

Aurizon, a Company where Safety Leadership Drives Operational Success

The Highlights

- Aurizon's safety transformational journey has entrenched; safety is now a core value and intrinsic in decision making, be it in the boardroom or on-site.
- 92% reduction in the Lost Time Injury Frequency Rate (to 0.95) and 89% reduction in Medically Treated Injury Frequency Rate (to 4.90), between the financial years 2008-09 and 2012-13.



“Safety is a function of the quality of leadership in an organisation and in that regard, there is no point of having leadership that does not believe all injuries can be prevented.”

Lance Hockridge –Managing Director & CEO of Aurizon



A Challenging Landscape

The Australian transport industry has one of the highest incidences of workplace injuries ⁽¹⁾. This is followed by the agriculture, forestry and manufacturing industries. The rail industry has also endured a particularly high number of workers' compensations claims ⁽²⁾.

Lance Hockridge - Managing Director & CEO joined Aurizon ⁽³⁾ (formerly QR National) in late 2007 and immediately recognised the need for improvement in safety and potential for change.

In his role as CEO, Mr Hockridge's vision was to bring a fundamental change to Aurizon and establish a world-class safety culture, excellent customer service and high financial performance.

Former Aurizon Executive Vice President for Operations, Lindsay Cooper, believed there were pockets of safety awareness at Aurizon, "but no consistent approach to inform safety discussions, or cultivate a universal understanding of acceptable safety behaviour".

To achieve this vision, the executive team had the following challenges:

- Transformational change was needed to achieve world class safety.
- Aurizon employees predominantly relied on written procedures to manage safe working practices and there was less emphasis on the behavioural elements of safety management.
- Senior management lacked the required skills and scope within their own roles to make the requisite changes.

Mr Hockridge and his executive team recognised these critical areas for improvement and committed to do whatever was necessary to ensure everyone at Aurizon remained safe.

¹ Key Work Health and Safety Statistics, Australia, Safe Work Aust 2013.

² National OHS Strategy 2002-2012 http://www.safeworkaustralia.gov.au/sites/SWA/AboutSafeWorkAustralia/WhatWeDo/Publications/Documents/230/NationalOHSStrategy_2002-2012.pdf

³ Aurizon Holdings Limited is a top-50 ASX-listed company offering rail and road-based freight transport and infrastructure solutions across Australia. Previously known as QR National, the company has solid foundations established from more than 147 years of rail freight industry experience.



“DuPont has very effectively put a mirror up to us, both as individuals and as a collective. We were able to observe ourselves and our organisation regarding the behavioural and leadership aspects of safety”

Michael Carter, Executive Vice President Strategy & Business Development

Aurizon cultural shift in safety begins

DuPont was engaged as a partner to help achieve the vision of world class safety.

The journey involved a three-phase major program of a multi-year engagement with DuPont, which consisted of risk containment, diagnostic analysis and safety culture transformation.

Initially, to assess employee behaviours and attitudes; DuPont conducted diagnostic assessments that included a Safety Perception Survey and Site Evaluations ⁽⁴⁾. The effectiveness of the existing safety culture and systems at Aurizon were also assessed against World Class Safety Standards ⁽⁵⁾.

The assessment indicated that Aurizon’s safety culture was compliance driven and work was needed to build a more engaged and energised workforce, similar to those of world class performers in safety.

“DuPont has very effectively put a mirror up to us, both as individuals and as a collective. We were able to observe ourselves and our organisation regarding the behavioural and leadership aspects of safety”, says Michael Carter, Aurizon’s Executive Vice President Strategy & Business Development . Based upon the results of the assessments, DuPont worked with Aurizon’s leaders to:

1. Integrate safety into central business planning and to manage safety as a core business value.
2. Actively communicate Aurizon’s Safety, Health and Environment goal, mission and principles throughout the organisation.
3. Enhance the organisation’s safety leadership skills from the senior executive level to frontline leaders, in order to build a strong safety culture. This included some key training modules with a focus on safety interactions and incident investigation processes, timely corrective action and effective communication of the learnings from incidents.

From compliance to values driven

Using advice from DuPont, Aurizon formed a steering committee that put in place the required organisational safety structure to achieve the Company’s vision to become world class.

From the execution point of view, the following areas were critical:

- The implementation of a Central Safety Committee along with Operating Committees and District Safety Committees; demonstrating a robust safety organisational structure.

⁴ More than 10,000 surveys were completed and returned, which showed excellent employee engagement. DuPont visited more than 80 sites and incorporated the opinions and observations of around 1000+ employees through one-on-one interviews, focus groups and workplace tours.

⁵ World class performance is measured in several ways, including consistently achieving a less than one LTIFR per million man hours.

- Improving communication to enhance employees' engagement and generate behavioural change.
- The application of tailored employee safety programs and training at all levels; underlining the importance of improving one's leadership, education and communication.

These new skills represented a new way of working and a new way of thinking.

Through hard work and the leadership of Mr Hockridge and his executive team, the Company's approach to safety became more values-driven, and systematically concentrated on developing necessary behaviours and attitudes, while concurrently refining written policies and procedures.

The DuPont coaching, training and mentoring programs reinforced the importance of safety in the office, on worksites, on the road and outside of work with their families.

Neil Backer, Vice President Safety, Health and Environment, believes that 'felt leadership' was a critical element for their safety culture transformation success. The current safety culture at Aurizon is based on the belief that everybody takes direct ownership and responsibility for their safety, and this visible action is a demonstration of felt leadership⁽⁶⁾.

By developing safety culture through leadership, the level of engagement between executives and employees has been improved. Such leadership nurtures trust and relationships among employees⁽⁷⁾; empowering employees to further advance Aurizon safety performance.

Good safety is good business

Since implementing a more advanced safety program and increasing the commitments in this area, Aurizon was able to achieve substantial and sustainable improvement in injury and incident rates and business performance.

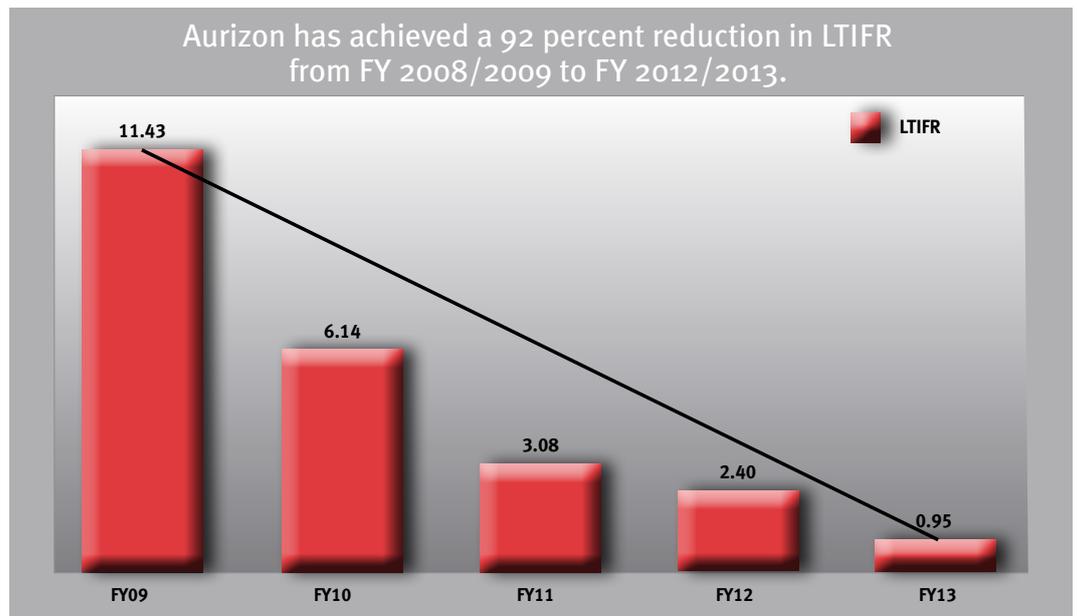


Figure 1 Aurizon LTIFR from FY 2008/09 to FY 2012/13

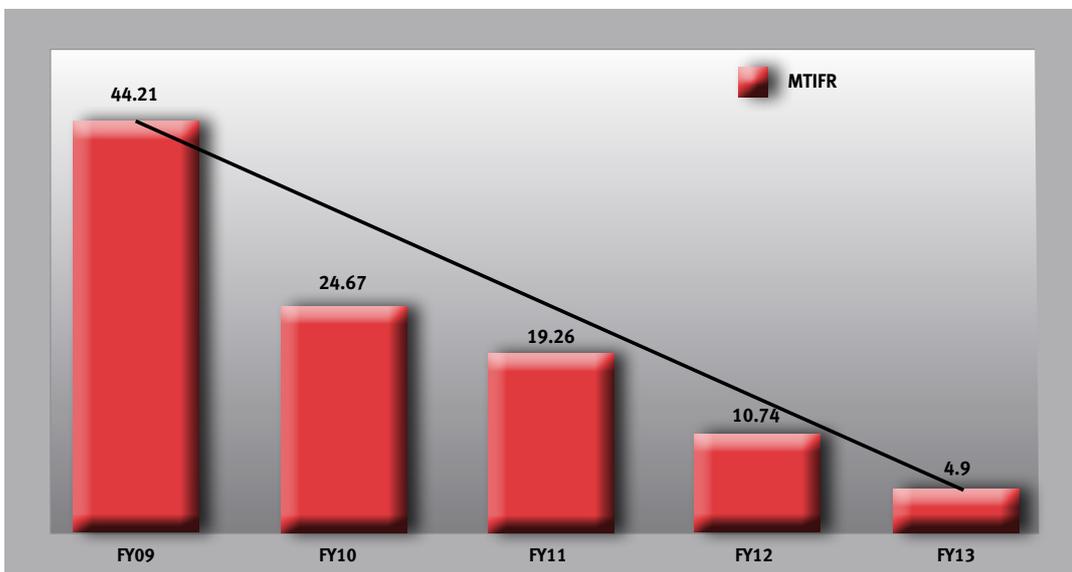


Figure 2 Aurizon MTIFR from FY 2008/09 to FY 2012/13

Increases in reporting and accurate categorisation of incidents; together with timely corrective action and effective communication of the learnings from incidents has ensured significant improvements in Medically Treated Injury Frequency Rate (MTIFR)- Figure 2.



**“As safety has improved, our business has also improved.
Safer companies are more successful as they have better operating disciplines”.**

Lindsay Cooper - Former Aurizon Executive Vice President Operations

This clearly demonstrates Aurizon’s transformational journey to become an organisation in which safety is a core value and intrinsic in decision making, be it in the boardroom or on-site.

A Safety Perception Survey and Site Evaluations undertaken by DuPont in June 2012 at Aurizon indicated:

- Significant cultural shift since 2008 where safety is now a core value.
- The implementation of the enterprise governance framework for safety and associated tools has significantly assisted management.
- There is a genuine line management commitment and acceptance of accountability for safety.
- Improved engagement between executives and employees, where communication has improved and is now effective, frequent and reciprocal.
- Emergency procedures and contingency planning is strong and in place at all sites.

Mr Hockridge believes that the safety performance of a Company is a barometer for its commercial and financial performance.

“Reduced incidents and injuries demonstrate a good operating discipline and safety will always be our number one value and

pivotal to our success as a company”, he says.

In 2013, Aurizon welcomed industry recognition of its safety achievements with the winning of the 2013 Chartered Institute of Logistics and Transport Australia (CILT) Industry Excellence Awards for Safety. The award recognises an organisation that has demonstrated a practical and exceptional commitment to excellence in safety in Australia Passenger, Freight and Defence Transport or Logistics.

Aurizon also received a ‘Highly Commended’ at the National Safety Council of Australia (NSCA) Safety Awards of Excellence for “Best Safety Leadership Program”.

Managing Director and CEO, Lance Hockridge said the awards recognise Aurizon’s safety journey. “Although we don’t set out to win safety awards; receiving them from respected industry bodies, gives independent recognition of the progress we have made”, he says.

Aurizon is on its way to world class safety performance

The most encouraging insight into Aurizon’s cultural development is that despite the improvements it has made, employees and management remain fully committed to continue the journey towards achieving an injury-free work environment.

⁶ felt leadership is a term which DuPont defines as an individual’s public proclamation of an organisation’s commitment to caring about people.
⁷ Melodie A. Schweitzer- Creating a safety culture through felt Leadership.

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About Aurizon

Aurizon Holdings Limited is a top-50 ASX-listed company offering rail and road-based freight transport and infrastructure solutions across Australia. Previously known as QR National, the company has solid foundations established from more than 147 years of rail freight industry experience.

The name 'Aurizon' is a combination of Australia and Horizon. It conveys the geographical scope of the Company's expanding operations across Australia and their aspirations spanning the Australian horizon.

Every day Aurizon moves thousands of tonnes of coal, iron ore and other minerals as well as agricultural and general freight around the nation. Its rail services from Cairns through to Perth are supported by an extensive road fleet.

Aurizon operates and manages the Central Queensland Coal Network made up of approximately 2,670km of heavy haul rail infrastructure. The company also provides a range of specialist services in rail design, engineering, construction, management and maintenance.

About DuPont Sustainable Solutions

DuPont Sustainable Solutions is a global consulting, training and technology licensing business that helps our clients transform work places and work cultures to become safer, more efficient and environmentally sustainable. As an owner-operator company, our real-world experience is manifest in our consultants' capability to inspire our clients and assist them to facilitate the cultural changes required to achieve their goals.

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“Improving our safety culture and leadership capability has been critical to improving our safety performance, reducing incidents and keeping people safe.”

Lance Hockridge –Managing Director & CEO of Aurizon

