

MACH Australia Holdings Pty Ltd
ACN 608 494 828

MACH Energy Australia Pty Ltd
ACN 608 495 441

2020 Modern Slavery Report

21/5/2021	0	Approved	Michael Howard	Jason Culpeper	Board
Date	Rev.	Status	Prepared By	Checked By	Approved By

1. Reporting entities

This 2020 Modern Slavery report is prepared in accordance with the requirements of the *Modern Slavery Act 2018* (Cth) for the year ending 31 December 2020. The following private, unlisted companies are the reporting entities for the purposes of this report and are referred to collectively as **MACH Energy**:

- MACH Australia Holdings Pty Ltd ACN 608 494 828 (**MAH**); and
- MACH Energy Australia Pty Ltd ACN 608 495 441 (**MEA**) (a controlled subsidiary of MAH).

The principal activities of MACH Energy during the year were the operating and ongoing development of the Mt Pleasant coal mine (**Mount Pleasant**) in the Hunter Valley of New South Wales. The Mount Pleasant assets are owned 95% by MEA and 5% by J.C.D. Australia Pty Ltd (**JCDA**).

MEA and JCDA, through an unincorporated joint venture, uses two incorporated agents to conduct its business, namely:

- MACH Mount Pleasant Operations Pty Ltd ACN 625 627 723 (a wholly owned subsidiary of MEA) for all site activities up to and including the train load out facility; and
- MACH Mount Pleasant Marketing Pty Ltd ACN 625 627 965 (a wholly owned subsidiary of MEA) for logistics and sales functions.

Annexure A contains an overview of the corporate structure of the group

2. Structure and Operations overview

MACH Energy is in the business of developing and operating economical and efficient energy sources. It is the majority owner of the Mount Pleasant open cut coal mine located 4km west of Muswellbrook in the Hunter Valley of New South Wales which produces up to 8 million tonnes of thermal coal for domestic and export markets, mostly for the purposes of power generation in coal fired power plants.

A large construction project is currently underway at Mount Pleasant to build a new rail loop from the main line onto the mining lease, known as the Rail 2 Project (**R2P**). These works are required in order to replace the current rail loop which is built on land owned by the adjoining Bengalla mine and which needs to be removed by late 2022. R2P involves the construction of several kilometers of track as well as new materials handling infrastructure and a new train load out facility.

MACH Energy employs approximately 40 people to manage its operations by providing support through finance, human resources, environment, safety, legal, marketing, logistics, and sales functions. MACH Energy's corporate (and registered) office is located in Newcastle West, NSW but personnel are also based at Mount Pleasant and in Brisbane, QLD.

3. Description of the Supply chain

By way of overview, Mount Pleasant's supply chain consists of the following broad categories of suppliers:

- Main contractors, who are responsible for mining, coal handling and washing, transport and export of coal;

- Other suppliers, who are responsible for various functions at an operational and/or corporate level; and
- Suppliers to R2P, who are delivering this important infrastructure construction project.

3.1 Main Contractors

Open cut coal mining at Mount Pleasant is conducted by Thiess Pty Ltd under a mining services contract, which represents the most significant spend for MACH Energy. Operation of the coal handling and preparation plant and train load out facility is the responsibility of Sedgman Pty Ltd under an operate and maintain services contract. The transport of coal from Mount Pleasant to either domestic customers or the Newcastle port (for export customers) is performed by Aurizon and Australian Rail Track Corporation (**ARTC**) under a long term contracts with MEA. The rights to use either of the two coal storage and ship loading facilities at the Newcastle Port are contained in contracts with each of Newcastle Coal Infrastructure Group (**NCIG**) or Port Waratah Coal Services (**PWCS**). **Annexure B** contains a diagrammatic representation of these main contractor activities. MACH Energy is only responsible for supplying coal to its customers on a 'free on board' basis, meaning it does not charter vessels.

The main contractors referred to in this section are all Australian based and predominantly Australian owned entities. These contractors have reporting responsibilities under the Modern Slavery Act and MACH Energy intends to engage more deeply with them in the next reporting period.

3.2 Other Suppliers

MACH Energy directly engages many other suppliers of goods and services across its business to support its open cut coal mining operation at Mount Pleasant. These suppliers can be grouped into the following categories:

- Site maintenance – including services such as weed and pest management, waste removal, dust suppression, water pumping, catering, supply of personal protective equipment, and cleaning
- Site infrastructure – such as civil works, road construction and maintenance, carpark (re)surfacing, site drainage, erosion and sediment control, and other similar services
- Energy – such as electricity and fuel supplies
- Communications – including data and phone, information technology, records management and real time environmental monitoring systems
- Specialist consultants – including engineers, designers, tenement managers, environmental scientists, air quality analysts, and environmental auditors
- Critical spare parts – for the wash plant, train load out facility and materials handling infrastructure
- Residential property maintenance – for MACH Energy's various residential land holdings there are services such as real estate managers, builders, demolition contractors, and valuers
- Mining analysis – this includes geological services, exploration drilling, mine planning and project management services

- Corporate – services such as legal advisers, accountants, auditors, office accommodation, stationery, telecommunications, IT services, and specialist consultants.
- Travel – air travel, hotel accommodation, taxis, and car hire services.

3.3 Suppliers to Rail 2 Project (R2P)

The supply chain for the R2P consists of a project management function (known as the ‘owner’s team’) that oversees a number of sub-projects, or ‘packages’. The owner’s team is made up of a third party project management contractor that oversees a team of personnel that are either MACH Energy employees or contractors. This model of construction contract is not uncommon and allows the owner’s team greater control over budget and schedule by individually managing the multiple contractors delivering each package.

The R2P packages are as follows:

- Materials handling – consisting of the fabrication and supply of an overland conveyor and train load out facility together with associated civil works, electrical and commissioning services.
- Rail loop – this is the principal element of R2P consisting of civil works and track building of the approximately 5km long private siding.
- Signalling – owing to its complexity and safety critical nature, signalling design and construction for the private siding and turnout from the mainline is a standalone package.
- Design – a third party design house was retained to provide detailed design services.

3.4 Overlap

MACH Energy notes that there are several common suppliers within the latter two categories of the supply chain above, most notably demolition, electrical, labour hire, pumps and pipes, and some civil works services.

4. Modern slavery risk assessment

MACH Energy recognises that risks of modern slavery in the mining sector relate to the location and types of operations that are being undertaken, the make-up of the workforce, and the nature and source of equipment and materials used in the operations. It has assessed the risks of modern slavery in the first tier of its supply chain over the course of 2020, other than for the Main Contractors, and generally considers that risk to be low in the case of its direct suppliers as all of its direct suppliers are Australian registered companies or resident individuals. Within the supplier categories, however, we recognise that there are areas of higher risk such as, in site maintenance and security, the supply of personal protective equipment and cleaning.

In addition, several suppliers to MACH Energy source their goods from overseas, for example:

- Suppliers of plant and spare parts for use in the coal handling and preparation plant typically assemble goods locally using components sourced from multiple countries including China, France, the United Kingdom, America, and the United Kingdom. Examples of this supply include a tertiary sizer, water pumps, electrical substations, electrical wire, and a scalping roller screen.
- Diesel fuel is supplied from south-east Asia through refineries in that region.

- Various service providers use equipment that was manufactured overseas in various countries. For example, Thiess and the R2P track build contractor Daracon use Caterpillar products built in North America.

As at 31 December 2020 MACH was still in the process of obtaining a better understanding of the indirect suppliers to MACH's own suppliers so as to better assess the risks of modern slavery in the indirect supply chain and this work will continue into the next reporting period.

5. Actions

MACH Energy has initiated work to build greater understanding of the supply chain and the risks of modern slavery that lie within it. In this reporting period we have mapped our main contractors, other suppliers, and suppliers to the R2P project that we are undertaking and have undertaken a high level risk assessment.

We have identified the Company Secretary to be responsible for identifying and managing modern slavery risk and we are planning a review of our policies and contracts to ensure we have appropriate governance and management processes in place to mitigate risks of modern slavery.

In the next reporting period we will implement a new Anti-Modern Slavery Policy and Guidelines to accompany the policy. This Policy and Guidelines will establish responsibility and a plan of action in regard to MACH Energy future work including :

- establishing anti-modern slavery standards.
- developing and deploying standards, procedures and processes to monitor our anti-modern slavery actions.
- defining accountability across all entities in respect of modern slavery risk identification and mitigation.
- engagement with external stakeholders, in particular our suppliers.
- establishing a process for remediation should modern slavery be identified.
- expanding our current complaints mechanism to ensure access for those wishing to express concerns in respect of modern slavery.

Measuring effectiveness

- Over the next reporting period MACH energy will seek to measure the effectiveness of its actions by:
- Establishing a cross functional working group to monitor progress and report on a 6-monthly basis to the Company Secretary.
- Engaging with MACH's suppliers so as to better understand the indirect supply chain.
- Training MACH personnel in modern slavery risk identification.
- Engaging directly with our main contractors to build understanding of risks in their supply chains.

- Consulting with certain suppliers and asking them for information that may assist in gauging how their policies have impacted the behaviour of their suppliers.

6. Consultation

MAH and MEA have common policies and procedures relating to procurement and a common Company Secretary who has worked across the businesses in preparing this statement.

7. Approval

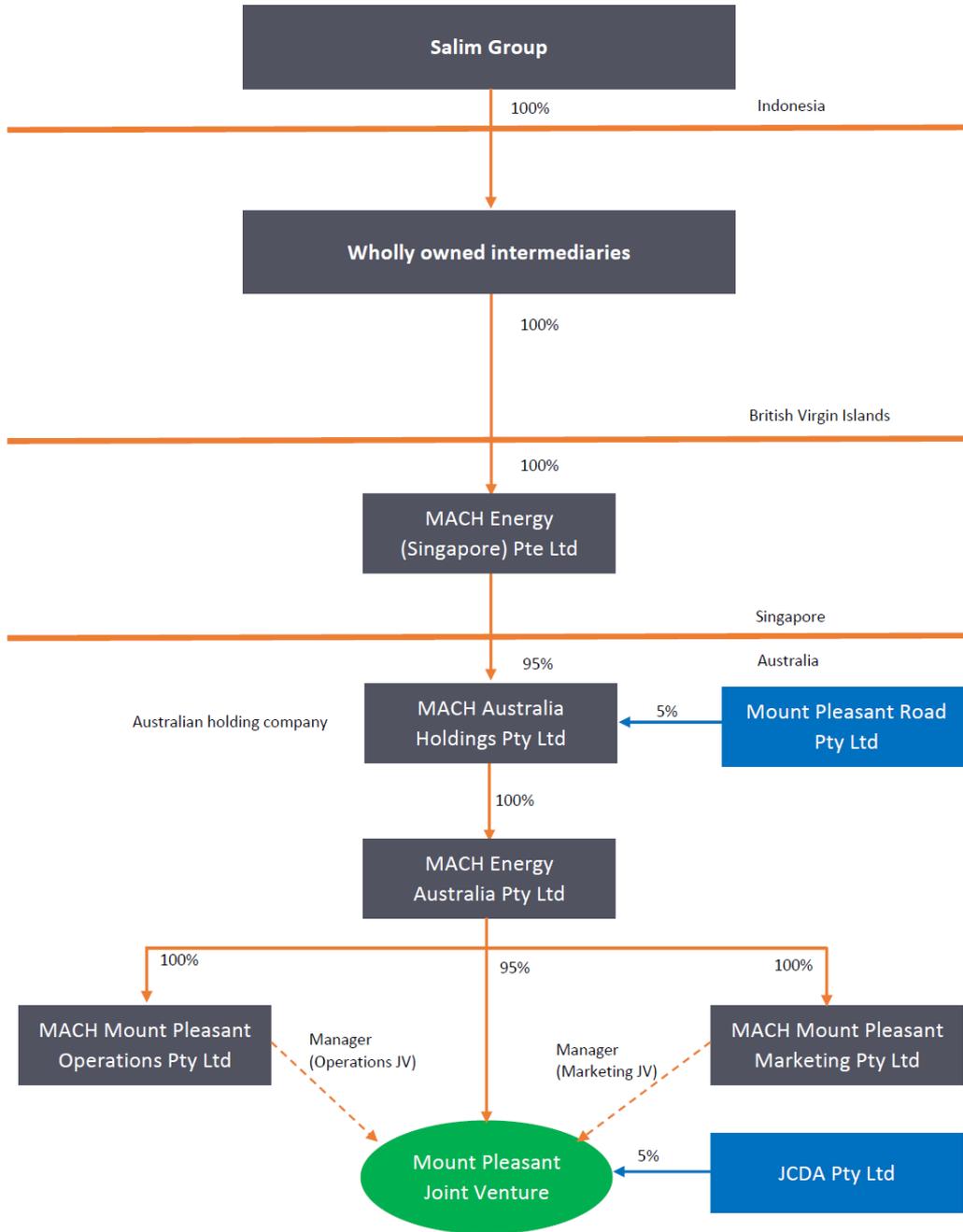
The MACH Energy 2020 Modern Slavery Report was approved by the board of directors of MACH Australia Holdings Pty Ltd on 31 May 2021.



Ferdian Purnamasidi, Director

Date: 3 June 2021

Annexure A – Corporate Chart



Annexure B – Overview of main contractors

