

SUSTAINABILITY REPORT

EMECO HOLDINGS LIMITED (ACN 112 188 815)

1. EMECO'S COMMITMENT TO SUSTAINABILITY

This is the sustainability report for Emeco Holdings Limited and its related bodies corporate (**Emeco**) covering the financial year ending 30 June 2020. Throughout FY20 Emeco has continued to maintain a strong commitment to its people, systems, environment and the community.

1.1 Report boundary

References to Emeco in this report cover all of Emeco's operations, except where explicitly stated.

1.2 Our stakeholders

Table 1 sets out Emeco's key stakeholder groups together with how Emeco engages with those stakeholders, relevant topics and concerns. Where appropriate, these topics are addressed throughout the report.

Table 1: Stakeholder engagement

Stakeholder	Methods of engagement	Topics and concerns
Shareholders	Investor relations meetings and calls, investor conferences, semi-annual financial performance reporting, annual general meeting, email communications.	<ul style="list-style-type: none"> • Company performance • Strategy and outlook • Financial and non-financial risk mitigation • Capital management • Corporate governance
Customers	Meetings, emails, phone calls, management meetings, monthly site meetings, tender processes, site visits. Our engagement with customers is through a multi-level relationship approach, from the CEO to operational site-based staff.	<ul style="list-style-type: none"> • Safety • Contract terms and conditions • Customer requirements • Customer future needs • Emeco performance
Employees	In person, email communications, Emeco's intranet, inductions, in-house training, staff and safety meetings, HR communications.	<ul style="list-style-type: none"> • Job security and remuneration • Safety and risk management • Training and development • Work prioritisation • Company performance, outlook and strategy • Performance reviews
Suppliers	Supply related enquiries, tender and/or quote responses. Emeco continues ongoing relationship management with suppliers.	<ul style="list-style-type: none"> • Supply chain opportunities and/or issues • Security of supply • Pricing and discounts • Contractual terms and conditions • Modern Slavery

1.3 Material sustainability risk

Emeco identifies and manages material exposures to economic, environmental, social sustainability and COVID-19 risks in accordance with its risk management framework.

Economic

Emeco's material economic risks are outlined in the Annual Report, which is available at www.emecogroup.com.

Environmental

Emeco conducts its operations to minimise environmental impact and its policy and procedures relating to waste management ensure compliance with environmental protection legislation. Environmental risk inspections undertaken across our operations drive the proactive monitoring of this policy. Environmental hazards including but not limited to pollutants, hazardous chemicals, noise and respiratory irritants continue to be monitored through health surveillance procedures.

A copy of Emeco's Environmental Management Policy is available at www.emecogroup.com.

Social

Emeco identifies safety threats to the workforce and community as a material social risk. Significant risks in Emeco's operations that could result in serious injury or fatality have been identified and categorised into 16 focus areas that are managed by Emeco's Core Risk Control Protocols (**CRCPs**). These protocols are supported by Emeco's Lifesaving Rules.

Modern Slavery

Emeco has further developed its procurement capabilities while addressing sustainable procurement in accordance with Australia's *Modern Slavery Act 2018* (Cth) (**Modern Slavery Act**). With the input of external advisors, Emeco reviewed and drafted policies and processes to meet the requirements under the Modern Slavery Act.

Emeco has achieved the following milestones in FY20:

- A Board approved human rights policy.
- Implementation of a Supplier Code of Conduct which seeks to address modern slavery concerns.
- Updates to Supplier and purchasing terms, which impose obligations on Emeco's suppliers regarding compliance with the modern slavery regime.
- Delivery of internal training for the supply team on the modern slavery regime.

Emeco will continue to assess its processes and procedures to ensure compliance with the *Modern Slavery Act*.

COVID-19

The safety of Emeco's workforce remains a top priority. Emeco's COVID-19 response was swift and thorough, supported by responsive policies concerning travel restrictions, social distancing, isolation and hygiene, response plans both at Emeco and client premises and fitness for work declarations.

Security of supply was also assessed and managed, as were labour requirements and rosters with the aim to minimise the impact on individuals and operations.

This was all underpinned by consistent communication from the CEO and senior leadership team.

2. PEOPLE

2.1 Health and safety

Emeco's strategy and approach to safety remains at the core of the way Emeco conducts its business. Emeco continues to embed a zero harm objective across all operations and Emeco. Safeguarding the lives and health of Emeco's people is integral to Emeco's operational discipline. Emeco's focus for FY20 continued to be promoting a positive safety culture, rolling out the "free kick" program to remove any negative connotations associated with "near misses". Emeco also continued to leverage technology with the development and roll out of a safety interaction application to facilitate the recording of safety interactions. Emeco continues to drive cultural change supported by continued development of core risk control protocols and safe work procedures.

In FY20 Emeco continued to strengthen partnership with Emeco's vendors focused on ensuring alignment to Emeco's business plans and safety values. A bottom-up approach to the review of Emeco's Safe Work Method Statements enabled Emeco to leverage on the technical skills of frontline teams and leaders to strengthen critical controls. Understanding incident root cause and learning critical lessons remains a focus for Emeco.

2.2 Safety performance

Table 2: FY20 safety performance frequency rate (FR)¹ measures

	TRIFR ²	LTIFR ³	RWIFR ⁴	MTIFR ⁵
Emeco Group	2.9	0.0	1.7	1.2

Table 3: 5 year LTIFR & TRIFR performance

	FY20	FY19	FY18	FY17	FY16
LTIFR	0.0	0.0	0.0	0.0	1.1
TRIFR	2.9	4.6	1.2	2.2	5.6

The ultimate success in achieving a zero harm workplace depends on the engagement of Emeco's people. A number of up-skilling programs have been implemented across the group in FY20, through a combination of internal and external training strategies.

Lost Time Injury Frequency Rate (**LTIFR**) across Emeco stayed at 0.0 as at 30 June 2020, and the Total Recordable Injury Frequency Rate (**TRIFR**) decreased from 4.6 to 2.9. Minimising injuries through the implementation of training, risk assessments and increased supervision of the workforce remains a constant focus.

Emeco is focused on continuing to build on FY20's improvement in overall safety performance, with the aim of zero harm.

There were no fatalities recorded across Emeco operations for FY20.

¹ The Frequency Rate (FR) is the number of injuries/illness for required indicator multiplied by million hours worked divided by total exposure hours.

² Total Recordable Injury Frequency Rate: a combination of Fatalities, Lost Time Injury, Restricted Work Injury and Medically Treated Injury.

³ Lost time incident frequency rate: Injury resulting in lost time

⁴ Restricted work injury frequency rate: Injury resulting in modified or restricted duties

⁵ Medically treated injury frequency rate: Injury resulting in medical treatment

2.3 Employee development

Emeco's people are its priority. Emeco continues to support its workforce in their work and personal lives. Emeco provides third party employee assistance which is readily available to all employees and their extended families. Investment in training and development of Emeco's people enables them to fulfil their role requirements effectively and expand their necessary skills for personal development.

A key focus for Emeco in FY20 is the continued investment in apprentices. The number of apprentices across our operations increased for the second consecutive year by 47% in FY20 (currently 50 apprentices). In FY20 Emeco established a new position of Apprentice Coordinator to ensure our apprentices are receiving adequate support throughout their training. Emeco is proud to invest in the future of workers within Emeco and the broader mining services industry.

As an equal opportunity employer Emeco is strongly committed to working in partnership with the Indigenous communities to increase their job opportunities within Emeco and in the wider community. Emeco takes reasonable steps to provide employment opportunities and career paths to improve long term employment outcomes and enhance a successful and equitable future for Indigenous Australian's.

With changing market forces, and the demand for skilled labour increasing, Emeco continues to further invest in developing the skills of employees to not only aid Emeco as a whole, but also benefit Emeco's employees. Emeco believes that this approach will reaffirm and maintain its position as an employer of choice.

2.4 People data

Emeco's focus in FY20 was the continued growth of our permanent workforce including the conversion of subcontractor labour to employees where possible. Permanent staff provides stability to allow for continued service excellence for Emeco clients. With the acquisition of Pit N Portal, our permanent full time workforce grew by 27% from 510 at June 2019 to 654 at June 2020.

Emeco has maintained a tight control on overhead numbers ensuring that its support workforce is lean and fit for purpose in delivering successful outcomes for the business.

Detailed below are the current numbers of employees.

Table 4: Employees by contract

Region	Number of employees as at 30 June 2020					Total
	Full time (perm)	Part time ⁶ (perm)	Full time (fixed term)	Part time (fixed term)	Casual	
Australia	654	8	34	195	9	869

⁶ Part-time covers those working less than 38 hours week.

Table 5: Group workforce by job classification, gender and age

Job classification ⁷	Total	Gender		Age			
		Female	Male	< 30 yrs	31-40 yrs	41-50 yrs	51+ yrs
CEO	1	-	1	-	-	1	-
Key Management Personnel	2	1	1	-	1	-	1
General Managers	9	1	8	-	1	7	1
Senior Managers	15	4	11	-	7	8	-
Other Managers	68	1	67	1	19	27	21
Professionals	80	26	54	15	32	18	15
Technicians and trade	398	-	398	114	132	96	56
Clerical & Administrative	81	70	11	23	30	15	13
Sales	10	-	10	-	4	3	3
Machinery operators & drivers	110	2	108	34	30	28	18
Labourers	45	-	45	8	23	7	7
Apprentice	50	-	50	49	1	-	-
Total	869	105	764	244	280	210	135

Diversity

Emeco values and embraces diversity in the workforce and strives to provide an inclusive environment where all workers can thrive. Emeco recognises that diversity and inclusion is an important part of Emeco's culture and its business, and contributes to achieving great results for Emeco, Emeco's customers, stakeholders and the broader community.

Each year Emeco's board sets measurable objectives to achieve workplace diversity. These are aimed at:

- Developing a diverse workforce
- Recruiting a qualified diverse workforce
- Retaining a qualified diverse workforce
- Promoting an inclusive diverse workforce
- Eliminating gender pay gap

Key diversity achievement for FY20 include:

- Female representation in the recruitment process was successfully achieved 65% of the time.
- 35.5% of new hires into non-trade roles were women.
- 95.1% of new employees participated in diversity training.
- 100% of those who took maternity leave in FY20 successfully returned to work on a full time or part time basis within 12 months.

⁷ Role classifications are defined in accordance with WGEA standardised occupational categories. Workforce composition data as at 30 June 2020.

Although overall female representation within the group fell from 15.2% FY19 to 12.1% in FY20, females have strong representation at senior levels within the business and currently fill 22% of these roles.

Emeco undertakes ongoing reviews of gender pay equity and where appropriate, gaps are addressed.

WGEA Report

In accordance with the requirements of the *Workplace Gender Equality Act 2012* (Cth), Emeco's 2019-2020 Workplace Gender Equality Agency report was submitted in 2020. The public report and notice of compliance letter are available in the sustainability section of Emeco's website at www.emecogroup.com/who-we-are/sustainability/people-diversity.

3. ENVIRONMENTAL

Emeco acknowledges its responsibility to minimise impacts on the environment arising from its business activities. Emeco is committed to achieving excellence in the environmental management of all Emeco's business activities and conducting those activities in a socially responsible manner that respects the environment.

In FY20 Emeco continued its focus on managing processes to reduce its impact on the environment. Activities included using dust suppression products to reduce dust exposure, hydrocarbon management and taking a proactive approach to minimising the risk of spills.

There were no significant environmental incidents reported by any Emeco operations in FY20.

3.1 Energy and greenhouse gas emissions

Emeco provides safe, reliable and well maintained earthmoving equipment solutions for mining across Australia. Due to the nature of Emeco's business, Emeco's customers continue to have sole responsibility for reporting emissions associated with the use of Emeco equipment.

Emeco's operations fall below the current emissions reporting thresholds set by the Australian Government's National Greenhouse and Energy Reporting legislation and Energy Efficiency Opportunities legislation. As such, Emeco is not required to report greenhouse gas emissions or energy usage under the aforementioned legislation.