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About this Report

This year Lynas Corporation Ltd became a signatory to the United Nations Global Compact (UNGC) and this report represents the Company’s ongoing commitment to reporting progress towards the principles of the UNGC. The content is also informed by the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines which are also referenced in the ASX Corporate Governance Council, Corporate Governance Principles and Recommendations, 3rd Edition. This report has been prepared in accordance with the GRI Standards: Core option.

This report, our first Sustainability Report using the Global Reporting Initiative Standards (plus the Mining & Metals Sector Supplement), 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 on pages 22-23.

A summary of Lynas’ operations and our financial statements for 1 July 2018 to 30 June 2019 are reported separately in the FY2019 Financial Report available at www.lynascorp.com

All references to Lynas, the Group, the Company, refer to Lynas Corporation Limited (ACN 009 066 648) and its subsidiaries. All references to a year are the financial year ended 30 June 2019 unless otherwise stated.

Assurance

Lynas supports the intent of the ASX Corporate Governance Council Principles and Recommendations 3rd Edition (Principles and Recommendations) and meets specific requirements unless disclosed otherwise. The overall approach to audit and assurance is outlined in the 2019 Lynas Corporate Governance Statement, which is available at www.lynascorp.com.

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: general@lynascorp.com
Message from our Chairman & CEO

Welcome to Lynas Corporation’s first Sustainability Report. We are proud to present our key initiatives and metrics for the 2019 financial year.

Lynas was designed from the ground up as an environmentally responsible producer of Rare Earths and we are passionate about having a positive effect on our people, our customers and suppliers, our communities and the environment.

Lynas Rare Earth materials are used in industries where environmental provenance and sustainability matter and in this report we outline how Lynas meets the high standards expected by our customers, investors, communities and other important stakeholders.

Our company leads the Rare Earths industry with our commitment to sustainability and mine to magnet traceability. As a result of this approach, Lynas is now the sustainable supplier of choice for a number of strategic manufacturing customers around the globe.

We hope you find this report informative and we look forward to updating you on our progress in FY2020.

Mike Harding            Amanda Lacaze
Chairman             CEO & Managing Director
Lynas Corporation Ltd (ASX: LYC) is the world’s second largest producer of Rare Earths, operating a high grade mine at Mt Weld, Western Australia and a reliable, sustainable chemical processing plant in Kuantan, Malaysia.

Global demand for Rare Earths continues to grow. Demand for magnetic materials using Neodymium-Praseodymium is driven by increased demand for energy efficient technologies, including electric and hybrid vehicles and wind power. Demand for Lanthanum and Cerium materials used in catalytical applications in automotive and other applications is also growing, albeit at a slower pace.

In May 2019, we announced our intention to build a first stage processing (cracking & leaching) facility in Western Australia. We also announced an MOU with Blue Line Corporation in the United States for a Rare Earths processing facility in Hondo, Texas. More information regarding changes in size, structure and ownership can be found in our FY2019 Financial Report available at www.lynascorp.com

Our vision is to be the supplier of choice for our customers and a leader in sustainable 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.

Governance

Our values are reflected in our Code of Conduct which sets the standard for our business ethics, financial practice, health and safety, and environmental practices. The Code of Conduct also outlines the official complaints procedure. We have a Whistleblower Policy in place to ensure there are multiple avenues for employees to raise concerns or report incidents. Our Whistleblower Policy contains protections and confidentiality provisions for whistleblowers, consistent with applicable legislation. All employees are bound by multiple policies that include the Code of Conduct, available in both English and Malay. Our Anti-Bribery Policy complements our 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.

It is essential that suppliers and other business partners who supply Lynas with raw materials and services understand Lynas’ socially responsible operating procedures and work together with the Group on implementing these standards throughout the entire supply chain. In 2019, Lynas established a Supplier Sustainability Policy and Code of Conduct to ensure supplier compliance with Lynas’ Code of Conduct, policies and standards on human rights, ethical, environmental, health and safety matters. The document is available on our Website www.lynascorp.com.

Our Supplier Sustainability Policy incorporates our commitment to the Ten Principles of the United Nations Global Compact. This Policy has been shared with all direct material suppliers, major contractors and parts suppliers. Acknowledgement has been received and supplier audits have commenced. To support this new Policy, all buyers in Lynas’ procurement team have received Supply Chain & Sustainable Procurement Training by an expert sustainability consultancy based in Singapore. In addition, supplier sustainability requirements have been integrated into our ISO-based standard procedures.

EcoVadis is an international organization that provides sustainability ratings and performance improvement tools for global supply chains. In July 2019, Lynas Malaysia was awarded a Gold medal CSR rating for the company’s performance across the environment, labour and human rights, ethics and sustainable procurement. This ranked Lynas Malaysia among the top 5% of organisations evaluated. Pleasingly it reflected improvements implemented since the company was first awarded a Silver medal in 2017.
The EcoVadis platform delivers reliable scorecards to monitor supplier practices covering 150 purchasing categories, 110 countries and 21 corporate social responsibility indicators. Over 55,000 businesses participate and have received a scorecard which is intended to be shared with purchasers who want to assure the integrity of their suppliers.

Lynas Malaysia’s EcoVadis assessment was undertaken as part of Lynas’ participation in the Together for Sustainability chemical initiative to enhance sustainability within the global supply chain. EcoVadis methodology is based on international CSR standards including the Global Reporting Initiative, the United Nations Global Compact, and the ISO 26000. In the future, Lynas intends to extend the EcoVadis certification to include the Company’s Mt Weld operations.

Lynas has a transparent product supply chain including material traceability and strict environmental standards. We actively participate in the development of standards for Rare Earths production such as the ISO TC 298.

Lynas’ Board of Directors has six members – five are independent and the sixth is our Managing Director and Chief Executive Officer (CEO). Through our Diversity Policy we recognize and champion diversity to acquire a broad range of perspectives, experience and expertise. The policy promotes diversity in our Board of Directors and senior management team and sets out objectives to promote diversity across Lynas. A total of 33.0% of our Board of Directors, and 30.4% of senior executive positions, are women. Of equal importance, our senior management is also culturally diverse with over 10 nationalities represented in our executive and senior leadership ranks.

Lynas’ Board committees include an Audit and Risk Committee, a Health, Safety and Environment Committee and a Nomination, Remuneration and Community Committee. Committee mandates are reviewed and updated regularly to maintain continued relevance and to provide an effective framework for a high standard of governance. As summarised in the Corporate Governance Statement, each member of each Board Committee is an independent Director.

<table>
<thead>
<tr>
<th>Lynas Corporation Committees</th>
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</thead>
<tbody>
<tr>
<td>Audit &amp; Risk</td>
</tr>
<tr>
<td>Health, Safety &amp; Environment</td>
</tr>
<tr>
<td>Nomination, Remuneration and Community</td>
</tr>
</tbody>
</table>

Our Corporate Governance Statement lists responsibilities for the full Board and its committees. For more information on our corporate governance practices, see our Corporate Governance Statement, Constitution and Board Charter which are available on our website at [www.lynascorp.com](http://www.lynascorp.com).

**Risk Management**

Risk management is an essential business practice linked to strategy, business objectives and decision making. Risk management is integrated across all operating sites, development projects and corporate activities. We identify financial, operational, environmental, health and safety, and social risks, then evaluate 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. Our materiality process complements our risk practices as we assess the key external impacts of our activities and their related business consequences. This view of materiality can shine a light on emerging sustainability risks and opportunities.
Lynas’ approach

Material Issues

This report covers the key environmental, social and economic aspects which reflect the material issues of Lynas’ operations. Issues are considered to be material if they have the potential to have a significant effect - positive or negative - on Lynas’ operations or reputation or are of concern to stakeholders.

The process for determining the material issues of FY2019 comprised four key steps: research, identification, prioritization 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 suppliers, customers, consumers, communities, the environment and others.

Key Material Issues

The issues determined to be the most material to Lynas are classed by order of importance in the graph below. The vertical axis maps the relative importance of the topics to our stakeholders; the horizontal axis shows the significance of Lynas’ economic, environmental and social impacts.

These material issues are not only covered in Lynas’ Sustainability Report, they are continued areas of focus for the Company as we drive sustainable value creation.

Material Priorities

Health and safety

The health and safety of our workforce and our communities is the first priority for Lynas. We focus on eliminating fatalities, life-changing injuries and occupational illnesses from our business, while reducing all workplace injuries and health impacts. At the same time, our high standards of safety and environmental management are focused on ensuring our operations are safe for our communities and the environment.
Communities & Human Rights
We recognize the importance of supporting the communities in which we work and live and make it a priority to take an active role in making these communities better. We aim to make a positive contribution to local employment, skills, education, health and the environment. We also support disadvantaged groups including the elderly, disabled and women and girls.

Employment
The integrity, creativity, dedication, diversity and drive of our employees allows us to excel. We empower our people to achieve their personal best and we respect our people and their individuality. Lynas is committed to promoting a workplace culture that embraces diversity of thought as well as diversity of ethnicity, culture, background, gender and age.

Environment and Emissions, Wastes and Effluents
Lynas proactively works to reduce our greenhouse gas emissions, conserve resources and energy, prevent contamination of the air, water and soil, and limit waste generation. We develop and produce environmentally responsible products and we encourage reuse and recycling and engage in activities and develop technologies that help conserve the natural environment. In these ways, Lynas strives to reduce our environmental burden at every level of our business activities.

Engaging with our Stakeholders
In addition to our materiality assessment, we engage with stakeholders in many ways on an ongoing basis – ranging from an annual customer satisfaction survey to regular dialogue with our Local Communities through information and education programs, as well as community partnerships.

We communicate our progress to shareholders and investment communities through our Annual Report (available in the Investors section of our website lynascorp.com), through Investor and Shareholder meetings, during conferences and, as of 2019, through our Investor Day briefing and via the distribution of our Sustainability Report.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Interests</th>
<th>Engagement/response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>- Ensuring a safe workplace</td>
<td>- Priority given to employing from our local communities</td>
</tr>
<tr>
<td></td>
<td>- Fostering a rewarding work environment, where employees feel empowered</td>
<td>- Regular, open, internal communication events including weekly team meetings and senior leader forums with the CEO and executive team</td>
</tr>
<tr>
<td></td>
<td>through career development and opportunities</td>
<td>- Internal communication channels including daily pre-start meetings, Company emails, site notices, intranet and company events</td>
</tr>
<tr>
<td></td>
<td>- Building a strong and unique culture through a values-driven approach</td>
<td>- Employee training programs including safety, technical and leadership</td>
</tr>
<tr>
<td></td>
<td>- Building and maintaining diversity and committing to being inclusive at</td>
<td>- All staff bonus scheme introduced in 2019</td>
</tr>
<tr>
<td></td>
<td>all times</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Sharing the prosperity enjoyed by the company with our employees</td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>- Sustainable, reliable and consistent supply and delivery of Rare Earth</td>
<td>- Regular engagement, including face to face and electronic communication</td>
</tr>
<tr>
<td></td>
<td>materials</td>
<td>- Annual customer satisfaction survey</td>
</tr>
<tr>
<td></td>
<td>- Maintenance of strong technical and commercial relationships through</td>
<td>- Highly skilled and experienced marketing and sales team</td>
</tr>
<tr>
<td></td>
<td>timely, open and honest communication</td>
<td>- Quality control of product</td>
</tr>
<tr>
<td></td>
<td>- Collaboration on research and development initiatives</td>
<td>- Implementation of targeted, continuous improvement programs, both company initiated and in partnership with customers</td>
</tr>
<tr>
<td>Shareholders and Investors</td>
<td>- Creation of shareholder value</td>
<td>- Visits to customer operations</td>
</tr>
<tr>
<td></td>
<td>- Management of risk</td>
<td>- Customer visits to Lynas 'operations</td>
</tr>
<tr>
<td></td>
<td>- Delivery of cashflows from operations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Strong governance</td>
<td>- Regular webcast briefings including quarterly, half year and full year results</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Meetings and briefings with investors including post-result roadshows, conferences, and site visits</td>
</tr>
</tbody>
</table>
Local communities
- Community consultation and engagement on Lynas operations
- Sustainable growth and development for communities through local training, employment and business opportunities, education and other services
- Assisting disadvantaged members of the community

- ASX announcements and email alert systems that allow interested parties to register for automatic ASX announcement notifications
- Annual General Meeting
- 2019 Investor Day event
- Meaningful community consultation and engagement, including information booths and participating in community committees
- Positive contribution to community initiatives in partnership with local and state government and education institutions, focussing on employment, skills, education and health
- Making a difference for disadvantaged members of the community through volunteering and donations as part of the Lynas community support program

Suppliers and contractors
- Ensuring economic opportunity through sustainable business development
- Working together to achieve mutually beneficial outcomes
- Transparent communication through procurement process
- Development of Supplier Sustainability Policy and Code of Conduct

- Strong policy framework
- Priority given to development of capable local supply chains
- Strategic relationships and partnerships developed with contractors and suppliers
- Regular meetings, communication and reviews with strategic suppliers and contractors
- New Supplier Sustainability Policy & Code of Conduct and supplier audits commenced

Government and regulators
- Job creation, economic activity and local content
- Management of social and environmental impacts and biodiversity
- Environmental, social and fiscal performance and compliance
- Community development

- Regular, ongoing engagement with Government and regulators at all levels in operating and customer jurisdictions
- Public information including financial results
- More detailed annual compliance reporting
- Providing site visit opportunities

Non-government organisations
- Management of social and environmental impacts
- Community engagement
- Environmental performance
- Human rights performance

- Involvement in UN Global Compact and industry forums
- Direct engagement with relevant NGOs
- Reporting, ASX announcements and media releases
- Maintenance of high environmental and community standards
- Development of corporate policies

General community
- Social and environmental impacts and their management
- Community engagement
- Environmental performance
- Human rights performance
- Employment and business opportunities
- Community support

- Ongoing direct community engagement
- Regular communication and consultation
- Local procurement targets
- Continued support for community programs and events
- Development and implementation of multiple programmes including recycling and youth programmes

Educational institutions
- Providing access to career pathways and opportunities
- Attracting high calibre employees by positioning the Company as an employer of choice

- Site visits and work placement opportunities
- Active graduate and intern programs
- Participating in employer expos
- Innovative STEM-focused strategic alliance with Pahang State Education Department in Malaysia
- Proudly supporting Curtin University’s Future Battery Industries Cooperative Research Centre (CRC) in Australia
- Participating in industry forums and events
Health and safety

At both sites, we remain steadfastly focused on production that is safe for our people, safe for our communities, and safe for the environment.

Lynas is committed to ensuring that the Company’s operations in Australia and Malaysia are consistent with national and international safety and sustainability best practice. Lynas has established extensive processes to ensure that our operations are safe for employees, safe for the environment and our communities, and secure for our customers.

The Company’s Western Australian and Malaysian operations maintained certification to the OHSAS 18001 (Occupational Health and Safety Management Systems), ISO 14001 (Environmental Management Systems) and ISO 9001 (Quality Management Systems) standards during the year.

In Malaysia, environmental monitoring shows that there has been no increase in background radiation levels in the 7 years that Lynas Malaysia has operated. Environmental radiation and radioactivity monitoring of water, air, soil and sediments samples at 1 km, 5 km, 10 km and 20 km from the Lynas plant are conducted in accordance with internationally accepted sampling and monitoring methods.

Lynas’ safety reporting is aligned with the OSHA guidelines for the recording and reporting of occupational injuries and illnesses. The rates provided include all employees and contractors working on a Lynas site and are based on one million hours. The severity rates include days lost and days restricted from work and are also based on one million hours.

The Company-wide 12-month rolling Lost Time Injury (LTI) Frequency Rate, as at the end of June 2019, was 0.9 per million hours worked. There were no lost time injuries during the March quarter and no workplace fatalities or prosecutions in FY19 on both sites. On 8th July 2019 Lynas Malaysia celebrated the achievement of one-year LTI free. This is a significant milestone for Lynas and reflects the Company’s safety culture and continued focus and commitment to uphold the highest safety and operational excellence standards.

<table>
<thead>
<tr>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total recordable Injury frequency rate (TRIF)*</td>
<td>10.0</td>
<td>15.6</td>
</tr>
<tr>
<td>Lost Time Injury Frequency rate (LTIF)</td>
<td>2.2</td>
<td>2.2</td>
</tr>
<tr>
<td>Fatalities</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

* Our safety performance includes both employees and contractors.

OSH Performance

Lynas is proud of our high workplace health and safety standards at both of our operating locations. In August 2019, Lynas Malaysia was awarded a Gold class award for 2018 by the Malaysian Society for Occupational Safety and Health. The annual occupational safety and health performance awards recognise organisations which have achieved commendable safety and health records and/or have shown improvement in occupational safety and health processes through sound safety and health management systems.
Golden Rules

We believe in safe production to ensure everyone working at Lynas returns home safely at the end of the day. There have been no fatalities arising from the operation of the plant since it commenced operation in late 2012. However, to reduce our injury rate and improve our safety performance, this year we launched a Golden Rules training program in Malaysia (see graphic) that focuses on identifying our top safety risks and developing more robust controls and systems to manage them. This program has been embraced by our employees and contractors and has contributed to a reduction injury frequency in FY2019. The program will be initiated at Mt Weld in FY2020.

Communities & Human Rights

We recognise that a planned, transparent and constructive approach to stakeholder engagement and local socioeconomic development are key to attaining sustainable goals. Our engagement with communities in the areas where we operate is active, inclusive and equitable.

We employ local people, source from local businesses, and make an active contribution to our local communities. Our approach includes information and consultation with local communities as well as partnerships with government and non-governmental organisations.

Local Hiring

In Malaysia, local employees represent 97% of Lynas Malaysia’s 650 strong workforce. Indirect employee numbers, including contractors and those employed at firms for whom Lynas Malaysia is the sole or major customer, are estimated at more than 1200 people. In FY2019, our employees were almost exclusively from in-country, with expatriates accounting for only 2.5% of our employees across our operations.

In Western Australia, the remote location of the Mt Weld mine means that Lynas’ workforce is predominantly fly-in, fly-out. However, to ensure that Lynas employees and contractors have the opportunity to make a positive contribution to the local community, in November 2016 the Lynas mining camp was moved to the nearby town of Laverton. The Mt Weld team continues to increase its connection with the local community. Lynas participates in local volunteering and careers fairs to encourage local employment opportunities.

Local Procurement

Companies like Lynas can have a significant local economic impact through our local procurement decisions and processes. We aim to maximise our local purchasing. In FY2019, over 90% of inputs were procured at the local (Pahang State in Malaysia or Goldfields region in Western Australia) or country level across the Company’s operating sites. Lynas is a key customer to many local suppliers.

Direct community engagement and participation

As active and engaged members of our local communities, Lynas and our employees actively participate in community activities, and members of our local communities actively participate in Lynas activities.

In FY2019, direct community investment expenditures across our operations were approximately AU$385,000, excluding numerous employee volunteering hours which were not recorded in FY2019.

Community investments across our operations included funding for projects in the areas of economic diversification, local employment and training, culture and heritage, education, environmental stewardship, sports and recreation, community wellness, health services, and supporting women and girls and disabled members of our communities.
Stakeholder engagement for environmental approvals
Lynas engages and consults with our local communities and other interested parties regarding environmental approvals.

In Malaysia, in FY2019 we completed an Environmental Impact Assessment that included community consultation and opportunities for community feedback.

At Mt Weld, from time to time Lynas seeks environmental approvals. Significant approval processes may involve stakeholder engagement with interested parties who may be affected by the proposed activities. Lynas’ Stakeholder Engagement Strategy sets out a roadmap for broad-scale consultation with stakeholders, to continue throughout the life of the project. The approach will seek input and feedback on closure completion criteria based on agreed post-closure land use. Mechanisms for recording stakeholder input, considering stakeholder views and responding back to stakeholders are built into the plan.

Community development and engagement
Lynas is highly engaged with our local communities. In Malaysia in FY2019 we extended our community outreach to include the broader Kuantan area. In addition, in FY2019 we engaged with the wider Malaysian community through fact sheets and other communications in major news media (in English, Malay and Mandarin).

In late 2018, the Malaysian government appointed an independent Executive Review Committee to review Lynas Malaysia’s operations. The Executive Review Committee’s review included consultation with regulators, scientists, community members and activists opposed to Lynas and it held a public hearing in November 2018. In December 2018, the Executive Review Committee released its report which found Lynas Malaysia’s operations are low risk and compliant with relevant regulations. One of the Committee’s recommendations was further communication with the public and NGOs to ensure they receive accurate and up to date information. Lynas has increased its public and NGO outreach and we plan to continue to do so in FY2020.

In Western Australia, Lynas has been an active board member of the Laverton Leonora Cross Cultural Association (LLCCA) since 2009. Laverton and Leonora are the nearest communities to Mt Weld. The LLCCA is an incorporated, not for profit, charitable organisation established in partnership with local community and Aboriginal organisations, government agencies and mining companies for mutual benefit. The primary purpose of the LLCCA is to provide and enhance the employment, training, economic development and retention of Aboriginal people. This is achieved through employment, education, training and enterprise programmes as well as assistance for vulnerable members of the local communities. Lynas’ membership of the LLCCA provides an opportunity for consultation and collaboration with local government, businesses and the communities. Lynas provides financial and in-kind support to the LLCCA, including flights for volunteers and training providers.

Lynas team members regularly volunteer to assist with local community initiatives in the Laverton area and Lynas supports a range of sporting and health initiatives in local communities, including by providing flights for doctors and community members well as donations of equipment.

The following tables highlight key community investment initiatives at each of our sites.

<table>
<thead>
<tr>
<th>Mt Weld</th>
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<tbody>
<tr>
<td><strong>Program</strong></td>
<td><strong>Purpose</strong></td>
</tr>
<tr>
<td>Laverton Leonora Cross Cultural Association (LLCCA)</td>
<td>The LLCCA operates as a community hub to enhance employment opportunities and encourage local Aboriginal people to be creative through a number of different programs including art and music. The LLCCA has a Keys 4 Life Program which assists locals in attaining their drivers’ licence by utilising the LLCCA driver training vehicle. It also provides opportunities for consultation and collaboration with local government, businesses and community members.</td>
</tr>
<tr>
<td>SwimStars</td>
<td>SwimStars encourages children from the Laverton community to learn how to swim in a safe and friendly environment and promote water safety and confidence. Lynas’ annual sponsorship of Laverton SwimStars includes provision of flights and accommodation for volunteers.</td>
</tr>
<tr>
<td>Shire of Laverton</td>
<td>Lynas offers assistance to the Shire of Laverton by transferring mattresses and bicycles from Perth to Laverton through Mt Weld shipping containers. The items are collected by the Shire of Laverton for the local community. Lynas employees also regularly volunteer for community events and numerous other Shire of Laverton initiatives each year, including ANZAC Day, Clean Up Laverton Day, NAIDOC Week Celebrations, and Christmas events.</td>
</tr>
<tr>
<td>Program Categories</td>
<td>Purpose</td>
</tr>
<tr>
<td>--------------------</td>
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</tbody>
</table>
| **Contributions**  | - Annual Back to School Program providing uniforms and educational materials for disadvantaged children  
- Bi-monthly Recycling program and Free Health Screening  
- Bi-monthly contribution to charitable homes  
- Festive contributions  
- Festive Celebration with various cultural groups  
- CSR activities as part of Lynas Staff events such as our “Amazing Race” |
| **Education**      | - Score ‘A’ in Mathematics & English Program for school students  
- IT Room at Library Balok  
- Knowledge transfer program venture between Lynas with local Universities  
- Participate in school excellence day awards  
- Sponsoring science conference and convocation with University |
| **Sports**         | - Annual Sports Carnival with our local community  
- Football and Futsal with our community and local industries  
- Futsal Clinic  
- Bowling events |
| **Community Engagement** | - Exhibition booths at local Universities and public areas  
- Plant visits  
- Fact sheets and Q&As in major newspapers  
- Information videos in social media and YouTube  
- Yearly Media Roundtable meeting |

**Human Rights**

Lynas is committed to respecting human rights as set forth in the United Nations Guiding Principles on Business and Human Rights. We treat our employees, contractors, neighbours, local communities and host governments with dignity and respect. Lynas does not tolerate any form of discrimination or harassment and we foster a work environment free from discrimination against gender, age, race, national origin, marital status, sexual orientation, religious beliefs, disability, or any other personal characteristics protected by applicable law.

Our Human Rights Policy prohibits all forms of forced labour and child labour in our operations and in our suppliers’ operations. We respect and take into consideration the rights, interests and concerns of traditional land users and cultural activities of Indigenous peoples within our sphere of influence. No human rights-related grievances were filed in FY2019. There were no recorded incidents of proven discrimination at our operations during the reporting period.
Employment

Our Employees

At June 30, 2019, Lynas employed over 1200 people, comprising 737 employees and 466 contract workers across Malaysia and Australia.

Contract employees are primarily engaged in maintenance, mine development, mining and project activities and are included in our safety training and performance statistics. They are held to the same high safety standards as Lynas employees. Our company-wide turnover rate for 2019 was approximately 16%.

<table>
<thead>
<tr>
<th>Mt Weld</th>
<th>Total</th>
<th>Employees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employees</td>
<td>87</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Australian</td>
<td>87</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LYNAS</th>
<th>Total</th>
<th>Malaysian</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employees</td>
<td>650</td>
<td>631</td>
<td>97%</td>
</tr>
</tbody>
</table>

Top Employer

We value our people and believe in providing enhanced benefits, leave and allowances to strengthen employee well-being and work-life balance. Lynas offers comprehensive and competitive benefit programmes in both Malaysia and Western Australia to attract and retain our talented workforce.

In Malaysia, we offer training, flexible working hours for non-operations employees, maternity leave above statutory requirements, part-time work transition from maternity leave, paternity leave and health schemes.

In Australia, we offer training and other development opportunities for our Mt Weld workforce. As a best practice employer, we also 'top up' an employee's pay during the 18 week period of Government-funded Parental Leave to their full rate of pay during the period and continue to make superannuation payments throughout this period. We also offer Dad and partner pay of one week paid leave to new parents.

Lynas Malaysia was proud to receive a Malaysia Best Employer Brand Award Certification from the World Federation of HR Professionals in April 2019. The award takes into consideration how a company is combining vision with action in its people strategy, building internal competencies, providing equal opportunities for women leaders and demonstrating social responsibility. In April 2019, Lynas Malaysia was also recognised for assisting the Fire and Rescue Department of Malaysia during fires in the Gebeng area.

Diversity

Mining and Chemicals have traditionally been male-dominated industries. Lynas has been proactively promoting equal opportunities for women, with a key focus on increasing participation in operating areas, including requirements that qualified female applicants are included in our talented workforce.

Lynas continues to work diligently towards increasing employment opportunities for women across our organization and promoting women into leadership roles.

<table>
<thead>
<tr>
<th>Mt Weld</th>
<th>Total</th>
<th>Employees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employees</td>
<td>87</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>12</td>
<td>13.8%</td>
<td></td>
</tr>
<tr>
<td>LYNAS MALAYSIA</td>
<td>Total Employees</td>
<td>650</td>
<td>99</td>
</tr>
<tr>
<td>Women</td>
<td>99</td>
<td>15.23%</td>
<td></td>
</tr>
</tbody>
</table>
Training and Professional Development
Ongoing communication and training are essential elements for employees and contractors to successfully meet our stringent health and safety commitments, and to develop their skills and knowledge. In 2019, Lynas Malaysia employees received a total of 18,744.5 hours of training, equating to an average of approximately 28.84 hours per employee. Current training data for Mt Weld shows an average of approximately 16.61 hours per employee. The current data does not capture all training conducted at Mt Weld on and offshore. This process will be reviewed to ensure a more accurate figure for FY2020.

Employee performance reviews are conducted annually with 100% of employees. Supervisory, management and executive positions, have performance-based compensation bonuses which are assessed on metrics such as production volumes, health and safety metrics, environmental compliance and other corporate goals and individual objectives.

Through our performance assessment programme, over 80% of our employees have been promoted once during their employment at Lynas.

Environment and Biodiversity
We integrate environmental management across our business, identifying and managing environmental risks to achieve positive environmental outcomes. We acknowledge that mining and processing is a major consumer of energy, water and other resources and we work continually to reduce energy consumption and emissions and maximise the responsible management of materials. We aim to minimise the impact on the environment in which we operate and to minimise our lasting footprint.

Water
Clean and sufficient water is a critical resource for society and for Lynas’ operations. The global challenge of protecting this supply is addressed through a broad range of activities by our Company – from creating products that enable water treatment, to improving the efficiency of water use in our operations. This section focuses primarily on the water footprint of our operations.

Mt Weld has established internal objectives and targets in line with the Lynas Environmental Policy to recycle our process water. An overall water consumption target of less than 4.5m³ of water per tonne of ore has been set for the FY2020 period to reduce water consumption. Lynas has, and continues to, optimise flotation techniques to continuously improve ore utilisation. Lynas has also implemented industry leading water management systems to improve water recycling.

Recycled or reused water increased to 26% of our process water used in FY2019 compared to 14% in FY2018.

In Malaysia, Lynas uses scheme water (city water) provided by the local water utility provider. Lynas Malaysia has two process water ponds with a capacity of 6000m³ which supply water to the plant as needed at a rate of approximately 400m³/hr. Following intermittent water supply issues in 2018, a larger, third water storage pond was constructed and became operational in the March 2019 quarter. A dedicated water flow meter has been installed to process the incoming city water, enabling us to precisely monitor our water consumption.

We are continually striving to minimise water usage in our operations and throughout our supply chain in order to protect the environment, reduce costs and ensure our future resilience.
**Energy savings**
At Lynas, we are proactively finding new ways to conserve energy and accelerate our energy saving initiatives. Our Company is working to create a healthier planet by reducing energy consumption and increasing resource conservation. Reducing our energy consumption not only contributes to a positive impact on the environment as we consume less resources, it also optimises our operational efficiencies and helps strengthen our reputation amongst our stakeholders.

Work is being undertaken in the scoping phase for a hybrid power station at Mt Weld, comprising a Photovoltaics array and wind turbine, to significantly reduce reliance on fossil fuels for power generation.

To assist with the scoping works, a wind and solar monitoring station has been installed. A preferred site for a Photovoltaics array and wind turbine has been selected and land surveys have been undertaken.

We plan to commence work on the hybrid power station in CY2020, and to have it operational in time for the next plant expansion. The hybrid power station would potentially supply a substantial proportion of the site power from renewable energy during the peak sunlight hours during the day.

As shown in the below diagram, while our Rare Earths Oxide production has increased over the past three years, our focus on reducing energy consumption has seen significant reductions in diesel use. In FY2019, reagent optimisation within the concentrator plant at Mt Weld led to a significant reduction in diesel combustion, further reducing greenhouse gas emissions.

<table>
<thead>
<tr>
<th>Year</th>
<th>Energy Consumed Total</th>
<th>Energy Consumed Net</th>
<th>Energy Produced</th>
</tr>
</thead>
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<tr>
<td>2013/2014</td>
<td>110,705</td>
<td>90,830</td>
<td>19,875</td>
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<tr>
<td>2014/2015</td>
<td>151,181</td>
<td>125,770</td>
<td>25,411</td>
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<tr>
<td>2015/2016</td>
<td>236,020</td>
<td>198,168</td>
<td>37,852</td>
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<tr>
<td>2016/2017</td>
<td>309,895</td>
<td>253,908</td>
<td>55,987</td>
</tr>
<tr>
<td>2017/2018</td>
<td>455,674</td>
<td>394,611</td>
<td>61,063</td>
</tr>
</tbody>
</table>

**Biodiversity**
**Flora, fauna and Vegetation at Mt Weld**
Lynas’ Mt Weld mine is situated 35 km southeast of Laverton in the Murchison Region of Western Australia. The nearest regional city is Kalgoorlie-Boulder located 433 km south of Laverton. The land system underlying 94% of the Mt Weld disturbance is found within the Monk system. Land systems are defined as an area or group of areas throughout which there is a recurring pattern of topography, soils and vegetation. The Monk system is described as hardpan plains with occasional sandy banks supporting mulga tall shrublands and wandererrie grasses. Numerous floras, vegetation and fauna surveys of the Mt Weld Project area have been completed since 2011. A total of 182 flora taxa (including subspecies, varieties and forms) representing 23 families and 44 genera have been recorded from the Mt Weld area. The most represented families are Chenopodiaceae (goosefoot) (28 taxa), Asteraceae (daisies) (25 taxa), Poaceae (grasses) (20 taxa) and Fabaceae (legumes) (17 taxa).

Eight vegetation types have been described and mapped, none of which are analogous to any Commonwealth of Australia or State listed threatened ecological communities or priority ecological communities, or any vegetation of local or regional significance. Vegetation condition ranged from ‘Very Good’ to ‘Excellent’ condition, with the area considered to be in ‘Very Good’ condition. Weed density and diversity are considered low. Other vegetation disturbances within the area are restricted to trampling and grazing by domestic cattle.

Five broad fauna habitats have been identified at Mt Weld; low mulga woodland on clay loam, mulga on clay loam, mulga on stony plain, shrub plain and stony rise.
Mine Closure and Rehabilitation at Mt Weld

A Mine Closure Plan approved by the Department of Mines, Industry Regulation and Safety fulfils the requirement for decommissioning, rehabilitation and closure of the Mt Weld Project. The 2018 Mine Closure Plan addresses:

- removal or, if appropriate, disposal on-site of plant and infrastructure;
- rehabilitation of all disturbed areas to agreed final land use(s); and
- identification of contaminated sites, including provision of evidence of notification to relevant regulators.

Lynas recognises that planning for mine closure and rehabilitation needs to be undertaken in an effective and progressive manner to minimise adverse long term environmental, social and economic impacts. Progressive mine closure planning is a prerequisite for the creation of stable, safe and non-polluting landforms suitable for the agreed post mining land use. In general, mine closure works aim to:

- minimise the footprint of operations upon closure;
- determine the optimum strategies for effective closure and rehabilitation of the mine site;
- progressively rehabilitate disturbed areas during the mine life; and
- monitor the site during operations and upon completion of rehabilitation activities to demonstrate compliance with closure objectives.

The 2018 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. The structure of the Mine Closure Plan sets out a strategic approach to ensure closure of the Mt Weld Project:

- Project overview;
- Identification of closure obligations and commitments;
- Stakeholder engagement;
- Post-mining land use;
- Closure objectives and completion criteria;
- Collection and analysis of closure data;
- Identification and management of closure issues;
- Closure implementation;
- Proposed closure monitoring and maintenance program;
- Financial provisioning for closure; and
- Management of information and data.

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 will take place as the mine progresses to ensure that pastoral use remains the most suitable post mining land use. We propose to encourage vegetative growth and rehabilitate these landforms to achieve functioning ecosystems. As ongoing monitoring informs realistic achievable criteria for these domains, post-mining land use will be updated.

Closure Monitoring and Maintenance at Mt Weld

Monitoring is essential to track the progress of rehabilitation and closure, to inform when contingencies and corrective actions are needed, and to ensure that the rehabilitation fulfils completion criteria, which define the success of rehabilitation strategies for closure. Rehabilitation will continue to be monitored until the criteria are met, and then annually for five years after this time to ensure the ecosystem is resilient and self-sustaining and does not require further management intervention. Information from monitoring will also feed back into management strategies and improve rehabilitation and environmental management. If particular strategies are not progressing rehabilitation towards the completion criteria, then new strategies can be developed to help achieve desired outcomes. For example, species that have not grown successfully may be substituted with other appropriate local provenance species or establishment techniques revised.

Proposed closure monitoring considers the wider receiving environments, receptors and exposure pathways. Lynas will utilise appropriate procedures in sampling, analysis and reporting of results, and continue to reference the recorded trends against the expected or predicted performance.

If monitoring demonstrates movement outside of the agreed parameters, we are committed to the development of remedial and intervention strategies over the next three years, and continuing post closure monitoring until the agreed completion criteria have been demonstrated to be met.

Decommissioning Plan at Lynas Malaysia

The Lynas Malaysia plant is located in the Gebeng Industrial Estate, Malaysia. Lynas Malaysia has lodged a Decommissioning Plan with the Malaysian Atomic Energy Licensing Board, setting out our plans for decommissioning, rehabilitation and closure of the Lynas Malaysia plant at the end of its operating life.
Emissions, Wastes and Effluents

Emissions
In compliance with the National Greenhouse and Energy Reporting Act (NGER), in 2013 we began our carbon management programme recording our carbon footprint. Under this initiative, we report our greenhouse gas emissions associated with our Mt Weld operation to the Clean Energy Regulator (see table below).

Our carbon calculation consists of the consumption of electricity and fossil fuels. In FY2020, we will integrate our operations in Gebeng, Malaysia, into our Sustainability report. We also submit greenhouse gas emission data and related information from our Mt Weld operation to the Carbon Disclosure Project (CDP).

<table>
<thead>
<tr>
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<th>Scope 2</th>
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<td>-</td>
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<td>-</td>
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<td>2016/2017</td>
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<td>-</td>
<td>21,762</td>
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<tr>
<td>2017/2018</td>
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</table>

To influence Greenhouse Gas (GHG) emissions in our value chain, we prefer rail transportation to truck, because of its lower emissions intensity. When possible, we procure inputs from local suppliers to reduce transport costs and related emissions.

The GHG impact of distribution of products and waste has not yet been assessed and is not included in this reporting.

Life Cycle Assessments
Life Cycle Assessment (LCA) is an approach that enables the quantitative evaluation of the environmental burden generated by a product or service over its entire life cycle (from resource collection through raw material production, product manufacturing, distribution, consumption, disposal and recycling) or at specific stages of the life cycle. The evaluation of the environmental impact of Lynas products and services over their entire life cycles assists us to develop environmentally friendly products and services. In FY2019, the company CO2 emissions equivalent for 1 kg of a mix of Rare Earths Finished Product is estimated at 30 kg. A target of reduction of 10% has been established for FY2020.

Residues
In line with the circular economy, Lynas has invested in research and development to convert by-products of our production into safe, saleable industrial products.

Mt Weld Tailings deposition and consolidation
Rare Earths production generates tailings at Mt Weld, composed of the gangue minerals and water from mining and flotation stage. Part of the water is recycled, and tailings may be a future source of Rare Earths. In 2019, Lynas completed the Mt Weld Tailings Dam Questionnaire, in response to the Investor Mining & Tailings Safety Initiative. It is available on our website at www.lynascorp.com.

Tailings generated from the process plant are discharged into Tailings Storage Facilities (TSFs). Significant trials to improve tailings storage capacity via mud-farming have seen consolidation of tailings greatly improve. This has delayed the requirement for additional storage capacity in the near future. Although tailings volumes generated over the life of mine will increase as milled ore tonnes increase, we are now better positioned to manage tailings in current and future facilities, reducing our overall disturbance footprint.

Mt Weld Tailings rehabilitation and closure
The overarching objectives for tailings storage features are to create safe, stable and non-polluting landforms, capable of sustaining an agreed post mining land use. The closure strategy for TSFs is to install a capping layer over the consolidated tailings surface and revegetate to establish a self-sustaining landform into the existing environment. Capping is best described as a revegetated multi-layered soil cover. A key closure objective is that the capping layer facilitates a self-sustaining ecosystem and provides a blanket to the underlying tailings which have naturally occurring radionuclides present. Mt Weld tailings are considered geochemically benign and have low level naturally occurring radionuclides with decant water comparable to the superficial aquifer water quality.

1 Internal estimate, report to be submitted to Clean Energy Regulator in October 2019
Lynas Malaysia residues

Our Malaysian operation produces two solid residues, NUF and WLP. In line with our commitment to ensure that our effluent discharge is safe for the environment and does not affect human health, we comply with the Department of Environment's stringent regulatory standards.

- **NUF** = Neutralisation Underflow Residue, a magnesium rich synthetic gypsum.
- **WLP** = Water Leached Purification Residue, an iron phosphate material that is a very low level Naturally Occurring Radioactive Material (NORM).

Lynas Malaysia has commissioned numerous studies by independent researchers that demonstrate that WLP, NUF and filler material can be used in a soil conditioner product known as Condisoil. All of the studies demonstrate that Condisoil is safe and commercially beneficial. However, as part of the renewal of Lynas Malaysia’s operating licence announced on 15 August 2019, Lynas will no longer pursue commercial reuse of the material and will instead build a permanent deposit facility for WLP. However, a long term plan has been agreed for NUF residue, including commercialisation and permanent storage options.

As announced on 21 May 2019, Lynas will relocate Cracking & Leaching, the first stage of its operations currently located in Malaysia, to Western Australia as part of the Lynas 2025 growth plan. Under Lynas Malaysia’s new licence, the relocation is required to be completed within 4 years. Once the transition to Western Australia is complete, WLP residue will no longer be produced in Malaysia.

Waste

Waste management involves numerous systems to control waste management processes, waste streams and identifies 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.

Lynas has adopted:

- Waste avoidance;
- Waste minimisation;
- Reuse;
- Recycling;
- Treatment of waste; and
- Disposal of waste in an environmentally sound manner.

At Mt Weld, controlled Waste such as waste oils and greases are temporarily stored onsite and transferred to a licenced Controlled Waste Facility for recycling. All Controlled Waste is traceable via the Department of Water and Environment Regulation’s (DWER) waste tracking network. In the unfortunate event of hydrocarbons spilt to the environment, Mt Weld has constructed a dedicated Bioremediation Facility for the natural remediation of hydrocarbon contaminated soil via landfarming. Bioremediation is the above-ground remediation of soils to reduce the concentrations of hydrocarbons via stimulation of naturally occurring bacteria in the soil.

All general non-recyclable waste is disposed at Mt Weld’s DWER licenced Class II Landfill Facility under Prescribed Premise Licence L8141/2007/2. Non-recyclable waste disposed at Mt Weld includes putrescible waste, food and office packaging waste. Waste disposed of in the open landfill trench is covered on a weekly basis to prevent feral animals scavenging and rubbish blowing away from the area.

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).

A recent opportunity to reduce waste at Mt Weld was the success of heat recovery infrastructure installed within the concentrator plant which resulted in diesel combustion fuel savings of 40,000L per month (an equivalent of AUS$1.2mil per annum) and therefore reduction in greenhouse gas emissions. Two tailings heat exchangers were in place on site to recover heat from the tailings slurry which is used to preheat water used in the grinding and flotation.
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Malaysia.

Disposal of waste in an environmentally sound manner.

Treatment of waste; and

Recycling;

Reuse;

Waste minimisation;

Waste avoidance;

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Lynas has adopted:

- Mandatory Environmental Management System
- Waste Management Plan
- Recycling Program
- Pollution Prevention Plan
- Emitting Source Control

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For waste in tailings ponds, Lynas Morton Vale has setup a full-scale Remediation Cell Leachate Recycling System (RCLRS) to divert leachate from tailings ponds to treat, recycle and return the water to the main tailings dam for reuse.

Radioactive Material (NORM)

Lynas has commissioned numerous studies by independent researchers that demonstrate that WLP, NUF and filler material can be used in a soil conditioner product known as Condisoil. All of the studies demonstrate that Condisoil is safe and commercially beneficial. However, as part of the renewal of Lynas Malaysia’s operating licence announced on 15 August 2019, Lynas will no longer use this product.

Lynas Morton Vale has also demonstrated that WLP residue can be used in a soil conditioner product known as Condisoil. All of the studies demonstrate that Condisoil is safe and commercially beneficial. However, as part of the renewal of Lynas Malaysia’s operating licence announced on 15 August 2019, Lynas will no longer use this product.

NUF residue is undergoing advanced studies to evaluate its potential beneficial use in the construction industry. The studies are investigating the use of NUF residue in the following applications:

- In situ stabilization of soil.
- Soil mixing application in residential housing projects.
- Place in road bases.
- Use as a source of calcium for use in concrete and asphalt production.
- Use as a stable base for gravel roads.

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- Soil mixing application in residential housing projects.
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The Navigation Index indicates the sections of Lynas FY2019 Sustainability 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.

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<th>Location</th>
<th>ICMM Principles</th>
<th>UNGC Principles</th>
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<td>Location of operations</td>
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<td>Lynas’ Approach – Page 6</td>
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<td>Lynas’ Approach - Page 7-8</td>
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<td>Approach to stakeholder engagement</td>
<td>Lynas’ Approach - Page 7</td>
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<td>102-44</td>
<td>Key topics and concerns raised</td>
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**Economic Performance**

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| 201-2        | Financial implications and other risks and opportunities due to climate change | FY2019 Financial Report                                                 | 6               | 7               |

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| 204-1        | Proportion of spending on local suppliers                                  | Community and Human Rights - Page 10                                    | 2               | 9               |

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