

Sustainable development report 2015

Iron Ore Company (IOC)



We are focused on becoming a stronger and more resilient IOC

A word from our President and CEO

In 2015, IOC began a journey to transform the business into a safer and more highly productive operation that can survive the down cycles. Based on most measures we look at, 2015 was a remarkable success and was clearly accomplished by a strong focus internally on a few simple things to improve results from the operations: Employee Engagement, Personal Accountability and Asset Management.

We also focused significant resources on improving risk management in our business. The future for safe production now looks much better. Robust systems are applied more consistently and individual responsibility taken more seriously. As we continue on our journey to zero harm we must maintain a razor sharp focus on eliminating fatalities and reducing risk. At the end of the day, going home at the end of shift to our loved ones, it's the only thing that really matters. In late 2015, Critical Risk Management (CRM), was introduced to leaders across the business clearly focusing on fatality prevention.

While 2015 was challenging, we strengthened our relationships with key stakeholders and suppliers. Through the Regional Taskforce, Community Advisory Panel and Project RESET sessions, we shared information about our business context and looked for ways to work together to maintain our viability for ourselves and for our communities. In addition, we continue to strengthen partnerships with Indigenous Peoples in communities where we

operate. In 2015 IOC also launched an Inclusion and Diversity (I&D) Committee which is aligned with Rio Tinto's global Inclusion and Diversity Council.

As the challenge remains daunting in 2016, we must sharpen our focus even more on our sustainability to remain competitive in the global market. In 2015, we received government approval to move forward with the Wabush 3 Project, an additional open pit located southeast of the existing Luce Pit which will expand IOC's iron ore resources to feed existing production. In 2015, we also announced that we will be launching the concept of both an Operations Centre and an Excellence Centre at IOC. Once fully implemented, the Operations Centre will allow stronger supervisory oversight on performance and quality, coordinated decision making, better planning and improved efficiency with regards to maintenance scheduling, improved productivity, and automation. The Excellence Centre will increase the R&D work done at IOC to increase our competitive advantage in the global marketplace.

By remaining focused on strengthening our business internally, strengthening our partnerships externally within our communities, as well as leveraging the use of technology and innovation within our business, we will continue to find more opportunities to become a stronger, stable, and more resilient IOC that can remain competitive and sustainable well into the future.

Kelly Sanders
President and Chief Executive Officer

Highlights of 2015

Safety

- AIFR for 2015 was up from 2014, however the last 3 months of the year showed significant improvement.
- Critical Risk Management – This program is designed to eliminate fatalities. A team comprised of two representatives from each business sector was led by an H&S professional to facilitate the program.
- Execution of the “Critical Learnings” process for lessons learned from fatalities. This process is designed to improve the quality of actions by involving workers in developing the solutions.
- Implementation of the Rock Wall Inspection program on the QNS&L Railway.
- Initiation of the D3 Program (Slopes and Stockpile Management) which derived from the Rock Wall Inspection Program on the QNS&L Railway.
- Completion of several successful emergency response exercises. The primary focus of these exercises were the Port Facility in Sept-Îles as well as practicing removal of injured persons from difficult to access locations in the plants.
- The Safety Risk Register in Sept-Îles underwent a complete review.
- Three external audits conducted during 2015: HSEQMS/Rio Tinto Standards, HSEC Review and CRA. Several areas which highlighted for improvement have action plans in place.

Environment

- *A New Open Pit Mine* – Wabush 3 was released from further Environmental Assessment. Wabush 3 will be a conventional open pit mine with associated components and activities that are designed to support flexible ore feed to IOC’s existing production facilities.
- *Fish Offset Pilot Project* will help establish improvements to areas in Labrador West that was severely impacted by a major forest fire in 2013, focusing on fish productivity and reconstruction of stream habitat. The fish offset project stems from loss of waterbodies associated with Wabush 3 and Luce Lake Projects.
- In prolongation of IOC’s revegetation campaign, 10.13 hectares of new vegetation were completed, paired with 5 hectares of roadway dust suppression by spreading of organic matter.
- 3.75 hectares of waste material, overburden material or “as is” bench faces were hydro-seeded in the Mine area, as well as 1

hectare for ground leveling and grass seeding for Wabush 3 Operations.

- Improvements achieved to Mine Effluent Management which resulted in zero significant incidents for 2015.
- IOC completed phase I commissioning of a Bionest Sewage treatment plant for onsite septic management which is specifically designed for a remote, northern climate. In addition, commissioning of 3 new sewage treatment systems of remote lunchroom facilities were also completed.
- Luce Effluent Treatment Facility was test-commissioned in December 2015. This system is designed to reduce total suspended solids in mining effluent, add flocculent polymers, and treat unionized ammonia by adjusting pH levels.
- *Diversion and dewatering of Luce Lake North* – IOC has submitted a registration document under the provincial Environmental Assessment (EA) process to remove portion of the lake to alleviate significant challenges associated to mining the pit for more efficient mining operations.
- Consistent with IOC’s federally governed Tailings Lease Line monitoring plan, a comprehensive full lake sediment survey was conducted which included delta and lake bed sediment sampling, paired with a wide-ranging bathymetric survey and LiDAR on the entire Big Wabush Lake area and tailings beach.
- IOC has continued to be active within a committee named Table de concertation sur la qualité de l’air in Sept-Îles. This 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 residents of Sept-Îles.
- Public hearings were held by the Bureau de Audiences Publiques (BAPE) to discuss IOC’s 10 year dredging program for its Sept-Îles port facilities. Additional studies will be conducted in 2016.
- There were no dredging activities at IOC port facilities in 2015.



Revegetation Campaign: Emergence of seedlings, seeded only 15 days earlier.

Community

IOC actively supports a wide range of activities that benefit the communities in which we operate, such as health, social and cultural initiatives.

- We made the difficult decision to temporarily suspend community investments in 2015, but continued to find ways to support community groups whenever possible.
- We continued to ensure there was IOC representation on community boards (Housing & Homeless Coalition, Habitat for Humanity, Chamber of Commerce, Sept-Iles regional hospital foundation, Sept-Iles professional training center, and Sept Iles air quality committee).
- We organized a food drive for the local food bank, collected holiday pyjamas for underprivileged children, provided in-kind donations as a result of repurposing some of our materials, and supported a regional book fair event in Sept Iles.
- An opportunity also arose to make a significant donation to a community organization, through the dissolution of an employee fund, and employees voted to allocate these funds to the Grenfell Foundation and the Labrador West Ministerial Association.
- The Regional Taskforce (RTF) supported the alignment of industry with multi-level government stakeholders to share information about the rapidly changing economic situation in the Labrador West region.
- The Community Advisory Panel (CAP) in Labrador West met quarterly and used the meetings as an opportunity to share information that would help organizations and businesses support the community throughout the economic downturn.
- We continue to build and strengthen our relationship with indigenous groups where we operate through ongoing engagement and consultation.
- IOC supported the grand opening of the Aboriginal Service Centre in Labrador West as well as attended the National Aboriginal Awareness Day Celebrations.
- Proudly supporting education as a key way to build leadership capabilities of Indigenous youth, IOC promoted the Rio Tinto Award for Indigenous Students through Indspire.
- IOC partnered with Diavik Diamond Mine (DDMI) to host an Aboriginal Business Exchange. Sessions were held in Happy-Valley Goose Bay and Labrador City.
- IOC established an Inclusion and Diversity

Committee in 2015. Embedding inclusion and diversity into our daily business practices, IOC's I&D Committee's mandate is to ensure an inclusive, diverse and respectful workplace by: Creating a diverse and inclusive culture at IOC; Maximizing the representation of identified underrepresented groups; and Defining, proposing and implementing a comprehensive I&D action plan

We would like to take this opportunity to thank our valued stakeholders for supporting us in such a challenging year for the business.

Health and Hygiene

- Periodic medical surveillance program improved significantly in 2015, with a total of over 1500 medicals conducted throughout the year. This program is designed to support employees to maintain their health and wellness as well as identify and address any fitness for work concerns.
- Wellness program in 2015 focused on topics such as Mental Health and Wellbeing, Fatigue Management and Musculoskeletal Injury Prevention. Blood pressure clinics and influenza vaccinations were also offered to employees to assist with maintaining and improving their health.
- Occupational hygiene exposure monitoring program based on risk including exposures such as silica, noise and gases/fumes continued throughout 2015.
- Hygiene critical control monitoring plans for noise, silica and sulfur dioxide were developed and implemented in 2015 pertaining to areas of concern.

Economic

During 2015 we contributed C\$45 million in total payments to the government, mainly through municipal and payroll taxes.

Also contributed approximately \$35,000.00 through our community investment program which honoured multi-year agreements that were in place prior to the suspension of community investments for 2015 as well as in kind donations.

The economic breakdown for 2015 is:

- Wages and salaries (including benefits) C\$347m.
- Ore revenue C\$1,387mm.
- Total revenue C\$1,499m

Performance Data

Table 1: Performance Data

	2009	2010	2011	2012	2013	2014	2015	
Environmental Stewardship	Energy Use MWh	4,694,000	4,884,000	4,394,000	4,795,000	4,654,865	4,419,514	4,517,959
	Greenhouse Gas Absolute Emissions (Scope 1 and 2) tonnes CO ₂ e	1,018,000	1,201,000	1,028,000	1,141,000	1,046,289	986,730	1,113,358
	Emission Intensity * Tonne CO ₂ e / tonne total saleable product	-	-	-	-	-	0.066	0.0613
	Land rehabilitated ha	26	78.5	36	50.3	41	49.4	14.88
Social Wellbeing	All Injury Frequency Rate (per 200,000 hours worked)	1.06	0.88	0.91	0.75	0.62	0.66	0.74
	Lost time injuries	9	7	16	18	8	11	10
	Medical treatment cases	16	20	23	22	12	11	13
	New cases of occupational illness***	36	16	9	0	0	0	2
	Number of employees exposed to an 8-hour noise dose above 85 dB(A)	322	347	573	510	391	483	452
	Community Advisory Panel or similar community meetings	Labrador West: 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	Labrador West: 4 Sept-Îles: 0
Economic Prosperity	Number of employees	2,027	2,206	2,361	2,538	2,509	2,425	2,258
	Community Investments**	\$3.2M	\$3.8M	\$5.7M	\$6.17M	\$7.6M	\$7.1M	\$8.0M
	Municipal, provincial and federal taxes	\$379M	\$448M	\$492M	\$280M	\$280M	\$154M	\$45M
	Sales	\$1,095M	\$2,421M	\$2,335M	\$1,907M	\$2,094M	\$1,596M	\$1,387M
	Sales including QNS&L Railway	\$1,144M	\$2,521M	\$2,483M	\$2,073M	\$2,307M	\$1,798M	\$1,543M
	Salaries and benefits	\$229M	\$258M	\$296M	\$345M	\$371M	\$364M	\$349M

* 2014 Emission Intensity Target of 0.0578 t CO₂-e/ t produ ** Includes grant-in-lieu of taxes to the Town of Labrador City, honoured multi-year community investment agreements, and employee support fund contribution *** Updated reporting definitions for Occupational Illness to include noise induced hearing loss, musculoskeletal and repetitive strain illness among other health conditions.

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 2: TSM Performance Indicators

	IOC Labrador West					IOC Sept-Îles				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
	✓	✓	☐☑	✓	✓	✓	✓	☐☑	✓	✓
Energy & Greenhouse Gas Emissions Management										
Energy use management system	AA	AA	AAA	AA	AA	AA	AA	AAA	AA	AA
Energy use reporting system	AAA	AA	A	AA	AA	AAA	AA	A	AA	AA
Energy intensity performance targets	AAA	A	B	B	B	AAA	A	B	B	B
GHG use management system	AA	AA	AAA	AA	AA	AA	AA	AAA	AA	AA
GHG emissions reporting system	AAA	AA	A	AA	AA	AAA	AA	A	AA	AA
GHG intensity performance targets	AAA	A	B	B	B	AAA	A	B	B	B
Tailings Management										
Tailings management policy and commitment	AAA	AA	AAA	AAA	AAA	N/A	N/A	N/A	N/A	N/A
Tailings management system	A	AA	AAA	AAA	AAA	N/A	N/A	N/A	N/A	N/A
Assigned accountability and responsibility	AAA	AA	AAA	AAA	AAA	N/A	N/A	N/A	N/A	N/A
Annual tailings management review	AAA	AA	C	AAA	AAA	N/A	N/A	N/A	N/A	N/A
Operation, maintenance and surveillance manual	AAA	AA	A	AAA	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	B	AA	A	A	AA
Effective COI engagement and dialogue	AAA	AAA	A	AAA	AAA	AAA	AA	B	B	AA
COI response mechanism	AAA	AAA	A	AAA	AAA	AAA	AAA	A	A	AAA
Reporting	AAA	AA	AA	AAA	AAA	AAA	AA	AA	AA	AAA
Safety & Health										
Policy, Commitment & Accountability	AAA	A	AAA	AAA	AAA	AAA	A	AAA	AAA	AAA
Planning, Implementation & Operation	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Training, Behavior & Culture	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Monitoring & Reporting	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Performance	AA	AA	AA	AA	AA	AAA	AA	AA	AA	AA
Biodiversity										
Corporate Biodiversity Conservation Policy, Accountability & Communications	C	B	B	B	C	C	B	B	B	C
Facility-Level Biodiversity Conservation Planning & Implementation	C	C	C	C	C	C	C	C	C	C
Biodiversity Conservation Reporting	C	C	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 3: Crisis Management

	Labrador City				Sept-Îles				Montreal			
	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015
	✓	✓	☐ <input checked="" type="checkbox"/>	✓	✓	✓	☐ <input checked="" type="checkbox"/>	✓	✓	✓	☐ <input checked="" type="checkbox"/>	✓
Preparedness	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Review	Yes	Yes	Yes	Yes	Yes	Yes	Yes	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.