



Sustainability Report

May 2023





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CEO foreword

As the manager of the State's freight rail network, Arc Infrastructure is investing to ensure that our business can continue to deliver into the future for our people, customers and communities.

2022 saw Arc Infrastructure launch its Sustainability Strategy, in which we committed to regular and transparent reporting, and I am pleased to be sharing the progress of the key initiatives identified in that Strategy over the last 12 months.

Our Sustainability Strategy formalised and identified almost 40 key initiatives that reflect our intention to operate our business and the asset we manage sustainably. It recognised that we have a responsibility to ensure the sustainability of this critical asset for future generations, and set out our plans to achieve this, in alignment with the United Nations Sustainable Development Goals. I would like to recognise the contributions from all members of our team for their work progressing new and existing initiatives set out in the Sustainability Strategy over the past year.

According to the Australasian Railway Association (ARA), freight rail generates 16 times less carbon pollution than road freight. While Arc's carbon emissions are low relative to other elements of the freight supply chain, we have taken our first formal steps to reduce emissions by setting a net zero target. Setting this target was a key objective from our Sustainability Strategy, and we will now be able to report against our baseline emissions each year, as well as investigate setting an interim reduction target and investigating opportunities to reduce scope 3 emissions.

Aboriginal engagement is one of the most significant initiatives identified in our Sustainability Strategy, and includes four workstreams. Over the last year our team has been working to identify goals, metrics and activities



under those workstreams, which we will be able to report against in future years. Work is progressing on our 'Reflect' Reconciliation Action Plan (RAP), and we will continue to focus on ways we can recognise and respect Aboriginal heritage, as well as build trust with the communities in which we operate.

Arc continues to progress the development of the autonomous rail container wagon concept. We are particularly proud of the potential for improved safety, efficiency, and environmental outcomes this technology could deliver. The concept has now moved to the development of a prototype wagon, and Arc will continue to liaise with Westport on their Supply Chain Integrated Design project (SCID) throughout 2023, and explore the potential for autonomous rail container wagons to lead to positive ESG outcomes.

We have maintained a strong focus on the training and development of our people across the business. Training continued to be a significant focus in 2022, with 60 employees participating in our Leadership Development Program.

We are excited to continue our sustainability journey, building on the successes of 2022 and identifying new opportunities to further embed and enhance sustainable practices across the business.

Murray Cook
Chief Executive Officer

Our business

Arc Infrastructure is the manager of the State's freight rail network. Our core business is to operate and maintain a rail network that stretches more than five thousand kilometres across Western Australia.

Owned by global asset management company, Brookfield Infrastructure Partners L.P., Arc Infrastructure is at the forefront of infrastructure management. We connect WA to the rest of Australia and deliver WA products to the rest of the world – 24 hours a day, seven days a week – by joining the dots between people, products and ports. From the Midwest across to the Goldfields and all the way down to the South West, the network we manage connects local businesses, communities and industries with eastern states and overseas markets.

Powered by a team of over 500 employees with a true regional footprint, Arc Infrastructure is proud to provide a service that's helping to drive the State's economic growth.

We're committed to working with industry, our customers,

partners and communities to find new opportunities that will support and strengthen the rail network and the benefits it delivers to WA.

Our infrastructure assets support a wide range of customers and commodities, many of whom are working towards their own sustainability goals:

- Grain from WA growers
- Minerals from mines located throughout WA (e.g. iron ore, alumina, bauxite and nickel)
- General container freight from the east coast and overseas
- Inputs to mines located throughout WA
- Industrial facilities located around Perth and throughout the network
- Regional passenger services

We value our role in the community and want to make a difference in the regions that we live and work in. We do this by managing and developing assets that support growth of tonnes on rail, create sustainable jobs and improve quality of life in our State.





*The network
we manage connects
local businesses,
communities and
industries with eastern
states and overseas
markets.*



Strategy summary

In March 2022 Arc launched its Sustainability Strategy. The strategy framed our understanding of sustainability principles and identified where Arc can make the most meaningful contributions towards the United Nation's Sustainable Development Goals (UN SDGs). It also provided a commitment from Arc to undertake specific actions and provide regular transparent reporting of our progress.

Understanding the Sustainable Development Goals

Arc has taken the time to understand the 17 UN SDGs and the supporting 169 targets, to identify how we could best contribute to these goals. The strategy aligned with the UN SDGs and identified that 16 of the 17 were applicable to our operations. The analysis of the SDGs was supported by industry interpretation and practical application of the goals, drawing on the Transportation Industry Matrix from the UN Global Compact and KPMG, and other transport infrastructure industry participants in Australia such as the ARA.

SUSTAINABLE DEVELOPMENT GOALS

Arc Infrastructure supports the Sustainable Development Goals



Given our relatively broad influence across these focus areas, we decided to group them into five themes:

- Safety and risk management
- Our Environment
- Our Community
- Our Customers
- Our People

Each theme in turn maps to several of the SDGs. Arc identified 40 sustainability initiatives within these five themes and set appropriate objectives against each.

The initiatives were identified through a series of internal workshops. The significant

number of initiatives identified by the business required the application of a series of prioritisation filters to arrive at a manageable priority list. These filters included:

- Expected impact and materiality
- Current status
- Maturity

Each initiative is led by a subject matter expert who is responsible for its delivery, with the support and oversight from the theme owner.

This report provides an update on performance of the themes and initiatives during 2022.

Governance and reporting

Arc takes its commitments to sustainability seriously and has developed a governance framework to help ensure we deliver on our objectives.

The table below describes the leadership and oversight of different parts of the business to support the implementation of Arc's Sustainability Strategy.

Individual initiatives are tracked and managed through Arc's Insight

risk management application.

This application tracks progress and actions and enables efficient reporting against each initiative.

Project governance and oversight is managed through quarterly status reporting of initiatives to the Audit, Risk and Compliance Committee (a management committee that reports formally to the Arc Board). Each year Arc will provide a report of performance and progress.

Function	Role	Responsibilities
Oversight & governance	Audit, Risk and Compliance Committee	Oversight and governance of Sustainability Strategy and initiatives
Executive sponsor	Chief Executive Officer	Directs and approves Arc's Sustainability Strategy and is accountable for its overall delivery
Sustainability leader	Head of Development	Leads the development and delivery of Sustainability Strategy and five key themes
Theme owners	Head of People Head of Stakeholder Engagement Head of Governance & Risk Head of Development	Responsible for the coordination of initiatives to meet the objectives of each theme
Initiative owners	Arc's Subject Matter Experts	Responsible for the delivery of each individual sustainability initiative
Advisory	Industry leading consultants	Arc draws on the expertise of industry-leading advisors in the development of its sustainability strategy and the selection and defining of initiatives



Safety and Risk Management

OWNER

Head of Governance and Risk

RELEVANT UN SDGs



Objective

- Continue to focus on the safety of our people and our network to build on our already mature risk framework.

Key Progress in 2022

- Commencement of the Mentally Healthy Workplace initiative.
- Collaborated with industry on the second SPAD (Signal Passed at Danger) Awareness Week.

Priorities and focus for 2023

- Progress the Mentally Healthy Workplace initiative.
- Progress zero derailment control measures for managing severe weather events.
- Continue development of the Situational Awareness Platform.

Performance measures 2022

- 8,249 hours of Health, Safety, Security and Environment Training Hours provided across the business.
- Ongoing participation in the SPAD working group and Above Rail Operators Forum.

Our Environment

OWNER

Head of Governance and Risk

RELEVANT UN SDGs



Objective

- Minimise our impact and protect and enhance the environment in which we operate by reducing our carbon emissions and respecting heritage.

Key Progress in 2022

- Identification of a carbon net zero target.
- Construction completed on the new self-sufficient Esperance depot (more on pages 24-25).

Priorities and focus for 2023

- Finalise Arc's bushfire mitigation strategy.
- Progress the review of Arc's environmental management plans, incorporating legislative changes and updates.
- Refine Arc's net zero commitment to consider an interim emissions reduction target and consider opportunities to reduce scope 3 emissions.

Performance measures 2022

- Acquisition of three hybrid fleet vehicles.
- Installation of more than 100 solar panels across six locations in the Goldfields.

Our Community

OWNER

Head of Stakeholder Engagement

RELEVANT UN SDGs



Objective

- Work with communities across our geographically diverse network, respecting their heritage, and continuing to build trust.

Key Progress in 2022

- \$30,000 contribution to the Waalitj Foundation as the beneficiary of the 2022 annual Christmas donation.
- Funded eight school excursions to the Constable Care Safety School through our Rail Safety Week community campaign.

Priorities and focus for 2023

- Enter into a new Principal Partnership as part of our community investment program.
- Launch our 'Reflect' Reconciliation Action Plan as part of our Aboriginal Engagement initiative.

Performance measures 2022

- \$500,000 invested into corporate community partnerships.
- Arc crews spent 10 days on Rottnest Island carrying out track maintenance for the Rottnest Island Authority's Oliver Hill Railway.

Our Customers

OWNER

Head of Development

RELEVANT UN SDGs



Objective

- Support our customers to sustainably manage the movement of their freight.

Key Progress in 2022

- Supported CBH in the planning and design of new and upgraded rail sidings to increase rail capacity.
- Planning underway for the upgrade of the Midland Railway, from 16 to 19 Tonne Axle Load (TAL).

Priorities and focus for 2023

- Development of autonomous rail container wagon for testing on Arc's network, to complement the state's Westport development.
- Commence construction of the Kenwick Intermodal Terminal to shift more containers from road to rail.

Performance measures 2022

- Arc's Enhanced Network Control Program (ENCP)'s Train Control System became operational in the non-signalled (dark) territory of Arc's network.

Our People

OWNER

Head of People

RELEVANT UN SDGs



Objective

- Strive to employ a diverse workforce, provide an inclusive workplace and continue to provide a range of development opportunities for our people.

Key Progress in 2022

- Completed Manager Development Program material and delivered full course to first cohort.
- Completed the development of new branding materials for recruitment activities, including new banners and video content.

Priorities and focus for 2023

- Complete Executive Development Program and deliver to first cohort.
- Implementation of Cert IV in Train Control.

Performance measures 2022

- 63 employees participated in the Leadership Development Program.

Safety & Risk Management

“I’m delighted to see the progress across all aspects of our safety and risk management theme. In particular, the progress relating to our safety initiatives and the hours of training completed to reduce our cyber security risk profile.” – Callum Wylie, Head of Governance and Risk

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



11 SUSTAINABLE CITIES AND COMMUNITIES



13 CLIMATE ACTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS





INITIATIVE UPDATES

PROGRESS

► Safe Workplace and other safety initiatives

/ Continue to roll out Safe Workplace initiative, as well as the following safety initiatives:

/ Safety training and competency



/ Critical safety risk program



/ HSE contractor management



/ Determine and implement safety targets program



/ Review of safety governance structures



/ Review change impact assessment



► Zero Collisions

/ Continue to work on the Zero Collisions project to help reduce Signals Passed at Danger (SPADs) on the network.



► Enterprise risk management

/ Review Arc's current enterprise risk management framework, operational risks and improve risk dashboard and reporting.



► Cyber security

/ Continue to refine Arc's cyber security program and physical security.



► Anti-bribery and corruption

/ Further enhance Arc's anti-bribery and corruption program, including reporting and declaration processes.



INITIATIVE UPDATES

► Zero derailments

- / Develop a severe weather response procedure, including real time alerts and Network Control response process. Including creation of a predictive tool to alert possible washaways across our network using Government weather websites.
- / Install additional thermal cameras to monitor rollingstock and reduce the risk of failures.
- / Develop and roll out tool to assist in application of Heat Speed Restrictions, The Automated Heat Detection System (AHDS).
- / Implement a battery monitoring system to show battery level across the network to trend the life of the battery to predict possible failures before critical response is required.

► Modern slavery

- / Continue to reduce the risk of modern slavery in our business and supply chain, driving accountability through action plans (policy and reporting).

► Mental health

- / Develop and document a mental health and wellness strategy.

PROGRESS

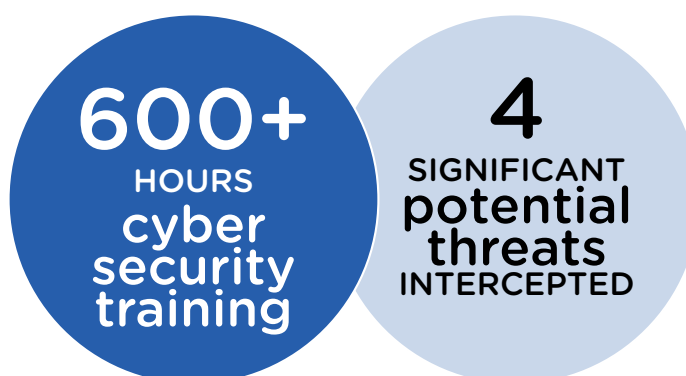


Increasing cyber security awareness

In 2022 our team completed more than 600 hours of cyber security training. The purpose of this training is to increase awareness and reduce the potential success of targeted threats, such as phishing emails.

Our systems identified and intercepted four significant potential threats to our cyber security. Two vulnerability reports were completed during the first half of the year.

2022 CYBER SECURITY AWARENESS



CASE STUDY

Improving our safety systems and programs

The Safe Workplace initiative commenced in 2018 with a safety culture survey which identified we had a compliance based safety culture. We identified various key activities which formed the areas of focus of the initiative to transition to a proactive approach to safety, with the overarching goal being that our people go home safely every day.

One of the important areas of focus was developing a program to manage high risk activities. This led to the establishment of a five step Critical Safety Risk (CSR) program. Working back with our people we identified our top critical safety risks (CSRs), which are those high risk activities that could lead to a fatality or permanent disability

to our people. To ensure we reached all our people, awareness sessions about the program were held across the business. To further embed the program a monthly video and toolbox discussion was rolled out for each CSR.

Other areas of focus for this initiative included a review of our safety management system (SMS), development of a Safety Supervisor training day, safety contractor management, and KPIs.



Arc's CSR Program illustrated.

CASE STUDY

Mentally Healthy Workplace

The Mentally Healthy Workplace Initiative is being developed as part of Arc's overall mental health and wellness strategy.

Following an initial consultation with a newly established consultation group in 2022, the following key activities have been agreed for roll out in 2023:

- Including mental health information in toolbox meetings on a more regular basis.
- Rolling out education across the business regarding mental health and psychosocial risks.
- Building a peer support program – Track Mates.
- Building and adding to the consultation and feedback processes, to engage with and share information with workers.
- Promoting available health support systems and healthy habits.

The consultation group is comprised of representatives from across the business. The first session held with the group included an education session from Lifeline regarding mental wellbeing which was also repeated for the Leadership Team.

The group will continue to inform the development of Arc's Mentally

Healthy Workplace program. They will be responsible for providing feedback and direction to the project on risks and opportunities associated with psychosocial risks within the business.

While these operational activities are undertaken with our employees, the Governance and Risk team will be completing reviews of key mechanisms and systems which underpin a mentally healthy workplace, such as health support system, change management and work design. Our existing risk management processes will be expanded to include psychosocial risk management.



Arc employees attending a Lifeline session in Geraldton.

Our Environment

“Arc Infrastructure has undertaken a lot of work this year embedding sustainability within the organisation with several planned and new projects. The acquisition of our first hybrid fleet vehicles and the self-sufficient Esperance Depot are great examples of this.” – Callum Wylie, Head of Governance and Risk





INITIATIVE UPDATES

PROGRESS

► Resource usage

- / Conduct internal analysis to understand Arc's resource usage.



► Environmental management plans

- / Review and update Arc's existing management plans, as well as identify additional control measures.
- / Review Arc's biosecurity management plan, and determine a risk process.



► Bushfire mitigation

- / Review Arc's bushfire mitigation strategy.



► Carbon net zero

- / Develop Arc's net zero position including emissions inventory and setting a net zero target.



► Electrify fleet

- / Identify opportunities to electrify Arc's vehicle fleet (plus other assets) and define our expectation of contractors.

 Ongoing

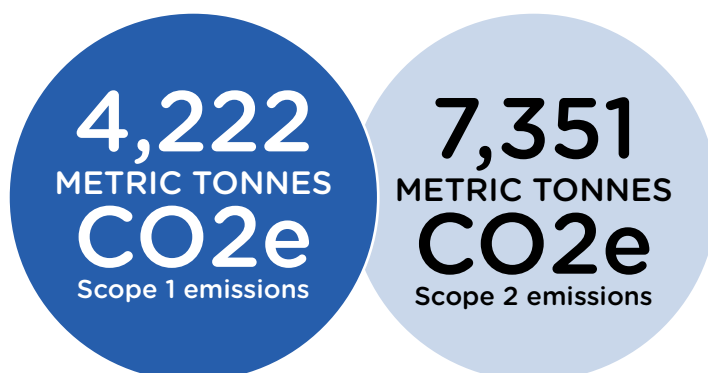
Target 2050

Our Sustainability Strategy committed to developing a position on achieving net zero. During 2022 Arc commenced development of a strategy to reduce our carbon emissions and identify hot spots for carbon emissions. Arc has made a commitment to achieve net zero scope 1 and 2 emissions by 2050.

During 2023, Arc will set an interim emissions reduction target and investigate options related to reducing scope 3 emissions.

Arc is also committed to helping our current and future customers reduce their emissions. Arc is supporting several potential customers investigate the opportunity to shift their freight task from road to rail, in order to achieve emissions reductions within their supply chains.

ARC'S 2022 EMISSIONS



Off grid solar power supplies for signalling assets at Koolyanobbing.



*Arc has made a
commitment to achieve
net zero scope 1 and 2
emissions by 2050.*



CASE STUDY

Reviewing our resource usage



Arc's three new hybrid fleet vehicles.

Arc has continued to review resource usage and look for ways to reduce our emissions and incorporate sustainability into all aspects of our business.

Several projects were successfully implemented during 2022, including the acquisition of three hybrid vehicles for our corporate fleet. We have also made substantial investments into solar solutions on the network.

In previous years, Arc invested ~\$2.5 million to replace ~32kms of overhead power lines with a solar powered system. In 2022 we installed off-grid solar power supplies to power signalling assets at three locations in the Goldfields region. The project included the installation of more than

100 panels across six locations as well as back-up battery storage for the signalling equipment rooms. This included the installation of solar panels at level crossings.

During 2020 Arc recognised the need for an improved facility in Esperance. As a result of the continued demand for exports from Esperance and the amount of growth potential in the region, it was decided the best option for the business and our people was to purchase some land and build our own facility which would cater for our current and future needs. The land for the new Esperance depot was purchased in late 2020 and construction commenced with the laying of the foundation in March 2021.



The new Esperance Depot.

This created an exciting opportunity to design and construct a self-sufficient facility. Our team recognised we could leverage the opportunity to use solar power and rainwater to decrease our energy consumption and have a positive impact on the environment. The roof of the building is equipped with solar panels and can be used to catch rainwater. The harvested rainwater is used to support facilities within the office, workshop and the washdown bay.

The new Esperance Depot, completed in April 2022, features:

- Solar panels with a power rating of over 14kW, a solar rechargeable 16kWh battery backup and a generator for emergencies.
- 135,000lt capacity rainwater storage tank with water being harvested from the workshop roof.

- High performance insulation to help keep the building warm in winter and cool in summer to reduce reliance on the air conditioning system.
- An air source heat pump for hot water which is powered by solar.

Arc has also been able to recover 13,670.755 metric tonnes of scrap steel and 25,000 sleepers from the network through the work of our rail recovery team. This team is responsible for collecting, sorting and wherever possible recycling or reusing materials from the network.

Arc will continue to explore ways to reduce our resource usage and emissions in more key projects in 2023.



Our Community & Stakeholders

“We’ve increased our focus on community partnerships. The Rail Safety Week campaign, which leveraged our partnership with the Constable Care Safety School and engaged more than 60 schools across the State, and the Aboriginal Engagement initiative were two highlights of 2022.” – Rochelle Zaknich, Head of Stakeholder Engagement





INITIATIVE UPDATES

PROGRESS

► Community partnerships

- / \$500,000 invested into corporate community partnerships with Constable Care Foundation, Type 1 Diabetes Family Centre, Foodbank WA, Kate Mullins Association, Lifeline WA, Youth Focus and the Waalitj Foundation.

 Ongoing

► Aboriginal engagement

- / Develop an Aboriginal engagement strategy, focusing on the following work streams:
 - / Education and awareness, Procurement, Employment and training, Community and partnerships.

25%

► Community corridor use

- / Continue to support and manage appropriate community use of the rail corridor.

 Ongoing

► Rail safety

- / Built upon existing rail safety programs such as Rail R U OK? Day, TrackSafe and SPAD (Signal Passed at Danger) Awareness Week, and ran a successful Rail Safety Week campaign in partnership with the Constable Care Foundation.



► Rottnest Island rail (2022 program)

- / Arc crews spent 10 days on Rottnest Island in October carrying out track maintenance for the Rottnest Island Authority's Oliver Hill Railway.





INITIATIVE UPDATES

► Passenger upgrades

- / Facilitate high-level platform projects driven by the Public Transport Authority for passenger services.

► Regional communication

- / Engage with Infrastructure WA on a State regional communications strategy.

► Volunteering

- / Promote, enhance and extend Arc's volunteering program with our partners and other charitable community organisations.

PROGRESS

 Ongoing

25%

 Ongoing

Arc employees carried out track maintenance for the Rottnest Island Authority's Oliver Hill Railway.



CASE STUDY

Rail Safety Week competition



School children visiting the Constable Care Safety School.

As the manager of the State's freight rail network, Arc Infrastructure is committed to ensuring the safety of the communities that surround our network.

In planning our campaign around 2022 Rail Safety Week, we identified the opportunity to leverage our partnership with the Constable Care Safety School and engage schools across the State to enter a competition to win a free excursion.

The campaign, run in partnership with the Constable Care Foundation, saw more than 60 schools across the State enter the draw to win a free excursion to the Constable Care Safety School in Maylands. The Safety School is a purpose-built facility which allows

children to explore real-life transport risks and practice road, rail, pedestrian, bike and public transport safety skills in a safe, realistic urban environment.

Originally, we planned to select just one school to gift a Constable Care Safety School excursion to but, due to the number of entrants, Arc Infrastructure expanded this offer and funded eight school excursions.

The competition provided an opportunity to raise community awareness of Rail Safety Week, as well as provide students the opportunity to learn about safety in and around the rail corridor.

We plan to build on the success of the 2022 campaign into the future.



CASE STUDY

Developing our Reconciliation Action Plan

Following the release of our Sustainability Strategy in 2022, Arc Infrastructure has progressed our Aboriginal Engagement initiative. The initiative formalises Arc's efforts and intentions for improving Aboriginal Engagement across four workstreams.

- Awareness and Reporting
- Community and Partnerships
- Employment and Training
- Procurement

We recognise our responsibility in progressing reconciliation in Western Australia. The Aboriginal Engagement initiative will help Arc develop our vision for reconciliation and consider how we can contribute to reconciliation as a business.

Our team is currently in the final stages of preparing Arc's first 'Reflect' level Reconciliation Action Plan (RAP), which we plan to launch later in 2023. The launch of the RAP will likely coincide with planned NAIDOC (National Aborigines and Islanders Day Observance Committee) Week events across Arc's office locations. The RAP will outline our goals around training, jobs, procurement, and awareness building.

Prior to formalising this initiative, in 2021 Arc entered into a sponsorship agreement with the Kate Mullins



Arc team members attending the Northam Gnualla Karnay Waangkiny event, pictured with local Elder Ben Taylor.

Association Scholarship Fund. The Scholarship supports a student for four years while they undertake tertiary education. The recipient of the scholarship, Shanae Tesling, who is a proud Martu artist, was commissioned to produce the artwork which will feature in Arc's RAP. Shanae is studying a Bachelor of Education with Central Queensland University at the Geraldton Universities Centre.



Walter McGuire of Go Cultural Tours delivering Welcome to Country at Arc's Metro Family Day.

In December 2022, Arc made a \$30,000 donation to the Waalitj Foundation (formerly Wirrpanda Foundation) for our annual Christmas donation. The Waalitj Foundation is using the contribution to help fund a second full-time Indigenous Employment Mentor in their Kalgoorlie Aboriginal pre-employment program. We envisage this positive relationship will continue, helping to support future procurement and employment outcomes that benefit Aboriginal and Torres Strait Islander peoples.

Additional volunteer, sponsorship and relationship building opportunities with Aboriginal and Torres Strait Islander peoples, groups, not-for-profit organisations and businesses will be sought throughout Arc's reconciliation journey. We plan to formalise more partnerships and ongoing engagements with community organisations in our regions.

In 2023, we intend to identify other key metrics to evaluate the successful implementation of our Aboriginal Engagement initiative, which will inform future reporting.



Our Customers

“We’ve made significant investment in recent years into new technologies that allows Arc to better manage our asset and our data. We’re now also investing in concepts like the autonomous rail container wagon which can deliver a range of positive customer performance and ESG outcomes for the future Westport project.” – Simon Gilders, Head of Business Development





INITIATIVE UPDATES

PROGRESS

► Autonomous rail container wagons

- / Develop an autonomous rail container wagon, in support of the future Westport project.



► Intermodal strategy

- / Support the shift of freight from road to rail through the development and implementation of an intermodal strategy.



► Agricultural Supply Chain Improvements (ASCI) projects

- / Partner with the Government and CBH to increase grain tonnes on rail through upgrades of the network and development of new sidings.



► Data and knowledge sharing

- / Implement phase two of the data and knowledge sharing project to improve the collection, integration, storage and representation of data.



► Asset management

- / Continue to improve the maturity of the asset management system and continue to provide a rail network that is fit for purpose.



► Australasian Centre for Rail Innovation (ACRI)

- / Continue to partner and share information with ACRI to support innovation across various rail initiatives.





INITIATIVE UPDATES

PROGRESS

► Rail competitive advantage

- / Monitor emerging technologies which may impact rail's competitive advantage against road.



► Customer reporting

- / Develop reporting capabilities to respond to customer requirements for scope 3 emissions.



► Train control

- / Implement the final stages of the Enhanced Network Control Protocol (ENCP) project and begin planning for the next generation train control technologies.



► Future technologies

- / Contribute and support innovation and research into future technologies.



CASE STUDY

Arc's Digital Twin

Arc Infrastructure's Digital Twin is a sophisticated virtual representation of Western Australia's 5,500-kilometre freight rail network infrastructure and assets.

The system enables the business to take a consistent approach to asset management decision making, reducing the reliance on field inspections and improving the speed at which data is received.

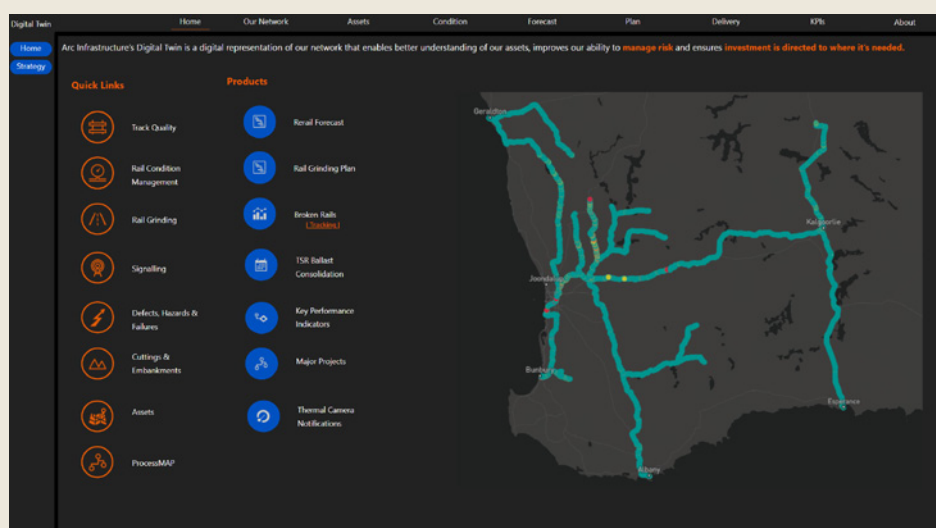
Created through deep integration and correlation of operational data, and accessible through analytics and visualisation, it has greatly improved Arc's ability to perform critical assessment of current and future asset condition, hazards and risks, and ensured investment is directed where needed.

The Digital Twin helps Arc determine what maintenance and renewals are required across the network and assists

with planning. It has made better data more readily accessible to our employees across the business, and greatly enhanced our ability to forecast the work profile and residual risk profile of asset health.

We have significantly reduced our field workload for inspection and measurements which in turn has reduced our risk exposure time of employees in the field. With the Digital Twin in place, we can now look at a data interface for the most accurate and recent data, rather than sending an employee out in the field to measure or inspect rail wear locations. This has enabled us to reduce overall effort and risk exposure for inspection and measurements by approximately 90 per cent on rail wear locations.

The Digital Twin project was shortlisted for two awards at the Australasian Rail Industry Awards in 2022.



A snapshot of Arc's Digital Twin dashboard.

CASE STUDY

Looking to the future of freight

Our 2022 Sustainability Strategy identified the opportunity for Arc to contribute and support innovation and research into future technologies.

Arc has spent the past two years developing the concept of an autonomous rail container wagon, which was developed with the future Westport at Kwinana in mind. The outcomes of Westport's Landside Logistics Opportunities Study (LLOS) then identified the autonomous rail container wagons as one of the most prospective innovations in enabling a more efficient and sustainable logistics network in the future.

Autonomous rail container wagons will help maximise the efficiency and utilisation of rail for freight, while achieving reduced emissions and further embedding rail as a more sustainable mode of transport.

In addition to less trucks on the road, the wagons themselves would be a safer option to move freight, as they can be tracked and controlled in real time and will feature advanced safety technology.

The wagons could be assembled at the recently completed Bellevue Railcar Assembly Facility, leveraging WA's existing local automation and technology capabilities, to strengthen rail manufacturing and support local job creation.

The concept has now moved to the development of a wagon and Arc expects to commence prototype testing and trials on the network later this year. The outcomes of the trials will be shared with Westport as part of their next phase, the Supply Chain Integrated Design project (SCID).



Animated concept of the autonomous rail container wagons.

Arc is developing the Kenwick Intermodal Terminal to support the shift of freight from road to rail.

Our People

“Our people are our biggest asset. Attracting and retaining highly capable and competent people allows us to maintain the high standard of the rail network, and I’m proud of the investment Arc has made in its people during 2022.” – Sam Crowford, Head of People

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES





INITIATIVE UPDATES

PROGRESS

► Leadership Development Program

- / Implement the Manager Development Program, as part of the Leadership Development Program commenced in 2021.



► Local attraction

- / Continue to employ locally with minimal fly-in fly-out (FIFO). Enable drive-in drive-out (DIDO).



► Attraction through partnership

- / Continue to partner with ARA Rail Skills Academy to enable rail pathways through partnerships with TAFE and universities.



► Reward and recognition

- / Continue to review and develop Arc's remuneration process with a focus on refreshing position descriptions and evaluation of jobs against market data.



► HR management system

- / Improve the visibility of people related policies, standards and guidelines.



► Attraction and recruitment

- / Improve Arc's recruitment brand, and implement new tools to eliminate recruitment bias to encourage greater diversity.



INITIATIVE UPDATES

► Workforce engagement

- / Develop a workforce planning and talent pipeline strategy, while enabling job redesign to support flexible working.

► Workforce development

- / Continue to enhance development plans for all employees, with training plans in place for continuous development.

PROGRESS

 Ongoing



CASE STUDY

Training our future leaders

To maintain our pipeline of talent and invest in the development of our employees, Arc launched the Arc Leadership Development Program.

The Program has been designed by our People team to develop our employees' management and leadership skills, depending on where they are at in their role. It is comprised of three programs – Supervisor Development Program (leading and managing a team), Manager Development Program (leading and managing a function), and Executive Development Program (leading and managing a business). The aim of the initiative is to provide a tailored, sustainable approach to leadership at Arc that builds upon leadership and technical skills and reflects the culture of our business.

The first series of workshops for the Supervisor Development Program was launched in 2021. Its focus is to help emerging leaders and supervisors develop skills in communication, feedback, and provide insight into ideas and methods that help manage a team. It's made up of three workshops, and brings together people from around the business, which is one of the program's key strengths.

Last year our People team rolled out the Manager Development Program, with the first cohort beginning in June. The Manager Development Program



Arc employees attending training at our Kewdale Training Centre.

builds on the Supervisor course and aims to provide skills that stretch leaders from managing a team to managing a function. The Manager course consists of six days that have been tailored to Arc processes and systems and are focussed on building skills and knowledge for people leading, from finance to project management.

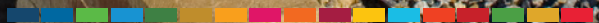
The Executive Development program is being developed in 2022, with Arc's Executive team participating as the first cohort.

Arc's focus on developing three in-house leadership programs means we have reached a wide number of people in our business. In 2022, 21 people participated in the Manager Development Program, and 39 completed the Supervisor Development Program, in addition to 32 the previous year. More than 60 employees are booked to attend one of the programs during 2023.





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SUSTAINABILITY REPORT
May 2023