition for rail transport providing for recognition of rail decarbonisation efforts as new technologies become commercially viable.



Respect and Enrich communities



Awarded Bronze status at the 2024 Australian LGBTQIA+ Inclusion Awards in recognition of our commitment to fostering an inclusive and diverse workplace



Recognition as a Top Employer for Women: WORK180 has acknowledged Pacific National as a pace setter in promoting an inclusive culture



Pacific National has officially been recognised as a **Mental Health First Aid Skilled Workplace**



Continued partnership with Australian Red Cross to support a community-led approach to disaster resilience across First Nations communities in regional NSW

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, servicing energy and resources, fast moving consumer goods, multi-national freight-forwarding, industrial manufacturing, and agricultural companies across a mix of general freight cargo, import and export goods, and bulk commodities.

Since the first train ran in New South Wales in 1855, our operations are round-the-clock, every day of the year to deliver what matters.

Our "Road to Rail" initiative highlights the importance of rail freight in driving carbon efficiency in Australia's supply chain, with rail being the most carbon efficient form of line-haul land transport. We can help move Australia to a low carbon future by shifting supply chain transport from high emission road transport to less emission intensive rail transport.

Intermodal Freight

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

- We provide 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.

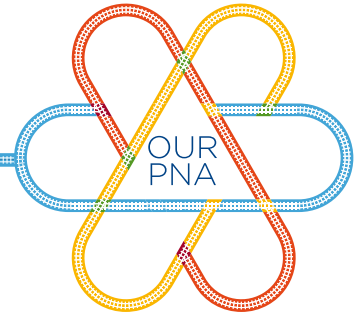
- We transport metallurgical and thermal coal from mine to port.
- We connect regional coalfields in Queensland and New South Wales with domestic and export markets.

Bulk and IMEX Freight

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

- We transport bulk minerals, waste, and construction materials between our regional communities, ports, and major industrial and urban centres.
- We transport 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 – which defines our priorities and values and is the framework for how we achieve our vision and purpose.

It describes the culture Pacific National aspires to build and what is important to us.

We have been embedding our PNA over successive years and there are now key programs of work and other enablers in place – such as the People & Culture and HSE policy reviews, and the Achievers Recognition and Engagement programs – that help embed the PNA in our culture.

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

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

OUR VALUES

<p>Make It Simple We reduce complexity.</p>	<p>Share More We create a learning environment through storytelling and embrace and share diverse experiences.</p>	<p>Kindness We are thoughtful and show respect in all circumstances.</p>
<p>Gratitude We show appreciation and express our thanks.</p>	<p>Curiosity We embrace curiosity at all levels to benefit the safety, wellbeing, and continuous improvement of our workplace.</p>	<p>Own It We take responsibility, we take action, we own our successes and our mistakes.</p>

OUR FOUNDATIONS

Footprints and Assets

Heritage

Operational Excellence

Our company snapshot*



Active Locos
~558



Active Wagons
~12,117



FTE Employees
~3,478



Customers
~417



Weekly Revenue Train Services
~763

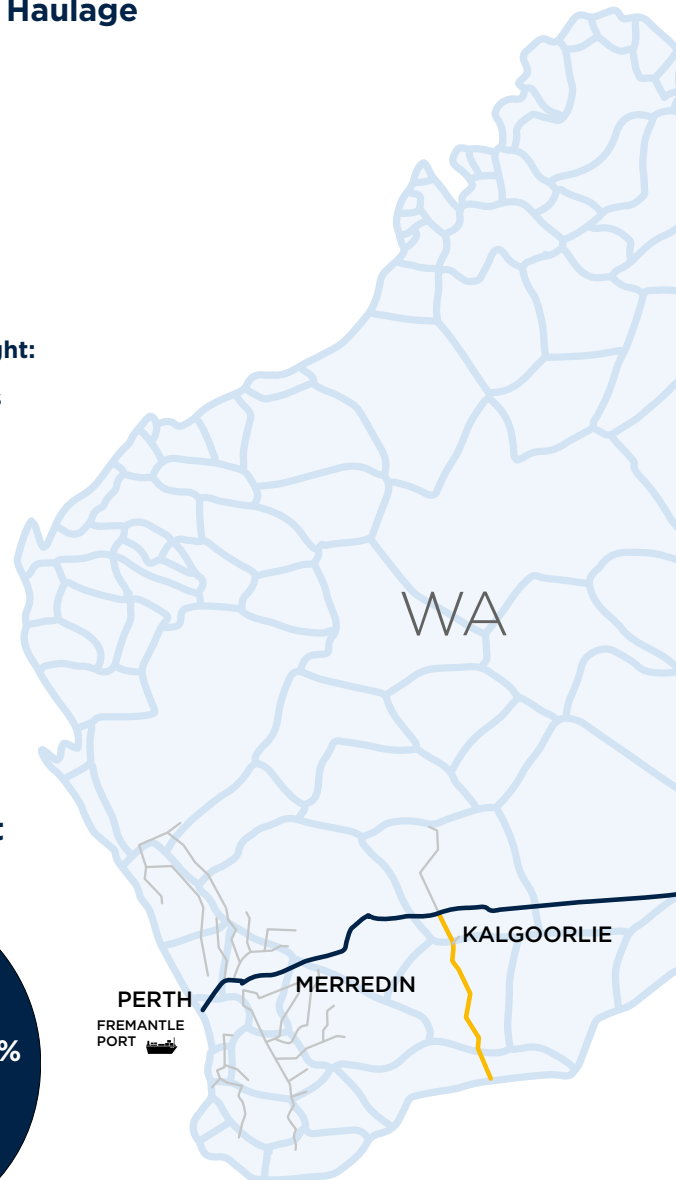


Annual Weekly Haulage FY24

Intermodal:
0.17m tonnes
13,482 TEU

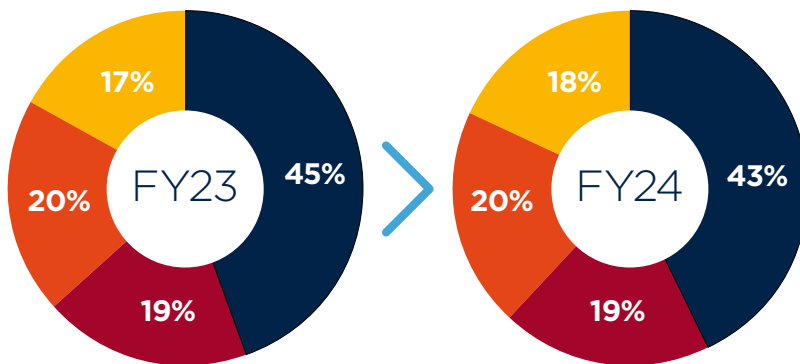
Coal:
2.34m tonnes

Bulk and other Freight:
0.29m tonnes



Our core markets^

Percentage of rail revenue by business segment



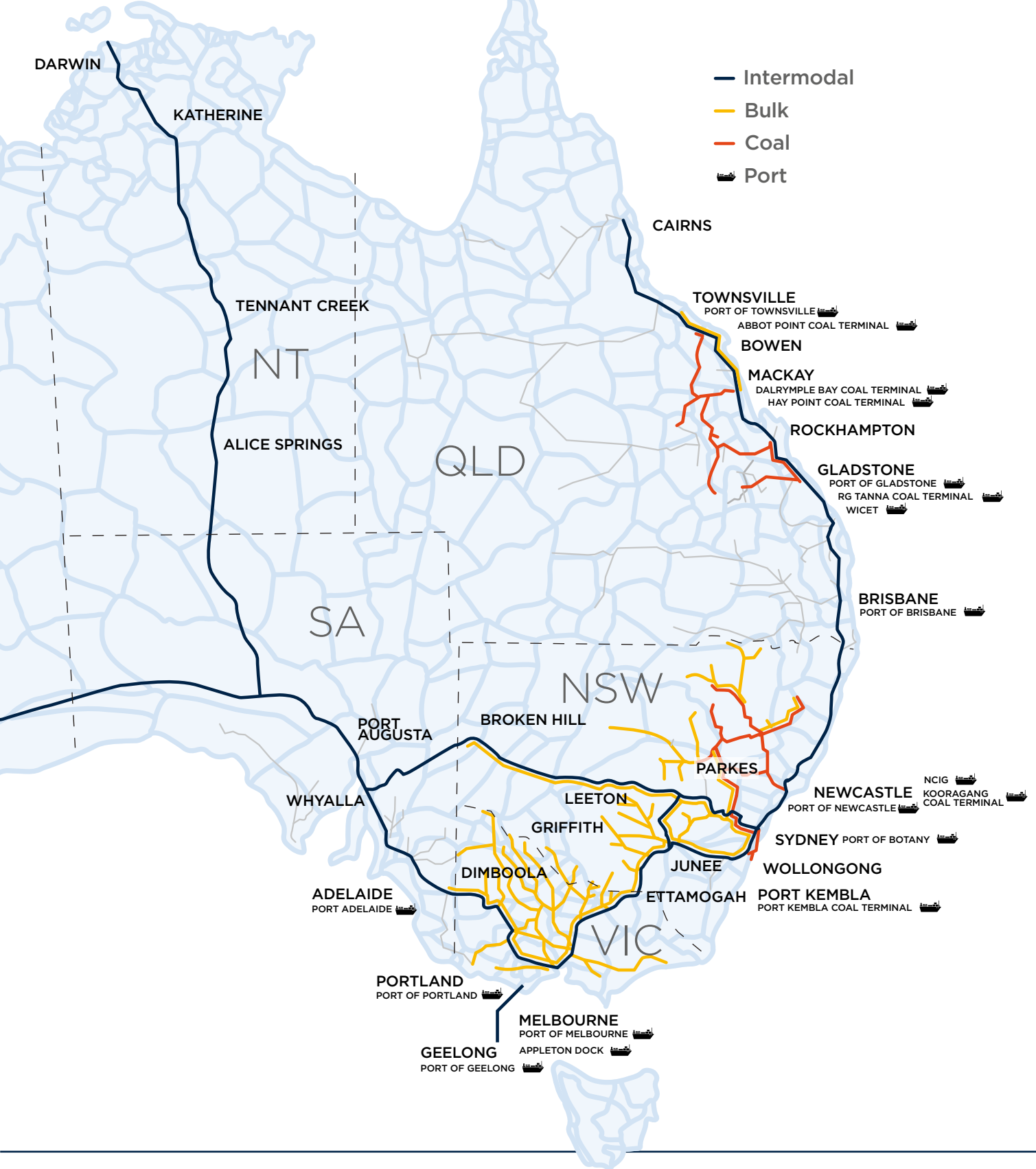
- Intermodal Freight
- Metallurgical Coal
- Thermal Coal
- Other

* Active locomotives are all locomotives excluding those that are on hire, scrapped or in storage. Active wagons are all wagon excluding those scrapped or in storage. Customers are all customers with a transaction during FY24.

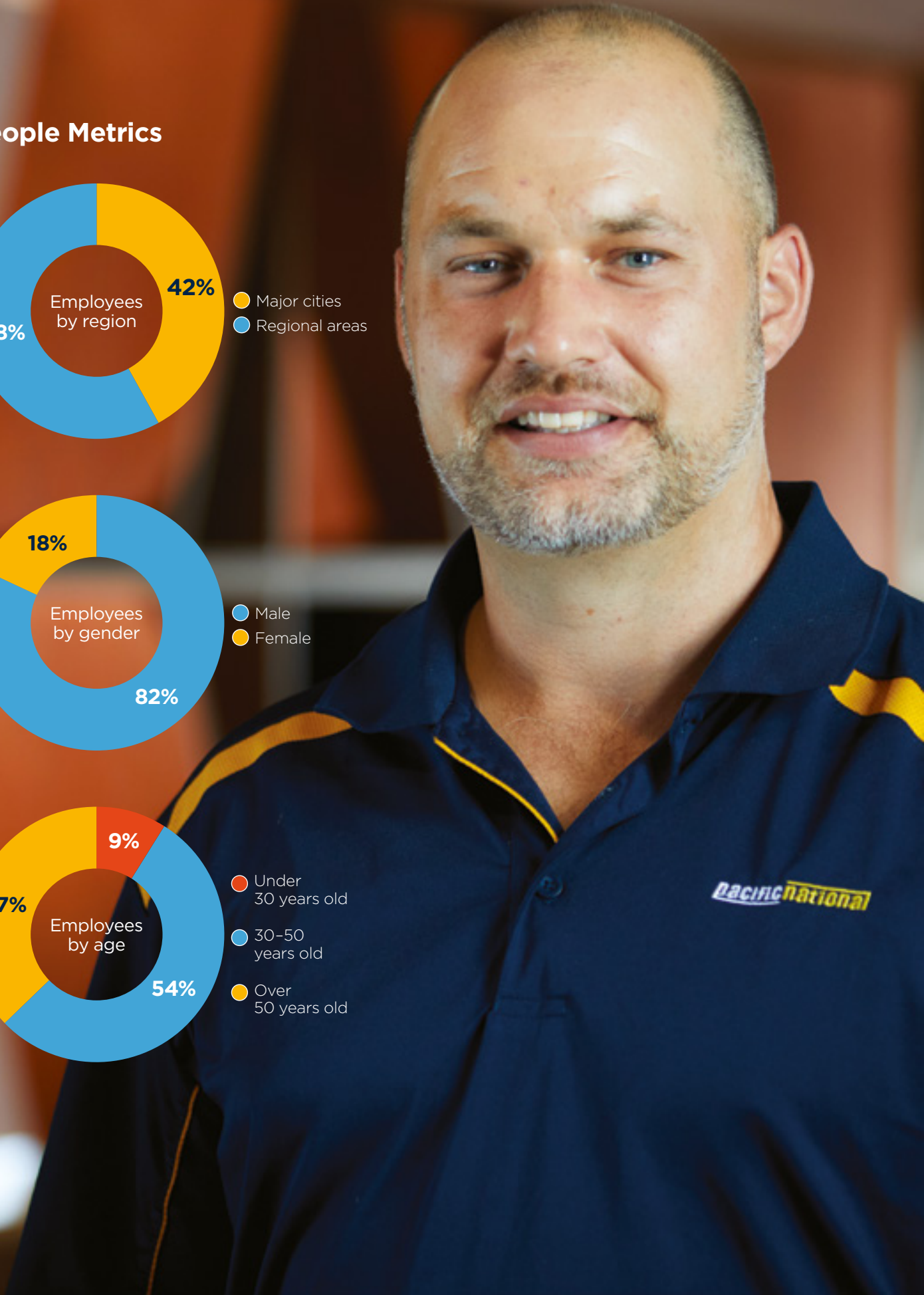
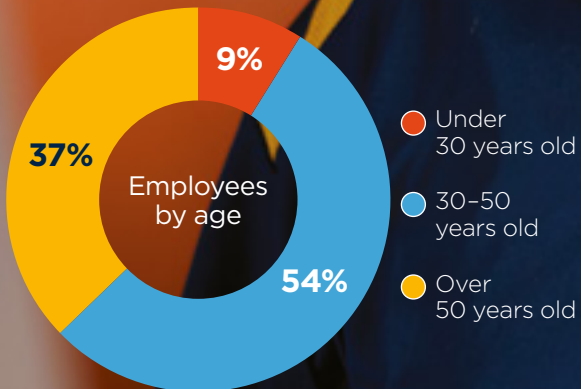
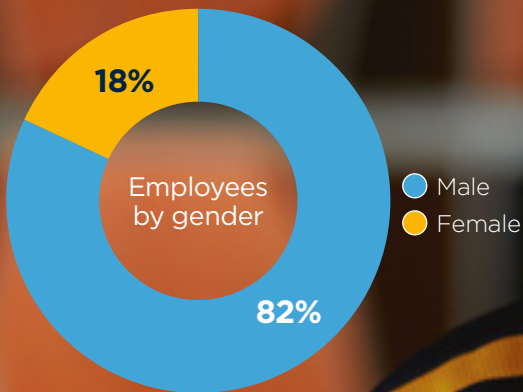
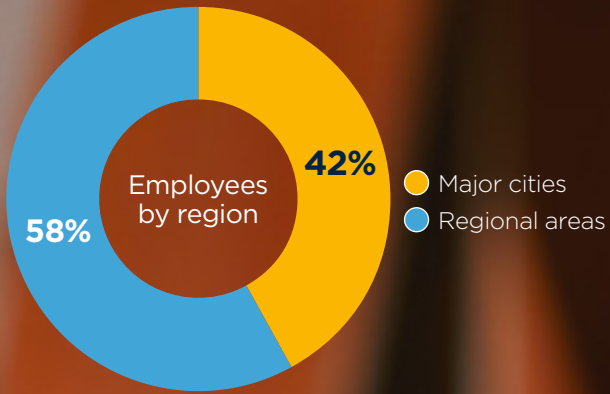
^ Core markets numbers are rounded to the nearest one per cent.

Where we operate

PN Network overlaid on First Nations map of Australia



People Metrics





Governance at Pacific National

Our Board of Directors and Executive Leadership Team are committed to maintaining a high standard of corporate governance at Pacific National. Our approach to governance is based on a set of values and behaviours which guide our day-to-day activities as expressed in our Pacific National Approach (PNA).

Pacific National's governance structure promotes ethical and responsible business conduct and is a critical pillar that allows us to achieve our objectives and create value for our stakeholders, our workers and our communities. We recognise that good corporate governance is fundamental to the continued success and performance of our business.

The Board provides the highest level of oversight and has adopted corporate governance policies and procedures that define the way Pacific National conducts business. The Board and its Committees provide governance and direction over ESG strategy, risks, metrics, and ESG related incentives.

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.



In 2022, we solidified our ESG Strategy and bolstered our sustainability team to deliver more targeted reporting and outcomes and to guide Pacific National's delivery on its strategy. We will continue to adjust and align the business to our ESG and Sustainability objectives. These are clear, easily understood, and supported by our Board, Executive Leadership Team, and our people.



ESG Strategy goals



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



Our environmental objectives

- Explore a pathway to net zero and enact asset and technology roadmaps to support the pathway
- Leverage our carbon efficiency to reduce our environmental impact on Australia's supply chain
- Minimise our environmental footprint beyond carbon reduction



Our social objectives

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

Materiality assessment

We completed a comprehensive materiality assessment 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 in FY24.

- Governance
- Road to Rail and Climate Change
- Health, Safety and Wellbeing
- People and Community
- Environmental footprint.

The materiality assessment process overview and the materiality matrix can be found on pages 16–17 of our FY22 ESG report available on our **website**.



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.



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

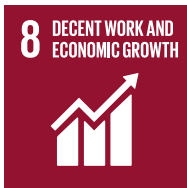
We continue to ensure our employees always work in safe conditions and we will also take care of their mental and physical health and wellbeing.

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.

Commitment to the United Nations Sustainable Development Goals (UNSDG)

We remain committed to contributing towards the following UNSDGs.



ESG Governance

Our Board and Executive Leadership Team are committed to the delivery of Pacific National's ESG strategy. Our ESG strategy contributes to our company's growth and supports the rail industry in driving carbon efficiency in the national supply chain. We have invested in strengthening our ESG capability to further add rigour to our program, including building our in-house expertise to focus on our strategy delivery and reporting.

Realigning the business structure

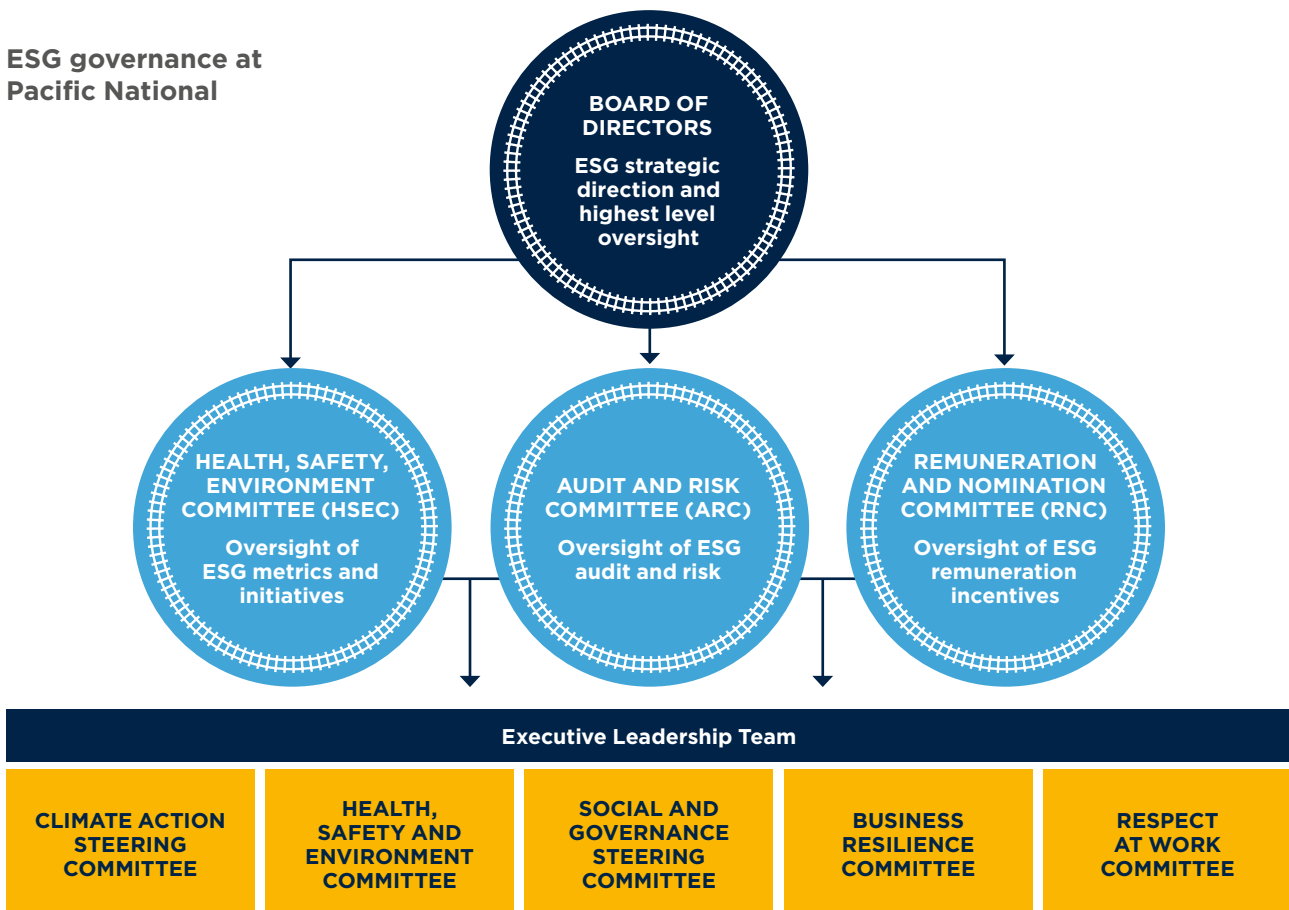
Beginning FY25, Pacific National will implement a commodity-aligned operating model.

The realignment, planned during FY24, supports clear accountability for business units, streamlines decision making within them and across the organisation, and enables us to respond quickly to market opportunities.

Reflecting this, our executive team now includes a newly created role of Chief of Health, Safety, Environment and Sustainability. Reporting directly to the CEO, establishment of this role reflects the elevated importance of ESG at Pacific National. The position demonstrates the criticality and connectedness of HSE and Sustainability in our business and positions our organisational structure to best deliver on our ESG strategy. The role will also have accountability for Enterprise Risk and Resilience.

The Board of Directors retains oversight of ESG strategy delivery, supported by appropriate Board Committees. Executive and Senior Leadership Team Steering Committees are accountable for implementing strategies and action plans. Working groups are responsible for program delivery and reporting to Steering Committees on progress of actions and targets.

ESG governance at Pacific National



The Board's Remuneration and Nomination committee is responsible for implementing and monitoring the Remuneration Policy, which was reviewed and updated in FY24. Pacific National's Short-Term Incentive Program applies safety, financial, community, customer, and people and leadership performance indicators including sustainability metrics.

Board of Directors oversight of sustainability-related matters

Pacific National's Board of Directors Charter establishes its responsibilities, which include:

- Setting our ESG framework and strategy and overseeing management's implementation of them.
- Reviewing and approving sustainability and ESG reporting, and monitoring compliance with external sustainability and climate reporting requirements.
- Establishing and assessing our company's sustainability and climate goals and monitoring progress.
- Monitoring Pacific National's response to sustainability and climate change matters, including decarbonisation initiatives.
- Monitoring sustainability developments, including legislative change and industry practice.
- Promoting a culture of continuous improvement in sustainability matters across our business.

During FY24, the Board received reports from management on the following matters:

- The evolving Australian ESG landscape, stakeholder expectations and evolution of Pacific National's ESG program.
- The introduction of mandatory climate reporting and its effect on Pacific National's processes and reports.
- Assessment of climate risks and opportunities under the TCFD framework.
- Our company's carbon emission forecast using the Pacific National carbon model.
- Decarbonisation and emissions reduction opportunities.
- The Australian Government's Safeguard Mechanism, including Pacific National's baseline, performance against that baseline and the definition of rail transport inclusive of new technologies to power rollingstock.
- Approval of Australian Carbon Credit Unit (ACCU) purchases and Pacific National's forward looking ACCU requirement forecast.
- Approval of the FY23 ESG Report and FY23 Modern Slavery Statement (both released during FY24).



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.

Policy Governance Framework

Our Policy Governance Framework sets out our policy hierarchy, development processes, and a clear outline of roles and responsibilities. The key policies relevant to ESG are:

Code of Conduct:

Our Code of Conduct reflects the behavioural and ethical expectations for how we engage with others, and how others engage with us.

Whistleblower Policy:

The purpose of this policy is to encourage and enable eligible whistleblowers to confidentially raise concerns, protect eligible whistleblowers for raising such concerns and provide transparency regarding how reported concerns are received and, where appropriate, investigated by Pacific National.

Gifts, Benefits and Interest Policy:

The Gifts, Benefits, and Interest Policy establishes the minimum requirements for the disclosure of conflicts of interest, and the giving or receiving of gifts, benefits, hospitality, or entertainment.

Fraud and Corruption Prevention Policy:

This policy outlines Pacific National's approach to reduce the overall risk of fraud and corruption.

Supplier Code of Conduct:

Supplier Code applies to all our Suppliers whenever they are conducting business with Pacific National. It is aligned with our company Code of Conduct and our Pacific National Approach (PNA) and reflects the expectations of our people, customers, investors, regulators, and the community.

Risk Management Framework and Policy:

The purpose of this policy and framework is to articulate the approach for an enterprise-wide risk management system at Pacific National.

Compliance Framework and Policy:

This policy outlines Pacific National's commitment and approach to implementing a compliance framework across all business operations. It describes the accountability structures to govern compliance management.

Health, Safety & Environment Policy:

The objective of this policy is to communicate Pacific National's strategic approach to Health, Safety and Environmental management across all business operations. This policy applies to all Pacific National employees, contractors and visitors.

Updated Code of Conduct

We have revised and updated our Code of Conduct to reflect changes to legislation. As well as being an important corporate governance tool, the Code of Conduct sets the standards of behaviour we expect of our employees, officers, and directors. It applies to contractors and consultants engaged by Pacific National, and reflects the expectations of our customers, suppliers, investors, regulators, and the community.

The Code of Conduct provides principles-based guidance to help employees respond to difficult questions and provides the basis for them to speak up. The Code of Conduct is an enabling document for our Whistleblower Policy. It also reflects our culture as expressed in our PNA.

All employees are required to complete training on the updated Code of Conduct. As at 30 June 2024, 84 per cent of employees had completed the training with the remaining 16 per cent including new starters.

Supplier Code of Conduct update

Our Supplier Code of Conduct was refreshed to align with the updated Code of Conduct. It includes robust guidelines around operating sustainably and protecting the environment, compliance with laws regarding modern slavery and embracing inclusivity and diversity in our supply base.

Other policy updates

We updated our Gifts, Benefits and Interest Policy. It incorporates new legislative requirements and clearly articulates current legal obligations in matters such as bribery, sanctions, and corruption. We also revised our Whistleblower Policy to enhance the protections we provide to whistleblowers.

Risk management framework review

We reviewed and updated our Risk Management Framework in FY24. We considered our risk appetite, reporting structure and indicators critical to early identification of risk to effectively manage opportunities and threats. Management actions are reported formally to our Board and Committees regularly, as is the identification of emerging risks.

Our present and emerging strategic risks and opportunities are monitored and inform mitigation planning:

- Critical safety, related to learnings from events that caused or have a potential to cause serious injury or fatality
- Sustainability and decarbonisation, related to climate change risk
- Talent and capability.

Industry leadership and government engagement

As a leading freight and logistics operator in Australia, we are active contributors to industry bodies and government policy forums.

Industry association membership

Australasian Railway Association	Freight on Rail Group	TrackSAFE Foundation	Property Council of Australia
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Industry group participation

Office of the National Rail Safety Regulator	National Transport Commission Rail Interoperability Advisory Group	Rail Industry Safety and Standards Board (Australia), Rail Safety and Standards Board (UK)	Queensland Ministerial Freight Council	Victorian Grain Rail Improvement Program
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Government engagement

We regularly engage with industry bodies and government agencies at both state and federal levels to promote rail freight in Australia. Their support is welcomed in efforts to enhance the resilience of the rail freight network and to work towards the decarbonisation of our industry and the national supply chain.

Contribution to the National Adaptation Plan Issues Paper

We responded to the Department of Climate Change, Energy, the Environment and Water (DCCEEW) Issues Paper on the National Adaptation Plan. Our submission advocated the importance of rail freight in decarbonising the national supply chain. We pointed to policy settings required for transitioning freight transport from road to rail, including harmonisation of rail standards and providing increased funding to enhance existing rail networks, amongst other solutions. Threats to the transport industry from physical climate change risk requires government, industry and stakeholder collaboration around policies, programs, and activities. We highlighted the importance of limiting the reporting burden on companies related to adaptation planning to enable businesses to focus on developing solutions to decarbonise.

Response to the Safeguard Mechanism Reforms: International Best Practice Benchmarks Consultation

It was important for Pacific National to contribute to DCCEEW's international best practice benchmark consultation. We supported the overall approach, while pointing to including additional detail for existing and new transition fuels and adding an assurance and appeals process should there be differing views on the validity of selected benchmarks. We also advocated adjusting international benchmarks for Australian conditions.

Submission to the Safeguard Mechanism Reforms: National Greenhouse and Energy Reporting (Safeguard Mechanism) Amendment (Production Variables Update) Rules (No.2) 2023

Our submission to the Safeguard Mechanism reform regarding emissions and energy reporting resulted in an update to the definition of the rail transport production variable, making it technology neutral. This was an important change as it acknowledged that rail transport is powered by a variety of technologies, not just diesel. Locomotives may be powered by electric, battery-electric and hydrogen technologies. This change will allow for recognition of all rail decarbonisation efforts in emissions intensity accounting.

National Level Crossing Safety Summit and advertising campaign

In December 2023, our team suffered the tragic loss of train drivers Mick Warren and Kevin Baker. They were operating an intermodal train between Sydney and Perth when it collided with a truck at a level crossing at Bindarra in South Australia.

Safety of our employees is our utmost priority, and we strive to ensure all our people go home safely every day by considering safety in every moment. In response to the accident, we launched a public education and awareness campaign to promote safety at level crossings. Our “Don’t take a chance, take a look” advertisements were published in *The Australian*, *The Daily Telegraph*, *Adelaide Advertiser*, the *Australian Financial Review* and *AFR Weekend*, *Sydney Morning Herald* and *The Age* during the week beginning 29 January 2024.

In February 2024, the Australian Government released the National Level Crossing Strategy 2023–2032 setting a clear vision for working towards zero harm on Australia’s level crossing network. The Federal and Queensland Transport Ministers convened a Rail Level Crossing Safety Roundtable on 6 March 2024, with Pacific National CEO Paul Scurrah invited as keynote speaker.

Pacific National is an active member of TrackSAFE which advocates on community safety around the rail network. We will continue to remain vigilant in this critical area of safety which has a direct and indirect impact on our people and the community.



Don't take a chance. Take a look.

Don't take a chance, take the time to learn how to be safe at level crossings.

Losing concentration, taking a chance or being reckless about safety at level crossings can have devastating consequences.

Trains can't stop quickly or swerve.
Cross with care at level crossings so we all go home safely, every day.

Scan to learn more about rail safety

pacifichnational

SLOW DOWN LOOK
CROSS WITH CARE

Pacific National's “Don’t take a chance, take a look” advertising campaign.

Procurement

We have developed our capabilities and embedded best practice across all aspects of social and environmental procurement. We are now better placed to deliver improved procurement outcomes.

Procurement Framework

We developed a Procurement Framework to standardise our procurement process. Each stage includes several risk mitigation tasks, including ESG and Modern Slavery risk assessments, ESG and Modern Slavery-specific supplier questionnaires, and ongoing risk monitoring.

Indigenous Procurement Strategy

Our procurement team developed Pacific National's first Indigenous Procurement Strategy to diversify our supply base. We have applied to Supply Nation to become a member, which will enable us to connect and engage with First Nations owned businesses.

Chartered Institute of Procurement and Supply (CIPS) Ethical Procurement Certification

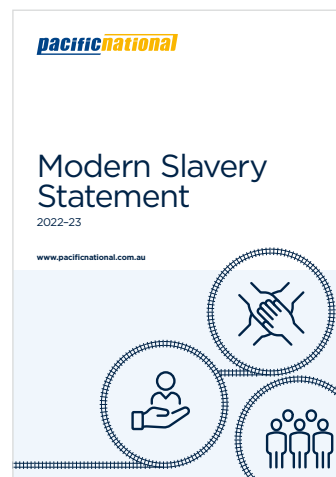
This year our team has again partnered with the Procurement Institute to obtain Ethical Procurement Certifications as part of our mandatory training program. It strengthens Pacific National's ability to deliver best practice ethical procurement and supports our commitment to improved social outcomes throughout our third-party supply chain.

The Faculty Roundtable and Masterclass Program

Our procurement and commercial leaders attended the Faculty Roundtable and Masterclass Programs, conducted by Procurious to develop skills in sustainable, social, Indigenous procurement, gender diversity and carbon literacy. These education programs allow our team members to share experiences and insights and learn from industry leaders.

Modern Slavery

We published a Modern Slavery Statement for 2022-2023, setting out the actions we have taken to manage the risk of slavery practices arising in our operations and supply chain. Our modern slavery approach is based on transparent policies and practices that communicate our support for human rights in all our business practices. For further information on our capabilities to combat modern slavery and protect fundamental human rights for all who interact with us, you can access our Statement on our [website](#).



Request for Information Terms and Conditions update

Our Legal and Procurement teams updated the terms and conditions linked to any Request for Information issued to vendors to specifically include provisions around Modern Slavery. Our terms and conditions also include adherence to our refreshed Supplier Code of Conduct. Pacific National's procurement spend platform, Coupa, assists us in monitoring acceptance of the new terms.

Our Purchase Order terms and conditions were also updated to include modern slavery-related and anti-corruption clauses applicable to both our company and our suppliers.



Business Resilience

Pacific National's approach to business resilience is grounded in continued risk reviews, testing, updating plans, and learning from events as they occur. Our work includes ongoing collaboration with network operators on response plans for minimising track disruptions, improving vegetation management on rail corridors, and responding to the threats of climate change.

Business Resilience Policy and Framework

We are developing the Pacific National Resilience Policy and Framework to further improve resilience within our business. The framework includes a new cross-functional Business Resilience Steering Committee to provide direction and review the program and monitor its progress.

Our team has worked with the Australasian Railway Association to form a **Resilience Working Group** to advance discussions related to improving resilience and reducing risk in the rail industry. The working group will focus on climate-related risks first.

We also welcome the recent government announcement confirming the funding for the Australian Rail Track Corporation to enhance the **reliability of the national rail network**. Investments will include the upgrade of existing crossing loops and culverts, track rehabilitation and re-railing, signalling works, and sleeper replacements.

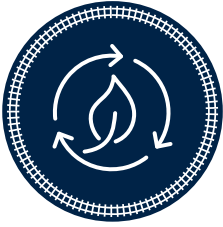
Cyber Security

Pacific National is subject to the *Security of Critical Infrastructure Act 2018*, including the new *Critical Infrastructure Risk Management Program Rules*. In FY24, we implemented several new controls addressing identity and data loss, intrusion protection, and a new Secure Development framework.

Vegetation management

Together with Australian Rail Track Corporation (ARTC) our team developed a comprehensive vegetation management plan for 15 specific sites identified by Pacific National. Overgrown vegetation adjacent to rail lines presents a safety risk to all rail operations particularly during bushfires. ARTC has committed to intensifying its efforts, with most tasks listed in the plan now complete.

Our team is also working with ARTC to support national consistency in vegetation management processes across all states through engagement with the Office of the National Rail Safety Regulator.



Work sustainably

To reduce our environmental impact

Objectives:

Explore a pathway to net zero and enact asset and technology roadmaps to support the pathway.

Leverage our carbon efficiency to reduce our environmental impact on Australia's supply chain.

Minimise our environmental footprint beyond carbon reduction.

Climate Change Risk Management and Exploring Pathway to Net Zero

Execution of our Climate Change Strategy is one of our key business priorities as we work to contribute to Australia's transition to a low-carbon economy.

Decarbonisation of our company and management of climate risk is a company-wide effort and a significant task for our teams. In our approach we focus on tangible solutions that we can implement for long-term success and engage with our peers and government to contribute to industry-wide change.

We continue to make progress in this area. Our team has been advancing several decarbonisation initiatives. This has included green energy procurement for our operations and continuing with fuel efficiency programs, from implementation of the Trip Optimizer™ program, to the battery jumpstart program and fuel digitisation. We have a locomotive fleet strategy that is key to our long-term decarbonisation efforts and have developed a light vehicle strategy. We are bringing in technology to help us reduce emissions, such

as deploying digital twin technology for better management of our terminal assets. Work has gone into exploring low carbon fuels, hydrogen-powered and battery electric locomotives, with our team engaging the industry and potential suppliers to understand the feasibility of introducing such technologies.

Climate change risk management is also an important pillar of our Climate Change Strategy. We have completed detailed physical and transition risk assessment and climate scenario modelling to inform our strategy. To better measure our performance, we are refining our data collection processes. Development of a Climate Transition Action Plan is ongoing, including exploring a credible and achievable pathway to net zero.

We continue our “Road to Rail” initiative to highlight the benefits of shifting freight from trucks to trains to support carbon efficiency in Australia’s

supply chains. Rail is the most carbon efficient form of line-haul land transport and it is important for us to continue to highlight the importance of rail freight in our market, while working hard on reducing our operational emissions. As part of lowering our carbon footprint, we advocate for the carbon efficiency of the rail supply chain and work to implement new business solutions that will allow us to further reduce our emissions impact.

Our Climate Change Strategy progress and development of climate-related financial disclosures against the recommendations of the Taskforce on Climate-related Financial Disclosures is set out below. In future, Pacific National will report in alignment with the mandatory Australian Sustainability Reporting Standards. We continue to work on our climate-related financial disclosures in preparation for the mandatory reporting regime commencement.

Progress against the TCFD recommendations

TCFD recommendation Our progress



Governance

The Board’s oversight of climate-related risks and opportunities

Pacific National’s Board is responsible for overseeing and reviewing our climate strategy, supported by the appropriate Board Committees. The Board’s responsibilities include assessing our climate-related strategy and goals and monitoring progress of our decarbonisation initiatives. The Board also reviews and approves our climate-related reporting and disclosures.

Further information on climate governance, including climate-related matters considered by the Board in FY24, is included in the *Governance* section on page 16.

Management’s role in assessing and managing climate-related risks and opportunities

The Executive Leadership Team assesses and manages climate-related risks and opportunities. We established the Climate Action Steering Committee in FY23 which is accountable for implementing strategies and action plans related to climate. The committee is supported by two working groups, the Carbon Modelling and Performance Working Group and Decarbonisation Working Group, which are responsible for program delivery and reporting to the Steering Committee on progress.

Information on ESG governance is included in the *Governance* section on page 16.



Strategy

Impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning

In FY24 we conducted a physical and transition climate risk assessment and scenario analysis. We engaged a third-party to support us in this work supplemented by key team members and subject matter experts within Pacific National.

Our physical climate change risk assessment can be found on page 32.

Our transition climate change risk assessment can be found on page 35.

The resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Pacific National established its Climate Change Strategy in FY23 and we have been making progress across all four pillars:

Supporting transition to a low-carbon future:

- Customer carbon emissions calculator update
- Government and industry engagement.

Decarbonising our operations:

- Green energy procurement
- Trip Optimizer™ program
- Fuel efficiency programs
- Battery jumpstart program
- Fuel digitisation
- Inline fuelling
- Locomotive fleet strategy
- Digital Twin development
- Light vehicle strategy
- Energy efficient properties
- Low carbon diesels, including hydrotreated vegetable oil and biofuels
- Alternative locomotive energy sources, including battery electric locomotives and hydrogen fuel cell and ammonia technology
- Building climate resilience
- Climate risk assessment
- Engagement and collaboration
- Industry engagement on climate and decarbonisation-related matters.

TCFD recommendation **Our progress**



Strategy

The resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario (continued)

With our first physical and transition climate change risk assessment complete, we are looking to update our strategy and develop a Climate Transition Action Plan. This will include further investigation into the physical and transition climate risks identified to determine their impact on our business. We will devise appropriate strategies to mitigate these risks and consider opportunities related to the energy transition.

We detail progress made on Pacific National Climate Change Strategy outlined on page 40.

TCFD recommendation **Our progress**



Risk management

Processes for identifying and assessing climate related risks

FY24 was the first time we conducted a physical and transition climate risk assessment, aligned with recommendations of the Task Force on Climate-related Financial Disclosures. We engaged an external consultancy to support the review of physical risks and transition risks and opportunities.

- Physical risk screening has been conducted for critical Pacific National sites and our rail operations across Australia. Risks were quantified focusing on natural catastrophe impacts, chronic risk impacts for our assets and operations, and their evolution. Further information about the process we undertook and the methodology deployed is included on page 35.
- For transition risk identification, the process included a peer landscape assessment, a review of Pacific National’s data and interviews with key internal stakeholders. Further information about the process we undertook and the methodology deployed is included on page 35.

Processes for managing climate-related risks

Our ESG materiality assessment informs key environmental parameters impacting our business. Our ESG Strategy outlines goals aimed at managing climate-related risks.

TCFD recommendation **Our progress**



Risk management

How processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

Climate risk is incorporated into our enterprise risk register as one of the key business risks. The Board oversees the Risk Management Framework and its operation by management, including receiving regular reports on strategic risks. We are developing our Climate Transition Action Plan based on the work completed so far and the plan will be aligned to the enterprise risk register and our new business resilience framework.

TCFD recommendation **Our progress**



Metrics and targets

Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

We measure and report our impact using the following metrics:

- Greenhouse gas emissions Scope 1, 2, 3.
- Greenhouse gas emissions intensity Scope 1.

While we have reported Scope 1 and 2 emissions over several years in line with the *National Greenhouse and Energy Reporting Act 2007*, we have only recently begun to measure our in-depth Scope 3 emissions footprint.

Scope 1, 2 and 3 greenhouse gas (GHG) emissions and related risks

We are progressing projects to reduce our GHG emissions and are actively considering alternative energy sources to power locomotives.

An overview of our greenhouse gas emissions footprint can be found on page 38 of this report.

Targets used by the organisation to manage climate-related risks and opportunities and performance against targets

We have aligned our Scope 1 emissions intensity target with the Safeguard Mechanism reform which reduces the legislated emissions limit (baseline) of a covered facility by 4.9% annually.

We are also working on exploring a credible pathway to net zero.



Physical risk disclosure

Our physical climate risk and opportunity assessment was conducted in FY24 for Pacific National critical sites and rail operations across Australia. This included quantification of physical risks, focusing on natural catastrophe impacts, chronic risks impact for Pacific National’s assets and operations, and their evolution. The most pertinent hazards were further investigated in the baseline (2000), in 2030 and in 2050 timeframes under two climate change scenarios, middle of the road scenario and high-reference scenario (the most pessimistic scenario).

Methodology used for physical risk assessment

Scenarios ²	Business scope	Timeframes ³	Key assumptions/ data used	Climate hazards
Middle-of-the-road scenario (SSP2-4.5) of +2.1 to +3.5°C warming by 2100 ⁴	Pacific National’s 27 critical sites and 42,215 km of railways across Australia (Track infrastructure not owned by Pacific National)	Baseline: 2000	Underlying data extracted from the Global Climate Models used by the Intergovernmental Panel on Climate Change	Acute climate hazards that are event-driven, including extreme weather events
High-reference scenario (SSP5-8.5) of +3.3 to 5.7°C warming by 2100		Medium term - 2030		Chronic climate hazards which represent long-term shifts in climate patterns that may cause continuous evolution in climate indicators
		Long term - 2050		

2 Chosen scenarios are in line with the Paris Agreement.

3 Timeframes chosen for the assessment are aligned with Pacific National short, medium and long-term timeframe definitions. Timeframes chosen align with our own planning horizons (asset maintenance plans and a lifecycle of a new asset) as well as key dates related to our climate change targets.

4 Above pre-industrial levels (1850–1900), consistent with the Paris Agreement.

Physical risks identified

Risk type	Risk rating ⁵		Value chain ⁶	Description ⁷
	2030	2050		
Flood	Risk: High Likelihood: Low Impact: High	Risk: High Likelihood: Medium Impact: High	Sites Train terminals Railways	<p>Rainfall-related flooding is a significant risk for Pacific National assets, especially those located in Queensland. Heavy rainfall-related floods are expected to increase by 2030, potentially affecting Pacific National sites and assets. River flooding is an existing risk for Pacific National and remains stable, coastal flooding is a minor risk.</p> <p>Floodwaters can damage internal and external building infrastructure and equipment and partial or complete suspension of train services at affected terminals.</p> <p>Flooding over tracks and washouts can cause disruptions and closures, followed by major repair, (temporary) speed restrictions, and alternative route selection.</p> <p>To address those risks, we are developing the Pacific National Resilience Policy and Framework. The framework includes a new cross-functional Business Resilience Steering Committee to provide direction and review the program and monitor its progress, including mitigating flood-related risks.</p>
Extreme heat ⁸	Risk: Moderate Likelihood: Medium Impact: Moderate	Risk: Moderate Likelihood: High Impact: Moderate	Sites Train terminals Railways	<p>Days with extreme heat, already a risk historically present in Australia, are likely to increase significantly by 2030, particularly in the northern half of Australia, resulting in an increased number of sites and railways at high risk of extreme heat.</p> <p>Extreme heat impacts related to increasingly difficult working conditions for employees, an increase in energy demand for cooling systems in sites, and faster ageing of infrastructure and machinery due to overheating.</p> <p>Railway infrastructure can be adversely affected by heat (e.g., rail buckling), with this resulting in speed restrictions or service cancellations due to impact on railways. Adaptation costs may increase access charges.</p>

⁵ Risks identified were appraised in terms of potential impact on Pacific National's activities and are aggregated at portfolio level. Railways and sites are included in the portfolio's aggregated risk mapping. SSP5-8.5 of +3.3 to 5.7°C warming by 2100 was used for the aggregated risk rating.

⁶ Railways refer to track and network infrastructure not owned by Pacific National.

⁷ Risk description relates to risk modelled by 2030 under SSP5-8.5.

⁸ Days with temperature above 35 degrees or days where the heat index is dangerous for human health.

Risk type	Risk rating ⁵		Value chain ⁶	Description ⁷
	2030	2050		
Heat stress ⁹	Risk: Moderate Likelihood: Medium Impact: Moderate	Risk: Moderate Likelihood: High Impact: Moderate	Railways	By 2030, the heat stress is likely to affect an increasing share of railways, leading to more difficult working conditions for outdoor workers.
Bushfires	Risk: High Likelihood: Medium Impact: High	Risk: Critical Likelihood: High Impact: High	Sites Train terminals Railways	Climate change is likely to lead to an increase in the frequency and severity of bushfires, with this risk increasing for affected railways and sites. Bushfire risk relates to physical damage to buildings; operations affected by signalling failures, power outages and compromised safety for users and workers.
Tropical cyclone ¹⁰	Risk: High Likelihood: Low Impact: High	Risk: High Likelihood: Low Impact: High	Sites Train terminals Railways Port Terminals	Hazards caused by tropical cyclones (extreme winds, coastal flooding and inland flooding) are expected to increase in intensity with climate change. Queensland (Southwest Pacific) and Western Australia (South Indian Ocean) are the main regions with assets at risk of tropical cyclones. Potential physical damage due to extreme winds and associated flash flooding, business interruption during extreme events, including risks to safety of workers.

9 A combination of high air temperature and relative humidity.

10 Modelled under the baseline timeframe, RP100 scenario as projections are not available for tropical cyclones due to climate models uncertainty.

Transition risk disclosure

Methodology used for transition risk assessment

Qualitative risk and opportunity review included:

- A review of previous physical climate change risk work completed by Pacific National
- A peer benchmark analysis based on the CDP Climate Change 2023 questionnaire and publicly disclosed information
- Interviews with key functions and subject matter experts within Pacific National

Risks were mapped according to potential likelihood and impact, with key risks chosen for financial impact analysis.

Quantitative risk and opportunity review included:

- Value chain impact mapping
- Identification of relevant financial indicators and quantification of impact over time considering different transition scenarios
- Identification of other non-climate related indicators that might impact Pacific National's financials
- Validation of results with the Pacific National team

Scenarios	Timeframes	Key assumptions
<p>1.5°C scenario that corresponds to the Network for Greening the Financial System (NGFS) Net Zero 2050 scenario.</p> <p>Business As Usual scenario is used and corresponds to the NGFS Nationally Determined Contributions scenario¹¹.</p>	<p>Baseline – current</p> <p>Medium term – 2030</p>	<p>Scenario-based analysis was conducted factoring in aspects such as carbon pricing, adoption of energy efficient solutions and using data sets from recognised institutions, such as the International Energy Agency.</p> <p>The analysis assumes that Safeguard Mechanism would continue in its current form.</p> <p>It considered our decarbonisation pathways, as outlined on page 42 of this report.</p>

¹¹ This scenario includes all pledged policies even if not yet implemented.

Transition risks and opportunities identified

Risk/ opportunity type	Risk rating ¹²		Description
	Baseline (current)	Medium term – 2030	
Risks			
Safeguard Mechanism	Risk: High Likelihood: High Impact: High	Risk: Critical Likelihood: High Impact: Critical	Pacific National is covered under the Safeguard Mechanism which can result in a financial impact on the business related to mitigating the company's emissions footprint.
Cost to transitioning to low-carbon technologies to reduce Scope 1 emissions	Risk: Moderate Likelihood: High Impact: Moderate	Risk: Critical Likelihood: High Impact: High	The adoption of lower carbon technologies entails costs and challenges. The integration of battery-powered locomotives, biodiesel, or alternative fuels could be costly and requires additional research and development and testing, likely in partnership with rail infrastructure owners. Electrification of infrastructure in the economy can result in a rising electricity demand and costs associated with it.
Decreased market share due to road usage	Risk: Moderate Likelihood: High Impact: Moderate	Risk: Critical Likelihood: High Impact: Critical	With increasing climate change-related hazards in Australia and the potential capacity of road operators to electrify their fleet more rapidly, rail usage may progressively decrease if customers choose road over rail. Rail lines are already affected by adverse weather events and will be increasingly so, likely leading to higher usage of roads over railways, and consequently, a decrease in market share for rail transport.

¹² Based on qualitative analysis and mapping, including climate trend analysis, peer benchmarking and interviews with Pacific National employees.

Risk/ opportunity type	Risk rating ¹²		Description
	Baseline (current)	Medium term – 2030	
Market uncertainty regarding coal transportation activities	Risk: Low Likelihood: Remote Impact: Moderate	Risk: High Likelihood: Moderate Impact: High	Coal transportation activities account for about 40 per cent of our revenue. The energy transition will result in a proportionate falling demand for coal globally in the long-term. Currently in some regions in Australia, coal-related activities continue as demand persists. In others, strategies related to coal mining phase out are advancing. We will look to adjust our strategy to respond to the changing coal demand globally and our role in transporting this commodity. We aim to continue to support our customers who require our haulage services to export Australia's high quality coal.

Opportunities

Efficiency improvements and operational cost reduction	Opportunity: Moderate Likelihood: Medium Impact: Moderate	Opportunity: Extensive Likelihood: High Impact: High	Opportunities exist for operational cost savings and efficiency improvements. Pacific National's initiatives, such as fuel optimisation projects, double stacking, and fuel digitisation, can not only optimise fuel usage but also enhance data monitoring and management, thereby improving overall fleet performance.
Development of low emission services	Opportunity: Low Likelihood: Low Impact: Low	Opportunity: High Likelihood: Medium Impact: High	<p>Transportation of containers by truck or train depends on factors such as cost and speed. Currently, truck transport holds an advantage in terms of cost-effectiveness and speed. However, by leveraging government and community recognition of rail's environmental benefits, and investing in technological innovation, there is an opportunity to improve market positioning, and attract eco-conscious customers.</p> <p>Our "Road to Rail" initiative highlights the benefits of shifting freight from trucks to trains to support carbon efficiency in Australia's supply chains. Rail is the most carbon efficient form of line-haul land transport and it is important for us to continue to highlight the importance of rail freight in our market to our current and future customers.</p>

Greenhouse gas emissions footprint

Our absolute Scope 1 greenhouse gas emissions and Scope 1 emissions intensity improved in FY24 versus FY23. In FY24, we progressed carbon efficiency projects, which resulted in reduced carbon emissions impact.

This year we further improved our understanding of our Scope 3 emissions inventory,¹³ adding purchased goods and services, and capital goods spend-based emissions to our calculations. This and other changes to our calculations increased the coverage of our Scope 3 emissions. With that, we recalculated our FY23 Scope 3 emissions which resulted in an increase of the previously reported impact. The majority of our Scope 3 emissions are generated from our upstream activities, including the purchased goods and services category and fuel and energy-related activities. As we decarbonise our operations, we expect also to reduce our Scope 3 emissions.

We worked with the Clean Energy Regulator to change the definition of rail transport in the Safeguard Mechanism. The updated definition¹⁴ accounts for rail transport that is powered by technologies other than combustion engines, such as battery-electric, hydrogen technologies, and other power sources. This change will allow for all rail decarbonisation efforts to be recognised in emissions accounting.

In line with the rail production variable's definition change, we are reporting our emission intensity based on total Net Tonne Kilometres (diesel and electric powered locomotives). Historical emissions intensity data presented in this report has been updated to reflect this change.

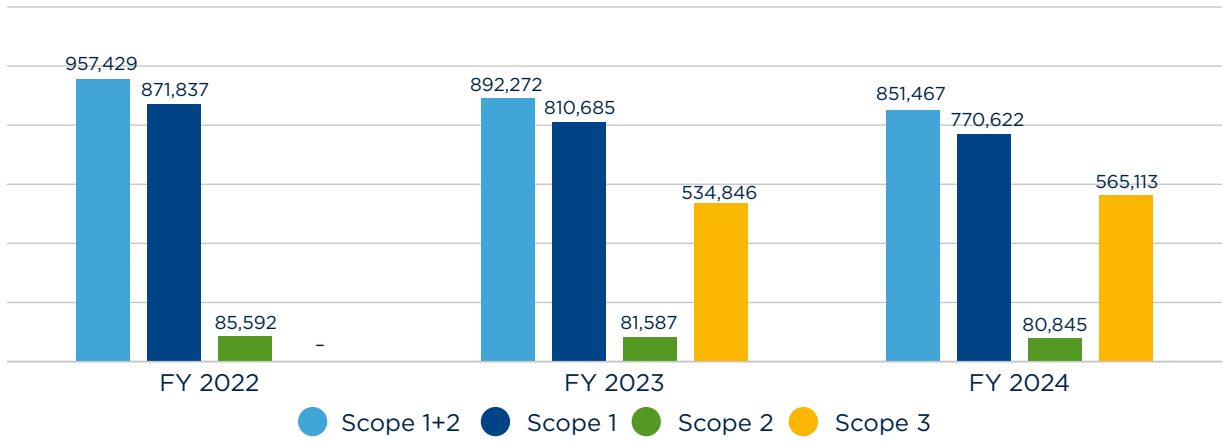
Greenhouse Gas Emission Footprint

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.

¹³ Our Scope 3 emission calculations are aligned with the Greenhouse Gas Emissions Protocol's Corporate Value Chain Accounting and Reporting Standard.

¹⁴ The previous rail transport production variable's definition excluded rollingstock operations not propelled by the combustion of fuels and was inconsistent with technology neutral definitions for other production variables. The new production variable's definition is changed to rail transport as the use of technology to power rolling stock. This definition change allows for the inclusion of electric as well diesel net tonne kilometres for Scope 1 emissions intensity calculations.

Greenhouse Gas Emissions (tCO₂-e)



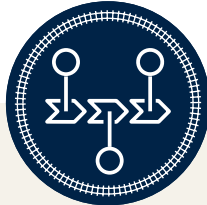
Scope 1 Emissions Intensity (tCO₂e/mNTK)

Metric(s)	Unit	GRI	FY24	FY23	FY22
Pacific National Scope 1 - Emissions Intensity	tCO ₂ e/mNTK	GRI 305-4a	16.2	17.1	16.6



Pacific National Climate Change Strategy

We made progress on all four pillars of our Climate Change Strategy. The details of progress against these strategic initiatives is outlined below.



Supporting transition to a low-carbon future

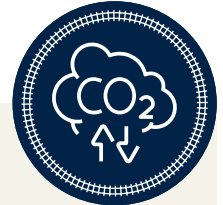
Driving carbon efficiency in Australia's supply chain via Pacific National's Road to Rail initiative

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 reporting



Decarbonising our operations

Seeking solutions to reduce emissions through

Purchase of carbon neutral inputs

Efficiency 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

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

Our engagement with federal and state governments to advocate the value of rail in decarbonising the national supply chain is outlined on page 21 of this report.

We contributed to government consultation on decarbonisation of the Australian economy, recognising the complexity of the task, multiple pathways available to our industry, and the need to set meaningful targets and priorities. It was important to communicate issues associated with lack of availability of low-carbon fuels and the long lead time for new technology developments and their delivery, all of which were recognised by the relevant agencies.

Improving fuel data collection and reporting practices

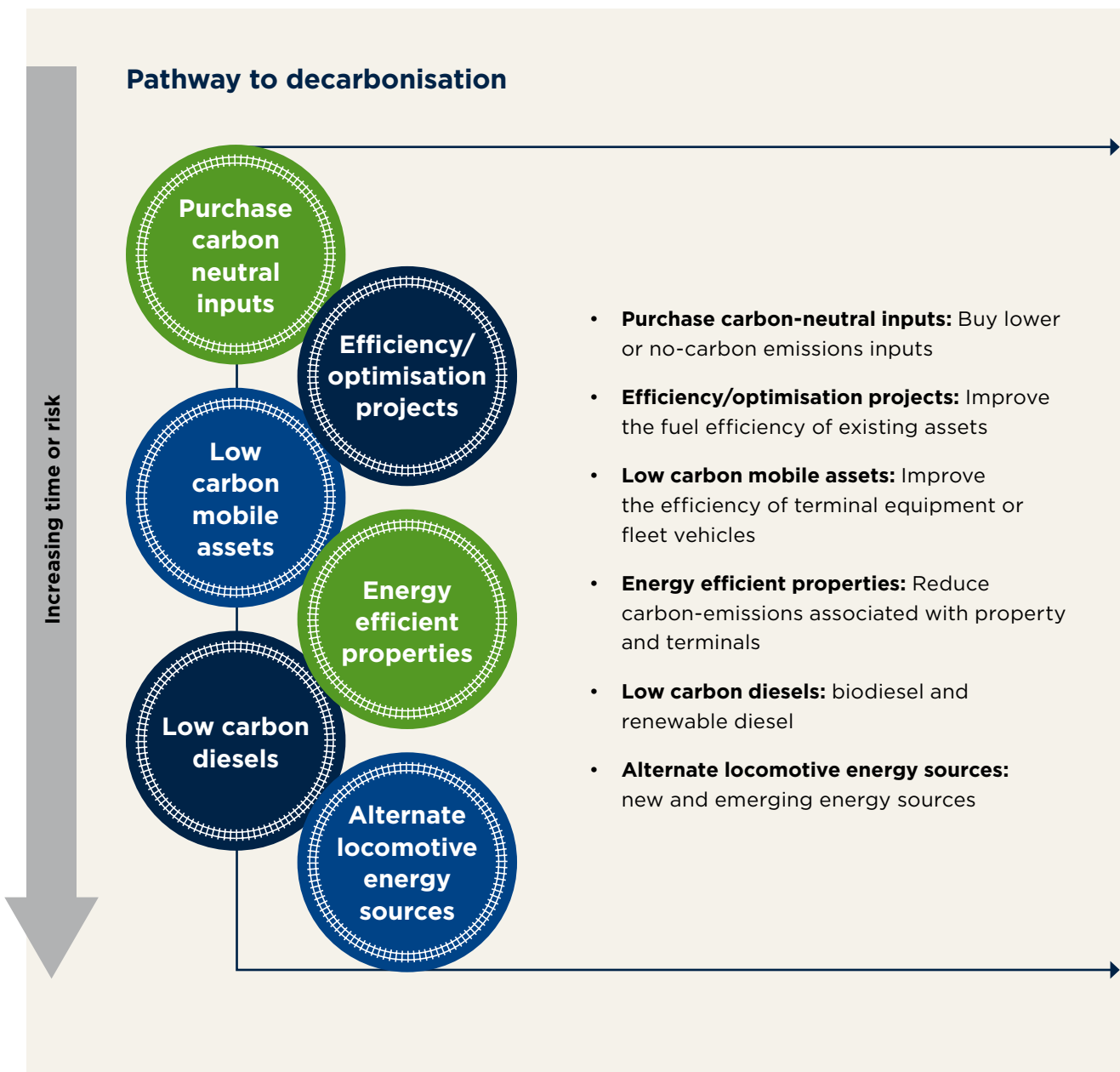
We are finalising our fuel digitisation project to improve data quality and management of fuel and oil movements within our fleet to enable us to use fuel more efficiently. Currently, we are conducting live testing of the system architecture design.

Customer Carbon Emissions Reporting

Pacific National's Carbon Emissions Calculator was launched on our website in 2023. It provides our customers with a tool to compare estimated emissions impact of transporting goods via rail versus road transport. We have begun development of a second iteration of the calculator which will provide customer-specific emissions information on transporting goods through our rail freight services. This will enable customers to better understand their Scope 3 greenhouse gas emissions for sustainability reporting.

Decarbonising our operations

We have been implementing a program of work for six decarbonisation workstreams. They encompass a variety of solutions and cover a range of time horizons and risk levels. We have made progress in all six areas. We track the progress of decarbonisation initiatives through our Climate Action Steering Committee and report project status updates to the Board Health, Safety and Environment Committee (HSEC).



The Australasian Railway Association (ARA) published its '**Rollingstock Decarbonisation Critical Path in 2024**'. The report identified a phased approach to zero emissions technologies, with new solutions to be adopted as they became commercially available within the Australian context.

Purchase of carbon neutral inputs

Green energy procurement

We conducted a tender process for energy procurement for 19 of our large sites in Queensland and New South Wales. As of 1 July 2024, our energy mix will include 30 per cent of green energy. This will increase our total green energy consumption to 22 per cent and result in an annual Scope 2 greenhouse gas emission reduction of approximately 1,604 tCO₂-e.

Efficiency projects

Trip Optimizer™

We continue implementation of the Trip Optimizer™ program. Trip Optimizer™ is the equivalent of smart cruise control in trains as it reduces sub-optimal fuel burn and improves consistency of driving. 100% of our active Intermodal NR class locomotive fleet are fitted with Trip Optimizer™. The number of trips made using Trip Optimizer™ increased from 773 in FY23 to 3,900 in FY24¹⁵. Since deploying the technology, we have saved 731,000 litres of fuel, equivalent to 1,986 tCO₂-e. We are estimating a saving of 4.1 million litres a year once the system is fully deployed in FY25.

Fuel efficiency programs

We have been executing several programs to improve fuel efficiency of our services. We have been matching our service levels to meet market demand, resulting in moving more freight with fewer locomotives. Our Loco-Off lining program continues in Queensland. It allows for locomotive horsepower to be turned off when operating in appropriate circumstances, reducing fuel consumption. The Driver Support program established in Queensland has been deployed in New South Wales. It allows us to collect locomotive operating data to monitor opportunities to implement Loco-Off lining.



15 Data reported in June 2024.



Loco Idling reduction program

To reduce diesel consumption, emissions, and maintenance, we have implemented a battery jumpstart program to allow the shutdown of locomotives when not operating, rather than keeping them idling.¹⁶

The program reduces locomotive idling through:

- Providing tools and processes to identify where idling can be reduced.
- Ensuring locomotives are shutdown at terminal locations when not required.
- Providing battery jump starter packs at locations for employees should they be required.

Inline fuelling

Inline fuelling allows for continuous fuelling of locomotive tanks during long-haul operations, enabling better arrival and delivery times to our terminals as well as supporting double stacking activities. 48 locomotives are being modified for In-line fuelling to improve transit time and service running.

Locomotive fleet strategy

Rejuvenating our locomotive fleet is key to our long-term decarbonisation efforts. Manufacturing of our new 94 Class locomotives has begun, with this model having lower fuel usage, emissions, and the latest technologies. The 94 Class will be a first in Australia to feature the GEVO 12 Cylinder Evolution Series Engine, which will be five per cent more fuel efficient compared with our existing locomotive fleet and will be fitted with Trip Optimizer™ and inline fuelling capability. We have chosen to have the locomotives assembled in Newcastle, NSW, as part of our commitment to local procurement.

¹⁶ The devices will remove the risk of being unable to restart locomotives, particularly in remote locations where there is a risk of our employees being stranded. In the event of a flat battery, the device can restart the locomotive, mitigating potential service impacts.

Low carbon mobile assets

Digital Twin development

Our team is working on deployment of digital twin technology for our terminal assets for better planning and management of our sites. The digital twin technology will be used to monitor terminal and network capacity to address any constraints we might face. Digital twins allow for creating a virtual copy of our assets to predict changes in performance using sensors, automated systems, spatial data, assets and other data. The technology features real-time data integration and visualisation to aid management and planning of freight terminals.

The benefits are three-fold:

Environmental

- Opportunities for carbon emissions reduction through emissions simulation and monitoring in real time.

Social

- Opportunities for improving employee safety through virtual training and preparing employees for emergency situations.

Governance

- Improved preparedness for incoming regulations and policies through impact simulation, allowing for proactive adaptation and compliance.

Light vehicle strategy

Our light vehicle strategy ensures the replacement cycle for vehicles includes electric vehicles and hybrids. We will be ordering 325 5-Star ANCAP¹⁷ safety rated vehicles as we retire existing fleet vehicles.

Vehicles chosen are aligned to role requirements, with lower emissions vehicles selected where possible. We will review and improve multiple vehicle management procedures to increase efficiency for operational teams, improve road safety reporting and emergency alerts.

Market availability of suitable electric vehicles and hybrids is low, however we expect alternatives to be available in the next 18–36 months.

Energy efficient properties

Our commercial and non-commercial leasing strategies prioritise Green Star and NABERS rated buildings¹⁸. With non-commercial premises, including our industrial facilities such as terminals and maintenance facilities, we conduct detailed due diligence to appropriately understand and manage environmental impact. Our property team is developing a new ESG assessment that will be utilised for all new developments.

¹⁷ Australasian New Car Assessment Program.

¹⁸ Commercial property refers to our office buildings, non-commercial property includes our industrial facilities such as terminals and maintenance facilities. For our non-commercial properties, we prioritise Green Star buildings as NABERS does not apply to non-commercial facilities.

Low carbon diesels

We are exploring the use of hydrotreated vegetable oil and biofuels in our operations. Currently there are significant commercial and technical barriers to implementation of this technology, however we expect these to become less significant post-2025. We welcome the recently announced federal government funding for the advancement of the low carbon liquid fuels within Australia.

Alternative locomotive energy sources

Our fleet decarbonisation plans have been progressing as we continue reducing our Scope 1 emissions.

Battery Electric Locomotives

Our team is actively pursuing the application of battery electric locomotives across our fleet as we see it as the most viable short to medium-term decarbonisation solution. This work includes engaging suppliers, customers and government to understand the viability of battery-powered locomotives.

We have completed a global market scan to understand battery electric technology available and how it fits our fleet's operational and technical requirements. When compared to the cost of ownership model for diesel powered locomotives, the results for battery electric and hydrogen powered options are promising.

We will work to understand the emissions reduction potential associated with battery electric locomotives, potential fleet replacement timelines and commercial viability.

Engagement and collaboration

Hydrogen fuel cell and ammonia technology

Pacific National is investigating hydrogen fuel cell and combustion technology, however we recognise supply chain issues and lack of hydrogen is a barrier, even if the technology is available.

In collaboration with Fortescue, Pacific National has studied the feasibility of retrofitting diesel locomotives with ammonia fuelling systems. The study aimed to evaluate the technical, economic, and environmental implications of such a conversion. The team analysed the suitability of ammonia as an alternative fuel, focusing on modifications required for existing diesel engines, fuel storage and handling infrastructure, and safety protocols. The economic analysis considered initial retrofit costs, potential fuel savings and long-term maintenance expenses.

Assessments were conducted to measure reductions in greenhouse gas emissions and other pollutants. Preliminary findings indicate that while the retrofitting process is technically feasible and offers significant environmental benefits, further research is needed to understand the operational safety implications, long term green ammonia supply chain stability and engine performance. The study's outcomes provide a solid foundation for potential pilot projects and highlight the need for continued innovation on internal combustion alternatives.

Building Climate Resilience

Refer to the Climate change risk management and pathway to Net Zero section in this report on page 26.

Environmental Footprint

Pacific National operates in regional and metropolitan communities across Australia, which means our environmental performance has a material impact on our social licence to operate. We are moving to a more consistent, proactive, risk and data-driven approach to reduce the impact of our operations.

Our Environmental Management Strategy describes three priority areas:

- Embedding environmental management into key organisational governance frameworks.
- Improving organisational awareness and building environmental management capability.
- Establishing baselines, setting targets and driving continual improvement.

Over the past year we have continued to quantify Pacific National's environmental footprint through the progression of a comprehensive environmental baselining program that has captured more than 40 locations that we either own or operate.

This has improved our understanding of key environmental risks, control effectiveness and opportunities to drive improved environmental performance. Our 'bottom-up' approach to understanding our environmental footprint has also improved environmental risk awareness at the operator and site supervisor level.

We have started to leverage key findings of the environmental baselining program. This includes centralising our environmental management registers, API integration of wastewater quality monitoring data to improve real-time visibility of performance, and updates to our environmental awareness training modules.

We track key performance metrics, including environmental pollution incidents, complaints, waste, water, and energy consumption (See Environmental Footprint Table, page 38). Our performance is also monitored under a rolling Health, Safety and Environment Assurance Program across our operational footprint.





In FY24 Pacific National saw a nine per cent increase in the number of environmental incidents year-on-year. Most were minor spills (product, fuel, and oils) within controlled environments.

Each incident was reviewed by site personnel supported by our environmental team. Where issues were identified, internal investigations determined measures to prevent, reduce, or control potential future events.

While there were no environmental regulatory compliance investigations, and no actions or orders from environmental regulatory agencies across our operations, one environmental incident required notification to environmental regulatory authorities. This involved the release of pollutants (diesel) associated with the Bindarra level crossing incident in South Australia (please refer to the *National Level Crossing Safety Summit and advertising campaign* section in this report for further detail). Deployment of incident response and environmental remediation measures minimised the likelihood of environmental harm. Pacific National continues to work with the network operator and adjacent land managers as part of ongoing site recovery and remediation efforts.

Reduced Environmental Risk Category Rating at our Sydney Freight Terminal

Our Sydney Freight Terminal is subject to an Environmental Protection Licence granted by the NSW Environmental Protection Agency (EPA) to facilitate prescribed activities including temporary storage of certain categories of waste prior to transportation. During FY24, the licence was subject to a five-yearly Environmental Risk Category Review. The NSW EPA reduced Pacific National's EPL risk category from medium to low, recognising our focus on continuous improvement in environmental performance, management systems, on-ground control measures and reporting systems.

Waste and Resource Management

Wagon scrapping

We regularly assess the age, condition, and lifespan of our wagons. Those deemed no longer useful are processed for scrapping, delivering environmental benefits, including recycling the steel from the wagons through a specialised service provider; reduction in spare storage and warehouse footprint; and reducing unnecessary locomotive movements to keep yards at appropriate capacity levels.

Total tonnes¹⁹ of steel scrapped in FY24 amounted to 375 tonnes recycled from steel bins and 15,673 tonnes from wagons, bogies and wheels.

Wheelset vendor model

Our fleet of trains includes around 12,117 wagons which have 45,000 wheelsets. Wheelsets require machining and wheel disc replacement up to four times before the entire wheelset is replaced. Each requires two solid steel design, 800kg heavy discs when being replaced. Our re-disc rate was approximately 28 per cent with turnarounds at 72 per cent. We have introduced the Vendor Wheelset Model in which we review data provided by our vendors to ensure we perform the correct action at the right time.

With increased supervision and feedback to ensure the optimum timing for replacing discs, the re-disc rate has reduced to 22 per cent, with a six per cent saving in disc replacement representing around 1,800 wheel discs per year, or around 1,440 tonnes of steel.

IT recycling initiative

We have recycled almost five tonnes of e-waste. We engaged a certified resource management partner to establish an e-waste recycling system. Our larger sites will collect e-waste every six months, while the smaller sites will recycle waste as needed. We receive certificates for all recycled e-waste from our waste management partner.



Water use

We continually work to reduce unnecessary consumption of potable water. In FY24, 80 megalitres of water were consumed in our operations, which represents a 42 per cent decrease against FY23. Rectification of several underground leaks and data collection improvements have contributed to this significant reduction. We continue to explore opportunities to use water more efficiently at existing and new facilities. The Sydney Freight Terminal, Greta Maintenance Facility, and Parkes Logistics Terminal are equipped with first flush rainwater harvesting systems to augment municipal water supply.

¹⁹ Tonne volumes were not tracked prior to FY24.

Wheel Squeal Rectification

Wheel squeal is the high pitched, loud, tonal sound that can sometimes be heard as rail wagons traverse tight curves on the rail network. Rail operators are required to monitor and improve wagon steering performance (measured as angle of attack) in line with specific standards and regulations. Pacific National has developed wagon modifications targeting improved steering performance for wagon classes identified as “high priority” based on poor steering performance.

During FY24 Pacific National commenced implementation of a wagon modification program (WM Program) following the completion of extensive research, development and supply chain assurance. Whilst the program is directed at 600 wagons subject to NSW regulatory requirements, it will indirectly result in the modification of all wagons exceeding angle of attack (AoA) thresholds due to wagon maintenance manual updates. As of June 30, 2024, approximately 30% of the targeted wagons have been modified under the WM Program, resulting in a significant improvement in wheel squeal performance.

Locomotive Noise Management

We undertake locomotive noise testing after each major overhaul of our locomotive engines, as required by our NSW Environmental Protection Licence (EPL).²⁰ To date, we have undertaken noise testing on more than 100 locomotives across six different locomotive classes. Results show compliance rates are consistently high. For some classes of locomotive, comparisons with historical locomotive ‘type tests’ indicate a negligible change in sound levels. Where non-compliances have been detected, we have implemented a structured process to review results and trends across relevant locomotive classes to identify causal factors, risk materiality and potential management measures.

Locomotive Air Emissions

Our fleet must adhere to stringent air emission limits when introducing a new locomotive class on the NSW rail network. We have successfully demonstrated to the NSW EPA that the new 94-Class locomotive meets testing criteria.²¹ The introduction of the 94 Class locomotive will signify a positive step change in engine performance and efficiency as part of our locomotive fleet strategy.

²⁰ The national reach of our fleet means that conditions introduced by one state must be reflected throughout the entire fleet.

²¹ USA EPA Tier 2 line-haul cycle weighted average emissions limits for Particulate Matter.





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 regularly assess our health and safety standards and our focus on critical risk management to keep our people physically and mentally safe. Engaging and communicating consistently with our people and partner organisations on health, safety, and environmental topics helps every person contribute to Pacific National's growth while fostering a culture of safety and injury prevention.

More than ever, safety is expanding beyond physical and operational. Safety is also psychosocial and we are proud to recognise that at Pacific National we understand the links between psychosocial, physical and operational safety. Over the year we have conducted regular psychosocial risk workshops that have highlighted our controls and programs of work that align to these.

As noted in the CEO commitment, this year we experienced the tragic loss of Mick Warren and Kevin Baker in a level crossing collision. This event highlighted the vulnerability of level crossings and

the reliance on vehicle drivers to adhere to road rules. We welcome the work that the National Level Crossing Safety Committee are progressing in their strategy.

In FY24 we saw an increase in key lag metrics of Recordable Injury Frequency Rate (RIFR) and Proceed Authority Exceedance (PAE), as detailed below. This result was disproportionate to the results in lead metrics, including hazard reporting and safety engagements, both of which increased in FY24. We continue to believe that strong performance in lead indicators is an important indicator of safety culture, and we continue to take a generative approach to improving performance through learning and continuous improvement.

In FY24, Pacific National commenced a health program targeting intermodal drivers through a company called Healthy Business. This program will run for a three-year period. We have been pleased so far with the uptake of the program.

Recordable Injury Frequency Rate (RIFR)

The recordable injury frequency rate increased in FY24 with the highest injury type being “slips, trips and falls” due to the work carried out on uneven surfaces (ballast). Further to this, an increase in hand injuries was noted. We welcome a strong culture of injury reporting and all injuries that occur are investigated to understand if the task can be improved or made safer. We have seen some positive improvements in our workshop maintenance areas where additional equipment has been used to reduce risk and improve process flow. This is a continuous focus.

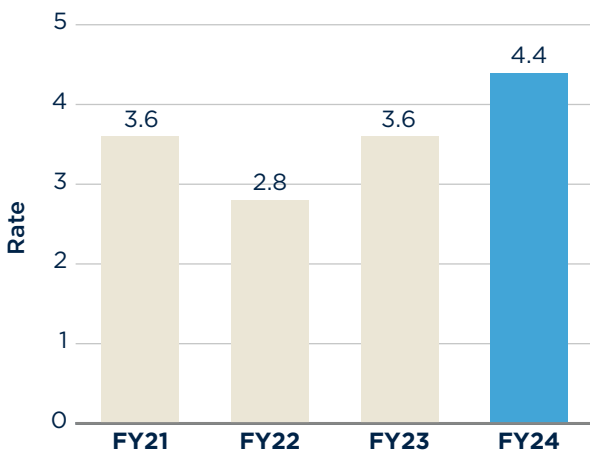
Proceed Authority Exceedance (PAE)

PAE mitigation continues to be a focus at Pacific National and a review was initiated focusing on three key opportunities:

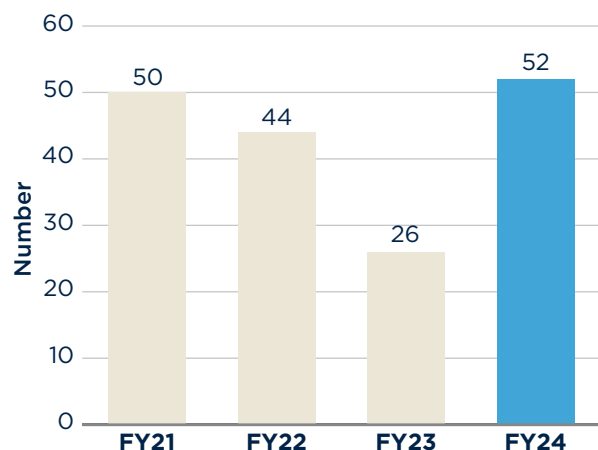
- Governance – a review of relevant PAE safety management system documentation, processes, and training resources to drive alignment and consistency.
- Investigation & reporting – improve the quality and depth of investigations as a mechanism for fostering a learning culture and guiding corrective actions aimed at preventing recurrence.
- Rail non-technical skill uplift – build the non-technical skill capability of workers so they are equipped to manage the threat and error conditions that adversely impact rail safety.

Our PAE results showed that we must re-focus providing education and training for our train drivers to prevent instances where a train passes through a stop signal unauthorised. We recorded 52 PAE events this year compared to 26 in FY23. A PAE is an indicator that a driver may not be handling the train effectively, and each PAE is investigated to understand the root cause. In FY25, we will trial a PAE mitigation technology through 4Tel, referred to as HORUS. The trial will assist in determining the effectiveness for our business in mitigating PAE's.

Recordable Injury Frequency Rate



Proceed Authority Exceedance Results



Brilliant at the Basics

Brilliant at the Basics ensures new leaders at Pacific National are coached and mentored in the basics of HSE management. This training develops the HSE skills required to support operational leaders in implementing our health, safety, and environment management system. The program is flexible to accommodate different maturity levels among leaders across the business and gives managers the ability to track leader development.

Health Safety Environment Management System (HSEMS) improvement

Good governance requires us to regularly review and update HSE-related documentation to ensure it is fit-for-purpose and responds to our operational requirements and compliance obligations.

We have established an ongoing HSEMS Governance forum responsible for overseeing and enhancing the quality of documents within the HSEMS.

A risk-based program was implemented to review the currency and useability of documentation while putting the end user at the centre for any updates. With the identified improvement opportunities implemented, the focus remains on continuous improvement and working towards an integrated technology solution.

HSE risk review

Pacific National's Operational and HSE risk register was redeveloped during the last 12 months. This facilitated our review of the risks we monitor and the controls we put in place to manage or mitigate them. A new consolidated register was uploaded to the CAMMS system and risk workshops were held to review and validate risk information.

New governance documents and tools have been developed, supported by an e-learning package for frontline leaders to assess risk and apply a hierarchy of control to eliminate or reduce unacceptable risks. This module is now part of the Brilliant at the Basics frontline safety leadership training program.

Communication and engagement with workers on HSE

Throughout FY24 we deployed a structured approach to communicating monthly HSE-specific themes utilising digital platforms for more effective communication and improved engagement and interaction.



Peer Connect and Unmind

We have designed and delivered initiatives that support the psychological health of our people.



Our Peer Connect Program provides a platform for raising mental health awareness and builds a peer-to-peer support network for employees with supportive colleagues trained in Mental Health First Aid. In addition to their on-the-ground presence, Peer Connect volunteers are trained to know when and how to connect employees with health professionals for additional advice.

This program is a key initiative in the organisation's overall commitment to creating a safe and respectful culture and our commitment to the health of our people.

Unmind

Unmind is a third-party app providing employees with access to tools, training, and exercises to support mental wellbeing. To date, 531 Pacific National employees have active profiles on the app.

Mental Health First Aid (MHFA)

Pacific National has been recognised officially as a Mental Health First Aid Skilled Workplace by Mental Health First Aid Australia, reflecting our ongoing commitment to supporting the mental health and wellbeing of our workforce.

We set a goal to train at least 3 per cent of our employees in MHFA courses by FY24. Since launching the Mental Health and Wellbeing Program, 245 employees have completed MHFA training representing 7 per cent of our workforce.

In addition to these programs, our Employee Assistance Program provider, TELUS Health, offers emotional and physical wellbeing support as part of Pacific National's Mental Health Strategy.



MHFA Workplace Recognition Program Badge



Health and Wellbeing Program

Pacific National is providing our intermodal drivers with personalised coaching and support to better understanding their health and wellbeing needs and identify areas for additional help.

Intermodal drivers face unique challenges which include being away from home for long periods and living in onsite accommodation. This can impact developing and maintaining fitness routines, healthy eating and lifestyle habits, and access to health and wellbeing services.

We have partnered with Healthy Business – a team of allied health professionals – in delivering a health and wellbeing program specifically for intermodal drivers.

The program was introduced in Western Australia and South Australia in March and May 2024 respectively and will be progressively implemented in other states throughout FY25. Pacific National has also committed to other initiatives to improve the physical health and wellbeing of our intermodal train crew in response to specific incidents and needs within our business.



Employee engagement survey and action plans

Pacific National surveys employees twice a year as part of a comprehensive internal listening program. Feedback from the survey helps us to maintain our culture where employees are engaged with the organisation, aligned with our PNA, and work in a safe and respectful environment.

Of Pacific National employees, 68 per cent feel engaged with the organisation, an improvement of two per cent on the previous year. Engagement is a measure of employees' emotional connection and commitment to their workplace.

Using the survey's results, business leaders developed action plans to address culture related issues in their business units, including both tactical and strategic actions. Strategic engagement programs will continue to focus on communication, strategy, and health and wellbeing.

Over the past 12 months, key initiatives include:

- Core Capability Framework, including leadership capability and
- Women's Connect Series Program.

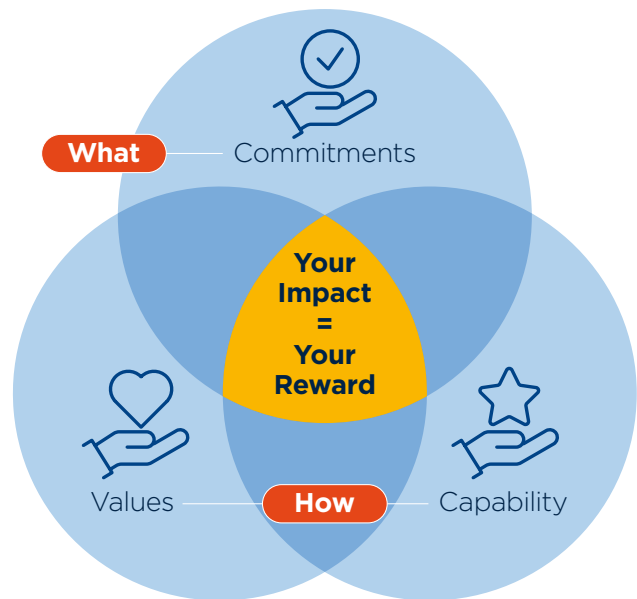


Capability coaching and mentoring

Core capability framework

We launched the Core Capability Framework in September 2023. Developing our people in a meaningful way enables us to build a workforce for the future and maintain a sustainable business. The framework continues to be embedded in our operations and work is underway to embed it into our recruitment processes.

We have recently incorporated the framework into the FY24 Performance review cycle requiring employees to consider their impact across three aspects: Values, Capability and Commitments.



Achievers recognition program

We underpin our aspired culture by recognising employees who demonstrate living our values. Our Achievers Recognition Program is a central factor in building an engaged workforce.

In October 2023 the CEO Awards recognised team members for their contributions aligned to our PNA values. The awards will be held annually.



Make It Simple



Share More



Kindness



Gratitude



Curiosity



Own It

Respect at work program

Pacific National has created a dedicated Respect at Work Steering Committee to ensure we encourage and maintain a workplace environment which fosters respect among our employees and to comply with the *Respect at Work Amendment Act (2022)*.

Our Bullying, Harassment and Discrimination Policy was reviewed and a new Respect at PN Policy was developed which addressed recommended changes and reflects our commitment to ensuring we have a safe, respectful, and inclusive culture at Pacific National.

All employees are required to complete online mandatory training for Respect at Work, with 95 per cent of all employees completing the training as of 30 June 2024.

Inclusion and Diversity

Reconciliation Action Plan



Since publishing our *Reflect Reconciliation Action Plan April 2022 - June 2023*, we have completed more than half of the 30 actions we committed to delivering.

The Reflect RAP outlines the steps necessary to prepare our organisation for effective reconciliation initiatives in future RAPs.

Since beginning this journey, we have developed productive and meaningful relationships with Aboriginal and Torres Strait Islander stakeholders to help us understand our role in reconciliation within our sphere of influence.

The next step is to develop our Innovate RAP which we intend to publish in the second half of FY25. It will focus on:

- Developing and strengthening relationships with Aboriginal and Torres Strait Islander peoples.
- Engaging our staff and stakeholders in reconciliation efforts.
- Developing and piloting innovative strategies to empower Aboriginal and Torres Strait Islander peoples.

Our *Reflect Reconciliation Action Plan April 2022-2023* is available on our **website**.

PN Connect | Women's Series

The PN Connect | Women's Series program amplifies women's voices in Pacific National. It is part of our commitment to promoting gender equity within the organisation. It has also contributed to driving a 5.5 per cent improvement in female representation, and to building an inclusive workplace.

In FY24, 35 women were selected to participate in the series, focusing on creating social capital, building resilience, and self-reflection.

The program has delivered tangible outcomes, enhancing women's visibility within Pacific National and leading to increased recognition and opportunities for advancement, including promotions.

13.2 per cent of Pacific National drivers are women compared with 5.9 per cent when the program started.

Eight per cent increase in WORK180 DEI Assessment Score, surpassing industry averages and benchmarks.

Pacific National was shortlisted for the **2024** Australasian Rail Industry Diversity and Inclusion Excellence Award.



Endorsed Employer

For all women **2024**

WORK180

Dignified access review

We partnered with the Australian Disability Network (ADN) to conduct a Dignified Access review at the Melbourne Freight Terminal and a desktop review of plans for the new Sydney Head Office.

The ADN will report its findings in the first quarter of FY25 to help us identify and prioritise actions to create inclusive environments in our work sites.

Workplace equality

The Australian Workplace Equality Index is a national benchmarking instrument for LGBTQIA+ workplace inclusion and the definitive national standard for measuring progress.

We were awarded Bronze status at the 2024 Australian LGBTQIA+ Inclusion Awards in recognition of our commitment to fostering an inclusive and diverse workplace. It acknowledges Pacific National's progress in creating an environment where all employees feel valued and respected, regardless of their sexual orientation, gender identity, or expression, and contributes to improved productivity and reduced employee turnover.



Gender diversity

Pacific National has partnered with global firm WORK180 to guide us in becoming a company committed to supporting women.

An assessment of Pacific National diversity, equity, and inclusion in 2023 recorded an eight per cent increase in our overall DEI score to 58 per cent. This is better than average for all WORK180 endorsed employers (five per cent) and our industry's average (5.7 per cent).

WORK180 has recognised PN as pace setters in the category of building an inclusive and anti-discriminatory culture, scoring Pacific National 81 per cent, exceeding the average employer rating of 63 per cent.

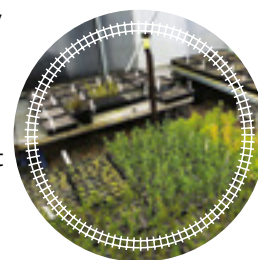
The business also participates in the Australian Government's Workplace Gender Equality Agency reporting. In comparison with our industry peers, Pacific National recorded a gender pay gap of 7.8 per cent. Internally, our same job same pay review shows our gender pay gap at 0.1 per cent.

These results underscore our dedication to implementing policies and initiatives to attract and retain women in our business.

Community Giving

Our Community Giving Strategy provides the platform for Pacific National to make voluntary and charitable contributions to marginalised and disadvantaged groups and the communities we operate in and rail through. Our strategy has three focus areas and incorporates volunteering opportunities in local communities, adding a sense of belonging and inclusion for our people.

- Community Resilience:** Resilient communities are better equipped to navigate challenges and thrive in the face of adversity. We engage with local communities as needed to help build their capacity to respond to stressful events like natural disasters and economic fluctuations. By investing in community-driven initiatives and disaster preparedness programs, communities and individuals can become the driving force behind their community's resilience. (e.g. Australian Red Cross).
- Environment:** Our strategy supports projects that promote sustainable practices, conservation efforts, and natural habitat restoration. By partnering with environmental organisations and funding community-led initiatives, we actively contribute to the protection and repair of our ecosystem. (e.g. Indigigrow).
- Health, Safety and Wellbeing:** We contribute to improving public health outcomes by investing in initiatives that improve care for our communities and public safety. (e.g. TrackSAFE Foundation).



Community giving framework

Pacific National has always given to the community, through either financial donations or in-kind support. In FY23, Pacific National developed and launched its Community Giving Framework. It formalises our commitment and approach to expressing our PNA.

The framework incorporates a policy, procedures, and tools for assessing community giving by the Social and Governance Steering 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 community benefit.



Reportable charitable contributions in FY24 of \$584,502 were consistent with contributions made in FY23.

Australian Red Cross	Donated \$150,000 to support Red Cross First Nations program.
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.
Indigrow Nursery	Donated the equivalent of \$13,000 in volunteer time to support this Landcare Australia initiative. Employees prepared more than 500 endangered native species for replanting to support wildlife and biodiversity corridors.
Westpac Rescue Helicopter	\$25,000 towards operational expenses.
RACQ Helicopter	\$50,000 towards operating expenses.
In-kind support	\$83,510 to support Seymour Rail Heritage, 707 Heritage Group, and Steamrail Victoria.



Pacific National donates the S301 locomotive to Steamrail Victoria

Heritage is one of the three foundational dimensions that underpin our PNA. Giving back to the community through honouring our heritage helps future generations learn more about the history of rail. That makes our donation of loco S301 to Steamrail Victoria in March 2024 important to us.

The first ten S Class locomotives entered service in Australia between August 1957 and February 1958. They initially worked on express

passenger trains including the Intercapital Daylight, Southern Aurora, Spirit of Progress and The Overland, and were also used on fast freight services.

The S Class was superseded when the G Class engines entered service, with the railways declaring no more S Class engines would undergo major overhauls. The S301 was the last to be overhauled in 1985.



Heritage locos have a new home at Seven-O-Seven Operations

Seven-O-Seven Operations was given access to three small Pacific National locomotives to use for heritage train trips in rural Victoria. Pacific National donated heritage locomotives P20, T392 and S306 to Seven-O-Seven Operations, who restored paintwork and is keeping them operational on their 'Slow Rail Journeys' in the Victorian countryside.

Darren Wood, Seven-O-Seven Board Secretary said the donation secured the organisation's future for many years to come. Through our donation, Slow Rail Journeys won the 2023 ATHRA Tourism Promotion Award and the TripAdvisor Travellers Choice Award 2023.

Social impact with Australian Red Cross

Two years ago, Pacific National partnered with Australian Red Cross to continue vital work in First Nations communities to adopt a community-led approach to disaster resilience across regional NSW.

Over this time we have helped support communities to navigate the challenges of climate change.

The outcomes we're working towards are guided by a framework of ten objectives to help improve the ability of First Nations communities to prepare, respond, and recover from emergencies.

It is a community-led approach, where members are in control of their decision making and equipped with the services, resources, and tools to manage the physical and psychosocial impact of disasters.

Community events attended - delivering First Nation focused disaster preparedness education	 81
One to one conversations	 2451
Psychological first aid sessions - number of participants	 782
Community members engaged in events	 4674
Participation in wellbeing and emergency services sessions	 2031
Pillow case education sessions for First Nations children	 36



Celebrating an Olympian's legacy

Ian 'Fish' O'Brien won the 200m breaststroke for Australia at the 1964 Tokyo Olympics. He also won five gold medals for Australia at the Commonwealth Games and nine individual and six relay titles at the Australian Championships during his career.

Thirty years after his Tokyo gold, Ian received a letter telling him a locomotive had been named in honour of his achievements. The gesture was significant to Ian, and he contacted Pacific National recently to ask our help to find the locomotive bearing his name. So, Pacific National's team in Greta NSW tracked it down and hosted Ian and a friend to inspect the locomotive. They both commented the event had been 'soul refreshing'. It was important for the Pacific National team to witness the positive difference a simple gesture could have to a person's wellbeing many decades after their professional sporting career had concluded.

Ian retired from competitive swimming in 1968 and was inducted into the International Swimming Hall of Fame in 2017.



Performance data

Towards decarbonisation

Greenhouse Gas Emissions

Metric(s)	Unit	GRI	FY24	FY23	FY22
Total Greenhouse Gas Emissions (GHG) Scope 1 + 2	tCO₂e	GRI 305-1	851,467	892,272	957,429
Scope 1 ¹	tCO ₂ e	GRI 305-1a	770,622	810,685	871,837
Scope 2 ²	tCO ₂ e	GRI 305-2a	80,845	81,587	85,592
Scope 3 ³	tCO ₂ e	GRI 305-3a	565,113	534,846	-
Pacific National Scope 1 - Emissions Intensity⁴	tCO₂e/mNTK	GRI 305-4a	16.2	17.1	16.6

Energy

Metric(s)	Unit	GRI	FY24	FY23	FY22
Total electricity consumed	Kwh	GRI 302-1c (i)	111,536,999	112,010,031	106,958,591
Total fuel consumed from non-renewable resources ⁵	GJ	GRI 302-1a	10,998,488	11,565,173	12,435,823
Total energy consumption ⁶	GJ	GRI 302-1e	11,400,028	11,968,414	12,820,872
Energy Intensity	GJ / mNTK	GRI 302-3a	239	251.7	241.3

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

2 Includes emissions from electricity consumption. Calculated using the location-based method required under the NGER Scheme. This method reflects the average emissions intensity of the grid on which energy consumption occurs.

3 Includes emissions from purchased goods and services, capital goods, fuel- and energy-related activities, waste generated in operations, business travel.

4 Emissions Intensity: Scope 1 emissions / million net-tonne kilometres.

5 Includes diesel, petrol, LPG, oils and grease consumption.

6 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 of Measure (UOM)	GRI	FY24	FY23	FY22
Nitrogen oxides (NOx)	Tonnes		131.53 ⁷	175.6	169.0
Sulfur oxides (SOx)	Tonnes		0.055	0.072	0.070
Net tonne Kilometres (millions)	mNTK		48,000 ⁸	48,000	53,000

Environmental footprint

Waste

Metric(s)	Unit of Measure (UOM)	GRI	FY24	FY23	FY22
Total Waste Generated	Metric tonnes	GRI 306-3a	2476	2,021	1,803
Total non-hazardous waste generated	Metric tonnes	GRI 306-4a	611	546	412
Total hazardous waste generated ⁹	Metric tonnes	GRI 306-4b	1,865	1,475	1,173
Waste directed to disposal	Metric tonnes	GRI 306-5a	2,204	1,897	1,585
Waste recycled	Metric tonnes	GRI 306-3a	272	124	222
Assets waste generated and recycled ¹⁰	Metric tonnes	GRI 306-3a	16,048	4,644	14,118
Waste generated - E-waste ¹¹	Metric tonnes	GRI 306-3a	5	0	0.98

⁷ NOx and SOx figures as reported in Pacific National's National Pollutant Inventory (NPI) reports.

⁸ NTKs are reported as Financial NTKs, and is representative of billed tonnes according to customer invoices.

⁹ Oil and oil contaminated wastes, liquid waste sewerage, sludge, prescribed waste.

¹⁰ Includes wagons, locomotive and other assets recycled.

¹¹ Five tonnes of E-waste accumulated since FY22 was recycled in FY24.

Environmental Incidents

Metric(s)	Unit of Measure (UOM)	GRI	FY24	FY23	FY22
Environmental Incidents	#		213	196	204

Water

Metric(s)	Unit of Measure (UOM)	GRI	FY24	FY23	FY22
Water consumption	Megalitres	GRI 303-5a	80	138	58

Community complaints

Metric(s)	Unit of Measure (UOM)	GRI	FY24	FY23	FY22
Total number of Community complaints ¹²	#		124	229	226

12 A community complaint is complaint that is lodged by a 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 and community

Health and safety

Metric(s)	Unit	GRI	FY24	FY23	FY22
Number of fatalities as a result of work-related injury ¹³	#	GRI 403-9a	2	0	0
Significant Incidents – Number of potential level 1 and 2 incidents (excluding fatalities) ¹⁴	#	GRI 403-9a (ii)	14	15	26
Number of Recordable work-related injuries ¹⁵	#	GRI 403-9a (iii)	31	25	21
Recordable Injury Frequency Rate (RIFR) ¹⁶	#	GRI 403-9	4.4	3.6	2.8
Number of First Aid incidents	#		82	63	85
Number of Medically Treated Injuries	#		17	15	14
Number of Lost Time incidents/ injuries	#		12	10	7
Number of Near Misses	#		1079	1132	524
Rate of fatalities			0.3	0.0	0.0
All Injury Frequency Rate			45.3	39.1	36.3
Near Miss Frequency Rate (NMFR)			154.6	161.4	69.5
Proceed Authority Exceedance (PAE) ¹⁷	#		52	26	44

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

14 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.

15 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.

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

17 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.

People and community

Health and safety

Metric(s)	Unit	GRI	FY24	FY23	FY22
Total Employee Hours	#	GRI 403-9a (v)	6980151	7011538	7,542,027
Employee Hours	#	GRI 403-9a (v)	5963617	5857639	6,335,096
Contractor Hours	#	GRI 403-9b (v)	1016534	1153899	1,206,930
Number of incidents required to be reported to the ONRSR ¹⁸	#		2791	1195	6215
Number of PN collision/derailments or other events involving on-rail equipment ¹⁹	#		161	155	202
Number of NCR's received from ONRSR and/or Comcare and/or any other external regulatory audit and or inspection	#		5	17	12

18 Cat A, B & C Notifiable Occurrences (as per schedule 1a RSNL Regulation).

19 Rail Operational Safety Incident data.

Employees

Metric (s)	Unit	GRI	FY24		FY23		FY22	
Full Time Equivalent Employees Pacific National (PN) Total²⁰	#	GRI 401 / 405	3451.6		3405.3		3252.8	
PN Total: Workforce by Region²¹	#, %	GRI 401-1a	3541	100%	3509	100%	3342	100%
Major cities	#, %	GRI 401-1A	1484	42%	1459	42%	1370	41%
Regional areas	#, %	GRI 401-1A	2057	58%	2050	58%	1972	59%
Total: New Employee Hires	#	GRI 401-11a	494		644		582	
New Employee Hires (Age)	#, %	GRI 401-1a	494	100%	644	100%	582	100%
Under 30 years old	#, %	GRI 401-1a	105	21%	138	21%	147	25%
30-50 years old	#, %	GRI 401-1a	295	60%	387	60%	325	56%
Over 50 years old	#, %	GRI 401-1a	94	19%	119	18%	110	19%
New Employee Hires (Gender)	#, %	GRI 401-1a	494	100%	644	100%	582	100%
Male	#, %	GRI 401-1a	350	71%	487	76%	430	74%
Female	#, %	GRI 401-1a	138	28%	157	24%	148	25%
Unknown	#, %	GRI 401-1a	6	1%	0	0%	4	1%
% of new recruits of Aboriginal or Torres Strait Islander background	#, %		21	4%	40	6%	29	5%
Employee Turnover	#, %	GRI 401-1a	435		459		600	
Turnover Rate²²	%		12%		13%		18%	
Employee Turnover (Age)	#, %	GRI 401-1b	435	100%	459	100%	600	100%
Under 30 years old	%	GRI 401-1b	33	8%	38	8%	58	10%
30-50 years old	%	GRI 401-1b	210	48%	228	50%	291	49%
Over 50 years old	%	GRI 401-1b	192	44%	193	42%	251	42%
Employee Turnover (Gender)	#, %	GRI 401-1b	435	100%	459	100%	600	100%
Male	#, %	GRI 401-1b	357	82%	368	80%	520	87%
Female	#, %	GRI 401-1b	77	18%	91	20%	79	13%
Unknown	#, %	GRI 401-1b	1	0%	0	0%	1	0%

20 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.

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

22 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 and diversity

Metric (s)	Unit	GRI	FY24		FY23		FY22	
Female representation in the workforce	#, %	GRI 405-1b	625	17.7%	568	16.2%	506	15.1%
Females represented in Leadership positions²³	#, %	GRI 405-1a	72	18%	74	18%	75	19%
Board Representation (Gender)	#, %	GRI 405-1a	10	100%	10	100%	9	100%
Male	#, %	GRI 405-1a	8	80%	8	80%	8	89%
Female	#, %	GRI 405-1a	2	20%	2	20%	1	11%
Board Representation (Age)	#, %		10	100%	10	100%	9	100%
Under 30 years old	#, %	GRI 405-1a	0	0%	0	0%	0	0%
30-50 years old	#, %	GRI 405-1a	2	20%	1	10%	2	22%
Over 50 years old	#, %	GRI 405-1a	8	80%	9	90%	7	78%
Executive Leadership Representation (Gender)²⁴	#, %	GRI 405-1a	8	100%	7	100%	6	100%
Male	#, %	GRI 405-1a	5	63%	5	71%	5	83%
Female	#, %	GRI 405-1a	3	38%	2	29%	1	17%
Executive Leadership Representation (Age)	#, %		8	100%	7	100%	6	33%
Under 30 years old	#, %	GRI 405-1a	0	0%	0	0%	0	0%
30-50 years old	#, %	GRI 405-1a	4	50%	3	43%	2	33%
Over 50 years old	#, %	GRI 405-1a	4	50%	4	57%	4	67%
Leadership/Manager Team Representation (Gender)²⁵	#, %	GRI 405-1a	387	100%	396	100%	393	100%
Male	#, %	GRI 405-1a	318	82%	324	82%	319	81%
Female	#, %	GRI 405-1a	69	18%	72	18%	74	19%
Leadership/Manager Team Representation (Age)	#, %		387	100%	396	100%	393	65%
Under 30 years old	#, %	GRI 405-1a	3	1%	6	2%	6	2%
30-50 years old	#, %	GRI 405-1a	253	65%	261	66%	248	63%
Over 50 years old	#, %	GRI 405-1a	131	34%	129	33%	139	35%

23 Includes Females in executive and manager roles.

24 Executive Leadership is the executive management including but not limited to; 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.

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

Inclusion and diversity

Metric (s)	Unit	GRI	FY24		FY23		FY22	
Workforce Representation (Gender)	#, %	GRI 405-1a	3541	100%	3509	100%	3342	100%
Male	#, %	GRI 405-1a	2911	82%	2941	84%	2832	85%
Female	#, %	GRI 405-1a	625	18%	568	16%	506	15%
Unknown	#, %	GRI 405-1a	5	0%	0	0%	4	0%
Workforce Representation (Age)	#, %		3541	100%	3509	100%	3342	100%
Under 30 years old	#, %	GRI 405-1a	311	9%	304	9%	263	8%
30–50 years old	#, %	GRI 405-1a	1922	54%	1873	53%	1665	50%
Over 50 years old	#, %	GRI 405-1a	1308	37%	1332	38%	1414	42%

Parental leave

Metric (s)	Unit	GRI	FY24		FY23		FY22	
Total number of employees entitled to Parental Leave	#, %	GRI 401-3a	3188	90%	2873	82%	2928	88%
Total number of employees that took Parental Leave	#, %	GRI 401-3b	123	4%	94	3%	99	3%
Male	#	GRI 401-3b	84	68%	65	69%	77	78%
Female	#	GRI 401-3b	39	32%	29	31%	22	22%
Total number of employees that returned to work in the reporting period after parental leave ended	#, %	GRI 401-3c	122	99%	94	100%	97	98%
Male	#	GRI 401-3c	84	69%	65	100%	75	97%
Female	#	GRI 401-3c	38	31%	29	100%	22	100%

People and community

Procurement

Metric(s)	Unit	GRI	FY24	FY23	FY22
Total Supplier Spend	\$AU		\$1,590,630,251	\$1,646,131,249	\$1,548,615,006
Supplier spend in Regional Areas (outside metropolitan cities)	\$AU		\$40,927,697	\$46,245,064	\$43,080,440
Percentage of new suppliers that were screened using environmental criteria.	%	GRI 308-1a	9%	4.5%	-
Number of suppliers assessed for environmental impacts.	#	GRI 308-2a	466	458	556
Number of suppliers identified as having significant actual and potential negative environmental impacts.	#	GRI 308-2b	1	2	2
Number of significant actual and potential negative environmental impacts identified in the supply chain.	#	GRI 308-2c	1	2	2
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	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	0

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 2023 – 30 June 2024 with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

GRI Standard	Scope	Disclosure	Disclosure name	Location	Page number	Comments and Omissions
GRI 2	The organisation and its reporting practices	2-1	Organisational details	About this report	Inside cover, GRI Index	Location of headquarters: Level 1, 2 Blue Street, North Sydney 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. Reporting period for ESG reporting is the same as Pacific National's financial reporting.
		2-3	Reporting period, frequency and contact point	About this report GRI Index	Inside cover; GRI Index	Pacific National aims to publish an annual sustainability report. For questions about this report, please contact PN_communications@pacificnational.com.au

GRI Standard	Scope	Disclosure	Disclosure name	Location	Page number	Comments and Omissions
GRI 2	The organisation and its reporting practices	2-4	Restatements of information	GRI Index; Work Sustainably: Environmental Footprint; Performance Data: Environmental Footprint	49; 69	Data for water consumption for FY22 and FY23 has been reinstated as data collection improvements have resulted in updated water consumption impact. Water use has decreased significantly as a result of data collection improvements as well as rectification of several underground leaks.
		2-5	External assurance	About this report Statement of Assurance	Inside cover; 83-86	KPMG provided external assurance.
	Activities and workers	2-6	Activities, value chain and other business relationships	About Pacific National; Act Ethically and Responsibly: Procurement	6-11; 24	
		2-7	Employees	About Pacific National; Performance Data: People and Community	10; 72	
	Governance	2-9	Governance structure and composition	About Pacific National: Governance at Pacific National; The Pacific National ESG Strategy: ESG Governance; Work Sustainably: Climate Change Risk Management and Exploring Pathway to Net Zero	11; 16-17; 27	
		2-12	Role of the highest governance body in overseeing the management of impacts	About Pacific National: Governance at Pacific National; The Pacific National ESG Strategy: ESG Governance; Work Sustainably: Climate Change Risk Management and Exploring Pathway to Net Zero	11; 16-17; 27	
		2-13	Delegation of responsibility for managing impacts	The Pacific National ESG Strategy: ESG Governance; Work Sustainably: Climate Change Risk Management and Exploring Pathway to Net Zero	16-17; 27	

GRI Standard	Scope	Disclosure	Disclosure name	Location	Page number	Comments and Omissions
GRI 2	Governance	2-14	Role of the highest governance body in sustainability reporting	About this report; Chief Executive Officer Commitment; The Pacific National ESG Strategy: ESG Governance	Inside cover; 2-3; 17	
		2-16	Communication of critical concerns	Act Ethically and Responsibly: Policy Governance Framework	19	
	Strategies, policies and practices	2-22	Statement on sustainable development strategy	Chief Executive Officer Commitment	2-3	
		2-23	Policy commitments	Act Ethically and Responsibly: Policy Governance Framework; Modern Slavery Statement	19	Pacific National FY23 Modern Slavery Statement is available at the link: https://pacificnational.com.au/modern-slavery/ . The FY24 Modern Slavery Statement has not been published at the time of the release of this report.
		2-28	Membership associations	Act Ethically and Responsibly: Industry leadership and government engagement	21	
		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: Procurement	24	Pacific National's definition of 'local' include: locations outside of metropolitan cities.

GRI Standard	Scope	Disclosure	Disclosure name	Location	Page number	Comments and Omissions
GRI 204	Procurement practices	204-1	Proportion of spending on local suppliers	Performance Data: People and Community Modern Slavery Statement	75	Reference is to regional suppliers. Pacific National FY23 Modern Slavery Statement is available at the link: https://pacificnational.com.au/modern-slavery/ . The FY24 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: Climate Change Risk Management and Exploring Pathway to Net Zero	26, 28, 38, 40, 42, 43, 45, 46	
		302-1	Energy consumption within the organisation	Performance Data: Towards Decarbonisation	67	
		302-3	Energy intensity	Performance Data: Towards Decarbonisation	67	
GRI 303	Water and effluents	3-3	Topic management disclosures	Work Sustainably: Environmental footprint	49	
		303-5	Water consumption	Performance Data: Environmental Footprint	69	
GRI 305	Emissions	3-3	Topic management disclosures	Work Sustainably: Climate Change Risk Management and Exploring Pathway to Net Zero	26, 27, 30, 36, 38-39, 40-41, 42, 44, 45	
		305-1	Direct (Scope 1) GHG emissions	Work Sustainably: Climate Change Risk Management and Pathway to Net Zero Performance Data: Towards Decarbonisation	38-39, 67	
		305-2	Energy indirect (Scope 2) GHG emissions	Work Sustainably: Climate Change Risk Management and Pathway to Net Zero Performance Data: Towards Decarbonisation	38-39, 67	

GRI Standard	Scope	Disclosure	Disclosure name	Location	Page number	Comments and Omissions
GRI 305	Emissions	305-3	Other indirect (Scope 3) GHG emission	Work Sustainably: Climate Change Risk Management and Pathway to Net Zero Performance Data: Towards Decarbonisation	38-39, 67	
		305-4	GHG emissions intensity	Work Sustainably: Climate Change Risk Management and Pathway to Net Zero Performance Data: Towards Decarbonisation	38-39, 67	
		305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Performance Data: Towards Decarbonisation	50, 67	
GRI 306	Waste	3-3	Topic management disclosures	Work Sustainably: Environmental footprint	49	
		306-3	Waste generated	Performance Data: Environmental Footprint	68	
		306-4	Waste diverted from disposal	Performance Data: Environmental Footprint	68	
		306-5	Waste directed to disposal	Performance Data: Environmental Footprint	68	
GRI 308	Supplier environmental assessment	3-3	Topic management disclosures	Act Ethically and Responsibly: Policy Governance Framework; Procurement	19-20, 24	
		308-1	New suppliers that were screened using environmental criteria	Performance Data: People and Community	75	
		308-2	Negative environmental impacts in the supply chain and actions taken	Performance Data: People and Community	75	

GRI Standard	Scope	Disclosure	Disclosure name	Location	Page number	Comments and Omissions
GRI 401	Employment	3-3	Topic management disclosures	Respect and Enrich: Health, Safety and Wellbeing	52-61	
		401-1	New employee hires and employee turnover	Performance Data: People and community	72	
		401-3	Parental Leave	Performance Data: Respect and Enrich	74	
GRI 403	Occupational health & safety	3-3	Topic management disclosures	Respect and Enrich: Health, Safety and Wellbeing	52-54	
		403-1	Occupational health and safety management system	Respect and Enrich: Health, Safety and Wellbeing	52-54	
		403-2	Hazard identification, risk assessment, and incident investigation	Respect and Enrich: Health, Safety and Wellbeing	52-54	
		403-6	Promotion of worker health	Respect and Enrich: Health, Safety and Wellbeing	53-57	
		403-8	Workers covered by an occupational health and safety management system	GRI Index	GRI Index	All Pacific National workers including contractors are covered by the health and safety management system.
403-9	Work-related injuries	Respect and Enrich: Health, Safety and Wellbeing Performance Data: People and Community	53; 70	Data included includes metrics tracked by Pacific National, in addition to GRI Standards disclosures.		
GRI 404	Training and education	3-3	Topic management disclosures	Respect and Enrich: Health, Safety and Wellbeing	54; 56-59	
		404-2	Programs for upgrading employee skills and transition assistance programs	Act Ethically and Responsibly: Procurement; Respect and Enrich: Health, Safety and Wellbeing	24; 54; 56-59	

GRI Standard	Scope	Disclosure	Disclosure name	Location	Page number	Comments and Omissions
GRI 405	Diversity and equal opportunity	3-3	Topic management disclosures	Respect and Enrich: Health, Safety and Wellbeing	59-61	
		405-1	Diversity of governance bodies and employees	Performance Data: People and Community	73	
GRI 413	Local communities	3-3	Topic management disclosures	Respect and Enrich: Health, Safety and Wellbeing	61-65	
		413-1	Operations with local community engagement, impact assessments, and development programs	GRI Index	GRI Index	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	GRI Index	GRI Index	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



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

Conclusion

Total Scope 1 and 2 Greenhouse Gas Emissions – Reasonable Assurance

In our opinion, in all material respects, Pacific National Holdings Pty Ltd's Total Scope 1 Greenhouse Gas Emissions and Total Scope 2 Greenhouse Gas Emissions have been prepared in accordance with Pacific National Holdings Pty Ltd's Basis of Preparation for the year ended 30 June 2024.

Environmental Data, Safety Data, and People & Culture Data – Limited Assurance

Based on the evidence obtained from the procedures performed, we are not aware of any material misstatements in the Information Subject to Limited Assurance as set out below, which has been prepared in accordance with Pacific National Holdings Pty Ltd's Basis of Preparation for the year ended 30 June 2024.

Information Subject to Assurance

We have performed an assurance engagement on the following information in Pacific National Holdings Pty Ltd's (Pacific National, or the Company) ESG Report FY2024 (available on the Company's website) for the year ended 30 June 2024:

Information Subject to Reasonable Assurance	Reported value
Total Scope 1 Greenhouse Gas (GHG) Emissions	770,622 tCO ₂ -e
Total scope 2 Greenhouse Gas (GHG) Emissions	80,845 tCO ₂ -e
Information Subject to Limited Assurance	Reported value
Pacific National Scope 1 – Emissions Intensity (financed net-tonne Kilometres)	16.2 tCO ₂ -e/mNTK
Community complaints	124
Number of fatalities as a result of work-related injury	2
Significant Incidents – Number of potential level 1 and 2 incidents (excluding fatalities)	14
Proceed Authority Exceedance (PAE)	52
Recordable Injury Frequency Rate (RIFR)	4.4
Number of Recordable work-related injuries	31
Total employee hours worked (contractor & employees)	6,980,151
Full time equivalent employees	3,451.6
Regional workforce representation	58%
Female representation in the workforce	17.7%
Female representation on the Board	20%
Female representation in Executive leadership	38%
Female represented in Leadership/Manager positions	18%
% of new recruits of Aboriginal or Torres Strait Islander origin	4%

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Leadership team: Under 30 years old	1%
Leadership team: 30 – 50 years old	65%
Leadership team: Over 50 years old	34%
Workforce: under 30 years old	9%
Workforce: 30 -50 years old	54%
Workforce: Over 50 years old	37%
Workforce: Employee turnover	12%

Criteria Used as the Basis of Reporting

The criteria used as the basis for reporting in relation to the Information Subject to Assurance are Pacific National’s management measurement methodologies as set out in the Company’s Basis of Preparation (the Criteria). The Criteria are described on pages 67 to 74 of the ESG Report FY2024 which is available on the Company’s website.

Basis for our Conclusion

Reasonable assurance conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and Australian Standard on Assurance Engagements ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements* (collectively the Standards).

In accordance with the Standards we have:

- used our professional judgement to assess the risk of material misstatement and plan and perform the engagement to obtain reasonable assurance that the Information Subject to Reasonable Assurance is free from material misstatement, 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 possesses the appropriate knowledge, skills and professional competencies.

In gathering evidence for our reasonable assurance conclusion, our procedures comprised:

- enquiries with relevant Company personnel to understand the internal controls, governance structure and reporting process of the Information Subject to Reasonable Assurance;
- reviews of relevant documentation including Pacific National’s Basis of Preparation;
- walkthroughs of the Information Subject to Reasonable Assurance to source documentation;
- analytical procedures over the Information Subject to Reasonable Assurance;
- reconciliation of data points on a sample basis back to supporting evidence;
- evaluating the appropriateness of the criteria with respect to the Information Subject to Reasonable Assurance;
- evaluating the appropriateness and quantification methods and reporting policies used, and the reasonableness of any estimation used within the Information Subject to Reasonable Assurance;
- testing certain controls for collecting, managing and reporting the Information Subject to Reasonable Assurance as identified within the process walkthrough;



- assessing the suitability and application of the criteria in respect to the Information Subject to Reasonable Assurance; and
- utilisation of risk matrices to appropriately identify total number of samples required across the Information Subject to Reasonable Assurance to obtain required coverage; and
- reviewing Pacific National’s ESG Report FY2024 in its entirety to ensure it is consistent with our overall knowledge of the reasonable assurance engagement.

Limited assurance conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and Australian Standard on Assurance Engagements ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements* (collectively the Standards).

In accordance with the Standards 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 Information Subject to Limited Assurance, 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 possesses the appropriate knowledge, skills and professional competencies.

In gathering evidence for our limited assurance conclusion, our procedures comprised:

- enquiries with relevant Company personnel to understand the internal controls, governance structure and reporting process of the Information Subject to Limited Assurance;
- reviews of relevant documentation including Pacific National’s Basis of Preparation;
- walkthroughs of the Information Subject to Limited Assurance to source documentation;
- analytical procedures over the Information Subject to Limited Assurance; and
- reviewing Pacific National’s ESG Report FY2024 in its entirety to ensure it is consistent with our overall knowledge of the limited assurance engagement.

How the Standards define Limited Assurance, Reasonable 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement when it exists.

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 Pacific National.

Inherent Limitations

There are inherent limitations in performing assurance — for example, reasonable 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 conclusions expressed in this report have 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 Information Subject to Assurance.

Greenhouse Gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the amounts needed to combine emissions of different gases.

Use of this Assurance Report

This report has been prepared for the Directors of Pacific National for the purpose of assisting the Directors in reporting certain ESG-related performance data 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 Pacific National, or for any other purpose than that for which it was prepared.

Management's Responsibility

Management of Pacific National are responsible for:

- determining that the criteria is appropriate to meet their needs and the needs of the Directors;
- preparing and presenting the Information Subject to Assurance in accordance with the Criteria;
- establishing internal controls that enable the preparation and presentation of the Information Subject to Assurance that is free from material misstatement, whether due to fraud or error;
- informing us of any known and/or contentious issues relating to the Information Subject to Assurance; and
- maintaining integrity of the website.

Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Information Subject to Limited Assurance, and a reasonable assurance engagement in relation to the Information Subject to Reasonable Assurance for the year ended 30 June 2024 as presented in the table above, and to issue an assurance report that includes our conclusions.

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.

KPMG

13th of September 2024

Glossary

ACCU	Australian carbon credit units
ANCAP	Australasian New Car Assessment Program
ARA	Australasian Railway Association
ARTC	Australian Rail Track Corporation
B@TB	Brilliant at the Basics, Pacific National's training in the basics of HSE management
Bulk freight	Freight that is loaded directly onto its mode of transport
Carbon	Used as shorthand for greenhouse gases
CIPS	Chartered Institute of Procurement and Supply
CO₂ 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.
DCCEEW	Department of Climate Change, Energy, the Environment and Water
EPA	Environmental Protection Authority
EPL	Environmental Protection Licence
ESG	Environment, Social and Governance
FTE	Full-time equivalent
FY22	Financial Year 2022 (1 July 2021 – 30 June 2022)
FY23	Financial Year 2023 (1 July 2022 – 30 June 2023)
FY24	Financial year 2024 (1 July 2023 – 30 June 2024)
GHG	Greenhouse Gas
GRI	Global Reporting Initiative Standards
HSE	Health, Safety, and Environment
HSEMS	Health Safety Environment Management System
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 freight 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.
LGBTQIA+	Lesbian, gay, bisexual, transgender, queer, questioning, intersex, asexual, and the + holds space for the expanding and new understanding of different parts of the very diverse gender and sexual identities.
Materiality assessment	Assessing the impact of a company's business activities on the economy, the environment, and people, including human right impacts.
Material topics	A prioritised list of the material issues and the selected threshold for reporting.
MHFA	Mental Health First Aiders

mNTK	Net Tonne Kilometres/employee
MSCI	Morgan Stanley Capital International. It is an investment research firm that provides stock indexes, portfolio risk and performance analytics, and governance tools to institutional investors and hedge funds.
NABERS	National Australian Built Environment Rating System
NGER	National Greenhouse and Energy Reporting Scheme, single national framework for reporting company information about: greenhouse gas emissions, energy production, and energy consumption.
NGFS	Network for Greening the Financial System, it is a network of 114 central banks and financial supervisors that aims to accelerate the scaling up of green finance and develop recommendations for central banks' role for climate change.
NTK	Net Tonne Kilometres
ONRSR	Office of the National Rail Safety Regulator
PAE	Proceed Authority Exceedance
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.
Scope 1	Scope 1 emissions are direct emissions from owned or controlled sources.
Scope 2	Scope 2 emissions are indirect emissions from the generation of purchased energy.
Scope 3	Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
SSP2-4.5	'SSP' stands for Shared Socio-economic Pathways. SSPs are the latest version of 'what if' scenarios used to explore the consequences of greenhouse gases accumulating in the atmosphere. SSP2-4.5 is the intermediate GHG emissions scenario, with CO2 emissions remaining at current levels until 2050, then falling but not reaching net zero by 2100.
SSP5-8.5	'SSP' stands for Shared Socio-economic Pathways. SSPs are the latest version of 'what if' scenarios used to explore the consequences of greenhouse gases accumulating in the atmosphere. SSP5-8.5 is a fossil fuel-driven development scenario, assumes a rise in temperatures to 4.4°C by 2100.
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.
WGEA	Workplace Gender Equality Agency
WM Program	Wagon modification program
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.

ESG targets and forecasting model

This report contains analysis of carbon emission modelling and ESG targets. The analysis that informs this report was undertaken by Pacific National with the support of a third party. It is based on the information available at the date of this report and through Pacific National’s business planning processes. Modelling is not a prediction of what may eventuate and does not represent a definitive outcome.

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.

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