



ILUKA

Sustainability Report

2019

**DELIVER
SUSTAINABLE
VALUE**

2019 YEAR IN REVIEW



2.9

TRIFR DECREASED

Sierra Rutile 12 months LTI Free



35%

REDUCTION IN RECORDABLE ENVIRONMENT INCIDENTS

(Level 3+)



SAFETY LEADERSHIP PROGRAMME REVIEW



FEMALE REPRESENTATION

BOARD **38%**
EXECUTIVE **33%**



LEADING SUSTAINABILITY PERFORMER

Member of Australian DJSI and FTSE4Good Index



INDUSTRY COLLABORATION ON IMPLEMENTING MODERN SLAVERY ACT 2018



PHYSICAL CLIMATE-RELATED RISKS AND OPPORTUNITIES ASSESSED



686ha
LAND REHABILITATED



TAILINGS MANAGEMENT OVERVIEW PUBLISHED



DEMOLITION OF REDUNDANT ASSETS AND REMEDIATION OF LEGACY SITES



TAX TRANSPARENCY REPORT PUBLISHED
Country-by-country reporting



MID WEST CHAMBER OF COMMERCE AND INDUSTRY BUSINESS EXCELLENCE AWARD
Aboriginal Engagement

CONTENTS

From the Managing Director	2
About Iluka	4
About this report	12
Health and safety	17
People	25
Social performance	33
Environment	41
Governance and integrity	56
Economic responsibility	61
Performance data	66

Iluka's full financial results are available in its 2019 Annual Report available on the Iluka website www.iluka.com.

Currency is in Australian dollars unless otherwise indicated.

**DELIVER
SUSTAINABLE
VALUE**



"AS AN INTERNATIONAL RESOURCES COMPANY, WE ARE FOCUSED ON DOING WHAT WE SAY WE WILL DO, REPORTING ON OUR PROGRESS TRANSPARENTLY AND EMBEDDING SUSTAINABILITY WITHIN OUR EVERYDAY OPERATIONS"

Tom O'Leary
Managing Director

FROM THE MANAGING DIRECTOR

WELCOME TO OUR 2019 SUSTAINABILITY REPORT

I would like to begin by acknowledging the efforts of all Iluka employees and contractors in 2019, a year which saw the company deliver a resilient business performance in the face of global economic uncertainties, uneven market conditions and a significant programme of internal activity.

While Iluka's reported financial results were impacted by the write down of the Sierra Rutile investment, the company generated \$616 million of underlying EBITDA, our fourth highest on record. This was achieved against a backdrop of softening business sentiment generally; cautious purchasing behaviour on the part of Iluka's zircon customers; and the company delivering five key projects across its portfolio. Our ability to adapt flexibly to changes in our key markets, both of which display strong fundamentals over the long term, was central to this performance.

I emphasise the resilience of Iluka's business because it is a key aspect of economic responsibility, which is in turn our primary means of achieving positive community outcomes – providing local employees the financial means to make decisions regarding their own lives.

Furthermore, it is clear that that this resilience – albeit applied in very different circumstances – will again be critical to the sustainability of Iluka's business in 2020. At the time of writing, the COVID-19 pandemic has continued to escalate, matched by the responses from governments, businesses, communities and individuals around the world. While Iluka is well-placed to withstand the economic impacts of the pandemic, our first and enduring priority is the safety of our people, their families and the communities in which we operate.

I am most pleased that in 2019 our operations in Sierra Leone surpassed one year without a lost time injury. Since acquiring these operations in 2016, we have worked hard to develop a strong safety culture, and this result is a terrific outcome.

At the Group level, over the last year we improved both our number of recordable injuries and our total recordable injury frequency rate, the latter decreasing from 3.5 to 2.9. However, we have recorded an increase in serious potential incidents, which include near hits with the potential to result in fatality or a serious injury. This is unacceptable, and we are addressing this aspect of our safety performance via a number of 'back to basics' initiatives, such as the re-launch of Iluka's Safe Production Leadership programme.

The company's stewardship of the environment is based on understanding and minimising our potential impacts. The largest of these is our disturbance footprint, and in 2019, we rehabilitated 686 hectares of disturbed land as part of our commitment to effective mine closure. We are also building capacity for the understanding and application of revegetation science across the resources industry. July 2019 marked the launch of the Iluka Chair in Vegetation Science and Biogeography, embedded within the Harry Butler Institute at Murdoch University in Western Australia. This will deliver research-led outcomes geared towards improving our future rehabilitation outcomes.



Climate change presents potential risks and opportunities for our business and we are working to identify and realise these respectively. Iluka is committed to the Paris Agreement objectives and accepts the Intergovernmental Panel on Climate Change (IPCC) assessment of climate change science. The company has taken steps to implement the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) over a three-year period which, during 2019, included assessing potential physical climate risks and opportunities. In 2020, Iluka will evaluate the risks and opportunities related to the transition to a lower-carbon economy.

Of course, Iluka's activities are already central to a range of sustainable development outcomes that are proving increasingly important. Our core products – zircon, rutile and synthetic rutile – have a variety of end-use applications, including in renewable energy technologies, lightweight metal alloys and photocatalytics. Furthermore, by operating exclusively in the very high grade segment of the titanium dioxide feedstock market (rutile and synthetic rutile), Iluka's customers in the pigment industry are able to run their production plants with greater efficiency – both in terms of lower utilisation of other inputs and lower waste – with associated environmental benefits.

Similarly, Iluka has long regarded the circular economy as a source of commercial opportunities. By producing activated carbon and iron concentrate, which are co-products of the synthetic rutile production process, we maximise our resource efficiency, eliminate waste at source and increase our contribution to a lower carbon economy. The company also has a burgeoning interest in monazite, from which rare earths elements are derived, and in 2020 will commence production from a strategic stockpile stored at our historic Eneabba province. End-use applications for rare earths include permanent magnets for use in electric motor vehicles and wind turbines.

We are committed to providing enhanced levels of transparency and disclosure, particularly in relation to our tax payments. In 2018 we published our Approach to Tax Statement and have followed this with the publication of our 2019 Tax Transparency Report, outlining the \$206.8 million in income taxes, royalties and other payments to national, regional and local governments on a country-by-country basis.

Finally, 2019 marked a significant step in the promotion of the continued sustainable development of our Sierra Rutile operation, aiming to deliver mutual benefit to Iluka, the International Finance Corporation (IFC) and the people of Sierra Leone. Iluka and IFC entered into an investment partnership, which includes a three-year advisory services agreement between IFC and Sierra Rutile to implement a community investment and engagement strategy, improve the transparency and use of community managed mining revenues, and develop a women and youth social and economic empowerment programme.

This report sets out our approach, our 2019 performance and our targets for 2020 and beyond. These targets consider our material sustainability risks. Iluka remains committed to reporting transparently to our stakeholders and to the continual improvement of our sustainability performance. To this end we will continue to participate in external sustainability indices such as the Dow Jones Sustainability Index and FTSE4Good Index to benchmark our progress.

Tom O'Leary
Managing Director and
Chief Executive Officer

ABOUT ILUKA

Iluka Resources Limited (Iluka) is primarily an international mineral sands company with expertise in exploration, project development, mining operations, processing, marketing and rehabilitation.

Its core objective is to deliver sustainable value by leveraging the company's expertise and over 60 years of mineral sands industry experience.

The company is the largest producer of zircon and rutile globally and a major producer of synthetic rutile. Iluka's products are used in an increasing array of applications including home, workplace, medical, lifestyle and industrial uses.

With over 3,000 employees, the company has operations and projects in Australia and Sierra Leone and a globally integrated marketing network.

Iluka conducts international exploration activities and is actively engaged in the rehabilitation of previous operations in the United States, Australia and Sierra Leone.

Listed on the Australian Securities Exchange and headquartered in Perth, the company has a royalty business with a world-class cornerstone royalty asset over iron ore sales revenues from tenements of BHP's Mining Area C (MAC) province in the north west of Western Australia.

ILUKA IS AN INTERNATIONAL MINERAL SANDS COMPANY WITH EXPERTISE IN EXPLORATION, PROJECT DEVELOPMENT, MINING, PROCESSING, MARKETING AND REHABILITATION

MINERAL SANDS PROCESS

1 GEOLOGICAL SETTING

Mineral sands are heavy minerals found in sediments on, or near to, the surface of ancient beach, dune or river systems. Mineral sands include minerals such as rutile, ilmenite, zircon and monazite.

2 MINING APPROACH

Mineral sands mining involves both dry mining and wet (dredge or hydraulic) operations. Mining unit plants and wet concentrator plants separate and concentrate the heavy mineral sands from waste material.

3 MINERAL SEPARATION

The heavy mineral concentrate is transported from the mine to a mineral separation plant for final product processing. The plant separates the heavy minerals zircon, rutile and ilmenite from each other in multiple stages by magnetic, electrostatic and gravity separation.

4 SYNTHETIC RUTILE

Iluka also produces synthetic rutile from ilmenite that is upgraded by high temperature chemical processes.

5 REHABILITATION

As mining progresses, the mining pit is backfilled and covered with stockpiled soils that were removed at the start of the mining process. Rehabilitation is progressively undertaken to return land to a form similar to its pre-mining state and suitable for various uses including agricultural, pastoral and native vegetation.

6 MARKETING

Iluka transports the final products of zircon, rutile, synthetic rutile and ilmenite to customers around the world.

THE ILUKA PLAN

The Iluka Plan outlines our values, purpose, core and strategic direction.

OUR PURPOSE
DELIVER SUSTAINABLE VALUE



SUSTAINABILITY APPROACH

Our sustainability approach spans six pillars:



HEALTH AND SAFETY

We strive to protect the health and safety of our people through identifying risk and taking appropriate action to eliminate workplace fatalities and minimise injuries and illnesses.



PEOPLE

We seek to attract and retain the best people while building and maintaining a diverse, inclusive and high-achieving workforce.



SOCIAL PERFORMANCE

We respect human rights, engage meaningfully with stakeholders and look to make a positive difference to the communities where we operate whilst minimising and managing potential impacts.



ENVIRONMENT

We seek to manage our impact on the environment, use resources efficiently and leave positive rehabilitation and closure outcomes.



GOVERNANCE AND INTEGRITY

We conduct our business by adhering to the highest standards of corporate governance whilst acting with integrity by being transparent and honouring our commitments.










ECONOMIC RESPONSIBILITY

We aim to create sustainable economic outcomes, which allow us to share economic benefits with our host communities and deliver sustainable value.

VOLUNTARY COMMITMENTS

To inform our sustainability approach we participate in a range of voluntary global initiatives. We are also working to align our business practices globally with a series of best practice standards and principles. These demonstrate our commitment to high standards of social, environmental and governance performance and support transparent disclosure to our stakeholders.

Initiative		Page
www.icmm.com	International Council on Mining and Metals (ICMM) Sustainable Development Framework	15
	International Finance Corporation Performance Standards	6, 33, 41
	United Nations Sustainable Development Goals	7
	Extractive Industries Transparency Initiative (EITI)	15, 60
	Voluntary Principles on Security and Human Rights	36
	Task Force on Climate-related Financial Disclosures	47
www.globalreporting.org	Global Reporting Initiative	12
	Dow Jones Sustainability Index In Collaboration with RobecoSAM	3
	FTSE4Good Index	3

Iluka and International Finance Corporation (IFC) Partnership







Iluka and IFC entered into a strategic partnership in relation to Iluka’s Sierra Rutile operation in 2019, which included IFC acquiring a partial stake in Sierra Rutile. IFC – part of the World Bank Group – is the largest global development institution focused exclusively on the private sector in developing countries. In addition to IFC’s investment in Sierra Rutile, the partnership includes a multi-year, jointly funded community development programme to support communities in the area Sierra Rutile operates. IFC will also develop complementary activities at the sector level to support development of responsible mining in Sierra Leone. The partnership has the shared objective of extending the life of Sierra Rutile’s operations significantly, bringing economic benefits to the region and Sierra Leone more broadly.

United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals define a set of universal targets to address global sustainability challenges. The 17 goals were adopted by United Nations Member States in 2015.

The goals span across economic development, social inclusion and environmental conservation, and their success is dependent on collaboration between governments, business and communities.

Through our initiatives and activities Iluka contributes to the advancement of the United Nations Sustainable Development Goals.

Goal	Our contribution
	We contribute to the reduction of poverty through direct employment, local procurement and the payment of taxes and royalties, and through social investment in the communities in which we operate.
	Our first priority is the health and safety of our people and the communities where we operate. We aim to limit exposures to safety and health risks through our performance standards and safety leadership culture. We promote health and wellbeing, malaria and typhoid prevention programmes and partnerships to support HIV control interventions in the workplace and broader community.
	We prioritise employee development and build capabilities and skills for our people. We support the development of quality education, demonstrated in our support of the Ruby Rose Educational Resource Centre in Sierra Leone and local education partnerships in Sri Lanka and Australia.
	We respect and encourage a diverse and inclusive workplace. We have targets to increase the proportion of women in the business and transparently report on our progress.
	Water is an essential resource for our operations, each of which maintain water management plans. These plans guide responsible water use throughout the mine life-cycle. Our water-related activities are regulated according to relevant legislation with quality and quantity thresholds. We seek to address any historical water contamination prior to or during closure.
	Our business activities create direct and indirect economic benefits to the countries and communities in which we operate. This includes providing employment opportunities, social investment and local procurement initiatives.
	Product stewardship is integrated in our business decisions and materials management. We engage with customers to create opportunities that promote the responsible use of mineral sands products and continuously seek alternatives for waste streams to maximise resource efficiency. For example, by producing activated carbon and iron concentrate, which are co-products of the synthetic rutile production process, we are able to increase our contribution to the circular economy.
	At Iluka we want to be part of the solution to help address climate change. We understand that the supply of mineral sands is important for the global transition to a low carbon economy. We recognise that elements of our business are energy intensive and we have a responsibility to minimise our emissions footprint and contribute to the circular economy. We have set targets to implement a climate change programme in accordance with the TCFD recommendations.
	Our land management and rehabilitation efforts are aligned with leading practice and undertaken in a socially and environmentally responsible manner. We contribute to the conservation of biodiversity by undertaking scientific research in partnerships with research institutions. In addition to the ongoing environmental management of our operating mines and processing sites, we seek to address any historical land contamination issues prior to or during closure through a programme of identification, assessment and remediation of contaminated land.
	Iluka is committed to being transparent, behaving ethically and conducting its business in accordance with the highest standards of corporate governance through its systems and processes. From this year we publish an annual country-by-country Tax Transparency Report. We also support the Extractive Industry Transparency Initiative. As stated in our Human Rights Policy, we work to align our business activities and practices with the United Nations Guiding Principles on Business and Human Rights and are preparing to publish our first Modern Slavery Statement, for the calendar year 2020.

WHERE WE OPERATE

UNITED STATES

Rehabilitation

SIERRA LEONE

Sierra Rutile mining, concentrating and processing operations

Sembehun project

Rehabilitation

SRI LANKA

Puttalam project

WESTERN AUSTRALIA

Narngulu processing

Cataby mining and concentrating

Capel synthetic rutile processing

Corporate support centre

Rehabilitation

Eneabba mineral sands recovery project

SOUTH AUSTRALIA

Jacynth-Ambrosia mining and concentrating

Atacama project

Rehabilitation

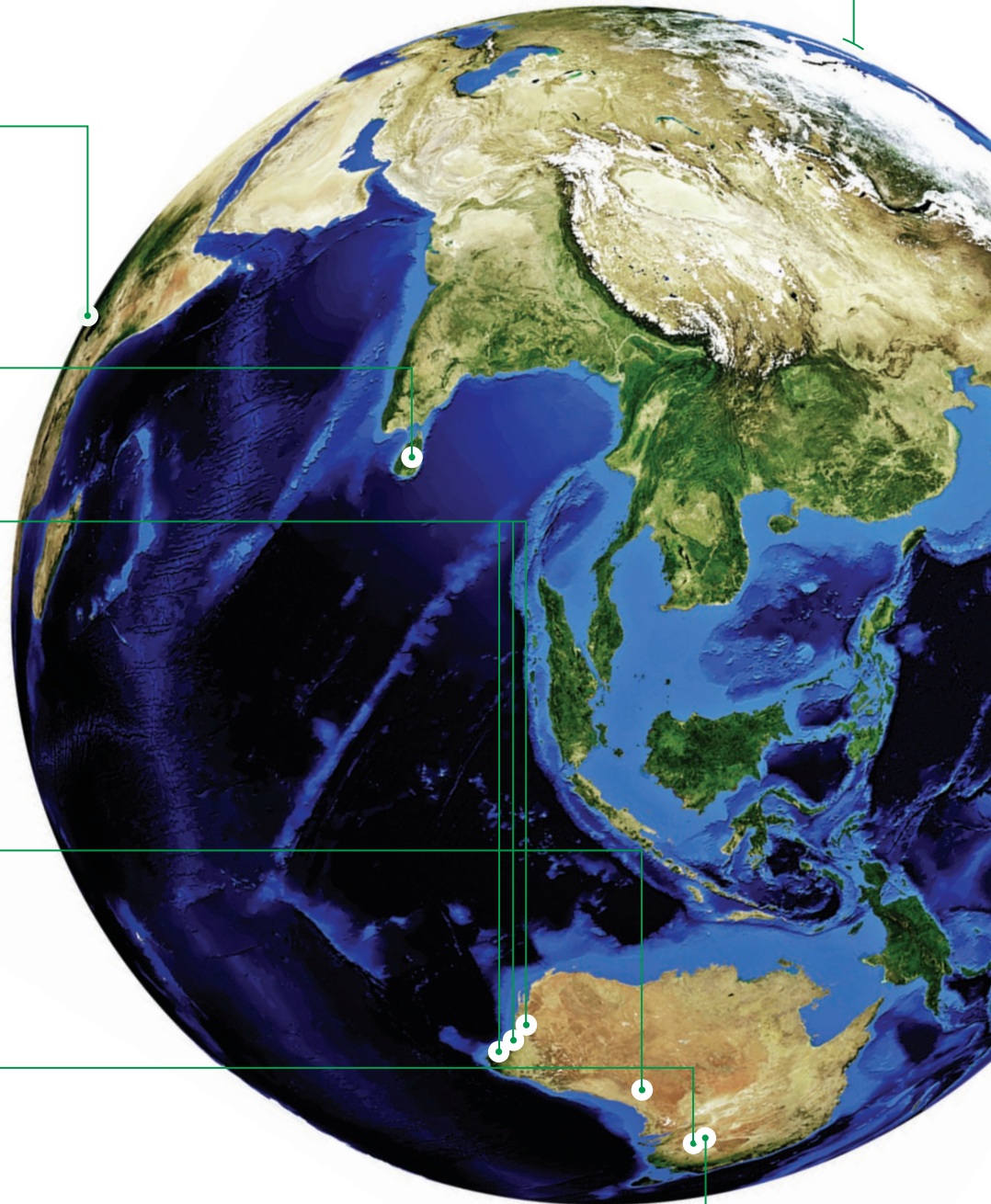
VICTORIA

Wimmera project

Rehabilitation

NEW SOUTH WALES

Balranald project

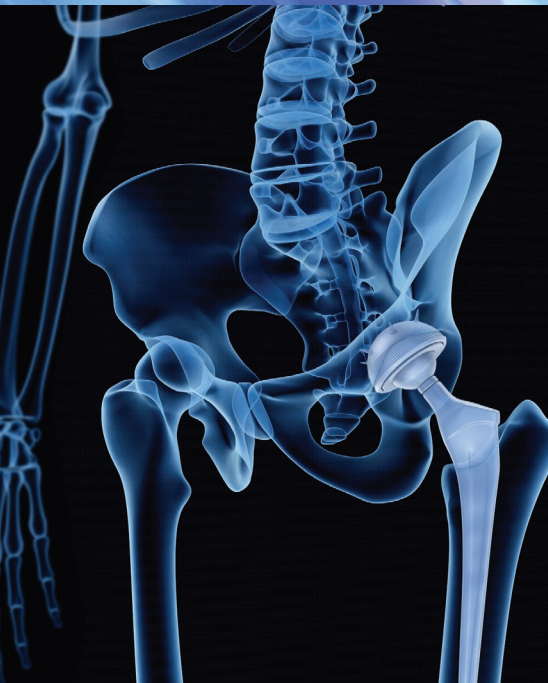


PRODUCTION ACTIVITY

The following chart shows Iluka’s production activities for 2019 and expected activities for 2020 as at the date of this report.

Location	2019	2020
Australia		
Jacinth-Ambrosia (J-A) mining <i>South Australia</i>	100% utilisation	100% utilisation
Murray Basin mining <i>Victoria</i>	Rehabilitation and closure of Kulwin, Douglas and WRP	Rehabilitation and closure of Kulwin, Douglas and WRP
Hamilton mineral separation plant (MSP) <i>Victoria</i>	Idle	Idle
Cataby mining <i>Mid West Western Australia</i>	First heavy mineral concentrate (HMC) production in March	100% utilisation
Narngulu MSP <i>Mid West Western Australia</i>	100% utilisation Cataby HMC feedstock from Q2	100% utilisation
Synthetic rutile (SR) kiln 1 <i>South West Western Australia</i>	Idle, feasibility study	Idle, feasibility study
SR kiln 2 <i>South West Western Australia</i>	100% utilisation Cataby ilmenite feedstock from Q2	100% utilisation
North Capel separation mill <i>South West Western Australia</i>	100% utilisation Cataby HMC feedstock from Q2	100% utilisation
Eneabba mineral sands recovery ¹ <i>Mid West Western Australia</i>	Approvals granted	Commissioning planned in H1 2020
Sierra Leone		
Lanti dredge mine <i>Sierra Rutile</i>	100% utilisation until mining completion in February	Decommissioned
Lanti dry mine <i>Sierra Rutile</i>	100% utilisation Mine expansion completed in August	100% utilisation
Gangama dry mine <i>Sierra Rutile</i>	100% utilisation Mine expansion completed in June	100% utilisation
Sierra Rutile MSP <i>Sierra Rutile</i>	100% utilisation	100% utilisation
United States		
US mining <i>Virginia</i>	Rehabilitation and closure of Brink and Concord	
Stony Creek MSP <i>Virginia</i>	Rehabilitation and closure	
US mining <i>Florida</i>	Maintenance and monitoring of Green Cove Springs	

¹ The Eneabba mineral sands recovery project involves the extraction, processing and sale of a stockpile of monazite-rich material that is currently stored in a mining void at Eneabba, Western Australia.



MARKETS AND PRODUCTS

Markets

Iluka is a global supplier of zircon and titanium dioxide products, distributing to a variety of customers, reflecting the diverse end uses of mineral sands products. Iluka also markets a number of other products derived from the synthetic rutile process, including co-products activated carbon and iron concentrate, supporting the responsible reuse of our products by leveraging the full life cycle of our materials across the value chain.

Through its sales and marketing network, Iluka supplies its products to more than 220 direct customers with sales in 29 countries.

Products

Titanium dioxide products

Iluka is the world's largest producer of natural rutile and a major producer of synthetic rutile, which is an upgraded form of ilmenite. Collectively, these products are referred to as high-grade titanium dioxide (TiO₂) feedstocks, owing to their high titanium content.

Natural rutile is produced from our operations in Sierra Leone and Australia.

Synthetic rutile is produced by upgrading ilmenite through the Becher process at the company's operations in South West Western Australia.

Ilmenite is produced from our operations in Sierra Leone and Australia.

End use application

Around 90 per cent of TiO₂ globally is used as a pigment in the manufacture of paint, plastic, paper and fibre. By using TiO₂, high standards of brilliance, colour strength and opacity can be achieved with fewer resources. For example, with TiO₂ in a paint formulation, a smaller quantity of paint is required for a given coverage. It also provides resistance and protection from weathering, heat and light, helping prolong the life of products. Titanium minerals are also used to produce titanium metal which has a diverse range of applications including medical implants.

A small, fast growing component of TiO₂ demand is in the nanomaterials sector where many unique properties of titanium dioxide are utilised in applications such as dye-sensitised solar cells, water purification, cancer treatment and noise absorption.

Zircon products

Iluka is the world’s largest producer of zircon. Our product range includes a range of zircon of differing qualities and specifications to target specific intermediate and end market sectors. This is consistent with Iluka’s approach to utilise its well-developed logistics and distribution capability to efficiently deliver ‘fit for purpose’ products to a wide range of customers around the world.

End use application

Zircon is an opaque, hard wearing mineral with unique heat, water and chemical resistance and stability properties. Over half of all zircon is used in the production of ceramics where it provides whiteness, strength and corrosion resistance. Primary uses include ceramic floor and wall tiles with others including sinks, sanitary ware and tableware. Refractory linings and foundry castings also utilise zircon in their manufacturing to provide chemical and corrosion resistance.

Specialty applications of zircon and its derivatives include use in the industrial and electronics industries, including nuclear fuel rods, catalytic fuel converters, water and air purification systems, electronics componentry and fibre optics.

Other products

Iluka extracts and markets activated carbon and iron concentrate, which are produced as part of the synthetic rutile process. The company also has a burgeoning interest in monazite, from which rare earth elements are derived. Certain rare earths are considered a critical input across a number of evolving markets, including permanent magnets used in electric cars, wind turbines and electronics.

Activated carbon

High quality activated carbon is recovered as a co-product of synthetic rutile production in the South West of Western Australia. It is halal, kosher and National Sanitation Foundation (NSF) certified and its uses include water treatment.

Iron concentrate

Iron oxide, consisting primarily of magnetite, is produced as a co-product of synthetic rutile production in the South West of Western Australia and is supplied in bulk from Australia.



ABOUT THIS REPORT

The 2019 Sustainability Report details our sustainability approach, key material issues and performance for the 12-month period ended 31 December 2019.

The report complements Iluka's 2019 Annual Report and Tax Transparency Report available on the company's website www.iluka.com. It has been prepared to align with the Global Reporting Initiative (GRI) Standards, including the Mining and Metals Sector Disclosure Supplement. Iluka's Executive and Board of Directors review this report.

There are no material re-statements of the 2018 Sustainability Report data or content. The previous year's reporting data can be found on www.iluka.com.

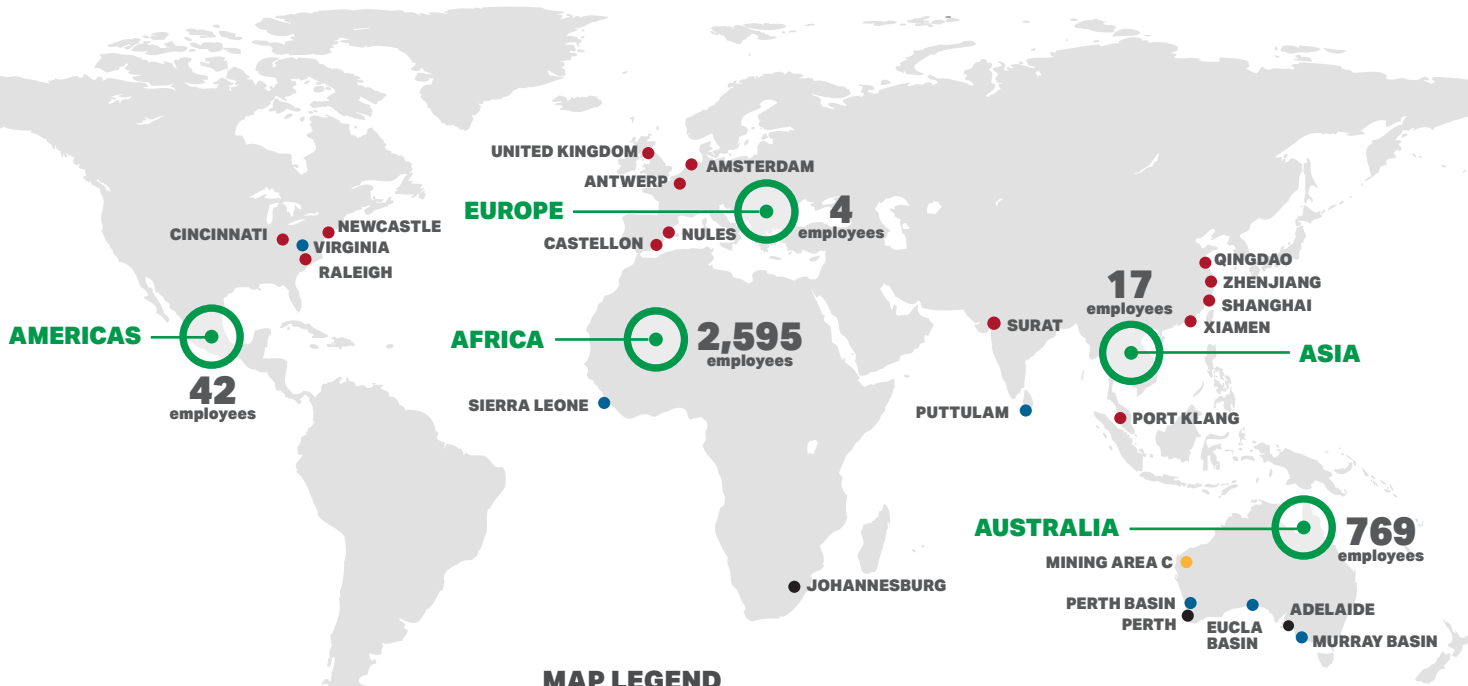
All dollar figures in this report are in AUD currency, unless otherwise stated.

In this report, the collective expressions "we", "us", "our", "ourselves", "the company", "the Group", "Iluka" and "the Iluka Group" are used where reference is made, in general, to Iluka Resources Limited and its respective subsidiaries. The use of those terms is for convenience only and used where no useful purpose is served by identifying any particular company or companies, and is not intended to convey how the Iluka Group is structured, managed or controlled. Iluka produces Group-wide policies and procedures to ensure uniform practices across the Iluka Group. Certain Iluka Group operating subsidiaries, including Sierra Rutile Limited, have independent policies, procedures and management teams.



REPORT BOUNDARY

This report covers our operations globally, comprising exploration, project development, mining, processing, marketing and rehabilitation activities.



MAP LEGEND

- Operations and projects
- Marketing and distribution
- Mining Area C
- Corporate office
- Employees (number of people at 31 December 2019)

SUSTAINABLE PROCUREMENT

Contractors and suppliers form an integral part of our business. In 2019, for our Australian operations, we engaged more than 1,800 suppliers, of which 94% are located in Australia and 6% internationally. Our Sierra Rutile operations engaged 245 suppliers during 2019 of which 52% were Sierra Leonean based suppliers and 48% international suppliers.

Through our Procurement Policy and processes we support economic development in the communities in which we operate. Iluka identifies and includes local businesses in tender and sourcing activities, which are evaluated on a range of criteria including, health, safety, environment, technical, service, innovation and value. This approach provides businesses the opportunity to be competitive on total value, rather than just the cheapest price.

Iluka’s Human Rights Policy, which is applicable to Iluka’s stakeholders including its Directors, employees, suppliers and contractors, conveys our commitment to rejecting any form of slavery or forced or child labour, and working to ensure that such practices are not present in our business or our supply chain. Iluka has adopted a formalised process to identify potential modern slavery risks in our supply chain. We are creating a supplier self-assessment questionnaire, with cross industry collaboration, which will be embedded as a standard requirement of suppliers in Iluka procurement processes. The supplier questionnaire will be further supported internally by updates to our procurement contracting documents and new supplier selection and screening processes.

Further details on Iluka’s approach to human rights and modern slavery is presented in the social performance section of this report.



LOCAL INITIATIVE

During 2019, Sierra Rutile established a local sourcing initiative with the aim of increasing local procurement by working with potential Sierra Leonean companies that can be developed to provide a sustainable source of supply to meet Sierra Rutile requirements.

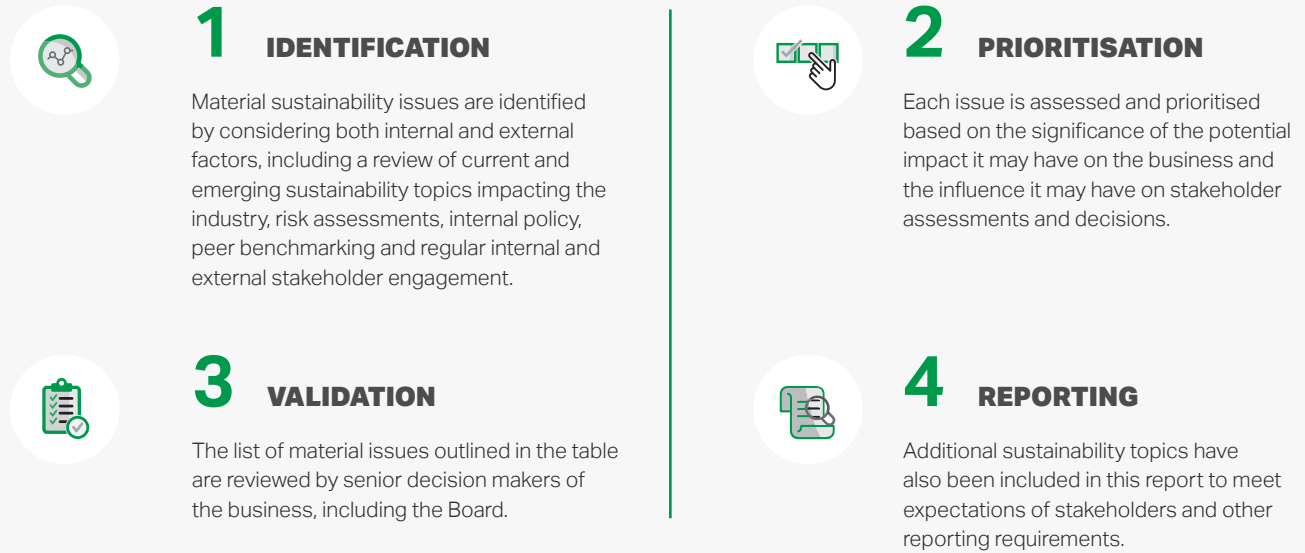
The project is being managed by a steering committee who will initially focus on boosting the local procurement of spare parts and consumables.

Efforts will be further scaled up in 2020 and will benefit from Sierra Rutile’s social and economic development collaboration with IFC.

REPORT APPROACH

Each year, we conduct a materiality assessment to prioritise sustainability issues that are most important to both the business and our stakeholders. The outcomes of the assessment determine the content of this report.

Our assessment is comprised of a four stage process: identification, prioritisation, validation and reporting.



Our top material issues [MI] identified during the 2019 process are shown below, as well as other topics covered in this report. A full description and their impact boundary (where the impact occurs) is provided in the performance data section.

MATERIAL ISSUES

HEALTH AND SAFETY	PEOPLE	SOCIAL PERFORMANCE	ENVIRONMENT	GOVERNANCE AND INTEGRITY	ECONOMIC RESPONSIBILITY
Fatality prevention	Attracting, developing and retaining employees	Stakeholder engagement	Rehabilitation and closure	Ethics and conduct	Economic contribution
Minimising injuries		Human rights and modern slavery	Waste and materials management – including tailings management	Transparency and disclosure	
Exposure to occupational illness			Energy and climate change		

Other topics included in this report:

Community health	Diversity and inclusion	Indigenous relations and cultural heritage	Biodiversity	Risk management	Supply chain management
	Labour and working conditions	Resettlement	Water stewardship		Financial performance
		Social impact management	Environmental incidents		
			Product stewardship		

PERFORMANCE IMPROVEMENT TARGETS

Each year Iluka sets public performance improvement targets against each of its material sustainability challenges. Our performance against these targets is shown below. These targets enable common understanding, both internally and externally, of our sustainable development goals and performance.

OUR 2019 PERFORMANCE

	Targets	When	Status	How we progressed in 2019
GOVERNANCE AND INTEGRITY	No material incidents of bribery and corruption	2019	✓	0 material incidents of bribery and corruption
	Complete alignment to the ICMM sustainable development principles by 2020	2020	●	On track Key achievements: development of the critical control management programme and supply chain screening approach
ECONOMIC RESPONSIBILITY	Develop Corporate Social Investment Strategy	2019	✗	In progress Strategy being developed with a focus on Aboriginal communities covering engagement needs, employment and economic development. Objectives include addressing root-cause barriers to education and employment, and to promote sustainable employment and enterprise
	Maintain tax transparency reporting through public disclosure annually	2019	✓	Tax Transparency Report published Stand-alone Tax Transparency Report (country-by-country) for 2019 published EITI requirements met
PEOPLE	Implement leadership development programmes across the group, including a specific focus at Sierra Rutile to build technical and leadership capabilities	2020	●	On track 2019 saw the launch of Iluka's leadership framework and development pathways.
	Continue to improve female and Aboriginal participation in the Australian workforce to meet diversity targets of 30% female and 8% Aboriginal participation by 2023	2023	●	In progress 25% female participation 7% Aboriginal participation (up from 6% in 2018)
SOCIAL PERFORMANCE	Zero major social incidents (Level 5 as defined by Iluka's incident classification matrix)	2019	✓	0 major social incidents (Level 5 incidents)
	Implement human rights training programme to support the new Human Rights Policy	2019	✓	Human rights training programme has been developed and commenced in 2019. Training will be ongoing in 2020
	Develop work programme to support modern slavery reporting, inclusive of a supplier risk assessment	2020	●	On track Work programme developed and supplier risk assessment in progress. Iluka will produce a public Modern Slavery Statement for 2020
HEALTH AND SAFETY	Zero fatalities and total permanent disabling injuries/illnesses across the Iluka Group	2019	✓	0 fatalities or serious complex permanent disabling injuries/illnesses
	Reduction in annual Group total recordable injury frequency rate (TRIFR) with a target to achieve less than 2.6	2019	✗	TRIFR 2.9 Reduction from 2018 TRIFR of 3.5
	Reduction in potential occupational exposure to noise and airborne contaminants at Australian sites	2019	✓	5.7% reduction in similar exposure groups potentially exposed above occupational exposure standards compared to previous year
	Establishment of baseline exposure levels for Sierra Rutile	2019	✗	In progress Occupational exposure baselines are in the process of being established for Sierra Rutile
ENVIRONMENT	Zero major environmental incidents (Level 5 as defined by Iluka's incident classification matrix)	2019	✓	0 Major environmental events (Level 5 incidents)
	Reduction in Iluka Group rehabilitation liability through achievement of Closure Index target	2019	✓	Exceeded Closure Index target reducing Iluka Group rehabilitation liability
	Implement climate change work programme in accordance with Task Force on Climate-related Financial Disclosures (TCFD) recommendations	2022	●	On track Physical impact assessments undertaken to assess climate-related risks to Iluka assets and supply chain

✓ Complete ✗ Target not met ● In progress and expect to meet target

2020+ TARGETS

Our performance targets for 2020 and beyond came into effect on 1 January 2020. In the development of these targets we considered our material sustainability risks as well as global challenges – including those defined by the United Nations Sustainable Development Goals, ICMM and the World Economic Forum’s Global Risk Report.

We will publish our progress on these targets annually through our sustainability reporting.

	Targets	By when
GOVERNANCE	No material incidents of bribery and corruption	Annual review
	Complete alignment to the ICMM sustainable development principles	2020
ECONOMIC RESPONSIBILITY	Develop Corporate Social Investment Strategy	2020
	Maintain Tax Transparency Reporting through public disclosure annually	Annual review
PEOPLE	Improve female and Aboriginal participation in the Australian workforce to meet diversity targets of 30% female and 8% Aboriginal participation	2023
	Continue to implement leadership development programmes across the Group, including a specific focus at Sierra Rutile to build technical and leadership capabilities	2020
SOCIAL PERFORMANCE	Zero major social incidents (Level 5 as defined by Iluka’s incident classification matrix)	Annual review
	Develop and implement human rights due diligence framework	2021
	Implement modern slavery work programme and publication of Modern Slavery Statement for 2020	2021
	Deliver Aboriginal cultural awareness and engagement programme	2020
HEALTH AND SAFETY	Zero fatalities or serious complex permanent disabling injuries / illnesses (life-changing)	Annual review
	A year-on-year reduction in annual total recordable injury frequency rate (TRIFR)	Annual review
	Implement Critical Control Management Programme	2022
	Develop and deliver Safe Production Leadership training	2020
	No increase year-on-year in the number of potential occupational exposures above occupational exposure limit to noise and airborne contaminants at Australian sites	2020
Implement Sierra Rutile Malaria Management Plan	2020	
ENVIRONMENT	Zero major environmental incidents (Level 5 as defined by Iluka’s incident classification matrix)	Annual review
	Management of Iluka Group rehabilitation liability through achievement of Closure Index target	Annual review
	Implement climate change work programme in accordance with Task Force on Climate-related Financial Disclosures recommendations	2022

PERFORMANCE IMPROVEMENT TARGETS ARE SET TO ADDRESS OUR MATERIAL SUSTAINABILITY RISKS AND GLOBAL CHALLENGES.



Capel, Western Australia



HEALTH AND SAFETY

Iluka's philosophy on safety is clear - create a culture that recognises that all members of the workforce are leaders in promoting a safe working environment.

The health and wellbeing of our people is equally important and we seek to identify and manage occupational exposure risks, minimise occurrences of occupational illness and injury, and promote healthy lifestyles.

Our approach is supported by our Health, Safety, Environment and Community (HSEC) Management System, which contains Iluka Group standards to help us manage our health and safety risks. These define the minimum performance requirements across the business to ensure consistency of approach.

"SAFETY IS THE COMPANY'S FIRST AND ENDURING PRIORITY"

Tom O'Leary
Managing Director

FATALITY-PREVENTION AND MINIMISING INJURIES [MI]

To ensure the continued safety of our people, contractors, suppliers and the communities where we operate, we:

- empower all our people to actively contribute to making their workplace safe and intervene when they observe an activity that is unsafe;
- identify, assess and control fatality risks;
- set performance targets;
- invest in our leadership training; and
- prequalify our contractors to ensure they are selected, engaged and managed to meet Iluka’s performance requirements.

Iluka’s total recordable injury frequency rate (TRIFR) decreased from 3.5 to 2.9 in 2019, with four less injuries than 2018. Within that overall total recordable injury reduction are lost time injuries (LTIs) which reduced from 10 in 2018 to one in 2019. Notably, Sierra Rutile achieved a 12-month milestone without a lost time injury.

The reduction in severity of injuries recorded is in part attributable to improvements in injury management processes at Sierra Rutile, with increased numbers of medical professionals and investment in additional equipment such as haematology analytical equipment, x-ray and ultrasound machines. Additionally at Sierra Rutile there has been a significant investment in the implementation of a robust patient and injury management system.

These combined resources have allowed earlier intervention for any injured employees, as well as improving service delivery for non-work related injuries and illnesses, with improved clinical outcomes for patients at the Sierra Rutile clinic.

Iluka did experience an increase in serious potential incidents (SPIs) with a total of 76 being recorded against the 2018 total of 47. The increase in numbers of SPIs, where an incident or near hit had the potential outcome of a fatality or serious complex permanent disabling injury, may to some extent be a reflection of improvements in the assessment of potential risks. Regardless it remains a key area of focus for continual safety improvement across the Iluka Group, including implementation of two frontline safety initiatives in 2020.

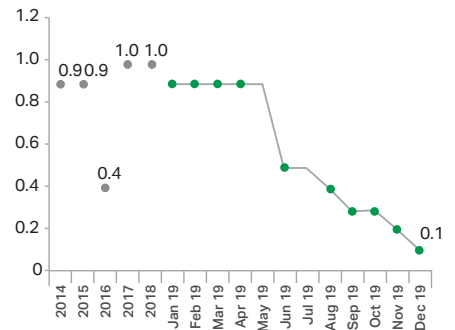
AUSTRALIA

SAFETY VISITS
26,999
SAFETY INSPECTIONS PER EMPLOYEE
10

SIERRA RUTILE

HAZARDS REPORTED
19,836
HAZARD REPORTING UP
93%

LOST TIME INJURY FREQUENCY RATE 2014 - 2019



SAFETY PERFORMANCE SUMMARY

	2019	2018
Workplace fatalities	0	1 Fatality from severe reaction to suspected bee sting
Total recordable injury frequency rate ¹	2.9	3.5
Lost time injury frequency rate ¹	0.1	1.0
Recordable injuries	30 Comprising: 1 lost time injury 23 medical treatment injuries 6 restricted work case injuries 2 of these injuries had the potential to be severe permanent disabling injuries or fatalities	34 Comprising: 10 lost time injuries 19 medical treatment injuries 5 restricted work case injuries 2 of these injuries had the potential to be severe permanent disabling injuries or fatalities
Days lost due to injuries	25²	184²
Serious potential incidents ³	76 (74 near hit) Majority were related to surface mobile equipment, stored energy and gravitational exposures 74 near hits 2 injuries	47 (45 near hit) Majority were related to surface mobile equipment and falling objects 45 near hits 2 injuries

¹ Per million hours worked by employees and contractors.

² Changes to definition/calculation of days lost implemented on 1 January 2019. Days lost capped at 180 days per injury. 2018 days lost has been recalculated with the updated definition, to align with OSHA reporting requirements and general industry standards. Previously the report stated 888 days lost to due injuries.

³ Injuries and near hits are recorded as a serious potential incident (SPI), where there is a risk of fatality or permanent disabling injury regardless of likelihood. Variance of increase in SPI also associated with improvements in incident reporting and classification implemented in 2019.

LEADING INDICATORS

We also use leading indicators to improve our performance. These range from field based safety visits and workplace inspections, to the reporting of near hits and hazards.

SAFETY INITIATIVES

In 2020 we are focusing on minimising the severity and frequency of injuries through implementation of two key frontline safety initiatives.

(1) Safe Production Leadership

The Safe Production Leadership initiative is a 'back to basics' behavioural leadership and competency building programme aiming to improve our frontline effectiveness through focusing on competency, engagement through visible leadership responsiveness and major risk management.

Key objectives:

- **Frontline leader capability** – enhancing Iluka's frontline leadership knowledge of operational risks, and actively managing these risks by the application of effective controls.
- **Increased visible field leadership** – influencing positive leadership interaction, focusing on acceptance, treatment and control of workplace health and safety hazards.

(2) Critical Control Management (CCM) Programme

The CCM programme seeks to formalise the minimum controls necessary when conducting high risk work. CCM narrows the focus onto critical controls that have the most impact on preventing fatalities in the work place.



Sierra Rutile, Sierra Leone

EXPOSURE TO OCCUPATIONAL ILLNESS [MI]

Iluka undertakes occupational exposure monitoring and health surveillance across the business to assess potential exposure to identified contaminants, assess the effectiveness of risk mitigation strategies and proactively identify any potential adverse health outcomes.

Monitoring programmes are based on qualitative and quantitative risk assessments and are guided by our standards and guidelines. Programmes are in place at Australian and US sites, and a structured occupational exposure monitoring programme commenced at Sierra Rutile in 2019. Based on our operational risk profile, programmes typically focus on monitoring exposure to airborne contaminants including respirable dust, respirable crystalline silica, inhalable dust, noise and radiation.

Management plans are developed and implemented at site level for significant occupational health and hygiene risks and include detail on risk controls, monitoring programmes, designated responsibilities, objectives, targets and timeframes. The monitoring of control effectiveness, including in the area of communicable disease, is a focus in the coming years.

In Australia, there were 37 exceedances of occupational exposure levels recorded in 2019, all attributed to noise. Reduction of exposure to noise and airborne contaminants has been included in sustainability performance improvement targets. There were no cases of noise induced hearing loss reported during 2019. Iluka adopts the US Occupational Safety and Health Administration (OSHA) methodology for reporting of occupational hearing loss, as well as hearing shift thresholds set by local regulatory authorities.

Radiation monitoring results and dose assessments for employees and contractors were well below 50% of the regulatory annual dose limit. For more on Iluka's management of naturally occurring radioactive material (NORM), refer to the environment section of this report.

In 2019, Iluka reported 21 cases of occupational illness which equalled a total recordable occupational illness frequency rate (TROIFR) of 2.0. Eighteen of these cases related to employees contracting malaria or typhoid while undertaking short-term assignments at international locations other than their usual place of work and three were reactions to animal bites.

During the year, a communicable disease risk assessment was conducted by an external medical consultant familiar with our areas of operation. As a result, current controls are under review, particularly primary and secondary controls. Identifying trends such as climatic and seasonal events associated with elevated cases of disease is ongoing with the aim to minimise risk of infection.

MANAGEMENT PLANS ARE DEVELOPED AND IMPLEMENTED AT SITE LEVEL FOR SIGNIFICANT OCCUPATIONAL HEALTH AND HYGIENE RISKS AND INCLUDE DETAIL ON RISK CONTROLS, MONITORING PROGRAMMES, DESIGNATED RESPONSIBILITIES, OBJECTIVES, TARGETS AND TIMEFRAMES.

COMMUNITY HEALTH

Many of our operations are located within or near local communities. We take extra care to manage activities that can potentially affect community health and where possible, we seek opportunities to have a positive impact. These range from mitigating impacts such as dust and noise, to helping reduce the occurrence of communicable diseases and to providing local health and wellbeing initiatives such as breast cancer screening and awareness.

Iluka also recognises that there is a risk of local community health issues impacting on our workforce that travel internationally to Sierra Leone, Sri Lanka, China, India and other countries. We ensure that these employees are educated on the areas they are travelling to and have the appropriate health information and protection available.

In Sierra Leone, HIV and other sexually transmitted diseases are regarded as a serious contributor to the burden of disease in the Sierra Rutile mine area districts. Sierra Rutile has partnership agreements with the Sierra Leonean National HIV/AIDS Control Programme, the National AIDS Secretariat and has a staff member placed in the Sierra Rutile clinic to support HIV control interventions in the workplace and broader community. Free contraceptive vending machines have been placed in common areas for Sierra Rutile employees and at the Sierra Rutile clinic for access by the community.

Malaria and typhoid also remain a significant threat in the region, however good progress has been made in reducing the frequency of these diseases. From January 2018 to December 2019 there was an observable reduction in employee (non-work related) cases of typhoid and malaria. In addition to this positive decrease we are learning more about these communicable diseases and the effectiveness of control interventions. It is apparent that timing of interventions, particularly regarding typhoid inoculations, can have a significant impact on effectiveness. Initiatives which contributed to the reduction in cases included: typhoid vaccinations for employees and their dependents; clinical testing; provision of community education; supply of insecticide treated nets to community members; improvements in water quality management; and investment in better equipping the Sierra Rutile clinic.

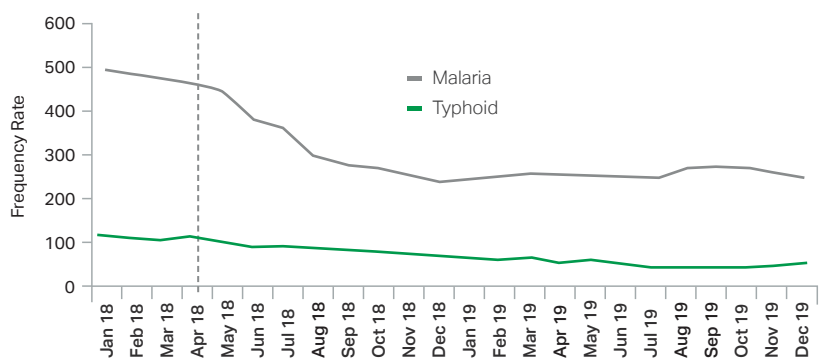
To improve health and wellbeing awareness, Sierra Rutile clinic staff regularly schedule face-to-face talks in the communities surrounding our operations to cover various topics relevant to each community. Additionally, the Sierra Rutile Chief Medical Officer and Clinic Matron participate in a fortnightly radio talkback programme where they respond to health related questions from callers.



DONATING MEDICAL EQUIPMENT

Donations of superseded medical clinic equipment such as stethoscopes from our Sierra Rutile clinic are made to local clinics to improve their capability.

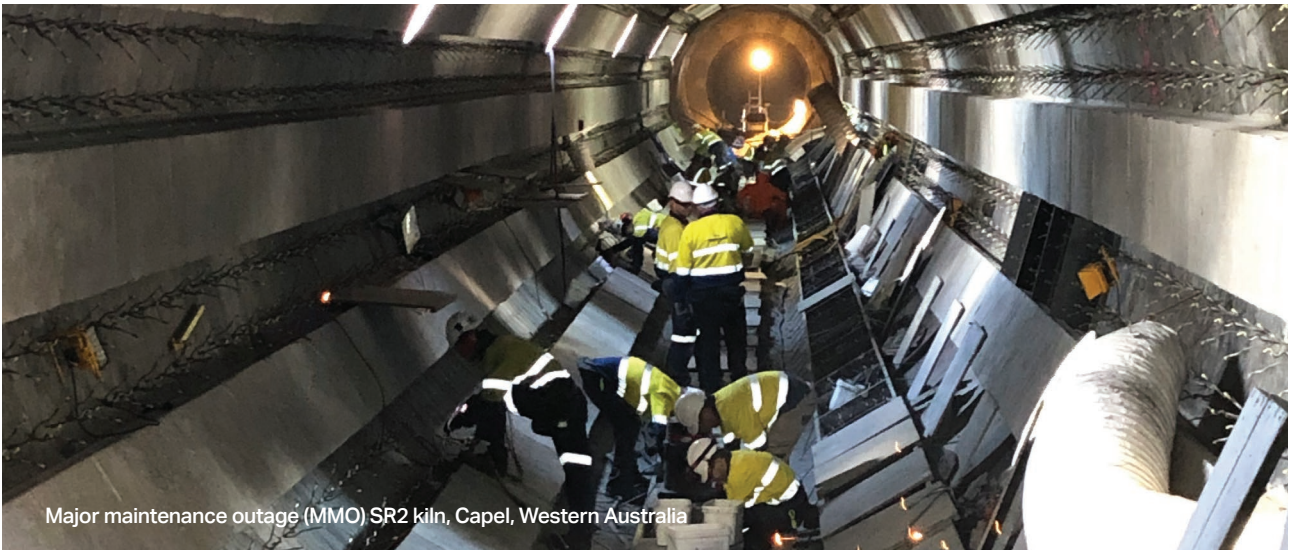
SIERRA RUTILE EMPLOYEE (NON-WORK RELATED) MALARIA AND TYPHOID FREQUENCY RATE



* Prevention program started in April 2018



CASE STUDIES



Major maintenance outage (MMO) SR2 kiln, Capel, Western Australia

MAJOR MAINTENANCE OUTAGE IN THE SOUTH WEST

The synthetic rutile kiln (SR2) at North Capel, Western Australia underwent a planned major maintenance outage (MMO) in Q1 2019, involving a large contingent of contractors. Strong focus on safety was maintained throughout the 142,000 hours (over 44 days) on the project. The MMO met or exceeded all HSEC KPIs including a 46% reduction rate in injuries compared to the previous MMO in 2012.

Geoff Upston, MMO Project Manager, describes below how the team delivered the project ahead of schedule, on budget and safely.

Early planning

Over a year out from the MMO, planning kicked off with a theory constraints workshop, identifying how to reduce the MMO duration. The team focused on how and where tasks could be completed in parallel rather than the traditional “in sequence” approach. The additional time in which to investigate new ideas, technologies and innovative measures played a big part in achieving this parallel approach – including assessing risks and hazards.

Understanding the risks and implementing effective controls

Six-hundred tasks involving multiple contractor groups operating in restricted or multi-level work fronts, were all executed over a short period of time. Dedicated safety visits helped reinforce safe work expectations, workplace inspections helped maintain hazard free work areas, and frontline verification tools targeted the effectiveness of risk controls (e.g. vehicle/pedestrian interaction, confined spaces, height safety).

Over 100 potential fatality risks were eliminated through this approach which was supported by a dedicated health and safety team.

Being “in the now” drives operational focus

What’s Important Now (WIN) was a simply executed initiative that was driven by employees and contractors during the MMO to focus on what was important in the short term, to meet the individual and team goals long term. In short, workers were prompted to ask themselves “What is my driver for staying safe, and how do I achieve this with the task I’m involved in right now?”.



CASE STUDIES



Jacynth-Ambrosia, South Australia

AIRBAGS LIFT SAFETY AND SPIRIT AT JACINTH AMBROSIA

Jacynth-Ambrosia's mining unit plant (MUP) is used to screen out oversize material, such as coarse rock. It is semi-mobile equipment and ore is fed into it by surface mobile equipment. An unwelcome consequence of the process is spillage as material is pushed to the feed chute to enter the process. This spillage is deposited in and around the MUP tracks. The MUP's large tracks (similar to an excavator's tracks) rely on being free of this material prior to being moved (tramming) between mining blocks. This is undertaken by the field services team, who spend around 60 hours manually clearing away the build-up of material.

Certain there was a safer and more efficient method to prepare the MUP, the field services team brainstormed and developed a simple solution that reduced the clearing time to just two hours. The answer was airbags. Large tarps are placed under the tracks and inflated using air compressors and preventing the build-up of material. The prototype airbag system has been used successfully in the last four moves at Ambrosia.

A second initiative to improve the process, was the introduction of a remote-controlled mini loader to clean up material that drops from the headboard (the area where the product is pushed into the MUP by a dozer).

Barry Fawcett, Earth Moving and Field Services Supervisor said:

"Not only has the airbag innovation and new equipment saved over 50 hours of labour every two weeks, it completely eliminated exposure to over 15 hazards."



CASE STUDIES



Breast Cancer Awareness Campaign, Sierra Rutile

BREAST CANCER AWARENESS CAMPAIGN

As part of its effort to promote the health and wellbeing of employees and dependants, Sierra Rutile has partnered with Thinking Pink Breast Cancer Foundation in the fight against Breast Cancer in Sierra Leone.

Thinking Pink Breast Cancer Foundation is a non-government organisation that promotes and raises awareness on breast cancer at the national and community levels. The Foundation's effort is geared towards reducing the incidence and impact of breast cancer through the provision of an efficient, evidence based approach. The Foundation deals with all stages of breast cancer from prevention to diagnosis, treatment and through to palliative care services.

Sierra Rutile provided support for a breast screening programme and an awareness raising campaign for employees, their dependants and the mining community by asking the Thinking Pink Foundation to visit its mining communities. The Thinking Pink Foundation raised awareness and offered free breast screening to staff members and the immediate community of Sierra Rutile. The first visit screened 253 patients with further visits by Thinking Pink Foundation planned for 2020.

BLOOD DONATION DRIVE

The Sierra Rutile clinic has embarked on a blood donation drive for employees willing to donate blood for clinic use. This initiative was borne out of treating many children with low blood counts usually due to acute malaria. Most of the time, these children require immediate blood transfusions and although the parents often donate, sometimes they may also be ill, or have already donated a unit of blood and are unable to donate again until over 30 days. The clinic recently purchased a special "blood storage fridge" which is specifically designed to keep donated blood for longer periods.



Capel, Western Australia



PEOPLE

Attracting, recruiting and developing the best people is critical to achieve our purpose – to deliver sustainable value. We aim to maintain a diverse and inclusive workplace that reflects the local communities in which we operate and brings a range of perspectives to the issues we face.

Our five values – **Integrity, Respect, Courage, Accountability and Collaboration** – reflect how we work together across the business.

Iluka's People Policy, and supporting policies and procedures, set out our approach to recruiting, developing and retaining an engaged, diverse and capable workforce.

Our fair work policies strive to provide all our employees with a safe working environment, where they are treated with dignity and respect, free from harassment and discrimination. These policies cover equal employment opportunity, the Code of Conduct, bullying and harassment and grievances processes. Further information is provided in our governance and integrity section.

Our employees and their families have access to our Employee Assistance Programme, which provides confidential counselling and support.

OVER 3000 EMPLOYEES GLOBALLY AND ONE OF SIERRA LEONE'S LARGEST PRIVATE SECTOR EMPLOYERS.

ATTRACTING, DEVELOPING AND RETAINING EMPLOYEES [MI]

Iluka prioritises employee development and invests in building capabilities and skills. Through regular talent management processes we identify critical skills required within the business and facilitate succession planning across all levels of the company. Succession planning and development plans are in place for all leadership positions, including the Managing Director and his direct reports and critical roles.

Employees participate in an annual performance review process. Position-relevant objectives are set at the beginning of each year, aligned to the Iluka corporate plan. Feedback is provided throughout the year and formal mid-year and full year reviews are conducted.

Employee performance plans include a development planning component. Training and professional development is planned specifically for each individual.

TRAINING AND DEVELOPMENT

It is critical that our employees have the necessary technical and safety training and qualifications in order to perform their roles competently and safely. Training requirements are set based on individual role requirements.

During 2019, in Australia, a total of 47,100 hours of training was conducted through face-to-face and online training activities, with online learning accounting for 29% of all training activities.

Training initiatives for Sierra Rutile are focused on building technical and leadership capabilities, including:

- completion of a skills gap assessment for trades employees to identify training needs going forward;
- implementation of operator training to support expansions; and
- implementation of a leadership enhancement programme.

We employ over 3,000 employees globally. The majority of our employees are based in Australia and Sierra Leone. In Sierra Leone we are one of the largest private sector employers.

At the date of this report, our workforce profile is as follows:

Australian workforce profile

769 employees
 ~ 500 annual average contractors
 175 new employees
 25% female / 75% male
 13% employee initiated turnover
 72% employee engagement (April 2019 Pulse Employee Engagement Survey)

Sierra Leonean workforce profile

2,595 employees
 ~500 annual average contractors
 318 new employees
 8% female / 92% male
 98% Sierra Leonean
 1.9% employee initiated turnover

TALENT DEVELOPMENT PROGRAMMES

Leadership development

Iluka’s leadership framework provides a common language and set of expectations for leadership capabilities within our business. The framework is based around five leadership drivers – leading sustainably, leading commercially, leading with insight, leading authentically and leading through our people.

We promote leadership at all levels in our business. We provide a structured development model including tools and resources that are accessible to all employees through our “leadership community”.

2019 also saw the launch of our leadership acceleration programmes, designed to grow our leadership capability at senior, middle and emerging levels. Partnering with two specialised leadership development organisations, these programmes incorporate workshops, coaching, business challenges and mentoring. Our Emerging Leader Programme also provides participants with statements of attainment towards a Certificate IV in Leadership and Management (BSB42015).

Sponsoring and employing apprenticeships and traineeships

Iluka currently has over 90 enrolled apprentices and trainees across our Australian operations. To facilitate pathway employment opportunities for Aboriginal employees, Iluka offers traineeship opportunities for both Clontarf and SHINE students. Narnghulu operations currently has two SHINE graduates and one Clontarf graduate undertaking traineeships.

Employing vacation students and graduates

Our 2019 vacation programme saw 15 students join us across a range of technical and functional disciplines. Each vacation student had the opportunity to participate in a number of projects designed to enable new and innovative ways of thinking at Iluka while providing opportunities to apply the theory learnt at University into the workplace.

Our Information Technology team initiated a graduate programme in 2019, in partnership with the Australia Computer Society (ACS) Foundation. Through this work integrated scholarship programme, Iluka provides a scholarship for an undergraduate or postgraduate student to experience the workplace on a part-time or full-time basis over an extended period of up to 48 weeks.

Professional development opportunities

In addition to the traineeships and apprenticeships mentioned previously, Iluka maintains strong relationships with a variety of professional bodies and institutions to provide employees with technical and professional development opportunities.

In 2019, these have included providing educational assistance to employees undertaking professional qualifications, supporting professional development courses, seminars and conferences and supporting high potential senior female leaders through a women in leadership programme.

LEADERSHIP DEVELOPMENT FRAMEWORK





LABOUR AND WORKING CONDITIONS

REWARDS AND BENEFITS

Iluka has a pay-for-performance remuneration structure which rewards employees competitively for their expertise and contribution. We observe minimum conditions of employment under local laws, but remuneration is paid according to market which for most employees is well above minimum entitlements.

All employees have the opportunity for additional incentive rewards based on individual and company performance. Rewards are delivered partly in cash and Iluka shares in Australia and a number of other countries.

We offer flexible work arrangements and paid parental leave in all jurisdictions at or above local legislative requirements.

EMPLOYEE AND INDUSTRIAL RELATIONS

We are committed to having an engaged and collaborative relationship with our employees. Iluka respects our employees' rights to freedom of association, including the right of each individual to join a union. Iluka does not inquire into employees' union membership and does not keep union membership statistics.

Where Iluka is making significant operational changes, we provide timely disclosure and consult with employees in accordance with mechanisms under relevant industrial instruments. Through consultation we take into account employees' circumstances and needs, and all reasonable measures are taken to mitigate any adverse effects of the changes on employees.

Iluka recognises our employees' rights to collectively bargain. In each operational region in Australia, collective agreement conditions are renewed approximately every four years through bargaining with the employees' representatives. The majority of Sierra Rutile employees are covered by a collective bargaining agreement negotiated with all mining companies in Sierra Leone and the United Mineworkers' Union every three years. In 2019 a new three-year Collective Bargaining Agreement was negotiated and agreed with the United Mine Workers Union.

WHERE ILUKA IS MAKING SIGNIFICANT OPERATIONAL CHANGES, WE PROVIDE TIMELY DISCLOSURE AND CONSULT WITH EMPLOYEES IN ACCORDANCE WITH MECHANISMS UNDER RELEVANT INDUSTRIAL INSTRUMENTS.



DIVERSITY AND INCLUSION

INCLUSIVE WORKPLACES

We respect and encourage workplace diversity and aim to create a flexible and inclusive working environment which assists employees to balance their responsibilities. The Executive promotes awareness of diversity and inclusion and integrates those principles into company activities, including recruitment, training, talent management and employment policies.

Female representation in management (as at 31 May 2019, per Workplace Gender Equality Agency Report)

Level	Proportion of female (%)
Board	37.5
Executive management	36
Other management levels	19
Total Iluka Group (ex Sierra Rutile)	25
Total Sierra Rutile	8
Total Iluka Group	12



PARTNERING WITH ACTIV

Iluka is proud to partner with ACTIV Foundation, a major disability services provider in Western Australia. ACTIV provided over 600 plants ranging from small pots to adult trees for our new Perth workspace including 25 vertical gardens. Plants provide a natural aesthetic to our workspace and provide physiological and psychological benefits. ACTIV also provides ongoing maintenance including pruning and watering.

AUSTRALIAN EMPLOYMENT AND DIVERSITY TARGETS

In 2018, our People and Performance Committee approved continuation of measurable objectives for gender and Aboriginal diversity relating to Iluka’s Australian operations. Our target is to achieve 30% female participation and 8% Aboriginal participation in the workforce by 31 December 2023. At the end of 2019, female participation was 25% and Aboriginal participation 7%.

In 2019, we implemented a Diversity and Inclusion Working Group for our Australian operations, chaired by the Managing Director. The key objectives of the group are to champion and influence the diversity and inclusion strategy, and identify opportunities to create a more inclusive workplace.

Diversity and inclusion work plan

Area of focus	Objectives	Progress
Diversity and Inclusion Working Group	Identify and drive diversity and inclusion initiatives	<ul style="list-style-type: none"> A number of initiatives have been identified and progressed by the working group, including school engagement opportunities, updating and rolling out organisational level cultural awareness training and reviewing Iluka’s flexible working arrangements.
Promote awareness of diversity	Employees and stakeholders have access to meaningful diversity information	<ul style="list-style-type: none"> Iluka’s People Policy and Diversity Standard is accessible to employees online and at Iluka locations Diversity progress against targets is reported to the Executive and the People and Performance Committee of the Board Sponsorship partnership with Clontarf Foundation and SHINE in Geraldton Iluka sponsored the Inspiring Girls Initiative for the 2019 Women in Resources Awards
Integrate workplace diversity principles into company activities	People management practices implemented to reflect diversity and inclusion	<ul style="list-style-type: none"> Gender pay equity review completed annually Australian Workplace Gender Equality Agency Report submitted annually Succession planning and high potential identification and development plans in place Relationship with Edge Employment Solutions, to provide employment for people with disabilities
Create a flexible workplace culture which assists employees to balance their responsibilities	Flexible employment arrangements supported	<ul style="list-style-type: none"> Promotion of flexible work arrangements, including part-time, working from home and modified start and finish times Gender neutral parental leave policy Volunteering opportunities to support the community through the provision of two days volunteer leave per year.

SIERRA LEONE LOCAL EMPLOYMENT AND DIVERSITY

We strive to maximise local employment at Sierra Rutile, with 98% of our workforce being made up of Sierra Leoneans. Our commitment to employing locally is guided by the Sierra Rutile Local Content Policy and the *Sierra Leone Local Content Agency Act (2016)*.

Wherever possible, we also seek to engage local companies and suppliers to support economic development in the region. This has included engaging local service providers for implementing coaching and development programmes.

As part of our partnership with IFC in Sierra Leone, the IFC advisory mission conducted a number of employee workshops focused on diversity in 2019, leading to the formation of a multi-stakeholder Gender Task Force with representatives from different areas and levels within Sierra Rutile.

The Sierra Rutile Women’s Group has been actively involved in a schools mentorship programme with a focus on teenage pregnancy. The mentorship programme started with training for students and teachers which was followed by the formation of peer mentorship groups. The Sierra Rutile Women’s Group has also organised the distribution of learning materials to schools in the local chiefdoms.



CASE STUDIES



Josh Henke at the Apprentice Employment Network WA Inc Awards of Excellence 2019



MWCCI Business Excellence Awards ceremony

OUR TRAINING, GRADUATE AND STUDENT PROGRAMME SUCCESS

Josh Henke made it to the finals of the Apprentice Employment Network WA Inc Awards of Excellence 2019. The awards recognise outstanding achievements of apprentices and trainees who have committed themselves to achieving excellence in their chosen career. Josh started with Iluka as an adult mechanical apprentice in 2016. He completed his TAFE theory in one year instead of three years which enabled him to concentrate on the practical side of his apprenticeship. "Iluka has been a great place to learn my trade and the people here make it easy to come to work every day," Josh said.

TAFE SA and MEGT (Iluka's apprenticeship network provider) have partnered with us to train 35 employees in the Certificate III in Resource Processing qualification at our Jacinth-Ambrosia mine site. The design of the Certificate III programme enables Iluka to provide professional development opportunities for employees from remote communities including those from the Far West Coast community in South Australia.

Operator Luke Sims sees the Certificate III qualification as an opportunity to improve in his role and to increase his input and value as a team member.

"I am excited to add to my qualifications. The training will help me to contribute more to the team and will give me a better understanding of resource processing."

Luke Sims, Operator

NARNGULU WINS ABORIGINAL ENGAGEMENT BUSINESS AWARD

Iluka's Narngulu operation has partnered with the Clontarf Foundation since 2008 and SHINE since 2017. These partnerships include sponsorship, site tours, work experience opportunities for Year 12 students and working with students throughout the year to assist in their job readiness.

Narngulu has an excellent reputation as an employer and our inclusive employment practices have resulted in a significant portion of our workforce (12%) being persons who identify as Aboriginal. All of these employees are from Geraldton or the wider Mid West community, providing benefit to their families as well as the local economy.

Narngulu currently employs eight Clontarf Foundation graduates on a full-time basis. This includes two who have completed apprenticeships, and a further two who came through the traineeship programme with one now an Operator and the other an Assistant Supervisor at age 24.



CASE STUDIES



Sierra Rutile employees visiting Eneabba, Western Australia.

SHARING SUSTAINABLE PRACTICE

Hadji Massaquoi and Thailu Koroma from Sierra Rutile's rehabilitation and closure team visited Eneabba, Western Australia on a three-week learning programme of Iluka's rehabilitation.

The programme was designed to improve understanding of rehabilitation and closure best practices and included focus on:

- successfully rehabilitated land;
- active rehabilitation earthworks;
- mechanised approaches to seed collection, processing, and revegetation;
- nursery best practice seed storage, treatment, inventory and germination scheduling;
- trials and studies, including planning, execution and recordkeeping; and
- templates and software used for rehabilitation such as plans, earthworks calculator and data management tools.

Laura Vedral, Sierra Rutile Rehabilitation and Closure Manager, said the most valuable outcome from the visit was the perspective gained by Hadji and Thailu on best practices. "Having limited exposure to completed rehabilitation in the mining context, they now have a vision for what rehabilitated land could look like and approaches that could improve success and efficiency at Sierra Rutile," Laura said. Rehabilitation Superintendent Hadji Massaquoi said that he was excited to see a different environment, meet new people and to learn how things are done in Australia. Hadji and Thailu have presented their learnings from the visit to the rehabilitation team in Sierra Leone and will build on the mentoring and relationships they have forged.



Karen Baird Children's Home, Sierra Leone

SOCIAL PERFORMANCE



Our social performance is based on understanding and minimising the potential impacts of our activities on communities and managing social risks to the business. We seek to respect human rights, engage meaningfully with stakeholders and make a positive difference to the social and economic development of the communities in which we operate.

Social performance at Iluka includes:

- the identification, management and monitoring of social impacts and risks;
- meaningful engagement with stakeholders;
- responsive management of grievances;
- the sharing of benefits; and
- addressing location or project-specific social considerations such as cultural heritage management, human rights, local employment and procurement, and resettlement.

Our HSEC Policy, Human Rights Policy and Social Performance Standard guide our approach to working with communities and stakeholders. The standard, and related procedures, provide a framework of mandatory social performance requirements. Sites and projects are subject to periodic assessments and audits, and initiatives to strengthen social performance practices are ongoing.

Our global footprint in countries outside Australia has heightened our proactivity in identifying and addressing a broader range of social issues, risks and impacts. This is particularly relevant with our operations in Sierra Leone. The strategic partnership with IFC commits the Sierra Rutile operations and the Sembahun project to meeting IFC's Environmental and Social Performance Standards, including:

- *Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts.* Includes requirements to identify and assess environmental and social risks and impacts, maintain a management system, engage communities, establish a grievance mechanism and monitor and measure effectiveness.
- *Performance Standard 4: Community Health, Safety, and Security.* Includes requirements to adopt responsible practices to reduce risks such as worksite accidents, hazardous materials, the spread of diseases, and/or interactions with security personnel. It requires emergency preparedness and response, and prevention control measures.
- *Performance Standard 5: Land Acquisition and Involuntary Resettlement.* Advises companies to avoid involuntary resettlement wherever possible and to minimise its impact on those displaced through mitigation measures such as fair compensation and improvements to living conditions. Active community engagement throughout the process is essential.
- *Performance Standard 8: Cultural Heritage.* Guides companies in protecting cultural heritage from adverse impacts of project activities and supporting its preservation. It also promotes the equitable sharing of benefits from the use of cultural heritage.

STAKEHOLDER ENGAGEMENT [MI]

Iluka’s success is linked to our relationships with neighbours and stakeholders, whose priorities and expectations of us vary widely. We seek to engage early in open, inclusive and meaningful communication and incorporate stakeholder views into our decision-making processes. Through effective stakeholder engagement, we aim to understand and meet community and stakeholder expectations.

Iluka engages with a diverse range of stakeholders. We seek to adapt our engagement with stakeholders based on their needs and our business requirements. We have a team of professionals across our projects and operations who are responsible for managing stakeholder engagement. Support and subject matter expertise is provided by our Communities team. In addition to our engagement activities, stakeholders can contact us via community feedback processes.

Our stakeholders and their interests are identified, analysed and mapped to inform impact and risk assessments and social management plans. All sites and projects are required to establish a process to ensure affected stakeholders receive relevant up-to-date information, are provided with opportunities to express their views on decisions that may affect them, and that these views are considered in decision-making processes.

OUR STAKEHOLDERS

Stakeholders		Engagement activities
Communities	Stakeholders include landowners, Traditional Owners, local residents, not-for-profit groups, businesses, community-based and other special interest groups.	Face-to-face engagement, phone calls, electronic and paper newsletters, community meetings, focus group discussions and events, website, feedback mechanisms, sponsorships.
Employees and contractors	Our employees and contractors are often local community members.	Intranet, email, townhalls/briefings, social events, newsletter, annual people survey, department and site meetings, direct engagement between manager and employees.
Government and regulators	We are engaged at all levels of government from local government to state and federal.	Briefings, direct engagement and emails.
Suppliers	Suppliers from a global supply chain, although we preference local businesses where practical.	Out to market approaches, discussions and briefings, contractual agreements, supplier questionnaires.
Shareholders	Shareholders receive regular communication on our business performance via Iluka’s corporate reporting process.	Annual Report, production reports, website, email, investor briefings, market announcements, annual general meetings, conferences, Sustainability Report.
Customers	Customers source our products from around the world. We aim to deliver quality products, tailored to their needs.	Meetings, report, website, discussions, site visits, tenders.

WE SEEK TO ADAPT OUR ENGAGEMENT WITH STAKEHOLDERS BASED ON THEIR NEEDS AND OUR BUSINESS REQUIREMENTS.

GRIEVANCES

Iluka's Grievance Management Procedure was developed in accordance with the United Nations Guiding Principles on Business and Human Rights. A requirement of the procedure is that all locations develop and maintain a locally-appropriate grievance mechanism that is respectful of local cultural norms and easy for community members to access. In 2019 a review of grievance processes was undertaken to ensure that these objectives are being met and efforts were made to strengthen our handling of grievances across the Iluka Group where required.

Iluka received and investigated 95 complaints globally in 2019. This was an increase from 69 in 2018, which may partly be attributed to our improved reporting process and employee training.

Stakeholders should feel comfortable about contacting us to report any issues or concerns, and complaints are taken seriously and investigated, in accordance with Iluka's Grievance Management Procedure. All grievances of a medium to high-level classification are reported through to the Board as part of the monthly Sustainability Performance Report.

SOCIAL INCIDENTS

Iluka requires all social incidents be recorded.

Social incidents are either:

- unplanned or unwanted events which involve the local community, or other external stakeholders, and have the potential to affect the security, safety and/or reputation of Iluka employees, contractors, site visitors and/or assets;
- unplanned or unwanted events associated with Iluka sites, projects or personnel that affect communities or community members;
- a community complaint/grievance; or
- a breach of Iluka's social obligations.

Iluka uses an event management system to record social incidents, which are then classified according to the severity of the incident. Level 1 incidents have no or minimal impact, while Level 5 incidents have the greatest potential impact. All Level 3 and above incidents are reported to the Board. For 2019, 38 social incidents were recorded for the Iluka Group, with seven of those being Level 3 and above. No Level 5 social incidents were recorded in 2019.

MANAGING OUR SOCIAL IMPACTS

Iluka conducts Social Impact Assessments for all major development activities and conducts periodic social surveys and studies to inform our social management plans.

Iluka follows a risk-based approach to understand and minimise negative social impacts. Conversely, we actively seek to enhance positive impacts and work collaboratively with our host communities.

SHARING BENEFITS WITH COMMUNITIES

As well as managing any potential negative impacts, Iluka seeks to optimise positive impacts and create lasting benefits for local and regional communities where we are present.

In 2019 Iluka made more than \$4 million of voluntary contributions and statutory payments for social and economic development. A range of in-kind provisions are also made to support local communities. This includes support of disease prevention in the local community by Sierra Rutile clinic staff, as well as a wide range of volunteering activities by Iluka staff globally.

Iluka is improving the ability of local communities to access employment and procurement opportunities. Sierra Rutile's local sourcing initiative, developed in 2019, aims to increase local procurement by working with and developing potential Sierra Leonean companies to provide a sustainable source of supply to meet Sierra Rutile requirements. Sierra Rutile's workforce is now made up of 98% Sierra Leoneans, and initiatives are planned to develop capacity within local communities to increase the proportion of employees that are from the local chiefdoms.

A SEA CONTAINER OF DONATIONS

2019 saw the arrival of a sea container of donations for the Ruby Rose Centre and the Karen Baird Children's Home. The shipping costs of the container were paid by Sierra Rutile and all items inside were donated by Iluka employees and service providers. Donations included stationery, books, art materials, sporting goods, clothes, shoes and bicycles.

HUMAN RIGHTS AND MODERN SLAVERY [MI]

Iluka maintains a Human Rights Policy, which includes an overarching commitment to align business activities with the UN Guiding Principles on Business and Human Rights. This includes commitments relating to labour and working conditions and stakeholder consultation, as well as meeting international standards relating to involuntary resettlement and security. The Human Rights Policy also sets out Iluka's commitment to the recognition of the rights of Indigenous peoples, respecting their culture and acknowledging their connections to lands and waters.

While many aspects of the protection of human rights are already covered in existing Iluka policies and practices, the Human Rights Policy is supported by a work programme that translates our commitments into actions. In 2019 we commenced an in-house human rights training programme, which will be delivered globally in 2020.

The Human Rights Policy is also applicable to suppliers, and a key part of the human rights work programme is our preparation for meeting Australia's new modern slavery requirements, under the *Modern Slavery Act 2018* (Cth).

Iluka has developed an internal, cross-functional working group to identify the risks of modern slavery practices in our operations and supply chains and take action to assess and address those risks. Progress to date has focused on the mapping of our supply chain, reviewing our procurement processes and developing capability within our teams to identify potential human rights breaches. Iluka Group contracting documents are being updated to reflect our human rights commitments and expectations, including providing us the right to audit our suppliers to ensure they comply with these obligations. We have also commenced a vendor screening process that includes use of a standard industry questionnaire, developed collaboratively by a number of Australian resource companies.

Given the complexity and size of our supply chain, this is a multi-year initiative. The approach will be risk based, to ensure initial efforts are dedicated to where there is the highest likelihood that modern slavery may exist. Iluka's first Modern Slavery Statement, reporting on the 2020 calendar year, will be published in 2021.

RESETTLEMENT

Iluka seeks to avoid or minimise project-induced displacement of people in all planning activities. Iluka has committed to managing all project-induced displacement in alignment with the IFC Performance Standard 5: Land Acquisition and Involuntary Resettlement.

The physical relocation of the Foinda community as part of our Sierra Rutile operations was completed in 2018 (see 2018 Sustainability Report for details) and Iluka currently has no physical resettlement projects underway. The Foinda resettlement programme has now moved into the livelihood restoration phase with an independent audit being undertaken twice yearly until completion.



Clontarf and Iluka cricket match, Perth, Western Australia

INDIGENOUS RELATIONS AND CULTURAL HERITAGE

Iluka acknowledges the special connection that Indigenous peoples have with land and we seek to work together to build constructive and respectful relationships.

At locations where cultural heritage is identified, a Cultural Heritage Management Plan is implemented to ensure the protection of sites and to meet regulatory requirements. This is especially important when our projects are located on land traditionally owned, adjacent to, or under customary use by Indigenous peoples. In these instances, specific engagement is undertaken.

Iluka currently has two agreements in place with Aboriginal people for its Australian operations. Iluka's Native Title Mining Agreement with the Far West Coast (FWC) Native Title holders has been in place since 2007 at Jacinth-Ambrosia in South Australia. In Western Australia, Iluka has a voluntary agreement with the Yued People for our Cataby operations.

Both agreements act as a foundation to guide our engagement and the development of constructive and respectful relationships with Traditional Owners. They include activities such as training and business opportunities, employment, Aboriginal heritage protocols and cultural awareness training, while also providing a forum for regular engagement.

During 2019, there were no incidents of violations involving rights of Indigenous peoples.

AT LOCATIONS WHERE CULTURAL HERITAGE IS IDENTIFIED, A CULTURAL HERITAGE MANAGEMENT PLAN IS IMPLEMENTED TO ENSURE THE PROTECTION OF SITES AND TO MEET REGULATORY REQUIREMENTS.



CASE STUDIES



Opening ceremony of new public toilets
Moriba Town, Sierra Leone.

A COLLABORATIVE APPROACH TO DEVELOPING COMMUNAL INFRASTRUCTURE AT SIERRA RUTILE

Sierra Rutile is adopting a new, collaborative approach to supporting local infrastructure development in its areas of operation. Historically, Sierra Rutile's Donations Committee has received a large number of requests to build communal infrastructure from across the five mining chiefdoms where it is present.

In an effort to foster local ownership of these communal facilities, Sierra Rutile is supporting local Ward Councillors to organise community participation in building projects. Under this new approach, Sierra Rutile is donating building materials while the Ward Councillors are responsible for the organisation of labour and local materials.

The majority of these projects fall within Sierra Rutile's targeted support for education, health and agriculture. Facilities developed via this collaborative approach have included: a public transport terminal in Moriba Town; toilets for the Islamic Call Society Primary School; and public toilets within the Moriba Town community, including the Moriba Town football field providing sanitation facilities for large numbers of young people using this area.

A Councillor who has championed projects in the Impenni Chiefdom said:

"We are very grateful to the company for these development projects. This type of cooperation will promote development in the mining community and also create a platform for a collaborative approach to building a better and peaceful operational environment."



NAIDOC WEEK

Iluka's sites across Australia celebrated NAIDOC week in July to recognise the history, culture and achievements of Aboriginal and Torres Strait Islander peoples. Each year there is a different theme for NAIDOC and in 2019 the focus was "Voice. Treaty. Truth. Let's work together for a shared future." In the spirit of working together, Iluka partnered with other businesses in our building in Perth to work with a local Aboriginal art group to create an artwork. Employees listened to stories from Aboriginal elders and were invited to paint a small section of the collaborative canvas. The activity brought employees together and enriched understanding of the local Aboriginal culture.



CASE STUDIES



Sierra Rutile and IFC partnership community gender program, Sierra Leone

SRL AND IFC PARTNERSHIP FOR LOCAL DEVELOPMENT

In 2019 Sierra Rutile partnered with IFC on a three-year, USD\$1.5 million programme aimed at benefiting communities where Sierra Rutile is present in Sierra Leone. Programme goals include improving agricultural practices and household incomes, increasing procurement from local communities, improving the utilisation of mining-generated revenue flows into communities, improving the economic outlook for women in the communities, and increasing the percentage of female employees at Sierra Rutile.

Programme activities are being designed with gender considerations in mind to ensure men and women are able to benefit. In its first year, the programme commenced with specialist studies to identify issues and opportunities. Participatory planning is now underway with local communities to design specific initiatives across four key areas:

1. Local content

The local content initiative is employing a train-the-trainer approach to ensure long-term local access to capacity building services. Sierra Rutile and IFC are working together to ensure that as more opportunities are open to local suppliers, these businesses are given the tools to meet this demand.

2. Agriculture

The agricultural programme intends to support and train 150 households. The programme will improve agricultural and commercialisation practices, while also addressing broader inequities (social, financial, violence-related) between men and women that can act as barriers to healthy and productive families.

3. Women and youth socio-economic empowerment

For young people in the local community, a series of empowerment programmes will combine livelihood, mentorship and recreational activities with curriculum on life skills, sexual health, gender-based violence and gender equality. Numeracy and literacy development is also planned.

In October 2019, Sierra Rutile established an internal Gender Task Force with support from the programme. This task force is chaired by Theuns de Bruyn, Sierra Rutile's Chief Operating Officer, and provides a platform for employees to provide feedback to Sierra Rutile management as the company develops and implements a gender action plan. Speaking in support of the programme, Mr de Bruyn shared the following comment:

"I am really excited about the possibilities to enhance Sierra Rutile's ability to recruit a more diverse workforce and create an environment that enables Sierra Rutile to leverage the full wealth of talent."

4. Transparency

The transparency component will help the Community Development Committee (CDC) - which receives US\$100,000 per year from Sierra Rutile - be responsive to community needs and effectively manage its resources. This initiative will also work with local stakeholders to ensure improved understanding of mining and related revenue flows - such as the CDC funds - into communities.

The programme is being implemented by IFC and Sierra Rutile community specialists and a number of Sierra Leonean experts. It will be monitored and reported on regularly and is expected to benefit both local stakeholders and Sierra Rutile.



CASE STUDIES



MODERN SLAVERY – PERTH COMMUNITY OF PRACTICE

Iluka is one of 10 resource companies that have collaborated to develop a practical toolkit to screen for modern slavery risks within supply chains.

Iluka is an active member of the Perth Modern Slavery Community of Practice which has been instrumental in developing the toolkit, which aims to help suppliers understand and respond to increasing information requests on modern slavery due to the introduction of relevant laws in Australia and other countries.

The toolkit consists of:

1. a self-assessment questionnaire with 18 core questions to help identify modern slavery risks and improve transparency;
2. frequently asked questions; and
3. The Walk Free Foundation's publication "Understanding Modern Slavery".

Launched as a pilot on 10 October 2019, this will ensure a consistent and collaborative approach and reduce burden on our suppliers. The toolkit is an open source and can be downloaded in four languages. Iluka will begin sharing the questionnaire with its suppliers in early 2020 as part of the company's modern slavery work programme.



Sierra Rutile, Sierra Leone



ENVIRONMENT

Our approach to environmental stewardship is based on understanding and minimising the potential impact of our operations on the environment. We aim to use resources efficiently and leave positive rehabilitation and closure outcomes.

Studies are undertaken to ensure that the environmental consequences of a project are fully understood and residual impacts are adequately managed. The individual environmental requirements of each site are assessed and site-specific procedures and management plans are developed in compliance with our HSEC management system and aligned with the ICMM sustainable development principles.

Iluka's partnership with IFC also commits Sierra Rutile to meeting IFC's Environmental and Social Performance Standards, including:

- *Performance Standard 3: Resource Efficiency.* This guides companies to integrate practices and technologies that promote energy efficiency, use resources (including energy and water) sustainably, and reduce greenhouse gas emissions; and
- *Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.* The requirements of this standard aim to protect and conserve biodiversity, maintain ecosystem services, and promote the sustainable management of living natural resources.

BIODIVERSITY

Iluka owns, leases, manages or accesses a number of operational, rehabilitation and future project sites that contain areas of high biodiversity value in Australia and Sierra Leone. A hierarchy of controls – avoidance, minimisation, restoration, biodiversity offsets or other conservation actions – is followed to minimise impacts.

The protection and enhancement of biodiversity is formalised in a range of management measures and considered within each of the planning, operational and rehabilitation phases. Biodiversity baseline studies are done by experts in the field to collect information on the current biodiversity values of a site. These values can include fauna and flora species, habitats and ecological systems present before a project commences. The baseline studies provide assessment of the biodiversity values of the site and contribute to facilitating effective mitigation of impacts and design of biodiversity management strategies.

Operational sites have a number of management plans that build on the pre-mining biodiversity assessment. These plans include measures to control access to areas of important and protected biodiversity, controls for flora and/or fauna removal prior to disturbance, and monitoring of specific biodiversity aspects during the life of a mine. Collection of seed may occur prior to mining which is stored and/or treated for later replanting use during rehabilitation. Similarly, vegetation on the mine path can be removed prior to mining and stored separately for later replanting use or as mulch for soil stabilisation. Management measures are also put in place to avoid the introduction and spread of pest or invasive species (for example, dieback) especially in operational and rehabilitation areas.



THE 13TH INTERNATIONAL CONFERENCE ON MINE CLOSURE WAS HELD IN PERTH, IN SEPTEMBER 2019. THE CONFERENCE WAS SPONSORED BY ILUKA AND ATTENDED BY LOCAL, NATIONAL AND INTERNATIONAL DELEGATES. ILUKA'S PRINCIPAL REHABILITATION SCIENTIST, MARK DOBROWOLSKI, PRESENTED THE RESEARCH THAT LED TO ILUKA'S *FLORA RESTORER* DESIGN AND CONSTRUCTION IN A PLENARY SESSION.

KEY PARTNERSHIPS AND COLLABORATIONS

Murdoch University

A new five-year partnership has been formed with the Harry Butler Institute at Murdoch University which involves sponsorship of the Iluka Chair in Vegetation Science and Biogeography for a five-year term.

Professor Laco (Ladislav) Mucina, the Iluka Chair, published 13 peer reviewed papers in 2019.

Also at Murdoch University, research on the significance of damping-off pathogens was completed during 2019. Iluka's three-year sponsorship of this PhD project, based at Murdoch's Centre for Phytophthora Science and Management (CPSM), helped determine the significance of natural and introduced pathogens present in post-mining revegetation at Eneabba.

The University of Western Australia (UWA)

Iluka maintains links with researchers and PhD students at UWA's School of Biological Sciences on projects that began under the Iluka Chair and an Australian Research Council Linkage Project. This has led to the publishing of peer-reviewed scientific research articles, two of which were co-authored by Iluka's Principal Rehabilitation Scientist, Mark Dobrowolski.

University of Adelaide

Iluka has a strong history of supporting ecological research at Jacinth-Ambrosia in South Australia, through its partnership with the University of Adelaide. The research programmes and partnerships complement the on-site rehabilitation activities and contribute to the broader understanding of revegetation in saline and arid environments.

A project investigating the seeding triggers of the local species *Maireana sedifolia* (pearl bluebush) continued during 2019. The researchers, in collaboration with the Jacinth-Ambrosia Rehabilitation Specialist, are investigating methods for inducing regular seeding events in the pearl bluebush which is a dominant chenopod in the local vegetation association.

Botanic Gardens and Parks Authority

Iluka has ongoing projects with researchers at Kings Park Science on endangered flora, the pollination biology of restored vegetation after mining and the soil microbiology of rehabilitated mine sites. The latter project is part of a larger research programme comparing the soil microbiology of post-mining and natural ecosystems, in collaboration with other mining companies and the Australian Microbiome Initiative (www.australianmicrobiome.com).

Virginia Polytechnic Institute and State University (Virginia Tech)

Iluka has had a cooperative research partnership with the Department of Crop and Soil Environmental Sciences at Virginia Tech since 2004.

Research has included: management and analysis of crop rotation, yields and farming practices; native species revegetation trials; post-mining soil reconstruction research; and a trial to determine the net effects of mining on post-disturbance water quality and levels.

In 2019, Iluka and Virginia Tech commenced a study on mine soil and crop yield spatial variability on previously mined land that has been placed back into intensive agriculture.

REHABILITATION AND CLOSURE [MI]

How we rehabilitate and close our mines is just as important as how we build and operate them. Our land management and rehabilitation efforts are aligned with leading practice and undertaken in a socially and environmentally responsible manner. We have a strong track record over several decades of leading successful rehabilitation through to land relinquishment.

We have an integrated approach to planning the rehabilitation and closure of our mines, that commences at the feasibility phase and continues throughout the life of the asset – evolving over time as more information becomes available. We understand that closure planning is dynamic and have a Closure Standard that guides a consistent approach across the business, tailored to local regulatory requirements. This requires every site to have an overarching Closure Framework which consists of a number of closure components – either contained in a singular closure plan or maintained in multiple documents in a central database. Closure components are at a level of detail that is appropriate for the project phase and current understanding of site conditions. These components are reviewed as required to reflect changing circumstances of a site such as transitioning of each project phase, and changes in operational activities and mining methods. This is underpinned by consistent and transparent stakeholder consultation to work towards mutually beneficial and supported closure outcomes.

During the early phases of a project, closure planning identifies uncertainties related to closure objectives or criteria, and potential rehabilitation research or engineering required to address these uncertainties. A detailed handover of all closure components occurs at the transition of each phase of a project.

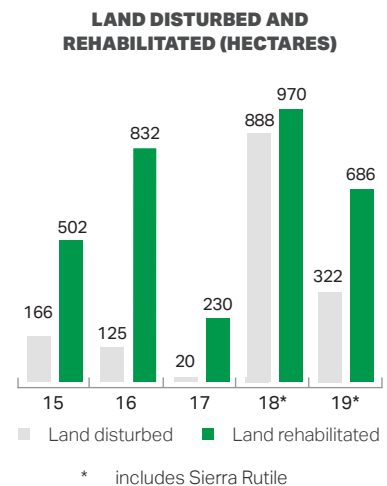
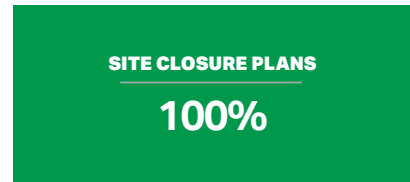
We focus on progressive rehabilitation during the operations phase of the mine lifecycle to:

- minimise the mining footprint;
- assist with understanding and evaluating closure risks;
- identify knowledge gaps and inform research and development programmes; and
- refine closure provision estimates.

Rehabilitation targets are linked to the company’s sustainability improvement targets and employee incentive plans. During 2019, the rehabilitation of 686 hectares of land in Australia, the United States and Sierra Leone was completed. A total of 322 hectares of land was disturbed in 2019. Construction of the Cataby mine accounted for >65% of the land disturbance, while >20% is attributed to the mine move of Jacinth to the Ambrosia pit at the Jacinth-Ambrosia mine.

LEGACY CONTAMINATION

In addition to the ongoing environmental management of our operating mines and processing sites, we seek to address historical land contamination issues prior to or during closure. Given the long history Iluka and its predecessor organisations has, contamination may exist by virtue of the standards of the day, as opposed to any regulatory non-compliance. Iluka seeks to address any potential risk of harm to communities and the environment through a programme of identification, assessment and remediation of contaminated land.



WASTE AND MATERIALS MANAGEMENT [MI]

We aim to manage our waste and product materials through mining and processing to ensure they are handled, stored and disposed of appropriately. Our most significant waste stream is mineral waste; our operations handled approximately 27 million tonnes of material in 2019, comprising overburden, rock, and mine and processing tailings.

Mineral waste is defined as materials removed from the mine void that are separated from the valuable minerals over various processing stages. These are handled, stored and disposed of according to their properties, environmental factors and regulations. Many are returned to the mine as part of landform restoration.

TAILINGS MANAGEMENT

Where mineral waste is contained in a slurry form, Iluka utilises engineered tailings storage facilities (TSFs) either within mine voids or off-path storage. Mineral wastes stored in TSFs include clay fines, sand tails, co-disposal (sand and clay) tailings, and tailings from mineral separation and synthetic rutile plants.

Mining tailings failures around the globe have reinforced the efforts mining companies must make to ensure best practice tailings management. We recognise the potential risks TSFs present to our people, our communities and the environment and we are committed to the safe and responsible management of our TSFs.

We take a risk-based approach to the management of our TSFs, none of which are currently constructed using upstream raised methods. All of Iluka's TSFs are constructed using downstream method or final height embankment, and are managed in accordance with ANCOLD guidelines which include internal and external risk management protocols. Internal risk management protocols include risk focused surveillance systems/processes, internal geotechnical risk reporting and tailings/ water management focus meetings. Geotechnical auditing of TSFs is undertaken by internationally reputable geotechnical specialists and forms part of Iluka's external risk management protocol.

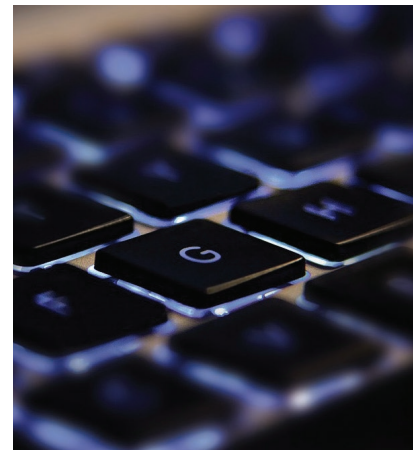
During 2019, Iluka contributed to the Investor Mining and Tailings Safety Initiative, an investor led engagement to enable a better understanding of the scale of social and financial risks associated with tailings storage facilities. Iluka's response Tailings Management Overview is available on our website www.iluka.com and information stored in the Global Tailings Portal.

Each of our operations manages its waste in accordance with its Waste Management Plan. We have non-hazardous waste streams – such as cardboard, glass and plastic – which is recycled, and general household waste which is diverted to landfill. Hazardous waste generated by our operations includes oil, tyres, batteries and hydrocarbon contaminated waste. We have systems in place to ensure that all hazardous waste is appropriately managed on site, then transported by waste transport companies to licensed and approved facilities off-site.

GLOBAL TAILINGS PORTAL

The Global Tailings Portal, launched in January 2020, is a free, searchable database with detailed information on more than 1,900 mine tailings dams around the world. It enables users to sort data about tailings dams by location, company, dam type, height, volume and risk, among other factors. The data was submitted by approximately 100 of the world's largest mining companies, including Iluka.

The portal was built and is hosted by GRID-Arendal in collaboration with the Investor Mining and Tailings Safety Initiative, which is co-chaired by the Church of England Pensions Board and the Swedish National Pension Funds' Council on Ethics, with support from the UN Environment Programme.



EACH OF OUR OPERATIONS MANAGES ITS WASTE IN ACCORDANCE WITH ITS WASTE MANAGEMENT PLAN.

PRODUCT STEWARDSHIP

Iluka's product stewardship approach seeks to guide the application of mineral sands products to ensure a thorough understanding of their health, safety and environmental benefits and risks and to promote their responsible use.

Product stewardship is integrated throughout business decisions and materials management. We engage with customers to create opportunities that promote the responsible use of mineral sands products. We also support scientific research activities and participate in industry consortia such as the Zircon Industry Association (ZIA), to facilitate productive and sustainable utilisation of products.

Iluka is a foundation member of the ZIA, which provides a forum for the cooperation and exchange of ideas and information on scientific and technical matters related to the zircon value chain. For more details on zircon such as uses, emerging R&D and lifecycle assessments, refer to the ZIA website <https://www.zircon-association.org/>.

Iluka continuously seeks to maximise resource efficiency, reduce waste at source and increase our contribution to the circular economy. For example, in 2019 the construction of Cataby and the Ambrosia mine move project both used repurposed equipment sourced from Iluka's demolition project, which would have otherwise gone to waste. We also seek market opportunities for a number of other products including co-products iron concentrate and activated carbon. Once viewed as a waste product, Iluka's activated carbon is now a successful co-product of the synthetic rutile process and generates \$20 million per year. By the end of 2019, Iluka produced a total of 100,000 tonnes, which is used for potable and waste water treatment; food decolourisation; and industrial applications. We continue to explore the potential recovery and marketing of by-products from the mineral sands process such as monazite from our Eneabba mineral sands recovery project. This supports maximising resource efficiency and leveraging the full life cycle of our materials throughout the value chain. We aim to continually improve our understanding of the circulatory possibilities of our products and identify where further opportunities may exist.

All of our products and co-products sold into global markets have associated Safety Data Sheets (SDS). The SDS contains product specification details, including chemical and radiological elements, and provides information on the possible hazards, safe storage, handling and disposal of those materials.

NATURALLY OCCURRING RADIATION AND MINERAL SANDS

Mineral sands, as with other mineral ores, mineral products and soils, contain natural occurring radioactive material (NORM). This is associated with low levels of naturally occurring uranium and thorium contained within the grains of the minerals we recover and return to the mine void.

While the level of NORM in most natural substances is low, any operation in which material containing radiation is extracted from the earth and processed can concentrate NORM in the mineral sands products, by-products and residue materials. For this reason, stringent, internationally-accepted radiation management standards are adopted to minimise the risk to human health and the environment.

A recent example of this is our Eneabba mineral sands recovery project, which involves the extraction, process and sale of a stockpile of historical monazite-rich material that is currently stored in a mining void at Eneabba, Western Australia. Approvals have been granted and the project is on track for commissioning during 2020. This has required the development of a viable processing methodology and the selection of a channel to market with satisfies product stewardship protocols – including the safe handling of naturally occurring radioactive material. We aim to continually identify where further circulatory possibilities may exist for our NORM by-product streams.

We apply radiation management practices that are aligned with international best practice according to the publications of the International Commission on Radiological Protection, the International Atomic Energy Agency, as well as the relevant jurisdiction's legislation. We identify, assess and control risks associated with NORM, radon gas and man-made sources through all phases of our activities – exploration, project development, operations, rehabilitation and closure. Our Group Radiation Management Standard and site-specific radiation management plans ensure exposure to radiation meets the prescribed statutory limits and is as low as is reasonably achievable.

END USE OF OUR PRODUCT IN OFFICE DESIGN



The design and construction of the Perth head office included utilising materials which supported the end use of our zircon product. The tiles in the reception, lift lobby and kitchen were supplied by one of Iluka's customers who utilises Iluka's zircon product as part of the tile production process.

CLIMATE CHANGE AND ENERGY [MI]

The impacts of climate change are increasingly being recognised: changing weather patterns, increased regulation, shifts in technology and societal expectations. Organisations around the world are collaborating to take action against global warming. At Iluka we want to be part of the solution to help address climate change.

We understand that the supply of mineral sands is important for the global transition to a low carbon economy. We recognise that elements of our business are energy intensive and we have a responsibility to minimise our emissions footprint and contribute to the circular economy. As well, we understand that the changing climate presents the potential for climate-related risks and opportunities from both physical and transitional impacts.

Iluka supports the Paris Agreement objectives and IPCC assessment of climate change science and through our climate change approach, is seeking to contribute to the United Nations Sustainable Development Goal 13: climate action.

To provide a structured approach to assessing, managing and disclosing on climate change and energy, we have committed to align our approach with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework over a three-year period.

Our key focus areas are:

Climate resilience and adaptation

We plan for our operations and host communities to be resilient to, and adapt to, the physical impacts of a changing climate. Through climate modelling and scenario analysis we seek to understand and respond to those risks and opportunities. We aim to incorporate climate modelling in our planning and investment decisions to ensure our business is resilient to changes in temperature, rainfall and extreme weather events.

Managing our own footprint

Parts of our operations are energy intensive and we seek to reduce the amount of carbon released to the atmosphere. This starts with making sure we have a strong understanding of how energy is used in our business and by setting metrics and targets aimed at reducing our carbon footprint. We aim to improve efficiency and assess low-emission technology opportunities.

Climate opportunity

We will work towards assessing our transition opportunities to a lower carbon future. We believe that mineral sands have an essential role to play in the supply of raw materials to low carbon technology. We will review our land holdings with the aim of identifying opportunities for enduring social, economic and environmental value through projects such as biodiversity conservation, consideration of developing carbon offsets and renewable energy opportunities.

Priorities for 2019 were:

- understanding the physical impacts of climate change on our operations;
- reviewing our risk management approach to ensure it can effectively take account of climate-related risks, including those risks that may be highly uncertain or create impacts over a longer time horizon (10+ years);
- addition of climate governance into the Board's Charter, including the responsibilities of:
 - reviewing the company's performance with respect to sustainability and climate change targets; and
 - reviewing annually the company's climate-related risks and opportunities and approving climate-related disclosures; and
- continuing to monitor our carbon footprint and assess reduction opportunities.

As illustrated in the table below, the next phase of our climate change response will concentrate on assessing the risks and opportunities of transitioning to a low-carbon future in a 1.5°C and 2°C scenario, and to consider the setting of climate related metrics and targets.

TCFD FRAMEWORK - CORE ELEMENTS

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS & TARGETS
Disclose the organisation's governance around climate-related risks and opportunities.	Disclosure the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	Disclose how the organisation identifies, assesses and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

CLIMATE CHANGE APPROACH – PROGRESS AND OUTLOOK

TCFD element	Our progress (achieved to 2019)	Next steps (2020)	Looking forward (2021+)
Governance	Support of Paris Agreement Revision of Board Charter to include review of climate-related risks	Development of climate change position statement	Disclosure aligned with the recommendations of the TCFD
Strategy	Analysis of the physical impact of climate change on assets	Analysis of the transition risks and opportunities on our business under 1.5°C and 2°C climate scenarios	Disclosure of material climate-related risks and opportunities Embedding of climate-related risks into broader business strategy Continued review of scenario assumptions and impact on business
Risk management	Review of risk management processes to ensure effective identification and management of climate-related risks	Implementation of updated risk management processes to integrate climate-related risk management into overall enterprise risk management	Continued review of the management of climate-related risks and opportunities Assessment of implementation of internal carbon price
Metrics and targets	Reporting of combined Group Scope 1 and 2 emissions	Analytical review of energy and emissions-related data (and collection process) and explore setting metrics and targets Improve understanding of source and quantity of Scope 3 emissions	Setting of targets Reporting against climate-related risk metrics and public disclosure of targets

PHYSICAL IMPACTS ASSESSMENT

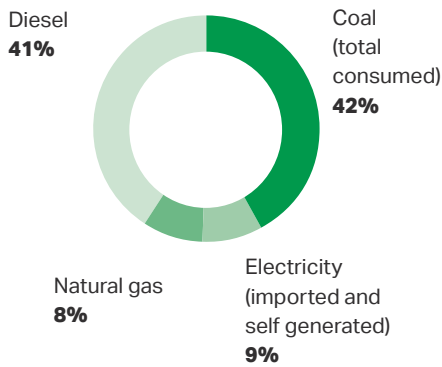
In 2019, to better understand Iluka’s climate resilience, we undertook a physical impacts review to assess water, extreme weather and temperature risks to Iluka assets and its supply chain. This encompassed undertaking climate modelling across our operations under two warming scenarios (2 degree and 4 degree) at timescales 2030 and 2050 to understand the projected changes to climate for Iluka’s sites. In general, the Australian sites are projected to become hotter and drier overall, with significant increase in heatwave events, and more severe rainfall events. Sierra Leone and Virginia were both forecast to become hotter and wetter, with increased intensity and frequency of storm events.

Informed by the climate modelling, we completed climate-related risk workshops for our operations to identify risks and opportunities from the physical impacts of climate change – for integration into Iluka’s existing risk registers to adequately control and manage going forward. A materiality ranking was assigned to each risk. Based on the initial physical impacts assessment, it is not expected the identified physical risks will have a material impact on the carrying value or overall operating costs of the sites.

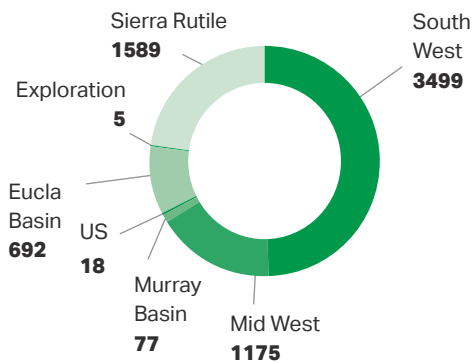
Examples of moderate to major risks and opportunities identified, from the physical impacts of climate change assessment, are presented in the table below:

Risk category	Identified risk	Strategic response
Decreased rainfall and prolonged drought	Drier conditions may increase the risk of bushfire impacting our sites, either through ignition at site, or the closure of key supporting infrastructure	Sites currently undertake proactive bushfire management to reduce on-site fire risk.
Increased number of very hot days and heat waves	There will be an increased risk of heat stress on Iluka employees and contractors	Review of heat stress risk management process to include predicted heat strain on workers
Less frequent, but more intense rainfall	Storm activity may impact site operation and key supporting infrastructure Productivity may be disrupted by more intense storms	Review of surface water management plans to account for the impact of more severe storm events
Reduced access to consumables	Storm or bushfire activity may result in sites experiencing reduced access to goods and services	Opportunities exist at multiple sites to increase storage capacities for critical goods and mitigate supply constraint risks
Reduced availability of water	Some sites may experience heightened risk of reduced water access during periods of drought	Iluka will continue to work with local water authorities to manage water allocations. Ongoing continuous improvement initiatives to reduce consumption may aid in the mitigation of this risk

ENERGY RESOURCES USED
%



ENERGY USED BY REGION (TERAJOULES)



MANAGING OUR OWN FOOTPRINT

Parts of our operations are energy intensive and we seek to reduce the amount of carbon released to the atmosphere and maximise the efficient use of energy where possible. This starts with making sure we understand how energy is used in our business. Iluka’s Carbon and Energy Standard requires all of our operations to monitor their energy use and greenhouse gas (GHG) emissions and seek emission minimisation opportunities.

We use standard methodologies to calculate direct (Scope 1¹) GHG emissions, including direct measurements of energy consumed by source, calculations based on site-specific data and calculations based on published criteria (such as emission factors and global warming potential). In general, we report our emissions and energy consumption under the country of operation’s regulations and policies. For example, in Australia, we report our emissions and energy consumption under the National Emissions and Energy Reporting System.

The majority of our GHG emissions are generated from energy use during mining and processing. Energy consumption for 2019 (7.0 petajoules (PJ)) increased slightly over 2018 levels². Scope 1 and Scope 2³ emissions (504 ktCO₂-e) were also slightly higher primarily due to commencement of mining at Cataby from April 2019 and expansion projects at Lanti and Gangama at Sierra Rutile commissioned resulting in an increase in production in the fourth quarter.

Scope 1 emissions at our North Capel synthetic rutile operation are largely related to the use of coal in the process, which makes up 42% of energy resources used. In the synthetic rutile production process, coal is used as a reductant for the metallurgical processing of ilmenite into synthetic rutile, which is high in titanium. Waste heat generated in the synthetic rutile kiln (SR2) is recovered and used to generate electricity. Scope 1 emissions at our Sierra Rutile operation are largely related to the use of diesel in vehicles and the power station for the generation of electricity. The power station consists of four engine-driven generators with marine fuel oil as a fuel source and operates all year to supply electricity to the operations.

¹ Scope 1 greenhouse gas emissions are the emissions released to the atmosphere as a direct result of an activity or series of activities at a facility level.
² 2018 energy (6.8PJ) and total greenhouse gas emissions (495ktCO₂-e) figures reduced slightly from previously reported figures due to a calculation error, refer to performance data.
³ Scope 2 greenhouse gas emissions are the emissions released to the atmosphere from the indirect consumption of an energy commodity. For example, ‘indirect emissions’ come from the use of electricity produced by the burning of coal in another facility. Scope 2 emissions from one facility are part of the Scope 1 emissions from another facility.

WATER STEWARDSHIP

Iluka considers water a precious shared resource, with high social, environmental and economic value. We recognise it is an essential component for our mining activities, a fundamental ecosystem requirement and a basic human right. Therefore, we have an important role in its stewardship.

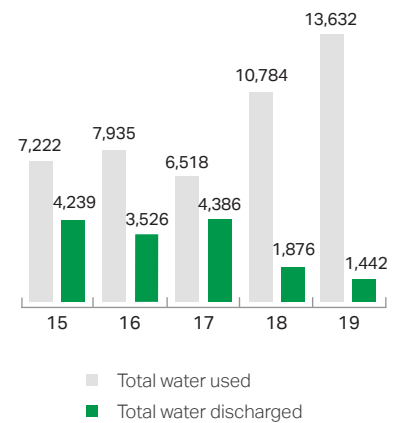
We use water in all parts of our business, including exploration drilling, mining and processing, dust suppression, rehabilitation and for drinking and domestic use in our accommodation camps. Each of our operations maintains water management plans and site-wide water balance to guide responsible water use throughout the mine lifecycle and in the context of the local catchment. Our water-related activities are regulated by relevant legislation in each jurisdiction and are subject to set quality and quantity thresholds.

The increasing pressure on global freshwater resources is a well recognised concern for many stakeholders. We are focused on reducing our fresh water intake and maximising the reuse of water to reduce impacts on water availability at our operations in water scarce regions. We strive to continually develop efficient and improved solutions for our water use such as the use of hypersaline water and recycled water in process plants. It is standard practice across our operations to maximise the volume of water recycled.

Recognising that water connects an operation to the surrounding landscape and communities, water management at Sierra Rutile is of particular importance. Due to high rainfall in the region, Sierra Rutile is able to use rainfall and natural inflows in historic ponded areas as its water resource.

Total water use for the Iluka Group increased by 20% for 2019, attributed to groundwater abstraction with the commencement of mining at Cataby. Groundwater is disturbed through the mine dewatering activity and used in processing operations and for dust suppression. The majority of groundwater returns to the aquifer through natural drainage from mine tailings, reinjection and infiltration, with the processing operations recycling over 95% of its demand.

TOTAL WATER USED AND DISCHARGED (MEGALITRES)



ENVIRONMENTAL INCIDENTS

Iluka uses an event management system to record environmental incidents, which are then classified according to the severity of the potential impact to the environment. Level 1 incidents have no or minimal impact and Level 5 incidents have the greatest potential or actual cumulative impact over time. Iluka’s environmental incident performance is connected to all employees incentive plans and the company’s sustainability improvement targets. Incidents which are classified as Level 3 or above are reported to the Board, for review of the incident event, investigation of key learnings and close out of improvement actions.

For 2019, there were zero major environmental events (Level 5 as defined by Iluka’s incident classification matrix) and no prosecutions or fines issued. There was a 35% reduction in Board reportable incidents, with the Iluka Group recording 13 Level 3 and above environmental incidents for the year, down from 20 in 2018. The majority of these were attributable to spills (hydrocarbon and storm water) and had negligible long-term environmental impact. No Level 5 environmental incidents were reported.



CASE STUDIES



Raffia palm used to make baskets, Sierra Leone



Sierra Rutile nursery, Sierra Leone

RAFFIA PALM REHABILITATION TO PROVIDE ECONOMIC BOON TO COMMUNITY

The rehabilitation team at Sierra Rutile has successfully introduced the raffia palm (*Raffia vinifare*) species to its rehabilitation planting plan for the first time.

Community feedback during the Area 1 Environment, Social, and Health Impact Assessment emphasised the high economic value of this tree species. Among other things, raffia palm fronds provide a locally important roofing construction material. They are also used to manufacture baskets, fishing nets, ceiling tiles and sleeping mats. While raffia palm is one of the most desired economic trees, it was not previously included in the planting plan due to difficulties with seed germination.

Sierra Rutile's nursery team undertook a preliminary trial of seed treatment methods, with initial results yielding raffia seedlings, which will be ready to plant in 2020.



CASE STUDIES



Flora Restorer, Eneabba, Western Australia

TRANSFORMING REHABILITATION WITH INNOVATION

Iluka designed and commissioned new equipment for mine site revegetation in 2019. Named Flora Restorer, the tractor-pulled equipment allows a threefold approach to improving the establishment of native plants at our Eneabba mine site:

1. The air-seeder delivers and buries a wide range of sized and shaped seed, essential for the diversity of plants restored in Eneabba revegetation.
2. Land imprinting creates “micro-reservoirs” in the sandy soil surface, which can hold rainwater in a downpour, thereby increasing infiltration and reducing erosion.
3. The soil surface is stabilised by spraying dilute bitumen emulsion that binds the surface for a year or two, holding the seed in place to germinate, stabilising the imprints, and stopping wind erosion of the sandy soil.

The equipment was designed and constructed by a local engineering company, Paragon Industrial. The process of burying seed, land imprinting and stabilising with dilute bitumen emulsion has dramatically improved seed emergence at Eneabba. This improves the efficiency of broadcast seeding, both in the quality of the revegetation and increasing the area that can be revegetated each year, with the same collection of native seed.

The research that led to Flora Restorer’s design and construction was presented in a plenary session at the 13th International Conference on Mine Closure held in Perth in September 2019, and published in the peer-reviewed proceedings⁴.

⁴ Dobrowolski, MP 2019, 'Combining seed burial, land imprinting and an artificial soil crust dramatically increases the emergence of broadcast seed', in AB Fourie & M Tibbett (eds), Proceedings of the 13th International Conference on Mine Closure, Australian Centre for Geomechanics, Perth, pp. 667-678, https://doi.org/10.36487/ACG_rep/1915_53_Dobrowolski



CASE STUDIES



Western ringtail possum in artificial drey,
South Capel, Western Australia



South Capel, Western Australia

SOUTH CAPEL REMEDIATION

In 2019 Iluka commenced a project to remove mineral sand residue material in old storage dams at our Capel dry plant and South Capel sites, and move it to a new purpose-built facility at South Capel.

The old dams were used during historical operations to store residues from mineral sands processing. The dams met regulatory and industry standards of the day, but not contemporary containment requirements. Seepage has occurred, with some common and generally non-hazardous substances found in mineral sands, such as manganese and sulfates observed in the shallow groundwater aquifer. Deeper groundwater is unaffected. The project will remove this risk to groundwater and achieve an enhanced environmental outcome at South Capel.

The project comprises removal of approximately 70,000 cubic metres of residue in the old storage dam at the Capel dry plant and about 410,000 cubic metres of residue stored at our South Capel site. All residue is being moved to the new storage facility on the same site. Iluka has consulted with the community in respect of the project and Iluka's approach to managing environmental risks at the sites.

The first step of the remediation project was the relocation of fauna and clearing of vegetation to create access to the old storage dams. Iluka engaged experts in fauna relocation to catch marsupials and reptiles at the sites and move them to suitable nearby and adjacent natural areas. Marsupials moved included the Western ringtail possum, or 'gnuraren' in the local Noongar language, which are endangered. Relocating the gnuraren was done with great care and was successfully completed in 2019.

The remainder of the project is due to be completed in 2020 including land form and revegetation works at the older storage dams. Iluka will monitor the rehabilitated areas for approximately 10 years to ensure the rehabilitation is successful. The project was approved by the Western Australian Department of Water and Environmental Regulation, with other government agencies assessing and approving various parts of the project. These include the Department of Biodiversity, Conservation and Attractions, the Department of Mines, Industry Regulation and Safety, Main Roads WA and the Commonwealth Department of the Environment and Energy.



CASE STUDIES



RECYCLE. REPURPOSE. DEMOLITION SUPPORTING A CIRCULAR ECONOMY

Responsible asset disposal and reallocation is an important enabler for our future operations. It reduces Iluka's rehabilitation liability and minimises waste through recycling and repurposing.

Iluka is halfway through the execution of a five-year demolition strategy that is removing redundant assets across its Australian sites. In 2019, demolition activities were completed for the product silos at the Geraldton wharf in Western Australia, and the Wornack, Rownack, Pirro (WRP), Kulwin and Douglas plants in Victoria.

Demolition involves removing the ground infrastructure (pylon, steelworks) and in-ground services (power, water) in order to clear the site ahead of rehabilitation activities. The team's approach is to prepare the whole site via a non-intrusive interaction, identify the items for removal (recycle, disposal and repurpose) and commence the demolition. Hydraulic pinchers are used to cut at strategic engineering design points and carefully remove for disposal or repurpose.

"We recycle as much as we can to minimise the amount of waste generated and safely dispose of contaminated materials through the appropriate channels."

Andres Yep, Asset Manager

The removed equipment becomes part of the surplus and redundant equipment programme which is available to projects and sites. Cataby is an example of repurposing, using equipment from Western Australia, South Australia, Victoria and Queensland, which reduced the capital cost of the project by approximately \$100 million. The Ambrosia mine move repurposed equipment and the Eneabba mineral sands recovery project will be following suit. Iluka has also donated old equipment for students to practice assembling and disassembling at the TAFE near Gingin, Western Australia.



GOVERNANCE AND INTEGRITY

Iluka is committed to being transparent, behaving ethically and conducting its business in accordance with the highest standards of corporate governance through its systems and processes.

OUR VALUES OF INTEGRITY, RESPECT AND ACCOUNTABILITY GUIDE US IN OUR EVERYDAY DECISIONS.

OUR LEADERSHIP

Iluka's Board is comprised of seven independent, non-executive Directors and one executive Director (the Managing Director).

Our Board is responsible for the overall corporate governance of Iluka including approving and overseeing our strategic direction, strategies and financial objectives, assessing the performance of management and reporting on business and sustainability performance. The Directors review the company's sustainability performance at each Board meeting.

The Board has a corporate governance framework which complies with the Australian Securities Exchange Corporate Governance Principles and Recommendations (Fourth Edition) and encompasses policies, procedures and charters. The framework is reviewed regularly and revised in response to changes in law, developments in corporate governance and changes to our business. For further details on the focus and activities during 2019 refer to Iluka's Corporate Governance Statement 2019, which is available on the company's website www.iluka.com.

Our Board Charter was revised in 2019 to stipulate the requirement for the Board to conduct an annual review of climate-related risks and approve climate-related disclosures. It also stipulates the Board's duties which extends to measuring and reviewing Iluka's performance against climate change and sustainability targets.

The Board has three established committees: Audit and Risk Committee; Nominations and Governance Committee; and the People and Performance Committee.

Iluka also has a stand-alone Executive Sustainability Committee attended by all executives and chaired by the General Manager – People and Sustainability. This forum met three times in 2019 with key focus areas including:

- health, safety and environmental performance and management;
- climate change resilience; and
- social investment, community engagement and modern slavery programme progress.

Performance incentive payments for employees include sustainability related performance targets. The targets are reviewed and set annually, derived from a combination of accepted industry practice and consideration of what targets will incentivise and reward continual improvement in performance. For further details refer to the Remuneration Report on page 56 of the 2019 Annual Report.

Image above (L-R):
James (Hutch) Ranck, Susie Corlett, Marcelo Bastos, Lynne Saint, Greg Martin, Tom O'Leary, Jennifer Seabrook, Rob Cole

POLICIES

Iluka's sustainability framework is underpinned by a series of policies that guide behaviour and business practice within the company.

CODE OF CONDUCT

Iluka seeks to maintain a high standard of conduct.

ANTI-BRIBERY AND CORRUPTION POLICY

Iluka has zero tolerance for bribery or corruption in its business.

RISK MANAGEMENT POLICY

The identification and systematic management of risk is fundamental to achieving our objective of delivering sustainable value.

PEOPLE POLICY

Iluka fosters employee accountability, commerciality and engagement by recruiting, developing and retaining a high performing, diverse workforce.

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITIES (HSEC) POLICY

Iluka pursues industry leading practice in the areas of health, safety, environment and community.

PROCUREMENT POLICY

Suppliers of goods and services are required to demonstrate effective HSEC standards.

MARKETING AND QUALITY POLICY

Iluka is committed to operating ethically and sustainably in the production and the supply of its products.

HUMAN RIGHTS POLICY

Iluka is committed to respecting human rights and believes that all people should be treated with dignity and respect.

TAX RISK POLICY AND APPROACH TO TAX

Iluka manages its tax affairs globally in a responsible manner recognising that meeting its tax obligations is integral to being a responsible corporate citizen.

WHISTLEBLOWER POLICY

Iluka strongly encourages the reporting of any instances of potential or actual misconduct.

SECURITIES TRADING POLICY

Iluka recognises that some types of dealing in securities are prohibited by law, ensuring that public confidence is maintained in the company's reputation, the Directors and employees and in the trading of the company's securities.

CONTINUOUS DISCLOSURE AND MARKET COMMUNICATIONS POLICY

Iluka must comply with continuous disclosure obligations contained in the listing rules of the Australian Securities Exchange and further seeks to comply with the requirements of the ASIC Regulatory Guide 62, and best practice guidelines for disclosure.

INTELLECTUAL PROPERTY POLICY

Iluka maintains and enhances its competitive advantage and creates and delivers value for shareholders through protection and enforcement of Iluka's intellectual property rights against third parties.

ETHICS AND CONDUCT [MI]

Iluka's business activities and operations are located in jurisdictions with varying degrees of political and judicial stability, including some countries with a relatively high inherent risk with regards to bribery and corruption. This exposes Iluka to the potential risk of unauthorised payments or offers of payments to or by employees, agents or distributors that could be in violation of applicable anti-corruption laws.

ANTI-BRIBERY AND CORRUPTION

Iluka has zero tolerance for bribery or corruption. The Anti-bribery and Corruption Policy, supported by the Anti-bribery and Corruption Procedure, sets out the standards and behaviour Iluka requires of its Directors, officers, employees, agents, contractors and representatives, and links with the Whistleblower Policy for the reporting of any actual or suspected breaches of the policy. Anti-bribery and corruption training is provided to all employees, and all reported incidents of non-compliance or potential non-compliance are taken seriously, reviewed and investigated. Serious incidents are reported to the Managing Director within 24 hours and to the Audit and Risk Committee at its regular meetings.

Sierra Rutile has a location specific Anti-bribery and Corruption Policy tailored to reflect operating conditions and local laws in Sierra Leone. It contains the key elements of Iluka's Group policy, including zero tolerance for bribery and corruption.

Iluka maintains a Gift, Entertainment and Other Benefits Register as a record for the receiving or giving of gifts, entertainment or other benefits from or to external parties.

A copy of Iluka's Anti-bribery and Corruption Policy can be found in the Governance section of our website www.iluka.com.

ILUKA HAS ZERO TOLERANCE FOR BRIBERY AND CORRUPTION.

CODE OF CONDUCT

Iluka seeks to maintain the highest standards of conduct and has a Code of Conduct that identifies the standard of ethical conduct expected of all Iluka employees and contractors.

The Code of Conduct describes the objectives, values and standards of behaviour that employees and contractors must apply to all business practices. In addition, the Board has specifically adopted a Directors' Code of Conduct which establishes standards for appropriate ethical and professional behaviour for Directors.

Iluka treats actual or suspected breaches of its Codes of Conduct and policies seriously and has adopted mechanisms to ensure that suspected breaches are reported and acted upon fairly and effectively. The Code of Conduct is supported by Iluka's Anti-bribery and Corruption Policy and Whistleblower Policy.

We encourage all employees, Directors, contractors and consultants to raise concerns regarding any misconduct that they believe constitutes a breach of the Code of Conduct, Iluka's policies or the law. Our Whistleblower Policy outlines the mechanism by which our people can confidently, and anonymously if they wish, raise concerns in a responsible manner without fear of discriminatory treatment, recrimination or reprisal, and with Iluka's commitment to properly investigate any issues.

Copies of the Code of Conduct, Directors' Code of Conduct and Whistleblower Policy can be found in the Governance section of Iluka's website www.iluka.com.

In relation to our Securities Trading Policy and our Continuous Disclosure and Market Communications Policy, all employees must complete training, with additional training required for selected key personnel.

MANAGING RISK

The identification and management of risk is fundamental to achieving Iluka's objective to deliver sustainable value. The company is committed to managing risk in a proactive and effective manner. We systematically identify and manage risk across all our business activities.

The Risk Management Policy sets the commitment, direction and intention of how we apply risk management. The policy is supported by a risk management framework which is aligned to the International Standard for Risk Management, ISO 31000.

The Board, through the Board Charter, delegates responsibility for identifying and managing risks and implementing effective controls to management. Management reports to the Board every six months on those risks which could have a material impact on the company's business. Emerging risk is a standing Board agenda item. Risks identified through this process are incorporated into the Iluka corporate planning process. The Audit and Risk Committee assists the Board in overseeing the company's risk management practices.

Through its risk management framework Iluka seeks to:

- apply a structured and systematic risk management process across the Iluka Group;
- embed a culture of risk awareness by integrating risk management into our business activities and processes;
- identify, assess and manage risks in a structured and systematic manner;
- enable prudent risk taking in line with business objectives and strategies;
- establish and monitor the effectiveness of controls in line with agreed risk tolerances;
- ensure material business risks are effectively identified, communicated and appropriately elevated throughout all levels of management and to the Board;
- implement appropriate insurance strategies;
- regularly assess the effectiveness of the risk management process and risk controls; and
- continue to fulfill governance requirements for risk management.

We assess the consequence of risk across a number of areas including environment, injury, illness, community, compliance, financial, company objectives and reputation. Company risks, and how they are being managed, are reviewed and updated by the Executive regularly and are reported, along with the Executive's assessment of the company's risk profile, for approval by the Board twice yearly.

The key business risks and mitigations for Iluka are detailed on pages 40 and 41 of the 2019 Annual Report and these align with the topics identified in the materiality assessment.

WE ASSESS THE CONSEQUENCE OF RISK ACROSS A NUMBER OF AREAS INCLUDING ENVIRONMENT, INJURY, ILLNESS, COMMUNITY, COMPLIANCE, FINANCIAL, COMPANY OBJECTIVES AND REPUTATION.

TRANSPARENCY AND DISCLOSURE [MI]

The trust of the company's stakeholders is essential. We seek to be transparent in our operational, financial and sustainability performance disclosures and listen to our stakeholders.

During 2019, tax transparency, climate change, tailings management and human rights incorporating modern slavery were all matters of specific interest to stakeholders. In response to this interest, Iluka has published disclosures on these specific topics. Each is discussed further in the relevant section of this report and disclosures are available via our website. Refer to the social performance section of this report for further information on our stakeholder engagement approach.

Beyond direct disclosures, Iluka supports the Extractive Industries Transparency Initiative (EITI) and is an active participant in EITI in Sierra Leone via our wholly owned subsidiary, Sierra Rutile. The EITI is a standard to promote the open and accountable management of resources and to inform reforms for greater transparency and accountability in the extractives sector. Sierra Rutile also works closely with the Sierra Leone Chamber of Mines to provide industry input to the Sierra Leone EITI by way of its role in the multi-stakeholder group.

TAX TRANSPARENCY

Iluka welcomes transparency in our payments to governments and seeks to maintain currency of knowledge concerning the adequacy of our disclosures to ensure that they meet applicable transparency standards and provide relevant information to our stakeholders.

Last year, for the first time, we published our Approach to Tax Statement, which conveyed the underlying principles of our tax strategy. This year, the company has published its first discreet Tax Transparency Report which consolidates certain disclosures previously included in our Sustainability Report and Annual Report. This reaffirms our commitment to providing enhanced levels of transparency and disclosure. This report provides an overview of the guiding principles of Iluka's tax strategy, our tax governance framework and our taxes, royalties and other payments to national, regional and local governments on a country-by-country basis for the 12-month period ending 31 December 2019. The report is available on our website as part of our Annual Reporting Suite.

**THE TRUST OF THE COMPANY'S STAKEHOLDERS IS ESSENTIAL.
WE SEEK TO BE TRANSPARENT IN OUR OPERATIONAL, FINANCIAL AND
SUSTAINABILITY PERFORMANCE DISCLOSURES AND LISTEN TO OUR
STAKEHOLDERS.**



Karen Baird Children's Home, Moriba Town, Sierra Leone



ECONOMIC RESPONSIBILITY

Iluka pursues sustainable economic outcomes allowing us to share benefits with our host communities and deliver sustainable value.

Iluka recognises that to deliver sustainable value and allow us to share economic benefits our financial performance is fundamental. Full details of Iluka's financial results can be found in the Iluka 2019 Annual Report, available on the company's website <https://www.iluka.com>.

ILUKA PURSUES SUSTAINABLE ECONOMIC OUTCOMES ALLOWING US TO SHARE ECONOMIC BENEFITS WITH OUR HOST COMMUNITIES.



SCHOOL BUS SERVICE

Demonstrating its commitment to education, Sierra Rutile has launched a school bus service in the mining communities in which it operates. The two buses commissioned in September 2019 provide support to families in the mining chiefdoms by providing a free transportation service for their children, especially those who cannot afford transport costs to send their children to schools.

ECONOMIC CONTRIBUTION [M]

Our business activities create direct and indirect economic benefits to the countries and communities in which we operate, including:

- employment opportunities;
- investment in community infrastructure and services;
- taxes, royalties and other payments to government;
- payments to landowners and community groups (i.e. statutory development funds, surface rent payments);
- local procurement supporting community businesses; and
- community support through sponsorships and partnerships.

A summary of the economic value generated and distributed from Iluka's activities in 2019 is provided below. We support the transparent disclosure of our taxes, royalties and fees to government and recognise this forms part of our economic contribution to the regions in which we operate. Our taxes paid constitute a significant part of our economic contribution to the main countries in which we operate. Iluka's payments to government for taxes and royalties is provided separately in the Tax Transparency Report. In 2019, we paid a total of A\$206.8 million in taxes, royalties and other payments to governments. For further details on tax payments, tax strategy and governance framework refer to the Tax Transparency Report 2019 available on our website.

2019 economic contribution

A\$ million	Revenue	Employees	Suppliers and contractors	Government
		Expenses for salary, wages and benefits	Payments made to suppliers and contractors for the purchase of utilities, goods and services (operating and capital cost)	Total taxes, royalties and other payments paid
Australia ¹	927.1	122.7	409.0	183.9
Sierra Leone	257.6	41.9	229.8	33.3
Other	8.3	10.9 ²	4.7	(10.4)
Total	1193.0	175.5	643.5	206.8

¹ Includes some international expenses paid through Australia.

² Includes \$3.8M attributed to Johannesburg to support Sierra Rutile.

Economic impact assessment study – Australian operations

In 2019, Iluka conducted a study to gain further understanding of the economic contribution that the business has in relation to current operations. Based on 2018 data, the study focused on the direct spend and the flow-on broader economic impact, determining the total economic impact of our operations on their relevant region, state and country. The socio-economic baseline data collected for the economic contribution study will be incorporated into regional social strategies and give us an overall better understanding of our current and future potential contribution while helping to guide decisions relating to social investment and impact management. Highlights from the study are detailed in the performance data section, which includes the direct impact and the broader indirect economic impact.

SOCIAL INVESTMENT

Iluka contributes to a range of community programmes and events. Some of these programmes are tied to business objectives, such as employee diversity, environmental excellence and local employment and procurement, while others are influenced by regional and local development priorities.

In 2019, we contributed just over \$1million globally to initiatives in regions where Iluka has a presence, as well as a small number of corporate programmes. Approximately \$627,000 funded partnerships, donations and scholarships in Sierra Leone, while the remaining \$453,000 supported community programmes in Australia, Sri Lanka and US. Our social investments are predominantly focused on education and environment initiatives.

Key partners include the Clontarf Foundation, which provides education, life skills and employment prospects to young Aboriginal and Torres Strait Islander men and SHINE, which supports the education of young women to promote their personal and career development.

Other partners and initiatives supported included:

- **MACA Cancer 200** – a 200 kilometre bike ride supporting the Harry Perkins Institute of Medical Research;
- **Australian Schools Plus** – supporting children in need to make a real difference to their education and their lives;
- **Murdoch University Research Chair** - championing biodiversity research;
- **German Development Agency** – promoting international cooperation for sustainable development;
- **Iluka Visions** – celebrating young artists from WA's South West;
- **Black Dog Ride** – raising awareness of depression and suicide prevention; and
- **Jackson-Feild Behavioural Health Services, US** - provision of behavioural health services for adolescents.

In addition to our social investments, Iluka also makes statutory payments in accordance with community development agreements in Sierra Leone and our native title commitments in Australia. In 2019 these amounts were in excess of \$3 million, of which \$330,000 were statutory payments made in accordance with agreements in Sierra Leone.

Our social investment strategy and guidelines are currently being reviewed to strengthen alignment between Iluka's community support and partnerships processes, and validated community needs.

Iluka does not grant applications for support of political activities or make donations to political parties, organisations, incumbents, candidates or any public official.





CASE STUDIES



School Plus



Marquee at Aggies Cottage, Dandaragan

SCHOOL PLUS – JACINTH-AMBROSIA

Iluka supports Schools Plus by working with the Ceduna Area School to modify its curriculum to teach students and prepare them for future employment opportunities. Changes included land management, rehabilitation and resources management vocational training for students and supporting the retraining of teachers to implement the curriculum changes. This benefits the community by ensuring school-based education and training is aligned to future employment and industry needs, and supports Ceduna students to develop the necessary vocational skills.

CATABY OPERATIONS SUPPORTING LOCAL COMMUNITY

Iluka supports strategic social investments delivered by the local community that encourage local economic growth. In 2019 the Cataby operations funded the purchase of a marquee for Aggies Cottage in Dandaragan. Aggies Cottage is a local heritage listed property maintained and managed by the community. The marquee is now providing an additional source of income when the property is hired out for events. As a not for profit, all income generated is used for community events or is reinvested back into the property for enhancement and expansion.

ILUKA SUPPORTS SCHOOLS PLUS IN WORKING WITH THE CEDUNA AREA SCHOOL TO MODIFY ITS CURRICULUM TO TEACH STUDENTS AND PREPARE THEM FOR FUTURE EMPLOYMENT OPPORTUNITIES.



CASE STUDIES



Ruby Rose Centre, Sierra Leone

INVESTING IN EDUCATION IN SIERRA LEONE

Sierra Rutile supports the Ruby Rose Educational Resource Centre. After a significant restoration, the Ruby Rose centre is now open again. Approximately 70 children visit the centre per day from 10 nearby schools, enjoying the space, playing outside, and reading and borrowing books they might not otherwise have access to. Students from an additional 28 schools outside the immediate area are also able to utilise the facilities.

Education is the main emphasis at the Ruby Rose centre. The next phase of the centre's development includes an internet café, adult literacy courses and the development of outside play areas including a volleyball court.

2019 saw the arrival of a sea container of donations for the Ruby Rose centre. The shipping costs of the container were paid by Sierra Rutile and all items inside were donated by Iluka employees and service providers. Items donated included stationery, books, art materials, sporting equipment, clothes, shoes and bicycles.

ILUKA AND SIERRA RUTILE HAVE BEEN WORKING TOGETHER TO SUPPORT THE RUBY ROSE EDUCATIONAL RESOURCE CENTRE.



PERFORMANCE DATA

Economic responsibility

	2015	2016	2017	2018	2019
Financial performance					
Mineral sands revenue (million)	820	726	1,018	1,244	1,193
Underlying mineral sands EBITDA (million)	232	103	301	545	531
Mining Area C EBITDA (million)	62	48	69	56	85
Underlying Group EBITDA (million)	293	151	361	600	616
Net profit (loss) after tax (million)	54	(224)	(172)	304	(300)
Free cash flow (million)	156	47	322	304	140
Net (debt) cash (million)	6	(506)	(183)	2	43
Total taxes borne ¹	-	-	47	57	206

¹ Refer to Tax Transparency Report 2019.

People

	2014	2015	2016	2017	2018	2019
Gender diversity (Australia)						
Male (%)	73	71	73	73	76	75
Female (%)	27	29	27	27	24	25
Gender diversity (Sierra Leone)						
Male (%)	-	-	-	93	92	92
Female (%)	-	-	-	7	8	8
Gender diversity (total Iluka Group)						
Male (%)	-	-	-	88	88	88
Female (%)	-	-	-	12	12	12
Indigenous diversity (Australia)						
Non-Indigenous (%)	95	95	95	95	94	93
Indigenous (%)	5	5	5	5	6	7
Employee turnover						
Employee initiated turnover Australia (%)	5	5	11	7	11	13
Employee initiated turnover Sierra Rutile (%)	-	-	-	2	2	2
Employee number by region						
Australia	678	763	643	599	735	769
Asia	18	11	10	25	17	17
Europe	2	2	3	1	3	4
Africa	1	1	1	1,986	2,467	2,595
Americas	154	140	55	32	37	42

Safety

	2015 ¹	2016 ¹	2017	2018	2019
Proactive or leading metrics (excludes Sierra Rutile)					
Safety visits (number)	25,252	25,030	21,132	22,523	26,999
Planned workplace inspections per employee per month	0.37	0.52	0.52	0.62	0.56
Hazard cards	4,657	4,012	2,218	2,914	2,888
Training compliance (%)	84	87	79	79	82
Reactive or trailing metrics²					
Workplace fatality (injury)	0	0	0	0	0
Lost time injuries (LTI)	5	1	9	10	1
Lost time injury frequency rate (LTIFR)	0.9	0.4	1.0	1.0	0.1
Medical treatment injuries (MTI)	17	8	13	19	23
Medical treatment injury frequency rate (MTIFR)	5.2	2.9	1.4	1.9	2.2
First aid (FA) and minor injuries upgraded to restricted work case (RWC) injuries	2	3	4	5	6
Total recordable injuries	22	12	26	34	30
Total recordable injury frequency rate (TRIFR)	6.7	4.4	2.8	3.5	2.9
Severity – number of days lost	8	3	899	184 ³	25 ³
Severity rate	2.4	1.1	97.1	18.8 ³	2.4 ³
Serious potential incidents	21	13	60	47	76 ⁴

¹ 2015-2016 excludes Sierra Rutile (pre-acquisition, December 2016)

² Total work hours for 2019 were:10,270,708 for employees and contractors for the Iluka group.

³ Changes to calculation of days lost implemented on 1 January 2019. Days lost capped at 180 days per injury. 2018 recalculated with updated definition to align with OSHA reporting requirements and general industry standards.

⁴ Injuries and near hits are recorded as a serious potential incidents (SPI), where there is a risk of fatality or permanent disabling injury regardless of likelihood. The increase in number of SPIs, where an incident or near hit had a fatality or serious complex permanent disabling injury as a potential outcome, is in part a reflection of improvements in incident reporting and classification in 2019.

Health

	2015	2016	2017	2018	2019
Workplace fatality (illness)	0	0	0	1	0
OILFR	N/A	N/A	N/A	N/A	2.0
Confirmed occupational illness	2	2	5	10	21
Occupational exposure level exceedances (Australia only)		<i>Establishment of baseline exposure levels</i>	83	84	37

Social performance

	2016	2017	2018	2019
Public complaints (number)				
Sierra Rutile	n/a	30	52	85
All other Iluka sites	27	9	17	10
Total public complaints received	27	39	69	95
Social incidents (number)				
Level 3 social incidents	n/a	n/a	10	3
Level 4 social incidents	n/a	n/a	4	4
Level 5 social incidents	n/a	n/a	0	0
Total Level 3-5 social incidents	n/a	n/a	14	7

Environment

	2015	2016	2017	2018 [#]	2019 [#]
Environmental incidents					
Level 3 environmental Incidents (number)	11	8	6	20	10
Level 4 environmental incidents (number)	3	3	1	0	3
Level 5 environmental incidents (number)	0	0	0	0	0
Total Level 3-5 environmental incidents (number)	14	11	27	20	13
Fines and prosecutions (number)	-	-	0	0	0
Land footprint					
Land disturbed (hectares)	166	125	20	888	322
Land rehabilitated (hectares)	502	832	230	970 ¹	686
Greenhouse gas emissions					
Scope 1 and 2 emissions (ktCO ₂ e)	436	386	348	495 ²	504
Energy use and resources used					
Energy use (terajoules)	4,537	4,415	4,475	6,899 ³	7,054
Coal (%)	45.7	60.2	66.0	46.4	42.1
Electricity (%)	18.0	19.3	11.0	7.5 ³	8.6
Natural gas (%)	14.3	15.7	15.0	9.9	8.5
LPG (%)	0.0	0.0	0.0	0.0	0
Diesel (%)	21.4	12.4	7.5	36.0	40.6
Petrol (%)	0.5	0.2	0.1	0.08	0.05
Fuel, oil and greases (%)	0.1	0.0	0.2	0.21	0.21
Mineral waste volumes					
Overburden (kilotonnes)	5,943	1,387	981	3,698	4,134
Rock (kilotonnes)	790	298	110	1,839	1,966
Tailings, includes mine and processing tailings, as well as clay fines (kilotonnes)	12,195	4,228	1,880	12,997	20,653

[#] Includes Sierra Rutile.

¹ Includes addition of Green Cove Springs (79 hectares) and Sierra Rutile (85 hectares) rehabilitation completed in 2018, identified during data reconciliation.

² Restatement due to calculation error of double counting some figures for second half of 2018. Previously reported as 509kt CO₂e equates to a decrease of 2.8%. This is not a material change.

³ Restatement due to calculation error of double counting some figures for second half of 2018. Previously reported as 7029 TJ equates to a total decrease of 1.9%. This is not a material change.

	2015	2016	2017	2018	2019
Water resource¹					
Total water used (megalitres)	7,935	6,518	5,862	10,784	13,632
Total water discharged (megalitres)	3,526	4,386	1,869	1,876	1,442
Total water reused and recycled (megalitres)	6,707	129	593	6,018	12,827 ²
Surface water withdrawn (megalitres)	464	25	16	0.04	0.26
Groundwater withdrawn (megalitres)	6,414	5,033	4,404	9,548	12,658
Rainwater collected directly and stored (megalitres)	409	905	1,032	688	437
Municipal water supplies or other water utilities (megalitres)	647	555	410	549	538

¹ Water resource values exclude Sierra Rutile.

² Revised water accounting methodology used for Jacinth-Ambrosia to calculate water reused and recycled.

Environment

2019 mineral waste disposal locations ¹					
	Eucla Basin	South West	Mid West	Sierra Rutile	Total
MINING					
Overburden					
Volume (tonnes)	4,134,202	-	5,925,170	-	4,134,202
Disposal location	Returned to mine void	-	Returned to mine void	-	
Oversize (rock)					
Volume (tonnes)	909,679	-	3,132	1,053,474	1,966,185
Disposal location	Returned to mine void	-	Off-path stockpiles and return to mine void	Off-path stockpiles and return to mine void	
Clay fines, sand tails, co-disposal material (sand and clay)					
Volume (tonnes)	7,694,833	-	6,219,992	6,738,274	20,653,099
Disposal location	Co-disposal in TSF cells within mine void	-	Co-disposal in TSF cells within mine void	Co-disposal within mine void	
PROCESSING					
Mineral separation plant tailings					
Volume (tonnes)	-	4,340	1,670	100,610	106,620
Disposal location	-	Returned to mine void	TSF	TSF and then returned to mine void	
Synthetic rutile plant tailings					
Volume (tonnes)	-	14,213	-	-	14,213
Disposal location	-	Returned to mine void	-	-	

¹ No mining and subsequently mineral waste disposal occurred in the Murray Basin or United States region for the 2019 period.

Economic impact assessment study – Australian operations*

TOTAL DIRECT ECONOMIC IMPACT FROM OUR CATABY OPERATIONS (NOTE 2018 WAS PRIMARILY CONSTRUCTION ACTIVITIES)



75

FTE employees in Australia



73

of which live in Western Australia



\$146m

spending on goods, services, wages and community investments (\$ million) in Australia



\$137m

of which was spent in the economy of Western Australia

TOTAL INDIRECT ECONOMIC IMPACT FROM OUR CATABY OPERATIONS



\$210m

contribution to Gross Domestic Product (GDP) of Australia (\$ million)



\$145m

of which is realised in the economy of Western Australia



1,345

contribution to FTE jobs creation spread throughout all industries in the Australian economy



897

of which includes FTE jobs in the economy of Western Australia



\$106m

contribution to the incomes of all Australians (\$ million)



\$77m

of which includes to the people living in Western Australia

* Note figures are based on 2018 data.

TOTAL DIRECT ECONOMIC IMPACT FROM OUR CAPEL OPERATIONS



182

FTE employees in Australia



176

of which live in the local region of the South West



\$129m

spending on goods, services, wages and community investments (\$ million) in Australia



\$74m

of which was spent in the local region of the South West

TOTAL INDIRECT ECONOMIC IMPACT FROM OUR CAPEL OPERATIONS



\$280m

contribution to Gross State Product (GSP) of Western Australia (\$ million)



\$232m

of which is realised in the local region of the South West



694

contribution to FTE jobs creation spread throughout all industries in the West Australian economy



413

of which includes FTE job in the local region of the South West



\$68m

contribution to the incomes of all West Australians (\$ million)



\$44m

of which includes to the people living in the South West region

* Note figures are based on 2018 data.

Economic impact assessment study – Australian operations*

TOTAL DIRECT ECONOMIC IMPACT FROM OUR JACINTH-AMBROSIA OPERATIONS



89

FTE employees in Australia



28

of which live in the local regions of the Far West Coast and Eyre Peninsula



\$116m

spending on goods, services, wages and community investments (\$ million) in Australia



\$7.8m

of which was spent in the local regions of the Far West Coast and Eyre Peninsula

TOTAL INDIRECT ECONOMIC IMPACT FROM OUR JACINTH-AMBROSIA OPERATIONS



\$298m

contribution to Gross State Product (GSP) of South Australia (\$ million)



\$14.1m

of which is realised in the local regions of the Far West Coast and Eyre Peninsula



680

contribution to FTE jobs creation spread throughout all industries in the South Australian economy



61

of which includes FTE jobs in the local regions of the Far West Coast and Eyre Peninsula



\$51m

contribution to the incomes of all South Australians (\$ million)



\$5.9m

of which includes to the people living in the Far West Coast and Eyre Peninsula regions

* Note figures are based on 2018 data.

TOTAL DIRECT ECONOMIC IMPACT FROM OUR NARNGULU OPERATIONS



132

FTE employees in Australia



121

of which live in the local region of the Mid West



\$100m

spending on goods, services, wages and community investments (\$ million) in Australia



\$37m

of which was spent in the local region of the South West

TOTAL INDIRECT ECONOMIC IMPACT FROM OUR NARNGULU OPERATIONS



\$220m

contribution to Gross State Product (GSP) of Western Australia (\$ million)



\$186m

of which is realised in the local region of the Mid West



420

contribution to FTE jobs creation spread throughout all industries in the West Australian economy



242

of which includes FTE jobs in the local region of the Mid West



\$39m

contribution to the incomes of all West Australians (\$ million)



\$23m

of which includes to the people living in the Mid West region

* Note figures are based on 2018 data.

Material issues description and boundary

Topic	Top material issue	Description	Internal	External
Governance and integrity				
Ethics and conduct	(MI)	Corporate governance, ethics and conduct.	✓	✓
Transparency and disclosure	(MI)	Public reporting and transparent disclosures on performance including tax transparency.		✓
Risk management		Risks are systematically identified and appropriately treated including crisis/emergency management.	✓	
Economic responsibility				
Economic contribution	(MI)	Economic benefits delivered to local and regional economies through jobs created, taxes paid and collected, social investment and procurement spend.	✓	✓
Financial performance		Managing our financial performance, productivity and economic sustainability. Delivering financial performance in accordance with the Iluka plan and continuing to maintain, grow returns over time.	✓	✓
Supply chain management		Responsible procurement of goods and services that considers health, safety, environmental, social and economic impacts/benefits.	✓	✓
Geopolitical landscape		Geopolitical challenges including building and maintaining relationships, government uncertainty and policy changes.	✓	✓
Innovation and growth		Innovation and growth opportunities to support a robust business and promote responsible investment (investor interest). Efficient and sustainable resource use (renewable and non-renewable), exploring responsible growth opportunities green/circular economy market, innovation, technology cyber security and digitalisation.	✓	✓
People				
Attracting, developing and retaining employees	(MI)	Talent attraction and retention, human capital development and succession planning.	✓	
Labour and working conditions		Working conditions, industrial relations, grievance mechanisms, collective bargaining and discrimination.	✓	
Diversity and inclusion		Diverse and inclusive workforce.	✓	
Health and safety				
Fatality prevention	(MI)	Managing our risks that have the potential to result in a fatality or permanent disabling injury/illness (life-changing).	✓	
Minimising injuries	(MI)	Minimisation of the severity and frequency of work related injuries	✓	
Exposure to occupational illnesses	(MI)	Manage occupational exposure risks and minimise occurrences of occupational illnesses.	✓	
Community health		Protection and enhancement of community health.	✓	✓

Material issues description and boundary

Topic	Top material issue	Description	Internal	External
Social performance				
Stakeholder engagement	(MI)	Communicating with and engaging stakeholders to build and maintain support for our presence. Includes how we manage grievances and ensure stakeholder views are considered in decision making processes.	✓	✓
Human rights and modern slavery	(MI)	Upholding fundamental human rights of employees, host communities and others who are affected by Iluka's activities. This includes a commitment to work towards ensuring no forms of slavery are present in our business or supply chain as will be reported upon in a publicly available Modern Slavery Statement.	✓	✓
Social impact management		Identifying and mitigating/managing real and perceived social impacts/risks.		✓
Resettlement		Avoidance or minimisation of project-induced displacement. Where unavoidable, undertake resettlement and livelihoods restoration to ensure people are the same or better off as a result of Iluka's presence.		✓
Indigenous relations and cultural heritage		Acknowledgement of Indigenous peoples' connections to lands and waters. Engagement with and appropriate inclusion of Aboriginal Australians in opportunities created by Iluka. Respect for the culture and traditions of all communities where Iluka is present.	✓	✓
Environment				
Rehabilitation and closure	(MI)	Process of planning for and undertaking rehabilitation and closure activities including land use design and planning, provisioning, rehabilitation execution and land relinquishment.	✓	✓
Waste and materials management	(MI)	Managing waste and product materials generated through mining and processing operations to ensure they are handled, stored and disposed of accordingly. Mineral waste are those materials removed from the mine void and separated from valuable minerals over various process stages including tailings, overburden and rock.	✓	✓
Energy and climate change	(MI)	Assessing, adapting and managing the risks and opportunities of a variable and changing climate. Minimising energy consumption and improving efficiency to reduce GHG emissions contributing to climate change impacts.	✓	✓
Land use optimisation		Planning and management of land use to support the business, environment or communities. Includes consideration and analysis of land availability and changing/competing land uses.	✓	✓
Biodiversity		Management of biodiversity to avoid, minimise and restore impacts. Contribute to the conservation of biodiversity outside direct impact area to offset those impacts that cannot be avoided or restored.	✓	✓
Water stewardship		Responsible management of water resources including supply, use, discharge and access.	✓	✓
Water use		Water supply, use, management and discharge.	✓	✓
Environmental incidents		Uncontrolled impacts on the environment.	✓	✓
Product stewardship		Promoting the safe and responsible production, use, re-use, recycling and disposal of products and co-products including informing on potential product related health or environmental issues. Improving understanding of products/by-products specific properties and life cycles to encourage better environmental and health outcomes (including minimising and re-use of waste).	✓	✓



Atacama, South Australia