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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 quided 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 <u>Sustainable Communities Policy</u> 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 <u>Community HSEC Standard</u>, 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

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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 teambuilding, 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'

WE ALL STAND ON

SCIENCE

CELEBRIA

This year the IPL Board approved our <u>Reconciliation Action Plan</u>, 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 herries

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.

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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.

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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 <u>Dollar for Dollar program</u>, 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.

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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 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.