



# 2023 Environmental, Social and Governance (ESG) Report

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## PHOTOS

**Cover:** Yellow-Throated Miner at Lynas' Kalgoorlie Rare Earths Processing Facility – photo by Kathryn Jensen.

**Inside cover:** Pink Mulla Mulla at Lynas' Kalgoorlie Rare Earths Processing Facility.

# FY23 Key Figures and Highlights

Lynas Rare Earths acknowledges the Traditional Owners of the lands on which we live and work, across Australia.

We acknowledge and value Lynas' Aboriginal and Torres Strait Islander employees, partners and communities and pay respect to their Elders past and present.



# Letter from our Chairman & CEO

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## Welcome to the Lynas Rare Earths ESG Report for the 2023 financial year

Lynas holds an important role as an ethical and responsible rare earths producer and the only scale producer of separated rare earth materials outside China. The products we produce are critical inputs to technologies needed to meet the challenges of climate change such as wind turbines and electric vehicles.

As an integrated rare earths producer, Lynas has a transparent supply chain from our Mt Weld mine to the finished products exported from our advanced materials plant in Malaysia. Just as provenance matters to our customers, ensuring our operations meet high standards for environment, social and governance (ESG) matters to our people, our communities and you, our shareholders.

We are therefore proud to present the 2023 ESG Report which sets out our performance in the 2023 financial year and our objectives for the year ahead.

Throughout our company, our people are committed to managing our operations in a way that is safe for our people, responsible for the environment, and beneficial for our host communities. We do this because it is the right thing to do.

This has been an exciting year for Lynas with the completion of major construction works and commencement of stage 4 commissioning at our new Kalgoorlie Rare Earths Processing Facility. This new Facility is providing jobs and economic benefit to the Goldfields and Western Australian economies. The Facility will process Rare Earth Concentrate from Mt Weld and ship the resulting Mixed Rare Earth Carbonate to Lynas Malaysia or, in the future, our U.S. Rare Earths Processing Facility for separation. Construction and tie-in works are being undertaken at Lynas Malaysia to receive and process the Mixed Rare Earth Carbonate produced in Kalgoorlie.

During the year we also announced an expansion project for our Mt Weld mine and concentration plant, near Laverton in Western Australia, to meet forecast demand growth for rare earth materials. The Project has commenced with long lead procurement and early and preliminary works. Together with the new Kalgoorlie Facility, this will bring our investment in the Goldfields to over \$1.2 billion.

Sustainability and circular economy initiatives are planned as part of the Mt Weld expansion, including water recycling and a new gas-renewable hybrid power station. A tender was released during the year and an early works contract has been awarded to assist with progressing the power station while tender negotiations are finalised. This is an exciting initiative for Mt Weld as it will allow us to move away from diesel power generation and will target up to 70% renewable energy.

Preventing modern slavery in our operations and in our supply chains remains a focus for our company and this year we held modern slavery training for both our people and our suppliers. The training was very well received and we will plan further supplier webinars and training on ESG-related topics in the future.

In keeping with our commitment to continuous improvement, we continue to enhance our ESG reporting and follow the development of new reporting initiatives including the International Sustainability Standards Board's Climate-related Disclosures Standard.

We look forward to hearing your feedback and updating you on our further progress in the 2024 financial year.



Kathleen Conlon  
**Chairman**



Amanda Lacaze  
**Chief Executive Officer and Managing Director**



# 1. Our ESG Reporting

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The Lynas Rare Earths (Lynas) Environmental, Social and Governance (ESG) Report 2023 outlines the Company's ongoing commitment to report progress towards the principles of the United Nations Global Compact (UNGC), to which we are a signatory, and towards achieving the UN Sustainable Development Goals.

The content of this report is also informed by the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines which are referenced in the ASX Corporate Governance Council, Corporate Governance Principles and Recommendations, 3rd and 4th Editions.

This report has been prepared in accordance with the GRI Standards: Core option, plus the Mining & Metals Sector Supplement and covers all of our operations globally. A copy of the GRI Content Index with links to relevant sections of the document is provided in the Navigation Index in Appendix 3. Lynas is also following the development of the new GRI Mining Sector Standard.

The 2023 ESG Report has also been prepared with reference to the World Economic Forum's 21 core ESG metrics and disclosures across Four Pillars – Principles of Governance, Planet, People and Prosperity.

Lynas has an excellent track record of compliance with local laws and regulations and adopts international best practice in all jurisdictions where this is at a higher standard than local regulations.

## External verification and ESG initiatives

Lynas participates in the following external accreditation and ESG initiatives:

- UN Global Compact
- Global Reporting Initiative (GRI)
- Task Force for Climate-related Financial Disclosures (TCFD)
- ISO Standards 9001, 14001, 45001
- Together for Sustainability (EcoVadis Sustainability Assessment)
- Life Cycle Assessment of our products
- Development of ISO TC 298 Rare Earth
- UN Guiding Principles on Business and Human Rights

Lynas Malaysia was assessed by EcoVadis in 2023 as part of a biennial assessment for our company's participation in the Together for Sustainability initiative. Together for Sustainability, a global network of 31 multinational chemical companies, delivers the de facto global standard for environmental, social and governance performance of chemical supply chains, in line with the UN Global Compact and Responsible Care® principles.

In March 2023, Lynas Malaysia was awarded a Gold Medal Sustainability rating from EcoVadis for the third time, based on performance across the environment, labour and human rights, ethics and sustainable procurement. Lynas Malaysia first achieved a Gold Medal rating in 2019. A gold medal rating places Lynas in the top 5% of companies assessed by EcoVadis globally.



Lynas is a signatory to the United Nations Global Compact, the world's largest corporate sustainability initiative, and we are once again reporting our Communication on Progress (CoP) in digital form. In 2022, Lynas was proud to take part in the Early Adopter Programme for the new CoP as part of our commitment to transparently disclose our implementation of the Global Compact's Ten Principles and contribution to Sustainable Development Goals.



The annual ISO surveillance audits were conducted at Mt Weld and Lynas Malaysia during the year and both sites were recertified for ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management) and ISO 45001:2018 (Occupational Health and Safety Management). Lynas sites have been certified since 2012. In October 2022, the Malaysian DAE (Department of Atomic Energy) completed its latest licence renewal audit of the Lynas Malaysia plant, which achieved a rating of "Very Satisfactory", which is the highest performance rating.

A summary of Lynas' entities, operations and financial statements for 1 July 2022 to 30 June 2023 are reported separately in the FY23 Annual Report available at <https://lynasrareearths.com/investors-media/>.

All references to Lynas, the Group, the Company, refer to Lynas Rare Earths Limited (ACN 009 066 648) and its subsidiaries. All references to a year are the financial year ended 30 June 2023 (FY23), unless otherwise stated.

## Assurance

The process to verify the integrity of this report includes internal controls such as incident tracking, management assurance over compliance obligations and environmental risks which are reviewed annually and as required, and Board oversight. External assurance is provided by annual audits of environmental management practices, regulatory monitoring including Department of Environment reporting in Malaysia and Department of Water and Environmental Regulation, Department of Mines Industry Regulation and Safety reporting, NGER (National Greenhouse and Energy Reporting) and tailings facility audits in Western Australia.

Lynas also offers a Whistleblower program for timely reporting of compliance breaches and participates in external verification initiatives including annual ISO accreditation audits and biennial EcoVadis sustainability assessments.

No additional external assurance has been sought regarding the content of this report.

## Feedback

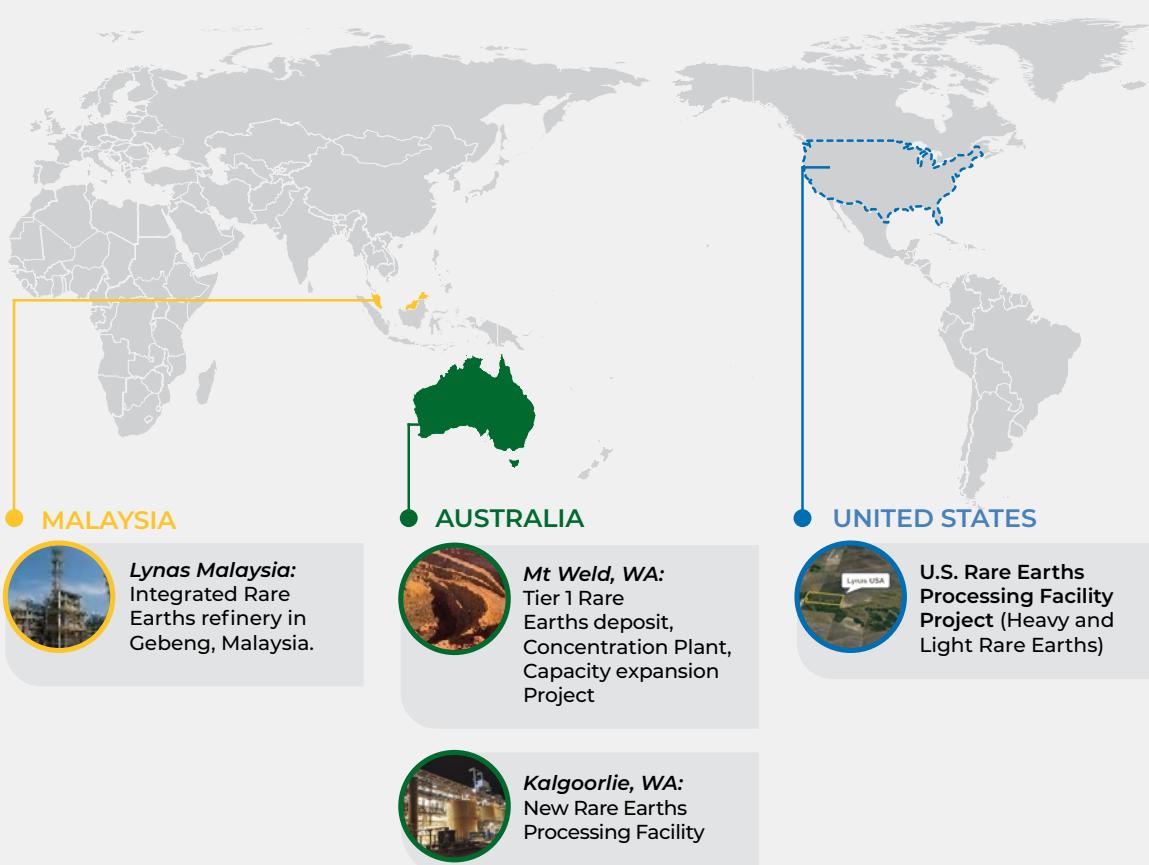
Lynas appreciates any feedback which will help the Company improve future reporting and communication with stakeholders. We invite you to send your comments or suggestions to: [investorrelations@lynasre.com](mailto:investorrelations@lynasre.com)

## 2. Our Operations

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Lynas Rare Earths Limited (Lynas) is a publicly listed company incorporated in Australia and headquartered in Perth, Western Australia. Lynas is the only significant producer of separated rare earths outside of China and sources feedstock from our high grade, long life Mt Weld rare earths deposit in Western Australia which is processed and separated at our company-owned advanced materials plant in Malaysia. Lynas was established as an environmentally responsible rare earths producer and the materials we produce are traceable from mine to finished product. Lynas also offers mine to motor traceability with selected downstream manufacturing partners.

Lynas' rare earth products include Neodymium and Praseodymium (NdPr) used in magnets, Lanthanum (La), Cerium (Ce) and a Mixed Heavy Rare Earths compound (SEG). Rare earth materials are used in a range of high tech and green tech applications including hybrid and electric vehicles, wind turbines and electronics. The key markets for these materials are manufacturing supply chains in east Asia, Europe and North America.

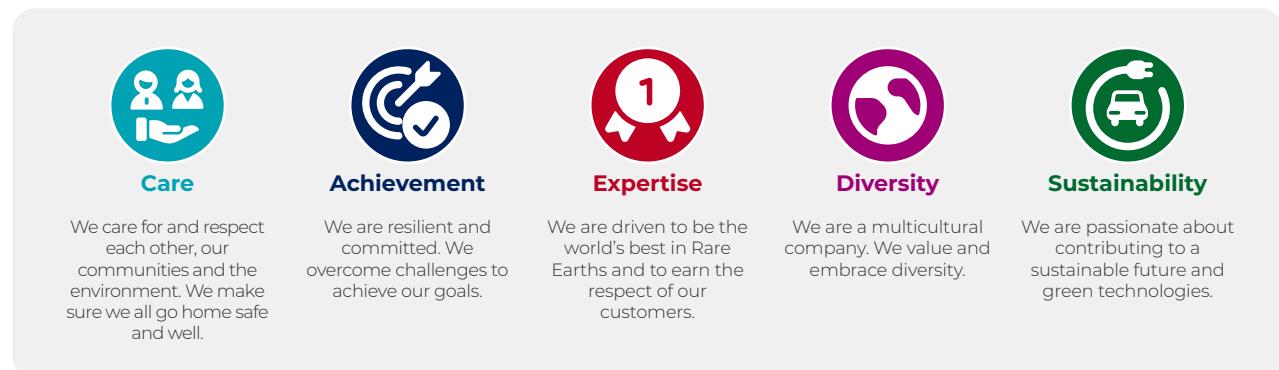


# 3. Principles of Governance

## 3.1 Governing purpose

Lynas aims to be the supplier of choice for our customers and a leader in sustainably produced rare earths. This vision lives through our people and the way we do business. Shared values and a culture which unlocks the potential of our people are fundamental to our success.

### Our values



Our vision and values guide our approach to ESG. We live and work by our values every day.

### Our ESG approach



### 3.2 Quality of governing body

Lynas' Board of Directors has seven members – six are independent and the seventh is our Managing Director and Chief Executive Officer (CEO). The Chairman of the Board is an independent non-executive Director. The Board has three Committees, each of which is chaired by an independent non-executive Director and the Board and each Committee has a Charter setting out its responsibilities.



The FY23 Lynas Rare Earths Corporate Governance Statement outlines the skills and experience each Board member contributes, as well as their independence, tenure, responsibilities for the full Board and its committees, and other significant Board positions. For more information on our corporate governance practices, see our Constitution and Board Charter which are available on the Lynas website at <https://lynasrareearths.com/about-us/corporate-governance/>

At a Board level, ESG (including climate change) is overseen by the Board on recommendations from the Audit, Risk & ESG Committee and the executive. At an executive level, the Lynas Leadership Team is responsible for ESG including climate change.

The Lynas Diversity Policy recognises and champions diversity as it ensures a broad range of perspectives, experience and expertise. The Policy includes requirements for the Board to establish measurable objectives for achieving gender diversity in the composition of the Board, senior executives and the workforce generally, and for the Board to assess, on an annual basis, the objectives and progress in achieving them. The Policy is available at: <https://lynasrareearths.com/about-us/corporate-governance/>

Consistent with our focus on gender diversity, at 30 June 2023, 43% of the Board of Directors are women.

Level of the Organisation	Gender Diversity Level at 30 June 2023	Target for the end of CY2023	Target for the end of CY2024
The Board	43%	40:40:20*	40:40:20%

\* 40:40:20% is a best practice gender equality target and represents 40% women, 40% men, 20% any gender

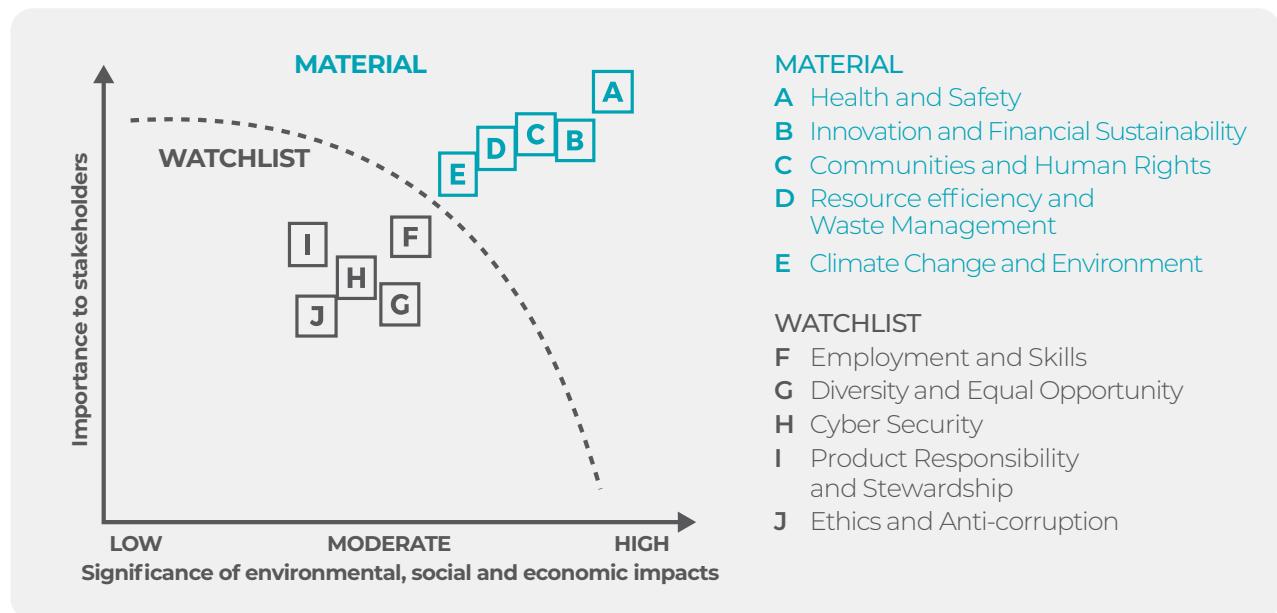
Further information on diversity at Lynas is provided in Section 6.1 Dignity & Equality.

### 3.3 Stakeholder engagement

This report covers the key environmental, social and governance aspects which reflect the material issues of Lynas' operations. Material issues are those where we have a significant effect on the economy, environment and/or society (positive or negative), and which have a substantive influence on the assessments and decisions of stakeholders.

The process for determining FY23 material issues comprised four key steps: research, identification, prioritisation and validation. This process was conducted by a cross-functional team to ensure that we considered the full scope of the effects of our activities, both within our own operations and externally through interactions with investors, customers, communities, suppliers, the broader industry and others.

The following materiality matrix for FY23, presents material issues for Lynas in FY23, by significance of impact and importance to our stakeholders. These material issues are continued areas of focus for the Company as we drive sustainable value creation.



**Our material priorities are aligned with the United Nations' Sustainable Development Goals:**

<b>Health and Safety</b>	3 GOOD HEALTH AND WELL-BEING 	8 DECENT WORK AND ECONOMIC GROWTH 			
<b>Innovation and Financial Sustainability</b>	5 GENDER EQUALITY 	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	10 REDUCED INEQUALITIES 	11 SUSTAINABLE CITIES AND COMMUNITIES 
<b>Communities and Human Rights</b>	1 NO POVERTY 	3 GOOD HEALTH AND WELL-BEING 	5 GENDER EQUALITY 	11 SUSTAINABLE CITIES AND COMMUNITIES 	
<b>Resource Efficiency and Waste Management</b>	3 GOOD HEALTH AND WELL-BEING 	6 CLEAN WATER AND SANITATION 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	15 LIFE ON LAND 	
<b>Climate Change and Environment</b>	7 AFFORDABLE AND CLEAN ENERGY 	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	13 CLIMATE ACTION 	
<b>Employment and Skills</b>	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	

In addition to the materiality assessment, Lynas engages with stakeholders on an ongoing basis – ranging from an annual customer satisfaction survey to regular information sharing and consultation with our local communities and engagement with investors (see Appendix 1: Stakeholder Engagement).

We communicate our progress to investors through our Annual Report (available in the Investors section of our website [www.lynasrareearths.com](http://www.lynasrareearths.com)), through financial reports and investor briefings for quarterly, half-year and full-year results and at the Annual General Meeting. We also communicate to a wide range of stakeholders through presentations to meetings and conferences, community consultations and engagements, media interviews, and since 2019, via the annual Sustainability/ESG Report which is available at [www.lynasrareearths.com](http://www.lynasrareearths.com).

# 4. Ethical Behaviour

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## 4.1 Anti-corruption

### **Training on ethical behaviour and anti-bribery and corruption**

The Lynas Rare Earths Code of Conduct and Anti-Bribery Policy outline the standard for our business ethics, integrity and behaviour. In FY23, Lynas continued to work through Transparency International's UK guidance on anti-bribery and corruption best practice for companies to identify opportunities to improve our anti-bribery and corruption program. This included annual staff Code of Conduct and anti-bribery and corruption training which was undertaken during the year.

All employees are required to comply with multiple policies regarding ethical behaviour that include our Code of Conduct, available in both English and Malay. The Anti-Bribery Policy complements the Code of Conduct with additional guidance on compliance with our zero tolerance of bribery and other forms of corruption. Employees who are found to have breached our Code of Conduct or our Anti-Bribery Policy are subject to disciplinary action which may include termination of their employment and referral to relevant authorities.

<b>Confirmed incidents of corruption</b>	<b>Total</b>
Incidents confirmed in FY23 related to previous years	0
Incidents confirmed in FY23 related to the current year	0

## 4.2 Initiatives and stakeholder engagement to combat corruption

As part of our work to identify opportunities for improvement in line with Transparency International UK Guidance on Good Practice Procedures, Lynas engages with internal and external stakeholders as appropriate. This work will continue in FY24.

## 4.3 Protected ethics advice and reporting mechanisms

### **4.3.1 Seeking advice about ethical and lawful behaviour and organisational integrity**

Lynas is committed to ensuring our employees, contractors and business associates can raise concerns regarding bribery, corruption or other improper conduct without being subjected to victimisation, harassment or discriminatory treatment, and to have such concerns properly investigated.

Our Code of Conduct, Supplier Code of Conduct and Sustainability Policy and Whistleblower Policy outline the official complaints procedure for our employees, contractors and suppliers.

There are multiple avenues for employees to raise concerns or report incidents. This includes raising issues or concerns with a supervisor or manager, the VP People & Culture, the General Counsel, or any member of the Lynas Leadership Team.

We encourage our people and communities to report any concerns or breaches of our policies and we have an independently operated, confidential Disclosure Line in place for our personnel, business partners and communities. The Lynas Whistleblower Policy contains protections and confidentiality provisions for whistleblowers, consistent with applicable legislation, as well as contact details for the independently operated Disclosure Line.

### **4.3.2 Reporting concerns about unethical or unlawful behaviour and lack of organisation integrity**

Reflecting an increase in awareness of and training on the Lynas disclosure line, there were 3 reports to the Disclosure Line in FY23. All reports were investigated.

Concern	Business dealings	Health & safety	Employee conduct
Number of reports	1	1	1

In FY23, Lynas conducted a market review of independent disclosure line services to identify a service that was fit for purpose for our growing company. Key criteria included a service that provided a range of channels that could be used for reporting (e.g. online, phone), availability of the service in a range of languages, and the ability for whistleblowers to anonymously communicate with investigators on requests for additional information or to check the status of a report.

Lynas has engaged a new service, Deloitte Conduct Watch, to operate the Lynas SpeakUp disclosure line. Training on the new service was provided as part of the annual staff Code of Conduct training and the new service has launched. Details on Lynas SpeakUp are available in the Whistleblower Policy at <https://lynasrareearths.com/about-us/corporate-governance/>.



# 5. Risk and Opportunity Oversight

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Lynas operates in a changing environment and is therefore subject to factors and business risks that will affect future performance. Risk assessments are updated by operations and management and reported to the Board of Directors.

Lynas has a Risk Management Policy and a Risk Management Framework for oversight and management of material business risks. The Audit, Risk & ESG Committee reviews the Group's Risk Management Framework at least annually to satisfy itself that it continues to be sound.

The company identifies risks, then evaluates the inherent risk of an activity and the mitigation required. Risk assessments are updated by operations and management and reported to the Board of Directors.

The Lynas materiality process complements our risk practices as we assess the key external impacts of our activities and their related business consequences, including through reporting against the Task Force for Climate-related Financial Disclosures framework (included in the FY23 Financial Report and Annual Report).

During the financial year ending 30 June 2023, the Group began implementing an internal audit function. The Group's internal audit function has previously focused on compliance with ISO standards by the Group's operating processes. The internal audit function will be progressively expanded to other key areas of risk in the business. During the financial year ending 30 June 2022, the Group appointed Price Waterhouse Coopers to recommend an internal audit plan focused on key areas of the business consistent with the outcomes of the risk mapping process. The implementation of this plan commenced in the financial year ending 30 June 2023 and is ongoing.

Further information in relation to risk oversight and management is outlined in the annual Corporate Governance Statement available at <https://lynasrareearths.com/about-us/corporate-governance/>.

## 5.1 Cyber security

Governance of cyber security risk is overseen by the Board on advice from the Audit, Risk & ESG Committee.

In FY23, Lynas completed corporate cyber security audits and assessments including third party network penetration testing which confirmed compliance with security standards. Regular IT audits and cyber security health checks are undertaken with external specialists and action plans are developed for implementation.

Regular cyber security awareness training and phishing simulation testing was conducted for all staff during the year and a Board education session was held on corporate cyber security awareness and incident prevention.

From a social media perspective, social media disinformation remains an ongoing issue for many industries and the June 2022 report by cyber security firm Mandiant highlighted the extent of this in the rare earths industry. Lynas continues to see elevated activity targeting rare earths firms and report it to the relevant platforms diligently. Given the ongoing nature of disinformation campaigns, the only effective long term response is to ensure that all stakeholders have access to accurate information. Lynas continues to work to ensure that factual and scientific information is available to our customers, communities, shareholders and other stakeholders.

Social media safety and education programs for staff were also rolled out during the year.

## 5.2 Progress against strategic milestones

The following performance chart sets out our main environmental and social objectives and key performance indicators.

### Key Indicators

Key indicators	Unit	FY21	FY22	FY23	Commentary	Target (FY24)
<b>GHG emissions</b>						
Complete scope of work and award contract for gas/hybrid renewable power station at Mt Weld	N/A	N/A	N/A	Early works contract awarded for Mt Weld gas-renewable hybrid power station	Hybrid power station targeting up to 70% renewable input.	Complete tender negotiations and awarded contract for Mt Weld gas-hybrid power station
80% purchased electricity from renewable sources in 2025	% purchased electricity from renewable sources	0%	0%	Procurement completed to achieve 80% of purchased electricity from renewable sources in 2025	Contract signed for 1.5MW solar PV array for Lynas Malaysia. Contract signed for Renewable Energy Certificates to achieve 80% purchased electricity from renewable sources in 2025	N/A
<b>Water</b>						
Bore water consumption reduction: m <sup>3</sup> of groundwater abstracted per dry tonne of ore processed	m <sup>3</sup> ground-water/dry tonne of ore processed	6.3	6.03	5.03	Achieved	5.00 m <sup>3</sup> of bore water abstracted per tonne of ore processed in FY24
Zero significant water-related incidents	Number of water related incidents	0	0	0	Achieved	0
<b>Tailings</b>						
Continue to manage tailings through their life cycle in a safe and environmentally responsible way	Number of tailings related incidents	0	0	0	Achieved	0
<b>Promoting diversity</b>						
Increase percentage of female employees in senior executive positions	% of women	16.7%	23.9%	25%	Progress achieved as at 30 June 2023	30% by the end of 2024

## Risk and opportunity oversight

Key indicators	Unit	FY21	FY22	FY23	Commentary	Target (FY24)
<b>Climate change</b>						
GHG reduction targets	-	-	Committed to SBTi and completed scoping of GHG emissions profile	Tender released & early works contract awarded for Mt Weld gas-renewable hybrid power station  Completed procurement to achieve 80% of purchased electricity from renewable sources in 2025	<i>Note: Lynas withdrew from SBTi in January 2023 as chemical industry pathway would not become available in required 2 year timeframe. The company is focused on taking action and setting targets to reduce GHG emissions intensity.</i>	Complete tender negotiations and award contract for Mt Weld gas-hybrid power station
Continue the Scope 3 emissions evaluation	-	Introduced	Enhanced	Enhanced	Additional Scope 3 category (Business Travel) completed	N/A
Continue progress in reporting of climate-related financial disclosures	Enhanced reporting against framework	Introduced	Enhanced	Enhanced	Further enhanced TCFD reporting in FY23 with addition of scenario analysis	Complete readiness assessment in relation to IASSB climate related disclosures standard

## 5.3 Remuneration

Lynas' remuneration objective is to ensure that shareholder value is maximised by the attraction and retention of talented people. Executive remuneration consists of a fixed pay component and an 'at risk' or performance related component. This comprises a Short Term Incentive (STI) which supports the delivery of annual performance goals selected by the Board considering the budget and Lynas' strategic initiatives and a Long Term Incentive (LTI) focused on long term performance goals which create sustained value for shareholders.

The STI includes both financial and non-financial performance conditions which include ESG and climate related conditions. In FY23, the non-financial performance conditions selected for the STI included strategic plan progress; safety; Greenhouse Gas emission reduction plans; diversity; and circular economy initiatives.

The Long Term Incentive (LTI) recognises that capital projects are a substantial growth driver for the company. The LTI issued in FY23 has two components which are designed to be aligned with the creation of sustainable long term shareholder value. The first of these components is Relative Total Shareholder Returns (TSR) assessed over a three year period, relative to other peer group companies. The second component is related to strategic targets aligned with the Lynas' strategic growth objectives.

Further details are available in the 2023 Annual Report available on our website at <https://lynasrareearths.com/investors-media/>.

## 5.4 Public policy development

As the only significant producer of separated rare earths outside of China, Lynas is actively engaged with governments around the world and contributes our expertise to addressing critical minerals supply chain challenges. Governments outside China, including Australia, Japan, The United States and the European Union, are taking action to secure a diverse and resilient supply of rare earth materials for industry.

Lynas Rare Earths is a member of the Western Australian Government's Future Battery & Critical Minerals Industry taskforce and the European Raw Materials Alliance (ERMA).

### 5.4.1 U.S. lobbying activities

2023 reports filed by lobbyists representing Lynas Rare Earths are available from the U.S. House of Representatives at: <https://disclosurespreview.house.gov>.

### 5.4.2 Industry associations

As a leader in the Australian critical minerals industry, Lynas is a member of key industry associations. Through these associations, we share and develop industry best practice and contribute to industry and policy discussion and debate.

Lynas' major industry association memberships are with the Minerals Council of Australia (MCA) and the Chamber of Minerals & Energy of Western Australia (CME WA). Both the MCA and CME WA support the Paris Agreement and its goal of net zero emissions by 2050 and Lynas is committed to this goal through our membership of the MCA.

Details of memberships of associations can be found in Appendix 4: Memberships and Initiatives.



# 6. Caring for our People

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At June 30, 2023, Lynas had 1102 employees across Malaysia and Australia. Contractors working on Lynas sites are held to the same high safety standards as Lynas employees and receive equivalent safety training.

The biennial company-wide Employee Engagement Survey was most recently undertaken in June 2022 and achieved a participation rate of 59%. A site-based program of work has been undertaken in FY23 to act on feedback received in the Employee Engagement Survey. The next company-wide Employee Engagement Survey will be undertaken in 2024.

The survey found 93% of staff agreed with the statement "I believe the work we do is important because Lynas is a sustainable and environmentally responsible producer of rare earths" and 87% of staff would recommend Lynas as a great place to work. For the first time, questions were included on personal safety and respect at work. 93% of staff agreed with the statement "I feel safe at work" and 86% of staff agreed with the statement "I am respected at work".

## 6.1 Dignity and equality

### 6.1.1 Diversity and inclusion % (age, gender, ethnicity)

Valuing and embracing diversity is a core value at Lynas and we recognise the need to set diversity measures to monitor our progress.

As a result of the continued focus on the development of women within our business, female employees increased to 25% of total employees at the end of FY23 (from 23% in FY22).

The percentage of female employees in senior executive positions increased to 25% at the end of FY23 from 24% in FY22 (defined as all managers and above including CEO, CEO-1, -2, -3).

The Group continues to encourage a wide range of ethnic backgrounds among employees and the workforce includes people from a large number of cultures and backgrounds. Over 10 nationalities are represented in our executive and senior leadership ranks. Lynas' policy to preference local employment and promote education in our local communities also contributes to the diversity of the workforce.

With the expansion of our operations, in FY24 Lynas is targeting increased workforce mobility, providing opportunities for our people to gain experience at our operations in other countries. As well as increasing cultural and ethnic diversity, this will also increase the diversity of skills and experiences on our sites.

A copy of our Diversity Policy is available at <https://lynasrareearths.com/about-us/corporate-governance/>.

Proportion of women (%)	FY20	FY21	FY22	FY23
Lynas Total Employees	16%	19%	23%	25%
Senior Executives	16%	21%	24%	25%
Lynas Board	33%	50%	50%	43% <sup>1</sup>

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<sup>1</sup> Note: An additional director was appointed to the Lynas Board in FY23.

The objectives set by the Board for achieving gender diversity are as follows:

Level of the Organisation	Gender Diversity at 30 June 2023	Target for the end of 2023	Target for the end of 2024
The whole organisation	25%	30%	30%
Senior Executives*	25%	30%	30%
Lynas Board	43%	40:40:20%**	40:40:20%

\* Senior executives defines as all managers and above including CEO, CEO-1, -2, -3

\*\* 40:40:20% is a best practice gender equality target and represents 40% women, 40% men, 20% any gender

Lynas prioritises local employment opportunities in each of the regions in which we operate. In FY23, local employees represented 98% of the workforce and expatriates accounted for 2% of the workforce.

The median age of employees in FY23 was 30-50 years old.

Age structure in FY23	<30	30-50	>50
Lynas Total (as % of total employees)	26%	62%	12%

Lynas is actively engaged in industry initiatives including participation in the Minerals Council of Australia's Respect@Work taskforce. Lynas has implemented a number of initiatives aligned with the MCA's Respect@Work toolkit including Code of Conduct training at all sites and as part of the induction process, policies, an employee engagement survey and communicating expected standards of behaviour at social events.

Lynas has zero tolerance of harassment and discrimination and we have a Code of Conduct which defines inappropriate behaviour and relevant disciplinary actions. All staff undertake training on appropriate workplace behaviour and conduct. A formal employee grievance process has been established to assist in identifying issues such as inappropriate workplace behaviour and behaviour that is inconsistent with Lynas' values and diversity objectives.

### 6.1.2 Pay equality

We value our people and recognise the dignity that comes from fair compensation. All Lynas employees receive pay and entitlements that are consistent with legislative requirements in Australia and Malaysia and applicable legislation including working time and conditions is followed. Lynas also provides enhanced benefits, leave and allowances to foster employee wellbeing.

In Malaysia, we offer flexible working hours for non-operations employees, maternity leave above statutory requirements, part-time work transition from maternity leave, paternity leave and health schemes. Lynas Malaysia also operates a childcare facility for the children of Lynas Malaysia team members.

In Australia Lynas Rare Earths reported under the Workplace Gender Equality Act (WGEA) for the year ending 31 March 2023 for Lynas Rare Earths' Australian operations. This was the second WGEA report for Lynas Rare Earths and significant progress was made during the year including:

- Launching a new Flexible Working Arrangements Procedure for Australian operations that includes opportunities for flexible work arrangements for people with caring responsibilities.
- Launching a new Parental Leave Procedure for Australian operations that offers:
  - Full pay for the first 18 weeks of parental leave to Lynas employees with 12 months continuous service and who will be responsible for the primary care of the child (biological or adoption related);
  - Full pay for three weeks of parental leave to Lynas employees with 12 months continuous service to provide support to their dependents where an employee's partner, de facto, spouse, has given birth to a child and is the primary caregiver.
- Launching a new Family and Domestic Violence Leave Procedure for Australian operations that outlines Lynas' commitment to supporting employees (fulltime, part-time and casual) who may be experiencing family and domestic violence. This includes 10 days of paid Family and Domestic Violence Leave in a 12-month period.
- Ensuring all Australian sites have wellness rooms which are equipped with a fridge and provide a private space for breastfeeding or expressing.

The WGEA public data reports are available on our website at <https://lynasrareearths.com/about-us/corporate-governance/> or on the WGEA website at [www.wgea.gov.au/](http://www.wgea.gov.au/).

Further analysis on gender pay data has been undertaken during the year to assess the level of gender pay gap in Lynas' operations and action is being taken to reduce gender pay gaps where they exist.

### 6.1.3 Wage level

Training and development opportunities are offered to all employees.

At Lynas, we believe employees should share in the prosperity of the company. All employees are eligible to benefit from an annual bonus pool when key safety and business targets are met. Payments are made to all employees (except the Executive and Management employees who receive STI/LTI Payments) in an equal amount.

Lynas is committed to paying a living wage. Lynas Malaysia monthly wages (without overtime) have been assessed against available living wage data for Kuantan where the Lynas Malaysia plant is located and all employee salaries are at or above the living wage.<sup>2</sup>

According to an economic impact assessment prepared by an external organisation, 99% of jobs created at Lynas Malaysia are in the middle and high-income categories and average income for a Lynas Malaysia employee is approximately three and a half times the average income in the state where the Lynas Malaysia plant is located and approximately three times the national average income.<sup>3</sup>

## 6.2 Health and wellbeing

At Lynas, safety is our first priority. This means we are focused on production that is safe for our people, safe for our communities, and safe for the environment.

### 6.2.1 Safety performance

Lynas' safety reporting is aligned with the ISO 45001 (Occupational Health and Safety Management) guidelines for the recording and reporting of occupational injuries and illnesses.

There were no workplace fatalities or prosecutions in FY23 across all operating sites (Malaysia and Western Australia).

The 12-month rolling lost time injury frequency rate as at 30 June 2023 was 1.2 per million hours worked (June 2022: 0.8 per million hours worked). In addition, the 12-month total recordable injury frequency rate at 30 June 2023 was 3.2 per million hours worked<sup>4</sup> (June 2022: 2.4 per million hours worked<sup>5</sup>). It is disappointing that lost time and restricted work injuries have risen over the period. This will be a focus of our health and safety programs in FY24.

	FY20	FY21	FY22	FY23
Total Recordable Injury Frequency (TRIF) rate per million hours worked	3.5	2.1	2.4	3.2
Lost Time Injury Frequency (LTIF) rate per million hours worked	0.8	0.8	0.8	1.2
Fatalities	0	0	0	0

Care and ensuring that everyone working at Lynas goes home safe and well is a core value of our company. Additional sites and increased activity on each site has introduced new risks. Additional education and training initiatives to facilitate improved performance are ongoing.

2 [https://rmkel2.ekonomi.gov.my/ksp/storage/event/124\\_24\\_puan\\_nik\\_noor\\_ainoon\\_belanjawanku\\_reference\\_budget\\_for\\_malaysian.pdf](https://rmkel2.ekonomi.gov.my/ksp/storage/event/124_24_puan_nik_noor_ainoon_belanjawanku_reference_budget_for_malaysian.pdf)

3 <https://lynasrareearths.com/lynas-malaysia-economic-impact-report-2021/>

4 Subsequent to the release of the Quarterly Report for the period ended 30 June 2023 on 31 July 2023, which stated that Lynas' TRIF rate to 30 June 2023 was 3.4 per million hours worked, reclassification of an injury has resulted in a change to 3.2 per million hours worked.

5 On a like for like basis, the FY22 TRIFR was 3.2 per million hours worked due to reclassification of an injury which resulted in a change from 2.4 per million hours worked subsequent to the release of the Quarterly Report for the period ended 30 June 2022 on 18 July 2022.

Action has been taken to ensure the health and safety governance structure is consistent across all sites.

In FY23, in recognition of the company's growth, Lynas appointed a global safety leader and established a Group-wide Safety Council to review and assess safety concerns and priority actions on monthly basis and whenever required.

Our safety approach includes safety training, audits, behaviours, and meetings.

### Life Saving Rules

Following the successful introduction of the Golden Rules training program in Malaysia to reduce injuries and improve safety performance, a 'Life Saving Rules' campaign was developed and launched at Mt Weld in FY22 to identify critical risks and robust controls to manage them.

Building on this foundation, a Life Saving Rules campaign has now been launched in Kalgoorlie to address critical risks. The Kalgoorlie Facility's Life Saving Rules have been incorporated into a handy pocket book to assist with undertaking a 'Take 5' hazard assessment prior to commencing a job, and where employees can keep a photo of their family or other motivating reminder to return home safely from work.



### 6.2.2 Access to non-occupational medical and healthcare services

The health and wellbeing of our people is a priority for Lynas. Health and wellbeing treatment and support is consistently made available to both direct and contract employees.

An independently-operated Employee Assistance Program (EAP) is available to all staff on a confidential basis.

## 6.3 Skills for the future

### 6.3.1 Training provided

At Lynas, we believe our people should have meaningful training and development opportunities.

Lynas employees participate in annual performance reviews and each respective department manager works with their team members on development opportunities, with support from the People and Culture team.

Lynas has a formal talent management process that includes mentoring and succession planning as well as initiatives focused on skills development, such as executive mentoring programs and career advancement programs to develop skills and experience that prepare employees for senior management. Training and development opportunities are provided to 100% of Lynas Rare Earths employees in Malaysia and Western Australia.

Lynas employees received an average of approximately 34 hours of training per employee in FY23.

### **6.3.2 Human rights and preventing modern slavery**

Lynas Rare Earths is committed to protecting the human rights of all people with whom we have dealings, including our employees, our business partners and their families, and all people in the communities in which we operate. This is reflected in our Human Rights Policy available at <https://lynasrareearths.com/about-us/corporate-governance/>.

We recognise that our responsibility to protect human rights and manage the risk of modern slavery applies to our own global operations as well as to our supply chains and we take this responsibility seriously.

In FY23 we released our third Modern Slavery Statement in line with the Australian Modern Slavery Act, outlining our commitments and our actions to prevent modern slavery in our organisation and in our supply chains. This Statement and associated policies and codes of conduct are available at <https://lynasrareearths.com/about-us/corporate-governance/>.

One of the actions identified in the FY22 Modern Slavery Statement (released in FY23) was to hold a modern slavery training session for Malaysian and international suppliers to build capacity in this area. A webinar was held with over 80 suppliers attending. A post-event survey found that prior to the webinar, 60% of attendees who completed the survey rated their understanding of modern slavery as limited and 40% as good.

Following the webinar, 70% of attendees rated their understanding as good and 30% rated their understanding as excellent. All respondents said they understood how Lynas and our suppliers play a role in preventing modern slavery and all were interested in attending another supplier webinar on modern slavery or another sustainability topic.

Lynas is a signatory to the United Nations Global Compact, which includes the protection of human rights and the elimination of all forms of forced and compulsory labour as part of its Ten Principles. In FY23 Lynas participated in a number of UN Global Compact education sessions on human rights and the environment.

### **6.3.3 Human rights issues and grievances**

As a lawful and compliant company, Lynas follows applicable laws in the countries in which we operate. Our Human Rights Policy and Modern Slavery Statement, and our Supplier Sustainability Policy and Code of Conduct, outline our commitments to upholding human rights and preventing modern slavery. We have an independently-operated Disclosure Line that is available to employees, contractors, business associates and members of the community to report any concerns or breaches of our policies.

### **6.3.4 Risk for incidents of child labour, forced or compulsory labour**

Lynas has policies and procedures in place to mitigate the risks of modern slavery at our operations and in our supply chains. This includes our Human Rights Policy, employee Code of Conduct, and Supplier Sustainability Policy and Code of Conduct which requires all suppliers to agree to respect the basic rights of employees, implement strong health and safety and environmental protection standards, and not use “conflict minerals”. Our policies and codes of conduct state our commitment not to engage in or support the use of any form of forced, compulsory or illegal labour and expressly forbid the employment of anyone under the minimum legal working age or fifteen (15) years old; whichever is higher.

Lynas has assessed the risk of modern slavery among our people as very low due to the policies and procedures we have in place. This includes prioritising local employment, directly supervising all on-site employees and contractors, and following a process to ensure that no illegal foreign workers are engaged as either employees or contractors at our sites. In FY23 we conducted Modern Slavery training for Malaysian and Australian staff and for Malaysian and international suppliers.

Domestic and international on-site audits of key suppliers were undertaken by Lynas representatives during the year and the modern slavery Supplier Assessment Questionnaire for modern slavery risks has been integrated into supplier onboarding to assist with identification of higher risk suppliers.

In FY24, Lynas will continue to assess and address modern slavery risks in our operations and supply chains and report on our progress in line with the Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities. The Lynas Rare Earths FY23 Modern Slavery Statement will be released prior to 31 December 2023.



# 7. Caring for our Planet

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Lynas aims to minimise effects on the environments in which we operate and to minimise our lasting footprint. As a large energy user, whilst also being a producer of technologies that are essential to a low carbon economy, we understand we have a role to play by actively reducing our Greenhouse Gas (GHG) emissions and efficiently using both energy and water at our sites.

The Lynas Environmental Policy (available at <https://lynasrareearths.com/about-us/corporate-governance/>) aligns with our stated objective to care for and protect our environment, as well as with the UN Global Compact, the requirements of ISO 14001:2016 International Standard for Environmental Management Systems and the ICMM principles for conservation of biodiversity.

Lynas has never been involved in an incident resulting in harm to public health or the environment, reflecting the strength of our culture, processes and policies.

## 7.1 Climate change

Lynas supports the objectives of the Paris Agreement in respect of Greenhouse Gas (GHG) emissions and in September 2021 introduced the Lynas Greenhouse Gas (GHG) Policy.

Lynas has included Life Cycle Assessment of GHG emissions as part of capital expenditure assessments and will continue to conduct Life Cycle Assessments as part of the sustainable management of the product life cycle. In FY22, an independent validation of the Lynas Life Cycle Assessment methodology was undertaken by an independent third party. This found the LCA conforms with ISO standards 14040 and 14044.

### **Energy use**

Lynas is working to reduce energy consumption and GHG emissions and improve operational efficiency throughout our operations.

## Our performance

### Mt Weld energy use

At the Mt Weld operating site in Western Australia, diesel is consumed in mining machines and other vehicles (30%), processes (29%) and used to generate electricity (41%).

As noted above, as part of the Mt Weld expansion project, a transition from the current diesel power station to a gas-renewable hybrid power station is planned to reduce GHG emissions intensity. A tender was released for the gas-hybrid power station in FY23 and an early works tender was awarded. Lynas intends to finalise contract negotiations for the gas-hybrid power station in FY24.

#### Mt Weld energy produced & energy consumed

Reporting Year	FY20	FY21	FY22	FY23
Energy Consumed Total (incl Energy Produced) GJ	351,395	355,656	477,954	471,549
MWh	98,391	99,584	133,827	130,986
Energy Consumed Net GJ	300,891	298,568	415,900	410,031
MWh	84,249	83,599	116,452	113,898
Energy Produced GJ	50,504	57,088	62,054	61,518
MWh	14,141	15,985	17,375	17,088

\* Note: FY20 included temporary shutdown related to COVID-19 pandemic.

### Kalgoorlie energy use

Construction of the Lynas Kalgoorlie Rare Earths Processing Facility was largely completed by the end of the year and stage 4 commissioning had commenced. On the construction site, diesel is consumed in mobile machines and other vehicles (90%) and used to generate electricity (10%) via portable generators. In FY23 the Facility was connected to the Kalgoorlie interconnected power grid. Lynas continues to explore renewable electricity opportunities in the Kalgoorlie region. Natural gas will be used in the process circuit for the rotating kiln and is being supplied via trucked Liquified Petroleum Gas (LPG).

#### Kalgoorlie Energy produced & energy consumed

Reporting Year	FY20	FY21	FY22	FY23
Energy Consumed Total (incl Energy Produced) GJ	N/A	N/A	13,562	132,562
MWh	N/A	N/A	3,797	36,823
Energy Consumed Net GJ	N/A	N/A	13,562	132,582
MWh	N/A	N/A	3,797	36,828
Energy Produced GJ	N/A	N/A	N/A	N/A
MWh	N/A	N/A	N/A	N/A

## Lynas Malaysia energy use

The Lynas Malaysia plant primarily uses natural gas and electricity, with some diesel consumed in machines and processes. During the year Lynas Malaysia signed a contract for a 1MW onsite solar installation.

In FY23, consumption of natural gas increased due to higher heating demand as a result of an increase in production volumes compared to FY22. Electricity consumption also increased slightly compared to FY22.

### **Lynas Malaysia primary and secondary energy consumption**

<b>Primary energy – Scope 1</b>	<b>FY20**</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
Natural gas / liquid petroleum gas GJ MWh	595,095 165,304	732,384 203,440	746,717 207,421	791,091 219,748
Diesel GJ MWh	27,930* 7,758	31,364 8,712	32,604 9,057	31,040 8,622
<b>Total GJ</b>	<b>623,025*</b>	<b>763,748</b>	<b>779,321</b>	<b>822,131</b>
<b>Total MWh</b>	<b>173,062</b>	<b>212,152</b>	<b>216,418</b>	<b>228,370</b>
<b>Secondary energy – Scope 2</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
Electricity MWh	64,142	68,579	69,766	71,883
Steam MT MWh	17,817 10,393	11,540 6,732	6,130 3,576	4,606 2,687
<b>Total MWh</b>	<b>74,535</b>	<b>75,311</b>	<b>73,342</b>	<b>74,570</b>

\* Energy consumption restated as outlined in 2021 ESG Report

\*\* FY20 included temporary shutdown due to COVID-19 pandemic

### **7.1.1 Greenhouse gas emissions**

Direct and indirect greenhouse gas (GHG) emissions are categorised into three broad scopes by the Greenhouse Gas Protocol. Scope 1 is all direct GHG emissions; Scope 2 is all indirect GHG emissions from the consumption of purchased electricity, heat or steam; and Scope 3 is other indirect emissions such as the extraction and production of purchased materials, 3rd party transport, waste disposal etc.

In compliance with the Australian National Greenhouse and Energy Reporting Act (NGER), Lynas reports Scope 1 and Scope 2 Greenhouse Gas emissions associated with the Mt Weld and Kalgoorlie operations in Western Australia to the Clean Energy Regulator (see table below).

In FY23, Lynas used the GHG emissions data inventory developed in FY21 to provide enhanced data recording and increased visibility of our emissions performance. As part of the Mt Weld capacity expansion plan announced on 3 August 2022, plans were announced for a gas-hybrid renewable power station to replace the existing diesel power station. A tender was released during the year and an early works contract was awarded in respect of the Mt Weld gas-hybrid renewable power station. Lynas intends to finalise contract negotiations for the gas-hybrid power station in FY24.

## Our performance

Scope 1 and Scope 2

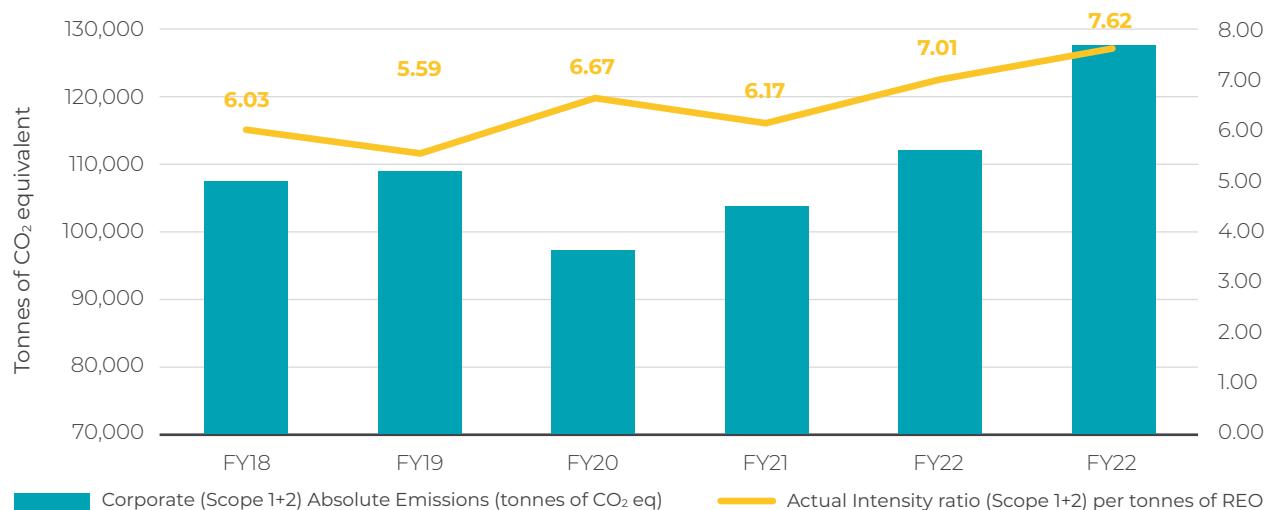
### Greenhouse gas emissions (in metric tonnes of CO<sub>2</sub> equivalents) (tonnes CO<sub>2</sub>-e)

Reporting Year		FY18*	FY19*	FY20	FY21	FY22	FY23
Mt Weld	Scope 1	27,726	23,693	21,137	19,697	27,420	31,962 <sup>6</sup>
	Scope 2	–	–	–	–	–	–
Malaysia	Scope 1	34,071	34,071	32,634	39,951	40,807	42,952
	Scope 2	45,407	49,544	43,387	43,917	42,831	43,568
Kalgoorlie	Scope 1	N/A	N/A	N/A	N/A	956	9,324 <sup>7</sup>
	Scope 2	N/A	N/A	N/A	N/A	–	12
Total – Combined sites	Scope 1	61,797	60,245	53,771	59,648	69,183	84,238
	Scope 2	45,407	49,544	43,387	43,917	42,831	43,580
	Scope 1 + 2	107,205	110,179	97,159	103,565	112,014	127,818

\* Greenhouse gas emissions restated as outlined in 2021 ESG Report

Corporate Scope 1 and Scope 2 GHG emissions

### Corporate Scope 1&2 GHG emissions and intensity ratios



As noted elsewhere in this report, energy use at Mt Weld increased following the commencement of the Mt Weld expansion project and in Malaysia consumption of natural gas increased due to an increase in production volumes from FY22. Lynas remains focused on reducing energy use and emissions in our operations, including through mining and processing efficiencies and cleaner energy sources.

## Scope 3

In addition to Scope 1 and Scope 2 emissions, in FY23 we continued the evaluation of Scope 3 emissions. Scope 3 emissions are all other indirect emissions (not included in Scope 2) that occur in the value chain. For Lynas, this includes emissions related to the extraction and production of the materials we purchase for use at our operations and emissions from our downstream customers who process our rare earth products.

Scope 3 emissions are divided into different categories and Appendix 5 provides an overview of our evaluation status for each category.

6 Mt Weld expansion project commenced in FY23

7 Kalgoorlie facility under construction and not operational in FY22 or FY23

Drawing on our Life Cycle Assessment (LCA), the most significant contributions to Scope 3 emissions in our value chain were identified as raw chemicals inputs to our production. In FY23, Lynas evaluated the emissions from business travel.

### Scenario analysis

In FY23, scenario analysis was undertaken to identify and assess exposure to climate-related physical risks, and opportunities to increase resilience. The analysis was undertaken by FM Global and included both engineering data from site visits as well as climate change insights and data.

The scenario analysis included acute physical risks (those that are event-driven, including the increased severity of extreme weather events such as tropical cyclones or floods) and chronic physical risks (longer-term shifts in climate patterns such as sustained higher temperatures, changes in drought, and sea level rise); specified by five climate perils (extreme precipitation, wind, temperature, drought and sea-level rise).

It was conducted for the short term (by 2030) and long term (by 2050), for both of Lynas' operating sites (Mt Weld and Lynas Malaysia), considering low, intermediate and high scenarios, respectively based on the Representative Concentration Pathways (RCPs) 2.6, 4.5 and 8.5 established by the Intergovernmental Panel on Climate Change (IPCC). The projected changes in global mean surface temperature change ( $^{\circ}\text{C}$ ) between 2046-2065 for each of these Pathways is: 0.4 to 1.6 (RCP 2.6); 0.9 to 2.0 (RCP 4.5); and 1.4 to 2.6 (RCP 8.5).

The analysis concluded that, within the parameters defined, neither Lynas operating site is materially exposed to climate-related physical damage to property (e.g. buildings, machinery, inventory) or associated business interruption, resulting from four of the five climate perils: extreme precipitation, wind, temperature or sea-level rise. Both operating sites are exposed to drought, which can lead to diminishing water resources, increasing operational risks, and potentially more severe wildfires.

Opportunities to increase Lynas' climate-related resilience have been identified and are being implemented. This includes a state-of-the-art high recovery water recycling circuit from the tailings dam and an additional bore water desalination plant being implemented as part of the Mt Weld expansion project.

## 7.2 GHG emissions targets

Lynas Rare Earths recognises the global challenges of climate change and we support the objectives of the Paris Agreement goal to limit the global temperature increase.

As advised in January 2023, Lynas withdrew from the Science Based Targets initiative (SBTi) as publication of guidance and integration of the Chemical industry pathway into the SBTi is now expected for January 2024, beyond the timeframe for verification of targets within two years of Lynas' commitment. Lynas will focus on setting targets and taking action to reduce the emissions intensity of production as we work towards meeting the objectives of the Paris Agreement.

## 7.3 Impact of GHG emissions

Lynas conducts Life Cycle Assessments for our products and we have calculated an emission average of 30kg CO<sub>2</sub>-eq per kg of REO from our internal LCA on year 2019 basis.

In the 2021 ESG Report we released the results of the Life Cycle Assessment for permanent magnet motors used in water pumps, conducted in conjunction with value chain partners. This assessed the manufacturing data from two electric motor pumps, one an induction motor using copper coil for an electromagnet, and the second a permanent magnet motor using neodymium-iron- boron magnets.

The manufacturing of the pump from rare earth permanent magnets was shown to have 50% lower carbon dioxide equivalent emissions and over 10 years, will produce 75% lower carbon dioxide equivalent emissions. In addition, the permanent magnet motor pump was 50% lighter than the induction motor pump.

### 7.3.1 Climate-related financial disclosures (TCFD)

Lynas became a supporter of the Task Force for Climate-related Financial Disclosure (TCFD) in FY20 and we continue to enhance reporting in line with the TCFD framework. FY23 TCFD disclosures are available in the FY23 Annual Report at: <https://lynasrareearths.com/investors-media/reporting-centre/financial-reports/>.

Following the International Sustainability Standards Board's (ISSB) release of the Climate-related sustainability disclosures standard, Lynas plans to undertake a readiness assessment against the standard in FY24.



## Embracing the electric revolution

Two new electric forklifts commenced operation at Lynas Malaysia in FY23.

Replacing the previous gas forklifts, the new forklifts have been commissioned to undertake work in the finished goods warehouse at the Lynas advanced materials plant in Gebeng, Malaysia, and represent the first step towards the use of industrial electric vehicles in our operations.

## 7.4 Land use and ecological sensitivity

Lynas' key biodiversity goals are to:

- Protect the environments in which we operate;
- Avoid adverse effects on biodiversity through application of the mitigation hierarchy; and
- Achieve zero significant environmental incidents.

Lynas does not operate in or adjacent to key biodiversity areas such as Commonwealth or State listed priority ecological communities, threatened ecological communities, or World Heritage areas and in FY23 there were no significant environmental incidents.

### Mt Weld monitoring

The Mt Weld mine site is situated on approximately 2500 hectares of mining leases. The site is within a level plain with an almost indiscernible but very consistent west southwest slope of 1:300 in a remote area of Western Australia in the Murchison Interim Biogeographic Regionalisation for Australia (IBRA) bioregion. Since 2011, Lynas has been completing terrestrial and subterranean ecological surveys to understand the flora, vegetation and fauna (both vertebrate and invertebrate) species on land and below the surface to complete detailed environmental impact assessments, with the most recent detailed surveys in April 2020 and September 2020. The survey was conducted by experienced external biodiversity experts in line with guidance from the Western Australian Environmental Protection Authority (EPA).

As a result of these surveys across both seasons, Lynas has an enhanced understanding of the biodiversity at Mt Weld which has informed our future plans.

The flora and vegetation of Mt Weld are typical of the region and are dominated by a mulga woodland with some localised mallee and spinifex communities. No rare or geographically restricted plant species are known to occur. No conservation reserves or Ecological Sensitive Areas intersect the project area.

At Mt Weld, Lynas implements an Environmental Management Plan that has been approved by the EPA. Our Environmental Management Plan includes a mitigation hierarchy that sets objectives and targets for flora, fauna, surface water, and ground water. We perform quarterly groundwater seepage monitoring surrounding our Mt Weld tailings storage facilities with water analysis performed by an independent third party. Since commencing Mt Weld operations, no groundwater quality impact has been recorded. In addition, 15 years of vegetation health monitoring has shown that there are no significant impacts on flora surrounding the Mt Weld site. Annual Rehabilitation Monitoring is undertaken, including vegetation trials, and 5 years of monitoring data has been obtained.

The vegetation surrounding the Mt Weld site was surveyed by biodiversity experts in September 2020 and was assessed as being in "very good condition", the second highest rating available.

Mt Weld also has an approved Radiation Management Plan (RMP) as prescribed by the Mines Safety and Inspection Act, 1994, with a tenth iteration approved by Department of Mines, Industry Regulation and Safety in March 2022. Ongoing monitoring has shown there is no increase in background radiation.



Lynas signed a Social Cultural Heritage Management Plan for Mt Weld with the Nyalpa Pirniku Traditional Owner group

## Cultural heritage

The Mt Weld area has been subject to several Ethnographic and Archaeological surveys dating back to 1983, with a further comprehensive Cultural Heritage survey (archaeological and ethnographical surveys) undertaken in conjunction with Senior Elders of the Nyalpa Pirniku Traditional Owner group across the Mt Weld expanded footprint in February 2022. As a result of this work, 100% of the proposed expanded Mt Weld footprint has now been surveyed.

Lynas signed a Social and Cultural Heritage Management Plan (SCHMP) in consultation with the Nyalpa Pirniku group in FY23. The SCHMP will be implemented to ensure future best-practice management of Cultural Heritage sites across the expansion area, to ensure that risks to heritage sites are minimised. With mitigation and management measures in place, the expansion will have minimal impact on sites of heritage significance.

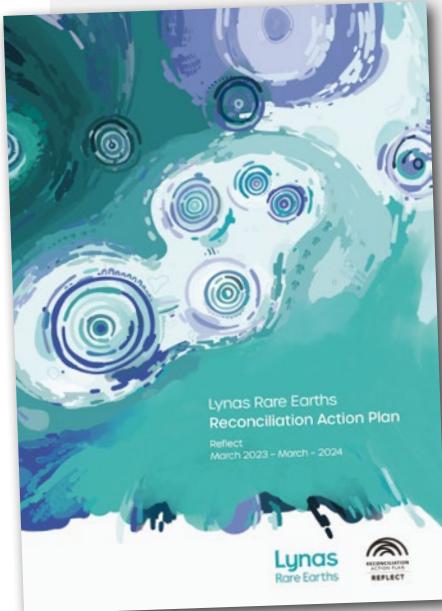
The SCHMP is also designed to increase engagement and opportunities between Lynas and the Nyalpa Pirniku group. In July 2023, a Senior Elder from the Nyalpa Pirniku group led cultural awareness training for the Mt Weld team. This training was highly valued by Mt Weld team members and is one of the actions that was identified as part of Lynas' first Reconciliation Action Plan (RAP) which was endorsed by Reconciliation Australia this year.

## Mine closure and rehabilitation at Mt Weld

A Mine Closure Plan approved by the Department of Mines, Industry Regulation and Safety fulfils the requirements for decommissioning, rehabilitation and closure of the Mt Weld Project. The latest version of the Mine Closure Plan was approved in July 2021 with the next revision due in March 2026. As part of the Mt Weld Expansion, a revised Mine Closure Plan was submitted for assessment in April 2023 and is currently under assessment.

The 2023 Mine Closure Plan has been prepared with the aim of progressively rehabilitating and closing the Mt Weld Project so that all closure obligations are met and there is no unacceptable liability to the State of Western Australia and the community.

Lynas anticipates that the post mining land use for most of the Project will be 'Pastoral Land'. We are committed to the rehabilitation of all disturbed areas to the agreed final land use(s). The proposed post mining land use has been discussed with key stakeholders throughout the life of the Project. Further consultation with key stakeholders, including pastoral land holders and local Traditional Owner representatives will take place as the mine progresses to ensure that pastoral use remains the most suitable post mining land use.



## Case Study: Our Reconciliation Action Plan

Lynas' first Reconciliation Action Plan (RAP) was endorsed by Reconciliation Australia in April 2023. This Reflect level Reconciliation Action Plan (RAP) is the first stage of Lynas' reconciliation journey in Australia.

Based around the core pillars of relationships, respect and opportunities, it sets out the real actions we will take to enrich our workforce through inclusion, understanding and appreciation of Aboriginal and Torres Strait Islander cultures and to increase training, employment, and supplier opportunities for Aboriginal and Torres Strait Islander peoples.

The stunning RAP artwork was designed by Kevin Wilson, a Wongai graphic designer, and has been adapted for a large artwork in Lynas' Perth headquarters, providing a visible representation of our commitment to reconciliation.

In July, NAIDOC week celebrations were held throughout our Australian operations and our people welcomed the opportunity to learn and participate in celebrations of the oldest, continuous living cultures. Lynas was also an official partner for the Hope Community Services Goldfields NAIDOC Youth Ball, an inclusive event for young people aged 12-17 to celebrate culture around the NAIDOC Week theme of "For Our Elders".

In June 2023, 20 existing transects comprised of twelve analogue (baseline) and eight rehabilitation transects were monitored using the Ecosystem Functional Analysis method. Rehabilitation transects on the 2008 site (two transects) and the 2020 rehabilitation site (six transects) were compared with analogue sites across multiple performance indicators. The previous five years of rehabilitation monitoring has shown that performance indicators have been achieved for vegetation closure objectives on the 2008 rehabilitation sites.

Field observations at the 2020 rehabilitation site from the June 2023 monitoring, are that perennial seedlings continue to establish with some increases in plant density recorded. Monitoring will continue to be conducted annually over the coming years to assess performance against indicators for closure criteria.

### Kalgoorlie monitoring

Major construction on Lynas' Kalgoorlie Rare Earths Processing Facility was largely completed during the year and stage 4 commissioning commenced in June 2023. The Facility is sited within the Coolgardie bioregion which is characterised by low hills and plains of infertile sandy soil. This is a transition zone between the Mediterranean climate of Australia's south-west coast and the country's dry interior.

A vegetation buffer has been retained around the perimeter of the site and a vegetation monitoring program has been established to monitor for weed introduction and overall health of retained vegetation. Lynas intends to work with local nurseries and seed suppliers to improve the visual amenity of the vegetation buffer and promote growth of native species to improve diversity and density of vegetation.

### Kalgoorlie Environmental Reporting

During the year, the Kalgoorlie Rare Earths Processing Facility's first Compliance Assessment Report (CAR) was submitted for the period from February 2022 – January 2023 to the Department of Water and Environment Regulation (DWER). The CAR provides an update on activities taken during the reporting period, including environmental monitoring and rehabilitation activities to minimise impacts on visual amenity. The CAR is publicly available on the Lynas website.

### Kalgoorlie Rehabilitation and Closure Plan

During the year, a number of seeding trials were completed on our Kalgoorlie site and old tracks were rehabilitated within the buffer area. We are currently planning two irrigation areas for planting of our first batch of seedlings that are currently growing at the Kalgoorlie-Boulder Urban Landcare Group (KBULG) nursery.

The first iterative Closure Plan for the Kalgoorlie Facility was approved by DMIRS in February 2022. The general closure objective is for an industrial post mining land use. Lynas have committed to remove all infrastructure and by-products from the area, backfilling voids excavated for storage facilities to return the land to its natural surface contours. Topsoil will be respread and revegetated with native plant species. The area will be monitored for several years after closure to assess the effectiveness, efficiency and sustainability of rehabilitation methods used.

## Malaysia monitoring

The Lynas Malaysia advanced materials plant is situated on a 100 hectare site in the Gebeng Industrial Estate, a purpose-designed chemical/petrochemical zone in Gebeng, Malaysia.

In line with our commitment to international environmental best practice, detailed environmental monitoring since the start of Lynas Malaysia's operations in 2012 has consistently demonstrated that there is no environmental impact of Lynas Malaysia's operation on the public and the environment and that Lynas Malaysia is compliant with regulatory requirements and international standards. Information concerning the Company's environmental monitoring programs, including monitoring data, is available at [www.lynasrareearths.com](http://www.lynasrareearths.com).

Two types of environmental monitoring programs have been implemented under the Environmental Radiological Monitoring Program (ERMP) and Environmental Management Plan respectively. The Environmental Radiological Monitoring Program covers areas at 1 km, 5 km, 10 km and 20 km from the Lynas Malaysia plant. Environmental monitoring conducted in accordance with internationally accepted sampling and monitoring methods shows that there has been no increase in background radiation levels at 1 km, 5 km, 10 km and 20 km from the Lynas Malaysia plant in the over 9 years that Lynas Malaysia has operated.

## Decommissioning Plan at Lynas Malaysia

Lynas Malaysia lodged a Decommissioning Plan with the Malaysian Atomic Energy Licensing Board in 2011, setting out plans for decommissioning, rehabilitation and closure of the Lynas Malaysia plant at the end of its operating life. The Decommissioning Plan is updated as required.

## 7.5 Water

Clean and sufficient water is a critical resource for society and for Lynas' operations. Lynas is focused on continuing to minimise freshwater usage in our operations.

FY23 Water summary by site (M <sup>3</sup> )	Site	Total water withdrawn	Total water consumed	Total water recycled	Total water used (consumed + recycled)	Percent recycled (total water recycled/total water used)	FY23 bore abstraction/tonne ore processed (Mt Weld)
Malaysia	Lynas Malaysia	4,020,971	4,020,971	73,949	4,126,233	1.8%	N/A
Australia	Mt Weld	1,470,449	1,470,449	451,795	1,922,244	30.7%	5.03
	Kalgoorlie	404,208*	404,208*	0	404,208*	N/A	N/A

\* Includes both treated recycled water and potable water. Treated recycled water used in construction and commissioning and will be used as process water and recycled 6–7 times.

Mt Weld uses groundwater and recycled water and has established internal objectives and targets in line with the Lynas Environmental Policy to recycle process water. The percentage of recycled water used at Mt Weld increased to 30.7% in FY23 from 23.2% in FY22. This represents a significant improvement from FY19 when the percentage of recycled water used was 13.2%.

Bore abstraction intensity reflects the usage of a non-renewable resource and encompasses both water usage efficiency and water recycling efficiency in a single KPI. The Mt Weld bore abstraction intensity target for FY23 was 6.0m<sup>3</sup>/tonne ore processed (this figure includes salty brine water to be evaporated). This target was achieved in FY23 with a result of 5.03m<sup>3</sup>/tonne ore processed. A target of 5.00m<sup>3</sup>/tonne ore processed has been set for FY24 to drive continued improvements.

Mt Weld abstracts groundwater from below the open pit mining activities. As a result, the open cut mine is progressively dewatered and this provides safe geotechnical conditions for mining. The groundwater is brackish in dissolved salts and requires reverse osmosis treatment to produce high quality water to the rare earth separation process. The salty brine water from the reverse osmosis is evaporated. Increasing the recycle of process water will help to reduce the abstraction of groundwater.

In conjunction with the Mt Weld expansion project, a new recycled water treatment plant is being manufactured and is expected to be delivered to Mt Weld in early 2024. This larger, more efficient water recycling plant will deliver a significant step change improvement in internal water recycling and is expected to increase tailings water recycle yield to up to 90% and significantly reduce groundwater abstraction.

The Kalgoorlie Rare Earths Processing Facility uses treated grey water supplied by the City of Kalgoorlie-Boulder for processing under a commercial agreement. This water is a by-product from the City's wastewater treatment facility and will be used a further 6–7 times in processing.

In Malaysia, Lynas uses scheme water (city water) provided by the local water utility provider. Lynas Malaysia has three process water ponds with a total capacity of 38,000m<sup>3</sup> which can supply water to the plant as needed at a rate of approximately 600m<sup>3</sup>/hr at 100% capacity. A dedicated water flow meter has been installed to process the incoming city water, enabling our team to precisely monitor water consumption. During the year the Lynas Malaysia plant experienced water supply issues due to a major equipment failure experienced by the supplier that resulted in significant water supply disruption issues in Kuantan.



## Enhancing our water resilience

Lynas Rare Earths is committed to caring for and minimising our impact on the environments in which we operate.

Ensuring clean and sufficient water is a global challenge and climate change is accelerating this. Lynas continues to innovate to minimise water usage throughout our operations. At Mt Weld, this includes reducing the amount of groundwater used per tonne of ore processed, and increasing the percentage of recycled water used in our operations. According to the World Resources Institute's Aqueduct Water Risk Atlas, the areas where Lynas operates are assessed as:

Location	Climate	Annual Rainfall Average	Overall water risk rating
Gebeng, Malaysia	Tropical / Monsoon	2,581 mm	Low-medium
Laverton, Western Australia	Semi-Arid	236 mm	High

As part of our Mt Weld Expansion Project, on-site water treatment and recycling measures will be optimised to reduce the overall water intensity. This includes using groundwater that is recycled for operations, with established internal objectives and targets in line with the Lynas Environmental Policy to recycle process water.

In addition, as part of the Project, a state-of-the-art water recycling plant will be installed to significantly reduce aquifer abstraction intensity, and new borefields will be established to provide additional brackish water supply to complement fresh water supply.

Once water has been used in Lynas Malaysia's operations, it is treated and tested to ensure that it meets water quality standards prescribed by the Department of Environment prior to being released. Wastewater quality is strictly governed by local regulations, and parameters are set specifically for each watershed. Once the water is released, it is tested at 11 water quality monitoring stations along the Balok River. The Department of Environment has publicly stated that water leaving the Gebeng Industrial Estate is of a higher quality than water entering the Estate due to water treatment undertaken prior to discharge.

Other than supplier related issues in Malaysia, there were no significant water-related incidents at Mt Weld or Malaysia during FY23.

## 7.6 Air quality

As part of monitoring requirements for Mt Weld's Radiation Management Plan, high-volume environmental dust monitoring was performed throughout the year from several locations across Mt Weld. All high-volume samples were below the investigation trigger level during the reporting period. The environmental radiation monitoring program detected no contamination by radioactive material in the environment within or surrounding the Mt Weld site. Lynas also provides annual reports to the National Pollutant Inventory.

At Lynas Malaysia, Lynas carries out ambient and stack release measurements. Ambient air quality is measured at three residential areas located within 5 km from the Lynas Malaysia plant. Lynas met all emission standards during FY23.

Radiological air monitoring is also undertaken at Lynas Malaysia via two Aerosol Monitoring Systems that measure external radiation and radon-thoron activity concentrations at two locations (onsite and in the city of Kuantan). Monitoring shows there has been no change to background levels at both locations since Lynas Malaysia's operations commenced in 2012.

### Air quality monitoring 2023

	<b>Sulphur oxides (SO<sub>x</sub>)</b>	<b>Nitrogen oxides (NO<sub>x</sub>)</b>	<b>Particulate matter (PM10)**</b>	<b>Persistent organic pollutants (POPs)</b>	<b>Volatile organic compounds (VOCs)</b>
Malaysia	Monitored at stack & ambient air	Monitored at stack & ambient air	Monitored at ambient air	–	–
Mt Weld*	0.188	482.593	35.01	–	37.667
Kalgoorlie*	0.083	133.186	10.96	–	14.619
<b>TOTAL</b>	<b>0.267</b>	<b>285.186</b>	<b>34.26</b>	–	<b>27.319</b>

\* Air emissions at Mt Weld and Kalgoorlie are primarily attributed to the combustion of diesel in mining machinery, transport, power generation and processes. Data included is consistent with Australia's National Pollutant Inventory reporting requirements (not applicable for Malaysian operations).

\*\* PM10 (dust) excludes emissions from materials handling.

## 7.7 Impact of solid waste disposal

In line with the circular economy, Lynas' approach to our industrial by-products prioritises initiatives to: reduce, reuse, recycle, and only then to implement safe long term storage/disposal.

Waste management involves numerous systems to control waste management processes and identify the most appropriate methods of disposal as a last resort. All waste materials are stored and disposed of in a safe and environmentally responsible manner.

At Mt Weld and Kalgoorlie, all Controlled Waste is traceable via the Department of Water and Environment Regulation (DWER) waste tracking network.

In Malaysia, all scheduled wastes generated from our operations are being managed responsibly in terms of their generation, storage, transportation and treatment. Scheduled wastes are collected by a licensed waste contractor that has been approved by the Department of Environment, Malaysia (DOE).

## **Mt Weld tailings deposition and consolidation**

Rare earths production generates tailings at Mt Weld, composed of the gangue minerals, unrecovered rare earth minerals, and water from the floatation process. Part of the water is recycled, and tailings may become a future source of rare earths for re-processing.

In 2019, Lynas completed the Mt Weld Tailings Dam Questionnaire, in response to the Investor Mining & Tailings Safety Initiative. You can view the responses on our website at <https://lynasrareearths.com/sustainability/residue-tailings-management/>.

Building on our strong track record of tailings management, in 2023 we had zero significant incidents at our tailings storage facilities.

The annual geotechnical audit of the Mt Weld tailings storage facilities (TSFs) was completed in the March quarter. The three TSFs were all compliant with regulatory requirements. There was a further improvement in consolidation (dry density) for all three TSFs due to Accelerated Mechanical Consolidation (AMC). The TSFs continue to operate under the protocols that have been progressively developed (including layered Rheomax® ETD tailings deposition, solar drying, Amphirol AMC and contouring using a low pressure bulldozer) which have resulted in a 50% reduction in the tailings volume requiring storage for the same tailings mass.

Although tailings volumes generated over the life of mine will increase as milled ore tonnes increase, we are well positioned to manage tailings in current and future facilities, reducing our overall disturbance footprint and closure liability.

## **Lynas Malaysia residues**

Our Malaysian operations produce two solid residue as by-products:

- A magnesium rich gypsum known as NUF (Neutralisation Underflow) which is non-toxic and non-radioactive
- An iron phosphate material known as WLP (Water Leached Purification) that contains very low level Naturally Occurring Radioactive Material (NORM)

A long-term management plan for NUF residue has been agreed which includes commercialisation options and permanent storage in an approved, purpose-designed onsite NUF Secured Landfill.

NUF has been shown by Golder Associates (2014) and Standards and Industrial Research Institute of Malaysia (SIRIM) (2018) to be a non-toxic and non-hazardous material with negligible human health risk. In addition, its chemical composition showed potential for use in agriculture and the manufacturing of cements. NUF is non-hazardous according to the Globally Harmonised System of classification and labelling of chemicals. NUF is not classified as a dangerous good by the criteria of international air, road and sea transport (UNTDG, IMDG, IATA).

WLP residue is currently stored in regulator-approved temporary residue storage facilities. In keeping with the conditions of Lynas Malaysia's operating licence, construction of a Permanent Deposit Facility (PDF) for WLP residue on a site adjacent to the Lynas Malaysia advanced materials plant is well progress, with construction of initial cells completed and first material emplaced in FY23.

# 8. Caring for our Communities – Building Prosperity

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We care for the communities in which we work and live, making it a priority to take an active role in building better communities. We aim to share the sustainable benefits of our operations by making a positive contribution to local employment, skills, education, health, and the environment.

The Lynas Community Policy outlines our commitment to employing local people and sourcing from local businesses in each of our operations and is available at <https://lynasrareearths.com/about-us/corporate-governance/>. We have internship programs at both of our operating sites that include a focus on employing local young people.

Lynas acknowledges and respects the Traditional Owners of the lands on which we operate. In Western Australia, we aim to increase training, employment and supplier opportunities for Aboriginal and Torres Strait Islander peoples and enrich our workforce through inclusion, understanding and appreciation of Aboriginal and Torres Strait Islander cultures. In FY23, our first Reconciliation Action Plan (RAP) was approved by Reconciliation Australia. Our Reflect level RAP provides the framework for the development of our reconciliation commitments.

Our approach to local engagement includes information and consultation with local communities as well as partnerships with community organisations and educational institutions.

Lynas engages and consults with our local communities and other interested parties regarding environmental approvals and we undertake Social Impact Assessments to determine the effects of these operations on our local communities.

In FY23, there was continued engagement and consultation with our communities in Malaysia and Western Australia, including regarding the Mt Weld expansion project and the construction of the Kalgoorlie Rare Earths Processing Facility and the Malaysian permanent disposal facility for WLP residue.

In both Malaysia and Western Australia, Lynas participates in local community and education activities and holds information sessions and meetings with members of our local communities. We also participate in community forums and publish information for community members including FAQs and project updates.

None of our projects have required physical or economic resettlement in the last ten years.

## 8.1 Employment and wealth generation

### 8.1.1 Absolute number and rate of employment

At June 30, 2023, Lynas employed 1102 people across Malaysia and Australia. Our employees include geologists, engineers, metallurgists, tradespeople, process technicians and others in support functions across both operating sites (Mt Weld and Gebeng) as well as professional and administrative functions undertaken at our offices in Perth, Western Australia and Kuala Lumpur, Malaysia.

In FY23, our employees were almost exclusively from in-country, with expatriates accounting for only 2% of our employees across our operations.

<b>Employees</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
Lynas Total employees	737	765	816	911	1102
<b>Australia</b>	<b>87</b>	<b>90</b>	<b>105</b>	<b>151</b>	<b>247</b>
Australian nationals	87 (100%)	90 (100%)	105 (100%)	150 (99%)	241 (98%)
<b>Malaysia</b>	<b>650</b>	<b>675</b>	<b>711</b>	<b>760</b>	<b>855</b>
Malaysian nationals	631 (97%)	656 (97%)	699 (99%)	752 (98%)	843 (98%)

## 8.2 Employee turnover

In FY23, the employment market remained strong in both of Lynas' operating jurisdictions and our company-wide turnover rate for FY23 was 8.7%.

In Australia, the Australian Bureau of Statistics estimated the average annual turnover rate in the mining industry was 11.5%<sup>8</sup> in the year to February 2023. In Malaysia, according to an Aon report, the industry-wide turnover rate for 2022 was 14.9%.<sup>9</sup> Lynas seeks to remain an employer of choice and benefit from the recognition that the critical minerals industry is an attractive and future facing industry. In addition to competitive salaries and benefits, Lynas offers a company-wide employee bonus scheme (excluding those eligible for STI/LTI).

## 8.3 Economic contribution

### 8.3.1 Direct economic value

Lynas Rare Earths direct economic value generated and distributed in FY23:

<b>FY23 Direct Economic Contributions</b>	<b>AUD</b>
Revenue	\$739.3m
Cost of sales	(\$399.9m)
Employee wages and benefits	\$82.4m
Community investment	\$0.6m

Companies like Lynas can have a significant local economic impact through our local procurement decisions and processes. In line with our commitment to prioritising local procurement, in FY23, 88% of inputs were procured at the local (i.e. Western Australia) or country (Malaysia) level across the Company's operating sites. Lynas is a key customer to many local suppliers, including indigenous owned businesses in Western Australia.

### 8.3.2 Financial investment contribution

In FY23, \$595.5 million was invested in property, plant and equipment, primarily in relation to the Kalgoorlie Rare Earths Processing Facility and Mt Weld Expansion projects.

Capital expenditure is expected to be approximately \$600 million in FY24 for sustaining capital and major growth projects.

This includes expenditure in respect of: the completion of the Kalgoorlie Rare Earths Processing Facility; the Mt Weld expansion project to increase concentrate feedstock; the Lynas portion in addition to USG funding for the US Light Rare Earth plant; the construction of the offsite PDF in Malaysia; mining development works at Mt Weld; sustaining capital increases due to increased plant size and preventative maintenance; other ongoing operational capital expenditure across all Lynas sites; and operating costs that are capitalised in accordance with normal accounting principles.

Lynas did not conduct share buybacks or issue any dividend payments in FY23.

<sup>8</sup> <https://www.aigroup.com.au/news/reports/2023-economics/factsheet-labour-turnover-in-2023/>

<sup>9</sup> <https://www.aon.com/apac/in-the-press/asia-newsroom/2022/salaries-in-southeast-asia-expected-to-increase-in-2023-aon-survey-reveals?>

## 8.4 Innovation of better products and services

### Investing in Product & Process R&D

Rare earths are used in future facing technologies designed to lower emissions and reduce energy consumption, as well as to improve efficiency, performance, speed, durability, and thermal stability. We have an in-house research and development team that is focused on both continuous improvements and breakthroughs in processing, consumption of resources including energy, water and chemicals, and new product development. Lynas also collaborates with leading universities and research institutions in Australia and Malaysia on R&D projects.

Lynas invested approximately \$8.5m in R&D during 2023.

### Developing industry standards

Lynas has been active in international standards development for Rare Earth supply chain. This includes involvement in the development and publication of ISO traceability standards covering the rare earth supply chain from mine to magnets; participating in working group activities related to Sustainability standard development; and active involvement in the creation of ISO standards for rare earth analytical methods.

In the future, Lynas will continue our active participation as a voice for the establishment of international standards based on market and industry needs. This includes championing issues faced by responsible rare earth producers such as Lynas and assisting with the development of tools to ensure that rare earths products entering the supply chain are sourced from legal miners and producers who abide by best practices on environmental stewardship, human rights and sustainability.

### Processing innovation

As announced on 21 June 2023, Lynas was awarded a \$20 million grant as part of the Australian Government's Modern Manufacturing Initiative Manufacturing Integration Stream. The grant will contribute to the development of a new capability to process apatite-rich ores from the Mt Weld ore body through a newly-developed process containing two circuits for the removal of apatite. The Apatite Leach Circuit project will be undertaken as part of the Mt Weld expansion project.

### Supply chain resilience

On 1 August 2023, Lynas announced the signing of an approximately US\$258 million follow on contract with the United States (U.S.) Department of Defense (DoD) for the construction of the Heavy Rare Earths component of the Lynas U.S. Rare Earths Processing Facility in Texas.

The new Facility will be a commercial facility and will help to strengthen supply chain resilience for responsibly produced rare earths as inputs to the United States' burgeoning high-tech industry as well as U.S. and allied nation national security needs. On completion, this project will be the only scale producer of separated Heavy Rare Earths outside of China.

The contract is sponsored by the U.S. Government's Industrial Base Analysis and Sustainment (IBAS) Program to support the development of a U.S. rare earth supply chain. Lynas was also awarded a funding contract with U.S. Department of Defense (announced 22 January 2021) for the construction of a Light Rare Earths separation facility with funding to be capped at approximately US\$30 million and Lynas contributing a matching amount. The facilities will be co-located in an industrial area in Seadrift, Texas.

## 8.5 Community and social vitality

### 8.5.1 Total taxes and royalties paid

Taxes and royalties paid in FY23 totalled \$33.3m. Income taxes paid in FY23 were offset by prior period losses which were utilised in FY23. During the year Lynas Malaysia's pioneer status (income tax exemption) was renewed through to January 2026.

### 8.5.2 Total social investment

The focus of our social investment is in the areas of health and wellness, education and employment, and supporting vulnerable community members.

In FY23, direct community investment and related expenditures across our operations were approximately \$0.6m plus employee volunteering hours.

Key community investment initiatives for our Western Australian and Malaysian operations are outlined in Appendix 2.



## Partnering with our Malaysian communities

Lynas recognises that local community support and acceptance is critical to the success of our operations. We are proud to have earned the trust of our local communities in the Kuantan area of Malaysia by operating our plant safely for over 10 years, and by being a valued employer and active member of our local communities.

We work hand in hand with our communities to share the prosperity of our operations and contribute to skills development, health and wellbeing and support for vulnerable members of our communities.

Community programs during FY23 included:

- **Lynas Sports Carnival 2022:** The Lynas sports carnival returned to Kuantan in October 2022 and was attended by over 4,000 community members. In addition to sporting competitions, the Carnival included a 3km costume fun run, free health screening, food stalls and fun activities for kids.
- **Lynas Back to School program:** Our Kuantan team once again delivered the 'Back to School' program for children attending 16 schools in our local communities. The program is managed by our people and assists students with school uniforms and stationary for the year ahead.
- **Eco-Schools Pahang:** In FY23, Lynas supported the launch of the Eco-Schools Pahang program by HRH His Majesty Prince Regent of Pahang. This program will integrate climate change education within the national curriculum.

# Appendix 1: Stakeholder Engagement

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<b>Stakeholders</b>	<b>Interests</b>	<b>Engagement/response</b>
<b>Employees</b>	<p>Ensuring a safe workplace</p> <p>Fostering a rewarding work environment, where employees feel empowered through career development and opportunities</p> <p>Building a strong and unique culture through a values-driven approach</p> <p>Building and maintaining diversity and committing to being inclusive at all times</p> <p>Sharing the prosperity enjoyed by the company with our employees</p>	<p>Priority given to employing from our local communities</p> <p>Regular, open, internal communication including weekly team meetings</p> <p>All Staff Briefings and Q&amp;A with the CEO and executive team (held online)</p> <p>Internal communication channels including daily pre-start meetings, Company emails, site notices, intranet and company events</p> <p>Employee training programs including safety, technical and leadership</p> <p>Company performance employee bonus scheme</p>
<b>Customers</b>	<p>Environmentally responsible, reliable and secure supply of rare earth materials</p> <p>Maintenance of strong technical and commercial relationships through timely, open and honest communication</p> <p>Product innovation</p> <p>Collaboration on research and development initiatives</p> <p>Industry development</p>	<p>Regular engagement, including face to face and electronic communication</p> <p>Annual customer satisfaction survey</p> <p>Highly skilled and experienced marketing and sales team</p> <p>Quality control of product</p> <p>Implementation of targeted, continuous improvement programs, both company initiated and in partnership with customers</p> <p>Ongoing R&amp;D and product development</p> <p>Mine to magnet traceability and life cycle analysis conducted in collaboration with customers and downstream partners</p> <p>Visits to customer operations and customer visits to Lynas operations</p> <p>Participation in development of industry ISO standards</p>

<b>Stakeholders</b>	<b>Interests</b>	<b>Engagement/response</b>
<b>Shareholders and Investors</b>	<p>Creation of long term shareholder value</p> <p>Management of risk</p> <p>Delivery of cashflows from operations</p> <p>High standards on Environmental, Social &amp; Governance (ESG)</p>	<p>Regular webcast briefings including quarterly, half year and full year results</p> <p>Meetings and briefings with investors including post-result roadshows, conferences, and site visits</p> <p>ASX announcements and email alert systems that allow interested parties to register for automatic notifications</p> <p>Annual General Meeting (in person and online)</p>
<b>Local communities</b>	<p>Community consultation and engagement on Lynas' operations and projects</p> <p>Sustainable growth and development for communities through local training, employment and business opportunities, education and other services</p> <p>Supporting and contributing to community organisations and initiatives</p> <p>Assisting vulnerable members of the community</p>	<p>Meaningful community consultation and engagement, including information booths, community forums and participating in community committees</p> <p>Positive contribution to community initiatives focussing on employment, skills &amp; education, health &amp; wellbeing and the environment</p> <p>Making a difference for vulnerable members of the community through volunteering, donations and support</p>
<b>Suppliers and contractors</b>	<p>Ensuring economic opportunity through sustainable business development</p> <p>Working together to achieve mutually beneficial outcomes</p> <p>Transparent communication through procurement process</p> <p>Supplier Sustainability Policy and Code of Conduct &amp; audit programme</p> <p>Modern Slavery Self-Assessment Questionnaire</p>	<p>Strong policy framework</p> <p>Priority given to development of capable local suppliers</p> <p>Strategic relationships and partnerships developed with contractors and suppliers</p> <p>Regular meetings, communication and reviews with strategic suppliers and contractors</p> <p>Supplier Sustainability Policy &amp; Code of Conduct and supplier audits</p>
<b>Government and regulators</b>	<p>Job creation, economic activity and local content</p> <p>Rare earths supply chain resilience</p> <p>Management of social and environmental impacts and biodiversity</p> <p>Environmental, social and financial performance and compliance</p> <p>Community development</p>	<p>Ongoing engagement with government representatives in operating countries and key markets</p> <p>Ongoing reporting to and communication with regulators and government bodies on environmental performance and other key indicators in operating countries</p> <p>Public information including financial results and social contribution</p> <p>Providing site visit opportunities</p>
<b>NGOs</b>	<p>Management of social and environmental impacts</p> <p>Community engagement</p> <p>Environmental performance</p> <p>Human rights performance</p>	<p>Involvement in UN Global Compact and industry forums</p> <p>Direct engagement with relevant NGOs</p> <p>Reporting, ASX announcements and media releases</p> <p>Maintenance of high environmental and community standards</p> <p>Development of corporate policies</p>

## Appendix 1

<b>Stakeholders</b>	<b>Interests</b>	<b>Engagement/response</b>
<b>General community</b>	<p>Social and environmental impacts and their management</p> <p>Community engagement</p> <p>Environmental performance</p> <p>Human rights performance</p> <p>Employment and business opportunities</p> <p>Community support</p>	<p>Ongoing direct community engagement with our local communities on our operations and environmental performance</p> <p>Prioritising local procurement</p> <p>Continued support for community programs and events</p> <p>Development and implementation of multiple programs in our local communities</p>
<b>Educational institutions</b>	<p>Providing access to career pathways and opportunities</p> <p>Attracting high calibre employees by positioning the Company as an employer of choice</p>	<p>Site visits and work placement opportunities</p> <p>Graduate and intern programs</p> <p>Joint research opportunities</p> <p>Participating in employer expos and industry forums</p> <p>Research collaborations with CSIRO, ANSTO, Murdoch and Curtin Universities with Minerals Research Institute of WA, University of Adelaide, ANU, Japan Oil, Gas and Metals National Corporation (JOGMEC)</p> <p>STEM-focused education programs incl. support for Pahang EcoSchools initiative in Malaysia</p> <p>Support for Curtin University's Future Battery Industries Cooperative Research Centre (CRC) in Australia</p> <p>Participating in wide range of industry forums and events</p>

# Appendix 2: Key Community Investment Initiatives

## Goldfields Region, Western Australia (Mt Weld and Kalgoorlie)

Program	Purpose
Laverton Cross Cultural Association (LCCA)	The Laverton Cross Cultural Association (LCCA) is a not-for-profit organisation based in Laverton in the Northern Goldfields of WA. Funded through contributions from several mining companies operating in the region, the LCCA is a partnership between the mining industry, Aboriginal organisations and the Laverton community.  The LCCA provided youth after school activities, including the Laverton Little Athletics Program.
Shire of Laverton	Lynas employees volunteer for community events and other Shire of Laverton initiatives each year, including Clean Up Laverton Day and Laverfest.
Supporting women and children	Providing donations of goods, assisting the Laverton based One Tree Laverton Crisis Intervention Service to provide essential services for women and children. \$5,000 donations were presented at Lynas' inaugural International Women's Day event in Kalgoorlie to One Tree Laverton and to the Goldfields Women's Health Care Centre.
Kalgoorlie community awards and events	Ongoing sponsorship of Goldfields Sports Awards and the Central Regional TAFE Vocational Student of the Year award. Sponsorship of community events including Lorna Mitchell Spring Festival, Christmas in the Park and NAIDOC Youth Ball.
Kalgoorlie-Boulder Urban Landcare Group (KBULG)	In FY23, Lynas announced a 3-year, \$150,000 partnership with the Kalgoorlie-Boulder Urban Landcare Group (KBULG), the premier community environmental organisation in Kalgoorlie-Boulder. The partnership will support KBULG programs and initiatives, including the annual tree-planting day which was supported by Lynas employee participation in FY23.
Laverton sports	Support for employee memberships and team activities at the Laverton Sports Club and sponsorship of the Laverton Cycling Program, designed to engage Laverton's young people in a fun learning experience.
Education	\$55,000, 5-year commitment to Curtin University's Moorditj Yorga Scholarship to support mature-aged First Nations women to attain an undergraduate degree at Curtin, with priority to be given to women from the Goldfields region.
Lynas Local Giving Program	Lynas Local Giving Program to help meet the needs of grassroots community organisations with \$500 donations. To date, 20 organisations have received grants to continue their great work including: Goldfields Giants Women's NBL, Days for Girls, Eastern Goldfields Netball Association, Retirees WA (Coolgardie), Kanyana Wildlife Rehabilitation Centre, Fairbridge College, Goldfields Community Legal Centre, Goldfields Women's Refuge, Boulder City Football Club, Salvation Army Kalgoorlie-Boulder, Spartans Basketball Club, and Mines Hockey Club.

## Appendix 2

### Malaysia

Categories	Purpose
<b>Contributions</b>	Annual Back to School Program providing uniforms and educational materials for disadvantaged children Recycling program and Free Health Screening Contributions to charitable homes Festive contributions and celebrations with various cultural groups Community centre infrastructure repairs Environmental programs CSR activities as part of Lynas Staff events
<b>Education and training</b>	EcoSchools Pahang program integrating climate change education within the national curriculum Knowledge transfer program venture between Lynas and local Universities Participation in school excellence day awards Sponsoring science conferences and convocation with Universities
<b>Health and sport</b>	Annual Sports Carnival with our local community, attended by over 4,000 Kuantan community members in FY23 Football and Futsal with our community and local industries Bowling events
<b>Community engagement</b>	Plant visits Quarterly community leader meetings Annual round table meeting Community information on our website Information and videos on social media and YouTube, including the 'Over 10 years of Lynas Malaysia' videos in FY23

# Appendix 3: Navigation Index

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The Navigation Index indicates the sections of Lynas FY22 ESG Report that align with the GRI Standards, the principles of the United Nations Global Compact, and the 10 principles of the International Council on Mining and Metals.

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Location</b>	<b>ICMM Principles</b>	<b>UNGC Principles</b>
<b>General disclosures</b>				
102-1	Name of the organisation	Our Operations – Page 6		
102-2	Activities, brands, products and services	Our Operations – Page 6		8, 9
102-3	Location of headquarters	Our Operations – Page 6		
102-4	Location of operations	Our Operations – Page 6		
102-5	Ownership and legal form	Our Operations – Page 6		
102-6	Markets served	Our Operations – Page 6		
102-7	Scale of the organisation	Our Operations – Page 6		
102-8	Information on employees and other workers	Employment and wealth generation – Page 34		6
102-9	Supply chain	Caring for our people – Page 16, Appendix 1: Stakeholder Engagement – Pages 38–40		
102-10	Significant changes to the organisation and supply chain	Our Operations – Page 6		
102-11	Precautionary Principle or approach	Principles of Governance – Page 7–9	1, 2, 4	7
102-12	External Initiatives	Our ESG Reporting – Page 4, Appendix 4: Memberships and Initiatives – Page 47	2	
102-13	Memberships of association	Appendix 4: Memberships and Initiatives – Page 47	2	
102-14	Statement from senior decision-maker	Letter from our Chairman & CEO – Page 2	2	1, 4, 5
102-15	Key impacts, risks and opportunities	Risk & Opportunity Oversight – Page 12		
102-16	Values, principles, standards and norms of behaviours	Operations – Page 6, Principles of Governance – Page 7	1, 2	10
102-18	Governance structure	Principles of Governance – Page 7–9	1	

## Appendix 3

GRI Standard	Disclosure	Location	ICMM Principles	UNGC Principles
102-40	List of stakeholder groups	Appendix 1: Stakeholder Engagement – Pages 38–40	4, 10	
102-42	Identifying and selecting stakeholders	Principles of Governance – Page 7–9	4, 10	
102-43	Approach to stakeholder engagement	Principles of Governance – Page 7–9	4, 10	
102-44	Key topics and concerns raised	Principles of Governance – Page 7–9	4, 10	
102-45	Entities included in the consolidated financial statements	Our ESG Reporting – Page 4		
102-46	Defining report content and its Boundary	Our ESG Reporting – Page 4	2	
102-47	List of material topics	Principles of Governance – Page 9	2	
102-50	Reporting period	Our ESG Reporting – Page 5	10	
102-51	Date of most recent report	Our ESG Reporting – Page 5		
102-52	Reporting cycle	Our ESG Reporting – Page 5		
102-53	Contact point for questions regarding the report	Our ESG Reporting – Page 5		
102-54	Claims reporting in accordance with the GRI standards	Our ESG Reporting – Page 4		
102-55	GRI Content index	Appendix 3: Navigation Index – Page 43		
102-56	External assurance	Our ESG Reporting – Page 5	10	
103-1	Explanation of the material topic and its Boundary	Principles of Governance – Page 8–9	4, 10	
103-2	The management approach and its components	Principles of Governance – Page 7–8		
103-3	Evaluation of the management approach	Principles of Governance – Page 7–8		
<b>Economic Performance</b>				
201-1	Direct economic value generated and distributed	Caring for our Communities – Building Prosperity – Page 34–37	9	
201-2	Financial implications and other risks and opportunities due to climate change	TCFD implementation – Page 26	6	7
<b>Market Presence</b>				
202-2	Proportion of senior management hired from the local community	Caring for our People – Page 16, Employment and wealth generation – Page 34–35		
<b>Indirect Economic Impacts</b>				
203-2	Significant indirect economic impacts	Caring for our Communities – Building Prosperity – Page 34–37		

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Location</b>	<b>ICMM Principles</b>	<b>UNGC Principles</b>
<b>Procurement practices</b>				
<b>204-1</b>	Proportion of spending on local suppliers	Caring for our Communities – Building Prosperity – Page 35	2, 9	6
<b>Anticorruption</b>				
<b>205-2</b>	Communication and training about anti-corruption policies and procedures	Ethical Behaviour– Page 10	1	10
<b>Energy</b>				
<b>302-1</b>	Energy consumption within the organisation	Caring for our Planet – Page 23–24	6	8
<b>302-3</b>	Energy intensity	Caring for our Planet – Page 23–25	6	8
<b>302-4</b>	Reduction of energy consumption	Caring for our Planet – Page 23–25	6	8
<b>Water and Effluents</b>				
<b>303-1</b>	Water withdrawal by source	Caring for our Planet – Page 30–32	6	7, 8
<b>303-3</b>	Water recycled and reused	Caring for our Planet – Page 30–32		8
<b>303-4</b>	Water consumption	Caring for our Planet – Page 30–31	6	8
<b>Biodiversity</b>				
<b>304-1</b>	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Caring for our Planet – Page 27–30	7	8
<b>G4-MM1</b>	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	Caring for our Planet – Page 27–30	6	8
<b>G4-MM2</b>	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	Caring for our Planet – Page 27–30	7	8
<b>304-2</b>	Significant impacts of activities, products, and services on biodiversity	Caring for our Planet – Page 27–30	7	8
<b>304-3</b>	Habitats protected or restored	Caring for our Planet – Page 27–30	7	8
<b>304-4</b>	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Caring for our Planet – Page 27–30	7	8
<b>G4-MM10</b>	Number and percentage of operations with closure plans	Caring for our Planet – Page 27–30	6, 9	7

## Appendix 3

GRI Standard	Disclosure	Location	ICMM Principles	UNGC Principles
<b>Emissions</b>				
305-1	Direct (Scope 1) GHG emissions	Caring for our Planet – Page 25	6	8
305-2	Energy indirect (Scope 2) GHG emissions	Caring for our Planet – Page 25	6	8
305-4	GHG emissions intensity	Caring for our Planet – Page 26	6	8
305-5	Reduction of GHG emissions	Caring for our Planet – Page 26	6	8
<b>Effluents and waste</b>				
306-2	Waste by type and disposal method	Caring for our Planet – Page 32	6	8
G4-MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks.	Caring for our Planet – Page 32–33		
<b>Supplier environmental assessment</b>				
308-1	New suppliers that were screened using environmental criteria	Caring for our People – Page 20	6	7, 8, 9
<b>Employment</b>				
401-1	Total number and rates of new employee hires and employee turnover	Caring for our Communities – Building Prosperity – Page 35	3	6
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Caring for our People – Page 17–18		6
<b>Occupational Health and Safety</b>				
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Caring for our People – Page 18	5	1
<b>Employee Training and Education</b>				
404-1	Average hours of training per year per employee	Caring for our People – Page 19	5	6
404-2	Programs for upgrading employee skills and transition assistance programs	Caring for our People – Page 19	3	6
404-3	Operations with significant actual and potential negative impacts on local communities	Caring for our People – Page 20	3, 9	1, 2
<b>Diversity and Equal Opportunity</b>				
405-1	Diversity of governance bodies and employees	Principles of Governance – Page 7–9, Caring for our People – Page 16–17	3	6
<b>Human rights assessment</b>				
412-2	Employee training on human rights policies or procedures	Caring for our People – Page 19–20	3	1, 2, 3, 4, 5, 6
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Caring for our People – Page 20	2	1, 2, 3, 4, 5, 6

# Appendix 4: Memberships and Initiatives

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## Malaysian memberships:

- Malaysian Australian Business Council

## Australian memberships:

- Minerals Council of Australia
- The Chamber of Minerals and Energy of Western Australia
- Kalgoorlie-Boulder Chamber of Commerce and Industry
- Goldfields Aboriginal Business Chamber
- Australian Resources & Energy Employer Association

## Commitments to external initiatives and standards:

- United Nations Global Compact (UNGC)
- International Council on Mining and Metals (ICMM) Sustainable Development Principles
- Together for Sustainability
- ISO Standards 9001, 14001, 45001
- Rare Earths International Association (REIA)
- Global Reporting Initiative (GRI)
- ASX Corporate Governance Council's Principles
- ISO TC 298
- UN Guiding Principles on Business and Human Rights
- Task Force for Climate-related Financial Disclosure (TCFD)

# Appendix 5: Scope 3 Evaluation Status

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Category name	Evaluation status
Category 1: Purchased Goods and Services	300,000–350,000 tons of CO <sub>2</sub> eq
Category 2: Capital Goods	To be evaluated
Category 3: Fuel- and Energy-Related Activities Not Included in Scope 1 & 2	To be evaluated
Category 4: Upstream Transportation and Distribution	Under evaluation
Category 5: Waste Generated in Operations	Under evaluation
Category 6: Business Travel	25 to 30 tCO <sub>2</sub> eq per year, composed mainly of Air Travel emissions
Category 7: Employee Commuting	Under evaluation
Category 8: Upstream Leased Assets	Not applicable
Category 9: Downstream Transportation and Distribution	70,000–80,000 tonnes of CO <sub>2</sub> eq
Category 10: Processing of Sold Products	100,000–110,000 tonnes of CO <sub>2</sub> eq
Category 11: Use of Sold Products	To be evaluated
Category 12: End-of-Life Treatment of Sold Products	To be evaluated
Category 13: Downstream Leased Assets	Not applicable
Category 14: Franchises	Not applicable
Category 15: Investments	Not applicable

Bush Hibiscus (*Radyera farragei*)  
at Lynas' Kalgoorlie Rare Earths  
Processing Facility



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