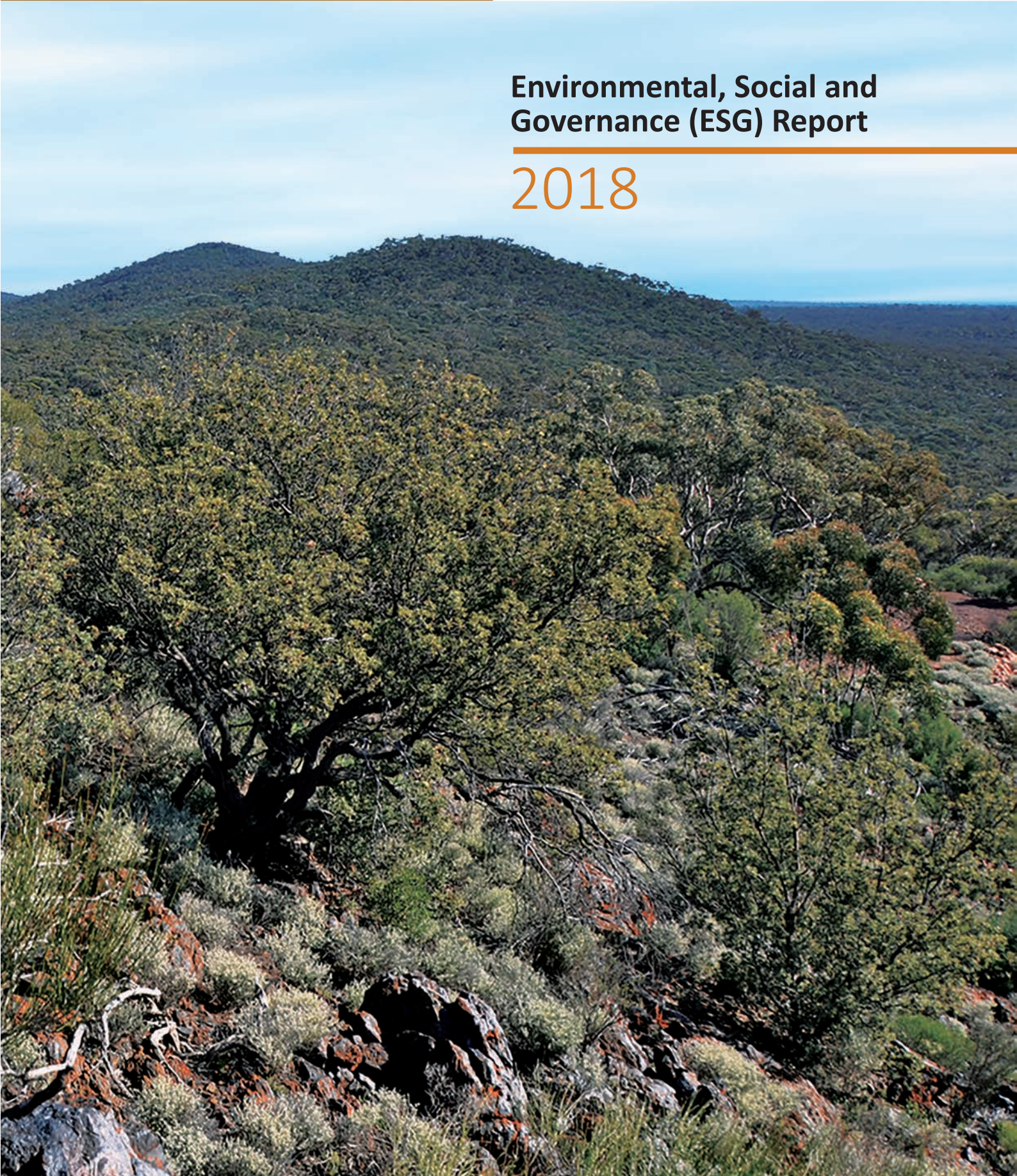


# Environmental, Social and Governance (ESG) Report

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## 2018





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## About this report

This Environmental, Social and Governance (ESG) report presents a summary of the ESG performance of Mineral Resources Limited's operations for the financial year ended 30 June 2018.

All references to 'MRL', 'the Company', 'the Group', 'we', 'us' and 'our' refer to Mineral Resources Limited (ABN 33 118 549 910) and the entities it controls, unless otherwise stated.

References in this report to a 'year' are to the financial year ended 30 June 2018 unless otherwise stated. All dollar figures are expressed in Australian dollars (AUD) unless otherwise stated.

All references to 'Indigenous' people are intended to include Aboriginal and/or Torres Strait Islander people.

# Introduction

## Environmental, Social and Governance at MRL

In response to investor interest, and in alignment with broader industry trends, we are pleased to release MRL's first stand-alone Environmental, Social and Governance (ESG) report. This report presents a summary of our key ESG issues in advance of a more comprehensive report to be released next year. The report, which should be read in conjunction with our annual report, aims to provide investors and all interested parties with an understanding of the ESG risks and opportunities that inform our strategy and shape our future, as well as an understanding of our performance across these issues.

ESG performance and associated risk management have always been core to the mining services and extractive industries, and in many respects these industries have been at the forefront of the corporate ESG agenda. We understand that to be considered as one of the great Australian companies, we have a duty to operate responsibly and minimise the impact of our operations on the environment and communities.

We recognise that we are at the start of our journey in formalising our approach to ESG reporting. While we have provided a snapshot of our sustainability performance in previous annual reports, this report provides MRL with an opportunity to have an honest and accountable conversation with our stakeholders. This report discusses our successes and challenges across our key issues, avoiding overly corporatised language, to plainly set out where we have succeeded and where we need to work harder.

We believe that sound ESG performance is particularly important given the mistrust of mining companies' ESG performance and, in particular, the broad mistrust with which many large corporations are currently being viewed. We understand that our stakeholders, in particular our investors, are interested in the extent to which a company is openly aware of its major ESG risks and the extent to which it can adequately describe the mechanisms to effectively manage and respond to its major and emerging risks and opportunities; including being able to deliver long-term value.

At MRL, we continually seek opportunities to add value to 'business as usual' practices, both for our own business and for our customers in the mining sector. In our primary role as a mining services provider, and through our research and development programmes, we seek to develop innovative, low cost solutions across the entire mining value chain; thereby reducing processing costs and improving the efficiency, effectiveness and financial viability of resource recovery.

Our focus on adding long term value to the Australian mining industry is demonstrated by our investments in commodities with growing importance and demand such as lithium, as well as the development of downstream processing within Australia, to ensure the domestic retention of more of the wealth derived from Australia's resources. Even though our investment decisions are still subject to a number of regulatory approvals, we believe that development of downstream processing will position Australia, and Western Australia in particular, to be a key player in the broader segment of the global energy storage value chain; supporting a greater diversity of employment opportunities and providing environmental benefits by lowering carbon emissions, while doing so. This demonstrates the strategic nexus between our industry and ESG performance generally, and underscores our interest in this important area of performance and disclosure.

## Chairman's Message

As I remarked in my opening letter in our Annual Report, the global economic and political climate is entering a sustained period of volatility that must be front of mind for all business leaders. What is remarked upon less often, but which is increasingly clear to many, is that the drivers of this volatility are disproportionately environmental, social and governance-related in nature. From changes to the global energy landscape, import restrictions to curb industrial emissions, or geo-political upheaval driven by resentment of unequal wealth distribution – these are all ESG issues of central relevance to our sector and many others.

It is therefore timely that we are publishing our inaugural ESG report, a first step in what will become the platform for driving forward our ESG strategy and performance. While the big picture of ESG is important, so too are the basics. In this report we set out in detail the state of our safety performance and our approach to the stewardship of the land on which we have the privilege to operate. We seek to be clear on those areas that demonstrate our genuineness of intent and also those areas where significant improvement is needed.

As always we welcome your feedback, and I encourage you to contact us with any queries.



Peter Wade  
Chairman



## Who we are

MRL is an innovative and leading mining services company, with a growing world-class portfolio of mining operations across multiple commodities.

With decades of experience in the mining services sector, we look for opportunities to expand and diversify our core business through our mining operations and our innovation in the mining services sphere.

Our aim is to be recognised as one of the great Australian companies and a leading provider of innovative and sustainable mining services.

We understand that this can be achieved only by operating with integrity and respect, focussing on the safety and wellbeing of our people, working in partnership with our stakeholders and challenging the status quo by actively exploring new ideas and opportunities.

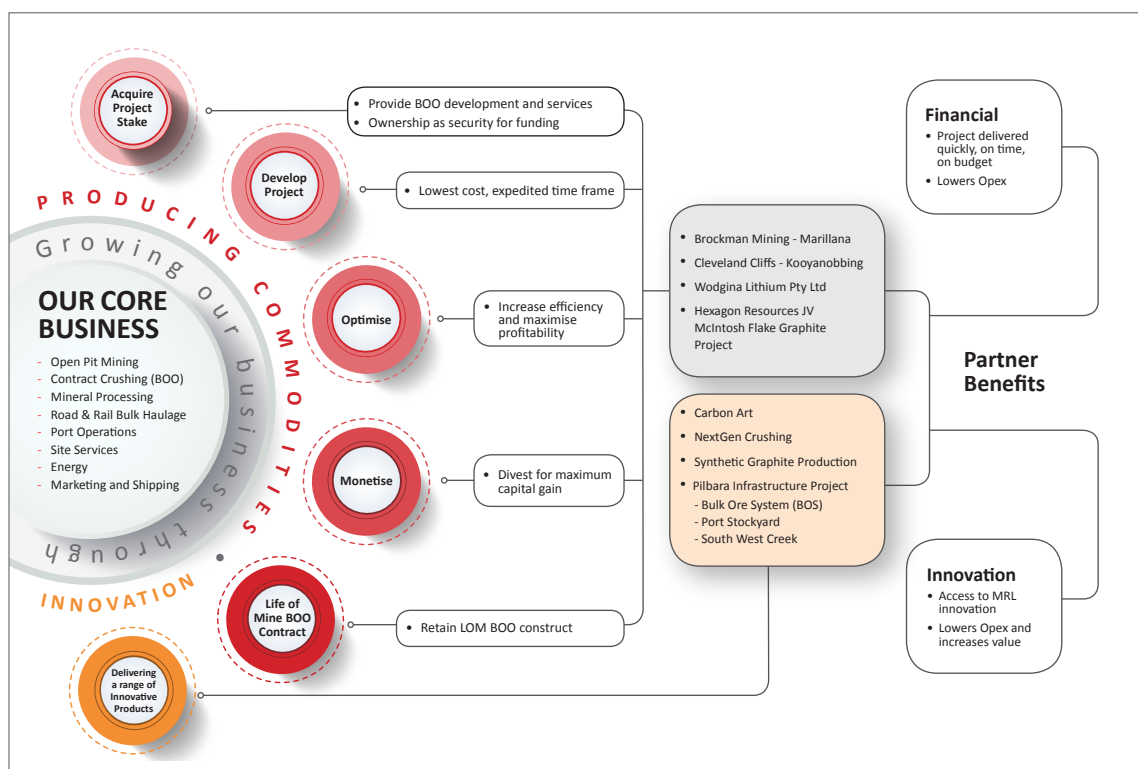
## Our Portfolio

MRL offer a wide range of general mining services, including contract crushing, processing, site services, mine-to-port logistics, ship loading and marketing and export of resource products.

In addition, we are a producer of commodities, owning and operating several mine sites, including iron ore and lithium.

To remain competitive, we recognise the importance of innovation in providing sustainable and low cost solutions across the mining infrastructure value chain and are currently developing:

- A light-weight rail system, a low cost mine-to-port transport solution for bulk commodities and freight with possible worldwide applications
- Manufacture of carbon fiber equipment specifically designed to produce structural components for the mining industry
- The design and construction of a continuous feed pilot plant for producing synthetic graphite from natural gas and iron ore.



# Who we are

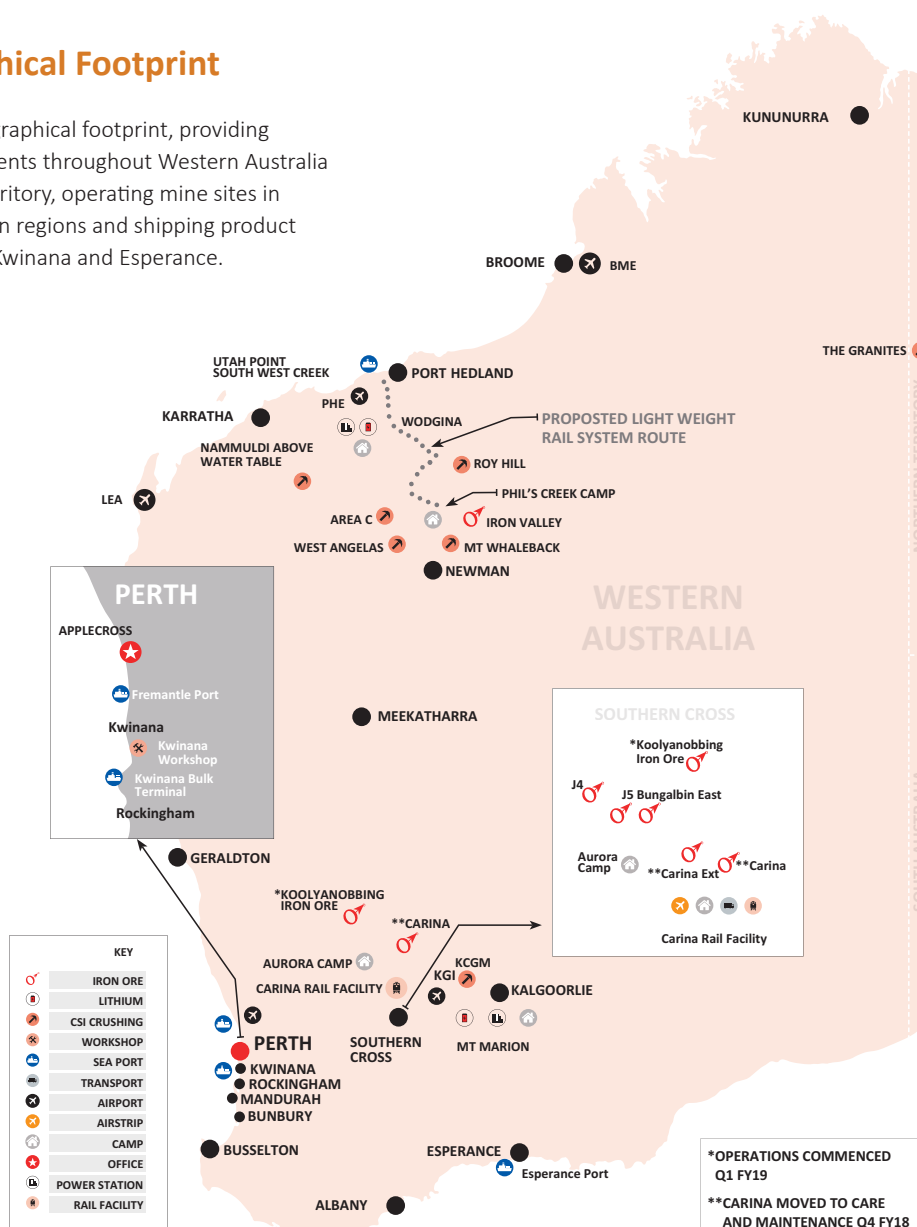
## Our People

We understand that our people are integral to our vision of being recognised as one of the great Australian companies and this is reflected in our 'oneMRL' approach and our core values. Refer to the "People" section of the report for further information.

Location	Total Workforce
Pilbara	944
Yilgarn	213
Goldfields	385
Perth	397
Kwinana	117
Northern Territory	19
<b>TOTAL</b>	<b>2,075</b>

## Our Geographical Footprint

We have a large geographical footprint, providing mining services to clients throughout Western Australia and the Northern Territory, operating mine sites in the Pilbara and Yilgarn regions and shipping product through Utah Point, Kwinana and Esperance.





## Our Governance

We understand the importance that setting the highest standards of corporate governance has on our financial performance and our capacity to fulfil our stakeholders' expectations of the company being a good corporate citizen. We are committed to a high level of corporate governance that encourages and supports a culture that values safe, ethical behaviour in addition to integrity and respect.

Our Code of Conduct sets out our expectations on the conduct and behaviour of our directors, officers, employees and contractors. We view breaches of this code as serious misconduct. We have developed various statements, charters and policies to meet these expectations. Examples can be found on our website and include:

- Board Charter
- Remuneration Committee Charter
- Risk Management and Internal Compliance and Control
- Environment and Community Policy
- Diversity and Inclusion Policy
- Continuous Disclosure Policy
- Audit Committee Charter.



## Our Key Issues

By gaining an understanding of the key ESG issues that impact our business and influence our stakeholders, we have focussed this report on issues that will enable us to engage with our stakeholders in a meaningful way. The issues we have reported on capture our impact, and those that we believe influence the decision making of our internal and external stakeholders.

Whilst we have not yet undertaken a detailed materiality assessment process that meets the guidance provided by the Global Reporting Initiative (GRI) Standards, we have considered:

- The list of issues in the GRI Standards and the top GRI aspects reported by the international mining sector
- The concerns of stakeholders as we understand them through our ongoing stakeholder engagement processes
- The ESG risks that we have identified as having the highest impact on our business.

**Table 2: Our Key Issues**

Health and Safety	As a Company, we are committed to providing a safe working environment and a safe system of work for our employees, our contractors and our visitors. The health and safety of our people is a key driver for us, with a primary focus on managing safety risk and injury prevention while ensuring we achieve our production targets.
People	Our “People Approach” guides how we attract, recruit, develop, engage and retain talented people. Key elements of our People Approach includes creating an inclusive workplace and developing our people and leadership capability.
Climate Change	We understand the impact that changes in the world’s energy mix could have on our operations and the risk and opportunities this will provide. We consider carbon emissions reduction to be critical to the sustainability of our industry and continually seek ways to reduce our emissions across all of our operations.
Environment	We are cognisant of our environmental responsibility and continually look at ways to minimise our impact on the environment. We recognise the importance of developing and administering robust environmental management systems that ensure legislative compliance at all project sites, along with managing broader impacts on the environment through careful planning and design.
Community	We will continue to assess the impact our operations have on the communities in which we operate and to demonstrate how we are contributing to these communities. We are committed to supporting and giving back to the communities in which we live and work.



# Health and Safety

## Our Approach

Our oneMRL ethos puts the safety and wellbeing of our people at the forefront of all that we do. We prioritise the health and safety of all of our employees and contractors and recognise that our performance in this area is fundamental to our overall success.

In addition to being a principal mining operator, we are also appointed by large mining organisations who place significant emphasis on the health and safety performance of their contractors, and therefore strong safety performance presents an opportunity for us to further consolidate our position as a preferred mining services provider.

We are guided by our safety strategy, which consists of five key pillars, focussed on embedding and consolidating the significant safety improvements we have implemented in recent years:

1. Leadership – highly engaged, visible and proactive safety leadership at all levels of the business
2. Critical Risk Management – ensuring critical risk activities are identified and managed with clear accountabilities for verification of critical controls
3. Operational Discipline – an unwavering discipline and commitment to perform in all areas of our operations
4. Systems – continual improvement of systems and processes to ensure these are ‘fit for purpose’ and are eliminating any barriers to success
5. Resilient People – active investment in the health and wellbeing of our people through education and initiatives.

In the 2018 Financial Year (FY18), we committed to sustaining our safety performance with a focus on embedding our safety systems for longer-term success. We have developed a Safety System Framework to provide our people with the necessary skills, systems and processes to perform their tasks safely. We are committed to further safety performance improvements and have in place the leadership, culture and systems to enable that journey to continue.

Diagram1: oneMRL Safety System Framework



# Health and Safety

## Our Performance

Our FY16 Total Recordable Injury Frequency Rate (TRIFR) was 5.99 which, although a significant improvement on previous years, was still considered too high and we set a Group target to achieve a TRIFR of less than 3.0 for FY17.

We have continued to improve our performance and to beat our targets with TRIFRs of 2.34 and 2.49 in FY17 and FY18 respectively, against a backdrop of strong growth and increased exposure hours.

Figure 1: Total Recordable Injury Frequency Rate by Financial Year

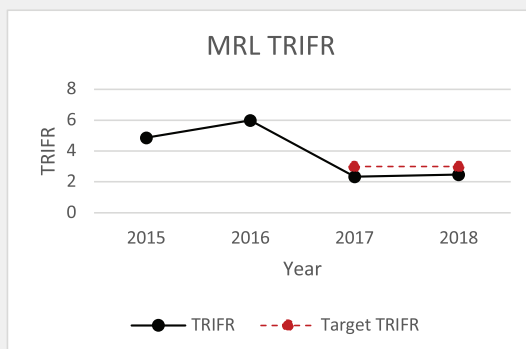
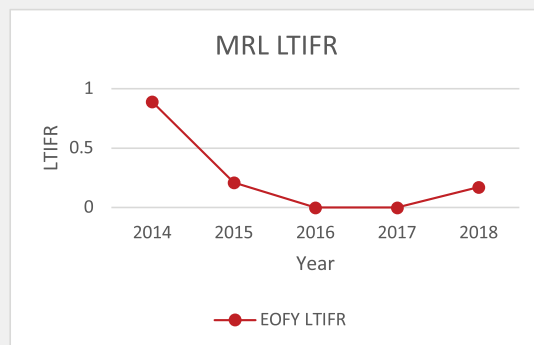


Figure 2: Total Lost Time Injury Frequency Rate by Financial Year



Contributing to this result were several key initiatives that were undertaken this year:

- Implementation of the Safety through Communications programme which focussed on consistent and reliable safety notifications including various visual and interactive methods
- Development and initial implementation of the INX suite of safety, training and obligations online management systems to provide improved management and reporting
- Improved and increased health management strategies for our people in the incident prevention (proactive) and injury management (reactive) phases of work related injury
- A compliance focus toward legislative, procedural and moral obligations within the industry in which we operate.

During FY18, to further consolidate our improving safety performance, we invested in developing our knowledge and capabilities through a range of training programs, equating to approximately 13,474 training hours completed by our employees.

Whilst a significant amount of work is currently underway to improve our safety record and further protect our people and operations, we recognise there is a way to go. Embedding enhanced safety culture throughout all business processes, from recruitment to operations is necessary, as is further developing areas such as critical risk management planning and compliant quality management.





## Health and Safety Culture

In FY17 we made some significant changes to the structure of our safety function by embedding safety responsibility and line-led accountability into operations, along with the creation of a centralised MRL safety function designed to support the operations with their safety responsibilities. We ensured our supervisors and leading hands were further equipped to lead safety in the field through the next installation of the MRL Steel Cap Safety Programme, a programme to ensure that our frontline leaders understand the role they play in creating the culture we are aiming to develop and maintain.

Our health and safety culture has improved considerably following the implementation of oneMRL. oneMRL has communicated the commitment of the senior leadership team to improving behaviours and demonstrating strong leadership and this has led to a marked improvement in all safety areas of our business in recent years.

As set out in our strategy, a key area of focus for FY18 was the development of a critical risk management program. Through a process of stringent risk and statistical analysis, we have identified 20 critical risks inherent to our work and corresponding critical controls. The process for addressing risk will continue to be delivered consistently across all of our sites over the next 12 months, to ensure we have a consistent approach and discipline for safety management into the future.



### Case Study 1: **Fitness for work**

At MRL we believe that healthy people are resilient people. This includes mental health, physical health and general wellbeing. We are committed to helping our people stay healthy and well by offering multiple support services through our Employee Assistance Program (EAP) and making sure we are there when they need us the most.

Being fit for work means that an individual is in a state (physical, mental and emotional) which enables them to perform assigned tasks competently and in a manner which does not compromise or threaten the safety or health of themselves or others. We have a duty of care to ensure all employees are fit for work while they are on our worksites undertaking activities on behalf of MRL. An individual's fitness for work may be affected by a number of factors including (but not limited to):

- The adverse effects of fatigue
- Dehydration and/or heat illness
- Stress and mental health
- Alcohol and other drugs
- Personal health, fitness and nutrition.

Updates to our Fitness for Work Policy mean we have recently included a dedicated section on mental health to support the recent results of the Regulators Industry Audit.

To ensure all our people are familiar with the support available to them, we have further developed an awareness package which has been widely distributed to our workforce through site visits and feedback sessions. We are confident that getting out and talking to people is key to them being able to communicate more effectively when the need arises.

Our intention is to develop a quarterly report to track and more effectively manage the health and wellbeing of our people into the future.

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### Case Study 2: **MRL Road-Train Driver Fatigue Management System**

MRL has a fleet of 230 road trains traversing the northern region of Western Australia every day. We recognise the potentially catastrophic risks associated with driving long stretches of highway including fatigue and sleep management.

To ensure that we are doing everything we can to provide a safe work environment for our drivers, we have recently implemented innovative Fatigue Management Systems. These systems incorporate the innovative Seeing Eye technology, live tracking and front and rear cameras.

In addition to recording driver statistics such as the speed and GPS coordinates of the vehicles, the Seeing Eye technology monitors the eyes of the drivers and records blinking rates to gauge fatigue levels of the drivers behind the wheel.

We anticipate this innovative approach to driver fatigue will reduce our road incidents significantly.



# People

## Our Approach

We are a rapidly evolving organisation with a diverse and passionate workforce. We recognise the need to further improve our performance across the employment life cycle from attraction through to retention, to reflect our intent to grow with the right people on board and further enhance our growing talent pipeline. In response, we are driving performance improvement initiatives to ensure we create a diverse and inclusive organisation, with a culture and vision that aligns to our people's longer term career aspirations.

As an organisation, we recognise there is a need to develop and foster a more collective and engaging culture across our business. In FY18, we released oneMRL which sets out our purpose, vision and values to which we hold ourselves accountable. To capture our purpose and vision for the future, and to align more closely with our recently updated core values, we have invested in our People and Capability function, moving away from a compliance and transactional services focus, towards the function operating more as a true business partner to our workforce.

We have refined our Code of Conduct which will be updated and rereleased in FY19. The Code is based on our values and represents our commitment to uphold the highest standards of ethics and integrity in our business practices.

## Our Performance

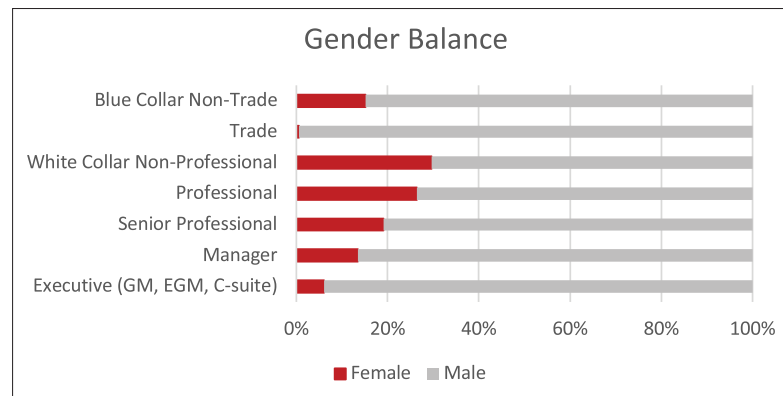
### Diversity and Inclusion

We value diversity and inclusivity and are committed to creating a working environment where each person's unique differences are recognised and valued.

The Diversity and Inclusion Policy is our commitment to create and maintain a work environment that values diversity of thought and experience.

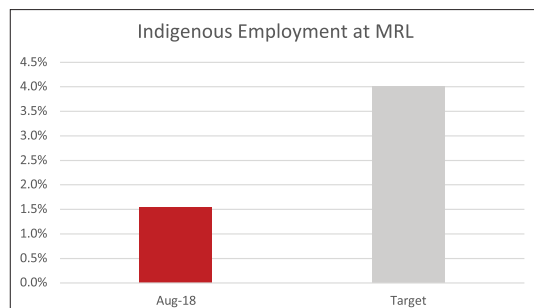
We released our Gender Diversity Strategy in FY17, aimed at raising awareness and creating gender targets for our workforce, focussing on building a pipeline of female talent, reviewing any gender bias throughout our recruitment and selection process and analysing female turnover and experiences. Taking account industry norms, our target for the percentage of female employees is 20%. In FY18, 13% of our total employees were female with 6% at the Executive level and we appointed a female member on the Board. Our Graduate Programme employed ten graduates in FY18 of which two were female.

Figure 3: MRL Gender Balance



We are committed to increasing our Indigenous employment through a range of initiatives, including training programmes, and we have in place a talent identification and retention strategy for Indigenous employees.

**Figure 4: MRL Indigenous Employment**



While we are placing a great deal of emphasis on improving our diversity, we recognise we still have a fair way to go in achieving the targeted outcomes we aim to deliver. A Diversity and Inclusion programme will be implemented across the business in FY19, incorporating the newly established Diversity Steering Committee to manage our approach and measure achievements in this area.

## Learning and Development

In FY17, we released our Learning & Development Strategy, aimed at promoting a culture of continuous learning and feedback and developing a talent pipeline using a framework which enables people to progress through the business with improved opportunities and access to the resources required to develop.

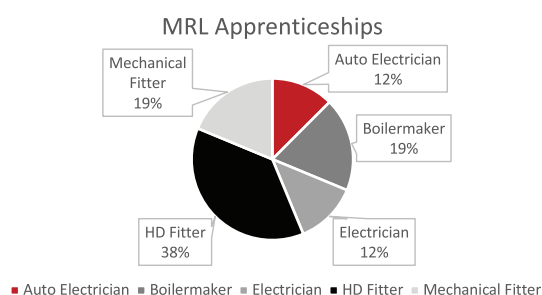
During FY18 we focussed on enhancing our leadership capability and growing our talent through appropriate opportunities and levels of support. We continued to focus on the Steel Cap Leader Programme, which has been specifically developed for our frontline leadership. This programme was developed with key overall performance outcomes around leadership, safety, supporting systems and effective people work. The programme ensures that our frontline leaders understand their responsibilities and our expectations as well as the role they must play in creating the high performing culture we are aiming to develop and maintain.

In early FY19, we will execute a new employment marketing campaign with the aim to publicly raise awareness about MRL being a great place to work with the availability of many opportunities to stay and grow throughout the business.

## Apprenticeships Overview

We have a strong team of apprentices supporting our Kwinana Workshop and, in later stages of the apprenticeship, our operational sites. Our 16 apprentices are currently employed across mechanical, fabrication and electrical disciplines for both fixed and mobile plant.

**Figure 5: MRL Apprenticeships Breakdown by Service**



The assessment, selection and on-boarding of apprentices uses a structured approach which aligns with our business strategy. We endeavour to create a diverse and inclusive group of apprentices which includes targeting Indigenous employees and women. At the time of writing, 100% of our apprentices were male and 6.25% were Indigenous. We continue to gather data to further understand the numbers and disciplines of apprentices we can accommodate within the business in preparation for the next intake.

## Traineeships Overview

We currently engage 10 operational trainees across our Mining Services and Mining operations. As with our apprentices, we strive to create a diverse and inclusive group of trainees which includes Indigenous and female employees. 30% of our present cohort of operational trainees are female and 20% are Indigenous.



### **Case Study 3:      Apprenticeship Placement Programme**

To encourage young people to pursue an apprenticeship when they finish school, our Kwinana Workshop participates in a work placement programme for students based at the local high school. During the five-week placement, the students work on a rotation schedule spending one week each in the following areas of the workshop: heavy fitting, light fitting, steel fabrication, electrical and mobile equipment maintenance.

This provides the students with the opportunity to experience different areas of the trade and industry to help them decide on their future career pathways. The programme not only provides us access to a potential pipeline of apprentices, but also assists in promoting a trade career to young women who may not have previously considered it as a career choice.

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### **Case Study 4:      Cultural Transformation**

During FY18 we dedicated time and resources to understanding our culture and looking at what we need to do differently. This was driven by our staff turnover numbers and perceptions of MRL in the marketplace and the views of current and past employees.

Cultural transformation is now a key focus for us and we acknowledge that we need to do more in this area and will further refine and improve our engagement processes during the next 12 months. As we mature and grow, we must continue to challenge ourselves and our operating norms. This includes focussing on how leaders impact the culture that we are creating across the organisation. We need to ensure a sustainable business where we find a balance between getting results and supporting the needs of our people.

Our goal is to unlock the full potential of our talented workforce. This will ensure that we continue to successfully deliver on our expectations and provide a healthy and sustainable organisation for many years to come, based on well considered leadership foundations.

We are currently undertaking a programme which measures the impact of leaders through their interactions with the people above them, their peers, and those that they impact and influence (their workforces). The programme extends to coaching engagements supporting change, initiatives which promote appropriate behaviours and programmes that will enhance crucial skills that support role modelling for others to follow. This programme is a continual process and it forms part of our everyday business activities.



# Climate Change

## Our Approach

Our opportunistic and innovation-focussed business strategy means we are well-placed to remain agile and resilient through the global transition to a low carbon economy. We welcome the recommendations set out by the Task Force on Climate-related Financial Disclosures (TCFD) and, in line with these recommendations, have identified the potential climate related risks and opportunities relevant to the industry in which we operate.

Climate change presents a range of opportunities and risks to our company. The opportunities relate to the increasing demand for more energy efficient mining plant and equipment, the need for commodities that will support the transition to a low carbon world and the focus on technology and innovation. Risks for MRL relate to the ongoing demand for the commodities which we service, the impact of carbon-reduction policies on our operating costs and reputational risks should we not take action to embed climate considerations into our approach.

We maintain a continuous approach to identifying and assessing our climate-related risks due to the nature of the industry in which we operate.

We understand that we need to further develop our strategies to bed down climate-related risk management throughout our business to ensure we both maximise the opportunities presented by our product portfolio, seek every opportunity to reduce our carbon footprint and take advantage of the global transition to a low carbon economy by continuing to provide innovative solutions across the mining infrastructure supply chain for our external clients.

Opportunities	Risk
<ul style="list-style-type: none"><li>Increasing demand for more energy efficient mining plant and equipment</li></ul>	<ul style="list-style-type: none"><li>Variations in the demand for the commodities which we service</li></ul>
<ul style="list-style-type: none"><li>Growing demand for commodities that will support the transition to a low carbon world</li></ul>	<ul style="list-style-type: none"><li>Potential impact of carbon-reduction policies on our operating costs</li></ul>
<ul style="list-style-type: none"><li>Focussing on technology and innovation will minimise the broader impacts resulting from policy change</li></ul>	<ul style="list-style-type: none"><li>Reputational risks if we fail to take the action expected of us from our stakeholders</li></ul>

## Case Study 5: Carbon Fibre Dump Truck Trays

With the transition to a low carbon world, we are always looking at ways to produce more energy efficient mining plant and equipment, not only for use on our own mine sites but also to provide solutions for our clients through our mining services business. Providing innovative and low cost solutions across the mining infrastructure supply chain is at the core of our business strategy.

One example of this is the establishment of a carbon fibre manufacturing facility, with the core focus of producing carbon fibre structural components for use in the mining industry. The initial focus has been on reducing dump truck weight to increase payload.

The first production prototype of a carbon fibre tray for Haulpak dump trucks has been completed and is undergoing extensive testing. Carbon fibre trays weigh substantially less than traditional steel trays increasing payload by at least 10%. The result is an equivalent reduction in the number of trucks required. 10% less trucks means 10% less fuel usage and 10% less emissions. Also, with 10% less trucks, there will be less tyres required, thereby creating less waste.



## Our Emissions Performance

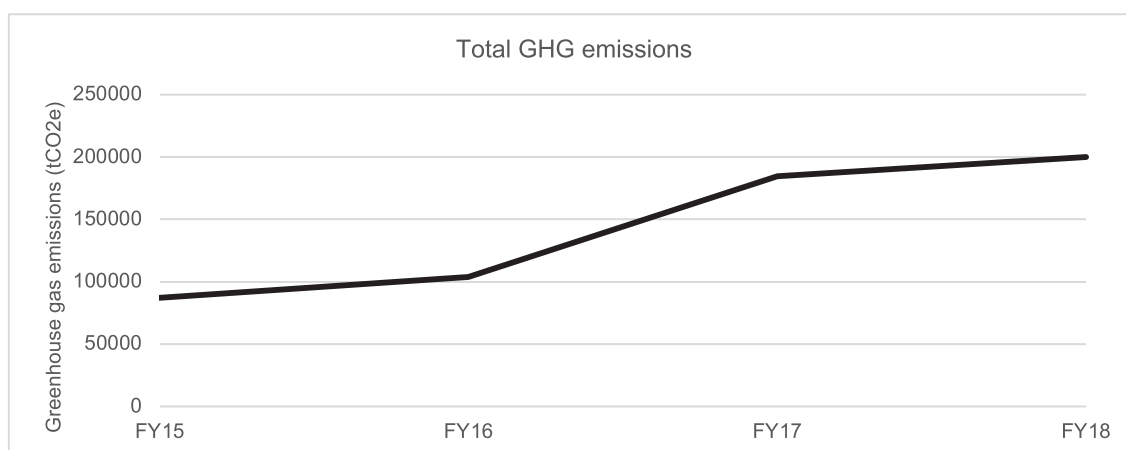
As we grow and expand our footprint within the mining industry, we expect our greenhouse gas emissions will also increase. However, we acknowledge that we cannot solely attribute our increasing emissions to growth and that we have an obligation to play our part in tackling climate change.

Table 4: Our Emissions

	FY15	FY16	FY17	FY18 <sup>1</sup>
Scope 1 (t CO <sub>2</sub> e)	84,743	101,769	181,475	206,620
Scope 2 (t CO <sub>2</sub> e)	2,391	1,898	3,007	3,007
<b>Total (t CO<sub>2</sub>e)</b>	<b>87,134</b>	<b>103,667</b>	<b>184,482</b>	<b>209,627</b>

<sup>1</sup> Includes provisional data and estimates for some administration sites, and actual data for operating sites. Final numbers will be updated and publicly available via the Australian National Greenhouse and Energy Reporting platform by 31 October 2018.

Figure 6: Our Emissions Performance



We indirectly set targets in relation to our climate change performance through a focus on lowering our cost base and improving the efficiency, and hence profitability, of our operations. We have numerous energy efficiency projects that are installed or underway across our operations which seek to improve our energy efficiency and reduce our carbon emissions. These include:

- Mt Marion Power Station Upgrade to support the increased power demand resulting from the expanding plant capacity
- Wodgina Power Station Upgrade to further expand our natural gas configuration within the new power station instead of providing additional power fuelled by diesel
- Installation of 2,700 solar panels across our Perth-based facilities, reducing our emissions by approximately 980 tonnes of CO<sub>2</sub> per year.

We will continue to seek improvements to our climate change performance across our business. We are actively pursuing off-grid solar power generation, battery storage power solutions for our remote operations and researching micro grid technology to power our operations.

### Case Study 6: **Mt Marion Power Station Upgrade**

In FY18, we completed an upgrade of the Mt Marion Power Station to support the increased power demand from expanding the plant capacity at the site. As part of this upgrade, an additional 108 tonnes of LNG storage, 2MW of additional gas power generation and a 3,288 Kwh/DC Battery Energy Storage System (BESS) were installed. This upgrade is estimated to reduce the LNG fuel burn by approximately 547 tonnes per year, equating to approximately 1,504 tonnes fewer CO<sub>2</sub> emissions each year.

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### Case Study 7: **Wodgina Power Station Upgrade**

In FY18, we commenced the construction of a new Wodgina Power Station, opting to upgrade our existing natural gas configuration rather than providing additional power fuelled by diesel, which is more commonly used in remote mine sites. When the new power station is commissioned in mid FY19, the typical onsite emissions savings from natural gas compared to diesel will be:

- Carbon Dioxide (CO<sub>2</sub>) – 30% lower
- Nitrogen Dioxide (NOx) – 75% lower
- Particle Emissions – 90% lower
- Sulfur Oxide (SOx) – 99% lower





# Environment

## Our Approach

We operate dynamically in a fast-paced environment and we know that to be successful, we need to ensure that we have the necessary systems and processes in place to enable us to meet our environmental obligations.

The areas where we operate are ecologically diverse and it is important that we find a balance between supporting the commercial nature of our business and ensuring the long-term net environmental benefits to the land and communities in which we work.

Our Environmental Policy and Environmental Management System support and guide our operations at all levels. In FY18, there were significant improvements achieved across many of our environmental platforms. We recognise however that there is always more to be done and we continue to pursue opportunities to improve our performance. This includes the development of more lead indicators across the business, improved recognition of requirements for approvals and regulatory compliance, and encouraging ownership throughout the business.

In FY19, we will continue to set our strategic environmental priorities which will further guide and target our approach to environmental management. We will also continue to improve our environmental performance through positive stakeholder engagement, a focus on greater operational transparency, enhanced environmental awareness through extensive research programmes and benchmarking studies, and building outstanding partnerships with local communities.

## Our Performance

In FY18, we placed significant emphasis on improving environmental outcomes with our owner operator sites by having an Environmental Advisor based on site to assist with raising environmental awareness and supporting compliance activities. We reviewed our environmental policy and procedures to ensure alignment with legislation and industry best practice standards.

Significant successful rehabilitation work has been undertaken, including:

- Two evaporation ponds that were contaminated with sulphur, hydrocarbons and other pollutants were recently rehabilitated at the Red Gully Production Facility (owned by MRL's subsidiary, Energy Resources Ltd). The work included extensive water and soil sampling to ensure all contaminated material was removed and disposed of correctly and works were undertaken in close consultation with regulatory bodies
- Rehabilitation work has been initiated on the Poondano Iron Ore mine, and exploration rehabilitation was completed on Poondano, Phils Creek, Lamb Creek and Carina, resulting in the relinquishment of bonds held by the State Government to the value of \$120,000
- Progressive rehabilitation of 430 hectares of the total 2,315 hectares disturbed at Koolyanobbing and 152 hectares of the total 1,132 hectares disturbed at Carina.

We were involved in a number of initiatives during the year to contribute towards improved rehabilitation practices and outcomes. We were one of the founding members of an Industrial Transformation Training Centre for Mine Site Restoration (CSMR). The CSMR's focus is on improved mining rehabilitation outcomes through the creation of a multi-disciplinary, integrated training centre that complements proponents' existing capacity in restoration research. We are also a member of the Pilbara Rehabilitation Group (PRG) supporting the improvement of rehabilitation practices throughout the Pilbara region of Western Australia.

### Case Study 8: Water Management

Water is critical to our operations and security of this resource has become an increased focus for us. It is essential that we have a structured and responsible approach to water sourcing which includes extensive water-body modelling, research and partnerships with interested parties and stakeholders. This research not only informs our own water use and potential impact, but assists regulatory understanding of the aquifers we intend to utilise to ensure sustainability of this finite resource.

To operate responsibly and protect this valuable commodity, we are aiming to further understand hydrology and hydrogeology factors to ensure responsible use and ongoing preservation of water sources. We are also conducting extensive environmental monitoring, water/bore sampling and environmental benchmarking of biodiverse areas.

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### Case Study 9: Water Conservation at Mt Marion

Our Mt Marion operation is in a very dry area and access to water is a risk that we have to manage. During FY18 we looked at water conservation measures and invested in recovering water from the waste product produced in the mining process. We separate out the coarse product from the fines product, which allows us to dry-stack it. By dry-stacking the coarse product we are able to undertake a process to recover the water, rather than all the waste product going into tailings dams. The recovered water is recycled and integrated into our water supply for the mine. During the year, the water saved as a result of dry stacking the coarse fines was approximately 220 million litres and provides additional environmental and cost benefits by reducing the mass of transported product.





# Community and Indigenous Engagement

## Our Approach

We are committed to supporting and giving back to the communities in which we operate. We seek to strategically align with organisations where we can make a lasting difference and to contribute to people and groups who share our values.

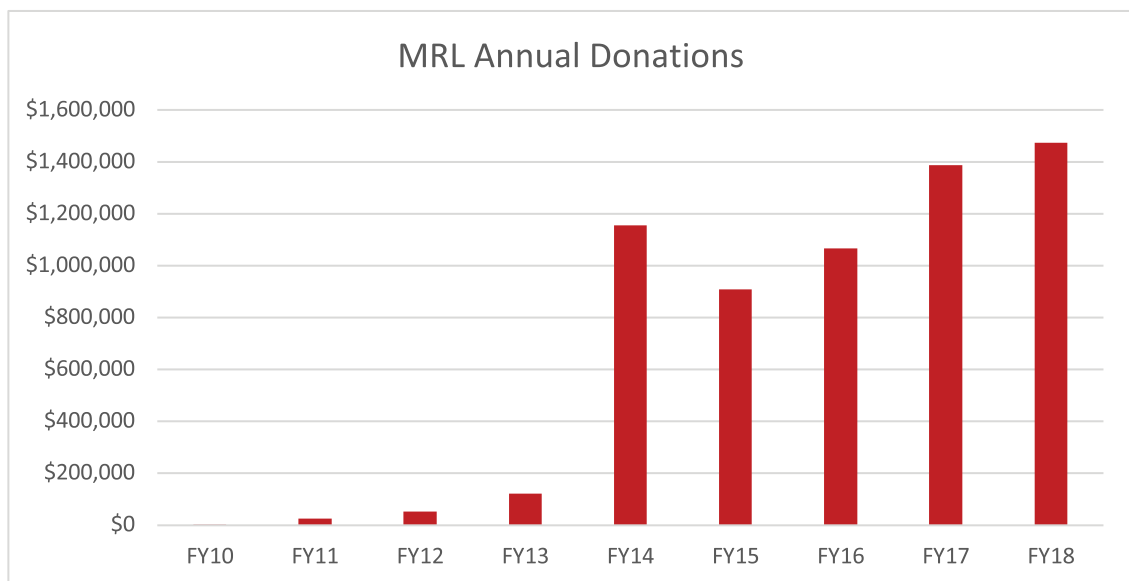
In FY18, in line with our oneMRL approach, we undertook a review of our sponsorships and donations with a view to developing a Community Investment Framework to be leveraged across the whole business for delivery in FY19.

We are committed to developing strong, long-term relationships with Indigenous communities and Traditional Owners from the local areas where we work, along with actively seeking business relationships with potential Indigenous suppliers who operate within our industry. We have developed a formal process for community engagement which includes our approach to native title approvals.

## Our Performance

Our partnerships and contributions have centred on youth development, education and health. In FY18 we gave \$1.47 million to 27 organisations representing a cross section of our focus areas, an increase from our \$1.38 million in contributions in FY17.

Figure 7: MRL Annual Donations



In FY18, our contributions in the health sector included Starlight Children's Foundation, the Harry Perkins Institute, the Perth Children's Hospital, Youth Focus and the Royal Flying Doctor Service. We also contributed to community programmes, clubs and schools in regional areas where our operations and workshops have a lasting impact.

Another key community partnership for us is the support we provide to Ronald McDonald House Perth, where we are a proud Room Sponsor. Our donation during FY18 provided 323 nights of free accommodation and facilitated 39 families being housed together at their time of need. In addition, our Process Minerals International (PMI) business funded two qualified chefs who ensure families staying at the House receive a nutritious hot meal every night of the year.

## Community and Indigenous Engagement

In FY19, we will partner with Netball Australia by donating \$50,000 per year over four years to support female Indigenous youth education in regional areas through their Shooting Stars programme, which encourages greater engagement and attendance at school for young Indigenous women.

A significant amount of cultural heritage survey work is undertaken with our Traditional Owner partners, with a large part of our operations located throughout Western Australia. Land Use Agreements continue to be negotiated in new work areas and have been put in place with Native Title claim groups for many of our projects. A thorough revision of our online induction is currently underway. The revised version will include sections on Cultural Heritage and an acknowledgement of Country to better represent our position on Indigenous participation and inclusion.

Our current Indigenous participation and engagement initiatives include actively building a supplier diversity platform to deliver greater supplier diversity and support for events which celebrate Aboriginal and Torres Strait Islander history, culture and achievement.

While we recognise the importance of community and Indigenous engagement to our business, we recognise we have a way to go in achieving the outcomes we aim to deliver.

### Case Study 10: **Kwinana Industries Council (KIC) Relationship**

Crushing Services International (CSI), a wholly owned subsidiary of MRL, are associate members of the Kwinana Industries Council (KIC). As such CSI, in particular the Kwinana Workshop, has an historic relationship supporting the growth, development and sustainability of business in the Kwinana Industrial area.

This support extends to taking on work experience students from Gilmore College who have been selected by the KIC for the KIC Metals & Engineering School-Based Traineeship. The Traineeship is based at Gilmore College and involves Year 11 and Year 12 students.

Students are enrolled full time at Gilmore College, receive training one day per week at South Metropolitan TAFE and spend blocks of time in local industry work placements with the end result being a Cert II in Engineering. The placements are an extremely important part of the programme as it gives the students an opportunity to experience their trade first hand.

The students work on a rotation schedule spending one week each in the following areas of the workshop: heavy fitting, light fitting, steel fabrication, electrical and mobile equipment maintenance. The rotation gives the students the opportunity to experience different areas of industry, helping them to decide on the most appropriate future career pathway.

Another way CSI support the KIC Metals & Engineering School based Traineeship is by donating tool boxes to new students in Year 11 who have been selected for the Traineeship at Gilmore College. A representative from CSI attends each year to present the toolboxes to the students.









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