



# Segregation Arrangements

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## Segregation Arrangements

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# 1. Introduction

## 1.1 Background

- (a) Roy Hill Infrastructure Pty Ltd (**RHI**) owns and operates the RHI Railway from the Roy Hill Mine to Port Hedland in the Pilbara region in Western Australia.
- (b) RHI recognises its obligation to comply with the *Railways (Access) Act 1998 (Act)* and the Railways (Access) Code 2000 (**Code**) and specifically section 28 and sections 30 to 34 of the Act.
- (c) The objective of these Segregation Arrangements is to ensure that RHI complies with the requirements of sections 28 and 30 of the Act to segregate its Access-Related Functions and in particular give effect to the obligations set out in:
  - (i) section 31 of the Act, which requires an effective regime for the protection of Confidential Information arising from performing Access-Related Functions;
  - (ii) section 32 of the Act, which requires the avoidance of conflicts of interest between the duties of a relevant officer in performing Access-Related Functions and duties involved in the other business of a Railway Owner;
  - (iii) section 33 of the Act, relating to the duty of fairness which requires that relevant officers in performing their duties must not have regard for the interest of the Railway Owner in a way that is unfair to persons seeking Access or to other rail Operators; and
  - (iv) section 34 of the Act, which requires that the Railway Owner must ensure that its accounts and records are in such form as to enable income, expenditure, assets and liabilities related to carrying out Access-Related Functions are properly recorded and distinguished from the Railway Owner's other income, expenditure, assets and liabilities. This also requires that any apportionment required between its Access-Related Functions and other functions be done in a fair and reasonable manner.
- (d) RHI notes that section 29 of the Act allows the Regulator to impose other requirements on RHI additional to those covered in sections 31 to 34 of the Act, so as to further improve the effectiveness of the Segregation Arrangements if and as required.
- (e) RHI will perform both the Access-Related Functions specified in Part2 of these Segregation Arrangements and also perform the rail haulage functions associated with the operation of Train services.
- (f) RHI is a wholly owned subsidiary of Roy Hill Holdings Pty Ltd (**RHH**). RHH, through its subsidiary companies, will be a vertically integrated business. RHH, through its subsidiary companies, will construct and operate the mining operation at the Roy Hill Mine, transport the product on the RHI Railway to the port of Port Hedland, export the product through the port of Port Hedland and market the product.

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- (g) Consistent with its objective to be a low cost producer and exporter of iron ore product, RHH has limited senior management roles and a limited number of employees each of whom may assume numerous roles within the complete vertically integrated business.

### 1.2 Timing of implementation

Access-Related Functions will be undertaken in phases. In these Segregation Arrangements:

- (a) phase 1 refers to Access-Related Functions which are relevant to the period prior to the first Access Agreement taking effect; and
- (b) phase 2 refers to Access-Related Functions which are relevant to the period subsequent to the first Access Agreement taking effect.

## 2. Access-Related Functions

For the purpose of these Segregation Arrangements, Access-Related Functions means:

- (a) performance of activities specified under the Act and the Code including (but not limited to):
  - (i) calculating the floor and ceiling costs for approval by the Regulator;
  - (ii) applying the Costing Principles, the Over-payment Rules, the Train Management Guidelines and the Train Path Policy;
  - (iii) preparation of documents for the Regulator's approval in accordance with the Act and the Code; and
  - (iv) undertaking the steps defined in Parts 2 and 3 of the Code for the negotiation of Access Agreements inside the Code;
- (b) negotiation of Access Agreements, comprising:
  - (i) negotiation of Access Agreements and the granting of Access rights; and
  - (ii) pricing for the provision of Access;
- (c) management of Access Agreements, comprising performance monitoring and management of day-to-day operational issues;
- (d) Train scheduling, Train path allocation, control planning and the granting of ad-hoc Train path entitlements;
- (e) the collection, use, and dissemination of Train running data including manifest details;
- (f) Train control, including provision of appropriate authorities for trains to use scheduled Train paths (train orders or signals) and real-time management of trains;
- (g) emergency management of the RHI Railway including co-ordination of emergency service responses;
- (h) regulatory compliance which includes:

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- (i) development, maintenance and monitoring compliance with appropriate safety standards for RHI staff, its contractors and any rail Operators;
  - (ii) development and authorisation of RHI's operating Rules for the RHI Railway and the issue of special notices, instructions and warnings related to these Rules;
- (i) development of maintenance standards for rail infrastructure;
- (j) maintenance, comprising the maintenance of the track and infrastructure, including signalling and communications maintenance;
- (k) interface/emergencies, comprising:
  - (i) emergency management on the RHI Railway including co-ordination of emergency service responses;
  - (ii) the development of operating standards for train services (to the extent they relate to the infrastructure), such as maximum braking distances, maximum train lengths, as well as maintenance standards for the rail infrastructure; and
- (l) any administrative or corporate services, comprising support services for the performance of below rail functions.

### 3. Conflicts of Interest (section 32)

- (a) RHI will manage its Access-Related Functions so that for RHI's relevant officers no conflicts of interest exist between his or her duties:
  - (i) as a person concerned in the performance of Access Related Functions, on the one hand; and
  - (ii) as a person involved in the other business of RHI on the other.
- (b) In the case of train scheduling and Train control, these functions will be undertaken by RHI staff or contractors who have signed a Segregation Awareness Statement.
- (c) RHI recognises that organisational separation is a key means of preventing conflicts of interest arising in relation to the provision of Access-Related Functions. RHI will manage its Access-Related Functions so that, for relevant officers, no conflicts of interest exist.
- (d) Under these Segregation Arrangements, RHI commits that no person will perform duties concurrently for both RHI and other members of the RHH Group where a conflict of interest exists.
- (e) RHI commits to controlled management of information flow consistent with organisational separation. That is, RHI will ensure that those staff members performing Access-Related Functions, such as Train scheduling, will not perform any haulage-related functions and the restrictions on the internal flow of information will apply. In terms of the RHI organisational structure, RHI will separate the following functions:
  - (i) rail infrastructure, comprising the functions outlined in section 2; and

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- (ii) haulage related functions, being those other functions (including rolling stock operations and maintenance).
- (f) Given that potential conflicts of interest in relation to the performance of Access-Related Functions will be greatest when an Operator is running Train services on the RHI Railway in competition with RHI Train services, RHI staff performing Train scheduling functions will sign a Segregation Awareness Statement.
- (g) RHI also notes that there will be common directors on the RHH and RHI boards. RHI will implement control measures to manage potential Board level conflicts of interest to protect a third party's Confidential Information. This will be in relation to the handling of the details of Access negotiations and Access Agreements.
- (h) No person (other than key management staff and corporate services) will perform duties concurrently for both RHI and RHH that would present an unnecessary risk of conflict of interest. In effect, any person performing below-rail functions will be precluded from also performing above-rail functions (unless indirectly, whether by virtue of the position (such as is the case for the General Manager, Rail, the Chief Operating Officer and the Chief Executive Officer) or due to the nature of the task not presenting conflicts of interest (as is the case for corporate services functions)).
- (i) Staff who are responsible for Train scheduling and Train operations will report to the General Manager, Rail, who in turn reports to the Chief Operating Officer. Since the Roy Hill project is a vertically integrated business, the operation of the mine, rail and the port will be closely integrated. However, measures will be in place to ensure the protection of all Confidential Information of Interested Entities, Proponents and Operators. Confidential Information provided by an Interested Entity, Proponent or Operator to RHI will be disclosed only to those staff and contractors engaged by RHI who need to know the Confidential Information for the purpose of dealing with the Access Application. Disclosure may be required to staff and contractors so that RHI can respond to an Access Application in accordance with its obligations under the Act and the Code, negotiate an Access Agreement or administer an Access Agreement.
- (j) The General Manager, Rail, the Chief Operating Officer and the Chief Executive Officer of RHI will each sign a Segregation Awareness Statement. In addition, any staff or contractors to whom Confidential Information is disclosed will sign a Segregation Awareness Statement. Any person who has signed a Segregation Awareness Statement will be under an obligation not to disclose Confidential Information provided by an Interested Entity, Proponent or Operator to other areas or staff within RHI or RHH, except as permitted by these Segregation Arrangements. RHI will implement control measures to manage potential conflicts of interest in handling the Confidential Information of an Interested Entity, Proponent or an Operator.
- (k) RHI commits that no person will perform duties concurrently for RHI and RHH in relation to Access-Related Functions. In particular the person responsible for Access Proposals and responding to Access Proposals and negotiating Access Agreements shall not at the same

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time perform other duties with RHI or RHH which perform haulage functions or could otherwise affect the operations of an Interested Entity, Proponent or an Operator. .

The following are the main protection control mechanisms which are in place:

- (i) Segregation Awareness Statements;
- (iii) Access related procedures;
- (iv) protection of Confidential Information.

## 4. Confidential Information (section 31)

RHI must protect Confidential Information, comprising information that has not been made public and that:

- (a) is by its nature confidential;
- (b) was specified to be confidential by the person who supplied it; or
- (c) is known by a person using or disclosing it to be confidential.

### 4.1 Definition of Confidential Information

If an Interested Entity, a Proponent or an Operator discloses Confidential Information to RHI, then it is, and shall be taken to have always been, Confidential Information.

#### **Phase 1**

- (a) Examples of Phase 1 Confidential Information include:
  - (i) Access Applications and Preliminary Information provided by persons seeking access with their Access Applications; and
  - (ii) correspondence related to the negotiation of the Access Agreement.
- (b) Access-related Confidential Information received in Phase 1 will only be used by RHI for the purpose of:
  - (i) responding to an Access Proposal;
  - (ii) negotiating an Access Agreement; oras specifically authorised by an Interested Entity or a Proponent.

#### **Phase 2**

- (c) Examples of Phase 2 Confidential Information include:
  - (i) the Access Agreement itself and information exchanged in the management of the Access Agreement over time;
  - (ii) any data relating to the recording of usage of the Access Agreement including Train scheduling and planning data, to the extent it identifies specific haulage operations, including master Train plans and fortnightly Train plans and voice logging tapes from Train control;
  - (iii) any data related to the running of haulage operations under an Access Agreement; and

- (iv) billing information.

## 4.2 Confidential Information Flows

### *Phase 1*

- (a) RHI's Compliance Officer will only disclose the Confidential Information of an Interested Entity or a Proponent for the purpose of and to the extent necessary to progress an Access Proposal, respond to a request by an Interested Entity or a Proponent, or negotiate an Access Agreement.
- (b) RHI will require all staff and contractors managing or conducting Access-Related Functions to sign a Segregation Awareness Statement, to the effect that they are aware of and understand RHI's segregation obligations under the Act and the Code, and in particular must protect the Confidential Information of an Interested Entity and a Proponent.
- (c) RHI's Compliance Officer may need to disclose the Confidential Information of an Interested Entity or a Proponent to staff responsible for Train scheduling and Train operations so that RHI can respond to an access application in accordance with its obligations under the Act and the Code, and negotiate an Access Agreement. For example, disclosure may be necessary to determine whether there is sufficient capacity available for requested Train services, evaluate operational requirements, timelines, Train configurations, accreditations, wheel profiles and other rolling stock technical details. RHI's Compliance Officer will be the sole custodian of Confidential Information during Phase 1, and access to the Confidential Information will be limited to the staff responsible for Train control and Train scheduling as described above.
- (d) Any staff member or contractor of RHI who becomes aware of Confidential Information during Phase 1 will be required to sign a Segregation Awareness Statement.
- (e) RHI's Compliance Officer will maintain a register (the Register) of staff and contractors to whom Confidential Information of an Interested Entity or a Proponent has been disclosed. The Register will include an acknowledgement by the staff member or contractor of the receipt of the Confidential Information. An Interested Entity or a Proponent may inspect the Register during business hours, after providing reasonable notice to RHI.
- (f) Management reports may need to be provided from time to time to senior executives of RHI and RHH and the Boards of RHI and RHH. The management reports may include Confidential Information of an Interested Entity or a Proponent. Any distribution of management reports will be limited to only those senior executives and those members of the Boards of RHI and RHH who need to



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know the Confidential Information for the purpose of progressing the Access Proposal.

- (g) The management reports may provide financial details at an aggregate company level for RHI (but may not identify individual access customers) and report on other operational and strategic issues. They may include statistics on overall network usage and safety performance.
- (h) Typical reports would include information on:
  - (i) operational matters on the performance of the rail network and any maintenance work being carried out;
  - (ii) approval for or reporting on progress on capital works;
  - (iii) reporting on significant incidents;
  - (iv) contracts, including any Access Agreements, that have been entered into but only at a broad detail level without disclosure of full terms and conditions; and
  - (v) monthly financial reports and commentary at aggregate levels.
- (i) When staff are presenting reports to RHI or RHH senior management and directors they will, if Confidential Information is to be presented, have in place a procedure which ensures that:
  - (i) the Confidential Information is clearly identified; and
  - (ii) recipients of the Confidential Information have signed a Segregation Awareness Statement.
- (j) If there is a need for senior management of RHI and RHH to be briefed outside of structured meetings and those briefings are likely to result in the disclosure of Confidential Information, particularly related to the identity of an Interested Entity or a Proponent, RHI will implement procedures which ensure that:
  - (i) the Confidential Information is clearly identified; and
  - (ii) recipients of the Confidential Information have signed a Segregation Awareness Statement.
- (k) All RHI and RHH senior management, directors and other staff provided with Confidential Information will be recorded in the Register maintained by the Compliance Officer. The Register will record both the names and position titles for each person to whom the Confidential Information is disclosed. All persons recorded on the Register must sign a Segregation Awareness Statement.

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- (l) If Confidential Information of an Interested Entity or a Proponent must be disclosed at management meetings involving staff or contractors who are involved in Train scheduling or Train operations the same control measures as those which apply for senior RHI or RHH management meetings will apply to any person receiving the Confidential Information. Disclosure of such Confidential Information will only occur in these meetings where necessary, for example for the purpose of improving productivity and safety performance of the rail network.

### Phase 2

- (m) RHI staff will only disclose Confidential Information of an Interested Entity, a Proponent or an Operator for the purpose of and to the extent necessary to progress an Access Proposal, respond to a request from an Interested Entity, a Proponent or an Operator, negotiate an Access Agreement or administer an Access Agreement.
- (n) RHI will require all staff and contractors managing or conducting Access-Related Functions to sign a Segregation Awareness Statement to the effect that they are aware of and understand RHI's segregation obligations under the Act and the Code, and in particular must protect the Confidential Information of an Interested Entity, a Proponent and an Operator.
- (o) The obligation imposed on RHI's Compliance Officer during Phase 1 to maintain the Register of staff and contractors to whom Confidential Information has been disclosed also applies during Phase 2, and also applies to any staff and contractors to whom the Confidential Information of any Operator has been disclosed. The persons to whom the Confidential Information of an Operator is provided during the operation and administration of an Access Agreement will be recorded in the Register maintained by the Compliance Officer, which will acknowledge the recipient's awareness of the confidentiality of the information. An Operator may inspect the Register during business hours, after providing reasonable notice to RHI.
- (p) Similar to Phase 1, if Confidential Information of an Operator must be disclosed as part of management reports to senior executives of RHI and RHH, and the Boards of RHI and RHH the same control measures as those outlined above for Phase 1 will apply to any person receiving any Confidential Information of an Operator. Disclosure of such Confidential Information will only occur to a limited number of senior executives of RHI and RHH, and the Boards of RHI and RHH only where necessary for the purpose of progressing the Access Proposal or administering an Access Agreement.

### 4.3 Hard Copy Access

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### Phase 1

- (a) Any written or electronic Confidential Information received by the Compliance Officer in performing Access-Related Functions will be kept on RHI files within RHI premises.
- (b) The files will only be accessible to the Compliance Officer who will control access by other staff or contractors of RHI or RHH for the purpose of processing an Access Proposal or negotiating an Access Agreement.
- (c) The Compliance Officer will also:
  - (i) keep a record of staff who have accessed Confidential Information of an Interested Entity or a Proponent and the purpose for which the Confidential Information is to be used; and
  - (ii) ensure that all staff and contractors who have accessed Confidential Information of an Interested Entity or a Proponent sign in and sign out the Confidential Information each time it is used.
- (d) RHI may be required to disclose data, including confidential data in relation to the following:
  - (i) the requirements of section 7(1)(b)(i) of the Code; and
  - (ii) other legislative requirements (for example the Rail Safety National Law).
- (e) In disclosing any Confidential Information or data as required, RHI will seek to protect the confidential basis of the source data.

### Phase 2

- (f) The obligations imposed on RHI during Phase 1 will also apply during Phase 2, and will be extended to apply also to Confidential Information provided by an Operator under an Access Agreement.
- (g) RHI staff involved in Access-Related Functions during Phase 2 may be located at the following premises:
  - (i) RHI Head Office at 5 Whitham Road, Perth Airport who may be responsible for:
    - (A) regulatory compliance; and
    - (B) negotiation of Access Agreements;
    - (C) management of Access Agreements; and
    - (D) corporate services.

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- (ii) RHI Train Control Centre at 5 Whitham Road, Perth Airport who may be responsible for:
    - (A) capacity management;
    - (B) Train scheduling and Train operations;
    - (C) interface emergencies; and
    - (D) regulatory compliance.
  - (iii) Train scheduling and Train operations facility at Port Hedland who may be responsible for:
    - (A) Capacity management;
    - (B) Train scheduling and Train operations;
    - (C) interface emergencies; and
    - (D) regulatory compliance.
- (h) All Confidential Information at each site will be stored in a secured compactus or similar facility at each site, in an area designated as an “access management area”. The areas will be secured when not attended by RHI staff. The Train Control Area will be secured with entry controlled by RHI. Entry to access management areas within the Train Control Area will only be available to staff who have signed a Segregation Awareness Statement.

## 4.4 Electronic Access

### *Phase 1*

- (a) RHI will share an IT system with RHH during Phase 1. Access to Confidential Information held electronically by RHI which has been provided by an Interested Entity or a Proponent will be accessed only by the RHI Compliance Officer for the purpose of negotiating an Access Agreement, and will be subject to limited access with password protection and other security controls in place to prevent unauthorised access.
- (b) Access to the Confidential Information held electronically by RHI across the RHI/RHH computer network will be restricted to immediate functional areas. Access to areas of the network which will be used for Access-Related Functions will be granted only by the General Manager, Rail. All authorisations granted by the General Manager, Rail will be recorded in the Register. All staff authorised to access Confidential Information will be required to sign a Segregation Awareness Statement.

### *Phase 2*

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- (c) RHI and RHH will also share an IT system during Phase 2. During Phase 2 the Confidential Information of an Operator will only be accessed by the Compliance Officer (or other staff of RHI responsible for negotiating access) for the purpose of either negotiating or administering an Access Agreement. The limitations on access which apply during Phase 1 will continue to apply during Phase 2.
- (d) During the term of an Access Agreement, RHI may become aware of Confidential Information in relation to an Operator's haulage operations. The Confidential Information may include details of the tonnages mined by the Operator and hauled on the railway, and the number and size of the Trains to be used to carry the Operator's tonnage. The Confidential Information will be stored in the operations management system. Access to the information will be password protected and limited to relevant RHI staff. The Compliance Officer and the General Manager, Rail will authorise all access to the Operator's Confidential Information held in the operations management system only to those staff who require access to the Confidential Information for the purpose of processing the access application, administering the Access Agreement or otherwise in connection with Train scheduling or Train operations. The name of each person granted access, and the purpose of the access, will be entered in the Register. Each person granted access must sign a Segregation Awareness Statement.

### 4.5 Staff Transfers

- (a) Effective segregation arrangements require policies and procedures to be in place to address the movement of staff with access to Confidential Information. This applies to internal staff transfers as well as external contractors and consultants.

#### Phase 1

- (b) During Phase 1 the Compliance Officer is solely responsible for access negotiations. The Compliance Officer, and any other staff of RHI engaged in access negotiations, must not undertake duties in other areas of RHI/RHH which place the officer or the staff in a position of conflict of interest. The Compliance Officer and the staff cannot work on matters in other areas of RHI/RHH, either on a temporary or a permanent basis, in respect of which the knowledge of the Confidential Information would place the Compliance Officer and the staff in a position of conflict of interest.

#### Phase 2

- (c) During Phase 2, the below rail and the above rail business units will be separated. More staff (such as Train scheduling and Train operations personnel) may need access to Confidential Information of an Operator. All staff who have access to that Confidential Information will sign a Segregation Awareness Statement. Senior Staff who transfer from a position in which the staff member has access to the Confidential Information of an Operator to a position in which the staff member may be in a position of conflict

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must have previously signed a Segregation Awareness Statement and must commit not to misuse the Confidential Information of the Operator following the transfer to the other position.

- (d) The limitations in the preceding paragraph will not apply in emergency circumstances. If RHI believes that there is an emergency and cannot obtain staff from elsewhere, RHI may use staff from its rail team provided it advises the Regulator of the following as soon as practicable:
  - (i) the circumstances giving rise to the emergency;
  - (ii) the expected duration of the emergency; and
  - (iii) the steps RHI will take to protect the Confidential Information of the Operator and manage any conflict of interest, including identifying those staff or contractors used by RHI, and who will sign a Segregation Awareness Statement.

### 4.6 Consultants

- (a) RHI may use consultants during negotiations with an Interested Entity or a Proponent and during the term of an Access Agreement. If it is necessary to disclose Confidential Information to a consultant, the consultant will be required to sign a Segregation Awareness Statement. A consultant will use the Confidential Information only for the purpose for which it was provided, and will not disclose the Confidential Information to any other staff or consultants of RHI.
- (b) Consultants who work for RHI will comply with the obligations imposed on staff by these Segregation Arrangements in relation to Confidential Information of an Interested Entity, a Proponent and an Operator.

### 4.7 Documentation

- (a) RHI will ensure that all staff and all consultants who manage or perform any Access-Related Functions (as defined in Part 2 of these Segregation Arrangements) for RHI will, at the time of their appointment, sign a Segregation Awareness Statement stating that they are aware of their responsibilities and obligations under the Act and the Code, and in particular their obligations in relation to the Confidential Information of any Interested Entity, Proponent or Operator.
- (b) The Segregation Awareness Statement will incorporate a commitment by the signatory to safeguard Confidential Information.
- (c) RHI will inform Interested Entities, Proponents and Operators of their rights to protect any Confidential Information provided by the Interested Entity, the Proponent and the Operator to RHI.

### 5. Duty of fairness (section 33)

(a) **Overview**

RHI acknowledges that, in performing Access Related Functions, RHI and its employees must not have regard to the interests of RHI in a way that is unfair to persons seeking access or to other Operators.

(b) **Ensuring duty of fairness**

The mechanisms for ensuring RHI's compliance with its duty of fairness will include:

- (i) the process under the Code for determining the fairness of prices negotiated under provisions of section 21(1) of the Code (where applicable); and
- (ii) relevant provisions of RHI's standard Access Agreements including consultation mechanisms, obligations to provide information and dispute resolution mechanisms.

(c) **Application of fairness to Part 5 instruments**

RHI acknowledges that its obligation to comply with its duty of fairness includes compliance with the Regulator's determinations under Part 5 of the Code including:

- (i) these Segregation Arrangements;
- (ii) the Train Management Guidelines;
- (iii) the Train Path Policy;
- (iv) the Costing Principles; and
- (v) the Over-payment Rules.

(d) **Interim**

RHI will also inform persons seeking access and rail Operators at the beginning of negotiations (whether inside or outside of the Code) of their rights to confidentiality.

(e) **Agreement**

If negotiations have commenced outside the Code and the persons seeking access and rail Operators subsequently make an Access Application under the Code, RHI and the person seeking access or rail Operator will agree on what information previously supplied by the person seeking access and the rail Operator is subject to the confidentiality provisions of these Segregation Arrangements.

### 6. Preparation of accounts and records (section 34)

In both Phases 1 and 2 of these Segregation Arrangements, RHI will prepare and maintain accounts and financial records for the purposes of complying with the Act and the Code or to assist the Regulator in the performance of the Regulator's duties under the regime in the manner approved by the Regulator. Complying with this legislative obligation will entail the preparation and maintenance of separate accounts and records distinguishing income, expenditure, assets and liabilities of Access-Related Functions from other RHI functions.

#### *Phase 1*

In Phase 1, the separate accounts and financial records will be prepared by RHH's financing department, based on information supplied by RHI. In preparing Access-related accounts and financial records, RHI will present the regulatory accounts in a format approved by the Regulator and comply with the Costing Principles approved by the Regulator.

#### *Phase 2*

- (a) For Phase 2, RHI commits to being substantially self-sufficient for regulatory accounting, Access pricing and revenue management purposes (noting that RHH's finance department will be relied upon for information to assist the development of regulatory accounts). However, statutory accounting and cost accounting functions will still be performed by RHH's finance department.
- (b) RHI will control the information used to prepare its regulatory accounts. RHI will control the data used to generate invoices for Access customers.
- (c) The collection of payments by RHH's finance department will be based on information supplied by RHI. Detailed information supporting invoices will be provided directly to customers by RHI.
- (d) The provisions in these Segregation Arrangements for the protection of Confidential Information will apply to the billing process.
- (e) Financial information provided by RHI to RHH's finance group for normal internal reporting purposes will be aggregated to prevent disclosure of Confidential Information. All staff in RHH's finance department and auditors given access to Confidential Information will be recorded on a register maintained by RHI and will sign a Segregation Awareness Statement.

### 7. Compliance and review

#### 7.1 Regulator Monitoring, Enforcement and Review

- (a) RHI commits to ensure compliance with these Segregation Arrangements encompass commitments to: (1) operate its business in accordance with these Segregation Arrangements; (2) undertake compliance auditing; and (3) implement a complaints handling process.
- (b) Stakeholders have the ability to express any concern to the Regulator which may arise at any time and the Regulator may investigate such claims.



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- (c) RHI acknowledges that the Regulator has the power under the Act to require RHI to amend these Segregation Arrangements at any time and any person seeking access or any other rail Operator may, at any time, request the Regulator to consider amendments to these Segregation Arrangements.
- (d) Within five business days of becoming aware of any breach of these Segregation Arrangements, RHI will report the breach to the ERA in writing and provide details of the breach and how it is being rectified. RHI notes that the Regulator has the ability to commission special audits on any issue or area where additional assurance is sought.
- (e) RHI will also undertake awareness training of its obligations under the Act or Code for all staff who are engaged in Access-Related Functions or who are required to sign Segregation Awareness Statements. .
- (f) RHI agrees to the Regulator monitoring RHI's compliance with these Segregation Arrangements through an audit of RHI's compliance with the Segregation Arrangements conducted not more than once every two years. The audit will be carried out by an independent auditor approved by the Regulator, with RHI managing and funding the audit. The scope of the audit will be determined by the Regulator.
- (g) The final audit report will be provided to the Regulator. The Regulator will publish this report on its website (excluding Confidential Information).

### 7.2 Complaints handling

- (a) RHI commits to implement the complaints handling procedure detailed below as part of these Segregation Arrangements. RHI notes that any Interested Entities, Proponents and Operators are entitled to approach the Regulator at any time that it considers a breach of these Segregation Arrangements may have occurred. The Act provides the Regulator with wide powers to investigate any alleged breach of these Segregation Arrangements.
- (b) If any Interested Entities, Proponents and Operators consider that RHI has breached its legislative segregation obligations, they may lodge a written complaint with RHI.
- (c) RHI will conduct an internal investigation of any complaint and advise the complainant in writing of the outcome of the investigation and RHI's response, if any. RHI will advise the Regulator within 10 business days of its receipt of any complaint and the action it is taking to investigate the complaint. RHI will use reasonable endeavours to complete its internal investigation and advise the complainant and the Regulator of the result within 30 days of receiving the complaint.

## 8. Definitions

In these Segregation Arrangements (including the Supporting Documentation and Forms , which form Appendix A to these Segregation Arrangements):

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<b>Access</b>	has the meaning given to the term “access” in the Code.
<b>Access Agreement</b>	has the meaning given to the term “access agreement” in the Code.
<b>Access Proposal</b>	means a proposal as described in section 8 of the Code.
<b>Access Regime</b>	means the access regime the subject of the Act and the Code.
<b>Access-Related Functions</b>	has the meaning given to the term “access-related functions” in section 24 of the Act.
<b>Act</b>	means the <i>Railways (Access) Act 1998</i> .
<b>Code</b>	means the Railways (Access) Code 2000 established under the Act.
<b>Confidential Information</b>	has the meaning given to the term “confidential information” in section 31(2) of the Act.
<b>contractor</b>	means a person or entity engaged by RHI to provide advice on or assist in carrying out its Access-Related Functions.
<b>Costing Principles</b>	means RHI’s costing principles as approved by the Regulator under section 46 of the Code.
<b>emergency</b>	means any event of temporary duration where RHI believes it requires staff to attend and assist. Examples are: <ul style="list-style-type: none"><li>(a) any event or incident which by its nature requires immediate intervention or action; and</li><li>(b) a safety or operational incident. Under the Rail Safety Management System, as approved under <i>the Rail Safety National Law</i>, RHI is required to utilise RHI staff to attend to and investigate safety incidents.</li></ul>
<b>Interested Entity</b>	means an entity that is interested in making an Access proposal and who has made a request for information under section 7 of the Code.
<b>Operator</b>	means an entity to which Access is provided under an Access Agreement.
<b>Over-payment Rules</b>	means RHI’s over-payment rules as approved by the Regulator under section 47 of the Code.
<b>Phase 1</b>	means the period commencing on the date on which these Segregation Arrangements are approved by the Regulator, and expiring on the date on which Phase 2 commences.
<b>Phase 2</b>	means the period commencing on the date on which the first Access Agreement with RHI takes effect and third party trains are operational on RHI’s

## Segregation Arrangements

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	Railway, and expiring on the date on which no Access Agreement is in effect in relation to RHI's Railway.
<b>Preliminary Information</b>	means information received by RHI from a person seeking Access or other rail operator which is Confidential Information.
<b>Proponent</b>	means an entity that has made a proposal under section 8 of the Code.
<b>Railway Owner</b>	means the owner of the RHI Railway.
<b>Register</b>	means the register maintained by the Compliance Officer in accordance with Part 4.2 (e) of these Segregation Arrangements.
<b>relevant officer</b>	has the meaning given to the term "relevant officer" in section 24 of the Act.
<b>RHH</b>	is defined in section 1.1(f) of these Segregation Arrangements.
<b>RHH Group</b>	means RHH, RHI, RHIO and RHO.
<b>RHI</b>	is defined in section 1.1(a) of these Segregation Arrangements.
<b>RHI Railway</b>	means the railway owned and operated by RHI from the Roy Hill Mine to the port of Port Hedland.
<b>RHIO</b>	means Roy Hill Iron Ore Pty Ltd.
<b>RHO</b>	means Roy Hill Operations Pty Ltd.
<b>Roy Hill Mine</b>	means the iron ore mine located at Roy Hill in the Pilbara region of Western Australia owned by the RHH Group.
<b>Rules</b>	means RHI's rules governing safe operation of trains on the RHI Railway together with any amendments, deletions or additions and all policies and notices issued by RHI for the purpose of ensuring the safe use of the RHI Railway.
<b>Senior Staff</b>	means staff at manager level or above, and includes the Compliance Officer. For the purposes of these Segregation Arrangements, Senior Staff are staff having significant exposure to an Interested Entity, a Proponent or an Operator.
<b>Segregation Awareness Statement</b>	means an agreement to be signed by RHI or a RHI staff member, director, shareholder, contractor or consultant indicating their understanding of the obligations imposed under the Act or the Code and specifically so far as those obligations relate to the protection of Confidential Information.
<b>Train</b>	means one or more units of rolling stock coupled together, at least one of which is a locomotive or other self propelled unit.
<b>Train control</b>	means the control of trains by RHI or its agents on the RHI Railway.
<b>Train</b>	means RHI's train management guidelines as approved by the Regulator under

## Segregation Arrangements

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<b>Management Guidelines</b>	section 43 of the Code.
<b>Train path</b>	is the contractual entitlement to operate a train service on the RHI Railway.
<b>Train Path Policy</b>	means RHI's train path policy, as approved by the Regulator under section 44 of the Code.

**APPENDIX A**

**SUPPORTING DOCUMENTATION AND FORMS**

**(SEGREGATION AWARENESS STATEMENT AND CONFIDENTIAL INFORMATION REGISTER)**

**ROY HILL INFRASTRUCTURE PTY LTD**

**SUPPORTING DOCUMENTATION AND FORMS**

The following Segregation Awareness Statement will be signed by staff and contractors who are performing Access-Related Functions and who are required to sign a Segregation Awareness Statement by the Segregation Arrangements.

## Segregation Arrangements

### SEGREGATION AWARENESS STATEMENT

#### 1 PURPOSE

As required by section 31 of the *Railways (Access) Act 1998 (WA) (the Act)*, this statement is given in favour of Roy Hill Infrastructure Pty Ltd (RHI) and provides that the person who is the signatory to the statement (**signatory**) must comply with the provisions of the Act in carrying out the signatory's Access-Related Functions with respect to any of the following: (a) Section 28 – duty to segregate; (b) Section 31 – protection of confidential information; (c) Section 32 – avoidance of conflict of interest; (d) Section 33 – duty of fairness; and (e) Section 34 – maintenance of separate accounts and records.

#### 2 SPECIFIC OBLIGATIONS RELATED TO SECTION 31

- (a) The signatory agrees to comply with the following obligations of this statement with respect to Confidential Information.
- (b) For the purposes of this statement, Confidential Information means information that has not been made public and that: (i) is by its nature confidential; (ii) was specified to be confidential by the person who supplied it; or (iii) is known by the person using or disclosing it to be confidential.
- (c) For the purposes of this statement "Confidential Information" includes information or data contained in any communication or record, whether written, electronic or oral.
- (d) For the purposes of this statement, the term "Access- Related Functions" has the meaning ascribed to the term in the RHI Segregation Arrangements.
- (e) In consideration of RHI:
- (i) disclosing Confidential Information to the signatory; or
  - (ii) retaining or agreeing to retain that signatory to perform functions for RHI,
- the signatory must keep strictly confidential the Confidential Information and not, at any time disclose, divulge, make known or in any way communicate to any person in any part of the world any of the Confidential Information which the signatory has acquired or received or will acquire or receive while engaged by RHI or subsequent thereto, except:
- (A) to an employee, officer or contractor of or consultant or advisor to, RHI in the proper performance of an access related function by the signatory;
  - (B) to the extent required by applicable law or legally binding order of any court, government, semi government authority, administrative or judicial body, or a requirement of a stock exchange or regulator.
- (f) If the signatory must make a disclosure of Confidential Information in accordance with clause 2(e)(iv), the signatory must disclose only the minimum Confidential Information required to comply with the applicable law, order or requirement; and before making such disclosure, the signatory must:
- (i) give RHI reasonable written notice of the full circumstances of the required disclosure and the Confidential Information which the signatory proposes to disclose; and
  - (ii) consult with RHI as to the form of the disclosure.
- (g) The signatory must not deal directly or indirectly at any time use or permit the use of any of the Confidential Information:
- (i) for his or her own advantage or gain;
  - (ii) for the benefit or gain of any third party (whether associated with the signatory or not);
  - (iii) in any manner which may cause injury to any person or loss to RHI or any person to whom RHI provides access, or access related, services; or
  - (iv) in any manner which may cause RHI to breach the Act, the Railways (Access) Code 2000 (WA) (Code), RHI's Segregation Arrangements or any regulation, determination, ruling or requirement pursuant to the Act or the Code.

## Segregation Arrangements

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- (h) The signatory must at all times take, and cause to be taken, such precautions as are necessary to maintain the confidentiality of the Confidential Information and to prevent its disclosure.
- (i) The signatory must immediately upon demand, deliver up to RHI all material (whether documents, papers, plans, drawings, tapes, disks, computer software or any other medium of storing or recording information) comprising or containing Confidential Information (including all copies, extracts, abstracts and analyses thereof) which is in the possession, or under the control of the signatory.
- (j) The signatory must immediately disclose to RHI, in writing, any breach of this statement of which it becomes aware.

### 3 AGREEMENT

- (a) In signing this statement the signatory understands:
  - (i) the confidentiality obligations in connection with Access- Related Functions that are imposed under the Act, the Code, RHI's Segregation Arrangements or any regulation or determination pursuant to the Act or the Code; and
  - (ii) that in carrying out the duties and responsibilities related to Access- Related Functions the signatory must not breach the requirements and obligations specified in the Act or the Code, RHI's Segregation Arrangements or any regulation or determination pursuant to the Act or the Code.
- (b) The Signatory undertakes to comply with the provisions of this statement and not disclose, use or permit the use of Confidential Information other than in accordance with this statement.

DATED 2017

SIGNED BY [ ]

in the presence of:

Witness:

Address:

Occupation:

**Segregation Arrangements**

**Confidential Information Register**

The following Confidential Information Register will be maintained by the Compliance Officer to record the disclosure of any Confidential Information. The recipient of any Confidential Information must sign the Register to acknowledge receipt of the Confidential Information and their acceptance of the appropriate obligations under the Act and the Code.

<b>Confidential Information Register</b>						
<p>This register is prepared as part of RHI’s obligations under <b><i>the Railways (Access) Act 1998 (WA) (the Act)</i></b> and in particular the Segregation Arrangements approved under section 29 of the Act. The disclosure of Confidential Information (as defined in the Segregation Arrangements) to any RHI or RHH staff, management, directors, shareholders and or contractors must be recorded in this register. Recipients must sign the register to acknowledge both the receipt of the information and their acceptance of the appropriate obligations under the Act.</p>						
Date	Name of Staff member/ Contractor	Title	Description of Confidential Information provided	Purpose of disclosure	Segregation Awareness Statement signed	Signature