



## SUSTAINABILITY SUMMARY 2014



Driven by our Values of *Zero Harm for Everyone, Everywhere* and *Care for the Community and our Environment*, IPL's first Sustainability Strategy was formally adopted in September 2010 and a three-year agenda underpinned by five keystone action projects was put in place. During 2013/14 a formal review of our sustainability performance to date was undertaken. This included two independent benchmarking reviews: one investor focused (Dow Jones) and one customer focused (EcoVadis).

As a result of this review the existing strategy, driven by our agenda of *Use Less, Get Close, Be Responsible* was reaffirmed as the right one for our Company. It was also determined that IPL should seek to influence beyond our direct operations to encourage our suppliers to align with our corporate values.

Our updated strategy includes two new sustainability projects commenced in 2014: a review of internal policies against the United Nations Declaration of Human Rights and the continued sustainable development of our supply chain to better engage with current and future suppliers.

*Read about what we have been working on and our plans for the future across the five areas that contribute to our environment, social and economic performance: workplace health & safety, environmental impacts and resource efficiency, community impact & engagement, labour practices and our products & services.*



**Our Company Vision and seven Values guide our approach to sustainability.**

## VISION STATEMENT

*To be the best in our markets, delivering Zero Harm and outstanding business performance through our people, our culture and our customer focus.*

## VALUES



## Underpinning all of our objectives is BEx



Business Excellence (BEx) is Incitec Pivot's Business System through which a culture of continuous improvement is being built. BEx is strongly aligned to our Corporate Values and Vision and has lean thinking at its core. Through BEx there is continuous review, measurement of business performance and improvement of the processes and systems that support sustainable practices.

## Benchmarking our performance

As part of our commitment to transparent reporting, Incitec Pivot's sustainability performance is assessed against leading indexes. This gives us the opportunity to benchmark our performance against other organisations in our sectors, provides insight into areas for improvement, and provides shareholders, investors and other stakeholders with an objective measure of our environmental, social and governance (ESG) risk management and business practice.

IPL has been included in the Dow Jones Sustainability Indices (DJSI) for the past five years, where we are benchmarked against peers in the global 'Chemicals' sector.

In 2014, the FTSE Group confirmed that Incitec Pivot has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Companies in the FTSE4Good Index Series have met stringent environmental, social and governance criteria, and are positioned to capitalise on the benefits of responsible business practice.

We also report against CDP, CDWP and other leading sustainability indexes. Our reports can be downloaded from [www.incitecpivot.com.au](http://www.incitecpivot.com.au).

Dimension	2010	2011	2012	2013	2014
Economic	61	61	59	70	65
Environmental	51	50	51	59	60
Social	37	45	63	68	67
<b>Total for IPL</b>	<b>49</b>	<b>51</b>	<b>58</b>	<b>66</b>	<b>64</b>
Chemicals sector average	55	57	55	52	55

MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM



## Workplace Health and Safety

**20%**

reduction in TRIFR from last year

**185%**

increase in 'near miss' reporting with 100% of 'high potentials' investigated and learnings communicated



### Why is this an area of focus?

At IPL, we prioritise our "Zero Harm for Everyone, Everywhere" company value above all others. In 2012 IPL adopted a five year Global HSE Strategy to achieve world class safety performance and an all worker TRIFR of < 1 by 2016.

### Our performance

- Achievement of a TRIFR of 0.97
- Release of updated HSE strategy & standards
- Executive Team 'Zero Harm' goals and management reviews of high potential incidents
- Implementation of a risk based approach to internal corporate audit protocol and global approach to incident investigation
- Continued roll out of 'Safety Partners' training

### What's next?

- Continued TRIFR improvement through behavioural safety training and identification of root causes of incidents/near misses
- Business wide communication of learnings from incident and near miss analysis
- Effective change management processes embedded into key HSE initiatives
- Integration of 'Safety Partner' behavioural principles into key HSE systems/tools

## Products & Services

**100%**

increase in sales of our new Green NV enhanced efficiency fertiliser



The Dyno Nobel business worked closely with the Institute of Makers of Explosives (IME) on Safety and Security Guidelines for Ammonium Nitrate, promoting best industry practices to minimise security and safety risk

### Why is this an area of focus?

We aim to assess and, where feasible, improve the environmental and social impacts of all products across their life cycle and work with customers to encourage product use which achieves the best sustainability outcomes.

### Our performance

- Launch of the TITAN 9000 high performance explosives emulsion range, which is specially formulated to reduce blast fumes
- Commercialisation of the use of waste oil in emulsion explosives manufacture extended beyond Indonesia to some Australian customers
- Research continued into the replacement of bulk fillers in explosives with more sustainable alternatives
- Fertiliser R&D programs increased their focus on joint development and extension with customers. New Projects: 'Dairy Nitrogen for Greater Profit Project' & 'Mitigation of Nitrous Oxide Emissions in the Vegetable Industry'
- Transitioning to the GHS system of classification and labeling to improve communication and safety



# Sustainability Scorecard

The table below shows our performance across a range of economic, social and environmental indicators for the financial years 2011/12, 2012/13 and 2013/14.

Indicator	Unit of measure	2011/12	2012/13	2013/14
<b>Environment</b>				
<b>Emissions</b>				
Direct GHG emissions (Scope 1)	Million tonnes CO <sub>2</sub> e	2.0	2.4	2.2
Indirect GHG emissions (Scope 2)	tonnes CO <sub>2</sub> e	0.4	0.4	0.4
Total GHG emissions <sup>1</sup>		2.4	2.8	2.6
Proportion of energy derived from fossil fuels <sup>2</sup>	%	95%	95%	95%
<b>Energy</b>				
Global direct energy consumption	GJ	36,159,511	42,796,114	41,248,949
<b>Water</b>				
Global water use	GL	43.4	43.2	43.4
Australian water use	GL	11.9	10.7	10.5
Global water discharge	GL	30.4	32.7	32.5
<b>Waste</b>				
Global solid waste	kt	8.3	8.7	13.5
Australian solid waste	kt	3.7	3.7	4.4 <sup>3</sup>
Global solid chemical waste	kt	2305.3	1,877.7	1,470.4
Australian solid chemical waste	kt	2305.0	1,877.2	1470.2
Global liquid waste	GL	19.6	18.6	23.5
Australian liquid waste	GL	15.0	12.5	12.9
<b>Environmental compliance</b>				
Environmental licence non-compliance incidents (category 2+) <sup>4</sup>		13	16	16
Loss of containment (category 2+) <sup>4</sup>		72	142 <sup>4</sup>	239
<b>Safety</b>				
Total Recordable Injury Frequency Rate		1.45	1.20 <sup>5</sup>	0.97
Fatalities		0	2	0

<sup>1</sup> Scope 1 + 2. <sup>2</sup> Excluding natural gas used as production raw material. <sup>3</sup> Includes 1.2kt of construction waste sent to onsite landfill at our remote Phosphate Hill site in Queensland, Australia.

<sup>4</sup> Categories were redefined in 2012/13. <sup>5</sup> Restated due to finalisation of incident classifications. <sup>6</sup> J Fazzino, Managing Director & CEO is classified as a Board member.

Indicator	Unit of measure	2011/12	2012/13	2013/14
<b>People</b>				
<b>Total workforce (excluding contractors)</b>				
Americas		5,162	5,247	4,977
Asia Pacific		2,786	2,684	2,584
Europe		2,121	2,293	2,124
Global		255	270	257
<b>Gender – Diversity (% of women)</b>				
Board <sup>6</sup>		14.3%	14.3%	25%
Executive		12.5%	12.5%	14.3%
Management		11.8%	13.3%	13.8%
Global		13.6%	15.0%	15.5%
<b>Direct Economic Value Generated and Distributed</b>				
<b>A. Direct economic value generated</b>				
Revenues	\$Mil	3,533.1	3,439.2	3,400.2
<b>B. Economic value distributed</b>				
Operating costs, including payments to suppliers, non-strategic investments and royalties		3539.1	3,461.5	3,570.0
Employee wages and benefits: total monetary outflows for employees (current payments, not future commitments)		2,694.6	2,490.7	2,670.9
Payments to providers of capital, including dividends and interest		523.4	578.5	583.2
Government taxes (TOTAL) (income tax, payroll tax, Australian goods and services, fringe benefits taxes and Australian fuel tax credits)		187.3	203.6	152.0
Voluntary community investments (including donations of cash, in-kind support and employee time)		133.8	188.1	163.6
<b>C. Economic value retained (A-B)</b>				
		0.4	0.6	0.3
		(6.0)	(22.3)	(169.8)

## People & Culture

13.8%

females in management roles

2%

indigenous employment across the Australian businesses



### Why is this an area of focus?

We aim to be a business where Company Values guide behaviours in the workplace and where employees have the flexibility, tools and freedom to learn what they need to execute business objectives within a multi-geography, multi-cultural organisation. Details on our Diversity Strategy can be found on our website.

### Our performance

- Global Talent and Succession Planning Framework in place
- Cultural Capability Program implemented across the Australian businesses with 80% of leadership and management participating
- Development of IPL Australian Indigenous Relations Policy
- Development of IPL Australian Reconciliation Action Plan
- Re-Launch of the Flexible Work Policy to include flexible leave options

### What's next?

- Sustainably embed new human resources policies and procedures
- Implement and communicate Human Capital metrics for focused improvements
- Enhance the IPL talent management process
- Deepen the Company's continuous improvement culture and capability

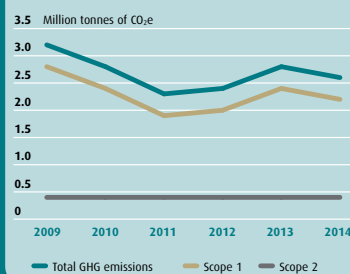
## Environment

43,000 megalitres of water was used

13,500 tonnes of solid waste

95%\* is the approximate proportion of energy we use that is derived from fossil fuels

### Total direct and indirect greenhouse gas emissions



\* excluding natural gas and diesel used as raw materials

### Why is this an area of focus?

We rely on resources such as natural gas and water and we have the potential to impact the environment through emissions of greenhouse gases, waste generation and contamination of soil and groundwater. We are committed to our Value of 'Care for the Community & our Environment' and we aim to minimise environmental impacts and leave no legacies.

### Our performance

- Decreased our Scope 1 & 2 GHG emissions slightly to 2.6 million tonnes with production remaining stable
- Reviewed and simplified our Global Environmental Standards
- Completed remediation works at three sites, including a \$20 million investment at Wallaroo, Australia, where an area of historical significance was officially handed over to the District of Copper Coast Council.

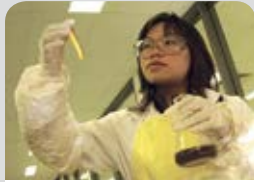
### What's next?

- Working with the Australian Federal Government on energy and carbon policy to ensure favourable outcomes for business and the environment
- Driving energy efficiencies, including finalising and implementing North American efficiency targets
- Continued roll out of BEX across all areas of the business, including areas which impact on the environment and resource efficiencies

# ABOUT OUR BUSINESS



Listed on the Australian Securities Exchange (ASX code: IPL) since 2003



Tenth nitrogen facility under construction



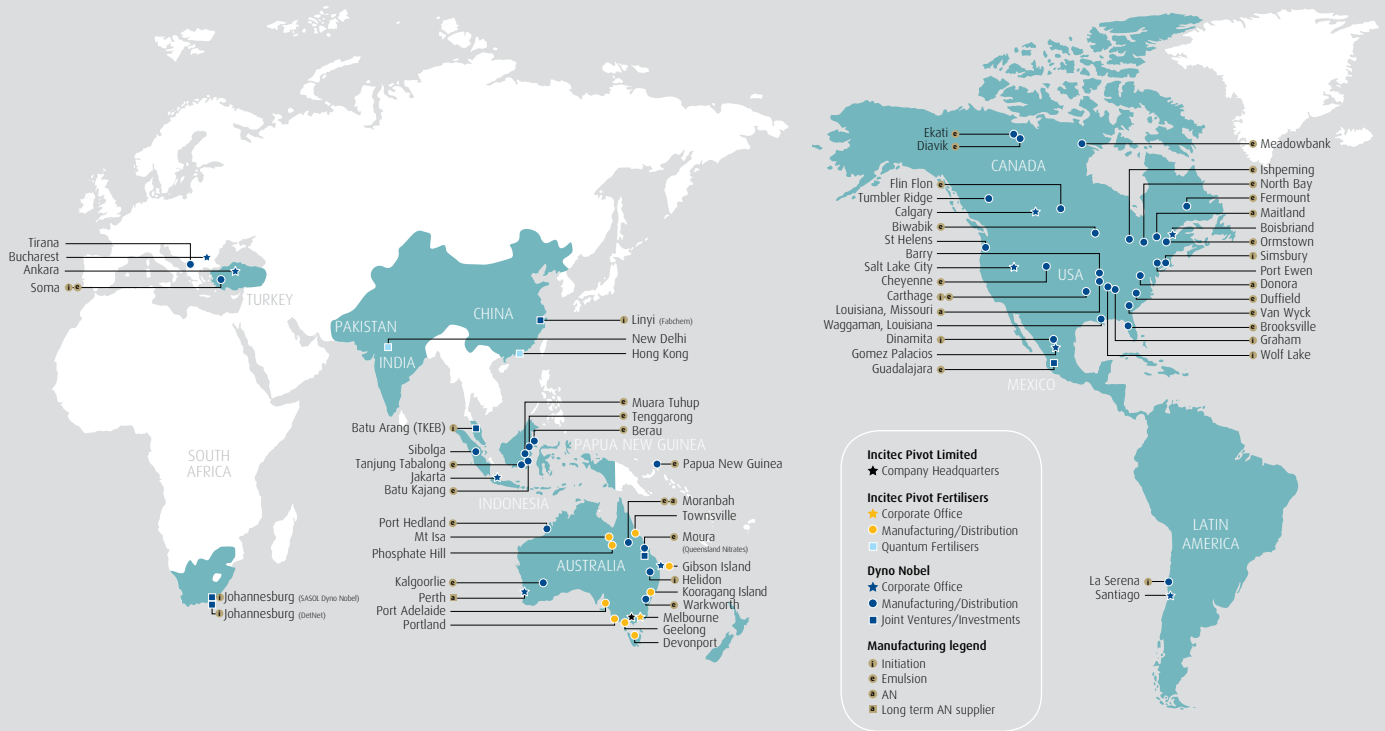
Annual sales revenue of 3,400.2 million for 2013/14 financial year



IPL owns and operates manufacturing plants in the US, Canada, Turkey, Australia, Mexico, Chile and Indonesia



Joint venture operations, including in South Africa, Malaysia and China



Incitec Pivot Limited (IPL) is a leading global company headquartered in Melbourne, Australia, which manufactures, markets and distributes a range of industrial explosives, fertilisers, related products and services to customers around the world. A leader in its chosen markets, the Company holds a portfolio of recognised and trusted brands and is the number one supplier of fertilisers in Australia and the number one supplier of industrial explosives, related products and services in North America.

IPL is a public company, trading on the Australian Securities Exchange. It operates two major businesses, Dyno Nobel and Incitec Pivot Fertilisers.

Dyno Nobel, with sites in the US, Canada, Turkey, Romania, Albania, Mexico, Chile, Indonesia and Australia supplies explosives, related products and services to mining, quarrying and construction customers around the world. The business includes Dyno Consult, a specialist team of drill and blast consultants and Dyno Nobel Transport, a full-service carrier, transporting explosives and hazardous materials throughout the United States and Canada.

Incitec Pivot Fertilisers manufactures and distributes a range of plant nutrients in Australia, and sources and distributes internationally through Southern Cross International and its Hong Kong-based joint venture Quantum Fertilisers.



4,977 employees at 30 September 2014



As at 30 September 2014, 13.8% females in management roles



Supply approximately 2 million tonnes of fertiliser per annum



Supply approximately 1.6 million tonnes of ammonium nitrate explosive per annum



Provide agronomic services in Australia, completing over 70,000 soil and plant tests each year