

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** or the **Company**) covering the financial year ending 30 June 2021 (**FY21**). Throughout FY21 Emeco has continued to maintain a strong commitment to its people, systems, environment and the community.

In FY22, Emeco is investing further in its commitment to sustainability, though undertaking a detailed sustainability assessment. This will scope further the critical environmental, social and corporate governance (**ESG**) matters that are material to Emeco's business and stakeholders, and will encompass establishing ESG targets, including a pathway to decarbonisation.

The Company looks forward to presenting its ESG assessment in FY22.

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
Investors	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, survey, email communications, Emeco's intranet, inductions, in-house training, staff and safety meetings, HR communications.	<ul style="list-style-type: none"> • Job security, remuneration and benefits • 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. These protocols are supported by Emeco's Lifesaving Rules.

Further details on Emeco's people and safety are included in Section 2 below.

Modern Slavery

Emeco is committed to being a trusted partner of choice, creating meaningful value for customers and shareholders over the long term. As such, the way Emeco and its suppliers conduct business is integral to its success.

Emeco's first modern slavery statement under the Modern Slavery Act 2018 (Cth) (**Modern Slavery Act**) was published on 25 February 2021. A copy of this statement is available online at <https://modernslaveryregister.gov.au/statements/1406/>.

The detailed slavery analysis conducted by Emeco in FY20 (aided by specialists and technology providers) noted that the risk for Emeco is relatively low. Notwithstanding this, Emeco continued to develop its multi-prong strategy to assess, identify and mitigate the risks of modern slavery in its operations and supply chain.

During FY21 Emeco:

- undertook further detailed slavery analysis, including in respect of suppliers to the newly acquired Pit and Portal business. This analysis similarly showed a relatively low risk of modern slavery in Emeco's supply chain;
- established procedures to ensure that suppliers are aware of their obligations under Emeco's Supplier Code of Conduct in order to drive compliance with the modern slavery provisions in Emeco's policies and purchasing terms;
- instituted more stringent supplier screening processes including instituting protocols to categorise potential suppliers by industry segment and location; and
- provided ongoing education and promotion of reporting mechanisms to current and new staff.

Emeco's FY21 modern slavery statement will lodged in accordance with the requirements under the Modern Slavery Act (currently 31 December 2021).

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 declaration. Throughout FY21, COVID-19 has continued to be a focus with the business effectively responding to changing situations in varying state restrictions.

Security of supply is continually assessed and managed, as are labour requirements and rosters with the aim to minimise the impact on individuals and operations.

COVID-19 management is 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 FY21 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 FY21, 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 (**SWMS**) enabled Emeco to leverage on the technical skills of frontline teams and leaders to strengthen critical controls. The SWMS process continues to be a focus specifically targeting high risk activities.

2.2 Safety performance

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

	TRIFR ²	LTIFR ³	RWIFR ⁴	MTIFR ⁵
Emeco Group	2.1	0.0	1.7	0.4

Table 3: 5-year LTIFR & TRIFR performance

	FY21	FY20	FY19	FY18	FY17
LTIFR	0.0	0.0	0.0	0.0	0.0
TRIFR	2.1	2.9	4.6	1.2	2.2

The ultimate success in achieving a zero-harm workplace depends on the engagement of Emeco’s people. We continue to focus on the development of our personnel to improve our capability with training and development being an even larger focus going forward.

Lost Time Injury Frequency Rate (**LTIFR**) across Emeco remained at 0.0 as at 30 June 2021, and the Total Recordable Injury Frequency Rate (**TRIFR**) decreased from 2.9 to 2.1. Through the use of risk assessment practices and leadership safety interactions Emeco continues to focus on reducing injuries in the workplace.

There were no fatalities recorded across Emeco operations for FY21.

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.

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

In FY21, Emeco increased its ongoing investment into its people and commenced Project Align. The project engaged with the entire workforce to establish the shared vision and values of the Company and its people, and is also targeting greater employee engagement and focussing on long-term employee retention and development.

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. Project Align is also a key pillar in building long term employee development plans for continued career development of Emeco's talented people.

Project Align also guided the formation of Emeco's Community Engagement Committee in FY21, which steers the direction of the Company's community engagement. The committee is targeting increased involvement in our local communities and further contributions to causes important to Emeco's people.

Emeco increased the number of apprentices in the business from 50 to 63 in FY21 and added an extra training and apprentice coordinator in the eastern part of the business to support this growth. Apprenticeship development continues to remain an important focus for the business.

As an equal opportunity employer Emeco is 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 invest further 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 FY21 was the continued growth of our permanent workforce. Permanent staff provides stability to allow for continued service excellence for Emeco clients. Emeco's workforce has grown by 30% from 869 at June 2020 to 1,128 at June 2021.

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 2021					Total
	Full time (perm)	Part time ⁶ (perm)	Full time (fixed term)	Part time (fixed term)	Casual	
Australia	1,049	20	46	2	11	1,128

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	8	1	7	-	2	4	2
Senior Managers	16	3	13	-	5	9	2
Other Managers	111	2	109	6	26	36	43
Professionals	106	29	77	8	50	26	22
Technicians and trade	447	-	447	134	151	97	65
Clerical & Administrative	77	65	12	22	26	15	14
Sales	8	-	8	-	3	3	2
Machinery operators & drivers	241	19	222	77	82	46	36
Labourers	47	5	42	10	15	8	14
Apprentice	64	1	63	61	2	1	-
Total	1,128	126	1,002	318	363	246	201

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:

- Building a diverse workforce
- Promoting diversity in the workplace
- Eliminating gender pay gap

At a Board level, gender diversity remains a priority when considering changes to the Board's composition, with Emeco aiming to meet gender diversity objectives set out in the ASX Corporate Governance Principles and Recommendations. Emeco appointed one director during FY21 to fill the vacancy arising from the resignation of Darren Yeates. Female candidates to join the board were considered, however, the highly experienced operational skillset of Mr Kane was assessed as being the best to fill the needs of the Board at the time.

Women continue to maintain a strong representation at senior levels within the business and currently fill 19.2% of these roles. Overall, women represent 11.2% of the workforce within the group at 30 June 2021, which is a small decrease from 12.1% in FY20.

Emeco set an ambitious target of increasing the proportion of female employees in the workforce by 10% during FY21. Although this target was not achieved, partly as a result of its recruitment processes being impacted by COVID-19, Emeco continues to be committed to supporting and increasing diversity, as demonstrated by the following achievements in FY21:

- Women represent 30.7% of employees in non-operational roles
- 11.9% of new hires across the Group were women
- Increase in the number of new employees participated in diversity training
- Flexible work arrangements were implemented for all people who requested upon returning from parental leave

⁷ Role classifications are defined in accordance with WGEA standardised occupational categories. Workforce composition data as at 30 June 2021.

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 Workplace Gender Equality Agency report is submitted by the required dates. The public reports and notice of compliance letter are available in the sustainability section of Emeco's website at www.emecogroup.com/view/sustainability/people-diversity.

Emeco's FY21 report will be submitted in August 2021.

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.

Emeco consistently seeks opportunities to reduce the impact on the environment. Emeco has significant management systems and disposal of waste oils and recycling to support environmental practices

There were no significant environmental incidents reported by any Emeco operations in FY21.

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.

Emeco is, however, in the process of establishing long term ESG targets which will include reducing its emissions and a pathway to decarbonisation. Further details will be provided in FY22.