

## 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 2019. Throughout FY19 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
<b>Shareholders</b>	Investor relations meetings and calls, investor conferences, semi-annual financial performance reporting, annual general meeting.	<ul style="list-style-type: none"> <li>• Company performance</li> <li>• Value creation</li> <li>• Financial and non-financial risk mitigation</li> <li>• Capital management</li> <li>• Corporate governance</li> </ul>
<b>Customers</b>	Face to face, emails, phone calls, CEO customer visits, management meetings, monthly site meetings, through tender responses and business development 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"> <li>• Safety</li> <li>• Contract terms and conditions</li> <li>• Equipment supply</li> <li>• Customer requirements</li> <li>• Customer future needs</li> <li>• Equipment performance</li> <li>• Workforce supply</li> </ul>
<b>Employees</b>	In person, Emeco's intranet, inductions, performance management process, in-house training, staff and safety meetings.	<ul style="list-style-type: none"> <li>• Job security</li> <li>• Safety</li> <li>• Training and development</li> <li>• Work prioritisation</li> <li>• Workplace satisfaction and desired values</li> <li>• Company performance and strategy</li> <li>• Business improvement initiatives</li> </ul>
<b>Suppliers</b>	Supply related enquiries, tender and/or quote responses. Emeco continues ongoing relationship management with suppliers.	<ul style="list-style-type: none"> <li>• Supply chain opportunities and/or issues</li> <li>• Contractual coverage</li> <li>• Payment terms and conditions</li> </ul>

### **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](http://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. 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 health surveillance procedures.

#### ***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.

## **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 FY19 was creating a field leadership program, providing a standard platform to drive cultural change supported by continued development of core risk control protocols and safe work procedures.

In FY19 Emeco continued to strengthen partnership with Emeco's vendors, equipping vendors with strategies and key safety consultation to ensure alignment to Emeco's 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: FY19 safety performance frequency rate (FR)<sup>1</sup> measures

	TRIFR <sup>2</sup>	LTIFR <sup>3</sup>	RWIFR <sup>4</sup>	MTIFR <sup>5</sup>
Emeco Group	4.6	0.0	0.7	0.0

Table 3: 5 year LTIFR & TRIFR performance

	FY19	FY18	FY17	FY16	FY15
LTIFR	0.0	0.0	0.0	1.1	1.9
TRIFR	4.6	1.2	2.2	5.6	7.5

The ultimate success in achieve 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 FY19, through a combination of internal and external training strategies.

Lost Time Injury Frequency Rate (LTIFR) across Emeco reduced from 0.6 to 0.0 as at 30 June 2019, however the Total Recordable Injury Frequency Rate (TRIFR) increased from 1.2 to 4.6. Although FY19 recorded an increase in the TRIFR, 85% of the recordable injuries were medically treated injuries, with the worker immediately returning to full duties. Minimising the reoccurrence of injuries through the implementation of training, risk assessments and increased supervision of the workforce remains a constant focus

Despite the setback for Emeco in overall safety performance, certain operations within Emeco reported strong performances having no reportable injuries and achieving zero lost time injuries.

There were no fatalities recorded across Emeco operations for FY19.

## 2.3 Employee development

Emeco's people are its priority. Emeco continues to support them 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 FY19 has been investment in apprentices. The number of apprentices across our operations increased by 40% from June 2018 to June 2019. Emeco is proud to invest in the future in these workers' 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 benefit Emeco's Employees. Emeco believes that this approach will reaffirm and maintain its position as an employer of choice.

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

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

<sup>3</sup> Lost time incident frequency rate: Injury resulting in lost time

<sup>4</sup> Restricted work injury frequency rate: Injury resulting in modified or restricted duties

<sup>5</sup> Medically treated injury frequency rate: Injury resulting in medical treatment

## 2.4 People data

Emeco's focus in FY19 was the continued growth of our permanent workforce including the conversion of subcontractor labour to Employee where possible. Permanent staff provides stability to allow for continued service excellence for Emeco clients. Our permanent full time workforce grew from 452 at June 2018 to 510 at June 2019.

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	Total number of employees FY19					Total
	Full time (perm)	Part time <sup>6</sup> (perm)	Full time (fixed term)	Part time (fixed term)	Casual	
Australia	510	10	7	2	14	543

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

Job classification <sup>7</sup>	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	-	-
General Managers	8	-	8	-	-	7	1
Senior Managers	8	2	6	-	4	3	-
Other Managers	47	2	45	2	21	16	8
Professionals	51	18	33	10	25	11	6
Technicians and trade	280	-	280	89	96	64	31
Community & Personal Service	-	-	-	-	-	-	-
Clerical & Administrative	67	58	9	19	29	9	10
Sales	8	-	8	-	3	3	2
Machinery operators & drivers	9	-	9	3	3	1	2
Labourers	28	1	27	8	8	3	9
Other	-	-	-	-	-	-	-
Graduate	-	-	-	-	-	-	-
Apprentice	34	-	34	33	-	-	1
<b>Total</b>	<b>543</b>	<b>83</b>	<b>460</b>	<b>164</b>	<b>191</b>	<b>118</b>	<b>70</b>

<sup>6</sup> Part-time covers those working less than 38 hours week.

<sup>7</sup> Role classifications are defined in accordance with WGEA standardised occupational categories. Workforce composition data as at 30 June 2019.

## 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

Progress was made against the following diversity objectives during FY19:

- Female representation in the recruitment selection process was successfully achieved 76% of the time. This represents an increase of 12% from FY18.
- 49% of new hires into non-trade roles were women.
- 85% of new employees participated in unconscious bias training.
- 94% of new employees completed workplace harassment, discrimination and bullying awareness training.
- The gender pay gap for base salary was less than the WGEA industry comparison group at 9.6% (compared to 23.1%).
- Ongoing reviews of gender pay equity and where appropriate, action taken to address gaps.
- The number of people working part time at Emeco increased by 150%. The majority being women.
- 100% of those who took maternity leave in FY19 successfully returned to work on a full time or part time basis within 12 months.

Overall female representation within the group increased from 11.1% at June 2018 to 15.2% at June 2019.

## WGEA Report

In accordance with the requirements of the *Workplace Gender Equality Act 2012* (Cth), Emeco's 2018-2019 Workplace Gender Equality Agency report was submitted in 2019. 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](http://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 FY19 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 FY19.

### **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.