



SUSTAINABILITY REPORT 2020



SUSTAINABILITY REPORT

We believe that being sensitive to the impact we have on the environment and communities in which we operate is critical to creating long-term sustainable value for our shareholders.

As part of our commitment to sustainability, we have recently appointed Elizabeth Gray to the newly formed role of General Manager, Health, Safety, Environment and Quality (HSEQ), which is responsible for the health and wellbeing of our people and managing our environmental and social footprint.

We measure our sustainability with regards to:

- People
- Environment
- Community involvement
- Business conduct and ethics



ENVIRONMENT, SOCIAL AND GOVERNANCE HIGHLIGHTS

Safety, Health and Wellbeing

STRONG MINDS

STRONG MINES

Strong Minds, Strong Mines

2019 WAAMH Award for
'Mentally Healthy Workplace'



Safety improvement

LTIFR – 0.12 (record low)
TRIFR – 3.77 (second lowest)

New role of GM, HSEQ

Health, Safety, Environment
and Quality

People development

Increased apprentice and
graduate numbers

Employee engagement

Employee active engagement
score – 77%

COVID-19 Response

Workforce support and assistance

People turnover

9.7%

Diversity Policy

Indigenous – 4.5% (Aus)
Female – 11.5%

Governance



Board of Directors

7 board members,
4 independent including Chair

Code of Conduct Policy

Anti-bribery and
Corruption and Conflicts

Whistleblower

Policy Updated

Social and Community Involvement



CME DETECT

Sponsor of COVID-19 project (\$25k)



The Perkins Institute

Cancer 200: Ride for Research (raised \$235k)

QCoal Ca\$hEdUp

Financial education in regional QLD

Carey Mining

'Get Into Mining' Indigenous program

Sponsorships

Regional and local sports clubs

Indigenous workforce

Jangga Aboriginal trainee program developed with QCoal

Doorn-Djil Yoordaning

Macmahon subsidiary supporting Indigenous regional employment

Environment

Renewable energy

Solar panels installed at head office expected to produce 650,000kWh pa

Rehabilitation

Completed 107 hectares across multiple sites

GHG emissions

(tonnes per CO₂-e)
Scope 1: 6,119 / Scope 2: 1,803



STATEMENT OF VALUES

In everything we do, we think and act according to our guiding principles.

Safety

Think Safe • Act Safe • Enforce Safety

Lead by example

Identify and report hazards

Promote a “Zero-harm Culture”

Do not accept unsafe acts and conditions

Teamwork

Work Smart • Work Hard • Work Together

Create a positive and enjoyable environment

Foster the potential of our people

Share a common vision of success

Prosperity

Find Value • Drive Value • Achieve Value

Continue to strive for ongoing efficiency, productivity and quality

Integrity

Be Reliable • Be Direct • Be Honest

Act lawfully, ethically and responsibly

Acknowledge the views of employees, stakeholders and communities

Recognise and promote diversity, cultural heritage and ambitions

Be trustworthy and fair in all dealings

Pride, honesty and respect

Environment

Reduce • Recycle • Rejuvenate

Promote environment awareness

Minimise waste

Invest in the environment



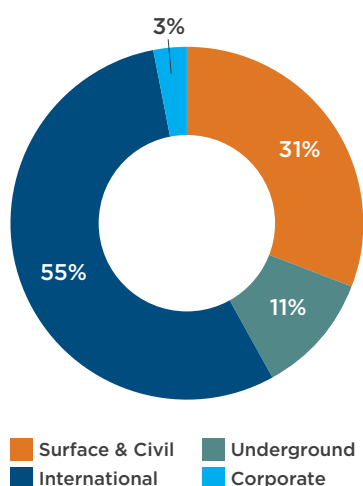
PEOPLE

People are essential to Macmahon's long term success. Our workforce at the end of June 2020 was 7,059 people, up 27% due to ongoing organic growth and the addition of 452 GBF employees.

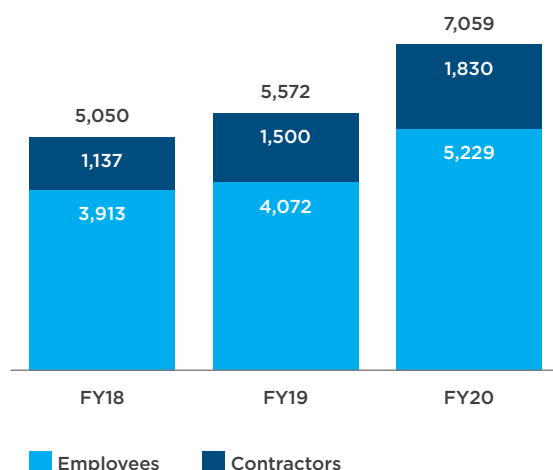
Workforce by location

	Employees	Contractors	Total Workforce
Australia	2,351	822	3,173
Southeast Asia	2,855	1,008	3,863
South Africa	23	0	23
Total	5,229	1,830	7,059

Workforce by Business Unit



Workforce over the last three years



SAFETY, HEALTH AND WELLBEING

The safety and health of our employees, contractors and stakeholders is of primary importance and integral to the way we work. It is a core value of Macmahon. Our aim is to provide an environment free of injury and physical and mental illness.

Macmahon measures safety performance using a range of benchmarks including Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR). We also measure various leading indicators and introduced a new Hazard Reporting Frequency measure in the period, which has led to a doubling in hazard reporting.

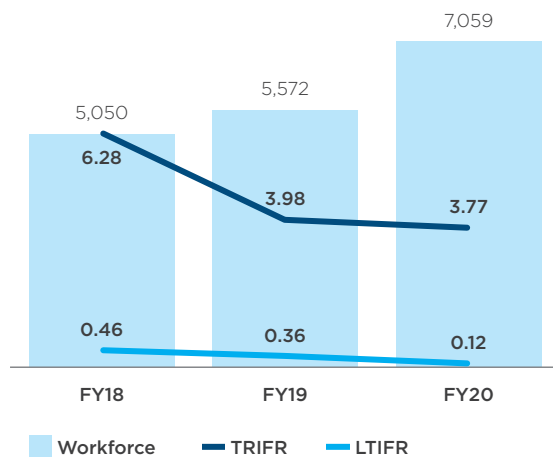
During the period safety performance measures continued to improve notwithstanding a significant increase in our workforce. Importantly, we had no fatalities or permanent disabling serious injuries.

Macmahon achieved a LTIFR of 0.12, which is well below industry average, and represents a 66.7% improvement from FY19 and is a new record low for the Group.

Similarly, the TRIFR for the period was 3.77, representing an improvement of 5.3% from FY19 and the Group's second best TRIFR in its history. The Board and management are targeting further improvement in these performance measures over the coming year.

CASE STUDY**STRONG MINDS, STRONG MINES**

Macmahon's in house wellness program combines physical and mental health initiatives for our people and their families. Additional online services have been provided to keep everyone connected including fitness classes and a monthly concert series.

**Injury Frequency Rates and Workforce**

Lost time injuries (LTIs) are defined as injuries that cause the injured person (employee or contractor) to be unfit to perform any work duties for one whole day or shift, or more, after the shift on which the injury occurred, and any injury that results, directly or indirectly, in the death of the person. The Lost Time Injury Frequency Rate (LTIFR) is the number of LTIs per million hours worked. Total Recordable Injuries (TRIs) are the number of LTIs + restricted work injuries (RWIs) + medically treated injuries (MTIs) for employees and contractors. Total Recordable Injury Frequency Rate (TRIFR) is the number of TRIs per million hours worked.

Macmahon aims to create a positive safety culture across the Group and the physical and mental wellbeing of our people remains an important focus. The success of our physical health and mental health program, *Strong Minds, Strong Mines*, was recognised in November 2019, when we won the 2019 Mentally Healthy Workplace award from the Western Australian Association for Mental Health. This program has been of great value during the COVID-19 pandemic, particularly for our site based workforce and their families. Macmahon is now offering this program as a service to other participants of the mining sector.

AUDITING AND ISO CERTIFICATION

Macmahon's Occupational Health and Safety Management Systems are accredited to the applicable Australian and International Standards including ISO 9001:2015, ISO 14001:2015, BS OHSAS 18001:2007 and AS/NZS 4801:2001. We conduct quarterly risk reviews and regular training. External audits are performed annually by both our clients and an independent third party for certification purposes.

STRESS MANAGEMENT AND COVID-19

During the year we implemented a range of measures to continue to deliver mining services for our clients and at the same time to support and protect the health and wellbeing of our people in response to the COVID-19 pandemic. These measures included:

- Providing financial support to those directly impacted and quarantine assistance
- Securing accommodation for more than 150 interstate fly-in-fly-out (FIFO) workers required to temporarily relocate to the state in which they work
- Identifying high-risk members of our workforce and providing health plans managed by our Group Doctor
- Focusing on fatigue management including providing additional break times
- Continuing access to our 24 hour 7 day a week Employee Assistance Program
- Accommodating our Batu Hijau workforce on Lombok Island for a two-week quarantine period before transferring to the mine site on Sumbawa Island
- Requiring the use of face masks while on site at Batu Hijau

The COVID-19 situation across world and in the regions we operate remains dynamic. We continue to closely monitor the situation and will respond accordingly.

LABOUR RELATIONS AND EMPLOYEE ENGAGEMENT

Macmahon believes in providing flexible working conditions, leave and allowances to support overall wellbeing and a positive work-life balance for our people.

In Australia, at various sites we offer our FIFO workforce the flexibility to choose their preferred roster pattern for example either 2 weeks on / 1 week off or 2 weeks on / 2 weeks off. We also provide our Perth head office employees free access to on-site gym facilities and classes.

In Indonesia, we hold quarterly consultative committee meetings with representatives of the workforce to communicate and promote positive labour relations. We also offer production bonuses and health insurance for employees and their family members.

Macmahon conducted its third consecutive annual employee engagement survey during the year to gain further insights on vision and strategy, leadership, engagement and communication. Our active engagement score was 77%, which represents a slight improvement on the FY19 score.

Importantly, Macmahon's turnover rate has improved significantly over the period. The following table sets out the Group's turnover rates over a 12 month rolling average basis.

Turnover

	FY20	FY19
Staff turnover	9.7%	12.5%
Wages turnover	9.7%	12.4%

PEOPLE DEVELOPMENT

Macmahon is committed to investing in the ongoing development of our people and retaining core organisational skills and knowledge. We continued to invest in our apprenticeship, graduate and leadership programs throughout the year. In FY20:

- Our apprenticeship numbers increased from 33 to 51
- Over 300 people participated in a range of traineeship programs
- We hired 10 graduates
- 115 of our leaders participated in structured leadership programs and coaching

We also remain committed to several entry level development programs enabling newcomers to the industry to build a career with Macmahon. We held five assessment days during the year, and expanded this approach to our underground operations.

Additionally, we expanded several training initiatives including:

- Registered Training Organisation services to include Underground Metalliferous Mining, Certificate II in Air-conditioning and implemented an Open Cut Examiner (OCE) program at the Byerwen project
- Post-trade technical training program, which is focused on developing trade skills to match the range and technological advancements of our equipment

Following the acquisition of GBF, we have increased the number of employees and continued to invest in the business, ensuring a positive integration into the Group.

HUMAN RESOURCE SYSTEM

Over the year, Macmahon embarked on improving our people processes by implementing the cloud-based software, SuccessFactors. The first phase was completed in February 2020, which resulted in the standardisation of processes across the Group. The second phase of the project will be rolled out during FY21 and is designed to build on our talent management capabilities including the development of career pathways and online training.

CASE STUDY JANGGA INDIGENOUS TRAINEE PROGRAM

Macmahon provides a training and development program at the Byerwen coking coal mine in Queensland for the local traditional land owners (the Jangga people). Formal traineeships result in a Certificate III in Surface Extraction and a career in mining with Macmahon.

WORKPLACE DIVERSITY

Macmahon recognises the benefits of having a diverse workforce and seeks to create an inclusive workplace environment where the diverse experiences, perspectives and backgrounds of people are valued and utilised.

The Group's Diversity Policy is available on the Macmahon website, and requires the Board to set and report against measurable diversity targets. The following table outlines our measurable objectives in relation to diversity and the progress made towards achieving those objectives at 30 June 2020:

Diversity Targets

	FY20 Target	FY20 Actual	FY21 Target
Indigenous Australian ²	5.5%	4.6%	5.5%
Female Directors	30%	14%	30%
Percentage of females in senior management positions ^{1,2}	20%	12%	20%
Percentage of female employees across the whole organisation	15%	11.5%	15%

1 For the purpose of this target, senior executive positions are defined as those with senior managerial responsibilities in either corporate or operational areas, and includes project managers

2 Australia only

Macmahon continues to support improvements in the industry's gender ratio by actively encouraging female applicants and has set a target of 25% female appointments for entry level programs. The Group produced a separate report on its Gender Equality Indicators in accordance with the *Workplace Gender Equality Act 2012*. A copy of this report is available on our website.

In addition, Macmahon actively encourages the employment of Indigenous Australians and we continue to work with our clients in other areas to provide opportunities for Indigenous participation in our projects. In FY20:

- We had a 28% increase in Indigenous employees compared to last year
- 24 individuals from the Jangga people, the local Indigenous group from the Queensland Central Highlands completed our Jangga Job Readiness Program and commenced work at the Byerwen project
- Eight Indigenous employees participated in a traineeship at Tropicana

ENVIRONMENT

Macmahon's Environmental Policy is to minimise the adverse impact on the environment as a result of our business activities.

ENVIRONMENTAL STRATEGY

The Group recognises the importance of integrating environmental management into how we do business. Macmahon's ISO AS/NZS 14001 certified Environmental Management System provides the framework to enhance the Group's environmental performance. We continued to implement environmental management strategies and plans to ensure compliance with all legal requirements regarding important issues such as biodiversity, waste, hazardous substances, water, noise and cultural heritage management. We are pleased to report that there were no major environmental incidents, prosecutions or infringements.

Increasing our market share in rehabilitation work is a key part of our business strategy and there are a number of rehabilitation projects in our tender pipeline. This work typically includes completing earthworks and revegetation on land disturbed by mining activities to ensure it is stable, safe and suitable for post-closure use. During the year, we rehabilitated a total of 107 hectares for our clients.

CLIMATE CHANGE

Macmahon's Climate Change Position Statement, which is available on our website, acknowledges that climate change poses a threat to our environment. Macmahon had minimal exposure to thermal coal mining over the year and continues to mine commodities such as copper which will support the transition to a lower carbon economy.

The Group's primary source of direct greenhouse gas (GHG) emissions is through the use of fuel in our mobile mining equipment. Fuel consumption will vary depending on factors such as the hardness of the rock being extracted and the depth of the mine.

Macmahon measures and reports its GHG emissions yearly via an independent consultant, in accordance with the National Greenhouse and Energy Reporting Scheme (NGERS 2007). During FY20, our scope 1 (direct) GHG emissions was 6,119 tonnes per CO₂-e, while our scope 2 (indirect) GHG emissions was 1,803 tonnes per CO₂-e. The increase in scope 1 GHG emissions is primarily due to the acquisition of GBF Group which predominantly sources its own fuel.

GHG Emissions

Total Tonnes CO ₂ -e	FY20	FY19	FY18	FY17	FY16
Scope 1	6,119	795	569	156	127
Scope 2	1,803	1,761	1,538	1,583	1,465

To reduce our GHG emissions, we have installed solar panels at our head office which are expected to produce 650,000kWh of electricity per year and decrease our consumption from the grid.

During FY21, we will engage an environmental specialist to target further reductions in our GHG emissions, strengthen our environmental management systems and oversee other measures to improve our environmental performance.

WASTE AND RECYCLING

Macmahon remains committed to ensuring that all waste materials are disposed of in an approved and environmentally responsible manner. This includes materials such as tyres, oils and lubricants and office waste. We often repair tyres to extend life but once they have reached a worn out state, they are disposed through Environmental Protection Authority approved channels and the use of certified waste disposal companies.



CASE STUDY ENVIRONMENTAL SAMPLING

Macmahon is committed to reducing the impacts on water quality associated with its mining operations. Regular sampling and reporting takes place at the Sejourong River in Sumbawa, near Batu Hijau's copper-gold mine in Indonesia.

In October 2019, Team Macmahon's 49 riders participated in the Cancer 200: Ride for Research to raise funds for The Harry Perkins Institute of Medical Research.



COMMUNITY INVOLVEMENT

Macmahon's approach to community relations is to treat our host communities with respect, to be sensitive regarding the impacts of our mining operations, and to deliver tangible and ongoing benefits.

During the year, Macmahon continued its partnership with The Harry Perkins Institute of Medical Research (the Institute), participating in its annual ride from Perth to Mandurah in Western Australia. Our team of riders has increased each year as has the amount of funds raised. In October 2019, Macmahon participated with 49 riders, including people from our Indonesian operations, and raised \$234,729. The ride provides an opportunity for our people to participate in the important and rewarding act of charitable giving. Money raised is used by the Institute to continue its efforts to find cures for hard to treat cancers.

Macmahon understands that sport plays an important role in rural, regional and remote Australia by bringing communities together and supporting mental and physical health. During the year, Macmahon proudly sponsored the Amateur Kambalda Football Team who play in the Goldfields Football League in Western Australia. In addition, Macmahon has partnered with the Perth Football Club to enable school children in Western Australia to participate in a program to help promote healthy lifestyle choices leading to happier, healthier and more motivated students.

Macmahon is also a supporter of the QCoal Foundation and has signed a three year commitment with the Foundation's Ca\$hED Up program. This program is designed to improve the financial knowledge of young Australians, with a particular focus on those living in regional and remote communities in Queensland.

As part of our COVID-19 response we have provided protective masks and industrial cleaning products to the Institute and also donated laptop computers to various charitable organisations to enable their employees to work from home.

BUSINESS CONDUCT AND ETHICS

HUMAN RIGHTS

Macmahon respects internationally recognised human rights principles. We support the overarching proposition that all businesses have a role to play in eliminating modern slavery in our operations and supply chains. Our Human Rights Policy includes a commitment that our employees, contractors and suppliers are entitled to work in an environment and under conditions that respect their rights and dignity. We also have human rights commitments in our Code of Conduct and policies on issues such as employment and diversity.

ETHICAL SOURCING

Macmahon is undertaking due diligence activities to identify, address, mitigate and prevent human rights impacts from our operations and supply chain through our procurement practices and contractual arrangements. This includes conducting supplier questionnaires and training employees in charge of procurement. We will publish a Modern Slavery Statement in FY21 in accordance with the *Modern Slavery Act 2018*.

ANTI-BRIBERY AND CORRUPTION

Integrity is one of Macmahon's five core values and we expect all employees to act lawfully, ethically and responsibly. Our expectations on anti-bribery and corruption are detailed in our Code of Conduct which is available on our website.

Macmahon's approach to bribery and corruption is supported by our Whistleblower Policy. We have a number of channels for making a report, including a whistleblower hotline for employees to call if they feel unable to raise actual or suspected unlawful, unethical or irresponsible behaviour. Where potential issues are reported, we have protocols in place where a Board-level committee will be confidentially alerted to these concerns.

All employees are required to complete training on our Code of Conduct in their induction program and annually thereafter.

There were no instances of fines or prosecutions for non-compliance with applicable Australian and international laws during the year.





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