

SUSTAINABILITY REPORT

EMECO HOLDINGS LIMITED (ACN 112 188 815)

1. EMECO'S COMMITMENT TO SUSTAINABILITY

This is the global sustainability report for Emeco Holdings Limited and its related bodies corporate (**Emeco**) covering the financial year ending 30 June 2017. Throughout FY17 Emeco has continued to maintain a strong commitment to its people, systems, environment and the community. Although market conditions have been challenging, Emeco remains committed to maintaining strong compliance to sustainability, improving global efficiencies and encouraging employees to develop their skills and be actively involved in improving the business in FY18.

1.1 Report boundary

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

1.2 Our stakeholders

Emeco's key stakeholder groups are listed below in Table 1, together with how Emeco engages with stakeholders and primary topics and concerns. Where appropriate, these topics are addressed throughout the report.

Table 1: Stakeholder engagement

Stakeholder group	How we engage	Topics and concerns
Shareholders	Investor relations meetings and calls, annual financial performance reporting, quarterly operational updates and annual general meeting.	<ul style="list-style-type: none"> • Company performance • Value creation • Financial and non-financial risk mitigation • Capital management • Corporate governance
Customers	Face to face, through tender responses, business development and site managers. Multi-level relationship engagement process with our customers.	<ul style="list-style-type: none"> • Safety • Hire terms and conditions • Equipment supply • Equipment performance • Workforce supply
Employees	In person, Emeco's intranet, inductions, performance management process, in-house training, staff and safety meetings.	<ul style="list-style-type: none"> • Job security • Safety • Communication • Training and development • Work prioritisation • Workplace satisfaction and desired values • Company performance
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 • Contractual coverage • Payment terms and conditions

1.3 Material sustainability risk

Emeco identifies and manages material exposures to economic, environmental and social sustainability 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 identifies waste management as a material environmental risk. Emeco’s Environmental Management Policy outlines Emeco’s commitment to ensuring legislative compliance and the implementation of proactive environmental initiatives to minimise waste within our facilities. A copy of the Environmental Management Policy is available at www.emecogroup.com.

Social

Emeco identifies safety threats to the workforce and community as a material social risk. All significant risks 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.

2. PEOPLE

2.1 Health and safety

At Emeco we recognise that our people are integral to Emeco’s success and therefore the safety of our people is a priority. Emeco’s focus for FY17 was the continued development of robust systems and processes to support the operational needs of the business and ensure safe working conditions for our people.

FY17 saw the continued development and implementation of the resources required to support the CRCPs within each of the operating regions. E-learning modules developed in FY16 were rolled out to ensure workers are aware of and can comply with Emeco standards and expectations.

2.2 Safety performance

Table 2: FY17 safety performance measures by region

Region	TRIFR ¹	LTIFR	RWIFR	MTIFR
Australia	1.55	0.0	1.55	0.0
Canada	4.16	0.0	4.16	0.0
Chile	0.0	0.0	0.0	0.0
Emeco Group	2.2	0.0	2.2	0.0

¹ Total Recordable Injury Frequency Rate: a combination of Fatalities, Lost Time Injury, Restricted Work Injury and Medically Treated Injury. The Frequency Rate (FR) is the number of injuries/illness for required indicator multiplied by million hours worked divided by total exposure hours.

Table 3: 5 year LTIFR performance

LTIFR	FY17	FY16	FY15	FY14	FY13
Emeco Group	0.0	1.1	1.9	0.9	3.5

Table 4: 5 year TRIFR performance

TRIFR	FY17	FY16	FY15	FY14	FY13
Emeco Group	2.2	5.6	7.5	7.1	10.6

Emeco remains focused on promoting positive safety behaviours through training and ongoing use of lead indicators. Lead indicators such as hazard and near miss reporting, workplace inspections, audits and safe act observations remain a key driver of system improvement throughout the year. Emeco continues to identify these as key learning areas so high safety performance can be maintained and risk minimised.

Lost Time Injury Frequency Rate (**LTIFR**) across the Group, reduced from 1.1 as at 30 June 2016 to 0.0 as at 30 June 2017, and the Total Recordable Injury Frequency Rate (**TRIFR**) decreased from 5.6 to 2.2.

There were no fatalities recorded across Emeco operations for FY17.

2.3 Employee development

Emeco's people remain top priority and, irrespective of the challenging market conditions, Emeco has continued to support its people in their work and personal lives. Throughout the number of business changes, Emeco has provided third party employee assistance which is readily available to all individuals and their extended families.

Emeco continues to invest in training and development of its people to enable them to fulfil role requirements and expand necessary skills for personal development.

2.4 People data

Emeco's workforce composition was heavily influenced by the current market conditions. The composition of Emeco's Canadian business was maintained throughout FY17 whilst Chile experienced a gradual reduction in the size of its workforce, in line with the ramping down of Chilean operations. In the last quarter of FY17 Emeco's Australian workforce composition changed significantly with the engagement of machinery operators in casual employment and an increase in the number of employees in a labourer capacity. This change in composition resulted from the merger with Andy's Earthmovers (Asia Pacific) Pty Ltd and Orionstone Holdings Pty Ltd.

Table 5: Employees by region and contract

Region	Total number of employees FY17					Total
	Full time (perm)	Part time ² (perm)	Full time (fixed term)	Part time (fixed term)	Casual	
Australia	285	2	2	-	40	329
Canada	59	-	-	-	-	59
Chile	1	-	-	-	-	1
Total	345	2	2	0	40	389

² Part-time covers those working less than 38 hours week.

Table 6: Group workforce by job classification, gender and age

Job classification ³	Total	Gender		Age			
		Female	Male	< 30 yrs	31-40 yrs	41-50 yrs	51+ yrs
CEO	1	-	1	-	-	1	-
Key Management Personnel	2	2	-	-	2	-	-
Other Executives/General Managers	7	-	7	-	1	4	2
Senior Managers	1	-	1	-	-	1	-
Other Managers	44	2	42	2	17	16	9
Professionals	29	10	19	8	12	7	2
Technicians and trade	158	-	158	52	55	31	20
Community & Personal Service	-	-	-	-	-	-	-
Clerical & Administrative	28	25	3	8	10	2	8
Sales	7	1	6	1	2	1	3
Machinery operators & drivers	73	6	67	24	13	9	27
Labourers	34	1	33	9	6	7	12
Other	-	-	-	-	-	-	-
Graduate	-	-	-	-	-	-	-
Apprentice	5	-	5	4	1	-	-
Total	389	47	342	108	119	79	83

2.5 Diversity

Operating across Australia, Canada and Chile, Emeco's businesses have been geographically and culturally diverse. Within this geographic diversity, Emeco is focused on developing a workforce which reflects the diversity of the broader communities in which it operates.

Emeco is committed to the following measurable objectives set by the board in respect of FY17 to achieve workplace diversity in the following ways:

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

³ Role classifications are defined in accordance with WGEA standardised occupational categories. Workforce composition data as at 30 June 2017.

Progress was made against the following diversity objectives during FY17:

- Maintaining participation of women panel members in the recruitment process.
- Increased participation in unconscious bias training by new starters.
- The gender pay gap for base salary was less than the WGEA industry comparison group, 8.7% compared with 19.8%.
- Review of gender pay equity and action to taken to address any gaps.

Although female workforce representation reduced slightly with women representing 12% of our workforce, we have continued to maintain female representation in senior management positions.

WGEA Report

In accordance with the requirements of the *Workplace Gender Equality Act 2012* (Cth), Emeco's 2016-2017 Workplace Gender Equality Agency report was submitted in 2017. The public report and notice of compliance letter are available in the sustainability section of our website: www.emecogroup.com/view/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 FY17 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 FY17.

3.1 Energy and greenhouse gas emissions

Emeco provides safe, reliable and well maintained earthmoving equipment solutions for mining across Australia, Canada and Chile. 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 Australian 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.