

# 2015 SUSTAINABILITY REPORT



## Emeco's commitment to sustainability

This is Emeco's global sustainability report covering the financial year ending 30 June 2015. Throughout the year Emeco has continued to maintain a strong commitment to our people, systems, environment and the community. While it has been a challenging year for Emeco with difficult market conditions, we remain focused on maintaining our compliance and improving our internal processes across our operating regions.

### *FY15 highlights*

Our global efficiencies have improved with the implementation of group wide Core Risk Control Protocols (CRCPs), continued development of the Emeco Safety, Health and Environment Management System (ESHEMS) and the global rollout of Emeco's Life Saving Rules. By streamlining these processes we can ensure that best practise is achieved in all of our regions, reduce risk and improve monitoring efficiencies across the group.

In March 2015, Emeco introduced an employee suggestion program as part of the PROjectFIT business improvement initiative. Since the introduction, there has been a great deal of valuable suggestions from employees to improve our business processes and efficiencies. To promote and encourage a continuous improvement culture in our business, employee driven suggestions and implemented improvements are acknowledged by Emeco's CEO / Managing Director.

FY15 saw continued improvement in Emeco's diversity program with the appointment of two females to our Executive Leadership Team and an overall improvement in the representation of women in our workforce, which is currently 16% as of 30 June 2015. There has also been a significant improvement in gender diversity at management level, with females comprising 24% of managers, up from 20.8% in FY14.

Emeco continues to support Women Building Futures in Canada and empowering women to succeed in resource industry careers.

### *Looking ahead*

Although market conditions have been challenging in FY15, Emeco remains committed to maintaining strong compliance to sustainability, improving our global efficiencies and encouraging employees to develop their skills and be actively involved in improving our business in FY16. We also continue to provide opportunities for Emeco people to be actively involved in community activities through our long term community partnerships.

## About this report

This report has been developed using the Global Reporting Initiative (GRI) framework in accordance with the G3 guidelines. The report has been self-assessed as a C level report and covers our performance in the areas of safety, people, community and environment for FY15 across our global operations.

## Report boundary

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

**Table 1: Sustainability performance and targets**

Performance areas		FY15 performance highlights	FY16 performance targets
People	<b>Safety</b> <i>Further reading page 4 to 5</i>	<ul style="list-style-type: none"> <li>Global implementation of CRCPs.</li> <li>iSystain Events Solution implemented globally.</li> <li>Safety leadership training held with international safety consultant.</li> </ul>	<ul style="list-style-type: none"> <li>Completion of the standard operating procedures to support CRCPs.</li> <li>Continued development of documentation to support ESHEMS framework and continuous improvement culture.</li> <li>Regional auditing in line with audit plans to ensure compliance across regions.</li> </ul>
	<b>Employee development</b> <i>Further reading page 6 to 7</i>	<ul style="list-style-type: none"> <li>Implementation of candidate management and on boarding process for new employees in Australia and Canada.</li> <li>Front line leadership program “Front line First” embedded in Western Australia.</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Undertake employee culture survey.</li> <li>Development of an employee recognition strategy.</li> <li>Review and implementation of personal performance planning process.</li> </ul>
	<b>Diversity</b> <i>Further reading page 7</i>	<ul style="list-style-type: none"> <li>Female representation on the ELT increased to 33%.</li> <li>Female representation at management level increased to 24%.</li> <li>High level of female participation in leadership development programs and courses.</li> </ul>	<ul style="list-style-type: none"> <li>Develop and implement diversity awareness training.</li> <li>Identify and target development of current and future potential women leaders.</li> </ul>
Community	<b>Community engagement</b> <i>Further reading page 8</i>	<ul style="list-style-type: none"> <li>Strategic review of global community engagement approach.</li> <li>Broadened community engagement support to include volunteering activities.</li> <li>Reviewed Lifeline partnership for renewal in FY16.</li> <li>Ongoing support of Women Building Futures Canada and Clontarf Foundation Australia.</li> <li>Participation in Clean Up Australia Day.</li> </ul>	<ul style="list-style-type: none"> <li>Execute revised approach to community engagement.</li> <li>Introduce in kind support initiative.</li> <li>Conduct mental health workshops with employees through Lifeline partnership (Australia only).</li> </ul>
Environment	<b>Environmental management</b> <i>Further reading page 9</i>	<ul style="list-style-type: none"> <li>Improvements made to recycling water and hydrocarbon management through the installation of fully operational washpads.</li> <li>Developed Environmental Waste Management Plan in Canada.</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of environmental improvements at Emeco facilities.</li> <li>Continued participation in regional clean-ups in Australia.</li> </ul>



## Our stakeholders

Our key stakeholder groups are listed below in table 2. How we engage with our stakeholders and their primary topics and concerns are also presented. Where relevant, we have responded to these concerns throughout the report.

**Table 2: Stakeholder engagement**

Shareholder Group	How we engage	Topics and concerns (FY15)
<b>Shareholders</b>	Investor relations meetings, annual financial performance reporting, quarterly operational updates, annual general meeting, annual meetings with proxy advisory firms and corporate governance meetings.	<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 through tender responses, business development and site managers.  Multi-level relationship engagement process with our customers.	<ul style="list-style-type: none"> <li>• Safety</li> <li>• Hire terms and conditions</li> <li>• Equipment supply</li> <li>• Equipment performance</li> <li>• Workforce supply</li> </ul>
<b>Employees</b>	In person, Emeco's intranet, MD newsletter, regional newsletters, inductions, performance management process, in-house training, community engagement activities, and safety meetings.	<ul style="list-style-type: none"> <li>• Job security</li> <li>• Safety</li> <li>• Communication</li> <li>• Training and development</li> <li>• Work prioritisation</li> <li>• Workplace satisfaction and desired values</li> <li>• Company performance</li> </ul>
<b>Suppliers</b>	Supply related enquiries, tender and/or quote responses.  In FY15 Emeco proactively engaged with suppliers by letter and in face to face meetings to identify preferred suppliers.  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>
<b>Community members</b>	Community focused partnership activities.	<ul style="list-style-type: none"> <li>• Social impact of operations</li> <li>• Community investment and support</li> </ul>

## Material Sustainability Risk

Emeco identifies and manages material exposures to economic, environmental and social sustainability risks in accordance with our Enterprise Risk Management framework.

### *Economic*

Emeco's material economic risks are outlined in the operating and financial review and financial statements sections of our Annual Report, which is available at [www.emecogroup.com](http://www.emecogroup.com).

### *Environmental*

Emeco identifies waste management as a material environmental risk. Emeco's Environmental Management Policy outlines our commitment to ensuring legislative compliance and ensures the implementation of proactive environmental initiatives to minimise waste within our facilities.

## *Social*

Emeco identifies safety threats to our workforce and the community as our 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 CRCPs. These protocols are supported by Emeco's Lifesaving Rules.

## **People**

### **Health and safety**

At Emeco we recognise that our people are key to our success and therefore the safety of our people is a priority. Our focus for FY15 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.

#### *Improving global efficiencies*

Consistent global systems are key to effective knowledge sharing and business efficiency at Emeco. Throughout the year we have been working hard to achieve greater synergy in key areas, including risk and incident management, so that we ensure best practices are employed across all our operating regions.

Global collaboration has been integral to the roll out of Emeco's CRCPs in FY15, which are used to manage identified core risks within our business that could result in serious injury or fatality. In FY16 Emeco will continue the development and implementation of the resources required to support the CRCPs within each of our operating regions.

After successful implementation of iSystain, HSE information and incident management application, to the Australian business, Emeco rolled out the system in the Canadian and Chilean businesses. Implementation was successful with the system supporting both English and Spanish languages. By streamlining the use of iSystain, Emeco has improved reporting capabilities, achieved greater cost savings and can now identify key learnings and corrective actions more effectively. This has also improved the communication of health and safety learnings to all Emeco operations, assisting the prevention of incident recurrences.

#### *Strengthening positive safety culture*

To assist with the realisation of Emeco's HSE vision in moving from compliance to commitment, a globally renowned safety spokesman, Andrew Sharman, was brought into the Australian business to engage the Emeco workforce through interactive workshops. The training was aimed at highlighting the leadership, culture and behavioural aspects of workplace safety that can help move our organisation forward.

#### *Maintaining strong compliance*

Auditing of ESHEMS has commenced across the Australian business with plans developed in consultation with regional management for areas of non-conformance and improvement opportunities. An internal audit was also conducted in the Canadian business to ensure systems compliance and Certificate of Recognition status is maintained.

#### *Decommissioning of Indonesia*

The first half of FY15 saw decommissioning of Emeco's operations in Indonesia complete. Emeco is pleased to report that no significant incidents or recordable injuries were recorded for the region in FY15.

## Safety performance

**Table 3: FY15 safety performance measures by region**

Region	TRIFR <sup>1</sup>	LTIFR	DIFR	MTIFR
Australia	9.2	1.5	1.5	6.1
Canada	7.9	3.9	3.9	0.0
Chile	0.0	0.0	0.0	0.0
Emeco Group <sup>2</sup>	7.5	1.9	1.9	3.8

**Table 4: 5 year LTIFR performance**

LTIFR	FY15	FY14	FY13	FY12	FY11
Emeco Group	1.9	0.9	3.5	1.7	2.4

**Table 5: 5 year TRIFR performance**

TRIFR	FY15	FY14	FY13	FY12	FY11
Emeco Group	7.5	7.1	10.6	17.4	12.4

Following a number of years with strong improvement in safety policies and procedures, we had a slight increase in our Total Recordable Injury Frequency Rate (TRIFR) in FY15. The number of recordable injuries remained the same as the previous year, however there was a decrease in the total number of hours worked. 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 throughout the year. Emeco continues to identify these as key learning areas so that we can maintain high safety performance and minimise risk.

There were no fatalities recorded across Emeco operations for FY15.

## People data

Emeco's workforce composition was heavily influenced by the current market conditions in which we operate. After closing our Indonesian business in FY14, the workforce in Indonesia came to complete closure in early FY15. The Australian workforce also saw significant change as the business was right sized to reflect our current operating conditions.

<sup>1</sup> Total Recordable Injury Frequency Rate: a combination of Fatalities, Lost Time Injury, Disabling 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.

<sup>2</sup> Group statistics include hours worked in the Indonesian operations up until December 2014. There were no recordable injuries for Indonesia in FY15.

**Table 6: Employees by region and contract**

Region	Total number of employees FY15						FY14
	Full time (perm)	Part time <sup>3</sup> (perm)	Full time (fixed term)	Part time (fixed term)	Casual	Total	Total
Australia	199	6	9	0	3	217	226
Canada	94	1	1	0	0	96	96
Chile	22	0	0	0	1	23	16
<b>Total</b>	<b>315</b>	<b>7</b>	<b>10</b>	<b>0</b>	<b>4</b>	<b>336</b>	<b>388<sup>4</sup></b>

**Table 7: Group workforce by job classification, gender and age**

Job classification <sup>5</sup>	Total	Gender		Age			
		Female	Male	Under 30 yrs	31-40 yrs	41-50 yrs	51+ yrs
CEO	1	0	1	0	0	0	1
Key Management Personnel	5	2	3	0	1	3	1
Other Executives / General Managers	8	1	7	0	4	3	1
Senior Managers*	11	3	8	0	3	5	3
Other Managers	13	3	10	0	5	4	4
Professionals	39	11	28	13	11	8	7
Technicians and trade	195	1	194	56	70	41	28
Community & Personal Service	0	0	0	0	0	0	0
Clerical & Administrative	39	30	9	11	8	8	12
Sales	14	0	14	1	2	6	5
Machinery operators & drivers	0	0	0	0	0	0	0
Labourers	2	2	0	1	0	0	1
Other	5	1	4	0	2	3	0
Graduate	2	0	2	2	0	0	0
Apprentice	2	0	2	0	2	0	0
<b>Total</b>	<b>336</b>	<b>54</b>	<b>282</b>	<b>84</b>	<b>108</b>	<b>81</b>	<b>63</b>

<sup>3</sup> Part-time covers those working less than 38 hours week.

<sup>4</sup> Total figure incorporates Indonesian employees (50).

<sup>5</sup> Role classifications are defined in accordance with WGEA standardised occupational categories.

**Table 8: FY15 turnover by region**

Region	Average Total Workforce	Total Terminations	Gender				Age			
			Female	Female %	Male	Male %	< 30 yrs	31-40 yrs	41-50 yrs	51+ yrs
Australia	239	89	18	8%	71	30%	26	33	21	9
Canada	102	32	10	10%	22	22%	4	9	12	7
Chile	24	14	2	8%	12	50%	5	2	5	2

## Employee Development

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

In FY15 Emeco completed the implementation of consistent on-boarding activities for new employees in Australia and Canada. A consistent approach which focuses on maximising new employee productivity by educating them about Emeco's culture, vision, values, systems and roles and expectations has had a positive impact on retention (table 8).

Emeco remains committed to training and developing our people to enable them to fulfil role requirements and expand necessary skills for personal development. We continue to invest in the development of Emeco leaders through the Frontline First training and Building Leaders programs.

During FY15 the Canadian business has been using a value alignment profiling tool to suitably match candidates working styles with Emeco's Values. Emeco is currently trialling this tool in the Australian business.

**Table 9: Average hours of training per year per employee by region**

Region	FY15
Australia	16
Canada	13
Chile	12
Group average	14

## PROjectFIT - empowering our people

In FY15, Emeco introduced PROjectFIT, a group-wide business improvement initiative. A key aspect of the program was the rollout of an employee suggestion tool, where employees were encouraged to put forward their ideas for business improvements. Suggestions were received from all levels of the organisation, assessed for ease of implementation and the expected financial and non-financial benefits, and actioned accordingly. Suggestions ranged from invoicing and payment process changes to personal protective equipment (PPE) dispensing systems. Several of the suggestions have formed the basis of strategic projects which aim to improve our business processes and systems. This initiative has been well received by employees with 56 suggestions submitted as at 30 June 2015. Regular recognition for ideas has also been communicated in monthly MD newsletters.

Due to the sustained difficult market conditions and significant organisational changes, Emeco did not conduct an annual cultural survey in FY15, however informal feedback and discussions with individual employees and teams has been a priority for managers and leaders throughout the business. With the restructuring of business units, managers have been proactive in addressing individual concerns around job security and change management. Again, in FY15 Emeco managers conducted formal performance and career discussions with individuals, with a total participations rate of 66%.



## Diversity

Operating across Australia, Canada and Chile, Emeco's businesses are geographically and culturally diverse and we are focused on developing a workforce which reflects the diversity of the broader communities in which we operate. Emeco continued our commitment to gender diversity and increased overall female workforce representation in FY15 (see table 7).

As at 30 June 2015, women represent 16% of our workforce which is an increase from 15.9% at 30 June 2014. Women hold 24% of management positions.

Emeco's 2014-2015 Workplace Gender Equality Agency (WGEA) report was submitted in May 2015. The report is available in the sustainability section of our website: [www.emecogroup.com/view/sustainability/people-diversity](http://www.emecogroup.com/view/sustainability/people-diversity).

In addition to our WGEA report, a review of gender pay equity was undertaken in the Australian and Canadian businesses in FY15 with favourable results. The significant contribution from women is valued at Emeco, and as such we continue to sponsor current and future potential women leaders through our formal mentoring program, attendance to key industry events and participation in leadership development programs.

Emeco's commitment to diversity was strengthened with leaders in the Australian business attending diversity workshops which focused on developing targeted diversity strategies tailored for each specific region.

## Community

Emeco aims to actively and positively contribute to the communities of the regions where we operate. In FY15 we undertook a review of our community engagement strategy and have since introduced a revised approach that aims to focus on Emeco's long term strategic partnerships and promote in kind support activities for employees to engage with the community.

### *Clontarf Foundation*

In FY15 Emeco continued to support Clontarf Foundation in our third year of partnership. Throughout the partnership Emeco has been integral to the Foundation's growth and enabled Clontarf to reach more young Aboriginal boys who have benefited from the program.

Since our initial involvement in 2012, Clontarf has grown significantly and now supports 61 academies in 68 schools across Australia.

*"The support received from Emeco since July 2012 has been integral in allowing us to grow and reach more young Aboriginal boys who both need and would benefit from the Clontarf programme. Over the past three years, the funding Clontarf has received from Emeco has provided us with the opportunity to focus on what we do best which is improving the life outcomes of young Aboriginal men." – Gerard Neesham (CEO Clontarf Foundation)*

Through the three year partnership, Emeco has:

- hosted visiting Clontarf groups for worksite visits;
- provided employment guidance to Academy students at Clontarf Employment Forums in Western Australia; and
- participated in major Clontarf events, early morning training sessions and breakfasts with the Clontarf students.

Emeco's partnership with Clontarf ceased on 30 June 2015.

### *Lifeline Australia*

During FY15 Emeco and Lifeline Australia collaboratively reviewed our current partnership and have now implemented a new strategy and partnership objectives for the next three years. Emeco will continue to support Lifeline's *Saving Lives Overnight* program and work together with Lifeline on a range of community activities that engage and benefit Emeco people and the wider community.

### *Women Building Futures*

In FY15 Emeco continued to support Women Building Futures in Canada for the third year.

Our partners:



## Environment

Throughout FY15 Emeco continued to identify ways to improve environmental practices and reduce our impact on the environment.

Sites throughout Australia's Western Region participated in annual Clean Up Australia Day activities which demonstrate Emeco's commitment to the environment and community initiatives. A number of teams from Emeco offices and sites worked to clean up their local areas with over 23 bags of rubbish collected in total. Emeco will look to expand our contribution to this cause across Australia in FY16.

In FY15 Emeco completed a review of the installation of water tanks to collect rainwater at Emeco's Guildford facility. After an in-depth review, it was determined that there was insufficient space at the facility to house the tanks, however improvements were made to manage wastewater through the installation of fully operational wash pads to enable recycling of water and hydrocarbons management. Steps have also been taken to monitor water consumption at Emeco's Mackay workshop with an email alert setup with their local council to send alerts if unusual water usage is occurring at the Emeco facility.

In Queensland, Emeco made an improvement to the reduction of dust exposure through the trialling and use of a dust suppression product, Dustex. The product is used to bind dust together to reduce overall dust generated from vehicle and equipment movement, making the areas much safer with clearer visibility.

In FY15 Emeco's Therma Start system was installed on 20 units of our fleet, primarily to haul trucks. The Therma Start system reduces idle time and equipment emissions through automatically starting machinery if a parameter or sensor goes below a set threshold, for example block heater temperature or battery voltage.

Emeco's Canadian business also developed their Environmental Waste Management Plan and rolled this out to operations. The plan outlines Emeco's emergency response, containment, wildlife and waste segregation process and will set Emeco's environmental compliance standard.

## Incidents and spills

There were no significant environmental incidents reported by any Emeco operations in FY15.

## 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 our business our customers continue to have sole responsibility for reporting emissions associated with the use of our equipment. Our 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 and as such, we are not required to report greenhouse gas emissions or energy usage under either of the aforementioned legislation



## About Emeco

We provide safe, reliable and maintained heavy earthmoving equipment solutions for mining.

Whether you are an owner miner, developing a new project, or a contractor, we can provide an entire earthmoving fleet or a few key machines to help get your job done. All Emeco machines are supported by flexible maintenance, repair and after-hire services so you can focus on the business of mining. These services, our teams and facilities, are also available to support companies managing their own equipment fleets.

**YOU WILL BE BETTER EQUIPPED WITH EMECO.**

**[emecogroup.com](http://emecogroup.com)**

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