

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 2018. Throughout FY18 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

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

We conduct our operations to minimize environmental impact; our policy and procedures relating to waste management ensure compliance with environmental protection legislation. The implementation of environmental risk inspections drive proactive monitoring of this policy. Environmental hazards including but not limited to pollutants, hazardous chemicals, noise and respiratory irritants continue to be monitored through our health surveillance procedures.

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

Emeco recognises that its people are integral to Emeco’s success and the safety of Emeco’s workforce is a priority. Emeco’s focus for FY18 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.

FY18 saw the continued development of Emeco’s core risk control protocols and implementation of advanced risk control measures. The safety interaction process was strengthened to focus on the verification of controls applied to work scopes. Feedback gained through the safety interaction process formed the basis of the evaluation of Emeco CRCP.

2.2 Safety performance

Table 2: FY18 safety performance frequency rate (FR)¹ measures by region

Region	TRIFR ²	LTIFR ³	RWIFR ⁴	MTIFR ⁵
Emeco Group	1.2	0.6	0.6	0.0

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

Table 3: 5 year LTIFR performance

LTIFR	FY18	FY17	FY16	FY15	FY14
Emeco Group	0.6	0.0	1.1	1.9	0.9

Table 4: 5 year TRIFR performance

TRIFR	FY18	FY17	FY16	FY15	FY14
Emeco Group	1.2	2.2	5.6	7.5	7.1

Emeco remains focused on the development of skills to establish best industry practice and to support our target of a zero harm workplace. Development of frontline leaders is key in driving Emeco's commitment to maintaining a high safety performance and continue to minimize risk.

Emeco continues to strengthen the pre-qualification of its contracting partners to create alignment with Emeco's safety culture. The measurement of leading safety performance indicators continues to be further developed to support company growth and drive a proactive safety culture.

Lost Time Injury Frequency Rate (**LTIFR**) across the Group, increased from 0.0 as at 30 June 2017 to 0.6 as at 30 June 2018, and the Total Recordable Injury Frequency Rate (**TRIFR**) decreased from 2.2 to 1.2.

There were no fatalities recorded across Emeco operations for FY18.

2.3 Employee development

Emeco's people remain its priority and continues to support them 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.

Emeco's growth and development in the last 12 months has presented challenges in integrating new acquisitions across systems, processes, plant and most importantly people. During this time, Emeco has mapped the skills of its workforce and has sought to provide a consistent level of training and career development across the business.

A key focus for Emeco in FY18 has been investment in apprentices. This investment has increased by 240% and Emeco is proud to invest in these worker's future within Emeco and the broader mining services industry.

As the market forces change and the demand for skilled labour increases, Emeco is moving forward with new initiatives and development plans to not only aid Emeco as a whole, but also for the benefit of each of our employees. Emeco believes that this approach will reaffirm and maintain its position as an employer of choice.

2.4 People data

Through the acquisition of Force Equipment Pty Ltd, Emeco's workforce composition changed significantly. The number of skilled trade and labour employees have doubled and apprentice numbers have increased as Emeco continues to grow its permanent workforce. Emeco considers this move as key differentiator to the continued success of the business. However, the demographics of the business have not changed significantly with additions made.

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 5: Employees by contract

Region	Total number of employees FY18					Total
	Full time (perm)	Part time ⁶ (perm)	Full time (fixed term)	Part time (fixed term)	Casual	
Australia	452	4	1	-	35	492

Table 6: 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	2	-	-	2	-	-
Other Executives/General Managers	8	-	8	-	-	6	2
Senior Managers	8	3	5	1	1	6	-
Other Managers	39	-	39	6	13	14	6
Professionals	31	11	20	9	14	5	3
Technicians and trade	310	1	309	108	94	31	20
Community & Personal Service	-	-	-	-	-	-	-
Clerical & Administrative	39	36	3	10	14	8	7
Sales	6	1	5	-	2	1	3
Machinery operators & drivers	19	-	19	4	-	4	11
Labourers	4	1	3	-	1	-	3
Other	-	-	-	-	-	-	-
Graduate	1	-	1	1	-	-	-
Apprentice	24	-	24	22	1	-	1
Total	492	55	437	161	142	119	70

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

⁷ Role classifications are defined in accordance with WGEA standardised occupational categories. Workforce composition data as at 30 June 2018.

2.5 Diversity

Emeco values and embraces diversity in the workforce and strives to provide an inclusive environment where diverse workers 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.

Emeco is committed to the following measurable objectives set by the board in respect of FY19 to achieve workplace diversity in the following ways:

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

Progress was made against the following diversity objectives during FY18:

- Female representation in the recruitment selection process was successfully achieved 64% of the time
- 77% of new employees participated in unconscious bias training.
- The gender pay gap for base salary was less than the WGEA industry comparison group, 2.5% compared with 21.2% in FY17.
- Ongoing reviews of gender pay equity and where appropriate action taken to address gaps.

The acquisition of Force Equipment reduced the overall female participation in the workforce, given the male dominated Force workshops workforce to 11.18%. Nevertheless, Emeco has continued to maintain strong female representation in senior management positions. Emeco is also looking at initiatives to increase female participation in line with Emeco's clients and partners.

WGEA Report

In accordance with the requirements of the *Workplace Gender Equality Act 2012* (Cth), Emeco's 2017-2018 Workplace Gender Equality Agency report was submitted in 2018. The public report and notice of compliance letter are available in the sustainability section of Emeco's website at 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 FY18 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 FY18.

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.