

28 August 2026

Singapore Exchange Securities Trading Limited
4 Shenton Way
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Republic of Singapore

Dear Sir/Madam

EMTN Programme

Issuer: Pacific National Finance Pty Ltd (formerly Asciano Finance Limited)

Securities: ASCIANO FINUS\$400M4.75%N280322

Attached is the FY26 Sustainability Report for Australian Logistics Acquisition Holdings Pty Ltd, the ultimate parent entity of Pacific National Finance Pty Ltd and Pacific National Holdings Pty Ltd (formerly Asciano Limited).

Yours faithfully



Andrew Beck
Chief Legal Officer and Company Secretary
Pacific National

**AUSTRALIAN LOGISTICS ACQUISITION HOLDINGS
PTY LIMITED**

SUSTAINABILITY REPORT

CLIMATE-RELATED DISCLOSURES

For the year ended 30 June 2026

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1. Basis of preparation

1.1 Statement of compliance

This Sustainability Report represents a complete set of climate-related financial disclosures for Australian Logistics Acquisition Holdings Pty Limited ("the Company" or "Parent") and its controlled entities (collectively referred to as "ALAH" or "the Group") for the year ended 30 June 2026.

The Group's climate-related financial disclosures have been prepared in accordance with the Corporations Act 2001 and the Australian Sustainability Reporting Standards, being AASB S2 Climate-related Disclosures and any further requirements determined under section 296C(2) of the Corporations Act 2001.

As this is the first year in which the Group has applied AASB S2, the Group has elected to apply the transitional relief available under AASB S2 to not disclose:

- scope 3 emissions
- comparative information in this report

The Group has applied the transitional relief in paragraph C4(b) of AASB S2. In accordance with paragraph C5 of AASB S2, the Group may continue to apply this relief when presenting comparative information in subsequent reporting periods.

The report has been prepared for the same consolidated reporting entity and reporting period as the Group's Consolidated Financial Statements (refer to Note 1 "Reporting entity" in the financial statements). Our boundary includes all the entities within the organisational structure. The Sustainability Report should be read in conjunction with the ALAH annual financial report.

1.1.1 References used in this report

The Group operates under the Pacific National ("PN") brand and all references to "Pacific National" or "the Group" throughout this report refer to the Company and its controlled entities.

1.2 Forward looking statements

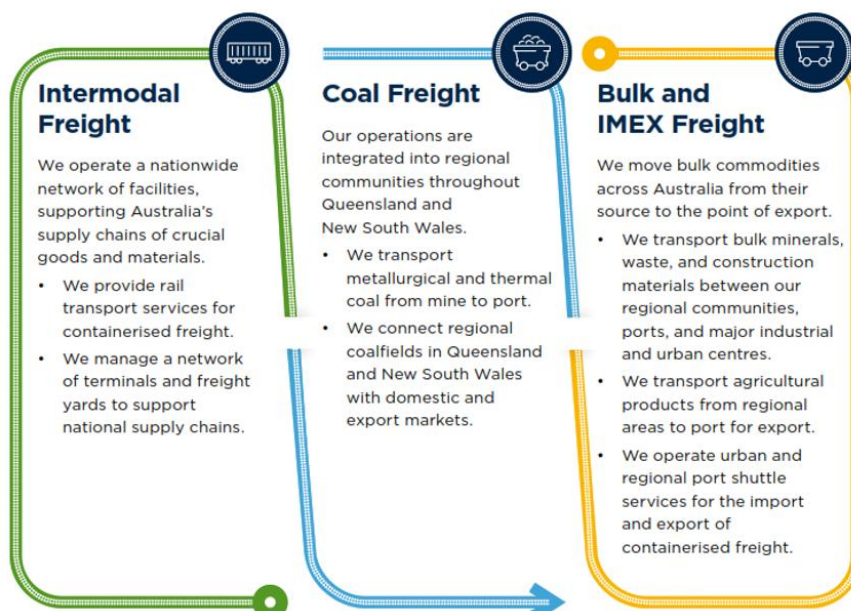
This report includes forward looking statements regarding the Company's climate-related strategy, emissions ambitions, and future performance. These statements are based on current expectations and assumptions, including demand for lower emissions freight, technology availability, regulatory settings, and exposure to physical climate risks. They are subject to risks and uncertainties, including policy changes, technology uptake, capital constraints, market demand, and extreme weather, that may result in actual outcomes being significantly different from those currently anticipated.

1.3 Greenhouse gas emissions boundary

The Group applies an operational control approach to greenhouse gas emissions accounting in accordance with the National Greenhouse and Energy Reporting (NGER) Scheme, where operations within its operational control are included within the Scope 1 and Scope 2 emissions boundary.

Pacific National has a broad 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. The operational and jurisdictional scope of this report covers all of Pacific National's ("PN") owned and controlled assets including locomotives, freight terminals, maintenance yards and offices.

Pacific National Business Units



The scope of this report includes Pacific National's owned and operated activities and the climate-related risks and opportunities considered most relevant to the Group's current operations and strategic planning. The assessment was prepared using all reasonable and supportable information available for comprehensive understanding of the climate-related risks and opportunities. The Group has utilised data collated from across its value chain in order to disclose quantitative metrics and financial effects. The Group is committed to continuously improving the accuracy of these metrics.

Additionally, the Group is improving its financial risk models to better capture potential impacts of climate change on its portfolio with the aim of providing more accurate estimations of anticipated financial effects in future sustainability reports.

1.5 Relevant climate-related information

In accordance with AASB S2, this report discloses relevant climate-related information, including information about climate-related risks and opportunities that could reasonably be expected to affect the Group's business model, strategy, cash flows, access to finance and cost of capital over the short, medium and long term.

In determining which climate-related risks and opportunities are relevant to disclose, the Company considered both quantitative and qualitative factors with reference to the Company's risk management processes and thresholds. Pacific National identified nine climate-related risks and two climate-related opportunities in its assessment process, outlined in the Strategy Section of this report. Each risk and opportunity was assessed across the selected climate scenarios. Under AASB S2, however, disclosure is not determined by financial-statement materiality alone. An entity discloses climate-related risks and opportunities that could reasonably be expected to affect the Group's future financial performance and strategic direction.

Nine risks were assessed as having greater potential significance to Pacific National and are disclosed in detail in the Strategy section of this report.

1.6 Scenario analysis framework

The climate scenario analysis was conducted to estimate the potential financial impact of identified climate-related risks and opportunities under defined climate scenarios and time horizons, in compliance with the *Corporations Act 2001* and the *Climate Change Act 2022*, which mandate the use of at least two scenarios; one consistent with limiting global warming to 1.5°C and one in which global warming reaches or exceeds 2.5°C.

The FY2024 climate assessments provided a broad screening of Pacific National's exposure to a range of physical and transition climate risks and opportunities. Building on this work, the FY2025 climate assessment undertook a more detailed analysis of the physical risks identified as having the greatest potential operational and financial impacts, flooding and extreme heat.

The scenarios used for Pacific National's FY2024 and FY2025 climate risk assessments were:

Pacific National Climate Scenarios

Assessment	Scenario	Global Warming	Time Horizons	Source
Transition	NGFS Net Zero 2050	~1.5°C by 2100	Short / Medium / Long	FY2024 Assessment
Transition	NGFS NDC	~2.6°C by 2100	Short / Medium / Long	FY2024 Assessment
Physical (Flood Risk)	SSP1-2.6	+1.3 to +2.4°C by 2100	Short / Medium / Long	FY2025 Assessment
Physical	SSP2-4.5	+2.1 to +3.5°C by 2100	Short / Medium / Long	FY2024 Assessment
Physical	SSP5-8.5	+3.3 to +5.7°C by 2100	Short / Medium / Long	FY2024 Assessment

Scenario Selection

Management selected multiple climate scenarios to assess the resilience of Pacific National's strategy, operations and business model across a range of plausible future climate and transition pathways, recognising the uncertainty inherent in future climate outcomes. Scenarios are used as analytical tools to assess potential climate-related financial risks and opportunities and are not forecasts of future outcomes.

Transition climate-related risks and opportunities were assessed using the NGFS Net Zero 2050 scenario, representing an orderly transition broadly consistent with limiting global warming to 1.5°C, and the NGFS Nationally Determined Contributions (NDC) scenario, representing the implementation of currently pledged government climate policies. These scenarios enabled the Group to assess the resilience of its strategy under differing assumptions regarding policy, carbon pricing, technology deployment, market demand and regulatory change across the Group's short, medium and long-term planning horizons.

Physical climate risks were assessed using IPCC Shared Socioeconomic Pathway (SSP) scenarios through complementary studies completed over successive reporting periods. The FY2024 climate physical risk screening assessed the Group's exposure to physical climate risks using SSP2-4.5 (moderate emissions) and SSP5-8.5 (high emissions), evaluating changes in climate hazards using projections centred on 2030 and 2050.

Building on the FY2024 physical climate risk assessment, the FY2025 assessment expanded the analysis by assessing flood risk under SSP1-2.6 (low emissions / well below 2°C), SSP2-4.5 and SSP5-8.5, while extreme heat modelling was undertaken under SSP2-4.5. This subsequent assessment broadened the range of physical climate pathways considered and enhanced the Group's understanding of the potential impacts of flooding and extreme heat.

The Group's climate-related risk and opportunity assessments were reviewed by Management, with the outcomes forming the basis of the climate-related disclosures included in the Board approved FY2025 Sustainability Report. Management subsequently assessed whether any material changes had occurred to the Group's operating context, strategy, value chain or climate-related risks and opportunities since those assessments were completed and concluded that no reassessment was required for FY2026. Accordingly, the FY2024 and FY2025 assessments continue to provide a relevant and reliable basis for the climate-related disclosures in this report.

Time horizons

Management has established reporting time horizons to assess and disclose climate-related risks and opportunities consistently across the Group. These reporting time horizons reflect the periods over which climate-related risks and opportunities could reasonably be expected to affect the Group's strategy, business model, operations, cash flows, access to finance and financial position.

The Group's reporting time horizons are:

- **Short term:** Current to 2030
- **Medium term:** 2030 to 2040
- **Long term:** 2040 to 2050

These reporting time horizons align with the Group's strategic planning and capital investment cycles, Australia's 2030 emissions reduction objectives and the long-term transition to a net zero economy by 2050. They provide a framework for assessing climate-related risks and opportunities across all climate scenarios and climate-related risk categories.

Physical and transition climate-related risks and opportunities were assessed across the Group's reporting time horizons. Climate scenario analysis was used to evaluate how the nature, likelihood and potential financial effects of each risk and opportunity may evolve over time.

The underlying climate assessments use specific modelling periods that inform, but do not define, the Group's reporting time horizons. Physical climate risks were assessed using a historical baseline centred on 2000 and climate projections for 2030 and 2050, with the historical baseline serving as a modelling reference point only. Transition climate risks and opportunities were assessed against the current operating environment and projected to 2030 using NGFS scenarios, reflecting the period over which changes in policy, regulation, technology and markets can be assessed with a reasonable degree of confidence. Financial modelling of selected transition risks and opportunities was extended to 2040 to illustrate longer-term financial implications but did not constitute a separate qualitative assessment horizon.

1.7 Financial impact methodology

The Group is developing the methodology used to assess financial impacts of climate-related risks and opportunities on the Group's operations. The methodology will incorporate assessment of potential impacts on revenue, operating costs, capital expenditure, asset utilisation and cash flows over the short, medium and long term. For the year ended 30 June 2026, the Group has identified key climate-related risks and opportunities and undertaken a qualitative assessment of their potential financial impacts. A quantitative assessment has not been disclosed for the current reporting period as the financial impact assessment methodology, supporting data and scenario modelling continue to be developed. The Group is continuing to refine assumptions, data sources and financial models required to reliably estimate the potential financial impacts of climate-related risks and opportunities across multiple climate scenarios and time horizons. The Group will continue to enhance its assessment methodology through the use of financial modelling, scenario analysis and improved data availability to support more quantitative disclosures in future reporting periods.

1.8 Judgements

In preparing information presented in this report, the Group has applied judgement to determine what information is relevant, reliable and useful for disclosure. This includes the interpretation of reporting requirements and making informed decisions where the standards allow flexibility.

Topic	Judgement description
Identification of relevant climate-related risks and opportunities	Judgement was applied in identifying the climate-related risks and opportunities that could reasonably be expected to affect Pacific National's future financial performance. See Section 1.5.
Greenhouse gas emissions	The Group measures Scope 1 and Scope 2 greenhouse gas emissions in accordance with the National Greenhouse and Energy Reporting (Measurement) Determination 2008, as required for Australian operations, and applies the Greenhouse Gas Protocol where required by AASB S2. Further information regarding the Group's greenhouse gas measurement methodologies is provided in Sections 6.1 and 6.6.
Scenario selection	Judgement was applied in selecting scenarios used for modelling and analysis. The scenarios were selected to provide a range of plausible transition pathways and temperature outcomes, and to satisfy the legislative requirements. See Scenario Analysis framework above.
Short to medium term horizon for quantitative analysis	Judgement was applied in the decision to use the short to medium term planning horizon for quantitative analysis. See time horizons above.

1.9 Uncertainties

The Group recognises that measurement uncertainty may exist due to gaps in data, reliance on third-party information, external factors or forward-looking information. The Group has applied, where appropriate, assumptions and data that are consistent with those used in preparing the consolidated financial statements when developing these climate-related financial disclosures. This includes assumptions relating to expected operational performance, approved capital expenditure, forecast fuel consumption and other relevant economic assumptions used in the Group's financial planning processes.

Where climate-related estimates overlap with amounts recognised in the financial statements, the Group has applied consistent underlying data and assumptions. For example, estimates relating to the Safeguard Mechanism are based on the same underlying operational data (including net tonne kilometres and fuel consumption) used in determining the Safeguard Mechanism provision recognised in the financial statements.

Climate scenario analysis and resilience assessments have been prepared using externally recognised climate scenarios to assess the resilience of the Group's strategy and business model under a range of plausible future climate conditions. These scenarios are used for analytical purposes and are not intended to represent management's base case financial forecasts or the assumptions used for recognition and measurement in the financial statements.

The Group has not identified any significant differences between the assumptions used in preparing these climate-related financial disclosures and those used in preparing the consolidated financial statements.

Reliance on externally developed scenario data	
Uncertainty description	The financial impact assessment relies on carbon pricing trajectories, energy price projections, physical hazard indicators and macroeconomic assumptions.
Sensitivity	Changes in carbon prices, energy costs or macroeconomic assumptions may increase or decrease the estimated financial impacts of climate-related risks and opportunities. The Group therefore assesses a range of climate scenarios rather than relying on a single forecast.
Possible outcomes	Different assumptions regarding carbon prices, energy markets, economic conditions or climate pathways could result in higher or lower compliance costs, operating costs, capital investment requirements, and affect the timing of climate-related risks, opportunities and decarbonisation initiatives.
Changes in assumptions	The Group updates scenario inputs as revised climate datasets become available. No material change in estimation methodology was made during the reporting period.

Greenhouse gas emission factors	
Uncertainty description	Emissions factors and calculation methodologies are subject to revision by external authorities.
Sensitivity	Future revisions to NGER emission factors may result in changes to reported emissions without any underlying change in operational performance. These type of changes would principally affect reported emissions rather than the Group's physical fuel consumption.
Possible outcomes	Changes to NGER emission factors may affect reported greenhouse gas emissions, emissions intensity and performance against emissions targets, without affecting the Group's underlying fuel consumption or operational performance.
Changes in assumptions	Emission factors are updated in accordance with the latest NGER Measurement Determination. No material changes to calculation methodology occurred during the reporting period.

Transition resilience assessment	
Uncertainty description	Forward looking transition assessments rely on assumptions regarding safeguard compliance costs, energy markets and regulatory settings.
Sensitivity	A faster or slower transition to a low-carbon economy, changes to carbon prices or amendments to climate policy could materially alter the timing and magnitude of projected financial impacts. The Group therefore considers multiple transition scenarios when assessing resilience.
Possible outcomes	Changes in climate policy, carbon markets, technology availability or energy prices could alter the timing and magnitude of Safeguard Mechanism compliance costs, demand for lower-emissions freight services, and investment in fleet decarbonisation and supporting infrastructure.
Changes in assumptions	Transition assumptions are updated where material changes occur in policy, regulation or market expectations.
Physical resilience assessment	
Uncertainty description	Physical risk assessments rely on external climate models and assumptions regarding asset vulnerability and adaptation measures.
Sensitivity	Actual climate outcomes may differ from modelled projections. The severity, frequency and timing of physical impacts may therefore differ from current estimates, resulting in higher or lower asset, operational or financial impacts. Multiple climate scenarios and time horizons are used to assess resilience.
Possible outcomes	More frequent or severe climate hazards than currently projected could increase asset damage, operational disruption, maintenance costs and resilience investment requirements. Less severe outcomes may reduce the extent and timing of these impacts.
Changes in assumptions	Physical climate datasets are updated when new climate projections become available. No material change to the assessment methodology occurred during the reporting period.

Scenario analysis	
Uncertainty description	Scenario analysis relies on assumptions regarding future climate pathways, carbon prices, energy markets and macroeconomic conditions.
Sensitivity	The Group assesses resilience under multiple transition and physical climate scenarios to understand a range of reasonably possible outcomes rather than relying on a single forecast. Different assumptions may materially affect the estimated timing and magnitude of financial impacts, although they do not alter the overall conclusion that climate-related risks require ongoing management.
Possible outcomes	Different climate pathways may result in different timing and magnitude of climate-related financial impacts, including compliance costs, operating costs, capital investment and physical impacts. However, all scenarios indicate the need for ongoing climate risk management and investment in resilience and decarbonisation.
Changes in assumptions	Scenario assumptions are updated to reflect the latest recognised climate science and economic projections.

2. Introduction

The Group is one of Australia's leading rail freight operators, providing bulk and intermodal transport services across the national rail network. The Group transports key commodities including coal, agricultural products and containerised freight, supporting critical national supply chains and economic activities.

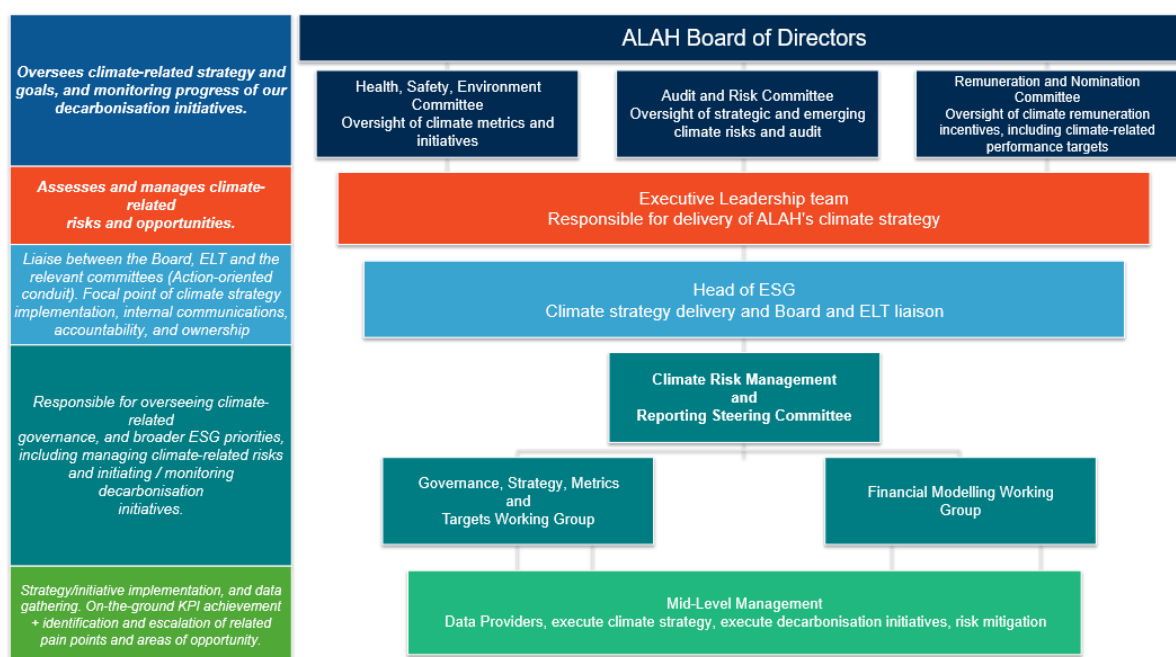
The Group is committed to responsible operations grounded in our core values defined in our Pacific National Approach, with a strong focus on priorities identified in our Sustainability Strategy¹, inclusive of greenhouse gas emissions and decarbonisation. Rail transport provides a lower-emissions alternative to road freight, enabling the Group to support the movement of goods across Australia while helping to reduce emissions associated with the national freight task.

3. Governance

The Company's Board of Directors ("the Board") is responsible for the overall governance of climate strategy. The Group recognises that its operational and business resilience depends on its ability to identify, mitigate and adapt to climate opportunities and risks. The Group's approach to climate is holistic and considers elements, such as decarbonisation opportunities, that underpin the ongoing sustainability of the Group's business into the future. New initiatives are subject to careful evaluation and require Board consideration and approval prior to commencement, where applicable. Initiatives that did have Board approval include the introduction of Trip Optimizer and the acquisition of the 94 class locomotives.

The Board has ultimate responsibility for the overall setting and monitoring of the process that management has in place to identify and manage business risks and opportunities, including climate related risks and opportunities. This involves approving, reviewing, and monitoring the Group's Risk Management Framework and Policy which integrates climate-related risks. The Board is supported by Board Committees, which assist the Board in carrying out its responsibilities. Committees may exercise only those powers and functions expressly delegated to them by the Board.

Climate risk management governance structure



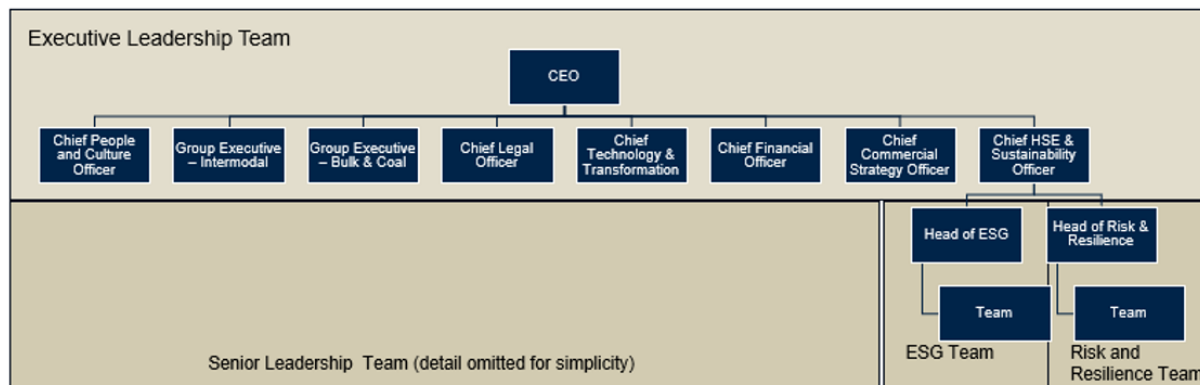
3.1 Board and Committee oversight

The Board of Directors oversees the Group's strategic risks, including climate-related risks that could reasonably be expected to affect the Group's strategy, business model, financial performance and long-term value. The Board is supported by the Health, Safety and Environment Committee, the Audit and Risk Committee, and the Remuneration and Nomination Committee. Committee Chairs provide quarterly updates to the Board, including climate-related matters where relevant, and each committee operates under a Board-approved Charter that defines its responsibilities for overseeing climate-related matters.

¹ Pacific National website: <https://pacificnational.com.au/landing/sustainably-at-pn>

The Executive Leadership Team (ELT) manages operational and business risks, with oversight provided by the Audit and Risk Committee (ARC). Both the Board and ELT are supported by the Risk and Resilience Team, which coordinates the Group's Enterprise Risk Management Framework.

As shown in the organisational chart below, the ELT comprises the CEO and their direct reports, while the Risk and Resilience and ESG teams report to the Chief of HSE and Sustainability.



Climate-related risks are integrated into the Group's enterprise risk management process and are reviewed at least every six months by the risk owners, who are all members of the Senior Leadership Team (SLT) and direct reports to the ELT. The outcomes are reported to the ELT, the ARC and the Board through the Group's half-yearly strategic risk reviews conducted in April and October. While the primary purpose of the enterprise risk management process is to identify, assess and manage risks, potential opportunities may also be identified during risk assessments. Opportunities are considered through the Group's broader strategic planning, investment, operational improvement and sustainability processes and are reported through those governance mechanisms as appropriate. Opportunities are approved and reviewed as part of the annual AASB S2 reporting process. The ARC assists the Board by overseeing the identification, assessment and management of climate-related risks, including the effectiveness of internal controls. Responsibility for identifying and managing climate-related matters extends across the business, with strategic direction and coordination provided by the ESG team.

Board Committees

Health, Safety, Environment Committee (HSEC):

The purpose of the HSEC is to assist the Board in fulfilling the Board's responsibilities in relation to Health, Safety and Environment ("HSE"). HSE at Pacific National is primarily concerned with the immediate health, safety and environment impacts of PN's operations. HSE is distinct from PN's ESG and Sustainability activities which form part of the Board's areas of responsibility. The HSEC monitors performance data relating to PN's greenhouse gas emissions in support of any targets set by the Board or for compliance with regulations. The HSEC meets quarterly.

Audit and Risk Committee (ARC):

The purpose, as it relates to risk, of the ARC is to assist the Board in fulfilling the Board's responsibilities in relation to risk, including oversight of ESG risk. This committee assists the Board in overseeing and reviewing emerging and strategic risks, including climate-related risks, risk management and internal controls over climate-related data. The ARC meets quarterly and is responsible for overseeing the Group's risk management and internal control systems, alongside reviewing whether internal control systems over climate-related data are effective. The Board receives all ARC meeting minutes for review, which include details on risks and internal controls as they pertain to climate.

Remuneration and Nomination Committee (RNC):

The purpose of the RNC is to assist the Board in fulfilling the Board's responsibilities in relation to remuneration' including oversight of ESG related remuneration incentives. This committee assists the Board in overseeing measures and outcomes against those measures as they pertain to executive remuneration, which includes climate-related measures.

3.2 Board skills, competencies and Director training

The Board has a combined diverse range of backgrounds, skills and experience across diverse sectors, products, and geographic regions, bringing effective guidance for climate related decision making and oversight. The collective capability spans industries such as infrastructure and transport operations with expertise in strategy, capital allocation, risk management and major transaction. The Board has expertise in financial management, audit and governance as well as including health, safety, environment and sustainability expertise. Climate change and transition related expertise is concentrated among selected directors.

To support the Board's awareness regarding climate-related matters, at the February and April 2026 Board meetings, Directors received training provided by external presenters in relation to the Group's climate-related reporting obligations and climate related risks and opportunities.

3.3 Management oversight and training

The Chief Executive Officer, supported by the Executive Leadership Team, is responsible for the day-to-day management of the Company in accordance with Board-approved strategy, business plans and policies. Specific climate-related responsibilities are delegated to the Chief HSE & Sustainability Officer (CHSESO) and Chief Financial Officer (CFO).

Management uses a range of controls and procedures to support the oversight of climate-related risks and opportunities. These controls include the GHG emissions reporting procedures, environmental management systems, and regular reporting to the HSEC and ARC. Management reports on material climate-related risks, performance and emerging developments at the ARC at least every six months, enabling timely escalation to the Board. Risks are assigned a risk owner, evaluated on the maximum reasonable consequence (non-financial and financial) and likelihood of the risk against the group ERM risk rating matrix. The ARC also receives reports from internal audit on the adequacy of risk management processes, and from management on new and emerging sources of risk and the controls and mitigation measures in place.

All senior Executives have received training in relation to climate-related reporting obligations and climate related risks and opportunities.

Executive Team Member	Climate-related responsibilities
Chief Executive Officer (CEO):	The Chief Executive Officer (CEO) is accountable for implementing the Group's Climate Change Strategy and including climate-related risks and opportunities into strategy, risk management and business decision making. The CEO: • oversees the identification, assessment and management of climate-related risks and opportunities; • ensures climate considerations are incorporated into strategic planning, investment and operational decision-making; • oversees delivery of climate-related initiatives, including emissions reduction, decarbonisation and climate resilience; • monitors performance against climate-related objectives and targets and reports material matters to the Board; and • ensures appropriate governance, resources and accountability are in place to meet climate-related regulatory and reporting requirements.
Chief Financial Officer (CFO):	The Chief Financial Officer (CFO) is responsible for including climate-related risks and opportunities (CRRO) into the Group's financial planning, reporting and decision making, and overseeing their financial implications. The CFO ensures appropriate financial governance, controls and assurance processes support reliable climate-related financial disclosures in accordance with AASB S2. Key responsibilities include: • Including CRRO into budgeting, forecasting and long-term financial planning; • Assessing financial impacts, including on asset values, capital expenditure, cash flows, financing and financial resilience; • Incorporating climate considerations into capital allocation, investment appraisal and major business decisions; • Ensuring climate-related disclosures are aligned with the financial statements and other external reporting; and • Providing financial analysis to the CEO, Executive Leadership Team and Board to support climate-related decision-making.
Chief HSE & Sustainability Officer (CHSESO):	The Chief Health, Safety, Environment and Sustainability Officer (CHSESO) is responsible for developing and implementing the Group's Climate Change Strategy and broader sustainability framework, and for including climate-related risks and opportunities (CRRO) into the Group's Enterprise Risk Management framework. The CHSESO leads the identification, assessment and management of climate-related risks and opportunities, ensuring climate considerations are embedded in business planning and environmental management. The CHSESO oversees the development of climate-related policies, governance frameworks and decarbonisation initiatives, climate scenario analysis and transition planning, greenhouse gas emissions data, climate-related metrics and targets, internal controls, assurance processes, ESG reporting and climate-related disclosures. Working closely with the CFO, the CHSESO supports the preparation of climate-related financial disclosures in accordance with AASB S2 and ensures compliance with applicable climate-related legislation and reporting requirements. The CHSESO provides advice to the CEO, Executive Leadership Team and Board on climate-related risks, and emerging regulatory developments, and reports on climate performance, targets, compliance and progress in implementing the Group's Climate Change Strategy.

3.4 Investment decisions and trade-offs

The Board and Executive Leadership Team consider the implications of capital allocation and strategic investment decisions on the Group's climate objectives and long-term business resilience. Climate-related considerations are incorporated into the Group's investment processes, including the evaluation of major capital projects, fleet renewal, operational efficiency initiatives and decarbonisation opportunities. Where appropriate, investment proposals consider financial returns, operational performance, regulatory obligations, customer requirements and emissions reduction outcomes. These assessments support informed decision making regarding the prioritisation of investments and the management of trade-offs between commercial, operational and climate-related objectives.

Climate-related investment decisions are made within the context of the Group's broader strategic objectives, recognising that the timing and prioritisation of decarbonisation initiatives may be influenced by operational requirements, technology maturity, infrastructure availability, capital allocation priorities and customer demand.

3.5 Remuneration

The Remuneration and Nominations Committee oversees the annual review and approval of the Group's Short-Term Incentive Plan (STIP), which applies across various levels of the organisation to selected permanent employees in roles of strategic and operational importance. Eligibility is determined by the Executive Leadership Team in consultation with the Board and is subject to defined service, performance and governance requirements. To strengthen the alignment between remuneration and the Group's climate-related strategy, FY2026 STIP objectives include climate-related performance metrics, including emissions intensity, to incentivise progress in managing climate-related risks and opportunities. For FY2026, 5% of Executive Management's STIP opportunity was linked to climate-related performance through emissions intensity targets. The table below provides the Group's FY2026 emissions intensity STIP metrics. Progress against the STIP opportunity is monitored and reviewed annually.

Measure & Weighting	Measurement Unit	
Coal & Bulk Carbon Emissions Intensity (Weighting = 2.5%)	Tonnes of CO2 equivalent emitted per million net tonne kilometres (Scope 1)	0% Payout = Prior year results (FY25)
		100% Payout = 2% reduction on prior year results
		150% Payout = 4% reduction on prior year results
		200% Payout = 8% reduction on prior year results
Intermodal Carbon Emissions Intensity (Weighting = 2.5%)	Tonnes of CO2 equivalent emitted per million net tonne kilometres (Scope 1)	0% Payout = Prior year results (FY25)
		100% Payout = 3% reduction on prior year results
		150% Payout = 5% reduction on prior year results
		200% Payout = 7.5% reduction

4. Strategy

The Group's business strategy includes responsibly managing a resilient long-term portfolio of rail assets and to shift freight from road to rail, leveraging scale, improving efficiency, and positioning rail as the sustainable freight transport mode. Rail assets require significant upfront capital costs and have long useful lives, typically ranging from 20 to 40 years.

Refer to Section 1.6 (Scenario Analysis Framework) for a description of the climate scenarios applied by Pacific National and the time horizons used to assess climate-related risks and opportunities.

4.1 CRRO, Scenarios, Parameters and Relevance Assessment

In FY2024, Pacific National completed a climate-related risk assessment covering both physical as well as transition risks and opportunities, informed by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The assessment applied climate scenarios and time horizons aligned with the Group's strategic planning, the expected implementation of sustainability initiatives, and the long operational life of its assets and capital investments.

The Group undertook a relevance assessment with reference to its Risk Management Framework, including its risk management processes and thresholds, to identify climate-related risks and opportunities relevant to the Group's strategy, operations and financial performance.

Physical risk scenarios

The physical and transition climate scenario analyses were undertaken as separate but integrated assessments using scenario frameworks appropriate to each risk type. Transition climate-related risks and opportunities were assessed in the FY2024 assessment using the NGFS Net Zero 2050 scenario, representing an orderly transition broadly consistent with limiting global warming to 1.5°C, and the NGFS Nationally Determined Contributions (NDC) scenario, representing the implementation of currently pledged government climate policies. These scenarios were used to evaluate the resilience of the Group's strategy, operations and business model under differing assumptions regarding policy, carbon pricing, technology deployment, market demand and regulatory change.

Physical climate risks were assessed using IPCC Shared Socioeconomic Pathway (SSP) scenarios through complementary studies completed over successive reporting periods. The FY2024 physical climate risk assessment evaluated the Group's exposure to physical climate hazards using SSP2-4.5 (moderate emissions) and SSP5-8.5 (high emissions), with climate projections centred on 2030 and 2050. Building on this assessment, the FY2025 physical climate assessment expanded the analysis by evaluating flood risk under SSP1-2.6 (low emissions / well below 2°C), SSP2-4.5 and SSP5-8.5, while extreme heat was assessed under SSP2-4.5. This broader assessment enhanced the Group's understanding of the potential impacts of flooding and extreme heat across a wider range of plausible climate futures.

Physical risk scenarios	SSP1-2.6 (Flood Risk)	SSP2-4.5	SSP5-8.5
Source	Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathways (SSPs)		
Scenario assumptions	Global cooperation supports sustainable development through strong climate mitigation, rapid decarbonisation, resource efficiency and technological innovation. Greenhouse gas emissions decline substantially, limiting the severity of physical climate change impacts relative to higher-emissions pathways.	Societal, economic, and technological trends continue in line with historical patterns, with moderate emissions mitigation and uneven economic convergence. Energy use increases steadily, but resource and energy intensity decrease over time.	It combines rapid economic growth and heavy reliance on fossil fuels with minimal climate mitigation, leading to high emissions and physical climate change impacts.

Pacific National drew on two complementary in-depth physical climate risk studies, that were completed in FY2025, to further assess the potential impacts of climate-related physical risks on its assets, workforce and the underlying rail network. Together, these studies identified locations and regions with heightened exposure to climate-related physical hazards, providing a more detailed understanding of the Group's physical climate risk profile.

Physical Climate Risks

Risk Type	Risk Description
Flood	Rainfall-related flooding is a significant physical climate risk for Pacific National. Increased heavy rainfall is projected to increase flood frequency and severity from 2030, with the potential to disrupt operations and damage assets, while river flooding remains an ongoing risk and coastal flooding is considered low. Flooding can damage infrastructure, buildings and equipment, resulting in the temporary suspension of train services, track washouts, network closures, speed restrictions, repair works and the need to reroute freight services. The highest flood exposure is concentrated in the Hunter and Lachlan River regions of New South Wales; the Burdekin and Fitzroy catchments and coastal freight corridors in Queensland, including the Blackwater line; and several locations across South Australia and Western Australia, including Salisbury Junction, the Port Augusta - Pimba corridor, Tarcoola and Rawlinna.
Extreme Heat	Extreme heat is an existing physical climate risk for Pacific National and is projected to increase significantly by 2030, particularly across northern Australia, exposing more sites and rail infrastructure to heat-related impacts. Extreme heat can affect workforce health and safety, increase energy demand for cooling, accelerate the deterioration of infrastructure and equipment, and impact rail operations through track buckling, speed restrictions, service disruptions and higher maintenance and access costs.
Heat Stress	Heat stress is projected to increase by 2030, affecting a greater proportion of Pacific National's rail network and creating more challenging working conditions for outdoor workers. The number of days exceeding 35°C is expected to increase by 17–25% relative to the baseline, with the greatest exposure in north-west Australia.
Bushfires	Climate change is projected to increase the frequency and severity of bushfires affecting rail infrastructure and operational sites. Bushfires can damage buildings and infrastructure, disrupt operations through signalling failures and power outages, and compromise the safety of employees and rail users.
Tropical Cyclone	Tropical cyclones are projected to increase in intensity with climate change, exposing Pacific National's assets in Queensland and Western Australia to greater risks from extreme winds and flooding. Cyclones can damage infrastructure, disrupt operations and business continuity, and pose safety risks to employees during extreme weather events.

Transition risk scenarios

The methodology used for the transition risk and opportunity assessment included:

- 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 the Group.
- 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 non-climate related indicators that might impact the Group's financials; and
 - Risk assessment results were validated by a cross-functional Pacific National team. Risks were mapped according to potential likelihood and impact, with key risks chosen for financial impact analysis.

Transition risk scenarios	Net Zero 2050	Business As Usual
Source	Network for Greening the Financial System (NGFS) Net Zero 2050 and Scenario and International Energy Agency (IEA)	NGFS Nationally Determined Contributions scenario and Scenario and International Energy Agency (IEA)
Scenario assumptions	• Rapid and coordinated global decarbonisation. • Strong climate policy intervention. • High and rapidly increasing carbon prices. • Accelerated deployment of low carbon technologies. • Faster decline in fossil fuel demand, particularly coal. • Significant investment required to achieve net zero emissions by 2050. • Safeguard Mechanism continues in its current form.	• Countries implement existing pledged climate commitments, including policies that have been announced but not necessarily implemented. • Less ambitious decarbonisation pathway than Net Zero 2050. • Slower policy implementation. • Lower carbon prices. • Slower technology transition. • Continued use of fossil fuels for longer. • Safeguard Mechanism continues in its current form.

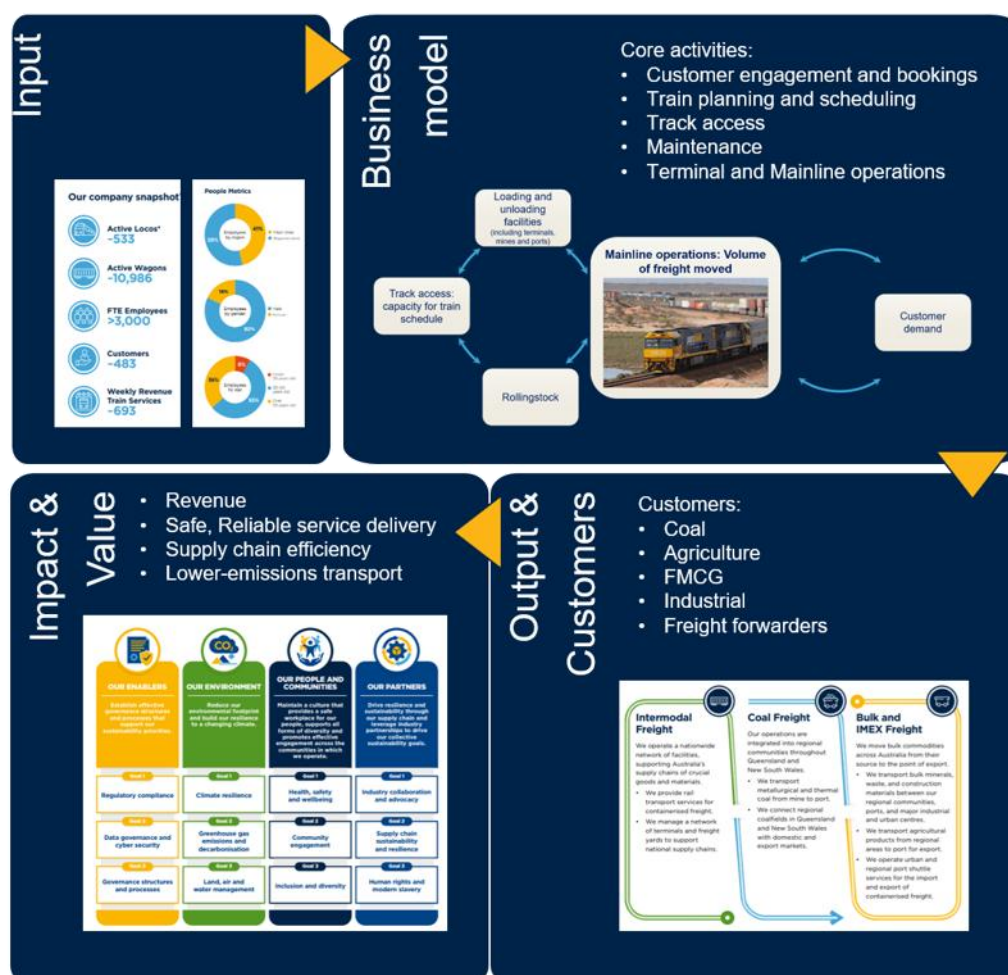
Transition Climate Risks and Opportunities

Transition Risks	
Risk Type	Risk Description
Regulation Compliance • Safeguard Mechanism	Pacific National is subject to the Safeguard Mechanism, which may result in financial impacts associated with managing its emissions.
Market and Technology • Cost to transitioning to low carbon technologies to reduce Scope 1 emissions	The adoption of lower carbon technologies presents cost and implementation challenges. Deploying battery powered locomotives, biodiesel and alternative fuels requires investment, research and development, testing and collaboration with rail infrastructure owners. Broader electrification may also increase electricity demand and energy costs.
Market and Technology • Decreased market share due to road usage	Advances in road transport electrification may improve the competitiveness of road freight, increasing the risk of customers shifting from rail. Increasing weather related disruptions to rail operations may further encourage modal shift to road, reducing rail freight market share.
Market and Technology • Market uncertainty regarding coal transportation activities	The global energy transition is expected to reduce long-term demand for coal, although demand is expected to persist in some Australian regions. Pacific National will continue to adapt its strategy to changing market conditions while supporting customers requiring coal haulage services.

Transition Opportunities	
Opportunity Type	Opportunity Description
Market and Technology Efficiency improvements and operational cost reduction	Operational efficiency initiatives, including fuel optimisation and double stacking of containers on selected intermodal services, can reduce operating costs, improve fuel efficiency and enhance overall fleet performance.
Market and Technology Development of low emission services	Rail freight can strengthen its market position by leveraging its environmental and safety advantages, together with technological innovation, to attract customers seeking lower emissions transport solutions, despite road freight remaining more cost-competitive and faster on some corridors.

4.2 Business Model and Value Chain

Our scenario analysis covers both our business model and value chain, providing a robust understanding of how climate-related risks and opportunities may impact our operations. Pacific National's value chain describes how we convert critical inputs into reliable freight services and long-term value for customers, communities and the broader economy. It connects the resources that enable our business — including our people, customers, suppliers, rollingstock, terminals, facilities, technology, energy and access to Australia's rail freight network — with the operational activities that move freight safely and efficiently across the country.



This view also helps explain where climate-related risks and opportunities may affect value creation. Transition risks can influence fuel availability and cost, technology choices, regulatory obligations and customer demand, while physical risks can affect infrastructure performance, asset reliability, workforce safety and service continuity. By understanding these dependencies across the value chain, Pacific National can target staged action where it matters most: strengthening operational resilience, maintaining service reliability, reducing emissions over time and supporting sustainable freight outcomes.

Input

Pacific National's operations are powered by a combination of skilled people, reliable rollingstock, and integrated infrastructure. Together, these inputs enable the safe, efficient movement of freight across Australia's national supply chain. Our approach focuses on maintaining strong capability, availability, and resilience across all inputs to consistently deliver for our customers.

Our people

Our people are based across more than 70 locations nationwide, supporting both metropolitan and regional operations that are critical to Australia's supply chains. With over 3,000 employees, our workforce combines operational expertise, engineering capability, and frontline experience to deliver safe, reliable services every day.

Our Customers

Our customers span a diverse range of industries and markets, including coal, bulk commodities, agriculture, and containerised freight, supporting both domestic distribution and international export markets. This breadth reflects our role as a key logistics partner across Australia's energy, resources, and consumer supply chains. We focus on delivering flexible, dependable rail solutions tailored to the needs of each sector.

Rollingstock

Pacific National operates a fleet of approximately 550 active locomotives and over 10,800 wagons, enabling the movement of freight at scale across the network. This rollingstock is supported by a national footprint of maintenance depots, rail yards, and intermodal terminals, ensuring reliability, safety, and operational efficiency. Ongoing investment in fleet capability supports both performance and sustainability outcomes.

Operations

Pacific National delivers a high-volume, nationwide service, operating around 660 weekly train services across coal, bulk, and intermodal markets. In an average week, this equates to the movement of more than 3.4 million tonnes of freight and over 13,800 TEU², highlighting the scale of our contribution to Australia's logistics network. Our operations run "round the clock", supporting critical supply chains every day of the year.

Business Model

Our approach to 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.

In FY2026 our strategic priorities were Safety, Service, Productivity, Profitable Growth and People & Community reflecting a more targeted approach to strengthening our core operations and culture. This evolution reinforces our commitment to lowering carbon emissions and enhancing customer value. The updated priorities are a deliberate shift designed to clarify what success looks like across the business and embed a culture of safety, value and efficiency.

Output & Customers

Pacific National is Australia's largest private rail freight operator. We have a broad 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.

We serve 466 customers and hauled 2,300,000 tonnes of coal, 200,000 tonnes of bulk and other freight, and 900,000 tonnes of intermodal freight on average every week in FY2026.

Impact & Value

Our Enablers

Pacific National strengthens its sustainability agenda by embedding clear governance, disciplined oversight, and practical risk management into the way we operate. Through proactive engagement with government and regulators, data governance and cybersecurity, and clear accountability at Board and management levels, we are building a resilient foundation that supports informed decisions, maintains compliance, and keeps sustainability integrated into everyday business.

² Twenty-foot Equivalent Unit (TEU) - One TEU represents the volume of a standard intermodal shipping container measuring 20 feet long.

Our Environment

We are focused on reducing our environmental footprint while strengthening resilience to climate change. That means integrating climate risk into strategic decisions, progressing decarbonisation across our operations and supply chain through greater energy efficiency and mode shift from road to rail, and managing land, air, and water impacts through practical controls that reduce noise, particulate emissions, and the risk of hydrocarbon spills.

Our People and Communities

We are committed to a workplace and community presence that is safe, inclusive, and grounded in trust. By prioritising health, safety, and wellbeing, fostering inclusion and diversity, and engaging with the communities in which we operate, we are building a culture that supports our people, strengthens decision making, and reinforces our long-term social licence to operate.

Our Partners

We work with partners across our supply chain and industry to advance resilience and sustainability in practical, measurable ways. Through collaboration and advocacy, responsible sourcing, and a clear commitment to human rights and modern slavery prevention, we are strengthening supplier performance, supporting shared sustainability goals, and helping ensure our operations remain reliable, ethical, and fit for the future.

4.3 Scenario Analysis of Climate-related Risks and Opportunities

Management is progressively developing climate scenario analysis capabilities to assess the resilience of the Group's strategy and business model under a range of climate-related scenarios. This assessment will continue to evolve over future reporting periods as assumptions, modelling techniques and data quality mature.

Pacific National worked with external subject matter experts to identify and assess climate-related risks and opportunities that could reasonably be expected to affect the Group's business model, strategy, operations and financial performance. The assessment considered climate scenarios, operational and financial data, peer and industry benchmarking and internal stakeholder input. The Group's Enterprise Risk Management Framework was then applied to assess and prioritise identified risks based on their likelihood and potential impact on the Group.

Physical climate risks were assessed across critical operational sites and railway infrastructure across Australia. Flooding, tropical cyclones, extreme heat, heat stress and bushfires were identified as priority risks due to their potential impacts on assets, network availability, operations, maintenance and recovery requirements, and workforce health and safety. These risks are expected to increase in frequency, severity and exposure towards 2030 and 2050.

Transition climate risks and opportunities were assessed across differing climate scenarios, with the Safeguard Mechanism, the cost of transitioning to lower-emissions technologies and potential loss of market share to road freight identified as critical medium-term risks. Market uncertainty associated with transported commodities, including coal, was also identified as potentially significant. Key opportunities include operational efficiency and lower-emissions freight services, which have the potential to reduce operating costs, improve fleet performance, respond to increasing customer demand for lower-emissions transport and strengthen Pacific National's competitive position.

The Group considers quantitative estimates of financial effects where they can be reliably assessed. Where anticipated financial effects cannot yet be reliably quantified, they are assessed qualitatively, including potential impacts on revenue, operating expenditure, capital expenditure, asset utilisation and cash flows. Management continues to develop its financial modelling capabilities to support more detailed quantitative assessment across climate scenarios and time horizons in future reporting periods.

Category / Type	Transition Risk – Regulation Compliance Safeguard Mechanism
Value Chain Risk	Input: Pacific National is subject to the Australian Safeguard Mechanism and increasing climate-related regulatory obligations, carbon pricing and compliance costs. Compliance costs are influenced by declining emissions baselines, ACCU prices and the availability of commercially viable lower-emissions technologies and fuels for heavy haul rail. Pacific National monitors regulatory developments, engages with industry and government, and advocates for practical policy settings that support the rail freight sector's transition. Business Model: The Safeguard Mechanism influences Pacific National's transition strategy, capital allocation and commercial decision making. Pacific National balances near-term compliance obligations, including ACCU procurement where required, with long-term investment in operational efficiency, lower-emissions technologies and alternative fuels. The pace of transition is constrained by the long life of locomotive assets, limited technology maturity and long-term customer contracts. Output & Customers: Climate-related regulatory obligations may increase freight costs and influence pricing, contract structures and customer engagement. Pacific National works with customers to understand decarbonisation expectations and improve supply chain emissions performance. Impact & Value: Declining emissions baselines and increasing carbon prices are expected to increase compliance, operating and capital costs. Until commercially viable lower-emissions technologies become available at scale, Pacific National expects to continue using ACCUs where required while progressing operational efficiency and technology deployment. These factors may influence capital allocation, profitability, cash flows and long-term enterprise value.
Time Horizon	Short-Medium-Long
Current and Future Effects	Current: Pacific National manages Safeguard obligations through operational emissions reduction initiatives and ACCU procurement where commercially viable alternatives are unavailable. Compliance has resulted in carbon costs, governance and reporting requirements, and ongoing assessment of carbon price exposure. Pacific National continues to evaluate lower-emissions locomotive technologies, alternative fuels and operational efficiency initiatives, however, technology maturity and supporting infrastructure continue to constrain the pace of emissions reduction. Financial impact: ACCU compliance costs for the year ended 30 June 2026 were \$2.8 million. Future: Pacific National expects regulatory obligations, disclosure requirements and Safeguard emissions baselines to become progressively more stringent. Compliance, operating and capital costs are expected to increase as carbon prices rise and emissions baselines decline. Pacific National expects to continue utilising ACCUs in the near to medium term while investing in operational efficiency and emerging technologies. The pace and cost of transition will depend on technology maturity, infrastructure availability, fuel supply, carbon market dynamics and government policy, with potential impacts on future profitability, cash flows, capital allocation and enterprise value.
Controls to manage	Input: Pacific National monitors emissions trajectories, carbon markets and regulatory developments to manage its Safeguard obligations. Pacific National evaluates operational efficiency initiatives, retrofit opportunities and lower-emissions locomotive technologies, and collaborates with OEMs, fuel suppliers and rail infrastructure managers to improve technology readiness. It also undertakes carbon price analysis and participates in industry advocacy and government consultation. Business Model: Climate-related regulatory and carbon pricing considerations are considered as part of the Group's governance, risk management, strategic and financial planning processes. Pacific National regularly assesses projected carbon costs, investment requirements and the balance between ACCU procurement and technology led emissions reductions. Output & Customers: Climate-related compliance obligations and projected carbon costs are considered in commercial, operational and investment decisions. Pacific National works with customers to understand evolving decarbonisation expectations. Impact & Value: Executive Management, the Audit and Risk Committee and the Board receive regular updates on regulatory developments, Safeguard compliance, projected carbon cost exposure and progress against emissions reduction initiatives. Investment priorities are regularly reviewed to manage carbon cost exposure, reduce reliance on ACCUs over time and support deployment of commercially viable lower-emissions technologies.

Category / Type	Transition Risk – Market and Technology - Cost to transitioning to low carbon technologies to reduce Scope 1 emissions - Decreased market share due to road usage - Market uncertainty regarding coal transportation activities
Value Chain Risk	Input: Pacific National is exposed to the high cost and uncertain availability of lower-emissions technologies, constrained supply of lower-carbon fuels and infrastructure readiness gaps that may delay the deployment of commercially viable decarbonisation solutions for heavy haul rail. Transitioning to lower-emissions technologies requires significant capital investment and collaboration with locomotive manufacturers, fuel suppliers, infrastructure managers and governments. The long operational life of locomotive assets and uncertainty over future technology pathways mean the timing and cost of decarbonisation remain uncertain. Business Model: These factors may increase operating and capital costs, constrain emissions reduction and affect competitiveness. Advances in road freight electrification, together with greater operational flexibility during climate-related disruptions, may increase the risk of modal shift in some freight corridors. Uncertainty over long-term coal demand may also influence freight volumes, asset utilisation and capital allocation, requiring Pacific National to progressively adapt its portfolio and investment strategy. Output & Customers: Customer demand and decarbonisation expectations may shift towards lower-emissions freight solutions while demand for emissions-intensive commodities evolves. Rail's lower emissions and safety advantages continue to provide opportunities to strengthen market position as customers seek more sustainable freight solutions. Impact & Value: Limited availability of commercially viable lower-emissions technologies may increase capital, operating and compliance costs and require continued reliance on ACCUs in the near to medium term. Management expects these investments and associated compliance costs to be funded through a combination of operating cash flows generated by the business and available undrawn committed financing facilities. Funding requirements will continue to be assessed as decarbonisation technologies, regulatory requirements and investment priorities evolve. Changes in technology, freight demand, road competition and weather-related disruptions may affect future revenue, profitability, cash flows and long-term enterprise value.
Time Horizon	M-L
Current and Future Effects	Current: Pacific National incurs Safeguard Mechanism compliance costs, including ACCU procurement where commercially viable alternatives are unavailable, while investing in operational efficiency, lower-emissions technologies and alternative fuels. The long life of locomotive assets, infrastructure constraints and limited technology maturity influence transition costs and capital investment decisions. Weather related disruptions have also reinforced the need to improve network resilience. Financial impacts: A quantitative assessment has not been performed for this reporting period as the financial impacts depend on uncertain future market conditions, customer demand, technology maturity and the pace of the transition to a lower-carbon economy. Management is progressively developing scenario analysis and financial modelling to assess the potential impacts of these factors on freight volumes, revenue, operating costs, capital expenditure and cash flows under a range of plausible climate scenarios. Future: Transition related compliance, operating and capital costs are expected to increase as emissions baselines decline and investment in lower-emissions technologies, infrastructure and fuels becomes necessary. Pacific National expects to continue using ACCUs in the near to medium term until commercially viable technologies become available at scale. Road freight electrification, changing customer demand and uncertainty in coal transportation markets may affect freight volumes, asset utilisation and capital allocation. Pacific National will continue to adapt its investment and operational strategy in response to changing technology, market conditions and customer demand. Pacific National maintains financial flexibility to respond to climate-related risks and opportunities through established capital allocation processes, strong operating cash flows and access to a Syndicated Revolving Credit Facility with available undrawn committed financing. Climate-related investment requirements, including expenditure associated with emissions reduction initiatives and compliance with the Safeguard Mechanism, are considered as part of the Pacific National's annual budgeting process.
Controls to manage	Input: Pacific National collaborates with OEMs, fuel suppliers, rail infrastructure managers and industry partners to evaluate lower-emissions technologies, alternative fuels and retrofit opportunities. Pacific National monitors technology, fuel market and regulatory developments, and advocates for policies, infrastructure investment and funding that support rail decarbonisation. Business Model: Pacific National monitors technology, market developments, customer demand and transition risks to inform strategic planning, investment prioritisation and operational decision making. Assessments consider increasing transition costs, road freight competition, climate-related disruptions and changing freight demand, including coal transportation.

Output & Customers: Capital planning considers long-life asset replacement cycles, technology maturity, infrastructure availability and customer demand. Pacific National works with customers to understand evolving logistics and decarbonisation requirements while continuing to promote rail as a lower-emissions and safer freight solution.

Impact & Value: Pacific National monitors the commercial readiness of lower-emissions fuels, technologies and supporting infrastructure while progressing operational efficiency initiatives and evaluating future investments. Pacific National engages with relevant stakeholders and considers evolving technology, freight demand and market conditions in its strategic and business planning.

Category / Type	Transition Opportunities – Market and Technology ▪ Efficiency improvements and operational cost reduction ▪ Development of low emission services
Value Chain Opportunity	Input: Pacific National has opportunities to improve asset efficiency, reduce operating costs and strengthen its market position through operational efficiency initiatives and lower-emissions technologies. Pacific National continues to implement fuel optimisation, Trip Optimiser™, double-stacking and digital fleet management while evaluating alternative fuels and next generation locomotive technologies. Collaboration with original equipment manufacturers, fuel suppliers, rail infrastructure managers and industry partners supports technology readiness and innovation. Business Model: Growing demand for lower-emissions freight services provides opportunities to strengthen competitiveness and support long-term growth. Pacific National continues to improve operational efficiency, expand lower-emissions freight solutions and enhance customer transparency through carbon emissions reporting, leveraging rail's environmental and safety advantages. Output & Customers: Capital planning considers long-life asset investment cycles, technology maturity and customer demand. Pacific National works with customers to improve supply chain emissions performance through lower-emissions freight solutions, operational efficiencies and carbon emissions reporting. Impact & Value: Investment in operational efficiency and lower-emissions technologies is expected to improve fuel efficiency, reduce operating costs, strengthen asset utilisation and support long-term emissions reductions. As demand for lower-emissions freight grows, Pacific National expects to strengthen customer relationships, expand market opportunities and create long-term enterprise value while supporting Australia's transition to a lower-carbon economy.
Time Horizon	M-L
Current and Future Effects	Current: Pacific National is implementing initiatives to improve emissions performance, operational efficiency and customer emissions transparency, including Trip Optimiser™, double-stacking and considering lower-emissions locomotive technologies and alternative fuels. These initiatives support customer decarbonisation objectives through lower-emissions freight services and carbon emissions reporting. Financial impacts: A quantitative assessment has not been performed for this reporting period as the financial benefits depend on future investment decisions, technology adoption, customer uptake and the timing of implementation. Management is progressively developing methodologies to assess the expected financial benefits of operational efficiency initiatives and low-emission services as supporting data and implementation plans mature. Future: Continued investment in operational efficiency, innovation and lower-emissions technologies is expected to reduce operating costs, improve asset utilisation and strengthen rail freight competitiveness. Increasing customer demand for lower-emissions supply chains is expected to create opportunities to expand lower-emissions freight services, enhance customer value and support long-term revenue growth, cost efficiencies and enterprise value.
Strategic responses	Input: Pacific National continues to implement operational efficiency initiatives while considering lower-emissions locomotive technologies, alternative fuels and retrofit opportunities. Pacific National engages with relevant stakeholders to better understand emerging technologies and their potential application. Business Model: Pacific National assesses opportunities to improve operational efficiency, expand lower-emissions freight services and invest in technologies that enhance productivity, reduce emissions and strengthen long-term competitiveness. Output & Customers: Pacific National monitors customer demand and market trends to support lower-emissions freight solutions and works with customers to improve supply chain emissions performance through carbon reporting, operational efficiencies and sustainable freight service. Impact & Value: Pacific National monitors the performance of operational efficiency initiatives to inform investment decisions and continuous improvement. Collaboration, technology innovation and customer engagement support lower operating costs, improved asset utilisation, enhanced customer value and long-term growth opportunities.

Category / Type	Physical Risks - Railway Operations / Sites / Train Terminals Flood / Extreme Heat / Heat Stress / Bushfires / Tropical Cyclone
Value Chain Risk	Input: Flooding, extreme heat, heat stress, bushfires and tropical cyclones may damage rail infrastructure, rollingstock and other critical assets, disrupt electricity supply, fuel logistics and access to operational sites, and affect workforce health, safety and availability. These hazards may also increase maintenance requirements and accelerate asset deterioration. Business Model: Physical climate hazards may disrupt rail operations through track washouts, track buckling, signalling failures, power outages, speed restrictions and temporary network closures, affecting business continuity, asset reliability and service delivery. More frequent and severe events may increase operating and maintenance costs and require additional investment in infrastructure resilience and adaptation. Output & Customers: Physical climate events may reduce network availability, disrupt freight services and increase transit times, affecting customer service, contractual performance and supply chain resilience, particularly where alternative rail routes are unavailable. Impact & Value: More frequent and severe climate events may increase safety risks, asset damage, maintenance, recovery and insurance costs while reducing asset performance and service reliability. Over time, additional investment in resilience and adaptation may be required to support operational performance and long-term enterprise value.
Time Horizon	S-M-L
Current and Future Effects	Current: Pacific National is already experiencing the effects of flooding, extreme heat, bushfires and other severe weather events, resulting in operational disruptions, reduced network availability, increased recovery costs and heightened workforce safety risks. These events have reinforced the need for continued investment in network resilience, emergency response, asset management and business continuity. Financial impacts: During FY2026, flooding, tropical cyclones and extreme heat resulted in operational interruptions and associated financial impacts, primarily due to net revenue forgone. The financial impact was assessed in accordance with the Group's Enterprise Risk Management Framework, including its financial consequence criteria. Based on the Group's financial consequence criteria, the FY2026 financial impact was assessed as moderate, corresponding to an annual EBITDA impact range of \$5 million to \$20 million. This estimate includes the financial impact of both insured and uninsured events experienced during the reporting period. The FY2026 experience provides an important input into management's ongoing assessment of the Group's exposure to physical climate-related risks and informs future resilience planning. Management is progressively developing its methodology to quantify the potential future financial impacts of physical climate-related risks under a range of climate scenarios. Future: Pacific National expects the frequency, severity and geographic extent of physical climate hazards to increase over time, potentially affecting additional locations. These hazards may increase operating, maintenance and recovery costs, reduce network reliability and require further investment in resilience, adaptation and operational preparedness while affecting workforce availability, customer service and supply chain continuity.
Controls to manage	Input: Pacific National maintains vegetation management, asset inspection, maintenance and incident reporting processes, undertakes physical climate risk assessments and weather monitoring, and works with governments, rail infrastructure managers and emergency services to prioritise resilience and adaptation measures. Business Model: Physical climate risks are integrated into enterprise risk management, business continuity, emergency management, operational planning and asset management. Weather monitoring, operational reporting and climate risk assessments support preparedness, incident response, recovery planning and investment decisions. Output & Customers: Pacific National continues to strengthen operational response and business continuity arrangements to minimise service disruption and works with customers and infrastructure managers to support freight continuity and network recovery where practicable. Impact & Value: Physical climate risks, resilience initiatives and adaptation priorities are reviewed to inform capital investment, asset management and operational decision making, improving preparedness, recovery capability, asset resilience and the long-term reliability and safety of the rail network.

4.4 Financial Resilience and Areas of Uncertainty

Management has identified key physical and transition climate-related risks that may affect the Group's operations. Accordingly, it has commenced assessing potential impact of these risks on the resilience of the Group's strategy and business model over the short, medium, and long term.

For the year ended 30 June 2026, assessment of financial resilience is primarily qualitative. Work is underway to further develop scenario analysis and financial modelling to evaluate the potential impacts of alternative climate pathways on the Group's operations, financial performance and cash flows.

Key areas of uncertainty include:

- Extreme weather events: Future frequency and severity of events.
- Macroeconomic transition: The speed of Australia's transition to a lower-carbon economy.
- Regulatory framework: Future regulatory and policy developments, including changes to emissions reduction requirements.
- Technological advancements: The rate of technology development and adoption of lower-emission transport solutions.
- Market demand: Future customer demand, particularly for coal haulage.

Management will continue to refine its resilience assessment as climate modelling, scenario analysis, and internal forecasting capabilities mature.

4.5 Strategy and Decision Making

The Group established its Climate Change Strategy in FY23 and has been making progress across all four identified pillars.

Pacific National Climate Change Strategy



Pacific National integrates climate-related risks into its governance, strategy, risk management and investment decision-making processes to support business resilience and long-term enterprise value.

During FY2025, the Group refreshed its Sustainability Strategy to align with its corporate strategy and updated materiality assessment. Climate resilience and greenhouse gas emissions were identified as material climate-related matters, supporting the Group's commitment to reducing emissions, strengthening resilience, supporting the transition to a lower-carbon economy and integrating climate-related considerations into strategic planning and decision-making.

Pacific National Sustainability Strategy



The Board oversees climate-related risks as part of its responsibility for the Group's strategic direction, while the Executive Leadership Team is responsible for implementing the climate strategy and integrating climate-related considerations into business planning and operational decision-making. Climate-related risks are managed through the Enterprise Risk Management Framework and are incorporated into the enterprise risk register.

5. Risk Management

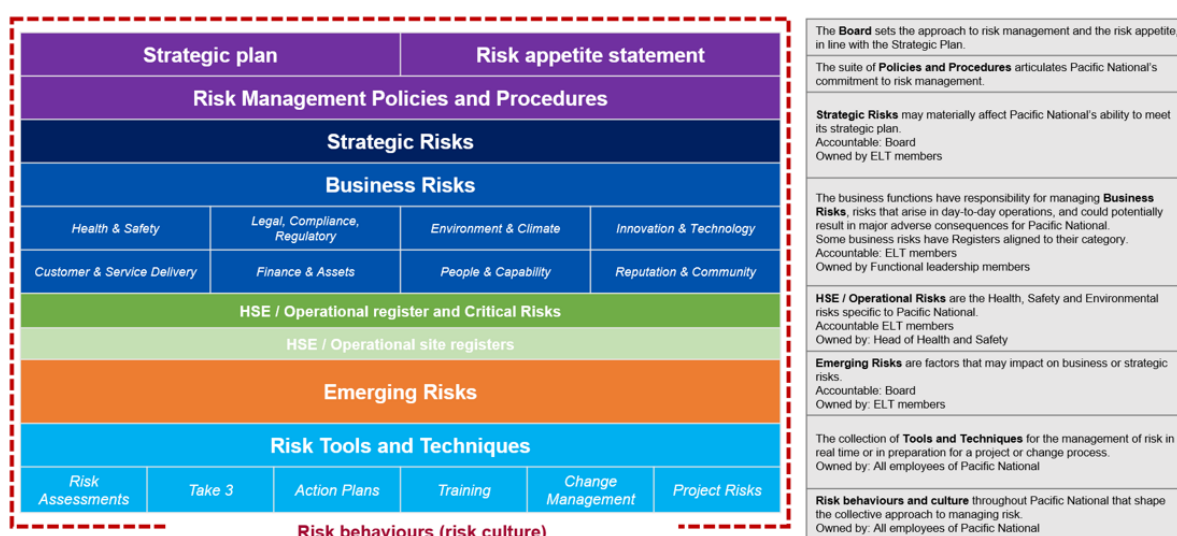
5.1 Risk Management and climate integration

The Group's approach to identifying, assessing, prioritising, managing and monitoring climate-related risks is integrated within its Enterprise Risk Management Framework (RMF) and enterprise risk register. The RMF provides the governance, processes, guidance and tools to manage risks consistently across the organisation and is aligned with ISO 31000:2018. The Risk Team reviews and enhances the framework to reflect the Group's evolving operating environment, while the Board oversees its effectiveness through regular reporting on strategic risks.

The Risk and Resilience Management Policy adopts an all-hazards approach, ensuring climate-related risks are managed alongside other strategic and operational risks facing the Group. This approach is supported by the Risk Management Standard, which embeds climate-related risks and opportunities into the Group's risk management processes and applies a consistent methodology across strategic, operational, project and functional risk management activities, including health, safety and operational site risks.

Climate-related risks are assessed, monitored and escalated through the Group's risk taxonomy and governance forums, as appropriate, ensuring they are incorporated into enterprise risk reporting and decision-making.

Enterprise Risk Management Framework



5.2 Climate-related risk governance

Climate-related risks are integrated into Pacific National's Enterprise Risk Management Framework and are managed through the Group's established governance, risk management and strategic planning processes. Climate-related risks are identified, assessed, monitored and managed alongside other enterprise risks using the Group's risk management methodology, ensuring they are considered in business decision-making, operational planning and strategic oversight.

Material climate-related risks are recorded within the enterprise risk register, with risk owners assigned across relevant business functions. Risk owners are responsible for implementing and monitoring risk controls, identifying emerging climate-related risks and opportunities, and reporting changes in the Group's risk profile.

Climate-related risks are reviewed at least every six months through the Group's enterprise risk review process, or more frequently where significant changes in the external operating environment or regulatory landscape occur. The results of these reviews are reported to the Executive Leadership Team and subsequently to the Audit and Risk Committee. Climate-related risks also form part of the Board's half-yearly strategic risk reviews, conducted in April and October, enabling the Board to oversee the effectiveness of the Group's climate-related risk management processes, monitor changes in the Group's exposure to climate-related risks, and assess whether these matters continue to influence the Group's strategy, financial planning and long-term resilience. Pacific National continues to use the same process for this enterprise risk review as the previous year.

5.3 Risk Processes

Pacific National's Enterprise Risk Management (ERM) Framework provides a structured approach to identifying, assessing, managing, monitoring and reporting risks that could affect the achievement of the Group's strategic objectives. The framework is underpinned by the Risk and Resilience Management Policy and the Risk Management Standard and applies across all business units, operational sites and investment decisions.

Risk management is embedded into strategic planning, operational decision-making, projects and day-to-day business activities. The framework applies a consistent process across the organisation for all material risks, including climate-related risks, and is designed to support informed decision making and continual improvement.

The Group's risk management process comprises eight iterative steps:

- Define the context by establishing the purpose, scope and objectives of the assessment, considering both the internal and external operating environment, supply chain interdependencies and the Group's risk appetite.
- Identify and describe risk events, including potential threats and opportunities, their causes and consequences, and assign a risk owner.
- Assess inherent risk by evaluating the likelihood and potential consequences of each risk using the Group's consequence criteria, likelihood scales and risk matrix.
- Determine appropriate risk treatment by selecting controls to mitigate, transfer, avoid or accept risks and assigning control owners, including identification of Critical Controls where required.
- Evaluate control effectiveness through regular reviews of critical controls, determine residual risk ratings and implement action plans where controls are only partially effective or ineffective.
- Consult and communicate with relevant stakeholders throughout the assessment process to incorporate diverse perspectives, strengthen risk ownership and improve decision-making.
- Monitor and review risks, controls and emerging issues on an ongoing basis, incorporating lessons learned and continuously improving the effectiveness of the framework.
- Report and document risks, controls and treatment plans within the Group's Risk Management Information System, with material risks reported through established governance forums.

Climate-related risks are managed through the Group's Enterprise Risk Management Framework rather than a separate process. Climate-related risks are assessed using the Group's risk methodology, including inherent and residual risk, control effectiveness, risk appetite and escalation thresholds, and are recorded in the Group Risk Register alongside other strategic and operational risks.

Material risks are reported to the Audit and Risk Committee, with enterprise-wide risks escalated through the Group's Risk Reporting Forums. Where a material risk eventuates, escalation occurs through the Crisis Management Team to the Board in accordance with the Group's escalation framework. The Board retains ultimate accountability for the Risk Management Framework, supported by the Audit and Risk Committee, while the Executive Leadership Team, Risk and Resilience Team and business leaders are responsible for managing climate-related risks and opportunities.

This approach ensures climate-related risks and opportunities are identified, assessed, managed and monitored through the Group's governance, strategic planning, operational decision-making and financial planning processes.

5.4 Risk and Opportunity Assessment

Climate-related risks and opportunities are assessed using consistent methodologies applied across all enterprise risks, considering both the likelihood of occurrence and the potential magnitude of impacts on the Group's business model, strategy and financial performance.

In assessing climate-related risks, Pacific National considers both qualitative and quantitative information to evaluate the potential impacts on operations, assets and financial performance. These impacts may include changes in operating and capital expenditure, asset impairment, supply chain disruption, service reliability, regulatory compliance costs, insurance availability and costs, access to capital, and reputational impacts. Risk assessments also consider the level of uncertainty associated with available information, including evolving climate science, policy developments, technological change and market conditions.

Climate-related opportunities are assessed through Pacific National's strategic planning, capital investment and business case development processes. Potential opportunities are evaluated based on their strategic alignment, financial viability, operational feasibility and contribution to emissions reduction and regulatory requirements. This supports consideration of climate-related opportunities alongside broader commercial and operational objectives when informing investment decisions.

Scenario analysis is a key input to Pacific National's assessment of climate-related risks and opportunities. The Group uses scenario analysis to evaluate the potential financial and operational impacts of both transition and physical climate-related risks over relevant time horizons. The outputs inform strategic planning, operational resilience, capital allocation and asset management decisions, including identifying appropriate adaptation and mitigation responses where material. Where climate-related impacts can be reasonably quantified, they are considered in investment evaluations, business planning and long-term financial decision-making.

Climate-related risks and opportunities are evaluated using the likelihood and consequence criteria established within Pacific National's ERM Framework. This consistent approach enables climate-related matters to be assessed, prioritised and managed alongside other strategic and operational risks, supporting an integrated approach to risk management across the business.

6. Metrics and targets

6.1 Metrics – Greenhouse gas emissions

6.1.1 Organisational boundary, measurement and reporting

The Group measures its GHG emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). For the Group's operations registered under the NGER Scheme, Scope 1 (direct) and 2 (indirect) emissions are measured and reported in accordance with the NGER Act, including the NGER Measurement Determination and the most recent Global Warming Potentials (GWP). No changes were made to the measurement approach, inputs and assumptions during the reporting period. Emissions are based on the Group's reporting year (FY2026) and reported for Group-wide businesses, which includes locomotive operations, freight terminals, maintenance yards and offices.

Location-based calculation methodologies are applied to derive Scope 2 GHG emissions.

We define our organisational boundary using the Operational Control Approach, accounting for 100% of the Scope 1 and 2 emissions from all operations over which we have operational control. This incorporates emissions from all associated site services and contractors.

The Group measures and reports greenhouse gas emissions using methodologies that are appropriate to the regulatory and operating context of its activities.

6.1.2 Greenhouse gas emissions

Emissions categories	Unit	FY2026 emissions
Scope 1 emissions	tCO ₂ -e	692,926
Scope 2 emissions	tCO ₂ -e	73,383
Total scope 1 + 2 emissions	tCO ₂ -e	766,309

Scope 1 emissions

Scope 1 emissions account for most of the Group's emissions profile, with diesel being the largest emission source accounting for approximately 99 per cent of total Scope 1 emissions. Site-based energy accounts for the remaining 1 per cent of the Group's total Scope 1 emissions and sources include diesel, petroleum-based oils, greases, and liquified petroleum gas.

Scope 2 emissions

Scope 2 emissions are produced primarily from the electric locomotives in Queensland operations and account for approximately 89 per cent of total Scope 2 emissions. Electric locomotives obtain and consume power from overhead wiring and are physically bound by the overhead electrified network. Other Scope 2 emissions include consumption of facility-based energy in NSW, QLD, VIC, SA and WA.

6.2 Vulnerability of assets and business activities to climate-related risks and opportunities

The Group's business activities are dependent on the availability and resilience of its rail freight network, including locomotives, rolling stock, terminals, maintenance facilities and rail infrastructure owned and operated by third-party rail infrastructure managers. The vulnerability of these assets and business activities varies according to their location, exposure to climate-related hazards and the criticality of the transport corridors on which they operate.

Management has undertaken an initial climate risk screening of critical operational sites and railway infrastructure across Australia to identify assets and operations with potential exposure to physical climate hazards by 2030. The assessment identified areas of higher potential exposure to flooding, extreme heat, heat stress, bushfire and tropical cyclones, including:

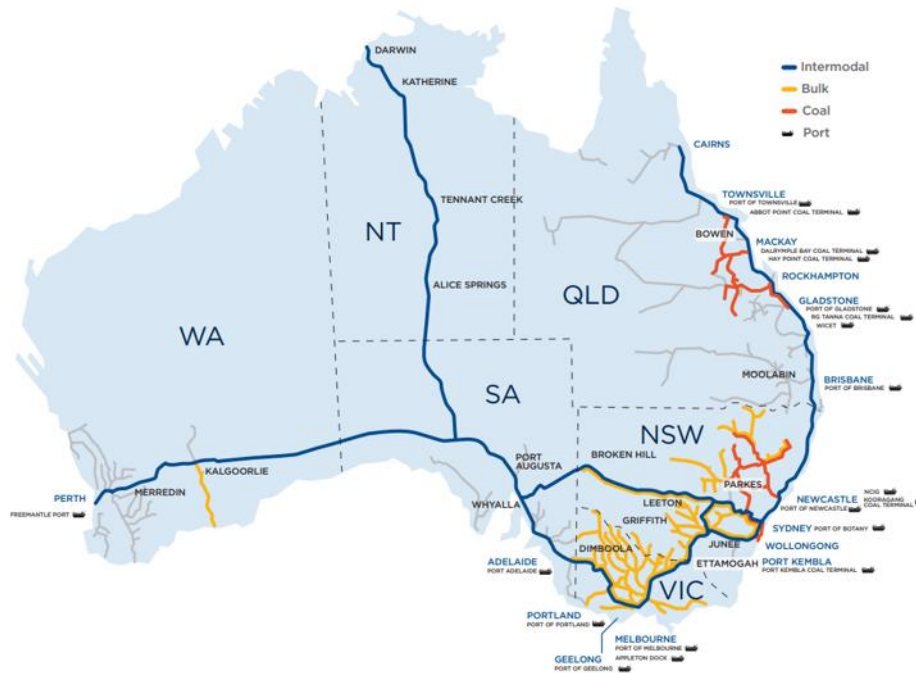
- **Flooding:** Approximately 2% of the Group's railways were identified as having high potential exposure to pluvial, fluvial or coastal flooding, with one operational site also identified as having high potential exposure to pluvial flooding. Approximately 4% of railways were identified as having high potential exposure to tropical cyclones.
- **Extreme heat:** Approximately 27% of railways and two operational sites were identified as having high potential exposure to heatwaves. Approximately 59% of railways and six operational sites were identified as having high potential exposure to days exceeding 35°C, while approximately 12% of railways were identified as having high potential exposure to heat stress.
- **Bushfire:** Approximately 7% of railways and two operational sites were identified as having high potential exposure to bushfire.

Although only a relatively small proportion of the national rail network is located in areas of heightened flood exposure, sections of track forming critical freight corridors may be particularly vulnerable because limited alternative rail routes are available. Consequently, disruption to these corridors has the potential to affect network availability and service delivery. For example, disruption to the interstate rail corridor west of Adelaide may significantly affect freight movements due to the limited availability of alternative rail routes.

The Group has also assessed terminal sites for exposure to physical climate hazards. While some terminals are exposed to climate-related hazards, historical operational impacts have generally been less significant than those associated with disruptions to the rail network.

The initial screening identifies potential exposure to climate hazards but does not assess the vulnerability of individual assets, operational consequences or financial effects. Management is progressively undertaking more detailed climate risk assessments to better understand asset vulnerability, operational resilience and the potential financial implications of climate-related risks and opportunities across the Group's operations.

Pacific National Operating Network



6.3 Capital deployment

The Group continues to invest in initiatives that support management of climate-related risks and opportunities, with a particular focus on improving fuel efficiency and reducing greenhouse gas emissions across its operations. During FY2026, the Group invested \$25 million in low-emission 94 Class locomotives. Since FY2022, cumulative investment in these locomotives totals \$104.2 million. In addition, since FY2021 the Group has invested \$14.9 million in Trip Optimizer technology to improve locomotive fuel efficiency and \$0.8 million in battery jump-start equipment to reduce locomotive idling and associated fuel consumption.

These investments form part of the Group's broader strategy to improve operational efficiency, reduce fuel consumption and support the transition to lower-emission rail freight operations.

Management is progressively developing its methodology to assess the extent to which these and future climate-related investments are reasonably expected to affect the Group's financial position, financial performance and cash flows over the short, medium and long term. While capital expenditure incurred to date has been quantified, further work is underway to assess the anticipated financial benefits, including operational efficiencies, emissions reductions and the contribution of these investments to the Group's climate resilience.

6.4 Carbon pricing

The Safeguard Mechanism³ is the Australian Government's policy for reducing greenhouse gas emissions from Australia's largest industrial facilities. Facilities that exceed their legislated emissions baseline are required to manage their excess emissions through eligible compliance mechanisms, including the surrender of Australian Carbon Credit Units (ACCUs).

³ Safeguard Mechanism - Regulatory framework requiring industrial facilities that emit over 100,000 tonnes of CO₂-e per year to reduce their greenhouse gas emissions.

The Group does not apply a fixed internal carbon price. Instead, prevailing or forecast ACCU market prices are used as the basis for estimating future Safeguard Mechanism compliance costs. These price assumptions are applied when assessing the financial impact of forecast emissions exceeding the Group's Safeguard Mechanism baseline and are incorporated, where relevant into commercial, operational and capital investment decision making.

Compliance cost estimates are based on forecast ACCU procurement requirements and prevailing or forecast ACCU market prices. To support risk management and financial planning, the Group also assesses its maximum potential compliance cost exposure using the fixed ACCU price available under the Australian Government's Cost Containment Measure, where the eligibility requirements of that mechanism are assumed to be met.

For FY2026, the Group used an ACCU price assumption of \$38 per tCO₂-e to estimate expected Safeguard Mechanism compliance costs. In addition, a Cost Containment Measure price of \$82.68 per tCO₂-e was used to assess the Group's maximum potential compliance cost exposure.

6.5 Climate-related targets

The Group's climate-related targets comprise both regulatory obligations under the Safeguard Mechanism and the STIP Remuneration emissions intensity targets that support delivery of the Group's climate strategy. The STIP Remuneration targets are designed to drive progressive operational emissions reductions, improve fuel efficiency and align executive performance with the Group's decarbonisation objectives, while recognising current technology and commercial constraints.

Pacific National uses the emissions intensity requirements applicable to the Group under the Australian Government's Safeguard Mechanism as its regulatory greenhouse gas emissions target. Under the National Greenhouse and Energy Reporting (Safeguard Mechanism) Rule 2015, the Group is required to report on two production variables: net-tonne kilometres of bulk freight on a non-dedicated line for Pacific National's Coal and Bulk businesses, and net-tonne kilometres of non-bulk freight for Pacific National's Intermodal business. The Group's production adjusted Safeguard Mechanism baseline declines by 4.9% per annum in accordance with the National Greenhouse and Energy Reporting (Safeguard Mechanism) Rule 2015

The Group's FY2026 short-term incentive plan (STIP) emissions intensity targets use the same underlying emissions intensity metrics and supporting data as the Safeguard Mechanism. Five per cent of the FY2026 STIP was linked to emissions intensity performance, comprising separate emissions intensity targets for the Intermodal and Coal & Bulk business units. Performance against these targets was assessed on a combined basis, and the overall FY2026 emissions intensity target was achieved. The STIP targets are calibrated to reflect emissions reduction opportunities currently considered operationally and commercially achievable across the business, including initiatives such as fuel optimisation, increased double stacking in Intermodal operations and reduced locomotive idling. These targets are intentionally less stringent than the Safeguard Mechanism emissions intensity trajectory, recognising that more significant emissions reductions remain dependent on the availability, technical maturity and commercial viability of low carbon liquid fuels and other emerging locomotive technologies.

Safeguard Mechanism obligations are established under the Australian Government's legislative framework and administered by the Clean Energy Regulator. Climate-related STIP targets are developed annually as part of the Group's remuneration and business planning processes. Proposed STIP targets are developed by management using the Group's annual operating plans, historical performance and assessment of emissions reduction opportunities that are considered achievable within the reporting period. The proposed measures, performance thresholds and weightings are reviewed by the Executive Leadership Team and approved through the Group's Board governance processes. Performance against the approved targets is assessed following the end of each financial year as part of the annual STIP determination. The Group's climate-related STIP targets have not been independently validated by a third party. Additional information on STIP can be found in Section 3.5 (Remuneration) of this report.

The Group's strategy is to achieve the maximum practicable reduction in greenhouse gas emissions through operational efficiency improvements and the deployment of lower emissions technologies. However, where forecast emissions exceed the applicable Safeguard Mechanism baseline, the Group plans to surrender eligible Australian Carbon Credit Units (ACCUs) to meet its regulatory compliance obligation. Accordingly, ACCUs are expected to be used to address residual emissions that cannot currently be reduced through operational or technological measures alone. The extent of ACCU use will depend on actual emissions performance, production levels, the applicable Safeguard Mechanism baseline and the availability of commercially viable emissions reduction technologies.

During the reporting period, the Group did not revise its climate-related targets or the methodologies used to establish those targets. Future revisions may occur where required to reflect changes in regulation, business strategy, technology availability, operational assumptions or decarbonisation pathways.

The Group's climate-related targets were not derived using a sectoral decarbonisation approach. Targets are established through the Group's internal business planning and governance processes.

6.6 GHG calculation methodologies

Methodology for the calculation of GHG emissions

Unless otherwise stated, greenhouse gas emissions are calculated using Method 1 under the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (NGER Measurement Determination), which applies National Greenhouse Accounts default emissions factors. Emissions data is measured using Criterion A, based on supplier invoices, and fuel is reported in accordance with the National Greenhouse and Energy Reporting Regulations 2008 (NGER Regulations) against the State or Territory in which it is purchased. The material Scope 1 and Scope 2 greenhouse gas emission sources are listed below. Other emission sources have been assessed and determined to be immaterial to the Group's greenhouse gas inventory or are not applicable to the Group's operations.

Scope 1 emissions:

As set out in Schedule 1 of the NGER Measurement Determination, the Group's Scope 1 emissions include:

- Fuel combustion – liquid fuels and certain petroleum-based products for stationary energy purposes
 - 31: Petroleum based oils (other than petroleum-based oil used as fuel)
 - 32: Petroleum based greases
 - 40: Diesel oil
 - 44: Liquefied petroleum gas
- Fuel combustion – fuels for transport energy purposes
 - 54: Diesel oil
 - 64: Gasoline (Petrol)

Scope 2 emissions:

As set out in Schedule 1 of the NGER Measurement Determination, the Group's Scope 2 emissions include:

- Indirect (Scope 2) emissions for consumption of electricity
 - 77: New South Wales and Australian Capital Territory
 - 78: Victoria
 - 79: Queensland
 - 80: South Australia
 - 81: South West Interconnected System in Western Australia

The Group has no electricity-consuming facilities in the Northern Territory or Tasmania. Scope 2 emissions are calculated using the location-based Method A1 in accordance with Chapter 7 of the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (NGER Measurement Determination). Electricity consumed by Queensland electric locomotives is supplied via the overhead electrified network. Consumption data is provided by UGL, the third-party locomotive maintenance contractor, through monthly meter readings taken from locomotives when available at maintenance facilities. Data includes:

- Consumption (kWh): the accumulative reading of the locomotive's electricity consumption; and
- Regenerative braking (kWh): the accumulative reading of the locomotive's regenerative power.

The regenerated power is fed back into the grid through the overhead network lines and stored in the network where it can then be used by other passing trains. Electricity consumption is therefore calculated by the variance in consumption and regenerative braking. This is added to the Group's total emissions.

Directors' declaration**For the year ended 30 June 2026**

In accordance with a resolution of the Directors of Australian Logistics Acquisition Holdings Pty Limited (the Company), I state that:

In the opinion of the Directors:

The Company has taken reasonable steps to ensure that the substantive provisions of this report are in accordance with the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board



Brett Grehan

Director

Sydney

27 August 2026



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Australian Logistics Acquisition Holdings Pty Limited

I declare that, to the best of my knowledge and belief, in relation to the review of specified sustainability disclosures in the sustainability report of Australian Logistics Acquisitions Holdings Pty Limited for the financial year ended 30 June 2026, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Rhys Hopkin

Partner

Sydney

27 August 2026



Independent Auditor's Review Report

To the shareholders of Australian Logistics Acquisition Holdings Pty Limited (ALAH)

Report on specified Sustainability Disclosures of Australian Logistics Acquisition Holdings Pty Limited presented in the Sustainability Report titled "Sustainability Report, Climate-Related Financial Disclosures" prepared in accordance with the Corporations Act 2001

Review Conclusion on specified Sustainability Disclosures as required under the Corporations Act 2001

We have conducted a review of the following specified Sustainability Disclosures presented in the Sustainability Report of Australian Logistics Acquisition Holdings Pty Limited titled "Sustainability Report Climate-Related Financial Disclosures" for the year ended 30 June 2026 in accordance with Australian Standards on Sustainability Assurance (ASSA) 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB).

<i>Specified Sustainability Disclosures</i>	<i>Reporting requirement of Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures (AASB S2) (including related general disclosures required by Appendix D) (the Criteria)</i>	<i>Locations in Sustainability Report</i>
<i>Governance disclosures</i>	<i>Paragraph 6</i>	<i>Section 3 "Governance" on pages 66-70</i>
<i>Strategy (risk and opportunities) disclosures</i>	<i>Subparagraphs 9(a), 10(a) and 10(b)</i>	<i>Sub-sections 4.1 and 4.3 "CRRO, Scenarios, Parameters and Materiality Assessment" on pages 70-73 and 75-79</i>
<i>Scope 1 greenhouse gas emissions</i>	<i>Subparagraphs 29(a)(i)(1) to (2) and 29 (a)(ii) to (v)</i>	<i>Sub-section 6.1.2 "Greenhouse gas emissions" on page 84</i>
<i>Scope 2 greenhouse gas emissions (location-based)</i>		

The requirements of AASB S2 identified in the table above form the Criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).



We have not become aware of any matter in the course of our review that makes us believe that the specified Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the Corporations Act 2001.

Basis for Conclusion

Our review has been conducted in accordance with ASSA 5000 *General Requirements for Sustainability Assurance Engagements* issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant Criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the "Summary of the Work Performed" section of our report.

Our responsibilities under ASSA 5000 are further described in the "Auditor's Responsibilities" section of our report.

We comply with the independence and other ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited.

Our firm applies Auditing Standard ASQM1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, issued by the AUASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Information

The Directors of *Australian Logistics Acquisition Holdings Pty Limited* are responsible for the other information. The other information comprises the financial and non-financial information included in *Australian Logistics Acquisition Holdings Pty Limited's* statutory financial statements and Sustainability Report, but does not include the specified Sustainability Disclosures and our review report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of conclusion thereon.

In connection with our review of the specified Sustainability Disclosures, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities for the specified Sustainability Disclosures

The Directors of *Australian Logistics Acquisition Holdings Pty Limited* are responsible for:

- The preparation of the specified Sustainability Disclosures in accordance with the Act; and
- Designing, implementing and maintaining a system of internal control that it determines is necessary to enable the preparation of specified Sustainability Disclosures in accordance with the Act that are free from material misstatement, whether due to fraud or error.

Inherent Limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error or material misstatement in the specified Sustainability Disclosures may occur and not be detected. Non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating, and estimating such data. The precision of different measurement techniques may also vary. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time.

For climate risks and opportunities, there is inherent uncertainty as a result of using assumptions about future events and management's actions that may not occur.

Greenhouse gas quantification is subject to inherent uncertainty due to the nature of the information and the uncertainties inherent in: (i) the methods used for determining or estimating the appropriate amounts, (ii) information used to determine emission factors and (iii) the values needed to combine emissions of different gases.

Auditor's Responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of a review in accordance with ASSA 5000, we exercise professional judgment and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal controls relevant to the engagement to identify and assess the risks of material misstatement, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to the assessed risks of material misstatement at the disclosure level.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Summary of the Work Performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error. In conducting our review, we:

- Enquired with relevant Australian Logistics Acquisition Holdings Pty Limited personnel to understand the governance structures and reporting process;
- Enquired with relevant Australian Logistics Acquisition Holdings Pty Limited personnel to understand the process for developing the governance, strategy and metrics and targets disclosures;
- Obtained an understanding of relevant processes, information flow and related systems for key data sets;
- Reviewed internal documentation including policies, risk management frameworks, and basis of preparation documents;
- Reviewed Australian Logistics Acquisition Holdings Pty Limited's process undertaken to identify climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;
- Assessed the suitability and application of the Criteria in respect of the Specified Sustainability Disclosures;
- For scope 1 and 2 greenhouse gas emissions, tested underlying data to source documentation on a sample basis;
- Reconciled the Specified Sustainability Disclosures to underlying information

KPMG

Rhys Hopkin

Partner

Sydney

27 August 2026