

Sustainability Report 2008

The logo for Incitec Pivot, featuring a stylized yellow and red swoosh above the text "Incitec Pivot" in white.

Incitec Pivot

Managing Director's Message



Welcome to the first Sustainability Report from Incitec Pivot Limited (IPL). We have in the past produced Health Safety Environment and Community Reports. While these are critical elements of Sustainability and are addressed in the report, Sustainability is a broader, more encompassing and far-reaching concept.

The advance to a Sustainability Report indicates our steady progress in this area and continuing commitment to operating sustainably.

In the past year, IPL has achieved substantial success as a company with a record financial result and the successful acquisition and integration of Dyno Nobel which gave us a global footprint and expanded our business base.

Whilst a priority for our team has been the delivery of great shareholder returns, our focus on our people, our communities and our environment remains a key component of our 'getting things done' maxim.

I am proud to say that the commitment by our global team to two of our Values, 'Care for the Community and the Environment' and 'Zero Harm for Everyone Everywhere', were recognised by our customers and communities, winning awards for our water management at Gibson Island, Australia, for safety at Diavik, Canada, and for environmental management in Dyno Nobel.

Our strong Health, Safety and Management systems has seen us achieve improvements in our underlying workplace injury statistics and environmental impact statistics including a number of injury-free milestones at sites across the globe.

We recently adopted a company-wide approach to workplace safety called 'Zero Harm', which means that quite simply we will continuously learn and improve our processes to meet our objective of achieving a zero injury rate.

In 2008 we designed and implemented our Environmental Management System (EMS) to meet the challenges of the Australian Government's National Greenhouse and Energy Reporting Guidelines and enhance our monitoring, reporting and management of our water consumption and waste production. The energy and emissions reporting which the EMS will deliver will also prepare us for the forthcoming Carbon Pollution Reduction Scheme.

As a leading global chemical company, we recognise that we have a correspondingly significant carbon footprint. This situation is tempered by our strong history of energy management in seeking to run our manufacturing sites as energy efficiently as possible. In particular, in Australia, we have begun a rollout of the Energy Efficiency Opportunity program which we ran in Gibson Island in 2008.

Water remains a key challenge. We have sought to increase our recycling and stormwater capture across all our plants and continued to develop our green fertiliser products which inhibit nitrogen release into groundwater and also into the atmosphere.

Sustainability will continue to grow as a key focus of 2009. We will maintain our progress on reporting of our key performance data as we integrate and develop our global environmental reporting systems. We look forward to a year of economic and environmentally sustainable growth.

A handwritten signature in black ink, appearing to read 'Julian Segal'. The signature is fluid and cursive, written on a white background.

Julian Segal
Managing Director & CEO

Report Scope

At Incitec Pivot Limited (IPL) we are committed to the key values of 'zero harm for everyone, everywhere' and 'caring for the community and our environment'. We have undertaken to continually improve and report on the progress made on our health, safety, environment and community performance and this report forms part of that undertaking.

This Sustainability report reflects the 2008 operations of all IPL businesses where the company exercises control and includes some information on the operations of Dyno Nobel that was acquired in June 2008. It does not include Queensland Nitrates Pty Ltd, our joint venture with CSBP, because IPL does not have operational control of the business.

All information contained within the report refers to the financial year which ended 30 September 2008 with the exception of information relating to energy consumption and greenhouse gas emissions. This has been collated on a 30 June year in line with current and proposed public reporting required by the Australian Government.

The preparation of this report has been guided by the Global Reporting Initiative (GRI) guidelines to provide a balanced and reasonable review of IPL's Sustainability performance.

The key focus has been those elements of the GRI Reporting Framework that have potential to materially impact on our business, our people and the communities in which we operate. A table of specific GRI G3 principles and indicators in this report and their page reference is at the end of the report.

In the coming year IPL will be further developing its Sustainability agenda and determining key Sustainability priorities. IPL recognises the need to report on issues most relevant to our business and our stakeholders and welcomes feedback on this report and our Sustainability progress.

Please direct any questions or comments regarding this report or its content to IPL via:
www.incitecpivot.com.au/contact.

Recognising Sustainability

A number of Sustainability initiatives undertaken by IPL have been recognised in 2008, including:

- IPL won the South-East Queensland (Australia) Healthy Waterways Industry Award as well as the Fertiliser Industry Federation of Australia (FIFA) Platypus Environmental Award, for its extensive water management project undertaken at the Gibson Island fertiliser plant in Brisbane, Queensland. The A\$7.5-million project was undertaken by the company in response to the worsening drought and growing community expectation for industrial water users to reduce their consumption.

- IPL's Dyno Nobel drilling operations at the Diavik Diamond Mines (North America) became the recipient of Rio Tinto's Safest Contractor Award in 2007.
- GE Infrastructure awarded IPL's Dyno Nobel business with a Return on Environment Award, which recognises customers who significantly surpass and improve environmental goals, balancing industrial demands.



Garry Kuhn and Peter Vollert check the 15 megalitre dam built at the company's Gibson Island works for capturing stormwater runoff. The dam is a major part of recent water management works to protect the Brisbane River. IPL won the South-East Queensland (Australia) Healthy Waterways Industry Award as well as the Fertiliser Industry Federation of Australia Platypus Environmental Award for the project.

Incitec Pivot Company Profile

Incitec Pivot Limited (IPL) is a leading chemicals company with nitrogen-based manufacturing at its core. IPL was established in 1919 as The Phosphate Co-operative Company of Australia and merged with Incitec Fertilizers Limited and listed on the Australian Securities Exchange in 2003. IPL substantially expanded with the acquisition of Southern Cross Fertilisers Pty Limited in 2006.

IPL's business was further expanded with the acquisition of the explosives business Dyno Nobel in June 2008. Operating for over 170 years, Dyno Nobel is one of the world's leading explosives companies and a global supplier of industrial explosives solutions.

The company holds a portfolio of recognised and trusted brands and is:

- Number one supplier of fertilisers in eastern Australia.
- Number one supplier of industrial explosives products and services in North America – one of the largest industrial explosives markets in the world.
- Number two supplier of industrial explosives products and services in Australia – the third-largest industrial explosives market in the world.

IPL has extensive worldwide operations across the United States, Canada, Mexico and Australia, including over 30 manufacturing plants, scores of distribution centres and well-established channels to market. The company has about 5000 staff worldwide.

The world's ever-increasing demand for food supports the company's fertilisers business, and customers of IPL's industrial explosives business operate in the mining, quarry, construction and exploration industries.

Incitec Pivot Business Operations

Manufacturing

IPL's manufacturing business is a nitrogen-based chemicals manufacturing operation with plants in the United States of America, Canada, Mexico and Australia. Since the acquisition of Dyno Nobel Ltd in June 2008, IPL has incorporated the former Dyno Nobel ammonium nitrate and initiating systems facilities into its manufacturing business. The manufacturing business is responsible for North American ammonium nitrate operations, Australian operations, which specialise in fertilisers, global initiating systems and global services including major project management.

Fertilisers

IPL supplies approximately three million tonnes of fertiliser a year, generating sales revenue in excess of \$1 billion annually. The company's product range, including urea, ammonium phosphates, superphosphate and anhydrous ammonia, are variously applied as solids in granulated form, as liquid nutrients or as gas injected into the soil.

Australian-manufactured fertilisers, along with imported products, are sold through a comprehensive network of more than 200 contracted business partners. As a key participant in the agricultural sector, IPL recognises the paramount importance of its relationship with its business partners, providing an extensive field sales force, customer service team and the supply of agronomic services. The company also has a National Association of Testing Authorities (NATA) accredited soil, plant and water-testing laboratory.

The combination of the company's distribution assets throughout the east coast of Australia and its extensive field sales force, quality products and services gives IPL a leading position in fertilisers in eastern Australia.

Explosives

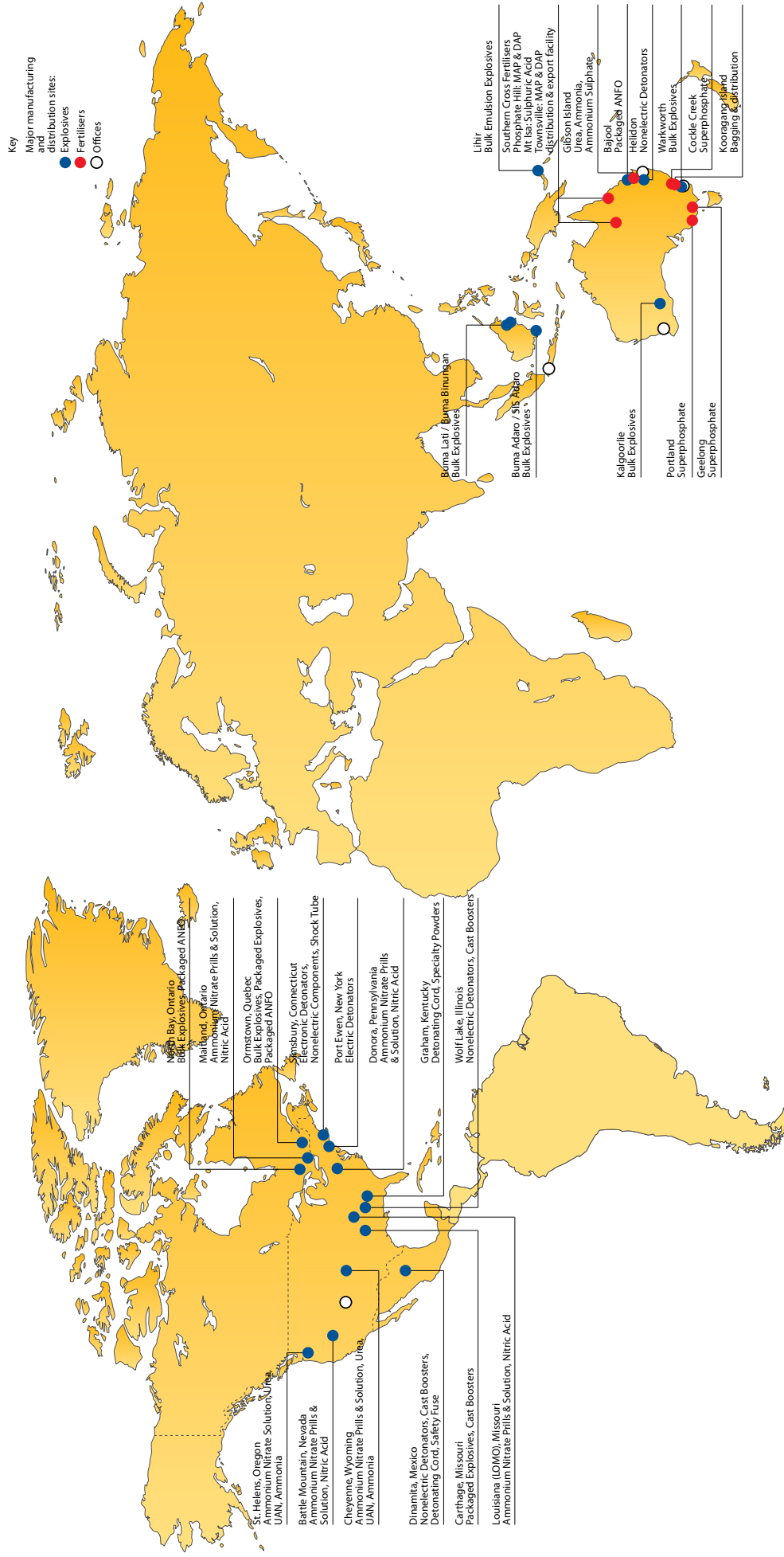
IPL distributes industrial explosives and related products and services under the Dyno Nobel name in North America and Asia Pacific and employs some of the most highly trained blasters in the industry. In North America, Dyno Nobel holds a leading market share providing a complete range of explosives, accessories and related services. In the Asia Pacific region, the business offers a full range of explosives products and services, primarily selling to global resources companies.

The company provides complete services including delivery systems and services, shot loading and blasting. Its technical services include shot design, blast analysis and vibration control. The research and development team works closely with customers addressing product customisation, cost efficiencies, environmental issues and safety.

Trading

IPL's trading arm Southern Cross International markets products from the company's manufacturing plants, trades in products manufactured by other fertiliser manufacturers and procures raw materials for IPL's manufacturing plants. Southern Cross International is focused on sales to Australian distributors and importers of fertilisers as well as exporting to Asia Pacific and Latin America.

Incitec Pivot Business Operations



Corporate Governance

Incitec Pivot Limited (IPL) is committed to the highest standards of corporate governance. The Board is responsible for the overall corporate governance and operates in accordance with the broad principles set out in its Charter.

The Board continues to review IPL's corporate governance framework and practices to ensure that they meet the interests of shareholders. The Board considers IPL has been compliant with the ASX Recommendations on Corporate Governance throughout the year ended 30 September 2008. The company is currently undertaking a further review of its policies and procedures in light of the ASX Corporate Governance Principles and Recommendations (2nd edition) which apply to the company from 1 October 2008 and the expanded operations following the acquisition of Dyno Nobel.

IPL has a Code of Conduct that commits its directors, employees, contractors and consultants to comply with the law and conduct business with the highest ethical conduct. We comply with all laws and regulations material to our operations and we adhere to our code of conduct. We comply with all laws and regulations material to our operations and we adhere to our Code of Conduct.

Detailed governance policies and codes are available from www.incitecpivot.com.au together with our Charter for our Board and supporting Board Committees, including the Board's Health, Safety, Environment and Community Committee.

Stakeholder Engagement

Information regarding IPL's general operations and our commitment to health, safety, community and the environment is communicated through a range of forums, including our website, Annual General Meeting, Annual Report and ongoing disclosures to the Australian Securities Exchange as appropriate.

All of our sites are active in their local communities and work hard to maintain good relationships with our site neighbours.

Health, Safety, Environment and Community policy

In getting things done, at IPL we are committed to:

- Zero harm for everyone, everywhere.
- Caring for the community and our environment.

We believe that all work-related injuries, illnesses and environmental incidents are preventable and we want to be a valued member of the communities in which we operate.

In particular we will

- Provide a safe and healthy working environment for employees, contractors and visitors and promote safe behaviours – think safe, act safe, be safe.
- Establish and maintain health and safety management standards and systems in compliance with relevant industry standards and regulatory requirements.
- Identify and assess hazards to safety and health and control them as part of a total risk management process.

- Require every employee and contractor working for us to comply with relevant legislation and the health and safety management standards and systems, and we will provide them with the necessary training to enable them to have the knowledge and skills to undertake that work in a safe and healthy manner.
- Conduct our operations in compliance with all relevant environmental licences and regulations.
- Promote the efficient use of resources and energy.
- Strive to minimise our impact on the environment.
- Strive to be a valued corporate citizen in the communities in which we operate
- Respect our neighbours, their values and cultural heritage and be considerate to them in carrying out our operations.

Health and Safety

Incitec Pivot Limited (IPL) has a strong commitment to zero harm and as such has developed a number of initiatives to improve the health and safety standards at our various operational and manufacturing sites. The company provides a safe and healthy working environment for employees, contractors and visitors whilst constantly promoting safe behaviours.

IPL has recently adopted a company-wide approach to workplace safety called 'Zero Harm', which established a safety performance target of zero for all operating sites and businesses. IPL has an absolute commitment to achieving 'Zero Harm' via learning from any workplace incidents, near-misses and injuries and ensuring appropriate steps are undertaken to prevent such incidents occurring in the future.

IPL conducts occupational hygiene exposure assessment surveys and medical surveillance assessments to ensure employees' potential exposures to occupational health hazards such as dust and noise are appropriately controlled when they can't be eliminated.

IPL Workplace Injury Statistics

	2008	2007	2006	2005	2004
Recordable injuries (all workers)	50	19	10	12	13
Recordable case rate	1.33	0.98	0.8	0.99	1.09

• Figures for Dyno Nobel included from 1/6/08 and Southern Cross Fertilisers from 1/8/06.

Definitions:

Recordable injuries are those which result in absence from work, restrictions from normal activities or are medically treated ie requiring more than simple first-aid treatment.

Recordable case rate is the number of recordable injuries to all workers per 200,000 man hours worked.

Workplace injuries rose between the period of 2007 and 2008, from a total of 19 to 50. This rise in recordable injuries is due to the company's acquisition of Dyno Nobel, which saw an increase in overall employee numbers.

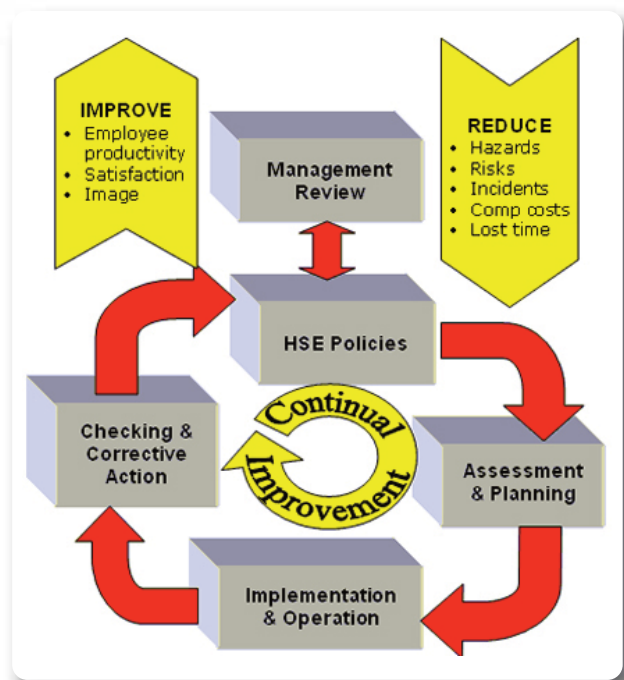
Tragically, there were two fatal incidents at Dyno Nobel's Dinamita initiator manufacturing plant in Mexico in January 2008. These incidents occurred prior to IPL ownership. IPL experienced a fatal incident at its Mackay, Queensland (Australia) site in May 2006. This is unacceptable and the company is taking steps to prevent a fatal incident from ever occurring again

HSE Management System

The Incitec Pivot Limited (IPL) Health, Safety and Environment (HSE) Management System is a proactive undertaking that contains comprehensive, yet practical, content and tools including policies, standards, procedures, forms, audit checklists, training material and implementation guidelines. The IPL HSE Management System provides a global framework for:

- Integrating health, safety and environment management into overall business management, including business planning.
- Achieving a common approach to health, safety and environmental management across the company.
- Communicating a clear statement of company expectations to employees and contractors.
- Establishing clear criteria against which sites, operations and business groups can be audited.
- Measuring performance at all levels of the organisation.
- Reporting our performance to interested parties.
- Achieving continuous improvement in IPL's health, safety and environmental performance.

The HSE system has been developed as a collaborative and interactive process, to produce a range of effective and practical solutions to HSE issues. These solutions aim to reduce the quantity and severity of incidents, reduce physical risks, and demonstrate IPL's commitment to overall HSE excellence.



Dyno Nobel President Safety Awards

The safety and health of staff and the community is the number one priority for IPL. The annual Dyno Nobel President's Safety Awards recognise those operations which demonstrate strict adherence to occupational health and safety procedures, minimise risk and deliver safe working conditions to protect both employees and customers.

The award criteria include HSE management system activities, eg, risk management, action item closeout, safety communication and involvement, audits, change management, training quality, incidents and fixed and mobile plant physical conditions.

This year's President's Safety Award winners from the three Dyno Nobel business units were:

- Canada – Diavik Mine in the Northwest Territories and Grand Prairie, Northwestern Alberta.
- Americas – Barry, Illinois and Maitland, Ontario.
- Asia Pacific – Newman Depot, Western Australia and Gregory, Queensland.

Record of Site Safety Days and Workplace Safety

IPL staged a number of initiatives throughout 2008 including a series of Safety Days at a number of different sites. On these particular days the sites were closed and all employees not on annual leave were required to attend. All casual and seasonal employees and contracting companies were also encouraged to attend and participate.

All the safety days received a strong response from all attendees. Plans are now under way for another round of new safety days at various IPL sites throughout Australia in 2009.

IPL's commitment to safety has heralded a number of safety milestones throughout 2008. On 12 October the Brookstead (Australia) Regional Services Centre, located in Queensland, celebrated 11 years of being recordable injury free. This has been achieved as a result of the safety culture that has been encouraged under the leadership of Site Manager Rodney Dukes and Site Assistant Michael Barbour.

On 20 October, 2008, the Bundaberg (Australia) Service Centre, also located in Queensland, celebrated 24 years of being recordable injury free. Site Manager Paul Goggin and Site Assistant Lenny Rice have helped their staff achieve this milestone through some simple safety tips. These include encouraging all site personnel to think about their own safety, watch out for the safety of those around them and to ensure exposure to risk is always minimised.

IPL's Townsville (Australia) Port Operations recently celebrated 6.5 years of being recordable injury free through an ongoing commitment to Zero Harm for Everyone Everywhere. The Cairns PDC has also recently reached the milestone of 1000 days without a recordable injury.

Management and staff are to be congratulated for their effort in improving the occupational health and safety of these various IPL sites.



Staff at the Diavik site, winners of the President's Safety Award for Canada (large site).

Community Safety

Incitec Pivot Limited (IPL) is dedicated to caring through direct and indirect support for the community at every stage of the company's progress. IPL seeks to respect our neighbours, their values and cultural heritage, and be considerate to them in carrying out our operations.

	2008	2007	2006	2005	2004
Non-complying Incidents (Category 2+)	9	9	12	69	82
Loss of Containment (Category 2)	8	2	0	0	1
Distribution Incidents (Category 2+)	6	2	1	5	2
Community Complaints (justified)	2	7	8	11	17

• Figures for Dyno Nobel included from 1/6/08 and Southern Cross Fertilisers from 1/8/06.

Over the course of the year there were a number of incidents resulting in a Loss of Containment and Distribution. These incidents occurred as a result of Legacy stormwater systems previously in place at a number of sites. As a result a Stormwater Management Plan has been devolved for the various sites and subsequently implemented. Modifications have also been made to the stormwater systems to minimise the possibility of further spills migrating off site.

Definitions:

Non-complying incidents are an excursion outside statutory discharge or emission limits, as measured in a scheduled test.

Losses of containment are incidents where there is an unplanned release or spill on a company site of material from a vessel, tank, pipe pump, container or package in which it was designed to be contained. A Category 2 loss of containment is an incident which causes injury or damage, impacts the environment or causes concern in the surrounding community.

Distribution incidents are incidents not on a company site, arising from the transport or storage of raw materials, product, intermediates or wastes owned by the company or prior to deliver to the customer. A Category 2 incident is one in which there was a significant loss of containment, injury and/or damage to equipment, property or the environment and /or major traffic disruption.

Legacy Remediation

A legacy site is a site which has contamination caused by the historical operations of the company, or inherited by the company from predecessors or neighbouring activities. Remediation is the recovery or rehabilitation of such sites to meet current environmental standards.

IPL is currently undertaking remediation projects on a number of key legacy sites throughout our Australian operations, including Wallaroo, SA; Parafield Gardens, SA; Cockle Creek, NSW and Buffalo, Victoria.

Since successfully treating contaminated soil at the Parafield Gardens site, IPL has been carrying out a process of groundwater remediation, via a specific groundwater treatment plant, which treats approximately 50 megalitres of water per year. Similar groundwater treatment actions are to also be undertaken at the IPL site in Buffalo, Victoria, after it was discovered that groundwater beneath the site had traces of petroleum hydrocarbons.

Metal contamination was also detected at the site in Cockle Creek, NSW, in 2004, where the nature and extent of the site contamination is being measured by external consultants for treatment.

Dyno Nobel had provisions in place to address cleanup needs at 25 North American properties. Most of these properties have long operational histories and a legacy of contamination that needs to be remedied to today's standards.

Such properties, with legacy environmental impacts and undergoing cleanup are the nitrogen plants at Battle Mountain, Nevada; Cheyenne, Wyoming; Donora, Pennsylvania; Maitland, St Helens, Oregon and the explosives plants at Adams Center, New York; Carthage, Missouri; Graham, Kentucky; Ishpeming, Minnesota; Port Ewen, New York; and Simsbury, Connecticut.



IPL has been carrying out a process of groundwater remediation, via a specific groundwater treatment plant, at Parafield, South Australia.

Social Responsibility

Incitec Pivot Limited (IPL) is committed to supporting local communities through a variety of actions. This includes both direct financial support and logistical support provided by IPL staff.

Incitec Pivot Giving Program

In Australia, IPL supports a range of charities covering a wide range of community benefits, including medical research, support for people in need, environmental protection and animal welfare: Alzheimer's Australia, Camp Quality, Here for Life, Landcare, MS Australia, Open Family, RSPCA, Starlight Children's Foundation, Surf Lifesaving Australia, The Cancer Council, beyondblue and the Salvation Army.

The company matches employee contributions to these organisations through the Workplace Giving program to a total of \$100,000 a year.

IPL is also driving a primary school-based scheme to highlight potential employment opportunities for young children in remote Australian communities. The scheme is focusing on schools near IPL's Phosphate Hill operations in North-West Queensland.

The Respect & Grow program is a partnership with the Outback Arts group, Queensland Police and the principals of three tiny schools closest to Phosphate Hill – Dajarra, Urandangie and Boulia. Respect & Grow presentations at the schools highlight personal safety awareness and use creative techniques to sow the seed of understanding that there may be future job opportunities in the resources industry right on their doorstep.

In North America the company and employees support major charities, including United Way, the American Heart Association, the American Cancer Society, Children's Make A Wish Foundation, the National Multiple Sclerosis Society, Special Olympics, Red Cross, Boy Scouts, YMCA, and Big Brothers Big Sisters, an organisation of volunteers who mentor children living with a single parent.

Individual plants also support community charities such as volunteer fire and ambulance services, children's athletics, scholarship funds, Eye Care for Kids, and sponsor local hero campaigns which honour those who have saved lives or done something exceptional to help people in need. Employees also volunteer their own time to help local charities of their choice. The company matches employee donations to fellow employees and their families who have suffered loss.

Movember

Movember is an annual Australian charitable event which takes place throughout the month of November and raises money via the growth of moustaches. The event is designed to raise awareness about the importance of the early detection of prostate cancer. IPL has supported the Movember initiative over a number of years and encourages all men to make a commitment to have regular prostate checks. Movember also aims to raise awareness of depression among males and promotes the importance of seeking ongoing support and advice.



Daphne Aplin from Dajarra Primary, one of the many schools to benefit from IPL's Giving Program.

Rural Depression Initiative

In 2008 IPL formed a working partnership with Rotary Clubs Australia to develop the Rural Depression Initiative, which operates with the aims of increasing the awareness of depression in rural communities and drawing attention to the support services available. This continues IPL's commitment to raising awareness of depression and its impact in rural Australia.

The partnership has successfully organised more than 40 local forums to date focused on the issues of depression, anxiety and alcohol. The forums were successful in reducing the often negative stigma experienced by people in rural communities suffering from depression and mental illness.

The forums were met with an extremely positive response, with a mixture of depression sufferers and members of their families coming forward at every community forum to share their stories and encouraging others with difficulties to seek help.

Information about depression is available on the beyondblue website (www.beyondblue.org.au) or on the beyondblue info line 1300 22 4636 (local call). For those parties interested in organising a Rural Depression Forum, please contact your local Rotary Club for more information.

Environment

IPL has a corporate value of caring for the environment. We strive to minimise our environmental impact.

While the company has long history of environmental management, at each of our manufacturing sites we are continuously seeking to better monitor, manage and report on our consolidated performance.

In order to track and minimise the company's environmental footprint across all Australian sites, IPL has developed a comprehensive environment management system (EMS) to monitor and report greenhouse gas emissions, wastage and resource consumption, including water use. The system will deliver detailed consolidated information on the company's Australian environmental footprint from 2009 onwards and is a key step in our progressing our sustainability agenda.

The majority of IPL's explosives manufacturing sites currently have an EMS in place or are in the process of managing their resources and environmental impacts while they develop a site-specific EMS. IPL's management of such resources will continue to improve as the reporting systems are developed and integrated.

Emissions

The efficient use of energy and the associated emissions are carefully monitored across all IPL sites and opportunities for improvement are continuously sought.

IPL reports its environmental emissions via multiple channels:

- IPL reports environmental emissions data each year to the National Pollutants Inventory in Australia, the Toxic Release Inventory in the USA and the National Pollutant Release Inventory in Canada. These inventories provide access to the general public of the storage and emission of chemical substances from business and industry. Further details on these reports may be accessed at the <http://www.npi.gov.au/>, <http://www.epa.gov/tri/> and www.ec.gc.ca/pdb/npri/.
- Data regarding IPL's Australian energy consumption and the gas emissions which relate to the company's manufacture of fertiliser is reported to the Fertilizer Industry Federation of Australia each year, and is published as part of their annual consolidated Public Environment Report. IPL also provides details of emissions to the International Fertilizer Association for consolidated public reporting. Further details on these reports are contained at www.fifa.asn.au and www.fertilizer.org.
- From 1 July, 2008, in Australia, IPL has been collating information for the Australian National Greenhouse and Energy Reporting System. Direct and indirect emissions, energy consumption and production from the company's operations will be reported to this national initiative, which will underpin the forthcoming Carbon Pollution Reduction Scheme.

As Australia's largest manufacturer of fertilisers and a world leader in the production of industrial explosives, IPL has a significant carbon footprint

The company's carbon footprint is representative of the scale and capacity of its manufacturing plants, in particular the energy-intensive manufacture of Incitec Pivot's ammonia-derived products, including urea, ammonium nitrate, ammonium sulphate and ammonium phosphate for the explosives and fertiliser markets, all of which require natural gas as a feedstock for production.

The 2008 carbon footprint of 3.2 M t Co2e is recorded net of carbon temporarily stored in Urea and Co2 sales as represented below. This disclosure is the recommended treatment of the Intergovernmental Panel on Climate Change.

	Global	North America*	Australia
	(M t Co2e)	(M t Co2e)	(M t Co2e)
Greenhouse Gas emissions	3.6	2.2	1.4
Less Urea, Co2 sales	(0.4)	(0.2)	(0.2)
Reportable Greenhouse Gas emissions	3.2	2.0	1.2

* For the year ended 31 December 2007

While in Australia, approximately 95 per cent of Incitec Pivot's reportable CO2e emissions are derived from the company's Queensland sites – Phosphate Hill and Gibson Island – the company's emissions reporting system covers all plants, distribution and administration centres to measure, monitor, report and reduce emissions. This system will deliver more detailed information on Incitec Pivot's company footprint from 2009 onwards.

The greenhouse gas footprint (MtCO2e) of IPL's Australian operations is as follows:

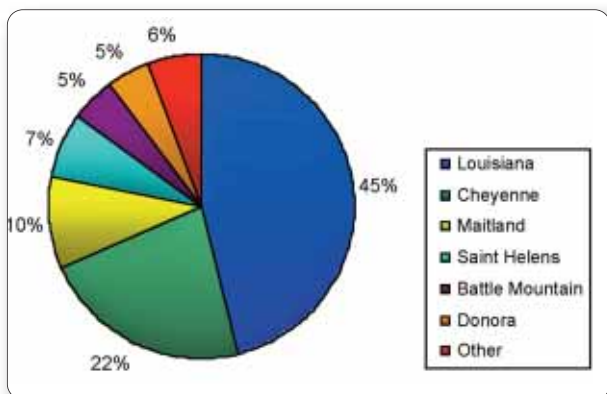
	2008	2007
GHG emissions Scope 1 (M t CO2e)	1.0	0.9
Total GHG emissions (M t CO2e)	1.2	1.2
Total GHG emissions per tonne production	0.37	0.35
Energy intensity GJ per tonne	6.83	6.57

The greenhouse gas emissions per tonne of production will vary dependent on the mix of fertiliser being manufactured in a given year. In Australia, approximately 95 per cent of IPL's reportable CO2e emissions are derived from the company's fertiliser manufacturing sites in Queensland – Phosphate Hill and Gibson Island.

Environment

Emissions

Based on the year ended 31 December 2007, Dyno Nobel's greenhouse gas emissions in North America are estimated at 2.0Mt Co₂e which equates to approximately 1.7 tonnes per tonne of production. 94 per cent of total emissions come from the manufacturing plants, particularly the Cheyenne site in Wyoming and Louisiana site in Missouri.



Nitric acid is manufactured as either an interim product for the manufacture of ammonium nitrate or as a final product for sale at all six of Incitec Pivot's nitrogen manufacturing sites in North America.

With the exception of one plant (the nitric acid plant at Louisiana, Missouri) they have all been equipped with non-selective catalytic reduction technology to significantly reduce the quantity of nitrous oxide emitted during production. The Louisiana, Missouri site is currently undergoing emissions testing to define the best available control technology.

Energy Efficiency

Incitec Pivot Limited (IPL) recognises that ongoing energy efficiency is central to the Sustainable growth of the business.

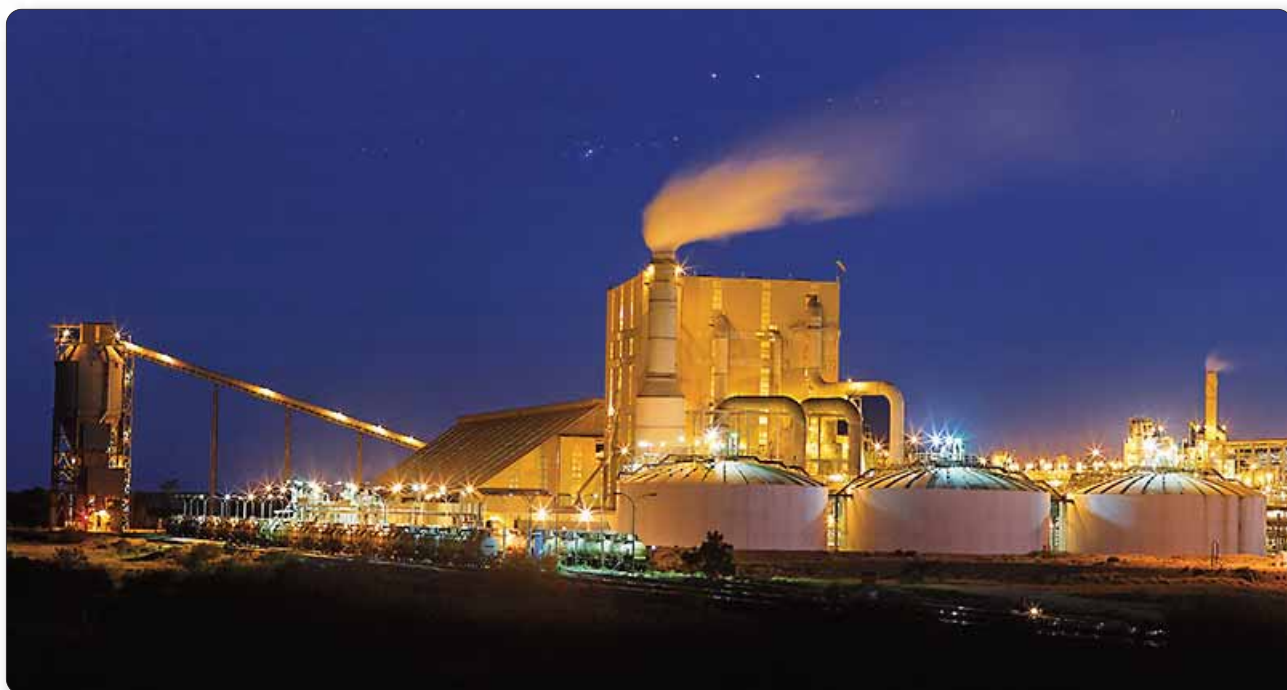
Each of the six explosives manufacturing sites which have over 10,000t of CO₂e emissions per annum is developing a greenhouse gas management program. This covers the following sites: Cheyenne (Wyoming), St Helens (Oregon), Battle Mountain (Nevada), Louisiana (Missouri), Donora (Pennsylvania) Carthage (Missouri) and Maitland (Ontario). Of these sites, Cheyenne, St Helens, Donora, Carthage and Maitland are also developing energy management plans as large energy consumers (0.2PJ per annum).

In 2008 IPL undertook an Energy Efficiency Opportunities (EEO)* assessment of its Gibson Island site in line with Australian Government program requirements. Gibson Island consumed 55 per cent of the total energy used by IPL in Australia for that year.

To date potential energy-efficiency savings of up to 0.86PJ per annum with a payback period of less than four years have been identified, and implementation of key opportunities to capture the savings has begun. Two of these opportunities, the implementation of advanced process control and the cold insulation of the syngas compressor suction pipe, have not only resulted in important energy savings but have also improved productivity in the ammonia plant.

Whilst the syngas compressor pipe does not reduce greenhouse gases itself, the insulation of the pipe does by reducing temperature losses.

** The Energy Efficiency Opportunities (EEO) program encourages large energy users (0.5 petajoules of energy per year) to improve on their energy efficiency. This program and related state programs are now being rolled out across IPL sites at Phosphate Hill (Australia) and Geelong (Australia) to identify further energy savings.*



The 2009 Energy Efficiency program at Phosphate Hill is expected to identify key energy and cost savings.

Waste Initiatives

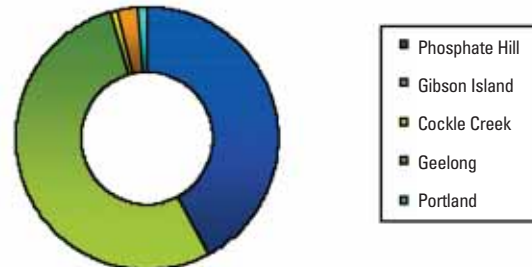
Limiting the waste produced by manufacturing operations is a critical platform within IPL's Sustainability program. The company is committing to reducing waste across all sites. Recent waste-prevention activities that have been undertaken by IPL include:

- IPL's Portland (Australia) plant has undertaken initiatives to address fluoride emissions. Tests indicate that these initiatives have reduced our fugitive fluoride emissions by around 7kg per day.
- The Battle Mountain Plant, Nevada, (North America) which manufactures ammonium nitrate, has a comprehensive waste minimisation program in place, which ensures the plant operates as a zero discharge facility. All plant process water that cannot be reused and any precipitation on the site are collected in a wastewater pond, where concentration occurs through solar evaporation. A final concentration of approximately 10 per cent nitrogen is achieved through evaporation and the addition of ammonium nitrate fines. This solution, which is denoted as Special Product 550, is then sold into the local agricultural market as a liquid fertiliser.
- New IPL emulsion plants that are being constructed at North Bay, Ontario, and Cheyenne, Wyoming (North America), are also being designed to be zero discharge facilities. Whereas the former design required routine disposal of off-specification emulsion and the discharge of wastewater and cooling water, the new design recovers both waste streams for reuse within the manufacturing process.

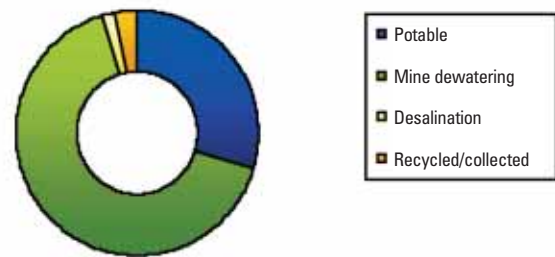
Water Management

The total water consumed by our manufacturing sites was 18,600 Megalitres; almost half of this is required to dewater the mining area at Phosphate Hill. Of this total, 30 per cent is potable water. This consumption is represented below.

Australian potable water consumption by site



Australian water consumption by source



Given the growing issue of water scarcity, IPL is committed to reducing its consumption of potable water and eliminating groundwater pollution. As such, the company has developed Stormwater Management Plans for all major sites. Specific water-saving initiatives have also been undertaken to reduce potable drinking water dependency and prevent pollution, including:

- At the explosives plant in Barry, Illinois (North America) a commitment to water recycling has led to series of initiatives aimed at reducing water usage. Plant washdown is captured by a floor trough that directs the water back to a recycling kettle. Additionally, water from within the plant's general tanks secondary containment area is now being reused as manufacturing process water.
- At the fertiliser Primary Distribution Centre at Oyster Cove (Australia) a project to collect rainwater from the roofs of the company's fertiliser storage sheds was completed late last year. The water is stored in two 22 cu m polyethylene tanks and used to replace mains water to wash down trucks and irrigate the grounds. Water saving: a further 2Ml
- At the Graham, Kentucky (North America) site a range of water conservation and recycling projects has been recently initiated by IPL. This has led to improved utilisation of the nutrient value of site-generated wastewater to grow hay and has significantly increased water conservation levels.
- A stormwater control system was installed at the Cockle Creek (Australia) site at an approximate cost of A\$50,000. This system improves the site's stormwater treatment capability and helps to reduce stormwater pollution.

Product Stewardship

Incitec Pivot Limited (IPL) understands the importance of product stewardship, which includes product lifecycle management, product safety and effective and Sustainable waste disposal measures throughout the production chain. IPL addresses the issue of product stewardship through a variety of means including the development of products which limit their impact on the environment, increased recycling of packaging, a commitment to promoting the responsible use of fertilisers and supporting Sustainability industry bodies.

Product Development

In all of its activities, IPL takes its environmental and community responsibilities seriously, from the manufacture and handling of our products to their safe and sustainable use by the customer. IPL undertakes a range of measures to safeguard the public and limit the impact that its operations have on the environment during product development. Recent initiatives around the development of Sustainable products include:

- **SCR (Selective Catalytic Reduction) Urea** is being produced using urea from the Gibson Island plant. SCR Urea is used as a catalyst in diesel motors (eg, diesel truck, bus or coach) and sprayed into the exhaust system at the same time as the exhaust fumes are being exhausted from the engine. This converts and reduces the greenhouse gas N₂O (nitrous oxide) to harmless nitrogen and water which is then emitted from the vehicle exhaust. This technology can also be used in industrial exhaust emissions containing NO_x.
- **Green Urea** is being used by IPL as a fertiliser top dressing in instances where volatilisation losses of ammonia are likely. Green Urea products contain urea treated with the urease inhibitor N-(n-butyl) thiophosphoric triamide (NBPT) to help delay hydrolysis of urea into nitrogen forms that may be lost to the atmosphere and reduce emissions related to fertiliser usage.

Sustainable Product Use

Dyno Nobel's blasting and technical services provides a blasting team to its customers. The Blast Optimisation Team (BOT), consisting of Dyno Nobel experts and customers' key stakeholders, works to provide quality products and services that meet customer expectations.

Using Total Quality Management and Continuous Improvement, the team enhances safety, product application and cost optimisation to ultimately increase profitability, safety, vibration control and blast gas emissions control using laser face profiling, Boretrack (borehole deviation), high-speed film and video, fragmentation analysis, tensor vibration control and in-situ rock quality measurement. Dyno is the world leader in industrial explosives technology and is committed to remaining so.

Being Australia's largest fertiliser supplier, IPL plays a key role in the Fertilizer Industry Federation of Australia (FIFA), the peak industry association representing Australia's fertiliser industry.

FIFA has implemented the Fertcare® national training and accreditation scheme, which is designed to lift the skills and knowledge of all individuals involved in the supply and distribution of fertilisers and to assist in optimising environmental stewardship, occupational health and safety, food safety and agricultural profitability. IPL is a Fertcare® accredited organisation. The company's agronomists and sales advisory staff are also Fertcare® accredited.

Fertilisers are essential in productive and profitable farming systems. They have many positive effects, but may impact on the environment. It is important that fertilisers are used at appropriate rates and in a responsible manner.

IPL operates its own soil, plant tissue and water testing service. Company agronomists have developed interpretative tools and decision-support systems to allow company staff, agents and dealers to interpret laboratory results and develop fertiliser recommendations and programs.



Green Urea is applied as a top dressing to aid plant growth and help delay hydrolysis of urea.

Product Stewardship

Reclaiming Packaging

The National Packaging Covenant is a voluntary initiative by the Australian Government and industry, to reduce the environmental effects of packaging on the environment. IPL became a signatory to the Covenant in 2007.

Where possible, IPL encourages the use of distribution systems which limit the use of disposable packaging such as through bulk-handling solutions and the use of Returnable Flexible Intermediate Bulk Containers (FIBCs) or Bulk Bags when supplying fertiliser.

FIBCs have a life of three years and on average are used on 12 occasions before disposal. When FIBCs are taken out of service, IPL exports the used FIBCs to China for recycling, as there are no recycling programs in Australia. In 2007-08, IPL estimates that it recycled about 30 per cent of the woven polypropylene packaging (FIBCs and small packs) that it used.

In our explosives business many pallets are reused and much raw material and plant internal/between packaging is also reused. Explosives packaging is unable to be recycled due to safety regulations.

Supporting Sustainability

IPL looks to support sustainability through membership of a number of different environmentally focused organisations, including:

The Sustainable Agriculture Initiative (SAI) is an independent global association operating across the agriculture, food and fibre chain. IPL joined the Australian platform of the SAI on 15 October, 2008.

IPL supports SAI's vision that Sustainable agriculture can provide a reliable supply of quality agricultural products in competitive conditions, meet current and future food needs of populations, improve the conditions of local communities and preserve and possibly improve natural resources. IPL also follows SAI's People, Profit and Planet business approach.



IPL has recently been made a member of the **International Plant Nutrition Institute (IPNI)**. The organisation seeks to provide a coordinated scientific foundation for fertiliser nutrient use and to address associated environmental issues.

"The other members of the IPNI are very happy to welcome the support and participation of IPL as we further the important work of the institute focused on agronomic research and education, environmental concerns, and related issues," states IPNI President Terry L. Roberts.

Dyno Nobel Asia Pacific is a supporter of and participant in **Australia Minerals Industry Framework for Sustainable Development (AMIFSD)**.

The AMIFSD believes that the future of the Australian minerals industry is inseparable from the global pursuit of Sustainable development. Through the integration of economic progress, responsible social development and effective environmental management, the minerals industry is committed to contributing to the sustained growth and prosperity of current and future generations.

It is aligned with global industry initiatives and, in particular, provides critical guidance on managing environmental issues and the effective management of Australia's natural resources.

People

Incitec Pivot Limited (IPL) seeks to reward staff members by offering a range of support services including, where appropriate, flexible working hours, and employee benefits which help foster a constructive and mutually beneficial working environment.

IPL offers staff members the opportunity to participate in its Employee Share Offer Plan. The Employee Share Offer Plan is offered annually and gives employees the opportunity to purchase \$1000 worth of IPL shares pre-tax, via salary sacrifice.

The performance of IPL staff is measured by an ongoing process outlined below:



The performance of staff working for IPL is measured via a performance development process. Key performance indicators are established in consultation with individual staff members and performance reviews are conducted informally half-yearly and formally at least once every year. IPL line managers are encouraged to discuss ongoing development with staff on a regular basis and recognise those staff members who have excelled in their field of work.

IPL aims to foster a culture of communication where staff members feel free to raise any work-related issues with their line managers. IPL takes all employee grievances, problems and complaints seriously and offers independent professional assistance and guidance to resolve and manage personal and professional issues.

The company also encourages open staff communication via conducting informal employee feedback sessions and is exploring avenues whereby its intranet can provide channels for employee feedback.

IPL seeks to attract, encourage and grow talented staff through its recruitment and retention programs. The company has experienced a recent phase of expansion, which has seen staff numbers grow.

IPL recognises that bringing in the very best people and developing existing staff is a key criterion to ensuring the ongoing growth and prosperity of the company. To this end IPL is committed to future staff talent development programs, which will make the company a more attractive employer to potential employees and more rewarding for those existing people within the company.



Monument Village: where fly-in fly-out employees live when they are working a shift at Phosphate Hill. The perimeter of the village is monitored to ensure it does not impact the native fauna, particularly the local rock wallabies.

This table indicates where to locate information relating to GRI indicators and principles in this report and other publications. We have used the terms 'full' and 'partial' to indicate our reporting level for each GRI indicator.

GRI Indicator	Description	Page number	Extent of reporting
1.1	Statement from the MD	2	Full
2.1	Name of the organisation	cover	Full
2.2	Primary brands, products and/or services	4,18	Full
2.3	Operational structure of the organisation	4	Full
2.4	Location of the organisation's headquarters	18	Full
2.5	Countries where the organisation operates	4,5	Full
2.6	Nature of ownership and legal form	3	Full
2.7	Markets served	4,5	Full
2.8	Scale of reporting organisation	Annual report	Full
2.9	Significant changes during the reporting period	Annual report	Full
2.10	Awards received during the reporting period	3	Full
3.1	Reporting period	3	Full
3.2	Date of most recent report	2007	Full
3.3	Reporting Cycle	Annual	Full
3.4	Contact point for questions regarding the report	3	Full
3.5	Process for defining report content	3	Partial
3.6	Boundary of the report	3	Partial
3.7	Limitations of the boundary of the report	3	Partial
3.8	Basis of reporting on joint ventures	3	Full
3.12	GRI content index	17	Full
4.1	Governance structure of the organisation	6, website	Full
4.2	Is the Chair of the board also an executive officer	Website	Full
4.4	Mechanisms to provide recommendations to the board	Website	Full
4.6	Processes in place to avoid conflict of interest	Website	Full
4.7	Process to review director expertise & qualifications	Website	Full
4.13	Memberships in industry associations	15	Partial
4.14	List of stakeholder groups	6	Partial
4.16	Approaches to stakeholder engagement	6	Partial
EC1	Direct economic value generated and distributed	Annual Report	Full
EC3	Defined benefit plan obligations	Annual Report	Full
EN16	Total direct and indirect greenhouse gas emissions	11	Partial
EN23	Total number and volume of significant spills	9	Full
EN26	Initiatives to mitigate environmental impact of products	14,15	Full
EN28	Monetary value of significant environmental fines	9	Full
LA7	Rates of work-related injury, fatalities by region	7	Partial
SO7	Anti-competitive behaviour: legal action and outcomes	website	Full

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