

Lynas Rare Earths

**Scope 1 and 2 GHG emissions
calculation methodology
FY2025**



In this document

About this document.....	3
Changes from Prior Year	3
Organisational boundary	3
Energy consumption.....	4
Scope 1 emissions – Operated assets.....	4
Scope 2 emissions – Operated assets.....	5
Operational GHG emissions.....	5

About this document

This document describes the calculation boundaries, methodologies, assumptions, and key references used in the preparation of Lynas Rare Earths (Lynas') inventory of Scope 1 and 2 Greenhouse Gas (GHG) emissions for FY25, as published in the Lynas Rare Earths FY25 Annual Report available online at lynasrareearths.com.

Scope 1 and Scope 2 GHG emissions for Lynas Rare Earths are calculated in accordance with the Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard, with additional guidance from GHG Protocol: Scope 2 Guidance, and Guidance for Accounting and Reporting Corporate GHG Emissions in the Chemical Sector Value Chain. GHG emissions guidance from other sources has been reviewed, including the Australian National Greenhouse Accounts Factors for individuals and organisations estimating greenhouse gas emissions (August 2023).

This document, and our GHG emissions reporting, is aligned with the requirements of Global Reporting Initiative (GRI) standard GRI 305 and the incoming Australian Sustainability Reporting Standard: Climate-related Disclosures (AASB S2) requirement that organisations disclose *absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO2 equivalent* (Scope 1, Scope 2).

Changes from Prior Year

GHG emissions reporting area	Details of change
Methodology first published in FY25	Not applicable

Organisational boundary

Greenhouse Gas Protocol emissions Scopes

The GHG Protocol Corporate Accounting and Reporting Standard classifies corporate GHG emissions into three 'Scopes'.

Scope 1 emissions are direct GHG emissions from operations that are owned or controlled by the reporting company (e.g., emissions from diesel generators and vehicles at Lynas' mine site).

Scope 2 emissions are indirect emissions from the generation of purchased energy consumed by a company (e.g., emissions from electricity Lynas buys from the electrical grid for use at our operating sites).

Scope 3 emissions are all other indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company (e.g., for Lynas, emissions from our suppliers producing the raw materials we buy and use in our processes).

Lynas has developed Scope 1 and Scope 2 emissions totals based on the following organisational consolidation approaches to boundaries, consistent with the GHG Protocol Corporate Accounting and Reporting Standard definitions:

Operational control approach: We account for 100 percent of Scope 1 and 2 emissions from operations over which Lynas or one of its subsidiaries has operational control.

Financial control approach: We account for 100 per cent of Scope 1 and 2 emissions for operations accounted for as subsidiaries, based on the accounting treatment in Lynas' consolidated financial statements (unless already covered by operational control approach).

Equity share approach: Lynas does not have an interest in any other company, therefore does not account for equity share of such Scope 1 and 2 emissions.

Energy consumption

Definition

Energy consumed in activities under Lynas' operational control.

Calculation boundary

Lynas account for energy consumed at operations over which Lynas has operational control. This includes all fuels and electricity consumed in the operation of vehicles and machinery, onsite heat, steam, or electricity generation activities, as a chemical or process reagent, or any other purpose. This aligns with the organisational boundary used to report operational GHG emissions, as defined in the 'Organisational boundary' section of this document.

Calculation methodology

Lynas' operated assets record energy consumption quantities by fuel type (e.g., diesel, natural gas), using sources such as supplier invoices, metering, and other industry standard practices. All fuel quantities are converted to CO₂-e using emissions factors from appropriate sources.

Lynas' Western Australian facilities report under the Australian National Greenhouse and Energy Reporting (NGER) scheme.

Scope 1 emissions – Operated assets

Definition

Direct GHG emissions from activities under Lynas' operational control.

Calculation boundary

Lynas accounts for GHG emissions arising from our activities under two organisational boundaries – operational control and financial control, as described in the Organisational boundary section of this document.

Lynas' operated assets included in each of these organisational boundaries account for all relevant GHG emissions listed under the Greenhouse Gas Protocol published by the World Resources Institute and the World Business Council for Sustainable Development. All GHGs are expressed in CO₂ equivalent (CO₂-e) quantities.

Scope 1 emissions are calculated for all relevant sources including combustion of fossil fuels for energy.

Calculation methodology

Lynas' operated assets calculate Scope 1 emissions by source, using the following methodologies and emission factors:

- GHG emissions from combustion of fossil fuels for energy: Calculated by multiplying the quantity of fuel consumed by the applicable emission factor for the fuel (e.g., kg CO₂-e/litre diesel), sourced from appropriate references.
- Direct GHG emissions from production activities: Calculated by multiplying the quantity of raw materials processed by the applicable stoichiometric emissions of CO₂ from production of rare earth products (e.g., kg CO₂-e/kg of rare earth oxide).

Scope 2 emissions – Operated assets

Definition

Indirect GHG emissions from the offsite generation of purchased energy consumed in activities under Lynas's operational control (tCO₂-e).

Calculation boundary

We account for GHG emissions arising from our activities under two organisational boundaries – operational control and financial control, as described in the Organisational boundary section of this document.

For Lynas' operated assets included in these organisational boundaries, we calculate Scope 2 emissions from all electricity supplied.

Calculation methodology

Scope 2 emission factors are expressed as the quantity of GHGs released per unit of electricity generated (e.g., tonnes CO₂-e /megawatt-hour (MWh)) based on the mix of fuels used in the generation process. Scope 2 emissions are calculated by multiplying applicable Scope 2 grid emission factors by the units of electricity used.

Two reporting methods are used for these calculations as recommended by the GHG Protocol Scope 2 Guidance – the market-based method and the location-based method. Definitions of location and market-based reporting used in Lynas' accounting are consistent with the GHG Protocol terminology as follows:

- Location-based reporting: Based on average energy generation emission factors for defined geographic locations, including local, subnational, or national boundaries. Emission factors represent average emissions from energy generation occurring within a defined geographic area and a defined time period.
- Market-based reporting: Based on GHG emissions emitted by the generators from which the reporter contractually purchases electricity bundled with contractual instruments, or contractual instruments on their own. Emission factors are derived from the GHG emission rate represented in the contractual instruments that meet Scope 2 Quality Criteria.

Market based reporting will be used where there is a sole energy provider in a region, due to the wide variation in utility service areas and structures. Location based emissions factors will be used where supplier specific factors are not available. The location-based method is based on statistical emissions information and electricity output aggregated and averaged within a defined geographic boundary and during a defined time period.

Under the market-based method, the GHG emission factor used is associated with the qualifying contractual instruments (including direct contracts, certificates, or supplier-specific information).

Scope 2 emissions totals are reported using both the market-based method (default calculation approach unless otherwise stated) and the location-based method, as recommended by the *GHG Protocol Scope 2 Guidance*. Definitions of location and market-based reporting used in Lynas's accounting are consistent with the GHG Protocol:

Operating Sites	Location	Local regulations
Mount Weld mine & concentrator	Western Australia	National Greenhouse and Energy Reporting Scheme (NGER)
Kalgoorlie Processing Facility	Western Australia	National Greenhouse and Energy Reporting Scheme (NGER)
Lynas Malaysia advanced materials plant	Malaysia	Energy Commission (ST)

Operational GHG emissions

Carbon offsets

Lynas prioritises direct GHG emission intensity reduction initiatives and did not use carbon offsets in FY25.

Lynas acknowledges that in the future, there may be a role for high-quality carbon offsets for 'hard to abate' GHG emissions i.e. those for which technological solutions are not yet available, or where access to renewable energy is constrained.

GHG Data Management

During FY25, Lynas implemented a new company-wide GHG data management system to enhance data consistency and verification processes.