

**MACH Australia Holdings Pty Ltd**  
**ACN 608 494 828**

**MACH Energy Australia Pty Ltd**  
**ACN 608 495 441**

## 2021 Modern Slavery Report

10/04/2022	0	Final	Michael Howard	ELT	Board
<b>Date</b>	<b>Rev.</b>	<b>Status</b>	<b>Prepared By</b>	<b>Checked By</b>	<b>Approved By</b>

## 1. Reporting entities

This 2021 Modern Slavery report is prepared in accordance with the requirements of the *Modern Slavery Act 2018* (Cth) for the year ending 31 December 2021. 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, which was unchanged from 2020.

## 2. Structure and Operations overview

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

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
- Construction contractors who are delivering various projects at Mount Pleasant.

## 3.1 Main Contractors

MACH Energy engages the following contractors to supply the main elements of its business:

- 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 rail transport of coal from Mount Pleasant to either domestic customers or the Newcastle port (for export customers) is performed by Aurizon under a long term contract.
- MACH Energy purchases capacity on the rail network from its owners, the Australian Rail Track Corporation (**ARTC**) under a long term take or pay contract.
- The rights to use either of the two coal storage and ship loading facilities at the Newcastle Port are contained in long term take or pay 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.

## 3.2 Other Suppliers

As was the case in 2020, MACH Energy continues to directly engage other suppliers of goods and services across its business to support its operations 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 Construction Contractors

During the course of 2021 MACH Energy continued to progress (and indeed largely complete) the duplication of its private siding rail loop and associated materials handling infrastructure, known as the rail 2 project (or R2P). Also during 2021, MACH Energy delivered several smaller scale construction projects that were focussed on improving reliability and throughput in and around the coal handling and preparation plant.

The supply chain for the R2P remained as described in MACH's previous Modern Slavery Statement, namely a project management function performed by a third party contractor that delivered the project through multiple packages. Each package of works (such as materials handling, signalling, design, and the rail loop itself) was delivered by a construction contractor.

## 4. Modern slavery risk assessment

MACH Energy has used 2021 to undertake a more thorough assessment of the risk of modern slavery in its supply chain. The outcomes of that risk assessment are as follows:

- Thiess and Sedgman are part of the ASX listed Cimic Group which, in 2021, published its own Modern Slavery Statement covering these entities. MACH Energy has carefully reviewed that statement, so much as it applies to the services provided at Mount Pleasant (rather than the multiple offshore operations of the Cimic Group), and has formed the view that each of Thiess and Sedgman present a low risk of modern slavery in supplying services to Mount Pleasant.
- Aurizon has released its Modern Slavery Statement and identified that, whilst it considers the risk of modern slavery in its tier 1 suppliers is low, assessment of risk in tier 2 suppliers and beyond is still a work in progress. To the extent of the services it provides directly to MACH Energy, Australian labour is used to drive the trains used to transport Mount Pleasant coal, representing a low risk of modern slavery.
- The Newcastle port capacity suppliers NCIG and PWCS each present a low risk of modern slavery through their predominantly Australian based workforce and use of local suppliers. Being part of an international supply chain presents unique indirect risks of modern slavery based on the customers that use the services of NCIG and PWCS.
- As the provider of 'below rail' capacity for the Hunter Valley coal train network, the ARTC presents an overall low risk of modern slavery on the basis that it is Australian Government owned, uses predominantly Australian labour, and has, through its own risk assessment for modern slavery within its tier 1 suppliers, determined that there is low risk of modern slavery.
- Being Australian based entities, the construction contractors engaged at Mount Pleasant employ Australian labour and therefore present a low direct risk of modern slavery. However it is recognised that some of those contractors use tools or materials that are supplied from overseas jurisdictions such as China or North America and therefore indirect risks of modern slavery remain.

- 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, each of which could result in the risk of modern slavery in their respective supply chains.
- Diesel fuel continues to be supplied from south-east Asia through refineries in that region. Based on industry reports there remains a risk of modern slavery in the offshore supply chain for petroleum products, including from the low skilled workforce used in extraction of hydrocarbons, to the seafarers potentially exposed to long and difficult work hours during transit.
- There remains areas of higher risk in the MACH Energy supply chain such as in site maintenance and security services, the supply of personal protective equipment (including clothing), use of photovoltaic cells (i.e. solar power) and cleaning services.

MACH Energy is still in the process of assessing the risks of modern slavery in the indirect supply chain and expects that this assessment will continue for several years owing to the opaque nature of those indirect supply chains.

## 5. Actions

During 2021, MACH Energy took the following important steps:

1. An Anti-Modern Slavery Policy was approved by the board in June, which provides as follows:

*“The MACH Group commits to:*

- *complying with all local and international laws relating to labour and human rights;*
- *ensuring that steps are taken to manage the risk of modern slavery in its operations and supply chains, including actions to prevent, mitigate and remedy modern slavery;*
- *developing and deploying appropriate standards, procedures, processes and resources to identify, enact and monitor the effectiveness of anti-modern slavery actions;*
- *ensuring accountabilities for anti-modern slavery actions are defined and understood;*
- *preparing and maintaining appropriate records of action taken, including annual modern slavery statements;*
- *communicating with appropriate external and internal stakeholders; and*
- *continually improving measures to reduce or eliminate modern slavery within its operations and supply chains.”*

2. Anti-Modern Slavery Guidelines were implemented and training provided to MACH Energy employees.

These guidelines provide a framework for assessing the risks of modern slavery in the MACH Energy supply chain through the following elements and objectives:

Element	Objective
Assessment	Identify and assess modern slavery risks within the MACH Group’s operations and supply chains.
Standard setting	Set minimum standards for the MACH Group and its suppliers to ensure compliance with anti-modern slavery obligations.
Responsibilities	Demonstrate ongoing commitment to eliminating modern slavery within the MACH Group’s operations and supply chains and ensure that responsibilities and accountabilities are assigned and communicated.

Element	Objective
Action	Implement procedures and actions to address risks of modern slavery including grievance mechanisms and remediation.
Support	Provide adequate resources and staff training to support a culture of compliance.
Evaluation	Monitor, measure and evaluate compliance including the adoption of processes to collect accurate and up to date information that demonstrates how compliance is achieved.

3. The MACH Energy Procurement Standard was amended to include a requirement that the risk of modern slavery is to be assessed for all suppliers to MACH Energy.

4. MACH Energy's template contracts have been updated to include, among other things, a specific requirement for our suppliers to establish appropriate systems and processes to ensure risks or occurrences of modern slavery in their supply chains are identified, assessed and addressed, and notify MACH Energy as soon as reasonably practicable after they become aware of, or reasonably suspect, modern slavery is occurring in their supply chain.

MACH Energy is committed to the continuous improvement of our processes to reduce the risk of modern slavery in our supply chain. Over the next 12 months, we aim to raise awareness of the risks of modern slavery, and continue to embed modern slavery considerations into our tender evaluation methodology.

## 6. Measuring effectiveness

MACH Energy has considered various factors in determining whether its approach to the assessment of modern slavery risks is effective and these are set out below. Based on these outcomes, MACH Energy considers that its systems are operating effectively.

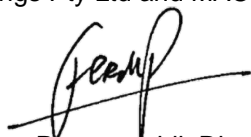
- No reports have been received of actual or potential modern slavery
- Ongoing training has been provided in order to raise awareness of the risks of modern slavery
- Primary suppliers to MACH Energy have each published their own modern slavery statements that don't identify any high risks of modern slavery in their own supply chains

## 7. 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.

## 8. Approval

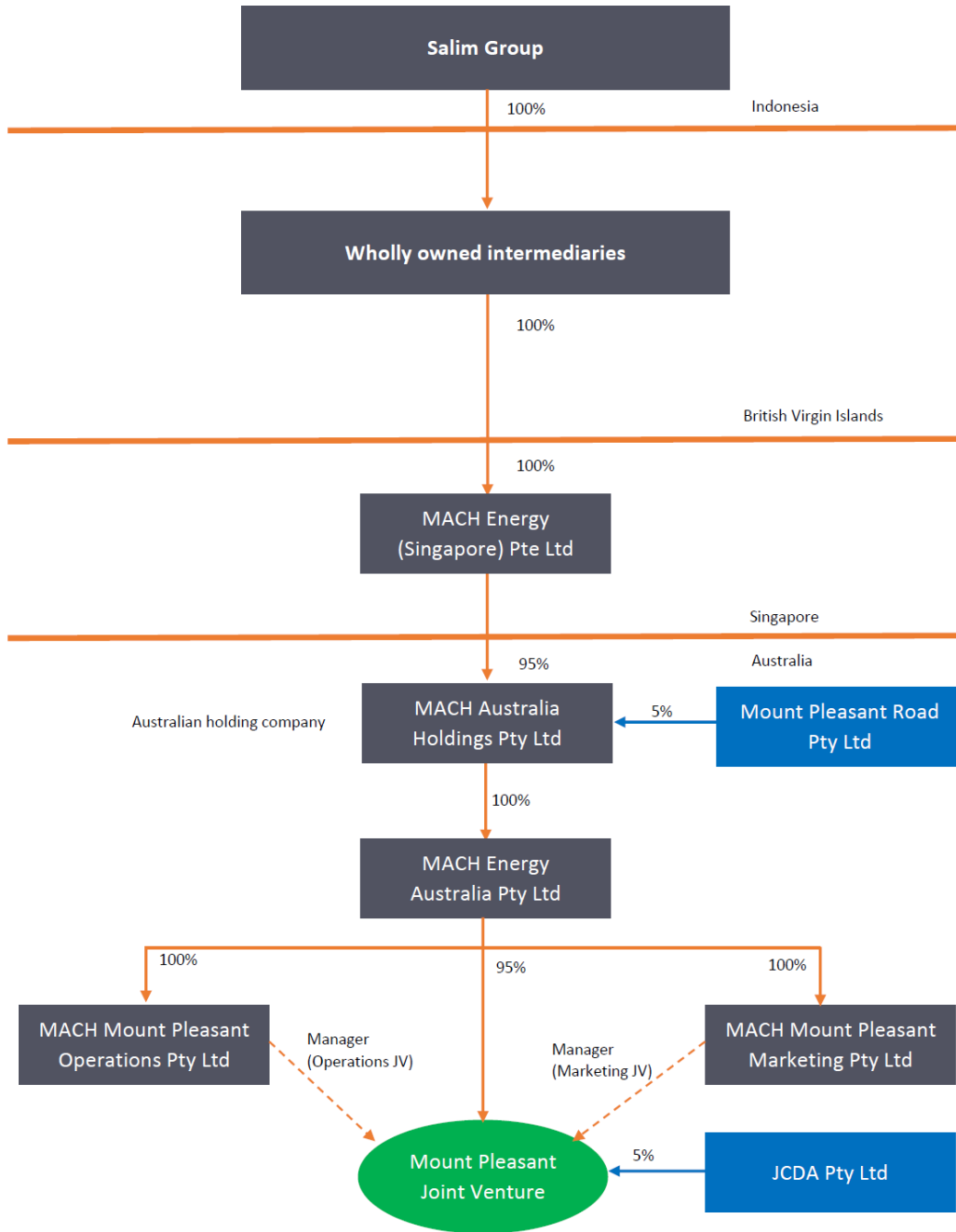
The MACH Energy 2021 Modern Slavery Report was approved by the board of directors of MACH Australia Holdings Pty Ltd and MACH Energy Australia Pty Ltd on 11 May 2022.



Ferdian Purnamasidi, Director

Date: 11 May 2022

## Annexure A – Corporate Chart



## Annexure B – Overview of main contractors

