Sustainability Report 2015

Incitec Pivot defines Sustainability as 'the creation of long term economic value whilst caring for our people, our communities and our environment'. This commitment to Sustainability is driven by the Company's Values and is core to the way Incitec Pivot operates its business.

For six years Incitec Pivot has produced a stand-alone Sustainability Report, incrementally improving disclosure each year against the Global Reporting Initiative (GRI) Guidelines. This year is the second year that sustainability performance data has been included in the Annual Report, providing a full account of Incitec Pivot's annual economic, environmental, social and governance performance in one document.

This Online Interactive Report contains further information on those issues most material to the sustainability of Incitec Pivot in 2015, so that stakeholders can better understand our social, environmental and safety focus and performance. The Report covers the 12 month period from 1 October 2014 to 30 September 2015, the Company's financial year. Our last sustainability report was also an online report published in April 2015 for the 2014 financial year. It can be downloaded here.

This Report covers the performance of IPL and its wholly owned subsidiaries and the activities over which we have operational control for all or part of the financial year ended 30 September 2015. This period is referred to throughout the report as '2015'. Together, this online Report, the 2015 Sustainability Summary and the 2015 Annual Report provide the full account of IPL's performance for the period.

Prior year Sustainability Reports can be found in the Sustainability Section of our website at www.incitecpivot.com.au/sustainability. We recognise the need to report on issues most relevant to our business and our key stakeholders, and we welcome feedback on this Report and our sustainability progress. Please direct any questions or comments regarding this Report or its content to us via sustainability.feedback@incitecpivot. com.au.

This online interactive report has been prepared in accordance with the Global Reporting Initiative's (GRI) 'G4' Sustainability Reporting Guidelines (G4) which have been applied at a 'Core' level. See our GRI Index here.

A Message from the Managing Director & CEO

During 2015 we continued to create long term economic value while caring for our people, our communities and our environment, achieving double digit earnings growth amid challenging market conditions. We remain committed to operating in a manner which acknowledges and proactively manages those issues which are most material to the long term sustainability of our business, the environment and the communities in which we operate.

Safety remains our number one priority at IPL. The tragic fatality that occurred in May this year is a stark reminder of the vital importance of our relentless drive to Zero Harm. Immediately following the tragedy, a safety stand down was held across all our sites globally in order to focus every employee on identifying and understanding the fatal risks and controls in our workplace. Despite an overall reduction in safety incidents across the business, as evidenced by the Company's TRIFR to Sept 30 2015 decreasing from 0.97 to 0.67, we still have a long way to go. We have a strong belief that injuries and illnesses are preventable and we are committed to eliminating these avoidable outcomes.

During 2015, construction of the 800,000 tonne per annum ammonia plant remained on track and on budget for production in the third quarter of 2016, with sustainable development in mind. The safety target for the total project was to achieve a TRIFR of 1.05. Over three million man hours have been worked to date and the current TRIFR is 0.33. Locating the development on an existing brownfield site has avoided any land clearing and when operational, the Louisiana ammonia plant will apply the industry's leading technology and will be among the most energy efficient plants of its kind in the world. The plant will also use the best available Selective Catalyst Reduction technology to reduce emissions of nitrogen oxides by up to 98% and will source its cooling water sustainably from the plentiful supply of the Mississippi River.

Diversity remained a focus during 2015 and our key achievements were:
• maintaining a 2% Indigenous Employment target across our Australian businesses
• endorsement of the Incitec Pivot Australian Indigenous Reconciliation Action Plan by the IPL Board and by Reconciliation Australia ; and
• developing and implementing 'My Potential', a pilot program specifically designed to assist women to progress into leadership roles.

Energy efficiency and reducing waste and water use continue to be key parts of our environmental focus. Energy, particularly gas used as a feedstock for our manufacturing operations, is a major cost in our business and we continue to manage our supply into the future . The continued rollout of BEx, our lean based business improvement program, is helping to build a strong culture of continuous improvement across the IPL Group, including areas which impact on the environment and resource efficiency.

For the second year, this Online Sustainability Report supplements the short form Sustainability Report in our Annual Report. Our objective is to meet the needs of our diverse stakeholder group in an efficient and effective manner. I invite you to read it and welcome any feedback you may have.

James Fazzino
Managing Director & CEO

Sustainability Scorecard

The Sustainability Scorecard shows our performance across a range of economic, social and environmental indicators.

Indicator	Unit of measure	2012/13	2013/14	2014/15
Environment				
Emissions				
Direct GHG emissions (Scope 1)	Million tonnes CO_2e	2.4	2.2	2.4
Indirect GHG emissions (Scope 2)		0.4	0.4	0.4
Total GHG emissions[1]		2.8	2.6	2.8
Proportion of energy derived from fossil fuels[2]	%	95% approx	95% approx	95% approx
Energy				
Global direct energy consumption	GJ	42,796,114	41,248,949	44,070,102
Water				
Global water use	GL	43.2	43.4	40.2
Australian water use	GL	10.7	10.5	9.3
Global water discharge	GL	32.7	32.5	32.8
Waste				
Global solid waste	kt	8.7	13.5	7.6
Australian solid waste	kt	3.7	4.4[3]	4.1
Global solid chemical waste	kt	1,877.7	1,470.4	2,177.5
Australian solid chemical waste	kt	1,877.2	1470.2	2.177.3
Global liquid waste	GL	18.6	23.5	15.2
Australian liquid waste	GL	12.5	12.9	13.7
Environmental compliance				
Environmental licence non-compliance incidents (category 2+)[4]		35[4]	16[4]	51[4]
Loss of containment (category 2+)[4]		142	239	200
Safety				
Total Recordable Injury Frequency Rate		1.21[5]	0.97	0.67
Fatalities		2	0	1
People				
Total workforce *(excluding contractors)*		5,247	4,977	4,721
Americas		2,684	2,584	2,440
Asia Pacific		2,293	2,124	2,072
Europe		270	257	209
Gender – Diversity *(% of women)*				
Board		14.3%	25%	28.8%
Executive		12.5%	14.3%	12.5%
Management		13.3%	13.8%	13.9%
Global		15.0%	15.5%	16.2%

Direct Economic Value Generated and Distributed

A. Direct economic value generated				
Revenues	$Mil	3,439.2	3,400.2	3,683.9
B. Economic value distributed		3,461.5	3,570.0	3630.9
Operating costs, including payments to suppliers, non-strategic investments and royalties		2,490.7	2,670.9	2,609.6
Employee wages and benefits: total monetary outflows for employees (current payments, not future commitments)		578.5	583.2	633.7
Payments to providers of capital, including dividends and interest		203.6	152.0	194.5
Government taxes (income tax, payroll tax, Australian goods and services, fringe benefits taxes and Australian fuel tax credits)		188.1	163.6	192.7
Voluntary community investments (including donations of cash, in-kind support and employee time)		0.6	0.3	0.4
C. Economic value retained (A–B)		(22.3)	(169.8)	53.0

Tonnes of Product Supplied (million tonnes)	13/14	14/15
Fertiliser	2.0	1.9
Explosives	1.6	1.4

Government Taxes paid per country ($Mil)	13/14	14/15
Australia	109.60	101.4
United States	20.51	40.2
Mexico	6.81	9.5
Canada	21.32	35.0
Chile	0.63	1.1
Hong Kong	0.00	0.0
Turkey	2.01	0.0
Indonesia	1.23	3.6
Papua New Guinea	1.64	1.9

1. Scope 1 + 2.
2. Excluding natural gas and diesel used as production raw material.
3. Includes 1.2kt of construction waste sent to onsite landfill at our remote Phosphate Hill site in Queensland, Australia.
4. Figure includes both environmental non-compliance and internal non-conformance incidents.
5. Restated due to finalisation of incident classifications.
6. J Fazzino, Managing Director & CEO is classified as a Board member.

Benchmarking Our Performance

To create real value for all our stakeholders, we are committed to improving the quality and quantity of data we use to report. This requires benchmarking our performance against other companies in the chemicals sector and sharing our findings.

MEMBER OF Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

The DJSI is widely recognised as the leading reference point in the growing field of sustainability investing due to the robustness of the assessment process. Since 2010 IPL has been included in the Dow Jones Sustainability Indices (DJSI) and our performance is benchmarked against peers in the global 'Chemicals' sector.

Dimension	2010	2011	2012	2013	2014	2015
Economic	61	61	59	70	65	67
Environmental	51	50	51	59	60	51
Social	37	45	63	68	67	63
IPL Total	49	51	58	66	64	60
Chemicals sector average	55	57	55	52	55	58

FTSE Group confirms that Incitec Pivot Limited has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to remain a constituent of the FTSE4Good Index Series in 2015. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. 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.

FTSE4Good

EcoVadis assists companies in improving environmental and social practices by leveraging the influence of global supply chains. It operates the first collaborative platform that enables companies to monitor the Sustainability performance of their suppliers, across 150 sectors and 99 countries. Through participation, EcoVadis reliable ratings allow companies to manage risks and drive eco-innovations in their global supply chains. IPL was awarded a Bronze EcoVadis Rating in 2014, and will complete the survey for the 2015 year period.

2014 CSR Rating BRONZE ecovadis

Carbon Disclosure Project For over a decade CDP has worked with companies to catalyse action towards a more sustainable world. This is a world with significant opportunities for business. Companies that measure their environmental risk are better able to manage it strategically. And those that are transparent and disclose this information are providing decision makers with access to a critical source of global data that delivers the evidence and insight required to drive action. Our 2015 CDP report can be downloaded here.

CDP DRIVING SUSTAINABLE ECONOMIES

CDP is also working to catalyse action on corporate water stewardship to safeguard water resources and address the global water crisis - one of the most significant challenges facing the global economy. Through participation in CDP's water questionnaire, Incitec Pivot provides investors with access to material data, consistently reported, on assessment and actions that lead to more responsible use of freshwater resources. Importantly, our participation in CDP's water program will help ensure the right to water for current and future generations. As part of this reporting project, we use the World Business Council for Sustainable Development Global Water Tool to assess our global water use and discharge.

Global watertool©

Our Approach

Sustainability Strategy

Incitec Pivot defines Sustainability as 'the creation of long term economic value whilst caring for our people, our communities and our environment'. This commitment to Sustainability is driven by the Company's Values and is core to the way Incitec Pivot operates its business.

We recognise that sustainable growth requires acknowledging and proactively managing those issues which are most material to the long term sustainability of our business, our environment and the communities in which we operate.

These issues include being a good corporate citizen and operating ethically. They include ensuring good governance in our day-to-day business activities and behaving with honesty and integrity in our interactions with our stakeholders.

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

In 2010, IPL's Board and Executive Team approved a sustainability strategy to use 'sustainability' as a tool to think more broadly across all aspects of our business. This enabled us to focus on specific sustainable and value creating projects in line with our business objectives. The projects were selected to progress three initial focus areas that we refer to as our 'Use Less, Get Close, Be Responsible' agenda.

During 2014 a formal review of the Company's sustainability performance to date was undertaken and the existing strategy for operational sites was reaffirmed. It was also determined that Incitec Pivot should seek to influence suppliers to promote alignment with the Company's corporate values and continue the sustainable development of its supply chain. In 2015 we continued to focus on education, training and awareness to further embed principles of sustainable resource and environmental best practise across the business, as well as the continued roll out of BEx, resulting in a more integrated approach to sustainable practises.

The Precautionary Principle

The Precautionary Principle advises that when an activity raises threats of harm to the environment or human health, precautionary measures should be taken even if some cause and effect relationships are not fully established scientifically. IPL recognises that there are risks and opportunities associated with climate change, and our risk management procedures associated with these are reported in our 2015 CDP response. We also seek to mitigate our impact by reducing our energy use and greenhouse gas emissions.

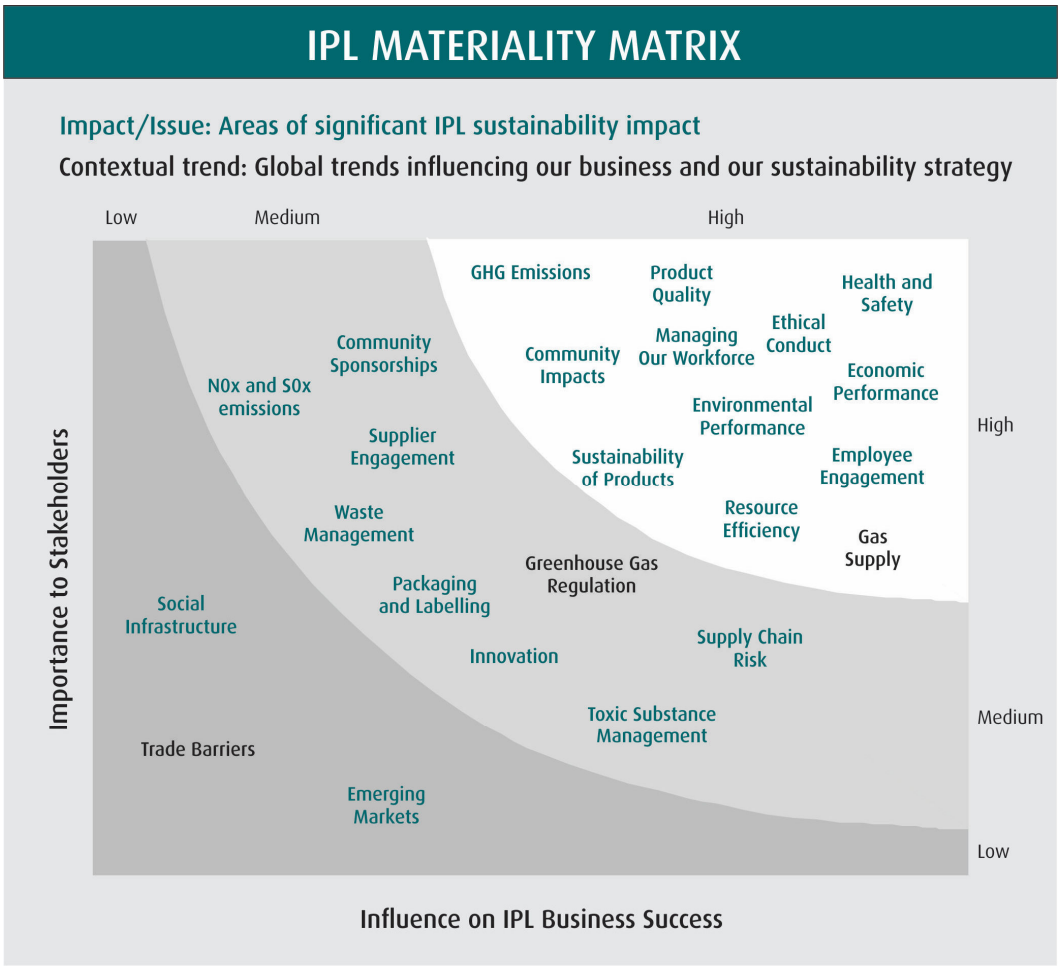
Continuous Improvement through BEx

Business Excellence (BEx) is Incitec Pivot's Business System through which a culture of continuous improvement is being built. BEx is strongly aligned to IPL's Corporate Values 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.

BUSINESS EXCELLENCE

Content Selection Process

IPL recognises the need to provide focused and accessible disclosures on the issues that are most important to our stakeholders. With this in mind, during 2015 we conducted a formal materiality assessment to identify and rank the issues that matter most to our stakeholders, and to our business success. The output of the review is shown below as a materiality matrix. 'Economic Performance' and 'Gas Supply' are addressed in the IPL 2015 Annual Report. The other top 10 material issues have been used to shape this report and are identified throughout by the ◆ symbol.



Materiality Assessment Process

1. IDENTIFICATION We identified the stakeholders who have a direct relationship with, or are impacted by, our business. These are listed in column one of the Stakeholder Engagement table below. We reviewed risk registers, sector issues and business communications, and researched publicly available information on sustainability issues in our sector. We also engaged with key stakeholders as detailed in our Stakeholder Engagement table to identify key issues and to gather feedback on our approach.

2. PRIORITISATION Having identified our key stakeholders and a comprehensive list of issues, we then tailored six targeted 'issue-scoring' surveys to clarify and prioritise those issues most important to our stakeholders, including: customers; employees; suppliers and business partners; investors and shareholders; and local communities and residents. Issues were also scored by internal IPL stakeholders, and graphed to create the matrix above.

3. VALIDATION The twelve most material aspects (identified as 'High' in the Materiality Matrix above) were assessed against the Scope of our previous reports and significant alignment was found. The impact boundaries of each of these issues was also determined and is included in the Materiality and GRI Aspects table. This online Report, together with our Annual Report and our four page Sustainability Summary (collectively, our public reporting), addresses each of these material issues to a G4 'Core' level. Content is also included for issues identified as 'Medium' on the Materiality Matrix above.

3. REVIEW As part of the validation process, our previous year's reports were reviewed with stakeholder feedback in mind. This report, and relevant stakeholder feedback will also be reviewed as part of the next reporting cycle.

Stakeholder Engagement

Stakeholder Group	Stakeholders	Concerns and Interests	Engagement Strategies
Employees and contractors	Our employees and contractors include a wide range of language speakers and cultural groups	Health, safety and working conditions; career and development opportunities; remuneration; performance management; senior leadership/corporate strategy	Direct engagement at IPL sites; direct participation and/or representation on site based Zero Harm Committees; real time 'Safety Alerts' via internal email; 'The Hub' intranet communications, including a range of newsletters, external HSE Alerts and links for employee feedback; interactive/collaborative annual employee performance management process; Indigenous Engagement Strategy (Australia); internal workshops and conferences; exit interviews
Customers - mining	Large companies and distributors in the mining, quarrying, seismic and construction industries	Cost; reliability of supply; product quality; access to specialist advice; sustainable performance of both products and company	Direct engagement at customer sites; collaborative problem solving to meet customer needs; participation in EcoVadis customer sustainability questionnaires; customer technical workshops; dedicated Customer Relationship Managers; collaborative product research and development
Customers – fertilisers	Bulk and packaged fertiliser products are distributed to partners and agents and also directly to farmers	Cost; efficiency/yield improvement; access to agronomy expertise and customer soils/plant testing; sustainable performance of products	Direct engagement with customers; engagement during collaborative tailoring of product use through Nutrient Advantage laboratory soil and plant testing; Nutrient Advantage Advice interactive software; collaborative product research and development; online 'Farmer Community' and online 'Agronomy Community' engagement; in person Agronomy Community Forums; formal complaint/product feedback process
Suppliers and business partners	Local businesses to large international organisations and joint venture partners	Supply agreements; reliable payment processes; health and safety performance; social and environmental requirements	Direct engagement; supplier questionnaires; supplier audits; supplier Performance Scorecards; conditions of contracts; regular meetings with joint venture partners
Shareholders and the investment community	Retail, institutional and individual shareholders	Company performance; governance; investor sustainability ratings (CDP, DJSI, FTSE4Good); management of water (Australia); raw materials sourcing	ASX announcements, Annual General Meeting; Sustainability Investor Briefings; half-year and end-of-year results presentations and webcasts; direct shareholder engagement including calls and meetings, with feedback to the Board where appropriate; shareholders may also write to the Chairman of the Board
Community and local residents	Individuals and groups local to our operations	Employment opportunities; business development; sponsorship and donations; local operational impacts; company environmental compliance; cultural heritage; transparency	Site-specific programs for community contact, information sharing and community investment; employment opportunities via the IPL and Dyno Nobel websites; direct engagement with individuals; systems to register, investigate and promptly respond to community complaints
Government	Local, state and national regulators and government agencies	Regulatory compliance; research and development; local community issues	Direct engagement with government and regulatory agencies in the countries in which we operate; written submissions regarding regulatory impact either directly or via professional groups or industry associations

Materiality and GRI Aspects

For the purposes of applying the GRI G4 guidelines, the material issues identified by IPL have been mapped back to the 'Aspects' identified in the guidelines. The following table outlines these aspects, as well as whether the primary boundary for each aspect falls within and/or outside the organisation. All aspects have the potential to affect stakeholders outside the organisation secondarily.

◆ Material Issue	General Std Disclosure	Specific Standard Disclosure		Aspect Boundary
	GRI Category	GRI CATEGORY -Sub Category	GRI Aspect	
Workplace Health and Safety		SOCIAL- Labour practises and decent work	Occupational Health and Safety	**Within IPL** – our employees and contractors
Ethical Conduct	Ethics and Integrity	-		**Within IPL** **Outside IPL** – all stakeholders we deal with globally
Economic Performance	-	ECONOMIC	Economic performance	**Within IPL** **Outside of IPL** – our shareholders and investors
Mitigating Environmental Impacts		ENVIRONMENTAL	Compliance	**Within IPL** – Our on-site environments **Outside IPL** – the local environments close to our operational and development projects, and potentially, the broader environment
Energy Use and GHG Emissions		ENVIRONMENTAL	Energy	**Within IPL** **Outside IPL** – customers, communities and the environment within the countries in which we operate, and globally with respect to climate change
			Emissions	
Resource Efficiency		ENVIRONMENTAL	Water	**Within IPL** – Use of the WBCSD Water Tool has identified 5 Australian IPL facilities as being located in areas of 'Extremely High Baseline Water Stress'. A sixth identified site at Cheyenne, Wyoming, USA, has an 'Annual Renewable Water Supply per Person (projected for 2025)' of greater than 4000 m3 **Outside of IPL** – the relevant local communities, other local water users and, at Cheyenne, the river basin management authority (the State Engineer's Office in Wyoming)
Sustainability of Products and Services		ENVIRONMENTAL	Products and Services	**Outside of IPL** – the environmental performance of our customers and the impacts on their environments globally
		PRODUCT RESPONSIBILITY	Product and Service Labelling	**Within IPL** – our employees **Outside IPL** – our customers, and our external product transporters and handlers globally
Managing Our Workforce		SOCIAL- Labour practises and decent work	Training and Education	**Within IPL**– our employees and contractors
			Diversity and Equal Opportunity	**Within IPL**– our employees and contractors
Employee Engagement	-	-	-	**Within IPL**– our employees and contractors
Community Relations	Community Relations	SOCIAL-Society	Local Communities	**Within IPL** **Outside of IPL** – the local communities in which we operate
Products and Services Quality	-	-	-	**Within IPL** **Outside IPL** – our customers globally
Gas Supply	-	-	-	**Within IPL.** This issue is addressed on Page 14 of the 2015 IPL Annual Report under 'Risk'

Our Targets

This report is published as an interactive online report. Visit the website to access online features at www.incitecpivot.com.au/sustainability

2015 Target	2015 Performance	Future Targets
◆ Workplace Health and Safety		
TIFR <1	✓ TRIFR 0.67	TRIFR <1 by 2016
◆ Environmental Compliance		
EIFR <1	✓ EIFR 0.75	EIFR <1 by 2016
◆ Ethical Conduct		
Standardise Whistle Blower process globally	✓ "The Network" extended globally	Review IPL Code of Ethics and associated training materials during 2016
NOx emissions		
Design SCR NOx abatement unit for Louisiana, Missouri, USA	✓ SCR unit design completed. Estimated impact: 90% reduction in NOx at the site after installation in 2016	30% reduction in NOx emissions per tonne nitric acid produced globally in 2017
◆ GHG Emissions		
1.5% reduction in GHG emissions per tonne of Australian manufactured product	✓ Target achieved	3% global reduction tCO2e/t nitric acid produced by 2017 2% global reduction tCO2e/t ammonia produced by 2017
◆ Water		
5% reduction in total water use at our Phosphate Hill manufacturing site	✓ 8% reduction in total water use at Phosphate Hill (includes mine dewatering)	10% reduction in total water use at Phosphate Hill in 2016
◆ Managing Our Workforce		
Increase in women holding management and senior management positions	✓ 19% increase in women in management positions. 8% increase in women in senior management positions.	Year-on-year percentage increase in women holding management and senior management positions
◆ Product Quality		
<0.1% fertiliser sales compensation due to quality issues	✓ 0.029% fertiliser sales compensation due to quality Issues	<0.1% fertiliser sales compensation due to quality issues in 2016
Global Explosives Initiating Systems Manufacturing quality 'Escape Rate' < 1	✓ 0.281 Escape Rate in 2015	Global Explosives Initiating Systems Manufacturing quality 'Escape Rate' < 1 in 2016
◆ Community Impacts		
100% compliance with required Community Safety Communications	✓ Target Achieved	100% compliance with required Community Safety Communications in 2016

How We Operate

◆ Material issue

We are committed to achieving and demonstrating the highest standards of corporate governance. Our governance framework and practices are consistent with the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations.

Incitec Pivot's highest governing body, the Board of Directors, is responsible for charting the direction, policies, strategies and financial objectives of the Company. The Board serves the interests of the Company and its shareholders, as well as other stakeholders including employees, creditors, customers and the community, in a manner designed to create and continue to build sustainable value.

During 2015 IPL's key Board Charters were reviewed and updated to ensure alignment with the revised ASX Corporate Governance Principles and Recommendations, which took effect in the 2015 financial year. The Board operates in accordance with the principles set out in its Board Charter, which sets out the Board's own tasks and activities, as well as the matters it has reserved for its own consideration and decision-making. To assist the Board in meeting its responsibilities, the Board currently has the following four Committees:

- the Audit and Risk Management Committee;
- the Nominations Committee;
- the Remuneration Committee; and
- the Health, Safety, Environment and Community Committee

Day-to-day management of Company affairs and the implementation of the corporate strategy and policy initiatives are formally delegated to the Managing Director & CEO. The Managing Director & CEO and his direct reports form the Executive Team. This team also has a sub-committee called the Zero Harm Council.

During 2015, responsibility for sustainability strategy and governance resided with the Executive Team, advised by the Corporate Sustainability Team. The Corporate Sustainability Team was led by the General Manager Global Sustainability & Carbon, who reported to the Chief Financial Officer, thereby providing alignment with the financial performance for the Company and overall risk management.

Key systems and policies

We are committed to operating to the highest standards of ethical behaviour and honesty, with full regard for the health and safety of our employees, customers, the wider community and the environment. As part of our commitment to operating to the highest standards of ethical behaviour, we have codes of conduct that set the ethical standards for directors, senior management and employees. The codes describe core principles designed to ensure ethical conduct is maintained in the interests of shareholders and other stakeholders.

Our Code of Ethics is a code of conduct for all employees. In 2014, a review of internal policies against the United Nations Declaration of Human Rights was undertaken. An updated Code of Ethics is currently being developed as a result of this review. The IPL Code of Conduct for Directors and Senior Management sets out additional ethical standards for directors and senior management reporting to the Managing Director & CEO.

Health, Safety, Environment & Community Policy sets out our commitment to our Values of "Zero Harm for Everyone Everywhere" and "Care for the Community and our Environment". The Policy provides that we establish and maintain health and safety management standards and systems in compliance with relevant industry standards and regulatory requirements, and that we will provide a safe and healthy working environment. The Policy also provides for us to conduct our operations in compliance with all relevant environmental licences and regulations, and to strive to be a valued corporate citizen in the communities in which we operate.

ANTI BRIBERY

The IPL Anti-Bribery and Improper Payments Policy prohibits the making of unlawful or improper payments to any individual or entity. The policy also outlines the processes for ensuring that appropriate controls are implemented in relation to third parties who are engaged to act on behalf of us. The Anti-Bribery and Improper Payments Policy forms part of, and is supported by, the Fraud and Corruption Control framework.

SANCTIONS

Our Sanctions Policy outlines the expected standards of conduct relevant to the Group's compliance with Australian and international sanctions laws when engaging in international trade. This includes engagement in appropriate due diligence in relation to third parties, transactions or activities that present a potential risk in relation to sanctions laws compliance.

GROUP RISK

Our Group Risk Policy and risk management process ensures that risk is managed within a comprehensive risk management process which is consistent with the Australian/New Zealand Standard for Risk Management (AS/NZS ISO 31000:2009). A key element of this risk management process is the Board's assessment of risk, which is based on the level of risk we are able to sustain in achieving the corporate objective of delivering value to shareholders. Risks are identified, analysed and prioritised using common methodologies and risk controls are designed and implemented having regard to the overall corporate strategy.

SUSTAINABLE COMMUNITIES

Our Sustainable Communities Policy includes our commitment to listen to and work with the community, strive to be a valued corporate citizen in the communities where we operate; and respect our neighbours, their values and cultural heritage and be considerate to them in carrying out our operations. At IPL, we are committed to being an inclusive and accessible organisation through the development of a culture that embraces diversity. Our employees range in age and gender and come from many different cultures, traditions and lifestyles. It is the diversity of our people that makes our company a great place to work. IPL benefits from this variety of perspectives and ideas, experience and capabilities, all of which lead to a greater opportunity for innovation and a better workplace.

DIVERSITY

To assist in building our diverse community, we have established a Diversity Council this year, which reports to the Managing Director & CEO, James Fazzino. The Council provides leadership and support in implementing the company's Diversity Policy and Strategy. Our Board of Directors maintains oversight of the Diversity Policy and the implementation of the Diversity Strategy.

WHISTLE BLOWER PROTECTION

Our Whistleblower Protection Policy ensures that all staff can confidentially report improper, unethical or illegal conduct and raise concerns regarding actual or suspected contraventions of ethical or legal standards, without fear of victimisation, reprisal or harassment. To better facilitate the ability for staff to raise concerns in a confidential and efficient manner, we standardised the Whistleblower process across the entire IPL Group in 2015. "The Network" is an externally managed, worldwide service that is multi-lingual, confidential and designed to efficiently facilitate the resolution of business conduct queries and/or issues that staff feel they are unable to raise and resolve locally. "The Network" is able to take calls in all our major operating languages, being English, French, Spanish, Chinese, Turkish and Bahasa and provides our staff with multiple lines of communication and the opportunity to provide further information, or respond to requests for further information, whilst remaining anonymous.

About The Data

Scope

This Report covers wholly owned subsidiaries of Incitec Pivot Limited, ACN 42 004 080 264. The Company is a public company, trading on the Australian Securities Exchange as IPL.

In accordance with Global Reporting Initiative (GRI) 'G4' Sustainability Reporting Guidelines, our reporting covers all entities that generate significant sustainability impacts (actual and potential) and over which we exercise control or significant influence with regard to financial and operating policies and practices.

The statistics in our reporting are for global sites wholly owned by IPL during that period. Joint ventures are not covered in our reporting, unless indicated, nor are the activities of suppliers, customers or outsourced operations.

The Company participates in many joint ventures with varying levels of ownership interest. A list is provided on page 70 of our 2015 Annual Report.

All financial figures in the Report are in Australian dollars, unless otherwise indicated.

The financial year ending 30 September 2015 is indicated as '2015' in our reporting.

Data measurement and calculations

Financial data: Financial figures are derived from our audited accounts, which are prepared according to the International Financial Reporting Standards (IFRS).

Greenhouse Gas Emissions data: Scope 1 and 2 greenhouse gas emissions are calculated based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Australian Scope 1 and 2 GHG emissions:
• National Greenhouse and Energy Reporting (Measurement) Determination 2008
• National Greenhouse Accounts (NGA) Factors (2015).

Americas Scope 1 and 2 GHG emissions:
• US Electricity: eGRID2007 Version 1.1 Year 2005 GHG Annual Output Emission Rates
• US Fuels: IPCC, Guidelines for National Greenhouse Gas Inventories (2006)
• Canada Fuels: Default CO2 Emission Factors: Environment Canada, National Inventory Report, 1990–2007: Greenhouse Gas Sources and Sinks in Canada (2009), Annex 12: Emission Factors, Table A12-5 (1998– 2007 data); Default Heat Content: Statistics Canada, Report on Energy Supply-demand in Canada, 2007 (2009)
• Canada Electricity: Greenhouse Gas Division, Environment Canada (2006 data)
• Mexico Electricity: Emission rates include emissions of CO2, CH4, and N2O. Factors are a national average of all the power plants operating and delivering electricity to the National Electric System and do not include transmission and distribution losses. Source: Asociación de Técnicos y Profesionistas en Aplicación Energética (ATPAE), 2003, Metodologías para calcular el Coeficiente de Emisión Adecuado para Determinar las Reducciones de GEI Atribuibles a Proyectos de EE/ER – Justificación para la selección de la Metodología, versión final 4.1 (junio de 2003), proyecto auspiciado por la Agencia Internacional de Estados Unidos para el Desarrollo Internacional, México, D.F., México.

European Scope 1 and 2 GHG emissions:
• 2011 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting – Produced by AEA for the Department of Energy and Climate Change (DECC) and the Department for Environment, Food and Rural Affairs (DEFRA) in the UK. Version: 1.2

Changes during the period

There were no changes to the organisational structure or size during the reporting period.

Restatements

There have been no restatements of information since the last reporting period.

Assurance and data integrity

We aim to ensure that the information we publish is accurate, complete and material and therefore contributes to building trust and credibility with stakeholders. To achieve this we have improved our internal processes for verifying non-financial management information and for reviewing and approving the content of our reporting.

Deloitte provided a limited assurance statement on our Australian greenhouse gas emissions, energy consumption and production figures for the period 1 July 2014 to 30 June 2015. (Deloitte are independent auditors who also audit our financial statements. See pages 73 and 74 of the 2015 IPL Annual Report.) IPL is not currently seeking an extension in the scope of assurance for this annual online Sustainability Report.

GRI Index

Legend:
◆ Material aspect
❖ Disclosure required for GRI 'Core' reporting

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General Standard Disclosures

GSD	Response or Link	External Assurance
❖	**Strategy and Analysis**	
G4-1	Statement from the most senior decision-maker of the organisation	
❖	**Organisational Profile**	
G4-3	Name of the organisation: see About Incitec Pivot.	
G4-4	Primary brands, products and services: see About Incitec Pivot.	
G4-5	Incitec Pivot Limited's head office is located at Level 8, 28 Freshwater Place, Southbank, Victoria, Australia. See also the Contact Us section of our website.	
G4-6	Where we operate: see About Incitec Pivot.	
G4-7	Incitec Pivot is an Australian Securities Exchange (ASX) listed company. Shareholding information is available in our Annual Report, page 75.	
G4-8	Our markets: see About Incitec Pivot.	
G4-9	Our number of employees, net revenue, tonnes of product supplied and economic value distributed and retained is reported in our 2015 Sustainability Scorecard. Other data required for this disclosure is reported in the 2015 IPL Annual Report.	
G4-10	For employees by location, contract type, employment status and gender, see People and Culture. IPL's data systems do not currently allow for the reporting and breakdown of all supervised workers. IPL's data systems do not currently allow for accurate breakdowns of contractors by contractor types. A review of data will be undertaken during 2016 to ascertain whether reporting is possible in future. A substantial proportion of IPL's work is not performed by workers who are legally recognised as self employed, or by individuals other than employees or supervised workers, including employees and supervised workers of contractors.	
G4-11	For percentage of total employees covered by collective bargaining agreements see the table in Engaging Our Employees. IPL's data systems do not currently allow for the reporting and breakdown of contractors who are covered by collective bargaining agreements.	
G4-12	For our supply chain profile, see Raw Materials and Supply Chain. For risk management strategies associated with ◆ **gas supply**, see page 14 of the 2015 IPL Annual Report.	
G4-13	There have been no significant changes during the reporting period to our organisation or our supply chain.	
G4-14	For an explanation of how IPL addresses the Precautionary Principle, see Our Approach.	
G4-15	IPL has not officially endorsed any externally developed economic, environmental or social charters, principles or other initiatives.	
G4-16	For IPL membership of Associations, see Industry Associations.	
❖	**Identified Material Aspects and Boundaries**	
G4-17	For entities included in IPL's financial reporting, see the 2015 IPL Annual Report, page 45. All subsidiaries have been included in this report as they are controlled by the group. Subsidiaries are listed on page 70 of the 2015 IPL Annual Report.	
G4-18	For report content selection process and report boundaries, see Our Approach and About This Report respectively.	
G4-19	Our material aspects are listed under Our Approach, and are indicated by the ◆ symbol throughout this report.	
G4-20	For boundaries and mapping of our material issues against GRI aspects, see Our Approach.	
G4-21	For boundaries and mapping of our material issues outside the organisation against GRI aspects, see Our Approach.	
G4-22	There have been no restatements of information since the last reporting period.	
G4-23	There have been no significant changes since the previous reporting period in the Scope and Aspect boundaries.	

❖ **Stakeholder Engagement**		
❖G4-24	For a list of stakeholder groups engaged by the organisation, see Our Approach.	
❖G4-25	For the basis for stakeholder identification and selection, see Our Approach.	
❖G4-26	For our approach to stakeholder engagement, see Our Approach.	
❖G4-27	For key topics and concerns raised by our stakeholders, see Our Approach.	
❖ **Report Profile**		
G4-28	For details on the reporting period, see About This Report. The term '2015' is used throughout this report to refer to the reporting period, which is the IPL financial year, ending 30 September 2015.	
G4-29	For the date of our most recent previous report, see About This Report.	
G4-30	Our reporting cycle is annual. See About This Report.	
G4-31	For the contact point for questions regarding this report, see About This Report.	
G4-32	The in accordance option for this report is 'Core'. The GRI Content Index is this table. External assurance is noted in column three of this table and is detailed in About the Data.	
G4-33	For external assurance policy and current practise, see 'Assurance and data integrity' under About the Data.	
❖ **Governance**		
G4-34	For the governance structure of the organization, including committees of the highest governance body and committees responsible for decision-making on economic, environmental and social impacts, see the Director's Report in the IPL 2015 Annual Report, and How We Operate.	
◆ **Ethics and Integrity**		
G4-56	For our values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics, see How We Operate.	
Specific Standard Disclosures		
◆ **Economic**		
G4-DMA	For Generic Disclosures on Management Approach, see the IPL 2015 Annual Report.	
G4-EC1	For direct economic value generated and distributed see our Scorecard. For external assurance statement see the IPL 2015 Annual Report, pages 73-74.	**Yes**
G4-EC2	For financial implications and other risks and opportunities for the organization's activities due to climate change, see IPL 2015 Annual Report, page 15, and the IPL 2015 CDP Report.	
◆ **Environmental**		
◆ **Energy**		
G4-DMA	For Generic Disclosures on our management approach to energy see Environment and Energy and Greenhouse Gases.	
G4-EN3	For energy consumption within the organisation Energy and Greenhouse Gases.	
◆ **Water (some sites)**		
G4-DMA	For Generic Disclosures on our management approach to resources use see Environment and Water.	
G4-EN8	For total water withdrawal by source, see Water.	
G4-EN10	For percentage and total volume of water recycled and reused, see **Water.**	
◆ **Emissions**		
G4-DMA	For Generic disclosures on our management approach to emissions, see Environment.	
G4-EN15	For direct greenhouse gas (GHG) emissions (Scope 1), see Energy and Greenhouse Gases under Environment. See our external assurance statement .	**Yes**
G4-EN16	For energy indirect greenhouse gas (GHG) emissions (Scope 2), see Energy and Greenhouse Gases under Environment. See our external assurance statement .	**Yes**
G4-EN21	Disclosure is not required for 'core' reporting, however information relating to our NOx and SOx emissions is reported at 'Other emissions to air' under Energy and Greenhouse Gases .	

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Effluents and Waste	
G4-DMA	Disclosure is not required for 'core' reporting, however information on our management approach to waste and effluents is available in Environment.
G4-EN22	Disclosure is not required for 'core' reporting, however total water discharge by destination is reported under Water.
G4-EN23	Disclosure is not required for 'core' reporting, however total weight of waste by type and disposal method is reported under Waste.
◆ **Products and Services**	
G4-DMA	For Generic Disclosures on our management approach to mitigating the environmental impacts of our products and services, see the Products and Services section.
G4-EN27	For the extent of impact mitigation of environmental impacts of products and services, see Products and Services section, particularly Research and Development, Best Practise in Fertiliser Use, Minimising the Impacts of Blasting and Support and Education of Customers. It is not possible to quantitatively report the total extent to which the environmental impacts of our products and services have been mitigated by these strategies during this reporting period. We are investigating possible methods to reliably estimate these figures for future reporting periods.
◆ **Environmental Compliance**	
G4-DMA	For Generic Disclosures on our management approach to environmental compliance, see Environment and also Environmental Compliance.
G4-EN29	For the monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations, see the IPL 2015 Annual Report, page 4 and Environmental Compliance.
Supplier Environmental Assessment	
G4-DMA	Disclosure is not required for 'core' reporting, however information on our management approach to Supplier Environmental Assessment is available in Raw Materials.
G4-EN29	Disclosure is not required for 'core' reporting, however information relating to the percentage of new suppliers screened using environmental criteria is available in Raw Materials.
SOCIAL: Labour Practices and Decent Work	
◆ **Occupational Health and Safety**	
G4-DMA	For Generic Disclosures on our management approach to Occupational Health and Safety, see Workplace Health and Safety.
G4-LA5	The percentage of total workforce represented in formal joint 'management-worker' health and safety committees that help monitor and advise on occupational health and safety programs is 100%. Monthly Zero Harm meetings are held at all sites and are attended by all employees. See 'Passionate Leadership' under Workplace Health and Safety.
G4-LA6	Disclosure is not required for 'core' reporting, however our TRIFR is reported by region, and by employee and contractor categories, under Workplace Health and Safety.
◆ **Training and Education**	
G4-DMA	For Generic Disclosures on our management approach to Training and Education, see the Managing Our Workforce section, including Attracting and Developing Talent, Engaging Our Employees and Learning and Development.
G4-LA10	Disclosure is not required for 'core' reporting, however information relating to our programs for skills management and lifelong learning that support the continued employability of employees is available under Engaging Our Employees and Learning and Development.
G4-LA11	For the percentage of employees receiving regular performance and career development reviews by gender see Attracting and Developing Talent. Data could not be obtained to report this percentage by employee level in 2015. This will be reported in 2016.
◆ **Diversity and Equal Opportunity**	
G4-DMA	For Generic Disclosures on our management approach to Diversity and Equal Opportunity, see Managing Our Workforce, including our Diversity and Australian Indigenous Employment Program sections.
G4-LA12	For the composition of governance bodies and breakdown of employees per employee category according to gender and age group, see Diversity. IPL does not currently ask employees who identify with particular minority groups within their countries to identify themselves. Due to our commitment to Indigenous employment in Australia, Dyno Nobel employees may choose to identify themselves as Australian Indigenous or Torres Straight Islander persons.

Equal Remuneration for Women and Men	
G4-DMA	Disclosure is not required for 'core' reporting, however information on our management approach to equal remuneration for women and men is included under **Diversity** and in the **IPL 2015 Corporate Governance Statement** on page 3.
SOCIAL: Human Rights	
Supplier Human Rights Assessment	
G4-DMA	Disclosure is not required for 'core' reporting, however information on our management approach to supplier Human Rights assessment is available under **Raw Materials and Suppliers.**
G4-HR10	Disclosure is not required for 'core' reporting, however, information relating to the percentage of new suppliers that were screened using human rights criteria is available under **Raw Materials and Suppliers.**
SOCIAL: Society	
◆ **Local Communities**	
G4-DMA	For Generic Disclosures on our management approach to local communities, see **Community.**
G4-SO2	For operations with significant actual and potential negative impacts on local communities, see **Community Safety.**
SOCIAL: Product Responsibility	
Product and Service Labelling	
G4-DMA	Disclosure is not required for 'core' reporting, however information on our management approach to product labelling is available under **Customer Health and Safety** in the Products and Services section.
G4-PR3	Disclosure is not required for 'core' reporting, however information relating to the type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements is available under **Customer Health and Safety** in the Products and Services section.

Memberships of Associations

Incitec Pivot Limited (IPL) is a member of various industry Associations. Those which are considered strategic include:

Industry Association	Description
Fertilizer Australia	The industry association representing manufacturers, importers and distributers of fertiliser in Australia, and associated service industries. Fertiliser Australia members supply over 95% of the fertilisers used in Australia. IPL holds a board position.
International Fertilizer Industry Association	A not-for-profit organisation that represents the global fertiliser industry. IFA member companies represent all activities related to the production, trade, transport and distribution of the nutrients required to help farmers worldwide address the growing need for food, feed, fibre and bio energy. IPL holds a board position.
The Fertilizer Institute	The trade association representing the public policy, communication and statistical needs of producers, manufacturers, retailers and transporters of fertilizer in the US. Issues of interest include security, international trade, energy, transportation, the environment, worker health and safety, farm bill and conservation programs to promote the use of enhanced efficiency fertilizer. Dyno Nobel Americas is a member.
Australian Explosives Industry and Safety Group (AEISG)	Aims to continuously improve the level of safety in the manufacture, transport, storage, handling and use of precursors and explosives in commercial blasting throughout Australia. Dyno Nobel is a member.
Minerals Council of Australia	Represents Australia's exploration, mining, and minerals processing industry, nationally and internationally, in its contribution to sustainable development and society. MCA member companies produce more than 85% of Australia's annual mineral output. Dyno Nobel is a member.
National Mining Association	The voice of the American mining industry in Washington, D.C., NMA is the only national trade organisation that represents the interests of mining before Congress, the Administration, federal agencies, the judiciary and the media. Dyno Nobel is a member.
Institute of Makers of Explosives	An association concerned with the safety and security of the commercial explosives industry in the United States and Canada. Dyno Nobel is a member.
International Society of Explosives Engineers	A professional society dedicated to promoting the safety, security and controlled use of explosives. Dyno Nobel is a member.
Global Explosives Safety Group (SAFEX)	A non-profit organisation of manufacturers of explosives and pyrotechnics which aims to protect people and property against dangers and damage by the sharing of experience in the explosives industry. Dyno Nobel is a member.
Canadian Explosives Industry Association (CEAEC)	An industry concerned with the promotion of high standards in the manufacturing, use, transportation and handling of explosives in the interest of worker and public safety. Dyno Nobel is a member.
Ammonium Nitrate Nitric Acid Producers Group (ANNA)	An informal international organisation of manufacturers of ammonium nitrate and nitric acid with the goal of promoting networking within the industry through sharing knowledge, technology and experience. Dyno Nobel is a member.
The National Sand, Stone and Gravel Association	An association for the aggregates industry in the US, concerned with supporting policies and regulation that promote the safe and environmentally responsible use of aggregates. Dyno Nobel is a member.
Business Council of Australia	The Business Council of Australia provides a forum for Australian business leaders to contribute directly to public policy debates. Members determine the work program and policy positions of the Council through their participation in policy committees, special-issue task forces and the BCA Board.
Australian Industry Greenhouse Network	AIGN is a network of industry associations and individual businesses which contribute to the climate change policy debate and see value in joint industry action on climate change in order to promote sustainable industry development. The network is committed to industry collaboration on equitable global action to reduce greenhouse gas emissions. IPL held a board position during the 2015 financial year.

Glossary

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 IPL's Corporate Values and has lean thinking its core. Through BEx there is continuous review, measurement of business performance and improvement of the processes and systems that support sustainable practices
CO2e	Carbon dioxide equivalent: Universal unit of measurement to indicate the global warming potential (GWP) of each of the six greenhouse gases, expressed in terms of the GWP of one unit of CO2. Used to evaluate releasing (or avoiding releasing) different greenhouse gases against a common basis
EIFR	Environmental Incident Frequency Rate: number of incidents per 1,000,000 hours worked which: - have a severe or a material impact; - have an off-site environmental impact; - have a consequence category of 3 and above; - have resulted in an EPA fine of any value; - are a community complaint that stops production; - have exceeded licence conditions and have created a material environmental impact; OR - where the volume of spill is material and has had an environmental impact
GRI	The Global Reporting Initiative (GRI) is a leading organization which promotes the use of sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development. GRI pioneered and developed the comprehensive Sustainability Reporting Framework that is most widely used around the world. To see the GRI indicators covered by our sustainability webpages and publications, click here
Group	The IPL company, collectively consisting of several business units and its wholly owned subsidiaries
Materiality	In the context of the GRI Reporting Framework, 'material' topics for a reporting organization are those topics that have a direct or indirect impact on an organisation's ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large
Near miss	An unplanned event that did not result in injury, illness, or damage – but had the potential to do so. The aim of the investigation of each 'near miss' event is to identify and mitigate root causes, providing a focus for improvement
NOx	A generic term for the mono-nitrogen oxides NO and NO2 (nitric oxide and nitrogen dioxide)
N2O	Nitrous oxide (an oxide of nitrogen), listed as one of six greenhouse gases covered by the Kyoto Protocol and the Greenhouse Gas Protocol
Plant	The equipment used to manufacture a specific product e.g. ammonia. There may be several plants on a single IPL site
Prill	Small aggregates of solid ammonium nitrate formed by allowing drops of liquid AN to congeal or freeze in mid-air after being dripped from the top of a tall prilling tower
Scope 1 emissions	Direct GHG emissions occuring from sources that are owned or controlled by the Group, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles etc., emissions from chemical production in owned or controlled process equipment
Scope 2 emissions	Scope 2 emissions are GHG emissions which arise from the generation of purchased electricity consumed by the Group. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organisational boundary of the Group. Scope 2 emissions physically occur at the facility where this electricity is generated
Scope 3 emissions	Scope 3 is a GHG emissions reporting category that allows for the treatment of all indirect emissions (other than Scope 1 and 2 emissions). Scope 3 emissions are a consequence of the activities of the Group, but occur from sources not owned or controlled by the Group. IPL does not currently collect data on Scope 3 emissions
Site	A single geographic location where IPL operations take place
Supply Chain	Our supply chain is a sub-set of our value chain, referring to the companies who supply the inputs to our operations, such as raw materials for manufacturing, service providers and providers of other inputs such as electricity and water
TRIFR	Total Recordable Injury Frequency Rate: number of recordable injuries per 200,000 hours worked
Value Chain	Our value chain includes our suppliers (and potentially their suppliers), our operations, our distribution channels, and our customers, who are the end users of our products. Our supply chain (described above) is a subset of this

Workplace Health and Safety

◆ Material issue

Workplace Health and Safety

◆ Our Safety Performance

› Health and Wellbeing

Print PDF

Zero Harm for Everyone Everywhere

Safety Partners

Link:
What is BEx?

Our approach to workplace to health and safety is implemented via our HSE Strategy which focusses on four key areas referred to as the '4Ps': Passionate Leadership, People, Procedures and Plant. We believe that safety performance is a result of investment in each of these four areas. Incitec Pivot has in place a fully integrated HSEC Management System which provides the foundation for effective identification and management of health, safety and environmental risks. Based on our HSEC Policy, this foundation is complemented by the corporate commitment to continuous improvement through BEx.

In 2012 Incitec Pivot adopted a five-year Global HSE Strategy to achieve world-class safety performance and an all worker TRIFR of <1 by 2016. This was achieved in 2014 and was 0.67 in 2015.

Our employees, with all the skills, knowledge and expertise they bring and their capacity to see and manage risks, are a critical factor in achieving Zero Harm. We are working to further develop a culture of passionate leadership, effective procedures, well maintained plants and equipment, and, most of all, engagement from our people.

Passionate Leadership

Leaders take responsibility for the safety of their people and create the safety culture in which Zero Harm is achievable. Passionate Leadership is the most important of the 4Ps. We have a governance structure in place to ensure a safety focus across the organisation. The Board's Health, Safety, Environment and Community (HSEC) Committee assists the Board in its oversight of health, safety and environment matters arising out of our activities as they may affect employees, contractors, and the local communities in which we operate.

The Vice President of Health, Safety and Environment is accountable for advising the Managing Director & CEO and Executive Team on best practice strategies for health, safety and environmental improvement. The role supports the organisation in developing and delivering the health and safety strategy and works with a Group-wide network of safety professionals and operational leaders to achieve our goals and support line management in improving our performance.

Regional safety managers provide advice and support to line management, to enable them to make the most effective use of resources, by sharing best practices, and standardising, streamlining and coordinating health and safety activities across the Group.

The Zero Harm Council (ZHC), chaired by our Managing Director & CEO and consisting of all members of the Executive Team, the Chief Risk Officer and Vice President Health, Safety & Environment, is accountable for overseeing the Group's execution of the Zero Harm Strategy and reviewing health, safety and environmental performance. A number of Zero Harm Council sub-committees have been established specifically to lead the implementation of specific areas of focus identified in our Zero Harm Strategy for FY 2016 including:

- Risk Management
- Management of Change
- Permit to Work and Job Step Analysis processes.

On a day-to-day operational level, our leaders are expected to consistently demonstrate and communicate high standards of behaviour and operating discipline and promotion of our Zero Harm Value. They must take proactive action to continuously improve our safety performance and use both leading and lagging indicators to monitor that performance.

Safety Partners

Link:
What is BEx?

People

Personal responsibility at all levels is integral to promoting continuous health and safety improvement across the Group. We are embedding this culture through BEx and specific training, and supplementing this with the use of techniques such as safety observations, and incident and near miss investigations to share learnings.

We recognise that personal attitude plays a major role in workplace safety. We use two best-practice tools globally: Take5! and Safe Act Observation

175%
INCREASE IN 'HAZARD' & 'NEAR MISS' REPORTING

Take5! and SAO are the standard risk analysis tools across the Group. Both processes require employees to take responsibility for their own safety, as well as that of their colleagues. Take5! is the process for conducting a personal rapid hazard assessment before starting work. It ensures that employees are aware of any risks and have put controls in place to make it safe to proceed. This tool is used in conjunction with Job Step Analyses (JSAs) and existing risk-assessment processes. SAO is a step-by-step process for evaluating safe work behaviours, whereby team members are observed performing routine tasks in their normal work environment. It is collaborative, and provides positive reinforcement and feedback to ensure that all employees work as safely and efficiently as possible.

Our global behavioural safety training program called 'Safety Partners' continued to be rolled out this year. Safety Partners is an innovative program that incorporates a unique blend of IPL's Leadership, BEx and Sentis' Zero Incident Process (ZIP) training content. The initial program is based on the concept of how people think, which invariably impacts on what they do. By giving attention to individual attitudes and behaviours we are able to influence the results we achieve on and off the job. Ultimately, this approach will help to influence our attitude towards safety, understanding what is truly important to us and creating a personal safety action plan.

Employees also receive safety training as part of their induction process, which is compulsory for all new employees (including contractors whose duration of engagement exceeds 40 hours). The first day of this process includes the provision of site safety information as well as discussion and sign off on our Health, Safety, Environment and Community Charter. Our 'safety non-negotiables' as described in the 'Rules to Live By' are clearly communicated at induction and reinforced by managers. We also use the '5S' approach to workplace efficiency and safety hazard removal. 5S is one of the business improvement training programs associated with BEx.

Procedures

Our HSEC policy and management system is a key tool underpinning safety performance at all levels and across all functions. We rolled out simplified and streamlined global HSEC Standards across the Group last year, reducing the number of standards from 53 to 18.

These standards are a key component of our Safety Management System and are aligned to ISO14001, OHSAS 18001, ISO 31000 and AS 4801 international standards, as well as American Chemistry Council Responsible Care and Centre for Chemical Process Safety Risk Based Process Safety standards.

92%
SITES RECORDABLE INJURY FREE

To track and monitor our HSE performance, we use a global HSE reporting system called Cintellate. Incident reporting and analysis is key to our ability to continuously improve our safety practices. By recording and investigating incidents and 'near misses' to establish the root causes – be they injuries, environmental, process safety or quality related – we gain valuable insights into the safety hazards faced by our people and we communicate these learning across all of our sites.

A risk register template is included in Cintellate, which provides a uniform approach to risk ranking, management and reporting across the business. Data extracted from Cintellate is reported to the Board and Executive Team each month.

Link:
What is BEx?

Plant

Given the nature of the risks involved, ensuring the safety and integrity of our major chemical manufacturing facilities is paramount. This means making sure our facilities are well designed, safely operated, properly inspected and maintained, and meet regulatory requirements. We are continuing to strengthen our governance of process safety. Our audit framework and established metrics ensures continuous monitoring and assessment of performance. Our global Process Safety Standard is supported by an internal awareness campaign including bulletins, seminars, and toolbox talks, and our major sites participate in an internal benchmarking exercise against our Global HSEC Standards. We are pleased to report that the total number of Tier 1 process safety incidents in 2015 decreased by 30% from last year.

30% REDUCTION IN TIER 1 PROCESS SAFETY INCIDENTS

Key Challenges and Opportunities

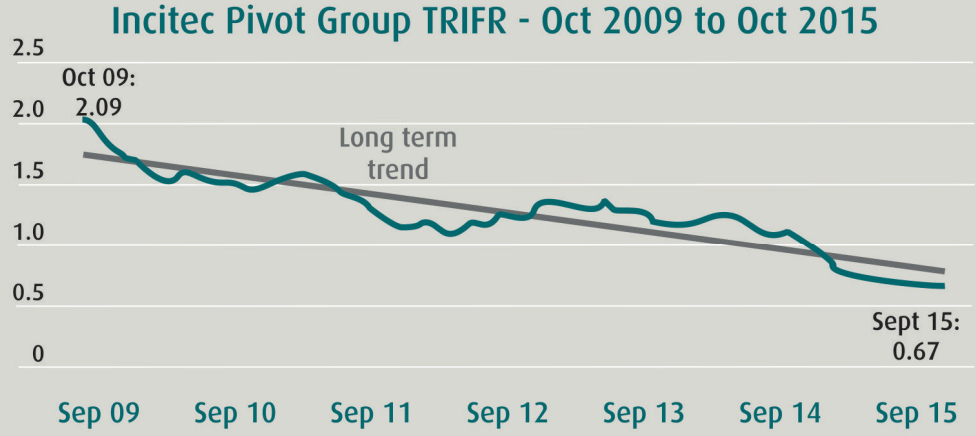
• Achieving Zero Harm in our risk inherent manufacturing and customer mining environments.
Tragically, in May 2015 a fatality occurred in our Dyno Nobel Asia Pacific underground operations. Immediately following the fatality, a global safety stand down was held for all employees in the Group to reflect on the fatality, pay tribute to their colleague and remind all personnel of the hazards that they are exposed to and the risks they face in their workplace every day.

Strategic Priorities

• Injury Reduction through the promotion of Safety Leadership and Safety Culture.
• Implementation of global approach to 'Permit to Work' and 'Job Step Analysis' processes, with associated training materials.
• Continued TRIFR improvement through safety training, identifying the root causes of 'near misses' and incidents, and through risk management.
• Developing an improved approach to embed effective change management processes into key HSE initiatives.
• Leveraging the learnings from 'High Potential' incidents across the business.
• Continued integration of Safety Partner behavioural principles into HSE systems and tools.

Our 2015 Performance

• Achievement of a TRIFR of 0.67, a 31% reduction from 2014, with 92% of sites recordable injury free
• 'Near miss' and 'Hazard' reporting increased by 175% on 2014 reporting numbers with investigation and problem solving of 100% of 'high potential' incidents and near misses
• Development and release of global Risk Assessment and Bow Tie Analysis procedures
• Specific and comprehensive Executive Team member 'Zero Harm' goals including undertaking safety-focused site walks during site visits, and taking part in and reviewing risk assessments and incident investigations
• Executive Team member led management reviews of high potential incidents and Group wide communication of the resulting learnings
• The continued roll out of the 'Safety Partners' training program across our business divisions
• 96.8% Annual Hygiene Monitoring Program completion across our Australian businesses
• Establishment of a noise reduction and hearing conservation program across our Australian explosives business
• Establishment of the Hazardous Manual Task Injury Reduction Program across our Australian businesses to minimise the risks of musculoskeletal injuries.



1. TRIFR is the number of recordable injuries per 200,000 hours worked
2. Subject to finalisation of the classification of any pending incidents

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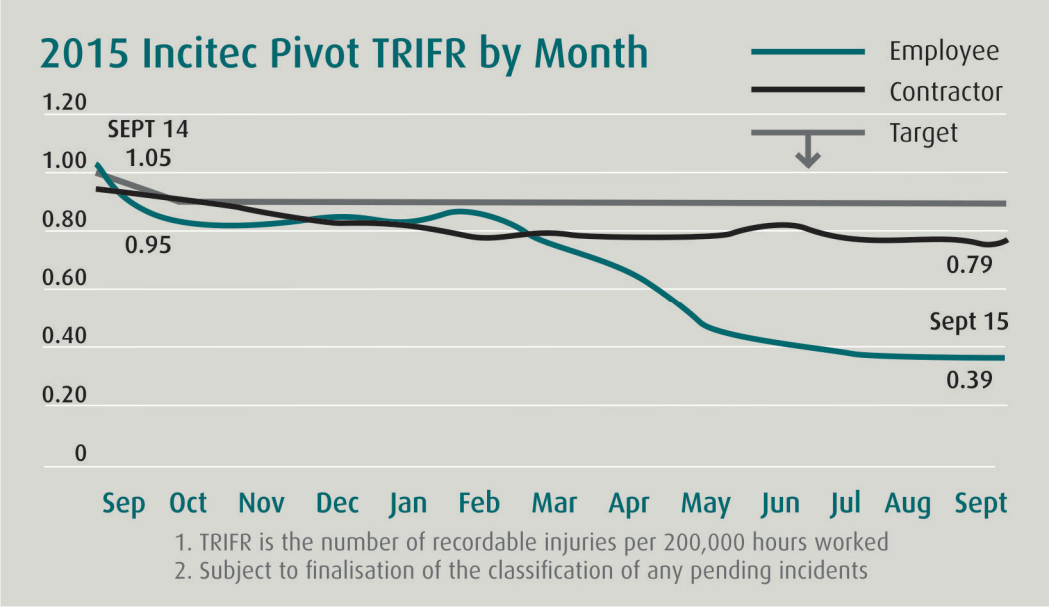

1. TRIFR is the number of recordable injuries per 200,000 hours worked
2. Subject to finalisation of the classification of any pending incidents

TRIFR by region	2015
Australia	0.64
Americas	0.78
Turkey	0.44
Indonesia	0.32
Papua New Guinea	0.00

31%
REDUCTION IN TRIFR

Workplace Health and Safety

Health and Wellbeing

Workplace Health and Safety

- Our Safety Performance
- > Health and Wellbeing

Print PDF

Zero Harm for Everyone Everywhere

Safety Partners

Link:
What is BEx?

The IPL Zero Harm Council has responsibility for health and wellbeing across the Group and each business unit and site offers health and wellbeing programs appropriate for local needs and to suit local regulatory and cultural requirements.

All Australian and US employees have access to an Employee Assistance Program (EAP).

In Australia, this program provides up to five confidential specialist counselling sessions each year, available 24 hours per day. It offers support for work and personal issues either face-to-face, over the telephone, in writing, via the internet or by video conferencing. The counselling can help with managing conflict, coping with change, stress, grief, career transitions, relationship issues, gambling, alcohol and substance abuse, parenting conflict, pain, trauma, anxiety, depression and many types of emotional difficulties.

Across our Australian sites, we promoted R U OK? Day on September 10 2015, an initiative supported by the Australian Government to equip and encourage work mates to start a conversation whenever they notice that a colleague might need help to seek assistance. Stress management information and/or training is instigated at a site level as needs are identified by the relevant site manager. This may take the form of site wide training, training for specific work groups, or referral for an individual needing assistance in this manner. Online modules on stress and resilience are open to employees to participate in across the Group and counselling or other support services are also available in response to specific events e.g., a natural disaster or site incident.

2015 Fitness Challenge

Last year we formed a Wellness Committee in the USA to further embed the importance of health and wellbeing across our North American business. The Committee piloted an eight week Walking Challenge to encourage employees to build more exercise into their everyday activities. This year the program was extended to all employees in the USA, Canada, Chile and Mexico in the form of an eight week Fitness Challenge to encourage employees to incorporate more physical activity into their lives. The challenge allowed employees to participate as individuals or as teams and prizes were awarded to those entrants who logged the most minutes of physical activity each week.

Sleep and driver safety

During 2015 our Dyno Nobel Transportation (DNTI) and Distribution business in North America continued to operate a Driver Alertness Program for our current truck drivers and new hire drivers. The program aims to assist in reducing fatigue and help keep our drivers safe on the road. Drivers are screened for Obstructive Sleep Apnea (OSA) and tested if found to be at risk. Those who are diagnosed with OSA are assisted to access treatment to improve their sleep. Follow up to monitor progress and ensure treatment is also part of the program and, as with all of our drivers, determination for fitness for driving is made by the Department of Transport doctor. In the case of OSA, doctors confirm CPAP treatment compliance and monitor progress before issuing drivers with a medical card to drive. In addition, DNTI started a Transportation Driver's Council to promote weekly wellness activities and increase awareness of the importance of health and wellness. The Drivers Council is producing a quarterly newsletter to inform drivers of current issues and plans, and the newsletter includes a page on wellness. Plans for 2016 include exploring the possibility of expanding the program to our Operations Drivers in the USA.

Health assessments

Across our US and Australian operations, occupational health assessments are also offered to employees. For example, we currently offer our US based employees confidential Wellness Screenings on an annual basis. The screenings focus on the early identification of personal modifiable health risk factors. This provides each employee with a picture of their overall health status including blood pressure, cholesterol, glucose, and triglyceride levels, and the effects of smoking. Delivered by a third party professional health provider, this screening information is provided confidentially to employees who are then assisted in partnering with their physician to take corrective action and improve health outcomes where required. Because the screening is conducted annually, a six month check-up is included to track progress and assist in improving their health. Employees in Australia who are exposed to noise, dust and other occupational exposures undergo relevant periodic medical assessments to monitor and ensure that their health is maintained.

Some of our sites in Australia, such as Phosphate Hill and Moranbah, have access to a range of health and fitness support facilities and services such as a gymnasium, other sport and recreational facilities and lifestyle, nutrition, health and fitness professional support and advice. Many other sites offer a subsidy towards gym membership or other fitness programs.

Giving up smoking

In the US, a tobacco cessation program is also offered in association with the Wellness Screenings program and is conducted by the same third party health provider. We incentivise this program by reimbursing the employee's costs for any approved tobacco cessation products once an employee has successfully completed the program and stopped smoking.

Reducing sprains, strains and manual handling injuries

We also focused on early intervention and prevention of all types of sprains, strains and manual handling injuries during the year through a combination of eliminating manual handling tasks where possible, and encouraging employees to report any signs of strain injuries as soon as they arose. In the USA and Canada alone, 187 early reports of pain and possible strains allowed them to be treated with first aid, successfully reducing the severity of work related injuries. Similar reductions in injury rates were reported across our Asia Pacific businesses, and in Australia we established the Hazardous Manual Task Injury Reduction Program to further minimise the risks of musculoskeletal injuries.

Community

St Helens employee, Rob Opperman, far left, shows St Helens High School students our St Helens operation.

Community

Print PDF

Care for the Community & our Environment

IPL understands that long term and meaningful relationships with our communities are fundamental to maintaining our social licence to operate, particularly in the area of maintaining community safety. We also believe we have a responsibility to make a positive social and economic contribution to our local communities. As an international industrial chemicals company with operations in many countries, we take a grass-roots approach to community relations.

Community investment and engagement decisions are made locally, where community needs are best understood, and are guided by a Group-wide governance framework.

We are committed to building long term and meaningful relationships with the communities in which we operate in accordance with our Value of ***"Care for the Community & our Environment".*** We actively engage with community members and representatives of national and international charities, regulators, Governments and grass-roots community organisations including resident groups, councils, farmers, sporting clubs and environmental groups.

We aim to have a positive impact by working closely with community representatives, providing local employment and selecting local suppliers wherever possible. We empower our people to engage with their local communities and seek to mitigate negative impacts and create positive perceptions and outcomes for our business.

Our Sustainable Communities Policy defines our approach to community relations, including commitments to:
- Listen to and work with the community;
- Strive to be a valued corporate citizen; and
- Respect our neighbours, their values and cultural heritage, and be considerate of them in carrying out our operations.

Day-to-day responsibility for assessing our community impacts and implementing community engagement programs rests with local management at each of our sites, as our site managers best understand their needs and concerns. Local priorities are informed by our Community HSEC Standard, which sets our minimum requirements for engagement. Governance of our community investment programs is overseen by the Executive Team.

Key Challenges and Opportunities

- Ensuring alignment of our community activities to our Principles for Giving across our global operations
- Maintaining our social licence to operate with the inherent risks associated with chemical manufacture, storage and transport
- Building our reputation as an employer of choice in the community

Strategic Priorities

We will continue to improve our approach to community engagement, including:
- Continuing to develop a Group-wide approach to community relations and embedding principles of community engagement at business unit and site level
- Understanding and working to address the impacts we have on our communities
- Embedding the principles of our Community Investment Framework within the ongoing operations of our businesses and functions

Community

Community Engagement

◆ Material issue

Community

- ◆ Community Engagement
- ◆ Community Safety
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Print PDF

Care for the Community & our Environment

As an international industrial chemicals company with operations in many countries, we take a grass-roots approach to community engagement.

Many of our operational sites have community engagement programs in place to facilitate two-way communication between the site and the local community. Outcomes associated with these local site community engagement programs during 2015 include:

• Our manufacturing site in Geelong, Australia conducts community meetings twice a year. Advertised through the local media, Geelong residents, local journalists and council representatives attend. During the meetings site representatives present data about the site, such as safety information and results of ongoing environmental monitoring. Community leaders are provided with the telephone numbers of key site employees and are able to notify them of issues if they arise. The site also sponsors a local swim held by the North Shore Residents Group, provides an award for the top engineering graduate from Deakin University, and is actively involved in the Northern Futures Program which provides disadvantaged persons with employment experience.

• Employees at Geelong also volunteered their time to help give the Northern Bay College a fresh lease of life. Situated in Norlane West, the Peacock Avenue Campus lacks funds for projects such as grounds development. The school received a real boost in June 2015 when our employee volunteers took on the task of removing years of soft fall to create new garden beds. The gardens were then replanted with the assistance of the school's students. This project aligns with the IPL priority area of Education within its Sustainable Community Policy and is facilitated by Karingal Inc. through its initiative BacLinks, a service that brokers relationships between businesses and community groups. The volunteers enjoyed a day of team-building, as well as making a difference to a local school while becoming more aware of some of the challenges that face our local communities.

• Employees at our Phosphate Hill manufacturing site in Queensland, Australia nominated the Neonatal Intensive Care Unit (NICU) at the Townsville Hospital as a worthy recipient for IPL Community Giving and a request was submitted for a coffee machine in the parent's lounge. The coffee machine was purchased under the IPL Community Giving Program and provides an opportunity for a much needed coffee break to both staff and parents.

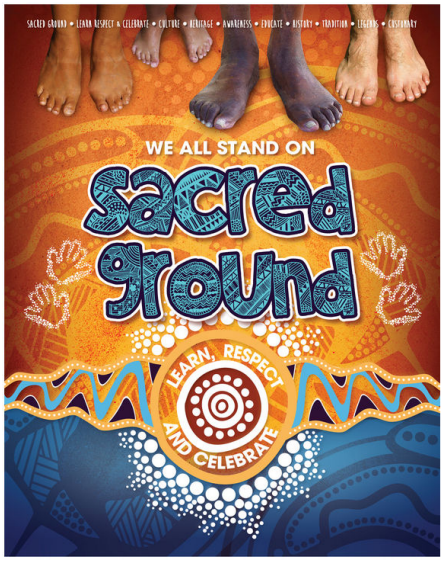
• Employees from our Moura, Australia, emulsions manufacturing plant gave their time to raise funds for the Moura Coal & Country festival. The team they were a part of raised approximately $7000 with sponsorship and has been nominated in the Banana Shire Council Australia Day awards for event of the year.

• Employees from our Portland SSP manufacturing site in Victoria, Australia, volunteered time to Kyeema Support Services in preparation for their annual Spring Sale. Kyeema Support Services offers community based respite, day programs and employment programs to adults with disabilities, along with day and overnight respite for young children and teenagers. The ten volunteers enjoyed a day of team-building, as well as making a difference to the local organisation. They assisted with painting outdoor equipment ready for sale, as well as general maintenance and gardening improvements.

• Our Explosives manufacturing site located in Cheyenne Wyoming, USA, which produces ammonium nitrate solution, prill, ammonia, UAN (a liquid fertiliser made with urea and ammonium nitrate) and urea, has a long history of supporting the local community. This year employees continued to focus on helping the underprivileged, running community safety events and responding to local emergencies. Donations were made to local sports teams, and support and sponsorships were made to the Boys and Girls Club, East High School and to Cheyenne Frontier Days.

• Sites regularly participate in community forums, working with local representatives to ensure appropriate plans are in place to mitigate the impact of a crisis situation. One example of this is our Big N Fertiliser Depot in Moree, NSW, Australia, which participates in the annual incident planning day with the Moree Shire Plains Council. Emergency action plans are established for the Moree community and surrounding area together with the local Fire Brigade. On completion, our site holds a BBQ and conducts a debrief meeting, with Moree Police and Ambulance services also attending when possible. For more details, see Community Safety.

At IPL, we are committed to engaging and partnering with our Australian Aboriginal and Torres Strait Islander communities. This year's NAIDOC theme served to highlight Aboriginal and Torres Strait Islander peoples' strong spiritual and cultural connection to land and sea: 'We all Stand on Sacred Ground: Learn, Respect and Celebrate'



This year the IPL Board approved our Reconciliation Action Plan, which has also been endorsed by Reconciliation Australia. The RAP provides us with a framework to outline our vision for reconciliation and is also a public commitment to implementing and measuring practical actions that build respectful relationships and create opportunities for Australian Aboriginal and Torres Strait Islander peoples. Our sites across Australia celebrated NAIDOC (National Aborigines and Islanders Day Observance Committee) week with their local Aboriginal communities. NAIDOC Week celebrations are held across Australia each July to celebrate the history, culture and achievements of Aboriginal and Torres Strait Islander peoples. NAIDOC is celebrated not only in Indigenous communities, but by Australians from all walks of life.

Our Gibson Island manufacturing site was fortunate to have members of the Aboriginal traditional owner group Turrbal help us embrace the NAIDOC theme and learn more about aboriginal culture. Aunty Maroochy Barambah performed a welcome to country song and blessing, also explaining the site at Gibson Island is built on spiritual land of significant importance to the Turrbal people. Bruce McLean then provided staff with a detailed insight on the history of the didgeridoo and gave a performance that left the audience mesmerised. To complement the event, staff were encouraged to taste some traditional foods they may not have previously had exposure to such as kangaroo, emu and a range of native berries.

To support the Indigenous traditional owners of our Phosphate Hill site, the Yulluna people, IPL sponsored a trip for upcoming Titans Rugby League star Kierran Moseley to travel from the Gold Coast back to Cloncurry via a flight from Brisbane to Mt Isa, to be a guest speaker at a NAIDOC Week careers day at the shire hall. His words encouraged many students from his old school, Cloncurry State High, to follow their dreams and achieve their full potential.

At our Perth office the NAIDOC celebrations hosted Leonie Bartlett, a renowned Artist in Western Australia who has worked in many areas promoting and educating Indigenous and non-indigenous people about her culture by using her amazing talent of visual art. Leonie involved the staff in creating an art piece, using their hand and foot prints to produce a work with many different colours and themes. This demonstrated how all people can work together to create something good, no matter their background or race. The Indigenous General Kaartdijin (Knowledge) Quiz was sent out to all IPL sites in Western Australia during the week with the winning prize being a traditionally painted didgeridoo by Philip Walley-Stack. All Perth Staff took a short bus ride to Kings Park to partake in the fully guided "Indigenous Heritage Tour". At the Park they joined an Aboriginal Guide and learned of Perth's first people, the Wadjuk, and the unique local plants used for both bush food and medicine. A display of local bush tools was viewed as the Ancient Dreamtime story of the Nyoongar people was told to explain how sustainability is central to the Aboriginal way of life. Staff learned some great bush survival tips and the traditional Nyoongar dancers performed as the didgeridoo sound echoed through the park.

Community

Community Safety

◆ Material issue

Community

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Due to the nature of industrial and agricultural chemicals, our operations have the potential to impact on local communities.

IPL has measures in place to monitor, manage and prevent potential negative impacts on local communities which may arise. Due to the nature of our business, many sites are required by law to communicate regularly with the community regarding Community Safety Plans which describe the emergency procedures that should be followed to keep them safe in the unlikely event of a potential incident. In addition, potential impacts are also assessed and addressed. For example, where there is any risk of the release of fumes associated with ammonia, our major product, purpose built gas detectors are used. These are permanently located near the perimeters of sites that have ammonia storage tanks, ensuring that any potential leaks can be responded to. The detectors set off an alarm to response teams at any time of the day or night if gas is detected.

In North America, 51% of IPL's sites handle materials which have the potential to impact on local community safety. These sites are required to actively participate on Local Emergency Planning Committees (LEPCs) as part of the Emergency Planning and Community Right-to-Know Act (EPCRA) . For example, our Cheyenne, Wyoming manufacturing site in the USA participates in the Mutual Aid Emergency Response Group along with the local Fire Department, Holly Frontier Refining and Warren Air Force Base. LEPC membership must include (at a minimum):

- Elected state and local officials
- Police, fire, civil defense, and public health officials
- IPL facility representatives
- Environment, transportation and hospital officials
- Representatives from community groups and the media

LEPCs measure their effectiveness against the EPA recommended guideline 'Measuring Progress in Chemical Safety: A Guide for Local Emergency Planning Committees and Similar Groups'.

In the Asia Pacific region, 22% of sites have been identified as either 'Major Hazard Facilities' or sites which are required to provide specialised communications to their communities regarding safety. These sites follow 'Safe Work Australia' guidelines in developing emergency plans, establishing and evaluating a Safety Management System, and creating and distributing communications to their communities. Major Hazard Facilities are required to hold Regular Emergency Response Drills which include site personnel, the local Fire Service and the relevant state Ambulance service. Copies of Emergency Response Plans must be placed with the local community Library and local Fire Station. A 24 hour emergency contact number must be displayed at each facility, and the name of a contact person provided, from whom information may be obtained and with whom concerns can be raised. At many sites community doorknocks and leaflet handouts are conducted annually. We also publish IPL Community Safety Reports on our website to provide information and advice for neighbours of our facilities who may be impacted by our activities.

In addition, IPL has a continuous improvement management approach in response to incidents such as gas sensor alarm responses and the IPL Reputation and Crisis Management manual assists crisis management teams to effectively manage communication and engagement in the event of an incident.

Community

Community Investment

Community

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Care for the Community & our Environment

Through our Community Investment Framework we are able to deliver long-term sustainable growth for our businesses and ensure the long-term health and vitality of our local communities. The Framework, implemented during 2013, has been one of the key outcomes of our Sustainability Strategy. It has been established to help us to build meaningful community relationships and has enabled us to further support our people in their endeavours to make a difference within their local communities.

The framework sets minimum standards all businesses and sites within the Group are required to uphold when administering community programs and spend, ensuring funds are issued consistently and fairly across our operations. Importantly, the Framework preferences local approaches, enabling each IPL business and site to respond to the distinct needs of their communities.

IPL's Community Investment Framework directs that all community investments are issued in accordance with our 'Principles for Giving'. These Principles have been endorsed by the Executive Team and ensure we have a strategic and consistent approach to community giving across the Group.

The Principles for Giving ensure that we:
• Support activities that provide solutions to local challenges and opportunities in the communities around our operations and where our employees live.
• Place a strong emphasis on supporting initiatives that help local organisations develop the skills and resources to bring positive and lasting benefits to the community.
• Provide funding to initiatives that are aligned to IPL's Values and business strategy, and are integral to the long-term sustainability of the communities where we operate.

Our areas of focus are:
• Education – providing support for childhood, adult and indigenous specific education activities;
• Health – providing support for activities working towards better physical and mental health;
• Community Development – providing support for activities that enrich community life and enhance the social, environmental and economic sustainability of local communities.

IPL Community Fund

The establishment of the IPL Community Fund in 2013 provided IPL's operations worldwide with a formal avenue through which to apply for grants of up to A$10,000 (or local equivalent) in support of local community initiatives. Applicants are asked to demonstrate the value of their initiative to the community as well as the link between the initiative they're hoping to support and their site's broader community engagement efforts. In 2014 this fund was suspended and future funding will be reviewed as part of the annual corporate budget process.

Dollar for Dollar Program

Our Dollar for Dollar program, a key component of our Community Investment Framework, matches employee donations and fundraising efforts that are aligned to our Principles for Giving to a total of A$2000 per initiative.

Measuring community investment

We measure our community investment using the London Benchmarking Group (LBG) methodology – a global standard for reporting community investment. This year our total community investment was A$391,406 including cash, time, in-kind support and management costs.

Many donations were made locally, either through the donation of products and services, volunteering, local sponsorships or fundraising efforts. 100 percent of both local and Group donations were made in line with our Principles for Giving, with approximately 40 percent going to health initiatives (including sport), approximately 10 percent going to education and approximately 50 percent to local community development.

Community

Community Consultation on Major Projects

◆ Material issue

Community

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Print PDF

We undertake community consultation activity in support of all major development projects. These construction projects are typically multi-million dollar developments, taking place over months and years.

The local community, understandably, has questions and concerns about how such developments may impact them. We utilise internal expertise and, when required, employ stakeholder and community engagement specialists to support our project teams and local people to ensure timely communications throughout a project's life cycle.

Louisiana Project, US

During 2015, construction of the 800,000 tonne per annum ammonia plant at Waggaman, Louisiana, USA remained on track and on budget for production in the third quarter of 2016. The safety target for the total project was to achieve a TRIFR of 1.05. Over three million construction hours have been worked to date and the current TRIFR is 0.37.

750 CONSTRUCTION POSITIONS

540 NEW

65 PERMANENT POSITIONS

Apart from providing 750 peak construction jobs, Louisiana Economic Development estimates the Waggaman project will bring more than 540 new permanent positions to the area, including 65 permanent positions at the ammonia plant. Being constructed on a brownfield site, located on the Cornerstone Chemicals complex, the plant is being built using KBR Purifier TM Ammonia Process plant technology, which has been rated as the most reliable and efficient in the world, setting a new standard in clean ammonia production. In line with our commitment to sustainable development, the project will be completed with zero land clearing and will operate with reduced energy use, low NOx emissions and clean sustainably sourced water. Download the Louisiana Project Case Study here.

Throughout each stage of the project, stakeholder and community engagement activities have been undertaken to ensure community questions and concerns are appropriately addressed.

Our project team met with the Cornerstone Community Advisory Panel to provide an update on construction and associated activity in 2015. The project team continues to meet six monthly with Jefferson Parish officials, elected Councillors and key government stakeholders, including officials from Louisiana Economic Development, in relation to construction and operational activities, and to ensure they are informed of progress.

Environment

Print PDF

Care for the Community & our Environment

We rely on resources such as natural gas and water, and we have the potential to impact the environment through emissions of greenhouse gases (GHG), 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.

In line with our Value of "Care for the Community and our Environment", we apply a continuous improvement approach to management of environmental matters, focusing on the efficient use of non-renewable resources, environmental management at our sites and the rehabilitation and remediation of contaminated sites.

Our Health, Safety, Environment and Community Policy states that we will Conduct our operations in compliance with all relevant environmental licences and regulations; promote the efficient use of resources and energy; and strive to minimise our impact on the environment. This Policy is enacted on a day-to-day basis through our HSEC Management System. Our induction process includes discussion and sign off on our HSEC Policy for all employees.

CDP

The risks and opportunities associated with climate change have been assessed. These are described in our 2015 CDP Report.

MAJOR PRODUCTS LCA

We have conducted high level Life Cycle Assessments of the energy and carbon emissions associated with our two major manufacturing processes, making ammonia and ammonium nitrate. The first is based on our Phosphate Hill site, which makes ammonia based fertilisers. The second is based on our Moranbah ammonium nitrate manufacturing site. Each is representative of the scope and activity of our manufacturing operations across the Group.

We have a governance structure in place that oversees the management of our environmental impacts:

• The Board's Health, Safety, Environment and Community (HSEC) Committee assists the Board in its oversight of health, safety, environment and community matters arising from our activities as they may affect employees, contractors, and the local communities in which we operate.

• The Zero Harm Council, chaired by our Managing Director & CEO and consisting of members of the Executive Team is accountable for reviewing health, safety and environmental performance. Since 2013, an Environment Zero Harm sub-committee was also established and charged with identifying environmental issues, risks and opportunities and developing associated action plans.

• The Zero Harm Council is supported by Zero Harm Councils within each business unit, down to site level. These Councils are chaired by the business unit head to provide leadership on health, safety and environment. Business Unit Councils meet monthly and report to the Executive Team. Within each of our business units, operations staff and project teams are responsible for preparing and executing plans to support environmental targets and strategies.

• Site managers are responsible for the operation of their site, including their environmental performance. Environmental managers within the business provide site managers with expertise to support the day-to-day environmental management of sites.

IPL has a strong focus on progressively increasing resource efficiency to ensure long term economic and environmental sustainability.

Our consumption of resources, such as fossil fuels (mostly natural gas), electricity and water and the amount of GHG emissions we produce is representative of the scale and capacity of our manufacturing plants, in particular the energy-intensive manufacture of ammonia-derived products, including urea, ammonium sulphate, ammonium phosphate and ammonium nitrate for the fertiliser and explosives markets. All of these products require natural gas as both an energy source and a raw material for production, with carbon dioxide being liberated during the process. Carbon dioxide is also liberated during the acidulation of phosphate rock in the manufacture of phosphate fertilisers.

In Australia a central reporting system collects energy use, water use and waste data from all manned sites. The data is obtained from utility bills, except where electricity is generated on site. Electricity generated from natural gas at remote sites is metered on site and this is also entered into the database. Municipal water use is obtained from water bills, whereas volumes for storm water, river water, recycled process water or ground water are typically metered on site. The data is then consolidated and verified for reporting purposes. Energy use, water use and waste data for our sites in North America and Europe are supplied separately.

Key highlights during 2015:

7% REDUCTION IN NET GLOBAL WATER USE

3% REDUCTION GENERAL WASTE TO LANDFILL

Further review & simplification of our Global Environment Standards

Link:
What is BEx?

Our sites are driving environmental improvements and resource efficiencies using BEx continuous improvement processes.

• Environmental metrics are included on BEx visual management boards, which are reviewed at site daily management meetings.
• Continued environmental training across our manufacturing and distribution sites, focussing on: environmental requirements and compliance; stormwater and universal waste management; protecting endangered species; spill prevention and response procedures; and environmental release reporting.
• Environmental team members undertake 'Gemba' walks at our manufacturing and distribution sites. 'Gemba' is a Japanese word which means "at the site". When Gemba is used in conjunction with process improvement methodologies, it refers to the act of making observations of the process in action, then working with employees to recognise and address potential environmental hazards in their work areas.
• Environmental goals associated with progressing along the BEx maturity scale are being progressively incorporated in to the short term incentive plans of our US manufacturing environmental team members
• Addressing resource efficiencies and 'loss and waste' using BEx processes.
• Increasing environmental incident reporting across the Australian businesses to include 'near miss' or 'potential impact' incidents in order to proactively manage potential incidents before they occur.
• Continuous improvement of raw material and bulk product handling processes to reduce loss, waste and spills

Key Challenges and Opportunities

• Continuing to identify and prioritise resource inefficiencies and reduce
• Securing capital to drive resource efficiencies in difficult market conditions
• Responding to changing carbon regulatory conditions globally, particularly in Australia
• Continuing to improve our environmental compliance and management systems, and our environmental performance
• Responding to climate change risks and opportunities

Strategic Priorities

• Working with the Australian Federal Government on energy and carbon policy to ensure favourable outcomes for business and the environment
• Continuing to drive energy and other resource efficiencies across our global manufacturing business, including Investigating the use of large scale renewable energy
• Continued implementation of BEx processes across all areas of the business, including areas which impact on the environment and resource efficiencies

This report is published as an interactive online report. Visit the website to access online features at www.incitecpivot.com.au/sustainability

Environment

Energy and Greenhouse Gases

◆ Material issue

◆ Environment

◆ Energy and greenhouse gases

◆ Water

> Waste

◆ Environmental Compliance

Print PDF

Care for the Community & our Environment

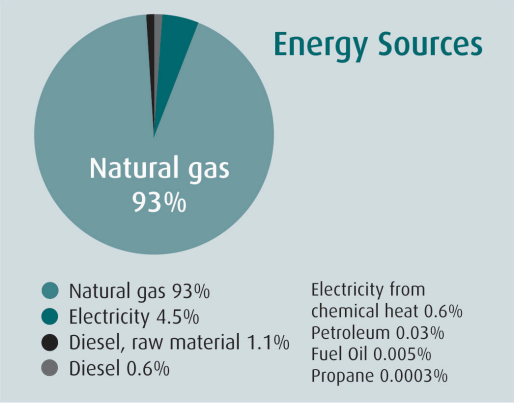
As discussed in the previous section, the manufacture of ammonia and ammonia-derived products is energy-intensive, requiring natural gas as both a raw material and an energy source. The intensity of energy use and carbon emissions associated with our two main manufacturing processes is shown in the life cycle assessments for ammonia and ammonium nitrate. Assurance was obtained over our Australian GHG emissions, energy consumption and production figures for the period 1 July 2014 to 30 June 2015. The third party issued an unqualified opinion over our reported emissions, energy production and energy consumption.

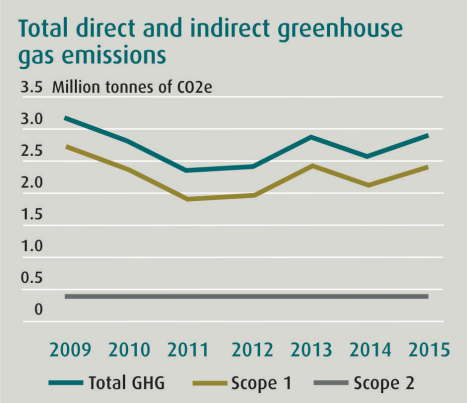
Energy use

Incitec Pivot used 44,070,102 gigajoules (GJ) of energy over the past year, 1,983,644 of which was purchased electricity. Approximately 80 percent of the electricity purchased was generated from non-renewable sources. Approximately 20 percent of the purchased electricity (indirect energy) was generated from renewable resources, mostly hydroelectric. Natural gas and diesel amounts used as raw materials and on-sold in our products have been included in our energy use figure. Approximately 1 percent of our direct energy is from CO2e-free sources, which includes electricity that is generated from heat captured during the manufacture of sulphuric acid.

Greenhouse gas emissions

We are a 'large emitter' of GHG, as defined by the Australian National Greenhouse and Energy Reporting System (NGERS). During 2015 our recorded Scope 1 (direct) and 2 (indirect) absolute GHG emissions were 2.8 million tonnes of carbon dioxide equivalent (CO2e). This is an increase of 7 percent from last year, and is due to increased production. The total figure comprises 2.4 million tonnes of Scope 1 (direct) emissions and 0.4 million tonnes of Scope 2 (indirect) emissions. Read about the our GHG reduction targets here.





Improving our performance

In line with the sustainability strategy to 'Use Less' and 'Care for the Environment', our manufacturing plants continued to reduce both energy use and carbon emissions through initiatives such as lighting reviews, plant energy optimization projects and other continuous improvements. At Moranbah, Australia, a steam trap audit and replacement project in the ammonia plant was completed and cycles in the gas fired boilers were increased. These actions will decrease natural gas consumption by 34,000 GJ and GHG emissions by 1,750 tCO2e per year. A $90,000 investment in the nitric acid abatement unit at this site will further reduce potential GHG emissions by 559,672 tCO2e per year. At the Mt Isa, Australia, site, electricity is made from waste heat generated during the process of making sulphuric acid. By maximising this process during the year, purchased electricity was reduced by 15,566,685 kWh, which reduced Scope 2 GHG emissions by 13,387 tCO2e. At Dinamita, Mexico, solar street lighting and a solar operated boiler were installed, and a Business Sustainability Audit was conducted at the Simsbury, USA site with the aim of reducing energy usage by 10% in 2016.

Other emissions to air

Nitrogen oxides (NO2 and NO, referred to collectively as NOx) are released when fuels are burned at high temperatures, and when nitric acid is manufactured. Sulphur oxides (SO, SO2, SO3, referred to collectively as SOx) are emitted when fossil fuels are combusted, and in the making of sulphuric acid. Although not greenhouse gases, NOx and SOx have other environmental impacts, such as air pollution. This year our operations emitted 3,632 tonnes of NOx and 18,508 tonnes of SOx. We continued to invest in NOx reduction technology, with work beginning on the design of a Selective Catalytic Reduction unit for the Louisiana, Missouri, nitric acid plant, which will be installed in 2016.

The SCR abatement unit will reduce NOx emissions by 91% and GHG emissions by 5% at our Louisiana, Missouri site in the US by 2017.

Environment

Water

◆ Material issue at some sites

◆ Environment

- ◆ Energy and greenhouse gases
- ◆ Water
- > Waste
- ◆ Environmental Compliance

Print PDF

Care for the Community & our Environment

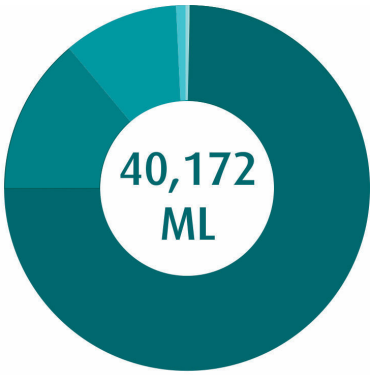
Water is a key raw material for the manufacture of ammonia which is the key component of our explosives and fertiliser products. Within our ammonia plants, the majority of water use is for cooling during the manufacturing process. A small percentage is used for steam to power equipment and as an input for the chemical reaction that makes ammonia. The risks and opportunities associated with water management as it relates to climate change have been assessed and are described in our annual Carbon Disclosure Water Project submission.

While the majority of IPL's manufacturing plants are located in regions with plentiful natural supplies of water, some of our Australian sites and one in the South West of the United States operate in regions where water conservation is a critical issue. In other regions, where there is higher rainfall, we recognise that water management is also important.

Water use by source

During 2015 we used 40,172 ML (mega-litres) of water, which is 7 percent less than last year. Our total reported water use includes the categories shown on the right. A large proportion of this water is used more than once within our plants, but most sites do not meter this recycling of water. 348 ML of water was recycled and reused at sites which have meters. This represents 1 percent of our total water use.

- Surface water - 75%
- Groundwater - 13%
- Municipal water - 10%
- Recycled water - 1%
- Storm water - 0.1%
- Desal water - 0.001%
- Rain water - 0.00004%



Water discharge by destination

During 2015 we discharged 32,075,547 m3 of water to the environment, approximately the same as last year. This total discharge excludes sewage, discharge of collected rainwater and waste water removed for treatment or disposal as liquid waste (which are included under 'Waste').

98%
CLEAN WATER TO SURFACE WATERS

- Surface waters - 98.6%
- Groundwater - 1.1%
- Sewers - 0.3%

As shown in the graph, most of this water was clean cooling water which was discharged to the natural waterways from which it was taken, reducing our net water use to 9,059 ML. We monitor the water quality of such discharges on an ongoing basis to meet local regulatory requirements and also seek to improve water quality beyond the standards required by licensing wherever possible.

Improving our performance

Continuous improvements this year include:

- At Moranbah, Australia, a new initiative to re-process stormwater through the recycle train of the onsite Water Treatment Plant reclaimed 95,146 kL of waste water for reuse.
- At Simsbury, USA, a third steam trap audit was completed this year, identifying leaks and reducing both water and energy use.
- A mobile reverse osmosis unit reclaimed 68,000 kilolitres (kL) of waste water for reuse in the cooling towers at our Cheyenne, Wyoming, USA site.
- At our Carthage, USA, site the installation of electric motor driven pumps to replace hydraulic pumps is being investigated. This will reduce water use at the site by 4,000kL per year and also reduce waste water by this amount.
- 199,759 kL of water was recovered from waste gypsum stockpiles at our Phosphate Hill, Australia, site, also recovering valuable phosphate for use in our fertiliser products

In addition to IPL's comprehensive annual risk management process, the WBCSD Global Water Tool is completed each year for long term projections and reviewed by the Chief Risk Officer. This analysis is used to identify sites at which water is a material issue.

The tool has identified one ammonia manufacturing site in the United States where baseline water stress in the water catchment area is high. It has also identified one ammonia manufacturing site and several smaller manufacturing sites in Australia as being located in water catchment areas which may experience water stress in the future (2025). Water supplies and management strategies at these sites are discussed below.

Cheyenne: Wyoming, USA

At our ammonia manufacturing site at Laramie County, Cheyenne, Wyoming, USA, water resources are of particular concern and management involves multiple stakeholders. Located in a semi-arid area, water for the site is drawn from an underground aquifer which is recharged each year by precipitation, including snowmelt. We engage with key stakeholders including the Wyoming State Engineer's Office (SEO) which manages stakeholder access to the aquifer and maintains databases for ground water levels, along with the Ground Water Division of the U.S. Geological Survey, and our Cheyenne site monitors wells through totalizing flowmeters and water level measurements and reports to the SEO annually. Water saving initiatives at the site include:

- The monitoring and maintenance of steam traps and condensate systems to reduce water loss
- Operation of a brine concentrator unit which recycles approximately 100 gallons of water per minute
- Operation of a mobile reverse osmosis unit, reclaiming 75,000 kL of waste water for reuse in 2015
- Communication to personnel through daily reports to watch for and prevent excess water from running
- Visual management board for water reduction projects and efforts
- The creation of the position of Focused Improvement Engineer in 2015 to focus specifically on water reduction opportunities.

Phosphate Hill: Queensland, Australia

Located in the Georgina Basin, IPL's Phosphate Hill site in remote North West Queensland manufactures ammonium phosphate fertilisers, which requires large volumes of high quality cooling water. In addition to its ammonia, rock processing, phosphoric acid and granulation plants, Phosphate Hill has its own phosphate mine, ore processing facility and, due to its remote location, its own gas fired power plant, reverse osmosis water treatment plant and employee accommodation village. The WBCSD Water tool identifies this site as being in an area which may experience water stress in the future (2025) due to the high inter-annual variability of rainfall. To ensure supply, groundwater is drawn under licence from the phosphate orebody, which is porous and contains an aquifer called the Duchess Embayment Aquifer (DEA). The many aquifers in the Georgina Basin are naturally recharged by rainfall during the summer wet season and were identified as a renewable (annually replenished) groundwater resource with high groundwater development potential (over 100GL/yr) by a recent inquiry into the development of northern Australia by the CSIRO. Although wet season rainfall over the last several years in the DEA has been lower than the long term average, ongoing model prediction and quarterly monitoring conducted using 39 monitoring bores across the embayment indicate that adequate supply to the site is currently being maintained. In addition to monitoring for potential changes in the embayment, the Phosphate Hill site submits an annual Borefield Performance Report to the Queensland Government Department of Natural Resources and Mines (DNRM) each year in September and completes an Annual Aquifer Review in December each year.

Our Phosphate Hill site is committed to reducing water usage wherever possible through continuous improvements and water recycling strategies. These presently include multiple re-uses of cooling water (our major use), reclamation of water from waste gypsum stacks and a reduction in mine dewatering, a process to remove water so that the phosphate ore body can be accessed. This last initiative is expected to reduce total water extraction from the aquifer by 20% in 2016. In addition, a third party specialist was commissioned to complete a Water Balance Study for the site this year, which has initiated a project to identify specific actions to reduce water use at the site by 5% each commencing in 2016.

Geelong: Victoria, Australia

The Geelong site manufactures single super phosphate fertilisers, a process which requires much less water than ammonia manufacture. However, the site has been identified by the WBCSD Water Tool as being in a water catchment area which may experience water stress in the future (2025). The site obtains its water from the state government managed Barwon Region Water Corporation, Victoria's largest regional urban water management body. Barwon water is predominantly sourced from forested catchments on the upper Barwon and Moorabool rivers, but during periods of prolonged drought water is sourced from underground aquifers via the Barwon Downs and Anglesea bore fields. In extreme drought, the water management body can also access supply from the water grid of the City of Melbourne via the Melbourne to Geelong Pipeline, a 59-kilometre underground pipeline which is part of

the state's long-term plan to secure the region's water supply into the future. Water saving strategies at the site include the on-site capture, treatment and reuse of large volumes of stormwater, with 41,326 kL being treated and re-used this year. A septic system designed to recycle grey water is being installed in 2016 at the new Product Distribution Centre, also in Geelong.

Mt Isa: Queensland, Australia

With an estimated population of 22,013 as at June 2014, the mining town of Mount Isa is the administrative, commercial and industrial centre for the state's vast north-western region. Our Mt Isa site manufactures sulphuric acid using waste sulphur obtained from a nearby metal ore mine. This process also uses less water than ammonia manufacture, however steam is also used at the site in the process of generating electricity from waste heat captured from the sulphuric acid making process. Water for the site is obtained through the Mount Isa Water Board which is responsible for the sustainable management of water supplies in the region. Although identified by the WBCSD Water Tool as being located in an arid area which may experience water stress in the future (2025), the Water Board manages supply using two man-made Lakes. Water is drawn mostly from Lake Moondarra (owned by a metal ore mining company, but transported by the Mt Isa Water Board) 13 kilometres downstream of Mt Isa, and pumped 60km up from Lake Julius in times of extreme drought to ensure supply is maintained.

Water saving strategies at the site include the condensing of all steam used in our on-site electricity generation turbine and the returning of any blow down water from our cooling towers to the nearby metal ore mine as process water.

Bajool: Queensland, Australia

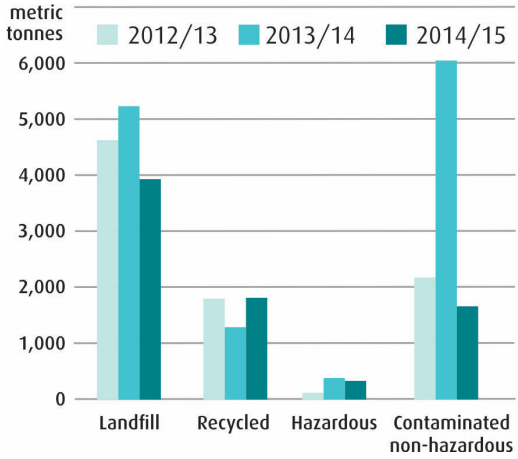
Our site at Bajool, Australia, manufactures explosives emulsions. Although identified by the WBCSD Water Tool as being in a watershed area which may experience water stress in the future (2025), water supply is not considered a material issue at this site due to the low water usage required for emulsion manufacturing processes. Drinking water is delivered in bottles and all other water for the site, including amenities, is drawn from a small on-site bore under licence granted by the Queensland State Government.

Environment

Waste

Solid waste by destination

This year our sites generated 7,630 tonnes of solid waste, 74 percent less than last year. This reduction is due to the inclusion of 6,700 tonnes of contaminated soil and pond settlings in last year's total amount, which was removed during capital project work at our Cheyenne site in Wyoming USA, and to increased recycling. Approximately 4 percent of our solid waste is classified as hazardous and is mostly waste from the manufacture of our explosives products. In addition, 1,456,604 tonnes of ammonium nitrate that was unsuitable for use in explosives manufacturing was converted to fertiliser at several of our sites. This was sold to local farmers as either a nitrogen rich liquid fertiliser, or a low grade solid fertiliser.



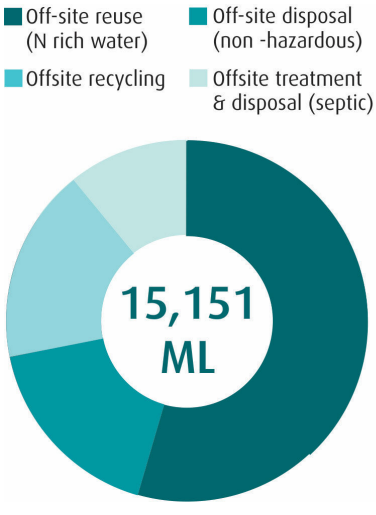
Solid chemical waste

Our sites generated 2,177,466 tonnes of solid chemical waste this year. Over 99 percent of this was phosphogypsum chemical waste that was stockpiled at our site in Phosphate Hill, Queensland, Australia. This waste is considered hazardous because of its low pH, however water and phosphate are currently being reclaimed from this material and it is planned that these stockpiles will ultimately be capped and re-vegetated. The other 324 tonnes (0.01 percent) of hazardous chemical waste was mostly generated by our North American explosives initiation system manufacturing plants. This year, 48 percent more solid chemical waste was generated. This is directly due to two maintenance shut downs: the first was at our Phosphate Hill site last year, which reduced production time, and therefore phosphogypsum waste for last year's reporting period; and the second was at our Mt Isa site this year, which involved the removal of large volumes of chemical wastes as part of maintenance work.

Liquid waste by destination

Our sites generated 15,151 kL of liquid waste that was sent offsite for re-use, recycling or disposal this year. This includes 12,907 kL of contaminated water, 3,597 kL of hazardous liquid waste and 741 kL of non-hazardous waste. Approximately 54 percent of the total liquid waste was nitrogen-rich water from our fertiliser manufacturing and distribution sites in Australia that is sent offsite to third parties for use as fertiliser and/or woodchip additive.

40 percent of the hazardous waste was septic liquid or sludge (considered a bio-hazard) which was sent offsite for disposal or treatment. The decrease in hazardous liquid waste this year is due to a decrease in septic waste across several one of our manufacturing sites, where septic waste is pumped out periodically.



Waste reduction initiatives

Continuous improvement in reducing all types of waste and increasing recycling has resulted in several new initiatives. Examples include:

- At Moranbah, Australia, the installation of atomising spray nozzles on evaporation ponds increased evaporation rates, reducing liquid waste water volumes
- The installation of a Cast Booster wastewater recycle system is being investigated at our Carthage, USA site. This will divert 1,368 kL of waste water per year into the making of nitric acid.
- The cleaning and on-site re-use of supplier cardboard box packaging at our Dinamita, Mexico site.
- The Research and Development (R&D) team in the USA has successfully developed methods to treat different types of wastewater for reuse in explosives emulsions manufacture and also assisted the explosives business to recycle over 2,000 t of chemical waste into making new emulsions.

Environment

Environmental Compliance

◆ Material issue

◆ Environment

- ◆ Energy and greenhouse gases
- ◆ Water
- > Waste
- ◆ Environmental Compliance

Print PDF

Care for the Community & our Environment

As a "large emitter" under Australian National Greenhouse and Energy Reporting (NGER), IPL is required to report annually on energy and GHG emissions associated with more than 50 sites across Australia. Direct and indirect emissions from our Australian operations are reported to the Government under this national initiative, which began in 2009. Assurance was obtained over our Australian GHG emissions, energy consumption and production figures for the period 1 July 2014 to 30 June 2015. The third party issued an unqualified opinion over our reported emissions, energy production and energy consumption.

We supply data regarding our Australian energy consumption and the emissions to air associated with the manufacture of fertiliser to Fertilizer Australia each year, which is published as part of their annual consolidated Public Environment Report. Details of emissions are also supplied to the International Fertilizer Association (www. fertilizer.org) for consolidated public reporting.

We report environmental release and discharge data to the National Pollutants Inventory in Australia, the Toxic Release Inventory in the United States, the National Pollutant Release Inventory in Canada and the Register of Pollutant Release and Transfer in Mexico. As required in in New South Wales (NSW), Australia under the Protection of the Environment Operations Act 1997, holders of Environment Protection Licences who undertake pollution monitoring as a result of a licence condition must publish monitoring data on their corporate website. Of the five Environment Protection Licences which we hold for our NSW sites, there was one which required us to undertake pollution monitoring during 2015 (Kooragang Island) and we continued to publish this data on our website.

We are subject to environmental regulation under the jurisdiction of the countries in which we operate including, Australia, United States of America, Mexico, Canada, Indonesia, Papua New Guinea and Turkey. These environmental laws and regulations generally address the potential aspects and impacts of our activities in relation to, among other things, air and noise quality, soil, water, biodiversity and wildlife. We operate under a Global Health, Safety and Environment Management System which sets out guidelines on the Group's approach to environmental management, including a requirement for sites to undertake Environmental Site Assessments. In certain jurisdictions, the Group holds licences for some of our operations and activities from the relevant environmental regulator. We measure our compliance with such licences and report statutory non-compliances as required. Our Environmental Incident Frequency Rate (EIFR) for 2015 was 0.75.

Continuous improvement during the 2015 financial year included a further review and simplification of IPL's Global Environmental Standards. BEx methodologies were applied to further refine the standards and associated management tools that are used daily by sites in order to further mitigate potential environmental risks.

In addition, reporting of incidents across the Australian businesses was changed to a risk-based focus in 2015, which facilitates the collection of 'potential impact' incidents.

Although this has increased the total number of environmental incidents reported, it provides a more complete and granular data set, proactively addresses environmental risks before they manifest, informs the Group's strategies to prevent future incidents, and further engages IPL's employees in recognising and managing a broader range of potential environmental impacts: collecting 'near-miss' reports helps create a culture that seeks to identify and control hazards before they result in an incident with the potential to impact on the environment.

Fines

For the 2015 financial year, IPL received two fines for environmental incidents: a fine of A$5,692 in relation to a loss of containment in Australia, and a fine of US$42,614 for failure to file certain reports regarding a site in the US.

Products and Services

◆ Material issue

◆ Sustainability of Products and Services

Print PDF

Challenge & Improve the Status Quo

Our fertiliser business, Incitec Pivot Fertilisers, supplies approximately two million tonnes of fertiliser per year across Eastern and Southern Australia. We distribute fertilisers manufactured in our four manufacturing operations in Australia as well as imported fertilisers. Our product range includes products such as urea, ammonium phosphates, ammonium sulphate, single super-phosphates, anhydrous ammonia as well as speciality products such as those treated with urease and nitrification inhibitors. Blending facilities for solid fertilisers are located at strategic centres throughout the market place, offering a range of blends and, for farmers who request them, individual custom blends tailored to specific needs.

In our Fertiliser business, our sustainability focus within the value chain is on ensuring that the health, safety and environmental impact of products and services are considered and managed responsibly throughout the product life cycle, with a particular emphasis on the effective use of fertilisers.

Product Stewardship is the responsibility of the Agronomy function within the Fertiliser business and our approach is defined in our Product Design and Stewardship Standard, included in our Health, Safety and Environment Management System. The Standard requires that "health, safety and environmental impact of products, product packaging and services are considered and managed responsibly and ethically throughout the product life cycle, including: research and development; purchase of raw materials, intermediates and finished products; manufacture; formulation; packaging; labelling; storage; sale; transport; use and the disposal of damaged products, waste and packaging." Many industry issues concerning agricultural fertilisers are not confined to individual suppliers. These are addressed at the industry level through Fertilizer Australia. As Australia's largest fertiliser supplier, IPL is a key member of Fertilizer Australia and actively engages in their Product Stewardship activities.

Our Explosives business, Dyno Nobel, operates in the Americas, Europe, Australia and the Asia Pacific. It manufactures, distributes and sells bulk and packaged ammonium nitrate-based explosives and blasting supplies and services to customers in the mining, quarry, construction, pipeline and geophysical exploration industries.

Within our Explosives business, efforts to mitigate the environmental impacts of our products continue to be focused on improving the sustainability of the input materials we use for manufacture, as well as the impacts resulting from its use.

Our focus includes:

- Reducing the energy, greenhouse gas emissions, water use and waste associated with the manufacturing and transport of our products (discussed in the Environment section)
- Developing and promoting enhanced efficiency fertilisers
- Maintaining product quality
- Adopting and promoting the Fertcare principles and code of practice for responsible fertiliser use, a joint initiative between Fertilizer Australia Inc. and the Australian Fertiliser Services Association
- Replacing traditional explosive bulking agents with renewable or recycled materials
- Recycling both our packaging and product that did not meet final specifications, has been returned by customers or was used during experimental work to manufacture new product
- Replacing virgin petrochemicals in explosives with oils from renewable and recycled sources
- Researching and developing explosives to minimise post-blast NOx fumes
- Researching blast designs and products to reduce nitrate leaching and other post-blast impacts

Sustainability of Products and Services

Raw Materials and Suppliers

◆ Sustainability of Products and Services

- > Raw Materials and Suppliers
- > Product Quality
- > Research and Development
- > Best Practise in Fertiliser Use
- > Minimising the Impacts of Blasting
- > Customer Health and Safety
- > Support & Education of Customers

Print PDF

Our Global Procurement team has a number of mechanisms in place to assess the sustainability practices of our suppliers.

Incitec Pivot has processes in place to assess potential and current contracted suppliers to ensure sustainability risks are well understood and addressed. Potential and current contracted suppliers are assessed using a questionnaire that covers environment, social and governance aspects and the Global Procurement team works with suppliers on gap closing action plans where required. Contracts between Incitec Pivot and materials suppliers also contain clauses that outline Company expectations of suppliers' workplace health, safety and environmental performance. The assessment of suppliers and close out of assigned actions is monitored through regular reporting.

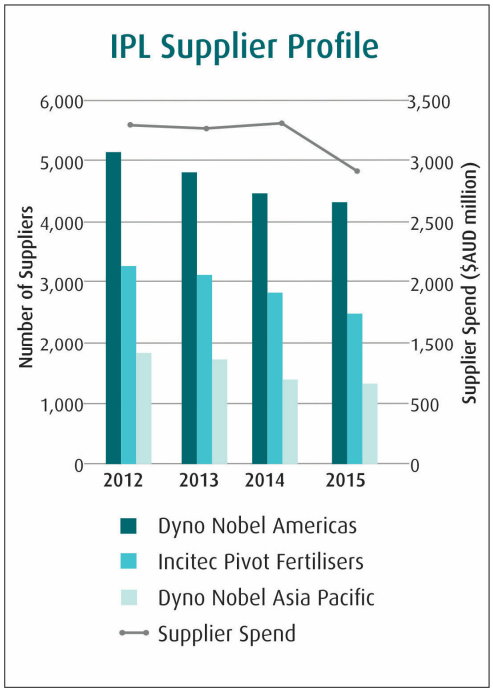
100%

OF MAJOR MATERIALS SUPPLIERS SCREENED

* 'Major Suppliers' are those which make up the top 20% of our spend

We will deliver best cost commercial outcomes aligned with stakeholder requirements through a sustainable, systematic sourcing process and active management of supplier spend.

Last year, Incitec Pivot began a review of its sustainable supply chain model applying BEx methodologies. This was continued in 2015 with a particular focus on successfully reviewing and managing risks to supply. Outcomes this year include a review of our supplier questionnaire and the establishment of a working group involving Supply Chain, Procurement and Sustainability leadership to further progress Supply Chain Sustainability. This latter initiative resulted in an ongoing reduction in the energy use and greenhouse gases of our major road transport contractors in Western Australia and our global shipping contractors in the performance of their services for us.

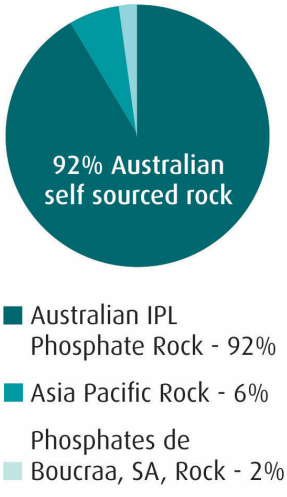


By using the Greenhouse Gas (GHG) Emissions Rating to find more efficient shipping vessels, we are using our influence to bring change in the maritime industry by rewarding ship owners that prioritise energy efficiency in line with our values, our commitment to minimise environmental impacts, and our drive to improve our financial performance.

Natural gas accounts for approximately 70–80 percent of the cost of ammonia manufacture.

Energy is an important issue for our business, particularly the supply of natural gas, which is used as both a raw material and an energy source in the production of ammonia. Ammonia is then used to make both our nitrogen fertilisers, such as urea and ammonium phosphates, and our major explosives product, ammonium nitrate, using chemical reactions. In Australia, access to competitively priced gas is a well-documented challenge for the manufacturing industry. Incitec Pivot believes that it is essential that Australia find a solution that balances the needs of supplying gas to value-adding manufacturing with those of a strong energy export market. We will continue to work with Federal and State governments on this issue.

In the production of both single super-phosphate fertilisers (SSP) and ammonium phosphate fertilisers, we use phosphate rock, a naturally occurring mineral rock.



At our plant at Phosphate Hill in Queensland, Australia we produce ammonium phosphate fertilisers, namely mono-ammonium phosphate (MAP) and di-ammonium phosphate (DAP). This year we sourced 2,400,001 tonnes of phosphate rock for MAP and DAP from our own phosphate rock mine which is adjacent to the plant. We produced approximately 1,000,000 tonnes of ammonium phosphates. At our Portland and Geelong plants in Victoria, Australia we manufacture SSP. The composition of phosphate rock used at these plants varies according to place of origin and presents therefore with varying levels of available phosphorus, cadmium, odour and reactivity, that is, the capability of the rock to react with sulphuric acid and release available phosphorus.

Our SSP manufacturing plants are configured to produce fertiliser using a blend of phosphate rock from different sources thereby balancing the above factors to produce a product that meets Australia's regulations with regard to available phosphorus. This year we produced approximately 349,105 tonnes of SSP using a blend of 212,623 tonnes of phosphate rock from a range of sources including Nauru, Vietnam, Togo, Christmas Island, and from our supplier, Phosphates de Boucraa SA, (a wholly owned subsidiary of Officè Cherifien des Phosphates), which included rock sourced from the Non Self Governing Territory of Western Sahara, with the latter comprising approximately one quarter of the rock blend used for SSP, and just 2 percent of our total rock used.

The situation regarding the Kingdom of Morocco and the status of the Non Self Governing Territory of Western Sahara is a complex one, managed under the auspices of the United Nations. We continue to monitor the ongoing developments with regard to the Non Self Governing Territory of Western Sahara. IPL has had regard to the UN Global Compact's ten principles, OECD Guidelines for Multinational Enterprises, as well as relevant provisions of international law and Australian law. We remain satisfied that we are not in breach of either Australian law or International law, as there has been no determination by the UN or any other competent legal authority that the production and use of phosphate from the Non Self Governing Territory of Western Sahara is in violation of any applicable law or the Geneva Convention.

Over many years IPL has engaged in dialogue and enquiry with many parties on this matter. In particular, IPL meets periodically with the Australian Department of Foreign Affairs and Trade, and has had discussions with Office Cherifien des Phosphates, its supplier of phosphate rock from the Non Self Governing Territory of Western Sahara, as well as with Australian ambassadors to the Kingdom of Morocco. IPL will continue to monitor this complex situation.

We use sulphuric acid in the manufacture of single superphosphate, mono-ammonium phosphate, di-ammonium phosphate and granulated ammonium sulphate, and nitric acid in the manufacture of ammonium nitrate.

We produce sulphuric acid at our Mount Isa site in Queensland, Australia. The acid is transferred to our fertiliser manufacturing plant at Phosphate Hill by a purpose built railway and used in the production of DAP and MAP fertilisers. We source additional sulphuric acid, including for our SSP plants in Victoria, Australia, from both domestic and international suppliers. We manufacture the nitric acid we use to make ammonium nitrate explosives at our nitric acid plants in Moranbah, Australia, and Donora, St Helens, Louisiana, and Cheyenne in North America.

During 2015, Incitec Pivot fertilisers worked with suppliers, customers and industry bodies to trial a new program to collect and recycle our fertiliser packaging.

In any given year, over 80% of our fertiliser sales are bulk sales which require no packaging. However, approximately 15% of our fertilisers are transported to customers in FIBCs and 5% is sold in small packs. Since moving away from reusable FIBCs in 2014 in order to improve customer safety and reduce the risk of potential spills to the environment, we have been asking our customers and distributors to return their empty bags to us while we worked on a more comprehensive system to stewardship our packaging waste.

This year Incitec Pivot Fertilisers worked with our fertiliser packaging suppliers, plastics reprocessing companies, 23 local councils, the Queensland Department of Environment and Heritage protection, and 'Farm Waste Recovery', a subsidiary of the Australian agricultural industry body, AgStewardship, to establish the Sugar Cane Fertiliser Bag Recovery Trial. Commencing in September 2015, the 6 month collection-and-recycling trial of fertiliser packaging was conducted across the Northern Australian sugarcane farming region, where approximately 80% of the sugarcane harvested in Australia each year is grown, and where we supply 70% of the fertiliser needs to cane growers. AgStewardship's key objective is to support and develop Australian Agriculture's environmental sustainability and stewardship, while the key objective met by the trial was to develop a sustainable model for the collection of fertiliser bags and the reuse of the recovered materials that was supported by state and local governments, and local recyclers.

We invested $20,000 in the trial and promoted the bag collection procedures to our farming customers to ensure as many bags were collected as possible. Growers were asked to tie the bags in bundles and drop them at local council and private farm collection centres, where they were then bailed for transport to Brisbane for recycling. The response was exceptional, with 217 tonnes of plastic being recovered, which represents approximately 72,500 bags and demonstrates the commitment of our customers to a sustainable recycling option for our fertiliser packaging. The trial was timed to cover the 2015-2016 cane growing season and included two separate plastic processing companies trialling two different reprocessing methods. Opportunities to improve the operational delivery of the program were identified during the trial and will be built into the program design for the 2016-2017 cane growing season, pending the ongoing agreement and continuing support of the other key program stakeholders.

Not only was the volume of plastic collected enough to make 1,200 park benches, it means tidier farms, less material going into landfill sites and less likelihood of the plastic packaging ending up in the environment.

Sustainability of Products and Services

Product Quality

◆ Sustainability of Products and Services

- Raw Materials and Suppliers
- Product Quality
- Research and Development
- Best Practise in Fertiliser Use
- Minimising the Impacts of Blasting
- Customer Health and Safety
- Support & Education of Customers

Print PDF

Our fertiliser Quality Policy outlines our commitment to providing products and services that meet our customers' needs.

Fertilisers contain various impurities which are mostly derived from the raw materials used in fertiliser manufacture. We are committed to providing quality products and services that meet customer needs. We manufacture a wide range of fertilisers in Australia, and source products from other Australian suppliers and overseas to offer a comprehensive product range. In Australia, fertilisers must meet certain standards and be labelled in accordance with relevant statutory requirements. We also label our products in accordance with the Fertiliser Australia National Code of Practice for Fertilizer Description and Labelling. We have set specifications for domestically manufactured and imported fertilisers that meet these standards. Routine laboratory analyses are performed to ensure products meet these specifications.

Our fertiliser manufacturing is monitored by our own Quality Control Laboratories and our Ammonia (BIG N), Urea and GranAm products are Quality Assured to AS/NZS ISO9001:2000 standards. All of our product imports are sourced in compliance with the Fertiliser Australia Purchasing Code of Practice. Product Specifications are set that meet statutory limits and market needs. Certificates of Analysis are sought from suppliers. The delivered products are then analysed through our own Quality Control Laboratories to ensure they are within specification, e.g. maximum limits of heavy metal impurities such as cadmium, lead and mercury. We declare the impurity content of fertilisers on the product label.

0.029 % SALES FERTILISER QUALITY CONTROL ESCAPE RATE

Through our Customer Complaints Data Base, we track the percentage of our fertiliser product sold (imported or manufactured) which has quality control issues and we seek to improve this KPI each year. In 2015, the percentage of fertiliser sales with quality control issues which were compensated for was just 0.029%. We examine quarterly 'touchpoint' reports assessed through 'Fertshed', our online customer transactional portal, which also tracks aspects of customer sentiment. This allows management to disseminate the information quickly through internal channels, solving product quality or delivery issues quickly.

Our Dyno Nobel explosives business is renowned as a global provider of innovative explosive products, services and solutions, delivering ground-breaking performance to our customers every day.

During 2015 we continued to improve our explosives product quality by the detection, analysis and correction of trends during processing which may impact quality and performance. An improved Quality Management System was introduced into our Explosives Initiations Systems manufacturing plants and our Australian bulk emulsion manufacturing plants this year. The new QMS has allowed greater tracking and correction of product quality using a range of improved KPIs. These metrics include:

- First Pass Yield, also known as Throughput Yield;
- Process Capability Index, a measure of how closely a process is running to its specification limits, relative to the natural variability of the process;
- Financial cost of non-conforming products; and
- Escape Rate ((Total 'Escaped' Defects / Total Production) x 1,000,000) of units not meeting our high standards of quality control. In 2015 our Escape Rate was just 0.281, a better result than our target rate of <0.1.

0.000028 % 'IS' UNITS QUALITY CONTROL ESCAPE RATE

Globally, our 'Marketing & Technology Ideas & Work Requests Database' continues to accept requests from all over the company for assistance from our Research and Development Team, promoting a closer working relationship between our research and development laboratory and our manufacturing plants. This results in continuously improved operating procedures, particularly where product analysis is required, and is facilitating improved product quality in relation to both our bulk explosives formulations and the raw materials sourced.

Sustainability of Products and Services

Research and Development

◆ Sustainability of Products and Services

- Raw Materials and Suppliers
- Product Quality
- Research and Development
- Best Practise in Fertiliser Use
- Minimising the Impacts of Blasting
- Customer Health and Safety
- Support & Education of Customers

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The focus of our fertiliser extension and research programs is on the efficient use of existing fertiliser products and the development of enhanced efficiency fertilisers.

Considerable emphasis is placed on applying these products in the right place and at the right time. Soil and plant tissue analysis are used to better predict the rates at which fertilisers should be applied, and the use of computer based decision support tools to fine tune fertiliser programs is gaining favour within the industry. Our Nutrient Advantage Laboratory Services is NATA accredited and operates in accordance with the international standard ISO/IEC 17025. The lab is also ASPAC accredited and participates in proficiency studies. Our accreditations are a reliable indicator of the technical competence of a facility to perform specific tests. Nutrient Advantage Laboratory Services delivers consistently high quality analytical results by employing nationally and internationally recognised standardised analytical methods.

Nutrient Advantage®
Knowledge | Productivity | Responsibility
1800 803 453
lab.feedback@incitecpivot.com.au

We operate one of the largest commercial plant nutrition research and development programs in Australia, with a range of replicated research trials in conjunction with customers, independent organisations and agronomists.

Our long term experiments aim to produce insights that benefit Australian farmers and allow them to improve fertiliser use efficiency and adopt sustainable fertiliser practices. We are also committed to helping farmers improve productivity and profitability through expanding and developing our range of products and services. The development of new fertilisers is driven by the needs of farmers and is focused on improving nutrient use efficiency, flexibility and environmental performance. One of our sustainability keystone projects is the establishment of a joint research partnership to study nitrogen losses from conventional and enhanced efficiency fertilisers to reduce environmental impacts of fertiliser use. IPL offers two enhanced efficiency fertilisers:

ENTEC
ECOLOGY • NITROGEN • TECHNOLOGY

• Entec® is a treatment that retains nitrogen in the stable ammonium form for an extended period. This reduces nitrogen losses via leaching (to waterways) and/or denitrification (the atmosphere), while conserving more nitrogen for plant uptake. During 2015, trials have demonstrated the potential for significant cane yield increase with the use of Entec. Read about the results of these trials on page 9 of the June-July edition of *Australian Sugarcane*.

• Green Urea NV® is a top dressing fertiliser, recommended where volatilisation losses of ammonia are likely. Green Urea NV products contain urea treated with the urease inhibitor, N-(n-butyl) thiophosphoric triamide (NBPT), and are aimed at delaying hydrolysis of urea into unstable forms that may be lost to the atmosphere, thereby reducing emissions related to fertiliser usage. Green Urea NV can help to protect against volatilisation losses, particularly for:

GREEN UREA NV™

- intensive dairy and beef pasture production
- irrigated cotton where urea is applied mid-season
- agronomic forestry situations
- field crops where urea is applied to bare soil or soon after crop germination.

This year we continued two three-year joint research projects with the University of Melbourne into:

Mitigation of indirect greenhouse gases in intensive agricultural production systems with the use of inhibitors

Reducing nitrous oxide emissions from applied nitrogen with nitrification inhibitors through identification of key drivers of performance.

These projects are jointly funded by the Australian Government's Department of Agriculture, Fisheries and Forestry and continue our long standing association with the University of Melbourne. We are also funding research into enhanced efficiency fertilisers in cereals, grass pastures, sugarcane, potatoes, bananas and vegetable crops.

This report is published as an interactive online report. Visit the website to access online features at www.incitecpivot.com.au/sustainability

Within our Explosives business, efforts to mitigate the environmental impacts of our products continue to be focused on using more sustainable input materials and reducing the impacts associated with product use.

Our Explosives business has partnered with the University of Newcastle in New South Wales, Australia to conduct a number of projects aimed at reducing the instance of NOx formation and, if formed, ways to treat the pollution. These projects include:

Effects of different additives in AN prill on NOx formation during thermal decomposition of AN is addressing the question of whether incorporating different additives in ammonium nitrate prill will reduce the likelihood of NOx fume.

Modelling of reactions of NOx and biomass molecules during detonation
This project investigated the use of biomass as a scavenger for NOx molecules, which are formed during the detonation of explosives, and significant work determining the reactional pathways in the NOx forming process has been performed. The intial project has been completed and we are continuing to fund the next steps of work in this area to characterise high temperature combustion reactions at a new laboratory at Murdoch University in Perth.

Read more about our work with customers to reduce the environmental and social impacts of using our explosives products at Minimising the impacts of blasting.

BIO FUELS

In North America, we have developed technology that allows the use of bio-fuels and bio-fuel by-products as an alternative to petroleum-derived hydrocarbons for the manufacture of blasting agents and bulk emulsion products. This technology has been enabled in our product line, though take up has been slow, due to limited product availability and the relative costs associated with using bio-fuels if the mine site is not located close by. We continue to offer this service to our North American customers and expect greater uptake in the future.

RECYCLING HYDRO CARBONS & WASTE OILS

We are also working with customers to introduce technologies that use petrochemicals extracted from waste materials as part of the explosive composition. Waste materials such as discarded tyres and waste oil from machinery are ideal candidates for use, particularly at remote mine sites where trucking virgin materials in and waste materials out consumes resources and time. During 2015 we continued testing third party extracted materials in Australia and will continue to test non-traditional sources for recycling hydrocarbons in 2016.

In addition, the recycling of 'out of specification' (OOS) materials has been developed significantly by our laboratories during 2015, with further investment planned for 2016.

List of research organisations funded

Research Organisation	Project Funded	Expected period of Funding
Latrobe University, QDAFF & University of Tasmania, Australia	Mitigation of Nitrous Oxide Emissions in the Vegetable Industry	2014-2016
University of Melbourne, Australia	Mitigation of indirect greenhouse gases in intensive agricultural systems with the use of inhibitors	2013-2015
University of Melbourne, Australia	Reducing nitrous oxide emissions from applied nitrogen with nitrification inhibitors through identification of key drivers of importance	2013-2015
Farmacist / North Qld Dry Tropics, Australia	The effectiveness of enhanced efficiency fertilisers in improving nitrogen use efficiency in cane	2014 onwards
Various major customers under Partner Program, Australia	Various projects ranging from product evaluations through to farming systems trials to reduce nutrient runoff to waterways	2014 onwards
Canadian Explosives Research Lab, Natural Resources Canada	Pump equipment failure rates testing: Improving failure rates of pumps used in the natural resources industries	2013-2014
University of Sydney	Controlling density, viscosity and crystallisation in emulsion explosives to enhance safety and efficiency of blasting operations	2014-2017

Sustainability of Products and Services

Best Practise in Fertiliser Use

◆ Sustainability of Products and Services

- Raw Materials and Suppliers
- Product Quality
- Research and Development
- Best Practise in Fertiliser Use
- Minimising the Impacts of Blasting
- Customer Health and Safety
- Support & Education of Customers

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To provide the food our growing global population demands, farmers are seeking to increase production on their land while minimising environmental impacts. We support this effort by working with researchers who seek to grow more food using best management soil practices and new technologies such as controlled-release fertilisers.

Fertilisers are essential to productive farming, allowing farmers to grow more food on a decreased area of arable land. High yields are necessary to support the world's growing population. To optimise food and fibre production per unit of nutrient input and return on investment, attention must be paid to how, when and where fertilisers are applied. It is also important that fertilisers are applied at appropriate rates. Too little, and crop and pasture yields may be sacrificed and produce quality affected. Too much, and the nutrients applied in excess of crop demands may be lost, either to the atmosphere or to waterways. Nutrient enrichment of waterways may stimulate additional weed and algal growth.

FERTCARE®

To optimise production per unit of nutrient input, it is important that fertilisers are used at appropriate rates and in a responsible manner. To support this, our analytical laboratory (Nutrient Advantage) offers specialist soil, plant and water testing to advisors and farmers. Our Nutrient Advantage Laboratory Service is NATA and ASPAC accredited, and operates in accordance with the international standard ISO/IEC 17025. Testing, together with professional advice from our team of agronomists and our computerised decision-support system, Nutrient Advantage Advice, provides the diagnostic data, best practice information and advice farmers need to choose the right fertilisers and apply them correctly, in order to optimise outcomes from the use of nutrients.

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Our Nutrient Advantage Advice system is audited by Fertilizer Australia every two years to ensure it complies with their fertiliser management best practice recommendations.

FERTILIZER AUSTRALIA

This year our fertiliser business ran a series of Agronomy Community Forums. Approximately 100 agronomists (plant and soil advisers) attended the forums to update their knowledge, share ideas and consider the truths and myths associated with the use of fertilisers. Guest speakers included leading agronomists, scientists, researchers and fertiliser advisers.

Our fertilisers business also hosted 10 Agronomy in Practice courses throughout the year across Eastern Australia, training over 80 agronomists.

The Agronomy in Practice course focuses on the practical aspects of making credible fertiliser recommendations to farmers, whether they're involved in cropping, pasture, summer crops, sugar cane or horticulture. The course is aimed at training the next generation of agronomists as well as current advisers who want to enhance their skills in soil and plant nutrition. This year's participants include a cross-section of commercial and private agronomists, and government extension agents. Nutrient Advantage Advice is Incitec Pivot Fertilisers' Fertcare accredited decision support software system. Fertcare is amongst the leading programs addressing the issue of expanding food production to feed and clothe a growing global community through judicial use of fertiliser, while limiting the potential for off-site nutrient impacts such as eutrophication of waterways. We offer Nutrient Advantage Training, which consists of two courses: the *Agronomy in Practice course*, and the *Nutrient Advantage Advice Software Training Course*. The program has been developed to equip people providing fertiliser services and nutrient advice to farmers with quality assurance to a set of national standards. This year over 20 staff received Fertcare A training.

Sustainability of Products and Services

Minimising the Impacts of Blasting

◆ Sustainability of Products and Services

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Dyno Nobel's ethos is to work in partnership with our customers, earning us the enviable reputation of being a trusted global partner. We listen to our customers' needs and work with them to tailor an approach in delivering ground breaking solutions.

The use of ammonium nitrate based bulk explosives during blasting activities is well known and widely used throughout the world today. A known risk associated with these products is the generation of excessive nitrogen oxides (NOx). While a number of factors have been identified that can contribute to excessive NOx generation, these contributing factors can change from site to site and blast to blast. As NOx emissions can have significant environmental, health, safety and community impacts, we have been a leader in researching and developing new and improved products and blasting methods to reduce NOx emissions since 2007. Last year we launched Titan 9000xero, a reduced energy bulk explosive which contains a high performance emulsion, Titan 9000, blended with a specialised bulk additive formulated for reducing NOx fume. This year Titan 9000xero was tested in Eastern Australian mines in soft, wet tertiary material which is frequently associated with excessive NOx generation during blasting. The results continued to impress no NOx emissions have been recorded to date. Read our 2015 Case Study Controlling Fume Generation with TITAN® 9000xero®

REDUCED NOx EMISSIONS

The practical innovation of Titan 9000xero is not only reducing NOx fumes, but also making our communities and environments safer. The flexibility to deliver Titan 9000xero in changing ground conditions is critical. This product can be delivered into dry or dewatered blast holes using an auger, or pumped into the bottom of wet blast holes. Titan 9000xero is a water resistant, flexible solution for reducing the risk of excessive NOx generation, solving the challenges many of our clients are facing.

Ground vibration and noise are also impacts that our customers are seeking to reduce, both for the community and for health and safety reasons. We are responding by training our customers in the use of electronic initiation system technology. This technology allows the more accurate detonation of a single blast hole, which in turn allows the use of a computer model to reduce the blast-induced shock waves that are transmitted through the ground. The detonations of each blast hole can be programmed to introduce interference between the shock waves, thus reducing the vibration that is felt. Read our Case Study 'Making Way for Increased Production of Hydroelectric Power in Southern Vermont' as one example of the application of this technology.

REDUCED GROUND VIBRATION AND NOISE

During 2015, our Explosives technology team continued to test and develop Differential Energy, a proprietary explosives method which allows blasters to accurately vary the density of chemically gassed emulsion as it is being loaded into the blast hole. This allows the operator to load multiple densities of gassed emulsion into the same hole in order to match the unique geological characteristics present in the ground. Because the explosives energy is precisely targeted to match the rock properties, the amount of energy loaded in the top portion of the blast hole can be reduced. This reduces vertical movement at the surface, resulting in less air overpressure and noise from the blast event, as well as improving air quality, mine productivity, rock fragmentation and dig-ability. Read our 2015 Differential Energy Case Study: Trail Leads to Continuous Improvements for Mine.

The use of *Differential Energy* in 2015 has continued to result in reduced NOx emissions, reduced energy use, less noise and ground vibration and increased productivity while reducing overall costs for our mining customers.

Sustainability of Products and Services

Customer Health and Safety

◆ Sustainability of Products and Services

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Our Fertiliser business complies with Australian state-based product labelling legislation and follows the National Code of Practice for Fertilizer Description and Labelling, developed by Fertilizer Australia.

This code of practice aims to achieve uniform description and labelling of fertilisers across Australia. We provide documentation and advice to our customers about:
• Product nutrient and impurity content, particularly with regard to substances that might produce an environmental or social impact.
• Safe use, storage and handling of the product.
• Disposal of the product and environmental/social impacts, as required by the appropriate laws in the countries in which we supply fertilisers.
This advice is supplied on our website, on the product label, in the Safety Data Sheet (SDS) or directly to the customer. Each SDS complies with the requirements of Safe Work Australia, which include the Globally Harmonised System of Classification and Labelling of Chemicals and the International Maritime Dangerous goods code.

We provide support to our explosives customers to assist them in choosing the right product and blast plan to minimise environmental impacts.

In addition to providing information about the technical aspects of the use of our explosives products, our technical support teams and our Dyno Consult business provide documentation and advice to our customers about:
• Product content, particularly with regard to substances that might produce an environmental or social impact.
• Safe use, storage and handling of the product.
• Disposal of the product as required by applicable law.
This advice is supplied on our websites, on the product label, in the Safety Data Sheet (SD Sheets) or directly to the customer via training sessions. Our Labelling meets the requirements of the Globally Harmonized System of Classification and Labelling of Chemicals. Our Australian SD Sheets comply with the requirements of Safe Work Australia and our North American SD Sheets comply with the Mine Safety and Health Administration (MSHA) for products destined for the mining industry.

Assessments for new explosives products

New or modified explosives products are typically developed by our research and development team in conjunction with specific customers as directed by the Global Product Management teams. As such, the life cycle stages in which health and safety impacts of those products are assessed are dependent upon the customer's requirements. For explosives products, typically this would be focused on the impact of product use, with the assessment included in trials. Dyno Nobel's product development protocol requires all products to be blasted in pipes at our R&D test sites prior to being fired in the ground. Minimum booster testing and Velocity of Detonation (VoD) measurement provide important information on the performance of the explosive product and blast chamber testing is also conducted at our R&D test facility in the US to verify the gas components generated.

Site and distribution security

Many of the explosive products we manufacture, and some of the fertilisers we manufacture and distribute are classified as security-sensitive and/or dangerous goods and as such, their storage, distribution and sale is regulated by Federal, State and sometimes local governments in North America, Europe, Asia Pacific and Australia. We meet our regulatory compliance and licensing obligations surrounding those products, with internal procedures and training in place for our employees. We keep abreast of regulatory developments in this area and are committed to working with government and key stakeholders to ensure ongoing security. This year our Dyno Nobel business in North America worked closely with the Institute of Makers of Explosives (IME) on the Safety and Security Guidelines for Ammonium Nitrate, promoting best industry practices for minimising security and safety risk. In addition our sites are also managed under our own strict health, safety and environmental management system.

Sustainability of Products and Services

Support and Education of Customers

◆ Sustainability of Products and Services

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Challenge & Improve the Status Quo

Our Fertiliser business engages with representatives of the agricultural industry online. We operate two online communities for farmers and agronomic advisors which focus on providing resources and support, particularly for those in remote locations.

The Farmer Community provides Australian farmers with valuable agricultural and industry information to assist with agronomic and fertiliser decision making. The Community was developed in response to a growing need for readily accessible information including new product information, agronomic advice and information about global fertiliser dynamics.

The Agronomy Community is a specialist nutrition website, bringing together Australia's leading agronomists. It is a comprehensive resource for plant nutrition agronomy and a community where members are invited to participate, interact and network with their peers. The site includes a wealth of plant nutrition information including trials data and reports, videos of fertiliser trials and photo galleries, industry journals, advice and articles. Established in 2010, the Agronomy Community online forum now has more than 800 members around Australia who share the common goal of advancing the science of plant nutrition.

In North America, our Dyno Nobel business operates a Quarry Academy training centre for stone quarry operators.

QUARRY ACADEMY
Improving Processes. Instilling Expertise.

The curriculum includes drilling, loading, crushing and screening training, as well as lectures from industry experts in subjects such as the benefits of the chemical crushing of stone, versus traditional mechanical crushing. These benefits include lower costs, less electricity usage and improved environmental and social impacts e.g. lower dust production. This year 85 operators attended the Academy. In Australia, our teams run NOx forums for customers on-site to educate them about the factors associated with NOx production and how to minimise it. Additionally, courses in optimum blasting techniques for both surface mining and another for underground mining are offered to customers.

Dyno Nobel's Explosives Engineers' Mobile App equips users with the full range of blasting tools, with worldwide accessibility - even in remote locations.

Our Explosives Engineers' Mobile Phone App shares information with our customers about the most sustainable ways to utilise our products. The app equips current and potential customers with a full range of blasting tools that help optimise the blasting experience in the field. It also provides an electronic method to research product information, reducing the amount of documentation printed in the field.

The Explosives Engineers' Mobile App includes seven critical blasting calculators, access to our technical library and a comprehensive set of Dyno Nobel product information, including product specs and application uses. Users can also receive real-time updates that feature Dyno Nobel news, recent innovations and new videos. Moreover, worldwide remote accessibility to the app caters to the fact that remote mine sites often experience difficulties connecting to mobile services. In its first six months of operation, the App was downloaded by more than 8000 people.

Managing Our Workforce

◆ Material issue

◆ Managing Our Workforce

Print PDF

Value People – Respect, Recognise & Reward

What is BEx?

This report is published as an interactive online report. Visit the website to access online features at www.incitecpivot.com.au/sustainability

Incitec Pivot endeavours to be a business where Company Values guide behaviours in the workplace and where employees have the flexibility, and tools to learn what they need to execute business objectives within a multigeography, multi-cultural organisation.

Attracting, developing and maintaining a highly talented and diverse workforce is key to living our Value of "Value People – Respect, Recognise & Reward" and vital to achieving our business objectives.

Our Human Capital strategy drives our cultural, social and business goals, using BEx methodology. The initiatives and case studies described throughout this section show our approach in action. At the core of BEx is engaging and involving our people, from the 'shop-floor' to the executive, to improve their skills and achieve continuous improvement in all facets of our operations. We believe that taking an integrated approach will lead to constructive and sustainable outcomes for our people and our other key stakeholders. In 2015 we developed the maturity of our human capital system with particular focus on building people's BEx capability, building our talent pipeline, building a diverse organisation and continuing to build our Human Capital systems.

Key highlights during the year were:

- Extended coverage of the Global Talent and Succession Planning Framework to include IPL's middle management
- The implementation of online talent management processes to enable managers to more effectively plan and develop their teams
- Maintaining the 2014 target of 2% Indigenous Employment across IPL's Australian businesses, and the setting of a long term goal to increase this to 3%
- Employee completion of 'Organisational Climate Surveys' across two of IPL's business units and increased employee engagement through BEx
- Development of focused talent metrics
- Endorsement of the Incitec Pivot Australian Indigenous Reconciliation Action Plan by the IPL Board and by Reconciliation Australia
- Extension of 'My Potential', a pilot program specifically designed to assist women to progress into leadership roles, across Australia and the Americas
- Increased utilisation of the IPL Flexible Work Policy which, in Australia, saw 85% of women return to work from parental leave, with 65% returning to part time roles
- Continued training in Behavioural Safety
- Development of the IPL Group Learning Business System

Key Challenges & Opportunities

- Ensuring that we continually have skilled, diverse and ready talent to meet current and future demands
- Being an inclusive and accessible organisation with a range of strategies to attract and retain a diverse workforce
- Continuing to build the pipeline of talent throughout the organisation, particularly for critical roles, to ensure business continuity
- Engaging our geographically and culturally diverse workforce on a site-by-site basis

Strategic Priorities

- **Capability** - building our people's BEx capability through the use of BEx methods and tools, which will contribute to the long term sustainability of our Company
- **Diversity** - Increasing our diversity profile at all levels of IPL
- **Human Capital Systems** - Building the IPL Group Learning Business System, which was designed in 2015 to provide Company wide standards for learning and development

Managing our Workforce

Attracting and Developing Talent

◆ Managing our Workforce

> Attracting and Developing Talent
> Engaging Our Employees
> Learning and Development
> Diversity
> Australian Indigenous Employment

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What is BEx?

We recognise the importance of having a talented and committed workforce at all levels. Identifying critical roles, succession planning and building talent pipelines are key strategies to ensuring long term business success.

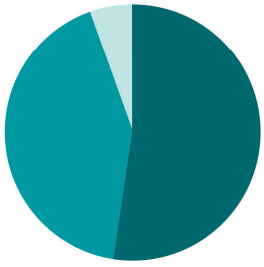
Succession planning is conducted annually, identifying short, medium and long term candidates for key roles. During this process, leaders within each of our businesses and functions identify employees with high potential. The identification process uses both a set of criteria and data from the annual performance management process. Action plans are implemented, with the aim of developing those capabilities required for future advancement.

Targeted training programs are also in place to nurture the next generation of talent, including our Australian Manufacturing Graduate Program.

Working and being mentored at an IPL manufacturing site is the ultimate opportunity to gain exposure to both the mining and manufacturing industries as an engineer. During our two-year program, graduates receive hands-on engineering experience through a combination of site-based rotations and a formal development plan. Graduates focus on their technical, professional and personal development and are supported by an experienced manager for the duration of the program. The learning structure is tailored to their discipline and individual needs. In addition, graduates are mentored by leaders in the company. The graduate program 'Onboarding' week is undertaken by all first year graduates to learn about our business, culture, values, BEx and safety standards and processes. The learning and development component of the graduate program includes sessions on expectations, performance management, development, communication and self-awareness. Currently, two thirds of our graduates are female and recruitment for the 2016 program has seen an increase in both female and indigenous applications. The success of the program is demonstrated by the employment outcomes: we are pleased to have offered roles within IPL to 100% of the graduates who have completed our program in the last 3 years.

Our workforce as at 30th September 2015

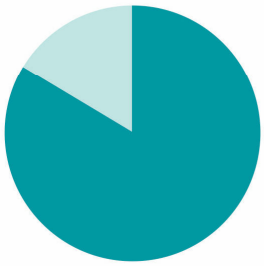
Total workforce by geographic location (excluding contractors)



Americas - 52%
Asia Pacific - 43%
Europe - 5%

4721
EMPLOYEES
(excluding contractors)
GROUP-WIDE

Total workforce by gender (excluding contractors)



Male - 84.0%
Female - 16.0%

Gender Diversity (% of women) as at September 30

	2012/13	2013/14	2014/15
Board level	14.3%	28.6%	28.6%
Executive	12.5%	12.5%	12.5%
Management	13.3%	13.9%	13.9%
Global	15.0%	15.7%	16.0%

In our US business, the explosives manufacturing plant in Cheyenne, Wyoming, continued a partnership with Laramie County Community College.

The partnership assists the college in their efforts to secure Workforce Development Training Funds to support individuals enrolling in a Process Technology training program at the college. Recognising a need for well-trained individuals in all areas of our industry, most particularly with strong workplace safety knowledge, the team at Cheyenne has guaranteed interviews to program graduates and is assisting the College in the development of the course curriculum.

We also offer scholarships and support to engineering students in several universities in the United States, and at James Cook University and the University of Queensland in Australia. Our Asia Pacific Explosives business is also associated with several industry and related organisations, including the National Industry Skills Council, the Australian Apprenticeship Centre, the Southern Queensland Institute of TAFE, the Queensland Resource Council, Australian Mines and Metals Association and Reconciliation Australia.

Our performance management framework aims for consistency, fairness, equity and reward for performance.

It is a process for establishing a shared understanding of 'what' is to be achieved, and 'how' it is to be achieved. It is a collaborative process and requires both manager and employee to participate equally. Online tools provide a consistent process and a central repository for performance management information. All employees, except those whose collective bargaining agreement precludes them, are required to set goals for their performance and development each year, and have a formal performance review at six monthly intervals. This year, the percent of employees across the Group who participated in the performance review process increased to 58.2%.

In order to ensure individual goals and performance are linked to the key objectives and performance of the business, our Short Term Incentive (STI) plan now includes safety goals in support of our Zero Harm strategy and explicit links between STI payments and the performance of the business.

Employees are assessed against both their individual goals and either our Values or leadership competencies. The leadership competencies are a set of expected capabilities which our leaders are measured against for development and performance as part of the performance management cycle. They apply to all employees who are people leaders or who hold influential cross -matrix roles, and they incorporate the leadership skills required to deliver BEx, such as holding people accountable, driving improvement and the capacity to influence and develop others.

% of employees receiving regular career development and performance reviews

	2014	2015
Total	46.9%	58.2%
% of males	43.4%	54.3%
% of females	66.2%	78.8%

Workforce Planning

Despite the downturn in the mining industry, our business continues to compete for the best available talent. Effective workforce planning strategies are a key enabler. A range of strategies are used to ensure we attract the right talent we need to be a high performing organisation, including:

- Providing market competitive remuneration, alongside merit-based performance management
- The implementation of a social media strategy this year to raise our profile amongst prospective new candidates
- Implementing innovative sourcing strategies to identify talent for current and future critical talent groups
- Consistently reviewing our recruitment process to ensure it is best practice, leveraging new forms of assessment and new technology where appropriate
- Implementing our Indigenous Employment Program in Australia
- Implementing proven local hiring strategies in Australia, Papua New Guinea, Indonesia and the United States

An example of the workforce planning practices taking place across the Group is the approach taken by our Dyno Nobel Asia Pacific explosives business. Workforce Planning using BEx Human Capital initiatives has ensured planned control of employee turnover numbers, with a significant reduction in employee turnover in 2014 and a further reduction this year. This was achieved by:

providing a forum for open communication and increasing stakeholder understanding of workforce trends
• Developing a rolling six-month labour forecast horizon, which supports a proactive approach to recruitment and employee redeployment
• Increasing focus on key workforce trends such as Diversity and Retention strategies
• Tailoring training of existing staff to meet customer needs for upcoming projects

Due to the downturn in the mining industry, greater emphasis was placed on the redistribution of resources across the business in 2015. Our manufacturing and fertiliser businesses continue to annually assess the likely demand for recruitment through analysing turnover and determining business priorities. This key information is then used by the recruitment function to plan for key sourcing and talent attraction strategies.

Our Talent Metrics

As part of our focused improvements in 2015, we expanded our range of key talent management metrics. These are explicitly linked to our goals, objectives and strategies and allow us to track and measure our progress in managing our talent into the future. These metrics include the following:

Objective	Measure
Engage, promote and stretch high potential talent	% internal role moves based on development plans
Increased promotion of diversity in talent acquisition, training, development and promotion	% women in management % women in operation % women with succession plans % Australian Indigenous Employees at all levels
Improved annual talent review	Annual talent review improvement year-on-year

Managing Our Workforce

Engaging Our Employees

◆ Material issue

◆ Managing Our Workforce

- Attracting and Developing Talent
- Engaging Our Employees
- Learning and Development
- Diversity
- Australian Indigenous Employment

Print PDF

What is BEx?

Along with our customers, employees are IPL's most influential and important stakeholders. Studies have shown that highly engaged employees perform up to 20% better and are 87% less likely to leave an organisation than employees with low levels of engagement. Engaging our employees is therefore essential in order to meet our customer needs, live our company values and achieve our business objectives.

Business Excellence (BEx) is Incitec Pivot's Business System through which a culture of continuous improvement is being built. BEx engages our employees by involving them directly in the implementation of 'best practise' in their own work areas. Through BEx Leadership, employees at all levels of our business are encouraged to think laterally, to share their experiences and ideas, and to participate in implementing improvements, resulting in outcomes which are highly valued by both the business and our employees. Examples of BEx in action are described in the Case Study under Learning and Development.

Employee recognition is fostered through activities such as our quarterly MD&CEO Values Award program, introduced in January 2014. The program recognises employees from all parts of our global operations for demonstrating positive cultural behaviours, aligned with our Values and business priorities. Over the year, 144 Value Awards were awarded globally to individual employees and teams through our recognition programs.

With the help of the Corporate Leadership Council we undertake benchmarking of employee turnover rates for the Global Manufacturing and Oil & Gas/Mining/ Energy industries, as well as by Executive job level and by total workforce. We use voluntary turnover rates as one indicator of employee engagement and, along with exit interview data, use this information to inform our talent and engagement practices. Turnover rates within the company have been tallied at a Group level, with the exception of our Mexico and Papua New Guinea operations in 2014 and our Hong Kong operations in 2015. Statistics from these regions have not been included when determining the average turnover rates provided in the table. Voluntary employee turnover rates have fallen slightly in the age group 30-50 in 2015. The increase in the age group under 30, a generation in which rates typically vary each year, reflects the increased rates in the US, where the improved economy and market conditions resulted in wider employment opportunities for this age group during 2015. The increases in the age group 50+ are likely to relate to retirement.

Total number and rate of new employee hires for the full year	2014	2015
	9.06%	11.9%
Employee voluntary turnover rates for the full year (%)	**2014**	**2015**
	9.0%	12.8%
By age group:		
All employees under 30	8.3%	30.3%
All employees 30-50	7.2%	6.23%
All employees 50+	12.4%	16.7%
By gender:		
Male	9.0%	15.0%
Female	8.7%	9.20%
By region:		
Americas (incl US, Canada & Chile)	7.7%	17.2%
Asia Pacific (incl Australia & Indonesia)	8.3%	8.4%
Europe (incl Turkey)	24.7%	14.2%
Percentage of employees covered by collective bargaining agreements in 2015		**22.9%**

Organisational Climate Surveys

Organisational climate surveys are now well established as an effective tool for human resources management. During 2015, employees at more than 50 sites across two of our business units completed organisational climate surveys designed to assess our employee's shared perceptions of their work environment. We recognise that 'climate' is an enduring state that impacts beliefs, behaviour and the manner in which work is done. The surveys are being conducted site-by-site across our Company on a rolling two year cycle primarily to assess, track and inform future strategies regarding employee mindset and management of change, but also allow our employees to engage with us on a number of other critical factors including teamwork, communication, effectiveness of leadership and employee satisfaction. On completion of the survey, each site is required to produce an action plan to address any key issues that arise, further engaging employees in the management and development of their own site's culture. During 2015, several sites also formed ongoing focus groups to further progress actions associated with the survey's findings.

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Managing Our Workforce

Learning and Development

◆ Material issue

◆ Managing Our Workforce

> Attracting and Developing Talent

> Engaging Our Employees

> Learning and Development

> Diversity

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What is BEx?

We aim to develop leaders with the flexible skills and relevant competencies needed to rapidly adapt to changing financial and market situations and to provide our leaders with the skills and experience needed to run a large, multi-geography, multi-cultural organisation.

This year we focused on:
• Developing leaders with the appropriate skills and competencies to deliver continuous improvement.
• Fostering an environment where employees have the flexibility, tools and freedom to realise our business objectives through continuous learning.
• Delivery of our current suite of learning solutions, aimed at building BEx capability across our entire Value Chain, including technical LEAN capabilities, communications, problem solving, leadership and coaching. Across our global business, 42 percent of our employees completed some form of BEx training this year.

Fostering a learning culture is critical to our ongoing success and we support ongoing development of the skills and abilities of our employees. Technical base programs are run within each business unit and are linked to the specific 'licence-to-operate' and compliance requirements of each site. Employee development is driven by individual development plans and supported by both Group wide and site based curriculum. In 2015 our people completed programs on a wide range of topics including Coaching, Difficult Conversations, Leading Change, Communicating with Clarity, Leadership, and the My Potential program for women.

The IPL Group Learning Business System was developed in 2015 and is a direct enabler of our Human Capital strategies.

Developed to provide Company wide standards for learning and development, it provides the foundation for IPL to become a Learning Organisation and is the basis for ensuring our people are skilled and competent. The Group Learning Business System is being progressively implemented across all IPL business units, locations and functions globally from 2016.

CASE STUDY

Our Initiating Systems plants across the US are doing a great job in building their business systems, learning and bringing our values to life through 'doing' BEx – not just using BEx. Key to the success evident in these plants has been their focus on building a strong culture of learning and engagement.

Our Initiating Systems (IS) plants manufacture detonating systems which allow mining and quarrying blasts to be initiated safely and with a high degree of precision. In June 2014, Initiating Systems USA launched a pilot program for 'Tier 1 Projects'. There were three objectives:

1. to encourage and empower the front-line production teams (Tier 1 teams) across the five North American IS plants to submit ideas for a continuous improvement project that was under their control;
2. to manage and complete these projects in the final quarter of FY2014; and
3. to achieve results that would lead to an improvement in at least one of the team's KPI's.

With a minimum requirement of one complete project per plant by the end of the quarter, there were 11 submissions in total and all but one project resulted in multiple KPI's being impacted, including significant financial benefit. In the 2015 year, 76 new Tier 1 initiatives were submitted with a new requirement that each team at the sites complete 1 project per quarter. In just the first quarter of 2015, 44% of projects submitted had a positive impact

on Zero Harm as well as contributing towards delivering productivity improvements.

Each year, a symposium is held at one of the sites where the teams from the best project across each site are invited to present their project to the IS Leadership Team. Each team has 30 minutes to present the Define, Measure, Analyse, Improve and Control (DMAIC) steps of their projects and to answer questions at the end. Once all the presentations are complete the teams are taken on a site tour of the host facility and are given an opportunity to network with their peers. All the teams presenting at the symposiums are presented with a recognition certificate and trophy and through a voting process the IS Management Team select an overall winner. The Booster Team from Wolf Lake, Illinois was the ultimate winner in 2014 with their "Two Pot Pour System". This project was a significant productivity game changer for the Wolf Lake Booster facility and demonstrated excellence in the employee managed DMAIC process. This year the winning team was from our Carthage, Missouri site, who carried out the 'Cast Booster 4 Pour System' project.

The Tier 1 project concept has practically demonstrated the empowerment model in action and has led to a substantial lift in employee engagement across the sites.

In addition to the Tier 1 Projects, BEx problem solving methodologies are applied to engage employees across many areas of the business. For example, a team at our Carthage explosives manufacturing site was recognised with an IPL Values Award for their work in 2015. This cross functional team was established to design and implement a process to reuse waste sulphuric acid made during the manufacturing process of 'Dynamite NG' (nitro-glycerine). Using their areas of expertise and applying BEx methodologies, the team members were able to work together to implement a new process allowing the waste acid to be reused in the manufacturing process. This eliminated the waste stream and delivered an estimated annual saving of over $125,000 per year for raw material costs and $125,000 a year for savings in reutilisation. The IPL values recognised by the award are 'Challenge and Improve the Status Quo', 'Care for the Community and our Environment' and 'Treat the Business as our own'.

CASE STUDY

Engaging our employees to live out our company values through BEx projects such as these often results in meeting the 'triple bottom line' of sustainability by providing economic, social and environmental benefits.

Managing Our Workforce

Diversity

◆ Material issue

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What is BEx?

At IPL, we are committed to being an inclusive and accessible organisation through the development of a culture that embraces diversity. We believe that making opportunities for the contributions of a diverse workforce has benefits for our employees, our communities and our business.

Our employees range in age and gender and come from many different cultures, traditions and lifestyles. It is the diversity of our people that makes our company a great place to work. IPL benefits from this variety of perspectives and ideas, experience and capabilities, all of which lead to a greater opportunity for innovation and a better workplace. To assist in building our diverse community, we established a Diversity Council last year, which reports to the Managing Director & CEO, James Fazzino. The Council provides leadership and support in implementing the company's Diversity Policy and Strategy. Our Board of Directors maintains oversight of the Diversity Policy and the implementation of the Diversity Strategy.

The Diversity Strategy recognises that each business unit is at a different stage of maturity in its approach to diversity and faces different challenges depending on where employees are located around the world. As a result, we developed a phased approach to implementing the Diversity Strategy. Last year, each of the Australian business units and functions developed and implemented diversity plans based on our Diversity Principles of:

- Respecting our differences
- Shaping our future organisation
- Building a flexible organisation

This year, in addition to our Accessibility Action Plans in the US, we worked to incorporate Diversity into the broader HR strategy in the US and Canada.

Organisational Tier	2014	2015
Gender diversity at IPL	**employees %**	
Male: All	84.5	84.0
Female: All	15.5	16.0
Male: Board level	71.4	71.4
Female: Board level	28.6	28.6
Male: Executive team level	87.5	87.5
Female: Executive team level	12.5	12.5
Male: Management level	86.2	86.0
Female: Management level	13.8	14.0
Male: Top management positions	79.4	80.4
Female: Top management positions	20.6	19.6
Male: Junior management positions	89.0	88.7
Female: Junior management positions	11.0	11.3

Age diversity at IPL*	2014	2015
All employees under 30	15.9	15.2
All employees 30-50	53.8	53.7
All employees 50+	30.2	30.9

* 8 employees did not disclose their age

Salary Equity at IPL	Male to female ratio	
Executive level	1:0.74	1:0.72
Management level	1:0.96	1:0.96
All other levels	1:0.97	1:0.98

Respecting our differences is critical to ensuring that our work places will be free of discrimination and harassment and inclusive of all people, regardless of differences. Shaping our future organisation means IPL is continuing to develop a diverse workforce, creating business sustainability and strength. We also offer workplace flexibility by providing opportunities for working arrangements that accommodate the needs of the Company while balancing the diverse needs of its people at different stages in their careers and lives.

In order to progress our Diversity Strategy, this year the following initiatives were undertaken:

- Our Workplace Gender Equality Agency Report was endorsed as fully compliant by the WGEA, as in previous years
- We extended the 'My Potential' Program across Australia and the Americas. This program was specifically developed to support female employees to progress and thrive in their careers
- We continued to improve our recruitment and selection processes to support our Diversity agenda in Australia, and North America. In addition to providing tailored recruitment processes to attract female and Australian Indigenous candidates, we introduced increased reporting and targeted metrics in 2015 to allow us to track, analyse and improve our recruitment processes for these groups.
- We embedded our Talent and Succession Planning process, which assists in developing an improved reflection of diversity within our Senior Management Roles
- We broadened our Diversity engagement platforms to incorporate contractors and to include criteria on Diversity in our Procurement processes
- We continued to facilitate the Indigenous Cultural Capability training program to raise awareness of

Australian Indigenous culture, achieving a coverage target of 40% of employees during 2015
• We continued to facilitate Anti-Harassment and Discrimination training
• In Australia, in partnership with Seventeenhundred, we achieved a 25% usage rate of our Family Support Program. SeventeenHundred is a 'living solutions' provider offering family support programs and services to assist employees to manage their work and family responsibilities.
• We hosted two 'National Association of Women in Operations' (NAWO) events at our Gibson Island site in Queensland, Australia this year.

This year the proportion of women employed across the Group increased to 16.01 percent. This increase is partly due to increased female participation in leadership roles. Further details on our Diversity Policy, Strategy and progress are available in our 2015 Corporate Governance Statement and at www.incitecpivot.com.au.

Australian Indigenous Reconciliation Action Plan (RAP)

This year the IPL Board approved our Reconciliation Action Plan, which has also been endorsed by Reconciliation Australia. The RAP will be launched in 2016 and provides us with a framework to outline our vision for reconciliation and is also a public commitment to implementing and measuring practical actions that build respectful relationships and create opportunities for Australian Aboriginal and Torres Strait Islander peoples.

IPL has identified six organisational program investment areas and has committed to undertaking a significant body of work across these areas, developing the Australian Indigenous Employment Strategy and the Australian Indigenous Relations Policy. Each business and operational Group is responsible for identifying local engagement and employment needs and opportunities and working towards improving engagement and employment outcomes for First Australian Peoples as set out under the six program investment areas.

As an organisation, we are committed to working in partnership with Aboriginal and Torres Strait Islander peoples and communities, other keys stakeholders and government agencies to deliver the goals set out in this plan. We aim to find the most innovative and efficient solutions to our challenges by exploring opportunities within the industry, partnering in other stakeholder initiatives, seeking out opportunities across both the private and public sector.

By working collaboratively and implementing the initiatives outlined in the RAP, IPL will continue to work towards reconciliation in Australia.

Managing Our Workforce

Australian Indigenous Employment Program

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What is BEx?

In line with our commitment to Value People – Respect, Recognise & Reward, IPL's Indigenous Employment Program aims to increase the number of opportunities for Indigenous Australians by providing access to employment, education and training as well as focusing on developing cultural understanding and respect within its workforce.

The program is also a key component of IPL's approach to Diversity. With more than 15 projects operating throughout rural Australia, IPL's Indigenous Employment Program is continuing to help our business to develop stronger relationships with the community. This year we maintained a target of 2% Indigenous Employment across the Australian businesses and set a long term target of 3%. Initiatives undertaken as part of our Indigenous Employment Strategy are described below.

The Incitec Pivot Australian Indigenous Relations Policy

Developed during 2013, the Australian Indigenous Relations Policy was implemented across Australia this year. The purpose of this Policy is to provide guidance to the organisation as to how to strategically increase engagement opportunities with Indigenous Communities so as to benefit Indigenous Australians as well as IPL. The Policy provides a valuable opportunity for IPL to work in genuine partnership with Indigenous Australians and live the IPL Values of "Care for the Community and our Environment" and "Challenge and Improve the Status Quo".

IPL is taking a best practice approach to improve Indigenous engagement outcomes. Our approach is based on:
• research into organisations who have been working successfully in the area of Indigenous engagement for many years
• an examination of our organisation's current cultural capability
• working with Indigenous Communities to clarify expectations of IPL
• recognition that reconciliation and self-determination are integral to improving engagement outcomes

As a product of these learnings and to achieve Policy objectives, IPL has identified five organisational policy investment areas and is committed to changing the culture around diversity, policies and practices of IPL where required. These five areas are:
1. Leadership
2. Community Development and Engagement
3. Education and Training
4. Indigenous Employment Program
5. Business Development (including sub-contract opportunities)

Cultural Capability Training

In 2013, IPL engaged the Indigenous Community and Traditional Owners on the development and implementation of a Cultural Capability Program for the leaders, management and staff of our organisation. Last year we implemented the Program across the Australian businesses with 80% of Company leadership and management participating. This year we delivered the program to 40% of our people across Australia and will continue to this training into 2016. The program encourages participants to recognise that different cultures have different ways of valuing, seeing, doing and believing, and that to work successfully with people from other cultures we need to know which characteristics are critical.

Indigenous Recruitment and Retention

Traditional HR systems and processes can present barriers for Indigenous people seeking to enter the mainstream workforce. We are working on improving Indigenous employment outcomes and have developed a range of systems to assist Indigenous people overcome these barriers. These include:
• Using local Indigenous networks to identify potential Indigenous candidates
• Focusing more on face-to-face communications
• Ensuring recruitment turnaround times are culturally appropriate
• Developing a work readiness program

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Indigenous employees also face particular challenges in balancing work, cultural and family commitments and making the transition to a new organisational and cultural environment. For employees of fly-in, fly-out operations, an added pressure is the need to spend extended periods away from home. Strategies for increasing retention include:

- Provision of cultural awareness training for both Indigenous and non-Indigenous employees;
- Provision of ongoing mentoring and support via our 'buddy system' was extended beyond our Mt Isa and Pilbara Operations this year to all Australian sites with Indigenous employees;
- Provision of career development opportunities;
- Provision of family support; and
- Addressing racism in the workforce.

While the external employment market in Australia has slowed in 2015, we have continued to pragmatically work with leaders and the recruitment team to sustain our focus. Through these efforts we have employed ten additional Indigenous employees across our Australian business, which brings our overall Indigenous employment rate to just over 2%.

Importantly, through our proactive mentoring model we have retained 90% of our Indigenous employees.

As we look ahead we have some exciting initiatives, including the establishment of an Indigenous Council next year and the design of an online Indigenous Induction module that we will also roll out in 2016. All new employees will complete the module as part of their induction and orientation process.