

Iron Ore Company of Canada Sustainable Development Report 2014



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President and CEO's Message



Unlocking our potential

The challenge ahead

At first glance, you may not see it. You may need to scratch the surface, dig a little deeper, but it's there. It's the potential that lies in each one of us to do something greater, the potential that lies in a team to meet or exceed their goals, and the potential for a business to overcome a challenging time with a focus on sustainability for future generations.

When we started the journey of transforming the business in the summer of 2014 the challenge appeared difficult to all. The price of iron ore dropped to levels that hadn't been seen for many years, the overall decline in the Labrador Trough had a significant negative impact on our third party haulage revenues, and meeting our production targets was a challenge due to various internal inefficiencies.

The challenge was easy to see and assess but hard work for all of us. I recognized the potential that existed in this business. It wasn't just the potential of the high quality ore that lay in the rugged Labrador ground – it was more about the potential to engage the people who have a vested interest in seeing the business succeed and who have the knowledge and expertise to weather the storm – after all, they do live and work in one of the coldest winter climates in the country!

Building a sustainable business requires strong, responsible leadership and a clear understanding of what it takes to succeed as a business given the cyclical nature of a volatile iron ore market. It also requires our employees and community partners to have an understanding of the potential that lies in each of us to make a difference, and to work together to ensure we are all doing our part to impact the overall business success.

While IOC and the people in the communities of Labrador West and Sept-Îles have weathered the ups and downs of the iron ore market in the past, the situation this time around is different and therefore requires a different response to the way we do business. To succeed we must all change. The belief that iron ore prices will not rebound quickly must also be considered as we look at our future.

A journey of transformation

IOC is on a journey of transformation that will lead to a better business, a stronger business. In the latter part of 2014 and into 2015 we keenly focused on what we can control internally – safe production, simplifying the complex, and engaging our employees. In 2015 we have started the process of reengaging with our external stakeholders, a critical part of our future success. Each of us has an important role to play, and an opportunity to turn things around despite the challenges of the iron ore market.

As I reflect back on the last few months of 2014, I am encouraged by the work we have started with our business improvement process and the creation of our Performance Driven Improvement teams across the business. These are teams made up of employees from various roles who work together for a short period of time (90 days or less) to tackle a pressing issue at IOC. We are already starting to see some impressive results from these teams.

We are also continuing to forge ahead with our plans to open our 10th open pit, Wabush 3, in 2016 and have completed our community consultations, submitted our Environmental Impact Statement and are now well on our way to ensuring this important piece of our plan is implemented on time and on budget.

Also, I would be remiss if I did not mention the outstanding safety records that have been achieved in some areas of our business. The Warehouse in Sept-Îles recently celebrated 22 years accident free, and our Chem Lab in Labrador City has gone 12 years without an accident. These are exceptional achievements, of which our employees should be very proud, that continue to contribute to our goal of Zero Harm.

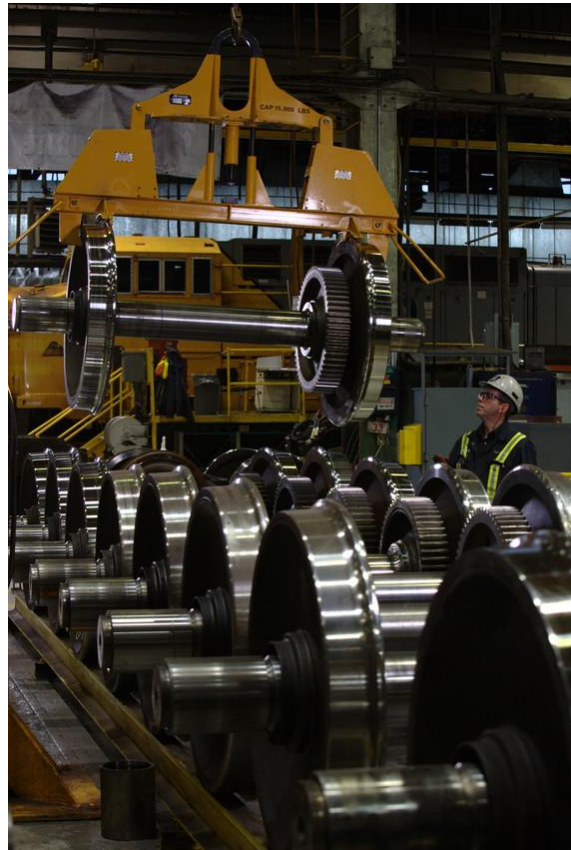
In closing, I would like to take this opportunity to honour one of our employees who lost his life while on the job in November, 2014. Enrick Gagnon was part of the IOC family since 1997 as an Engineman with the QNS&L Railway. Our thoughts and prayers continue to remain with Enrick's family and friends. He is survived by his mother, Joanne Roy, and his brother and sister-in-law Jean-François Gagnon and Marie-Elaine Globensky.

As we continue on our journey of transformation, my greatest concern in our business is that someone is distracted by the market conditions and challenges we face, and they lose sight of what is really important: going home well at the end of the day. Let us all reaffirm our commitment to Zero Harm, not only for ourselves, but for our families, our friends, and our communities.

We know we have many challenges ahead of us, but we also have many successes to celebrate that will help us to continue to transform our business, because IOC belongs to all of us. I encourage you to read through this report and learn more about the successes and some of the challenges of 2014, and I look forward to seeing what this next year has in store as we continue to unlock our potential together.



Kelly Sanders
President and Chief Executive Officer



Our Business



Figure 1: IOC Locations

IOC is a leading Canadian producer of iron ore concentrate and pellets and a key employer in the communities in which we operate. We are the largest private employer of apprentices in Newfoundland and Labrador, and employ approximately 2,500 people in the provinces of Newfoundland and Labrador, and Quebec.

Iron is one of the most common elements on Earth, comprising about 5% of the Earth's crust and is a key ingredient in the production of steel, one of the most useful and durable products for modern living. Our products are made in Labrador City where we extract iron ore from beneath the surface rock, crush it, and concentrate it. Our facilities have the capacity to produce approximately 23 million tonnes of iron ore concentrate per year.

The concentrate is then either transformed into iron pellets suitable for use in blast furnaces, or transported directly via the IOC owned and operated Quebec North Shore & Labrador (QNS&L) Railway. The QNS&L Railway stretches 418 km from our mine in Labrador City to our shipping terminal and year-round deep water port in Sept-Îles, Quebec.

Our products are stockpiled at the Sept-Îles Terminal, ready to be shipped year-round to customers around the world.

IOC's major shareholder and operator is the international mining company Rio Tinto, which has activities in more than 40 countries throughout the world.

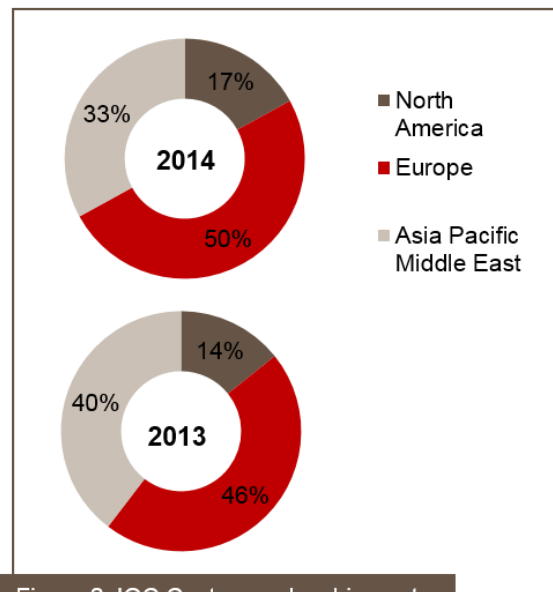


Figure 2: IOC Customers by shipment

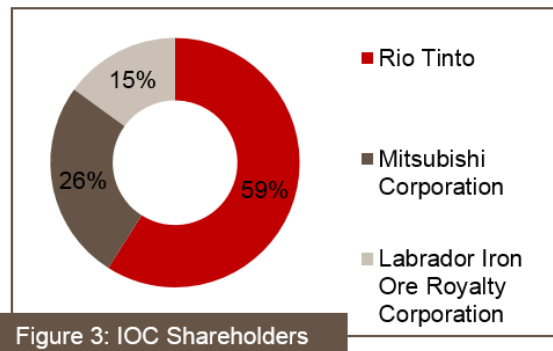


Figure 3: IOC Shareholders

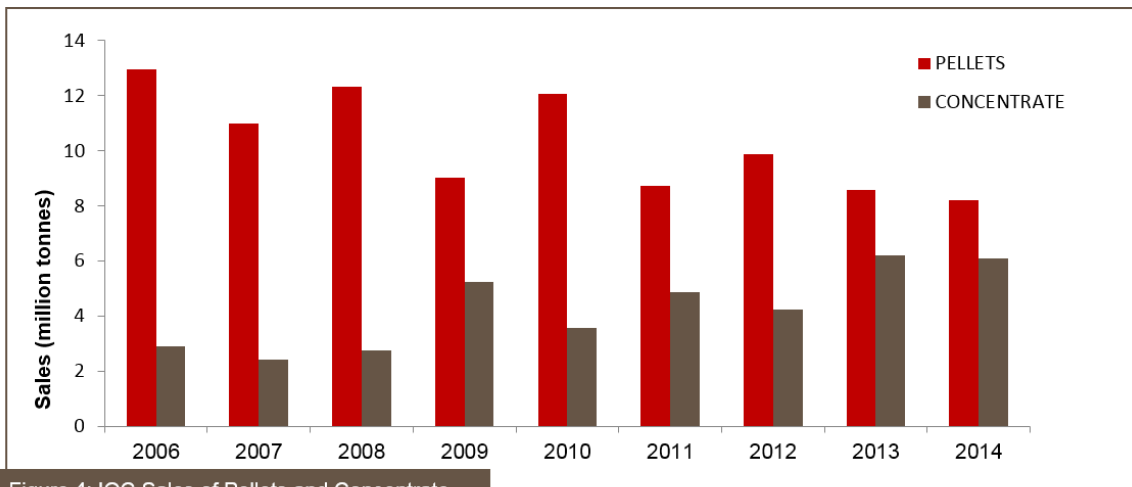


Figure 4: IOC Sales of Pellets and Concentrate

In 2014, we hired 93 new permanent employees from the following locations:

Table 1: New Hires by Area

Area	Number	Percentage	
Newfoundland and Labrador	Labrador	45	48%
	Other areas of NL	17	18%
Quebec	Sept-Îles	12	13%
	Other areas of QC	11	12%
Maritime Provinces	5	5%	
Other areas in Canada	3	3%	
Areas outside of Canada	0	0%	
TOTAL	93	100%	



Sustainable Development at IOC

Our approach to sustainable development is guided by Rio Tinto's global code of business conduct – *The Way We Work* – which addresses the many aspects of corporate social responsibility and sustainable development. These principles define the way we manage the economic, social and environmental aspects of our operation and are important to fulfilling our commitment to contribute to sustainable development.

To deliver on this commitment we make sustainable development considerations an integral part of our business plans and decision-making processes.

By encouraging more effective relationships and stimulating deeper contributions to our local communities we will sustain our business for the long-term.

In this report, you will find case studies and performance tables that attest to our commitment, presented under three broad headings:

- > Social Wellbeing
- > Environmental Stewardship
- > Economic Prosperity



Social Wellbeing



At IOC, we recognize that our success is based on an engaged, safe, and healthy workforce, as well as a supportive community. Consulting with our stakeholders (employees, community groups, different levels of government and industry associations) is key to understanding expectations and adjusting our approach for a sustainable future together.

Health and Safety

The most valuable assets that IOC has are the employees who come to work every day and produce world-class products used across the globe. It is no surprise that the health and safety of our most valuable asset is paramount.

Our goal is to ensure that every employee returns home safe at the end of every shift, every day. People often ask if we can only have one – safety or productivity – which one should it be? The answer is we must always have both. It is key that each of us start and end each day focusing on protecting, promoting and enhancing the health and safety of ourselves and our coworkers. The goal of Zero Harm is non-negotiable.

To strengthen our commitment on our journey to Zero Harm, we have aligned our policies and procedures with this core principle. We want our employees to continue to remain focused on their personal safety and that of their co-workers.

10 Commitments That Can Save Your Life

No matter the complexity of the task, each and every day employees at our operations begin their tasks by asking

“What are the potential risks in what I am about to do and what can I do to eliminate them?”

By establishing the 10 fatality risks that we, as employees, face in mining and ensuring we understand them fully, we can work together across our sites to eliminate these risks and continue to go home safely at the end of our work day. These commitments do not replace our Rio Tinto HSE Standards but simply reinforce the key elements of our HSE program.

From sadness comes learning and each of these 10 commitments have been identified as the result of a tragic accident on a mine site. To honor those who have lost their lives, and as a tribute to their families, we owe it to ourselves and to our coworkers and family members, to focus on working safely each and every day.

In 2013, the Ten Lifesaving Commitments were developed, which speak to our highest health and safety risks and reinforce the basic health and safety behaviors that all employees should live by. They have been developed to assist us in achieving Zero Harm, and include:

- > Heavy Equipment
- > Electrical Hazards
- > Personal Wellbeing
- > Safe Driving
- > Confined Space
- > Railway
- > Working at Heights
- > Energy Sources
- > Hazardous Contaminants
- > Suspended Load

These commitments were fully introduced in 2014 through training sessions with various departments across IOC. The training offers an interactive learning environment with a goal of engaging employees in the proper thinking process to consider the types of hazards that exist and reduce the complacency that can occur when they may have been conducting the work on a regular basis. To date we have trained approximately 380 staff employees and the aim of our 2015 business plan is to train an additional 1900 employees with approximately 90% of those employees being our hourly workforce. The logos and slogans are visible throughout the project in Sept-Îles and Labrador City and are utilized frequently in toolbox talks and safety talks.

Visible Felt Leadership

Engaging with our employees has always been seen as an important underpinning component of continuing to improve our performance and aid in achieving the Zero Harm culture we strive for. In 2014, IOC took engagement to a new level by introducing the Visible Felt Leadership program (VFL) at all sites. The focus of this initiative was to have Superintendents, Managers and VP's actively visiting different areas of the site, engaging with our employees and contractors and focusing on critical behavioral based protocols. This engagement gave the teams a better understanding of the tasks that each person was carrying out and what controls are in place to prevent injury or incidents in the workplace. From the initial rollout in early March of one VFL tour every week, the sites are now conducting tours several times a week.

Pre-Task Hazard Assessments

Building awareness into each workday through the use of engrained pre-task hazard assessment tools such as TAKE 5 and Job Hazard Analysis (JHA) is helping to continue to foster a culture whereby each employee has a stake in ensuring that our health and safety continues to be diligently cared for.

2014 Performance

Each year IOC sets targets to drive improvement in our Health and Safety performance. Following a record setting year in 2013, IOC set aggressive targets in 2014. In addition to monitoring performance against lagging indicators such as Lost Time Injuries (LTI) and All Injury Frequency Rate (AIFR), we also monitor leading indicators such as the closure rate of Significant Potential Incidents (SPI).

Highlights:

- 11 LTI incidents recorded in 2014, up from 8 in 2013, is one of IOC's lowest annual totals and was lower than our target
- 11 Medical Treatment Cases (MTC) recorded in 2014, down from 12 recorded in 2013, an annual record for IOC

- AIFR of 0.66 was slightly above target and 2013 performance, however is still the second lowest in IOC's history
- 100% closure of actions associated with SPI

In addition to a record low number of MTC recorded in 2014, when compared to previous years the number of SPI recorded dropped significantly in 2014. We continue to strongly encourage the reporting of all incidents, including near-miss events, as the lessons learned from incidents may become very useful in helping prevent a similar incident from occurring. A near miss reported today is an injury prevented tomorrow.

Table 2: Incident Statistics - Health, Safety or Environment

	2012	2013	2014
Lost time injuries	18	8	11
Medical treatment cases	22	12	11
Injury severity (Calendar Days)	27.31	13.84	17.76
Significant potential incidents	37	28	10

Zero Tolerance Rules

The goal of the Zero Tolerance Rules is to ensure that all of us, as employees, clearly understand what is expected in terms of safety and to support the development of a safer workplace. Every employee is expected to ensure that risks are identified and controlled before starting a job, and to have conversations with their leaders if they feel a job is unsafe. If an employee feels that the risks of a task have not been mitigated they can also refuse work through the proper process. These responsibilities are ours, no matter our role. There is no job that is worth risking your health and safety, or that of your co-workers.

The Zero Tolerance Rules consist of four simple safety rules designed to keep our employees safe. They are based on lessons learned from fatal accidents that have occurred at IOC and other mine sites worldwide and are linked to the Rio Tinto HSEQ Management System. As a result, we will have Zero Tolerance for anyone who:

1. Tamper with or bypasses critical safety controls
2. Fails to use a personal lock for isolation
3. Works at heights without control(s) being in place
4. Works in a restricted voltage area without control(s)

A violation of any of the Zero Tolerance Rules could result in devastating consequences, so we must all take a firm stance for our own safety and that of our coworkers.

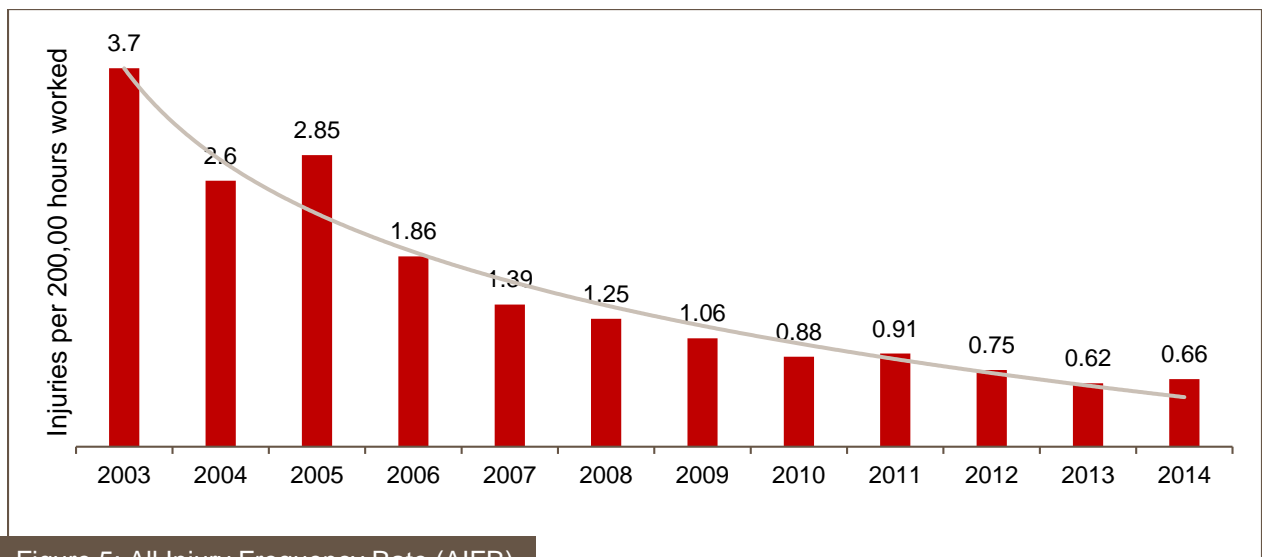


Figure 5: All Injury Frequency Rate (AIFR)

Confined Space Management

Improvements to the C5 – Confined Space Standard were developed which included designing more user friendly information sheets to be used by workers during confined space tasks, and improvements to the confined space training program to include a competency element.

A special training structure was built to train confined space entry personnel on how to properly prepare a confined space for safe entry, and was constructed in a room adjacent to the onsite general training room at our Sept-Îles operation. The 10 x 16 x 12 feet structure houses 4 separate access points of different configurations in two separate spaces, allowing workers to learn how to effectively ventilate various types of spaces and test for air quality.

The configuration of the training structure and equipment added to the training module also allows C4 – Working at Height trainees to learn how to select and use the different C4 tools currently at their disposal. Finally the module will also serve as a practice center for the Sept-Îles Emergency Brigade to assist them in training for confined space rescues.

Continuous HSE Improvement

Throughout the year, departments are encouraged to continuously improve their safety practices. Employees within the Health & Safety Department encouraged ideas throughout the site. No idea offered for safety improvement is too big or small; below are some examples of the improvements made in 2014:

- > Additions to, or modifications of, guardrails throughout the site to improve fall prevention
- > Upgrades to electrical systems to minimize the potential of electrical risks
- > Addition of steps and platforms in various areas to facilitate access and provide safer work platforms
- > Creation of new transportation tools to facilitate movement of equipment
- > Improved communication of HSE processes, such as Material Safety Data Sheets (MSDS) and railway monitoring



Contractor Control at the Gate

The Contractor Control at the Gate project is about making changes to the way we manage contractors on our site to improve safety, accountability, tracking capabilities and cost management. Our goal is to get it **right** – the **right contractors** with the **right training**, performing the **right task** at the **right time**.

In July we implemented the Cognibox ASET module in Sept-Îles, which controls Contractor access to IOC at our Sept-Îles site. As this project was successfully implemented in Labrador City in 2013, both IOC operating sites now have improved contractor control measures at site access points.

In addition, a new work permit was introduced at both sites in 2014 which matches contractor employees with the assigned ASET. The ASET (Safety and Environmental Task Analysis) contains information about the task that contractor employees will be performing at our sites, as well as information about the required Personal Protective Equipment (PPE), HSE Training and Permits to execute the task. The ASET is linked to the access card systems at our Security gates and determines which contractor employees can come on site, and when.

The ASET module of Cognibox supports IOC by monitoring the HSE training required to perform a specific task on IOC property. By using this tool, IOC ensures that contractor employees are adequately trained to perform the given task. Furthermore, this tool is used as a two-way communication between IOC and the contractor by setting the HSE training expectations before a contractor employee arrives on site.

We also established a new approach in Labrador City and Sept-Îles for completing contractor surveillance audits. The Contractor Management Group designed an audit questionnaire and invited support from 25 internal Rio Tinto trained auditors to complete the audit. This endeavor allowed IOC to complete 15 contractor company surveillance audits at both sites and also gave our trained employees an opportunity to apply the skills they gained through the auditor training. With their help, we were able to improve compliance to the Contractor Management process for IOC and the contracted companies.

Work also continued in 2014 through a collaborative approach between IOC Contractor Management and Supervisors to work on improvements to the Cognibox ASET module. This work ensures that we deliver on our commitment to continuously improve contractor management processes and also prepares us for the introduction of a new ASET module for both sites in 2015.

Overall, the Contractor Management system presents not only significant improvements from a health and safety perspective, but is also gaining recognition as being a best practice within contractor management processes.

Emergency Services Improvements

> 8911

For many years, IOC and the Royal Newfoundland Constabulary (RNC) have provided informal mutual support in the event of an emergency.

As of March 2014 a formal agreement was established with the RNC whereby the IOC Emergency Line (8911) rings at the RNC 911 Dispatch Centre in the event that our Emergency Services & Security team is responding to a call.

If the call to 8911 is not answered after 4 rings, the call will automatically be routed to the RNC 911 Dispatch Centre. The 911 dispatcher will then contact IOC Emergency Services & Security on our radio channel to advise them of the emergency call. If Emergency Services & Security cannot respond to the call, the 911 center will dispatch the required service.

If Emergency Services & Security is not on a call, emergency response will remain the same.

As with any emergency call, we ask that employees remain on the line until the call has been answered and provide as much information as possible about the nature of the emergency, including the location of the incident and closest Emergency door number.

> Memorandum of Understanding between Labrador Grenfell Health and IOC

In late 2012 a collaborative effort between IOC, Labrador Grenfell Health and the RNC led to the streamlining of emergency services within Labrador West. IOC and Labrador Grenfell Health signed a Memorandum of Understanding to indicate mutual support and the provision of back-up ambulance services in the event of an emergency, ensuring that our communities will always have the resources to respond in the event of an emergency. As a result of this partnership, in 2014, IOC was on-call 242 times and responded to a community emergency 13 times.

> 911 Service in Labrador West

In addition to providing mutual support on many emergency services, including ambulance back-up within the community, IOC has also renewed our partnership for the provision of the 911 service in Labrador West. This service is funded and administered through partnerships with industry, both municipalities, and the Government of Newfoundland & Labrador. The 911 service is important to our communities as it reduces response time in an emergency by enabling residents to reach police, fire and ambulance by making only one call.

We are very pleased with the improvements these partnerships present in saving valuable response time in the event of an emergency.

Health and Wellness

IOC continues to provide and support health and wellness initiatives for our employees. In 2014, key programmes based on our employee demographic and risk profile were developed and rolled out business-wide.

The program included fitness for work, healthy eating, mental health, medical surveillance programmes and early and safe return to work after an injury or illness.

Some of the themes communicated by the Occupational Health team included:

> Physical Activity

Physical activity improves health, well-being and quality of life. It reduces stress, strengthens the heart and lungs, increases energy levels and helps maintain and achieve a healthy body weight. Occupational Health encourages all employees to integrate physical activity into their everyday life; at home, at work and at play. Employees can improve their overall health by being active as part of a healthy lifestyle.

In addition to increased interactions around the benefits of physical activity, the IOC Corporate Physical Activity Challenge was launched in Labrador City and Sept-Îles. Employees participated in this 4 week challenge to engage in 150 minutes of moderate to vigorous physical activity per week.



> Healthy Eating

Healthy eating builds a healthy body and is important in helping to maintain a healthy body weight. We aim to promote and improve health by becoming knowledgeable about the risks created by poor nutrition, and the benefits of making good choices. The benefits of eating well include better overall health, lower risk of disease, healthy body weight, stronger muscles and bones, more energy, and feeling and looking better.

As part of Healthy Eating month in September, Occupational Health provided resources to employees on nutrition and healthy food choices as well as how to incorporate these tips into their daily meal planning.

> Occupational Dust Control and Medical Surveillance

In 2014, IOC continued to invest capital funding into the site dust control projects. While these engineering controls are being implemented, our employees have protection from potential dust exposures through the use of PPE.

The independent medical audit that was commissioned in 2013 by the Labrador West Dust Committee continued into 2014. The goal is to review the current practices and ensure that they are able to assist in the proactive mitigation of occupational illness associated with iron ore mining. The final report from this audit is scheduled to be available in 2016.

Mine Maintenance Facility (MMF) Employees Raise Awareness in a BIG Way

The new Prostate Cancer Awareness truck was unveiled on September 17th to great applause!

This venture was an initiative kicked off by MMF employees to raise awareness for Prostate Cancer, similar to the Breast Cancer Awareness truck that was unveiled in 2009. The truck will serve as a reminder of the importance of prevention and early detection in the fight against prostate cancer, which is estimated to affect 1 in 8 men in a lifetime.

Joining the team from the MMF for the big reveal were Rocco Rossi, CEO of Prostate Cancer Canada, and Charlie Ward, co-chair for the Labrador West Chapter of Prostate Cancer Canada.



Community Engagement

Working directly with the community is an integral part of IOC's culture. We have been consciously developing sustainable partnerships with our host communities for more than six decades in order to ensure their continued success.

Our partnership strategy includes the principles of Towards Sustainable Mining (TSM) that are defined by the Mining Association of Canada (MAC). These principles reflect honesty, transparency, and integrity which go hand-in-hand with our own Mission and Values that are based on respect, accountability, integrity and teamwork.

Regional Taskforce in Labrador West

The Regional Taskforce (RTF) was initiated in 2012 by IOC and is comprised of a multi-sectoral group of senior representatives who work collaboratively to identify and address the cumulative effects of a mining economy within Labrador West. The RTF liaises with the Community Advisory Panel (CAP) to stay informed of issues and priorities.

In 2014, the RTF met four times and members are currently working on the following focus areas:

- > Current Economic Climate

The decline of the iron ore market began to have significant impacts on the communities of Labrador West in 2014 and the RTF continues to work to identify how members can best support the region to ensure Labrador West can be sustainable in today's economic downturn.

- > Transportation

Wabush Airport, which is the only airport within our region, will be commencing a runway reconstruction project in summer 2015. There have been ongoing meetings to collaboratively identify challenges associated with the project and support the region during the project period.

- > Plan Big

The RTF undertook a significant project in 2014 to support the development of a regional strategy for Labrador West as a result of identifying a need to have an ability to move quickly and accurately in the event of temporary growth, or economic downturn. Plan Big was developed with input from the communities to help set the direction for their respective futures.



Plan Big is an opportunity to create sustainable communities that can continue to increase development of local industry as well as an attractive community for families, retirees, temporary workers and supporting enterprises.

To this end, the RTF works in conjunction with the Community Advisory Panel (CAP) to ensure they remain connected to the issues and challenges facing our communities. Where the Regional Taskforce addresses issues with all levels of government and industry, the Community Advisory Panel (CAP) in Labrador West operates at a grassroots level.

Through discussion and consensus, the CAP and RTF share many common priorities (outlined below). These priorities are re-validated on an annual basis to ensure the activities of both groups remain focused on the areas that are most critical to local communities.

Table 3: CAP and RTF Priority Areas

Priority Area	CAP	RTF
Affordable Housing	✓	✓
Childcare	✓	✓
Health & Emergency Services	✓	✓
Recruitment & Retention	✓	✓
Community Infrastructure	✓	✓
Environment	✓	✓
Land Availability		✓
Education & Training		✓

Community Advisory Panel (CAP) in Labrador West

In 2014, the CAP met on four occasions and was co-chaired by IOC and Alderon Iron Ore Corp. Given the change in the economic conditions of the region as a result of the idling of Scully Mine and the fact that many of CAP's activities depend on the information collected through the Plan Big initiative, CAP's efforts were mainly focused on supporting day to day activities.

A few highlights are included below:

- > Housing Affordability and Availability

Volunteers with the Labrador West Housing and Homelessness Coalition (LWHHC) secured funding for an affordable housing project which broke ground over the summer. This project will continue in spring 2015. The Habitat for Humanity committee continued to work on completing the second Habitat Project in Labrador West, which saw the addition of two new Habitat Homes. IOC is pleased to be a part of both committees and to continue to support the needs of residents within our communities.

- > Health and Emergency Services

IOC partnered with the Royal Newfoundland Constabulary (RNC) and Mothers Against Drunk Driving (MADD) in December 2014 through the Gift of a Lift initiative which provided a taxi voucher to previous summer students to ensure they had a safe ride home.

> Childcare Availability

The hardworking volunteers with Labrador West Child Care Inc. continue to operate both the Building Blocks Child Care Centre and the After School Zone, both of which are thriving and filled to capacity.

To further support these efforts, IOC continues to explore partnerships for operation of a third centre as well as work with government and educational partners to facilitate the delivery of the Early Childhood Education program in Labrador West, which would benefit all child care providers in the region.

> Recruitment and Retention

As a result of the idling of Scully Mine recruitment initiatives were generally reduced within the area. IOC conducted a recruitment fair to hire a number of the displaced workers and government partners were quick to respond to support affected Scully Mine employees.

> Community Infrastructure

The Community Infrastructure portfolio has temporarily been placed on hold pending recommendations from Plan Big which will be released in 2015.

> Environment

Supportive families and vibrant communities are fundamental to both Labrador City and IOC's success. That's why IOC invests in projects that bring people together and promote healthy living.

The newly-inaugurated IOC Family Park was created to give residents of all ages a public space to enjoy. IOC committed to building the new playground and park for sporting and recreational activities of all kinds. After all, it is likely that little leaders on the pitch will grow up to become valued leaders in our company one day.

Our Commitment to Diversity

In addition to our community partnerships, Rio Tinto is a progressive and innovative organization in many other ways, and one that is certainly a place that empowers people to build exciting and successful careers. Rio Tinto today has approximately 60,000 employees working in more than 40 countries. An organization of this size relies on employing people from all walks of life. It is our diversity of experience, background and opinion that is a major factor in our success.

IOC currently employs a total of 601 females and Aboriginals, which represent 25% of the employee population. Within the employee population, 2.1% are persons with disabilities.

Aboriginal Engagement

IOC is a strong believer in building and maintaining strong relationships with all community stakeholders and

Aboriginal groups in the regions where we operate, namely within Labrador and Quebec.

We engage in a variety of ways with the five identified Aboriginal groups in Labrador and Quebec who claim and/or assert Aboriginal rights and/or other interests in the regions where we live and operate:

- Innu of Matimekush-Lac John (Quebec);
- Innu of Uashat mak Mani-Utenam (Quebec);
- Labrador Innu (Sheshatshiu and Natuashish, as represented by Innu Nation);
- Naskapi Nation of Kawawachikamach (Quebec);
- NunatuKavut Community Council (Labrador).

August 2014 marked a milestone in IOC's history when IOC and the Innu Nation of Labrador reached a life-of-mine agreement reflecting IOC's solid commitment to developing valuable and mutually beneficial relationships with our Aboriginal partners.

IOC also celebrated in November by signing a Community Partnership Agreement with the NunatuKavut Community Council. This is the second agreement IOC has signed, reflecting IOC's commitment to sustainability, diversity and supporting Aboriginal groups through training, education, employment and business opportunities.

IOC supported other Aboriginal initiatives during 2014, including:

- NunatuKavut Community Council (NCC) 2014 Annual General Assembly;
- Canadian Aboriginal Minerals Association 2014 Annual Conference;
- Marathon Mamu: A popular event initiated by the Aboriginal community in Sept-Îles, which is an annual get together for the entire community;
- Painting Symposium (Institut Tsakapesh): A major event for the visual arts community of both amateurs and experienced artists. The event brings together both Aboriginal and non-Aboriginal artists;
- Festival Innu Nikamu: A popular cultural event for the community in Sept-Îles, with 2014 marking its 30th anniversary. The festival hosted a record number of non-Aboriginal participants;
- Since 2008, IOC has freely offered the hauling of the Wapikoni multi-media mobile studio to Schefferville on the QNS&L Railway;
- Quebec National Aboriginal Day: Celebrating the language and culture of Innu Nation.

Given our fundamental belief in partnering for success with all stakeholders, community engagement is at the heart of how we operate.

IOC continues to explore ways to demonstrate its solid commitment to developing meaningful and mutually beneficial relationships with our Aboriginal partners.



IOC promotes cultural exchanges

The greater region of Sept-Îles is special: it shares its territory with two nations that have different languages and cultures. It is in this spirit of collaboration and exchange that Iron Ore Company of Canada partnered with the Mamu Painting “Together” Symposium.

This important cultural gathering started in 2005 on the initiative of Innu artist Richard Fontaine. The event has since earned a reputation for excellence, offering art lovers unique encounters. It has been so successful that it is marking its ninth year. The Mamu Painting “Together” Symposium is a key cultural event for the region’s population, as well as for Aboriginal and non-Aboriginal artists.

Such sharing and goodwill are integral to the community values that IOC promotes. We believe this type of event helps give meaning to our community, which is why we are proud to participate in the Mamu Painting “Together” Symposium.

Women in Mining

Women in Mining is an example of the work we are doing in the province of Newfoundland and Labrador, and

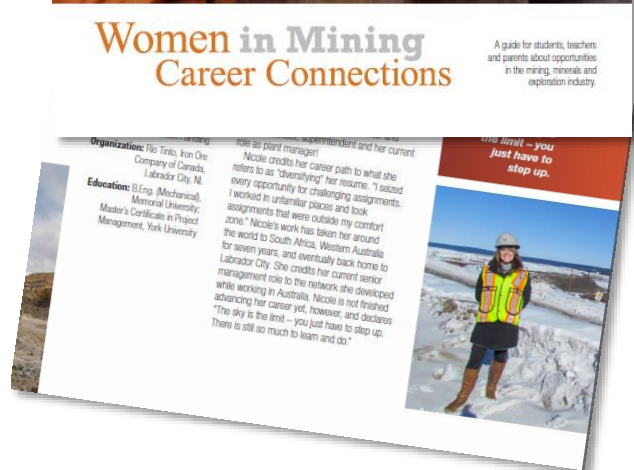
within the industry to promote gender diversity. Over the past 5 years IOC has been working with the Department of Natural Resources in NL to host a Women in Mining Forum. The annual event features women from across the province in a variety of careers highlighting their experiences.

To mark the 5th year, we developed a tool that could go into the schools as an educational aid for young women (and men) who want to learn more about the exciting and rewarding opportunities in mining. IOC has three females featured, Dawn Hamilton and Angelique Saunders who are both at the Labrador City operations, and Nicole Slade who is currently on leave in Australia. Page 32 also features a photo of Vicky Collins who is a mining operations employee.

The booklet was distributed to schools across Newfoundland and Labrador and is also available online on the Department of Natural Resources of Newfoundland Labrador Website:

www.nr.gov.nl.ca/nr/publications/pdf/women_in_mining.pdf

The project was a partnership initiative between the Provincial Government, Mining Industry NL, the provincial branch of the Canadian Institute of Mining, Metallurgy and Petroleum, as well as many industry partners.



Community Donations

IOC actively supports a wide range of activities that benefit the communities in which we operate, such as health, social and cultural initiatives. Donations in 2014 amounted to over 400 K in cash and in-kind donations, the majority of which (70%) was spent in Labrador West, for projects that address the critical needs of our host communities, notably:

- Centraide/ United Way (\$53,000)
- Labrador West Ministerial Association (\$35,000)
- Northern Lights Swim Club (\$21,000)
- Festival Innu Nikamu (\$15,000)
- Mothers Against Drunk Driving (\$10,000)
- Labrador West Food Bank (\$10,000)
- Kids Eat Smart (\$10,000)

Unfortunately, in 2015 we made the difficult decision to suspend our community investment program in response to the challenges we are experiencing in the iron ore market. As a main employer in the communities in which we operate, we have a responsibility to ensure we take the necessary steps to create a sustainable business for our employees and our communities. Though we did make changes to our community investment approach, we continue to support community groups and organizations in any other way we can, whether through helping with planning, providing advice, or volunteering within our communities.

Table 4: 2014 Community Donations for Labrador West, Montreal, Sept-Îles and St. John's

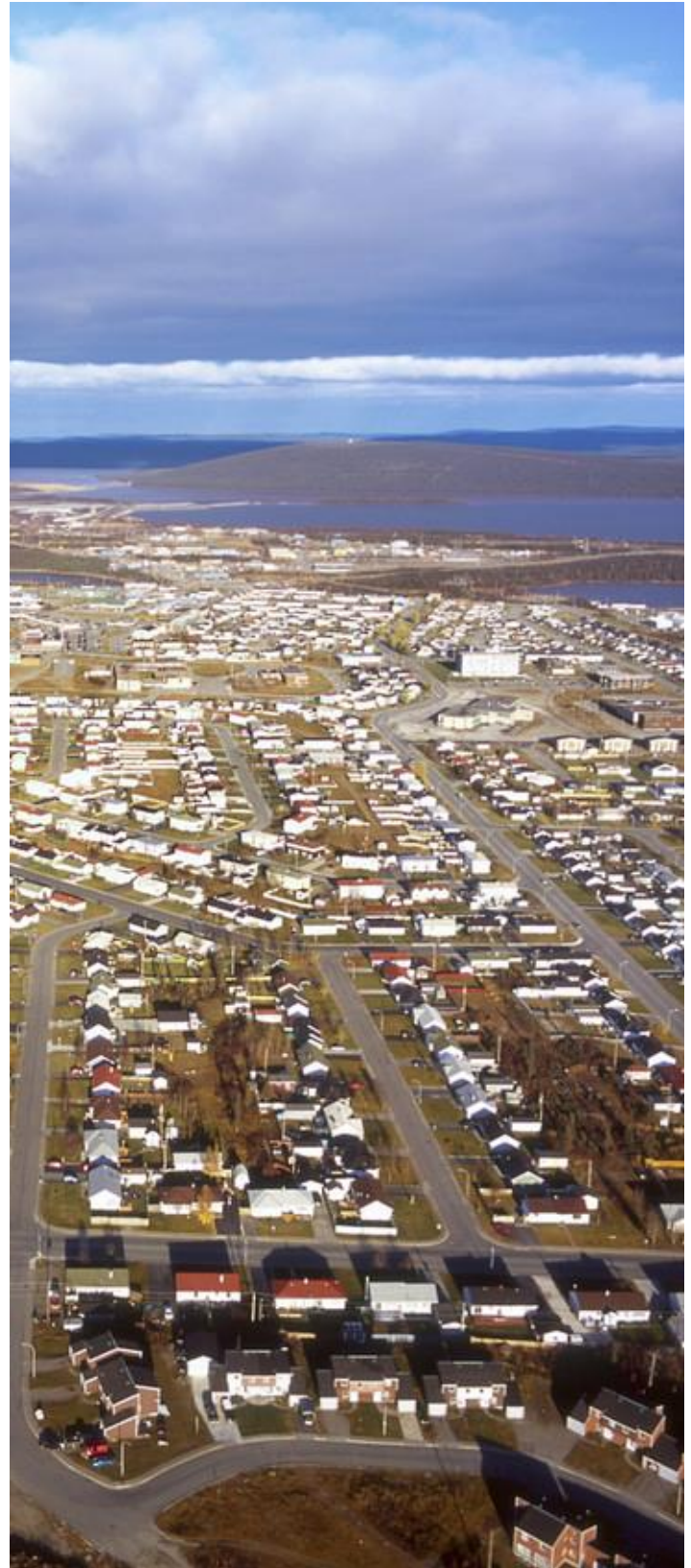
Priority Area	CAP
Culture	\$52,622
Education	\$32,200
Environment	\$28,500
Health & Safety	\$83,933
Recreation	\$116,183
Transport	\$10,000
Social & Welfare	\$124,480
Aboriginal	\$43,500
TOTAL	\$491,418

Dangers of Impaired or Distracted Driving

In partnership with Mother's Against Drunk Driving (MADD), IOC helped to bring a video presentation entitled "Aftermath" to students in Grades 8-12 at Menihek High School and Grade 7 students JR Smallwood Middle School. The presentation was created for high school students and depicts the tragic consequences that driving while impaired can have on friends and families who have lost a loved one.

In addition to the MADD presentation, IOC also sponsored a presentation with the Royal Newfoundland Constabulary, who brought the impaired and distracted driving simulator. Students took turns getting behind the wheel to test their ability to drive while texting or

while impaired, further illustrating the importance of ensuring that you always have a safe and sober ride home



Environmental Stewardship

IOC realizes that the mining industry has a direct impact on the environment. Throughout the entire mining process, we recognize that we have a responsibility to minimize, and eliminate where possible, these impacts. While the first step to continuously improving environmental performance is creating awareness, at IOC we go much further. Acting on the commitments in our Health, Safety, Environment, Communities and Quality (HSECQ) policy, we assess our impact on ecosystems, evaluate future risks, design management systems to mitigate impacts, establish challenging objectives, and measure our performance against key success indicators.

Tailings Management

As part of the Concentrator operations, IOC has an active tailings area which it manages under its Tailings Management Plan. This Tailings Management Plan aligns with IOC's Environmental Management System, which is certified to ISO 14001, Rio Tinto's E8 Mineral Waste Environmental Standard and the Mining Association of Canada's Tailings Management Protocol.

IOC's Tailings Rehabilitation Campaign

IOC has an on-going revegetation campaign that is leading the way to warranting that a positive legacy remains long after the company ceases production. Rehabilitation on the tailings has resulted in a mosaic of habitats, including wetlands, uplands and riparian ecosystems. Tailings rehabilitation safeguards the health of the ecosystems, its habitats and inhabitants, primarily waterfowl.



In 2014, the addition of 28.4 hectares of new vegetation has been completed plus 10 hectares of re-fertilized land. Cumulative surface area rehabilitated from 1989 to 2014 at IOC production facilities and tailings disposal area equals 498.4 hectares total to date.



Mine Dust Suppression (Rehabilitation)

In August 2014, rehabilitation of 9.8 hectares was completed in the mine/pit area using the hydroseeding technique. Each hectare of mining spoil, rocky outcrops (final faces), and waste or overburden material was covered with a special type of hydro-seeding slurry designed to withstand very steep slopes and allow vegetation to grow on the poorest of soils. Cumulative surface area rehabilitated from 2002 to 2014 of mine/pit area equals 67.5 hectares to date.



This program, while ultimately developed for progressive rehabilitation under IOC's Closure Plan, continues to evolve. The status of existing vegetation is exceptional with more shrubs and pioneer tree species hosting habitat for wildlife to call home.

Ambient Air Monitoring Network

Labrador West

As reported in last year's Sustainable Development Report, IOC has an extensive network of Ambient Air Monitoring units in Labrador West. IOC was asked by the provincial government to allow the air monitoring data to be posted on a government run website so the general public could access the information. At this stage, one of the three ambient air monitoring stations, which is located near the Beverly Lake Water Supply water pumping station, is available to anyone interested in viewing what the ambient air conditions are like in the Labrador City area. The data is available at the Department of Environment and Conservation website:

www.env.gov.nl.ca/env/env_protection/science/airmon/labradorcity.html

IOC routinely reports all of its ambient air monitoring results to Newfoundland & Labrador's Department of Environment and Conservation (ENVC). The annual reports of the monitoring stations are available to anyone interested at the government's website:

www.env.gov.nl.ca/env/publications/env_protection/index.html



Sept-Îles

Since June 2012 IOC has participated in a committee named *Table de concertation sur la qualité de l'air* in Sept-Îles along with the Town of Sept-Îles, the *Corporation de protection de l'environnement de Sept-Îles*, the *Comité de défense de l'air et de l'eau* and other stakeholders such as major companies and various government departments.

The committee is progressing work to address two issues pertaining to air quality: the first is obtaining an accurate overview of the current air quality in Sept-Îles and the second is to ensure that air quality information is shared with Sept-Îles residents on an ongoing basis.

Several meetings were held last year and work is progressing well and on schedule. 2015 will be a pivotal year for the committee as they are in the process of finalizing the community communication plan.

Air Quality Health Index (AQHI)

Last year we also reported in our Sustainable Development Report that an Air Quality Health Index (AQHI) value would be linked to the Labrador City Weather site maintained by Environment Canada's weather website. This has occurred and the AQHI for Labrador City is available at the following website:

weather.gc.ca/airquality/pages/nlaq-005_e.html

The AQHI is a public information tool that helps Canadians understand what the air quality is like in their area. Normally these sites are maintained by provincial or federal agencies. IOC is very pleased to be the first industry in Canada to participate in this AQHI program as it gives credence to the quality of its Ambient Air Monitoring Network in the Labrador City area.

Respirable Silica Monitoring

In 2014, IOC developed a Silica Monitoring program to evaluate the current respirable crystalline silica content in the ambient air for the Town of Labrador City. This initiative was put in place to better determine and understand the levels of respirable crystalline silica concentration that could potentially be in the Labrador City area. Air quality is an important aspect in our community and IOC has developed this program to evaluate the levels and ensure the community is not at risk.

The program commenced during the summer of 2014 and will continue to run for the duration of 2015 with the addition of a second monitoring unit being installed in the spring of 2015. Capturing respirable crystalline silica is performed by using a "BGI Omni FT" Sampling unit that uses an intake pump to capture known volumes of ambient air over a 24 hour period. This known volume is passed through a cyclone separating the small (respirable) portion of ambient dust from the larger (non-respirable) portion. Once the respirable dust passes through the cyclone, it is captured on a PVC filter for weight determination. The weight of dust collected on the filter in combination with the known volume allows for concentration data to be calculated. In addition, the dust collected is analyzed for crystalline silica content which can then be used to determine the crystalline silica concentration. The sampling frequency is currently running in parallel with IOC's Air Quality Monitoring units on a 1 in 6 day cycle. This will allow adequate yearly data to determine times of peak concentrations and ensure safe residential levels.

Overall, the project initiative will greatly enhance our understanding of ambient air quality related to respirable crystalline silica and ensure levels are and will remain below comparable guidelines.

Disposal of Railway Ties

In an effort to eliminate waste railway ties stored on site, once a year we coordinate their disposal via incineration with energy recovery. This modern process is more environmentally friendly than traditional disposal methods and captures energy for later reuse. For several years, in collaboration with the City of Sept-Îles and the *Corporation de protection de l'environnement de Sept-Îles*, this annual program is also offered to the citizens of Sept-Îles who wish to dispose of any railway ties they may have on their land.

The Association for the Protection of the Moisie River and IOC: A long history

The Association for the Protection of the Moisie River (APRM) and IOC have long shared a common bond as the QNS&L Railway runs 16 miles alongside the Moisie River, starting at the bridge at Mile 19. IOC has been pleased to contribute to APRM since the organization began 35 years ago, through exchanging services, transporting material, or through the many employees who volunteer with the organization. This partnership has become even stronger since the tragic derailment in November 2014, when our two organizations worked hand in hand.

Alliance Verte

Since 2011 IOC has participated in the *Alliance Verte* environmental program which provides a detailed framework through which shipping companies must measure and then work to reduce their environmental footprint.

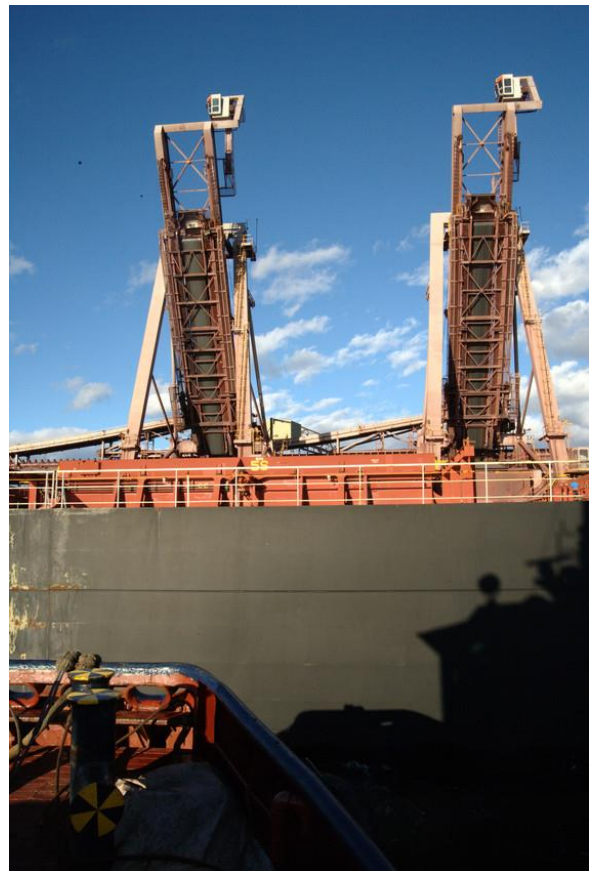
In accordance with this program, IOC must demonstrate measurable continuous improvement in this area, year after year, in order to maintain *Alliance Verte* certification.

Through self-assessment, the results determine our rankings for each of the performance indicators on a scale from 1 to 5. Level 1 represents regulatory monitoring, while Level 5 illustrates leadership and excellence.

The results are subject to an independent external audit every two years to ensure the rigor and integrity of the program. The reporting process is transparent as all individual results are made public each year.

For the last assessment completed, IOC obtained the following results:

- Greenhouse Gases: 3
- Handling and storage of dry bulk materials: 5
- Usage conflicts in ports and terminals: 4
- Environmental leadership: 4
- Leak and spill prevention: 3



Economic Prosperity

Being a sustainable business is all about the long-term view. Is there demand for our product into the future? Are there adequate resources to keep producing? Can we produce safely, efficiently, competitively and profitably while maintaining a healthy workforce and vibrant community, and minimizing our environmental impact? In other words, does the business case make sense?

Market Outlook

Global growth is expected to continue in 2015 largely due to projected strong growth in the US and lower oil prices. However disappointing economic prospects in the Eurozone, Japan and some major economies should partly offset these benefits. The economy in China should expand at a slower rate as it is in a managed slowdown, transitioning away from an investment growth model. Sinter plant restrictions in China should continue to push steelmakers towards higher pellet use and higher grade ores which should be favorable to the sustainability of higher pellet and grade premium. However, globally, because major iron ore producers have continued to progress expansion plans, current lower prices should continue with buyers being more quality focused, a benefit for IOC as our product is recognized for its superior quality.

Wabush 3

The Wabush 3 Open Pit Mine Project, commonly referred to as Wabush 3, is not about growing the business, but about creating a sustainable business that can support the community for the long-term. The new pit will be an extension of the current mine, located South West of the existing Luce Pit. Initial planning for this project began more than 2 years ago.

The proposed Wabush 3 Project will be a conventional open pit mine with associated infrastructure. The Project will provide iron ore to IOC's existing concentrator and in doing so, will allow flexibility in iron ore feed as well as serve as a new source of iron ore to extend the operating life of IOC's Labrador City Operations. This new development is essential to achieving the rated capacity of 23 million tonnes per annum of concentrate production.

The proposed Project requires environmental assessment (EA) review and approval under the Newfoundland and Labrador Environmental Protection Act (NL EPA, Part 10) and its associated Environmental Assessment Regulations.

Key steps in the EA review process for the Project to date include:

- May 23, 2013 IOC submitted the Wabush 3 EA Registration
- July 24, 2013 the Minister of Environment and Conservation announced that an EIS was required for the Project
- April 3, 2014 the Final EIS Guidelines were approved by the Minister and issued to IOC
- August 8, 2014 IOC submitted the Wabush 3 Open Pit Mine Environmental Impact Statement (EIS)
- On December 23, 2014 the Minister of Environment and Conservation requested that IOC prepare and submit additional information in the form of an EIS Amendment.

IOC has developed a rigorous mitigations plan to address any anticipated or identified impacts. Stakeholder and Aboriginal consultations also yielded positive feedback in the region based on the increased sustainability that will be generated by the project both for IOC and Labrador West alike. As the project progresses, IOC will continue to seek feedback from stakeholders to ensure that all concerns are understood and addressed.

IOC expects the full government review process, including permitting for development of the project, to take an estimated year from the time the project was registered with Government to full release of the Wabush 3 Open Pit Mine Project which is expected in 2015. Production from this new pit is expected in 2017.



Iron Ore Reserves for the Future

Reserves of crude iron ore located on IOC land are approximately 1.4 billion tonnes, which will produce approximately 0.6 billion tonnes of saleable product (pellets and concentrate), as indicated in the table below. At the planned production rate, the estimated reserves of crude iron ore will provide approximately 29 years of production. In addition, there are also estimated mineral resources as indicated below.



	In-situ/As -mined		Saleable Product	
	Tonnes	Average Iron Ore Grade	Tonnes	Average Iron Ore Grade
	(in millions)	(Fe %)	(in millions)	(Fe %)
Proven Reserves	687	39%	276	65%
Probable Reserves	<u>703</u>	<u>38%</u>	<u>280</u>	<u>65%</u>
Total Mineral Reserves	<u>1390</u>	<u>38%</u>	<u>556</u>	<u>65%</u>
Measured Resources	375	39%	148	65%
Indicated Resources	<u>1626</u>	<u>38%</u>	<u>638</u>	<u>65%</u>
Total Measured and Indicated Mineral Resources	<u>2001</u>	<u>38%</u>	<u>786</u>	<u>65%</u>
Inferred Resources	705	37%	276	65%

Notes:

1. Mineral resources exclude mineral reserves.
2. Mineral resources are reported on an in-situ basis and mineral reserves are reported on an as-mined (i.e. net of dilution and mining losses) basis. In-situ and as-mined material is reported on a dry basis.
3. Saleable product comprises 60% pellets and 40% CFS at 2% natural moisture content.
4. Reserves and resources have been estimated by Tim Leriche and Mark Blake, who meet the criteria for being Qualified Persons, as defined by Nation Instrument 43-101 and who are all full-time employees of IOC.
5. Reserves and resources comprise all mineralised material within the Middle Iron Formation of the Sokoman Formation, except limonitically altered material. No cut-off grade has been applied within the Middle Iron Formation, since all mineralised material is economically viable (i.e. above 20% weight yield). Current operating practice at IOC is to process all mineralised material from the Middle Iron Formation.
6. Mr. Blake is responsible for the development of the ore body models used to estimate the above reserves and resources. In this capacity, he has verified the data used to develop the reserve and resource estimates. Most of the assays and density determinations used in the reserve and resource estimates have been carried out by the IOC laboratory. QA/QC protocols have been in place since 2004. Assay standards are inserted after each 12th sample and duplicate assays are carried out on every 50th sample. A limited number of twinned holes have been compared to validate the assays from holes drilled before the commencement of the QA/QC program. Mr. Blake has reviewed the sampling protocol and validated the chain of custody of samples on an ad-hoc basis, although this is not part of the routine QA/QC process. Reconciliations of modelled ore tonnes and qualities against measured tonnes and qualities are carried out monthly, to validate the reserve models.
7. Reserves and resources quoted are for end 2014.

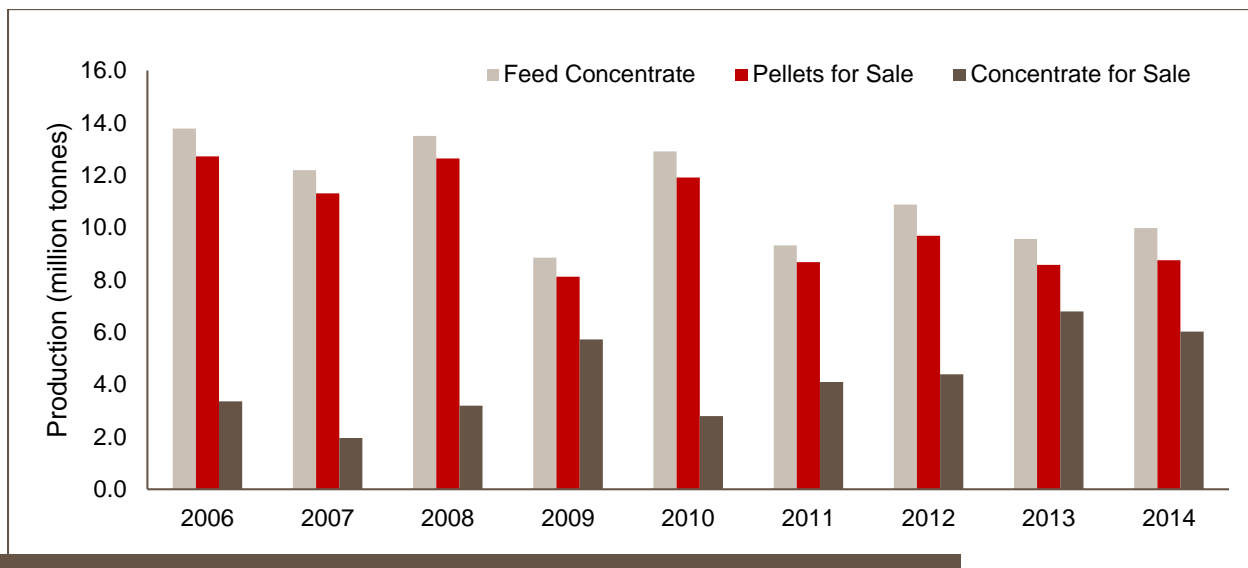


Figure 6: IOC Production of Feed Concentrate, sold as Pellets or Concentrate

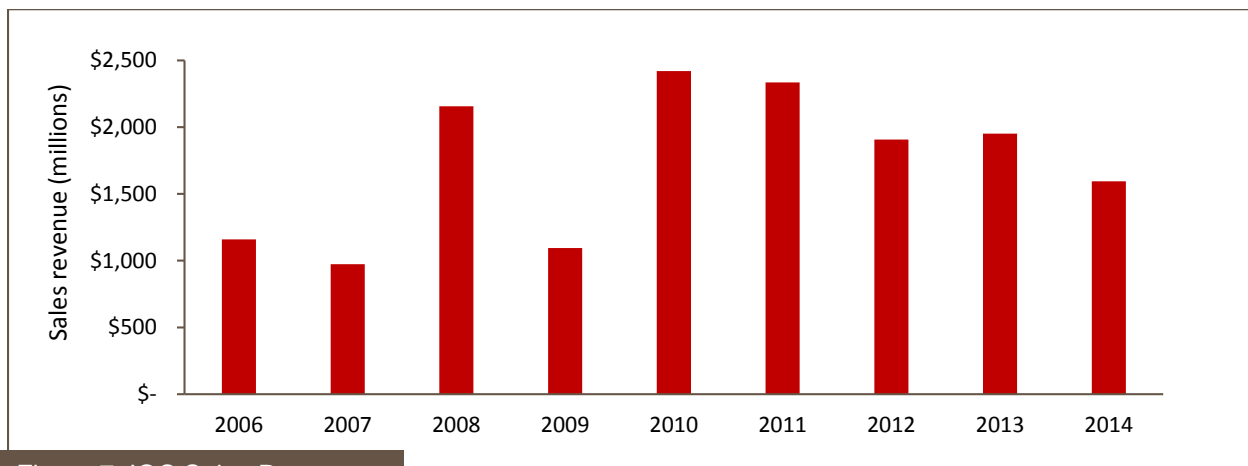


Figure 7: IOC Sales Revenues

Cost Savings and Operational Improvements

Following a business wide effort for the delivery of cost savings in 2013 and early 2014, IOC has now moved to a more focused approach that will put in place more beneficial and sustainable solutions.

In each of those streams, the aim is to gain efficiency and eliminate waste and thus deliver better results at lower costs.

Performance Driven Improvement (PDI)

Across the business a number of Performance Driven Improvement (PDI) teams, comprised of employees from all levels and backgrounds, are working to develop solutions to some of our most pressing challenges.

These teams work together for 90 days or less to research an issue and develop solutions to drive the necessary step-changes that will deliver significant results in a short period of time.

Within Mining Operations our most significant challenge was the issue of oversize material or, simply put, boulders in the pit, which can have an impact on our entire production process. A Blasting Optimization PDI team was brought together to focus on developing operational best practices to manage and prevent oversize material. As a result of their findings and solutions, the Blasting Optimization team has implemented critical safety and productivity improvements that have enabled us to remove boulders, increase shovel productivity, increase mill throughput, and improve pit wall stability.

The blasting optimization PDI has yielded positive results across mining operations.

Other PDIs which are underway or have concluded in 2015 include:

- Frozen feeders – ore feed to the concentrator
- Pellet plant material handling system
- Optimization of Automatic Train Operation (ATO) delivery

Haul Truck Improvements

Haul truck hot starts

Prior to 2015, low idle hours on the haul truck fleet reached 1900 plus on a monthly basis. Each of the trucks idle time ranged from 13-18% of the total engine run time. The goal of this project was to lower that idle percent down to 5%. This target has been seen at other business units and this would significantly reduce maintenance costs and increase the calendar life of our fleet. By lowering the idle time we will be saving approximately 15,000 hours per year (saving of \$2M or 10% of overall fuel cost). Over a 5 year span this equates to the life of 1 truck (\$10M in maintenance costs).

- Improving haul truck availability to +80% has allowed the operation to park up 4 830E trucks

that would have been required at previous availability numbers.

- Reduction in overall fuel and overall hydro carbon consumption
- Each of the remaining trucks have been fitted with a hot start system (similar in concept to a block heater on your vehicle) which allows the trucks that are on stand-by to be plugged in to an electrical power source, thus reducing the need to idle the trucks to maintain reliability.

Auxiliary

The auxiliary fleet idles 100,000 hours per year. Due to the function of certain equipment the idle time makes up approximately 75% of the total calendar time. Significant savings in fuel and maintenance costs were identified which would also increase the calendar life of the equipment.

Auxiliary Equipment (dozers, loaders, etc) have also been fitted with Espar units which will allow the equipment to be shut down when not in use. The Espar unit acts similar to the hot start but does not require electrical plug in as units are typically left in the field. This upgrade will see a significant reduction in fuel burn on this equipment during the cold winter months.



Awards and Recognition

Mining Association of Canada (MAC) Towards Sustainable Mining (TSM) Awards for Community Engagement and Environmental Excellence

IOC was selected as a finalist along with 3 other organizations, for the 2014 TSM Awards for Community Engagement and Environmental Excellence. Our submission, which described our involvement in the Community Advisory Panel and the Regional Taskforce to build sustainable communities, was recognized for developing solutions in collaboration with key stakeholders to improve affordable housing, childcare, health and emergency services, community infrastructure and training opportunities within the region.

IOC was also recognized by the Mining Association of Canada for achieving the following in 2014:

- Level AA ranking in Safety and Health
- Level A ranking in Aboriginal and Community Outreach
- Achievement of Excellence in Crisis Management Planning

This year's Towards Sustainable Mining Scores can be found on page 24 of this report.



Performance Data

Table 5: Performance Data

		2008	2009	2010	2011	2012	2013	2014
Environmental Stewardship	Energy Use	5,457,000 MWh	4,694,000 MWh	4,884,000 MWh	4,394,000 MWh	4,795,000 MWh	4,654,865 MWh	4,419,514 MWh
	Greenhouse Gas Absolute Emissions (Scope 1 and 2)	1,173,000 tonnes CO ₂ e	1,018,000 tonnes CO ₂ e	1,201,000 tonnes CO ₂ e	1,028,000 tonnes CO ₂ e	1,141,000 tonnes CO ₂ e	1,046,289 tonnes CO ₂ e	986,730 tonnes CO ₂ e
	Emission Intensity * tonne/total saleable product							0.066 Tonnes
	Land rehabilitated	35.5 hectares	26 hectares	78.5 hectares	36 hectares	50.3 hectares	41 hectares	49.4 hectares
Social Wellbeing	All Injury Frequency Rate (per 200,000 hours worked)	1.25	1.06	0.88	0.91	0.75	0.62	0.66
	Lost time injuries	17	9	7	16	18	8	11
	Medical treatment cases	20	16	20	23	22	12	11
	New cases of occupational illness	12	36	16	9	0	0	0
	Number of employees exposed to an 8-hour noise dose above 85 dB(A)	272	322	347	573	510	391	483
	Community Advisory Panel or similar community meetings	6	4	Labrador West: 4 Sept-Îles: 3	Labrador West: 6 Sept-Îles: 0	Labrador West: 6 Sept-Îles: 0	Labrador West: 4 Sept-Îles: 0	Labrador West: 4 Sept-Îles: 0
Economic Prosperity	Number of employees	2,094	2,027	2,206	2,361	2,538	2,509	2,425
	Community Investments**	\$3.6M	\$3.2M	\$3.8M	\$5.7M	\$6.17M	\$7.6M	\$7.1M
	Municipal, provincial and federal taxes	\$115M	\$379M	\$448M	\$492M	\$280M	\$280M	\$154M
	Sales	\$2,156M	\$1,095M	\$2,421M	\$2,335M	\$1,907M	\$2,094M	\$1,596M
	Sales including QNS&L Railway	\$2,200M	\$1,144M	\$2,521M	\$2,483M	\$2,073M	\$2,307M	\$1,798M
	Salaries and benefits	\$237M	\$229M	\$258M	\$296M	\$345M	\$371M	\$364M

* 2014 Emission Intensity Target of 0.0578 t CO₂-e/ t product

** Includes grant-in-lieu of taxes to the Town of Labrador City

Towards Sustainable Mining

Towards Sustainable Mining (TSM) is a program developed by the Mining Association of Canada (MAC) to improve the industry's social and environmental performance. As a member of MAC, IOC adheres to its

guiding principles and is committed to the implementation of extensive management processes in the MAC TSM performance areas.

Table 6: TSM Performance Indicators

	IOC Labrador West					IOC Sept-Îles				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
	☑	✓	✓	☑	✓	☑	✓	✓	☑	✓
Energy & Greenhouse Gas Emissions Management										
Energy use management system	AA	AA	AA	AAA	AA	AA	AA	AA	AAA	AA
Energy use reporting system	AAA	AAA	AA	A	AA	AAA	AAA	AA	A	AA
Energy intensity performance targets	AAA	AAA	A	B	B	AAA	AAA	A	B	B
GHG use management system	AA	AA	AA	AAA	AA	AA	AA	AA	AAA	AA
GHG emissions reporting system	AAA	AAA	AA	A	AA	AAA	AAA	AA	A	AA
GHG intensity performance targets	AAA	AAA	A	B	B	AAA	AAA	A	B	B
Tailings Management										
Tailings management policy and commitment	B	AAA	AA	AAA	AAA	N/A	N/A	N/A	N/A	N/A
Tailings management system	B	A	AA	AAA	AAA	N/A	N/A	N/A	N/A	N/A
Assigned accountability and responsibility	A	AAA	AA	AAA	AAA	N/A	N/A	N/A	N/A	N/A
Annual tailings management review	B	AAA	AA	C	AAA	N/A	N/A	N/A	N/A	N/A
Operation, maintenance and surveillance manual	B	AAA	AA	A	AAA	N/A	N/A	N/A	N/A	N/A
Aboriginal Relations and Community Outreach										
Community of interest (COI) identification	AAA	AAA	AAA	AAA	AAA	AA	B	AA	A	A
Effective COI engagement and dialogue	AAA	AAA	AAA	A	AAA	AA	AAA	AA	B	B
COI response mechanism	AA	AAA	AAA	A	AAA	AA	AAA	AAA	A	A
Reporting	AA	AAA	AA	AA	AAA	AA	AAA	AA	AA	AA
Safety & Health										
Policy, Commitment & Accountability		AAA	A	AAA	AAA		AAA	A	AAA	AAA
Planning, Implementation & Operation		AAA	AAA	AAA	AAA		AAA	AAA	AAA	AAA
Training, Behavior & Culture		AAA	AAA	AAA	AAA		AAA	AAA	AAA	AAA
Monitoring & Reporting		AAA	AAA	AAA	AAA		AAA	AAA	AAA	AAA
Performance		AA	AA	AA	AA		AAA	AA	AA	AA
Biodiversity										
Corporate Biodiversity Conservation Policy, Accountability & Communications		C	B	B	B		C	B	B	B
Facility-Level Biodiversity Conservation Planning & Implementation		C	C	C	C		C	C	C	C
Biodiversity Conservation Reporting		C	C	C	C		C	C	C	C

- ✓ Self-assessed
- ☑ Externally verified
- AAA Excellence and leadership.
- AA Integration into management decisions and business functions.

- A Systems/processes are developed and implemented.
- B Procedures exist but are not fully consistent or documented; systems/processes planned and being developed.

- C No systems in place; activities tend to be reactive; procedures may exist but they are not integrated into policies and management systems.

Table 7: Crisis Management

	Labrador City				Sept-Îles				Montreal			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
	✓	✓	☑	✓	✓	✓	☑	✓	✓	✓	☑	✓
Preparedness	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Review	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Training	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

- ✓ Self-assessed
- ☑ Externally verified

Tell Us What You Think

We are committed to operating our business in a sustainable way to secure our future, and the future of the communities where we work and live.

Feedback from stakeholders is a key part of improving our social, environmental and economic performance as well as our sustainable development reporting.

Please feel free to email us at IOCFeedback@ironore.ca to let us know how you think we're doing in this regard, and help us identify areas where we can improve.

