



# SUSTAINABILITY REPORT 2021

**Incitec Pivot Limited**

**DYNO**  
Dyno Nobel



INNOVATION ON THE GROUND





Managing Director & CEO's report

Who we are

Our value creation framework

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## ABOUT THIS REPORT

Since 2010, Incitec Pivot Limited (IPL) has produced a stand-alone Sustainability Report, reporting against the Global Reporting Initiative (GRI) Guidelines. While IPL has provided a holistic and comprehensive sustainability review in the 2021 Annual Report, the 2021 Sustainability Report includes more information on issues deemed most material to the sustainability of the Company. By offering this more detailed analysis, we aim to ensure that stakeholders are better able to understand how we manage relevant environmental, social and governance issues.

The report covers IPL's financial reporting period from 1 October 2020 to 30 September 2021. The content refers to the performance of IPL and its subsidiaries and the activities over which we had operational control for all or part of the IPL 2021 financial year. This period is referred to throughout the report as '2021'. All dollar amounts are in Australian dollars, unless otherwise indicated.

This online interactive report has been prepared in accordance with the GRI Standards: Core option. Our last Sustainability Report was also published online, in March 2021, for the 2020 financial year. It can be downloaded [here](#) along with prior year's sustainability reports.

For GRI alignment and more detailed information, including environmental, social and governance data, please view our GRI Index and Data Supplement [here](#). Please direct any questions or comments about this report to [sustainability.feedback@incitecpivot.com.au](mailto:sustainability.feedback@incitecpivot.com.au).

## BENCHMARKING OUR PERFORMANCE

As part of our commitment to transparent reporting, IPL's sustainability performance is assessed against leading indices. This allows us to benchmark our performance against that of other organisations in our sector, provides insight into areas for improvement, and gives investors and other stakeholders an objective measure of our environmental, social and governance (ESG) risk management and business practices.

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# MANAGING DIRECTOR & CEO'S REPORT

In a world facing growing demand for minerals, energy and food security, organisations such as Incitec Pivot (IPL) have a vital role to play in unlocking the potential in the Earth by providing crucial plant nutrients and products to access materials from the ground. Increasingly, too, we are expected to assume a leadership role in the world's transition to a low-carbon economy, and we are embracing the opportunity.

We continue to approach our social and environmental responsibilities with determination and transparency. We are proud of the work our teams have done in 2021, in what I am confident to say has been a watershed year for our increased commitment to sustainability, and for our development of partnerships with other like-minded leaders.

One example of our commitment has been the appointment of a Chief Strategy and Sustainability Officer, Sunil Salhotra. By creating this new leadership role, we have embedded our sustainability agenda at the heart of our business strategy.

This year, IPL engaged a specialist third party to conduct an independent review of our material topics, engaging internal and external stakeholders to identify issues around which our business had the most potential to effect meaningful change along with those which have the most potential to disrupt our business. I'm pleased to be able to outline how we are working to track our performance against these areas of focus.

We released our first stand-alone [IPL Climate Change Report 2021](#) which clearly demonstrates our commitment to addressing climate change and outlines the technologies we will need to achieve our long-term ambition to achieve Net Zero by 2050, or sooner if practicable. It describes how we are managing risks and strategic business opportunities as we navigate the transition to a low-carbon economy, as well as how we are helping our customers reduce their emissions as we partner to create a greener, more sustainable world.

In addition, we were thrilled to announce partnership with Fortescue Future Industries (FFI) and Keppel Infrastructure and Temasek to investigate the feasibility of producing ammonia from green hydrogen in Australia. While the announcements were made after the 2021 reporting period, I'm incredibly proud of the work we have done during the year to make these announcements possible. It's an exciting time to be part of our industry, a time in which we aim to position IPL as an important contributor in the clean energy space.

In relation to our impact on the communities in which we operate, we were pleased to release our new [Innovate Reconciliation Action Plan \(RAP\)](#) in consultation with Reconciliation Australia. We recognise and value the contributions and perspectives of Aboriginal and Torres Strait Islander people, and in August we launched a new Indigenous Scholarship program, designed to increase employment opportunities for Aboriginal and Torres Strait Islander students in Queensland.

Throughout the year we continued to develop and empower our people wherever they are in the world. I'm constantly astonished by the talent and expertise we have in our organisation. In 2021 we released our 'People First' strategy, which is putting people at the forefront of everything we do, ensuring they feel empowered and have the resources to execute our ambitious business strategies.

Not surprisingly, COVID-19 has had an immeasurable impact on our employees and their families, and we seek to ensure they are well supported now and in its aftermath. To this end we have increased our local and global wellbeing programs and this year launched a vaccination initiative to support the unified message coming from our allied health providers, in Australia and abroad. At the same time, we continued to invest in our existing Employee Assistance Program to provide ongoing further support to our people and their families.



Last, but certainly not least, our number one value, the one on which our licence to operate depends, continues to be *Zero Harm*. This year we have worked tirelessly to seek to ensure our people arrived home in the same way they left for work – physically and psychologically safe and supported. While the severity of incidents has lessened, the number of reports increased, due in part to our increased focus on safety training which has created a culture in which risks are more readily identified and reported. We have room for improvement in this space, but I'm confident that with our continued focus on safety we will meet our goals.

I'd like to take the opportunity to thank our stakeholders for their ongoing feedback and engagement in relation to our most material issues. We are pleased to be sharing in this report more information on how we're addressing our material issues and look forward to continued engagement in the year ahead.

**Jeanne Johns**  
Managing Director & CEO

## OUR SUSTAINABILITY SCORECARD

Below expected progress Steady progress Well progressed

	MATERIAL ISSUE	INDICATOR	TARGET/COMMITMENT	2021	
<b>EMPLOYEES</b>	Zero Harm ambition: safety and wellbeing	TRIFR <sup>1</sup>	0.7	0.87	Below expected progress
		Potential high severity incidents <sup>2</sup>	Year-on-year Reduction	36 (+6%)	Below expected progress
		Tier 1 & 2 process safety incidents <sup>3</sup>	Year-on-year Reduction	38 (+58%)	Below expected progress
	Cultural renewal for a fit-for-purpose business	Employee engagement scores	Meaningful improvement (+0.1) by 2023	↑	Well progressed
		Gender Diversity	25% female workforce by 2022	17.6%	Below expected progress
	Indigenous Australian employees	3% by 2022	2.5%	Well progressed	
<b>ENVIRONMENT</b>	Navigating the transition to a low-carbon economy	Capital projects to achieve Net Zero Pathway	Project/s underway by 2023 to achieve our short-term 5% absolute GHG reduction by 2025	Pipeline of identified projects under investigation	Steady progress
	Sustainable plant-nutrition solutions	Number of soils and crop plant tests	20% increase by 2023	11% increase	Well progressed
		New class of sustainable fertilisers	2023 construction of Australia's first large-scale Bio-Fert plant	Firmed up \$38 million investment	Steady progress
	Sustainable use of water	Australian municipal water use	25% reduction by 2023	-4% <sup>4</sup>	Steady progress
<b>SHAREHOLDERS</b>	Industry and government collaboration on green technology towards Net Zero	Partnerships to investigate emerging green technologies	Completion of 2 hydrogen feasibility study partnerships by 2023	MOUs signed for 2 hydrogen feasibility study partnerships	Well progressed
	Technology as an enabler and a disrupter	Number of new products introduced to customers	3 per year	3	Well progressed
	Active engagement in ESG issues	Frequency of ESG communications to investors and other stakeholders	Year-on-year increase	↑	Well progressed
	Regulatory risk management	Significant Environmental Incidents <sup>5</sup>	Zero	0	Well progressed
<b>VALUE CHAIN</b>	Customer partnerships	Maintaining NPS scores using annual customer engagement action plans	Between 30-40	35	Well progressed
	Innovation in responsible and sustainable products and services	% of new products introduced which improve sustainability outcomes	100%	100%	Well progressed
	Sustainable supply chain	Number of Suppliers Comprehensively Assessed for ESG (including Modern Slavery)	10 per year	(new Target)	Steady progress
Number of Deep Dive Modern Slavery Audits		5 per year	(new Target)	Steady progress	
<b>COMMUNITY</b>	Community safety, support and connection	Compliance with Community Safety Communications	100%	100%	Well progressed
		Promotion and celebration of Australian Aboriginal and Torres Strait Islander events and dates of significance	Deliver the outcomes on page 35 of our Innovate RAP by 2023	NAIDOC and Reconciliation Week promoted	Well progressed

<sup>1</sup> TRIFR is calculated as the number of recordable incidents per 200,000 hours worked and includes contract workers.

<sup>2</sup> Incidents with potential consequences of 5 or higher on a 6-level scale (excluding near misses and hazards).

<sup>3</sup> Tier 1 and 2 Process Safety Incidents as defined by the Centre for Chemical Process Safety.

<sup>4</sup> Adjusted for production. With the connection of the Gibson Island recycled water pipeline, 4% of Australian water use was purchased recycled water. This reduced Australian municipal water use by 4%.

<sup>5</sup> Significant Environmental Incidents as assessed against IPL's internal risk matrix with consequences of 5 or higher on a 6-level scale.

# WHO WE ARE

IPL is leading supplier to the resources and agricultural sectors. We manufacture ammonium nitrate based explosives and initiating systems, nitrogen and phosphorus fertilisers, and nitrogen-related industrial and specialty chemicals.

We have two customer-facing businesses, Dyno Nobel in the Americas (DNA) and across Asia Pacific (DNAP) and the largest fertiliser business in Australia, Incitec Pivot Fertilisers (IPF). Through these two businesses, we unlock the potential in the Earth to help people grow. In addition to the increased yields of sugar cane, cotton, grains, beef, lamb, milk and vegetables grown using our fertiliser products, our explosives products and services unlock the iron ore, copper and quarry & construction materials used to build electric vehicles, wind turbines and critical infrastructure.

Our advanced technology, manufacturing excellence and world-class services are focused on the diverse needs and aspirations of our customers, ensuring that IPL will continue to play a key role in developing the efficiency and sustainability of the world's resource and agricultural sectors.

## Our Values

Our global workforce is committed to leading by example and demonstrating Our Values every day. Developed by our employees and endorsed by the Executive Team (ET), these values guide our attitudes, decisions and actions. The seven Company Values are:

- Zero Harm for Everyone Everywhere
- Think Customer. Everyone. Every day
- Treat the Business as our Own
- Value People – Respect, Recognise & Reward
- Care for the Community & our Environment
- Challenge & Improve the Status Quo
- Deliver on our Promises

## Governance

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.

To learn more about IPL's Board structure, responsibilities and governance framework, please refer to IPL's 2021 Annual Report and Corporate Governance Statement.

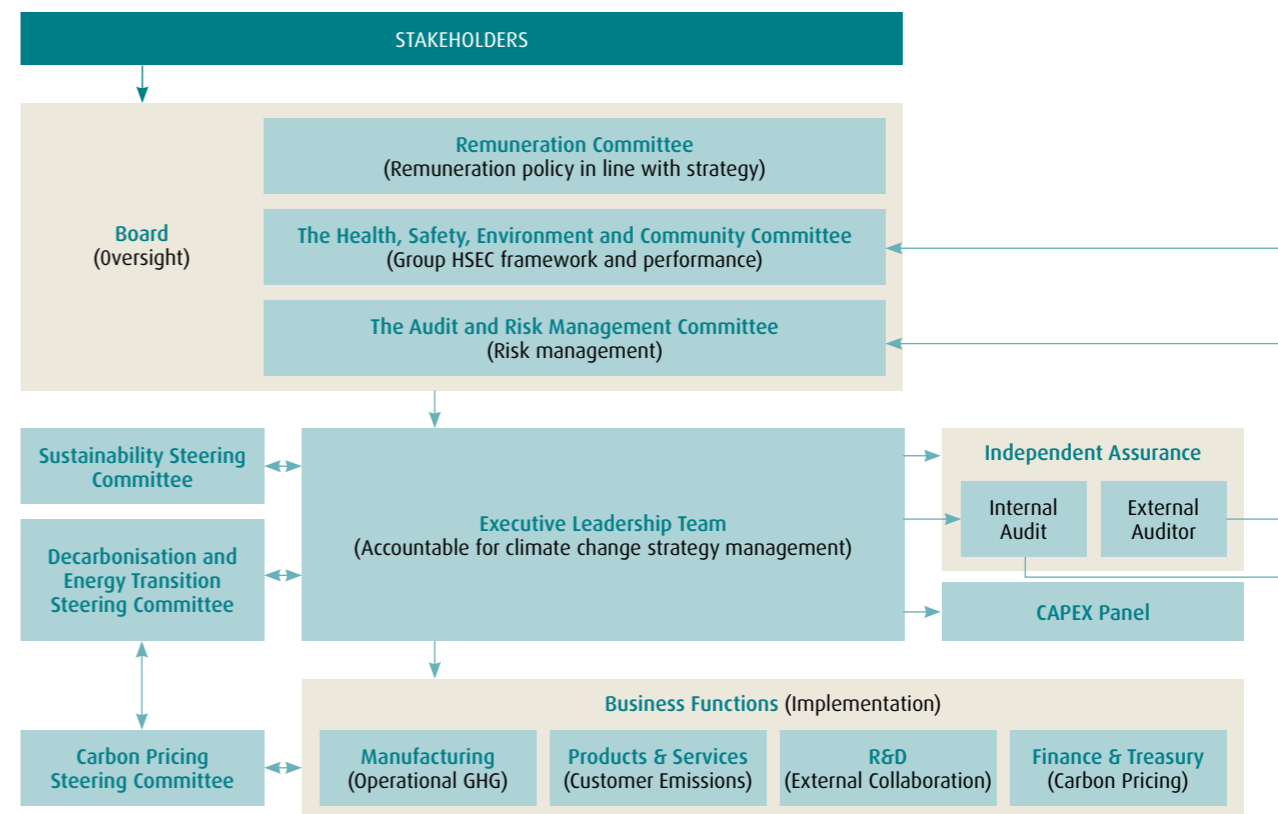
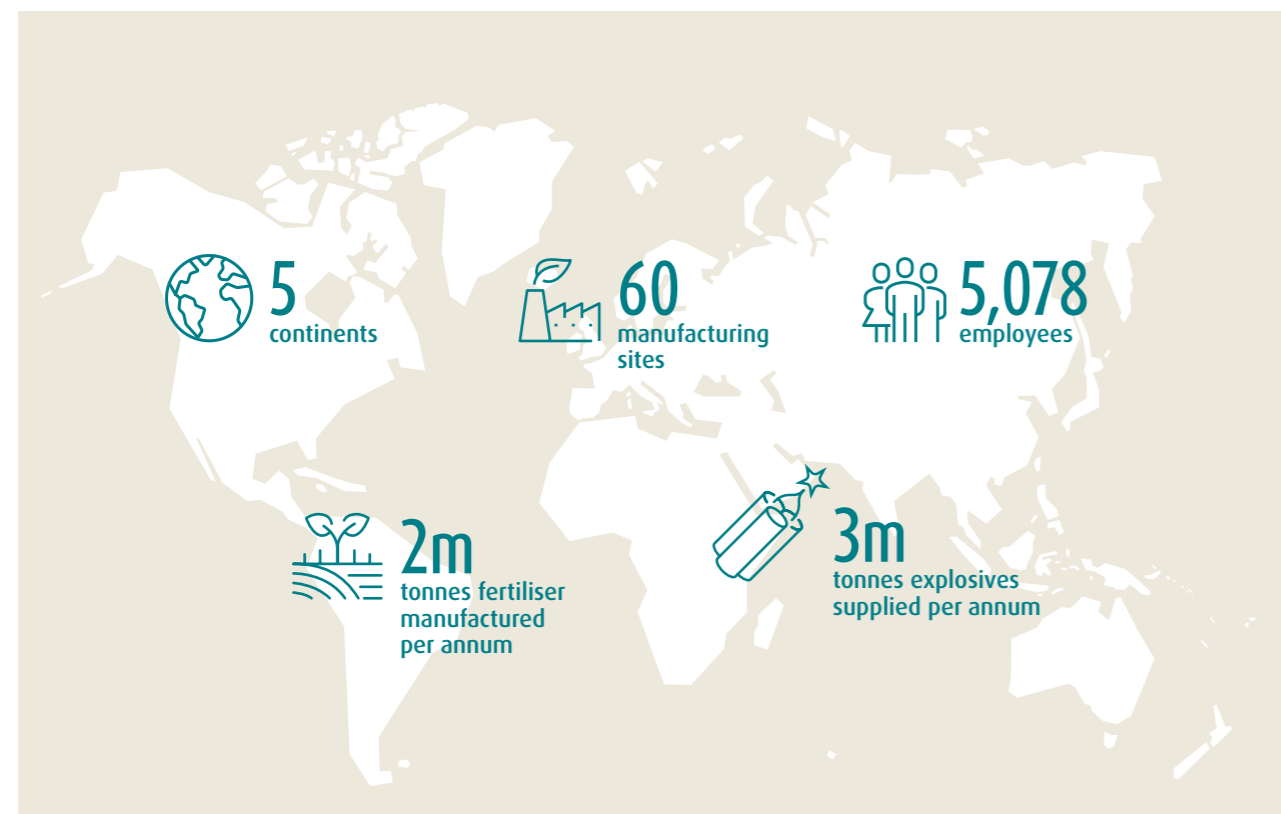
As part of our commitment to operating to the highest standards of ethical behaviour, we have a range of policies and systems that set ethical standards for Directors, senior management and employees. These policies aim to ensure ethical conduct is maintained in the interests of all our stakeholders and the world at large. Visit our Corporate Governance page on the IPL website for copies of the policies.

## Launch of Sustainability Steering Committee

In 2021, we launched the IPL Sustainability Steering Committee, chaired by our Managing Director and CEO (MD&CEO) and comprising executive management members. The committee provides executive oversight of the sustainability strategy and direction on the management of non-financial (ESG) issues material to the long-term financial sustainability of the IPL Group. This includes driving change across our business, enhancing our sustainability monitoring, as well as exploring trends and opportunities for improvement.

The IPL Decarbonisation and Energy Transition Committee was also launched this year. Chaired by IPL's MD&CEO and consisting of executive management membership, the committee is responsible for the development of IPL's Net Zero Pathway and the strategic management of business risks and opportunities relating to climate change.

## Our Operations



# IDENTIFYING IPL'S MATERIAL ISSUES

To identify issues most material for our stakeholders and our business, we conduct a biennial materiality review. Our most recent materiality assessment was conducted in 2021 by an expert third party and followed Global Reporting Initiative (GRI) guidelines.

The assessment began with the drafting of an extensive global megatrends analysis to understand how changes in the areas of environment, society, governance and technology are impacting IPL's strategy and operating environment, now and in the future. This analysis has made it easier for us to identify and prioritise the topics we should be managing, and on which we should be reporting, and will ensure we do not miss emerging key trends. Interviews with 20 internal subject matter experts and four external stakeholders were conducted, with participants being asked to discuss two megatrends which most directly related to their areas of expertise.

Insights from the megatrends analysis, the stakeholder interviews, and a review of our relevant policies and reporting disclosures gave us a clear structure for grouping topics that are currently material to the sustainability of our business, and those which are emerging. Twelve topics were identified as material. A summary of the megatrends and material topics is shown below.

The shortlist of material topics was then presented to IPL's ET for their consideration. In line with the concept of 'double materiality', ET members were asked to rank topics on the shortlist in order of their importance to IPL while considering both their 'impact materiality' (see below) and their potential to financially impact IPL.

For 'impact materiality,' participants were asked to select and rank their top six topics based on:

- the impact on people, the environment and the economy
- the level of stakeholder interest in the topic.

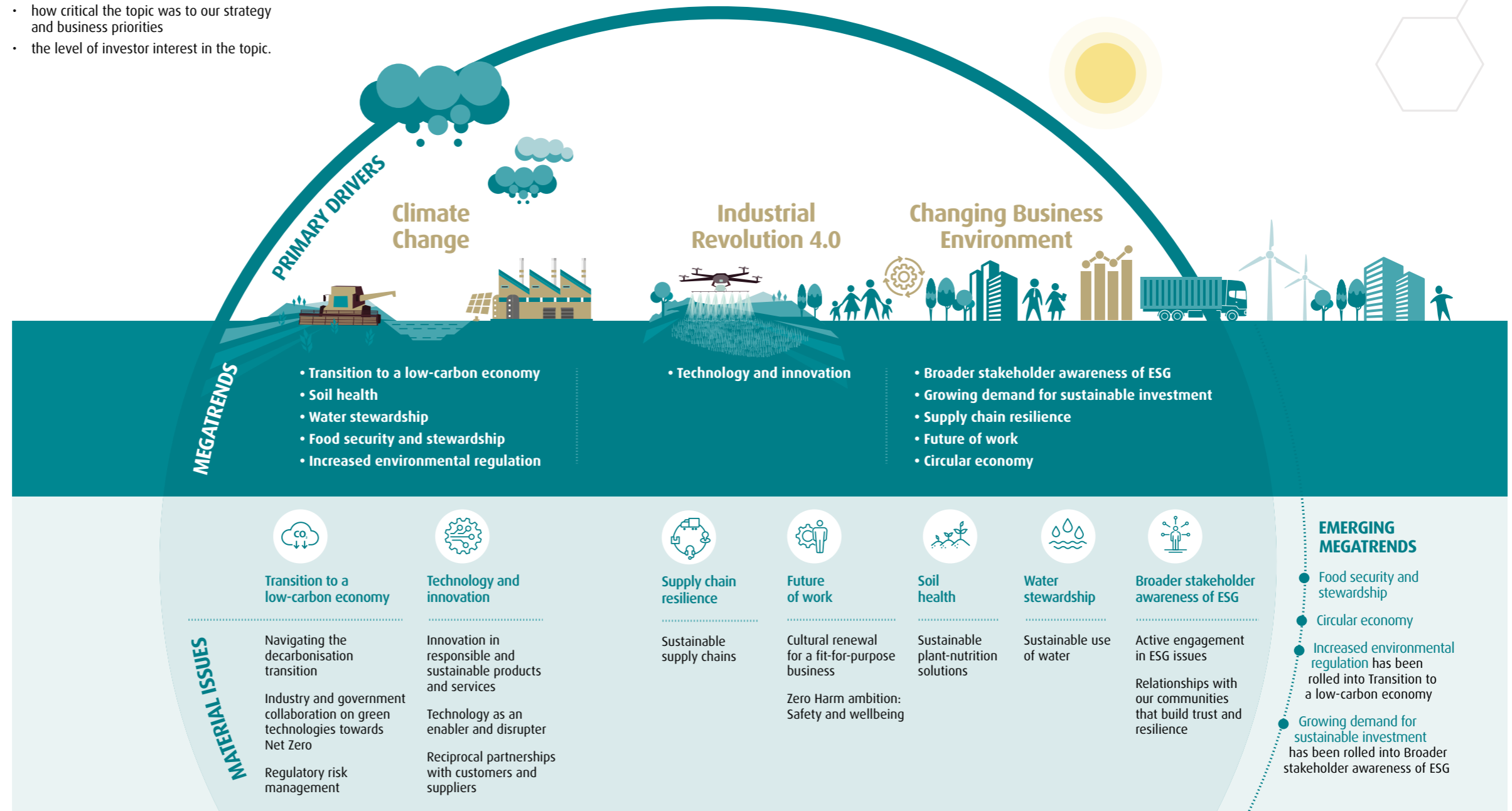
This process was based on GRI guidance on how to define 'impact' materiality.

In evaluating topics for financial materiality, participants were asked to rank items based on their capacity to create or erode IPL's enterprise value. This included:

- the potential of the topic to cause disruption to IPL's business activities
- how critical the topic was to our strategy and business priorities
- the level of investor interest in the topic.

The material topics were then revised to better reflect the nature of our business and the global trends identified. Our 12 material topics have now been aligned with IPL's Value Creation Model shown on pages 8-9. The model can be used to navigate the material topics throughout the report.

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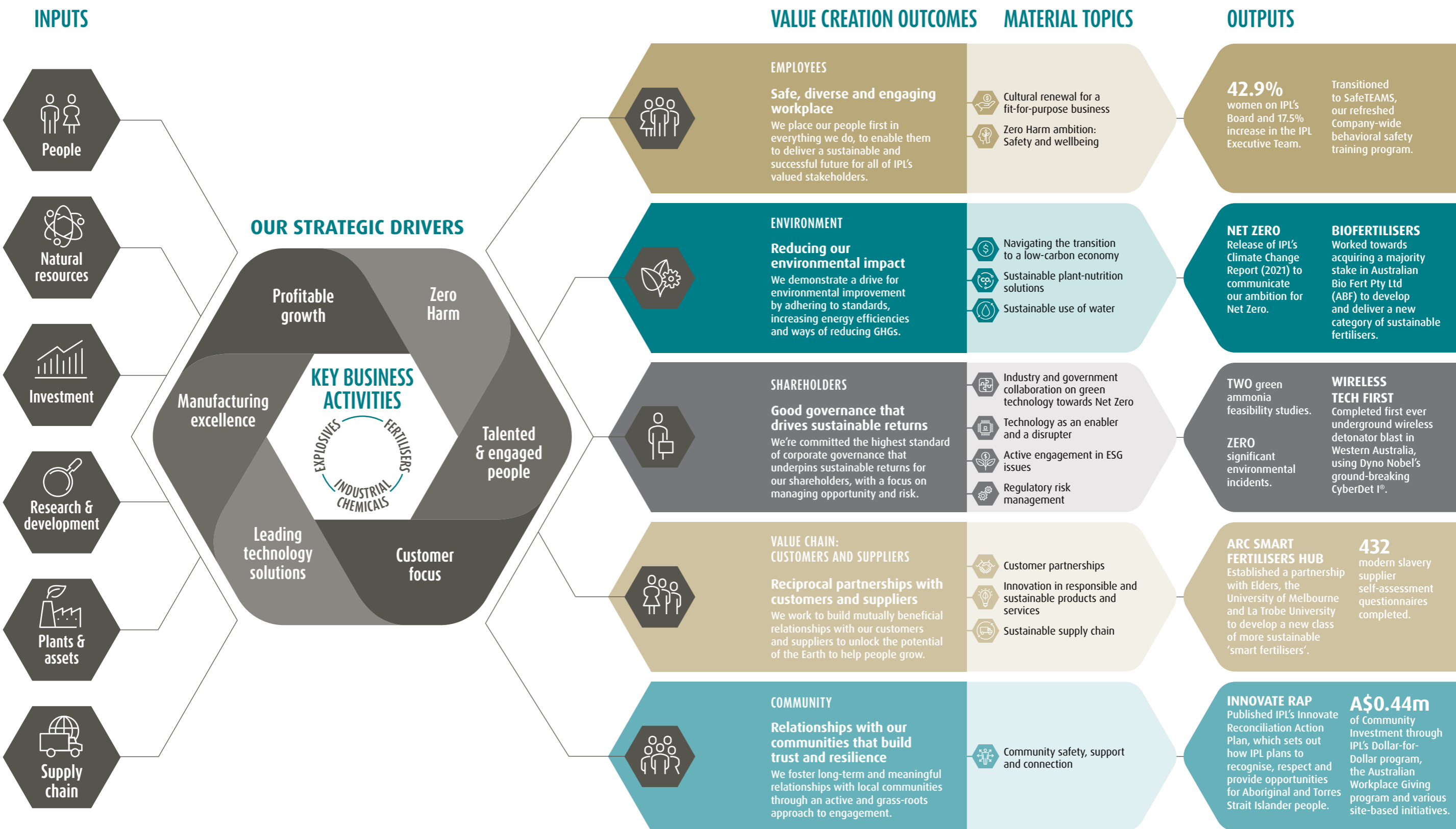
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# OUR VALUE CREATION FRAMEWORK

**Our purpose is to unlock the potential in the Earth to help people grow**



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# EMPLOYEES



## PEOPLE FIRST IN A SAFE, DIVERSE AND ENGAGING WORKPLACE

We place our people first in everything we do, to enable them to deliver a sustainable and successful future for all of IPL's stakeholders. Through our 'People First' Strategy we aim to be a globally recognised and respected safety leader, with the best people in the right roles.

### EMPLOYEES

#### Our commitment to Zero Harm

The safety of our people, customers and community is IPL's number-one priority, with Zero Harm deeply ingrained in our culture. Nothing matters more than ensuring people get home safely every day. Zero Harm is an integral part of the way we work and is essential to our ability to operate as a responsible organisation.

#### Managing safety and wellbeing

This year we continued to shape the safety performance of the industries in which we operate, guided by our ambition to achieve industry-leading performance in occupational health, personal safety, process safety and environmental compliance.

We standardised our Health and Wellbeing Program, developing and implementing a health calendar with monthly topics, mental health workshops, psychosocial risk assessments and global campaigns such as World Safety Day and R U OK? Day. In doing so, we seek to engage the entire business in seeking to keep everyone healthy and safe.

Over the past two years, work health and safety regulatory bodies have become more active in the area of mental health. Our IPL Leader Psychological Workshop and Mental Health Program addresses the requirements laid out in the new ISO 45003:2021 (WHS

Requirements and Framework). We continue to monitor global standards to ensure our initiatives and programs are aligned with best practice.

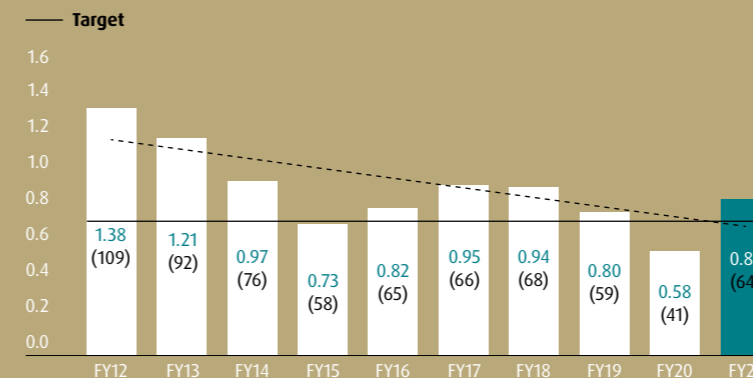
The number of Process Safety Incidents recorded increased in 2021, with 38 compared to 24 last year. However this includes an improvement in the number of events reported. We will continue our focus on loss-of-containment process safety events, monitoring progress against our plans to do better.

Regrettably, the Total Recordable Incidents Frequency Rate (TRIFR) also grew in 2021, with a result of 0.87. In response we have endorsed initiatives such as safety stand-downs, refreshed our Take 5! Training and introduced the SafeTEAMS program globally.

We also strengthened our safety learning culture by implementing the *IPL Rules to Live By Guide*.

#### ZERO HARM SNAPSHOT

IPL TRIFR<sup>1</sup>  
(Number of recordables)



ZERO HARM - KEY METRICS	FY21	FY20	FY19
TRIFR	0.87	0.58	0.80
Significant Environmental Incidents	0	1	3
Potential High Severity Incidents	36	34	33
Process Safety Incidents	38	24	33

<sup>1</sup> TRIFR is calculated as the number of recordable incidents per 200,000 hours worked and includes contract workers.



#### ALIGNING WITH THE UN SDGs



SDG Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

IPL target: to achieve a participation rate of 25% women across our global workforce by 30 September 2022.

EMPLOYEES

HEALTH AND WELLBEING



**COVID-19 response:** We refreshed COVID-19 safe plans, actively encouraged vaccination and maintained robust supply chains.



**Employee Health and Wellness Assessments:** Occupational health assessments are offered to employees across Australia and the US.



**Remote Workers' Health and Wellbeing:** We support our Fly-In Fly-Out (FIFO) and Drive-In Drive-Out workforce with a Remote and Onsite Workers Pack.



**SafeTEAMS:** Company-wide refreshed safety training program launched, with expanded focus on creating a safe culture, nurturing psychological safety and 'safe ground'.



**Giving Up Smoking:** We run a smoking cessation program that supports employees who wish to quit smoking.

RU OK?

**R U OK? Day:** Month-long campaign across global business to focus on our people's mental health and wellbeing.



**Promoted mental wellbeing topics** and our Employee Assistance Program, resulting in an increased use of the program.



**Sleep and Driver Safety:** Our Dyno Nobel Transportation (DNTI) and Distribution business in North America screens drivers for Obstructive Sleep Apnea (OSA). Dyno Nobel has partnered with Sleep Well to electronically monitor CPAP compliance.

Safety through a COVID-19 lens

As we continue to operate in a COVID-19 environment, our key focus, as always at IPL, is the health and safety of our people, both physical and mental.

Our Crisis Management Team continued functioning this year, effectively monitoring the changing COVID-19 status of our global sites and responding according to local circumstances. The response team also supports and encourages the vaccination of our workforce.



COVID-19 INITIATIVES DELIVERED IN INDONESIA

Since the start of the pandemic, around 40% of Dyno Nobel's workforce in Indonesia have been infected with COVID-19.

Dyno Nobel Indonesia has engaged Jakarta-based medical professionals to provide advice and guidance, helped facilitate online COVID-19 awareness sessions and organised weekly antigen testing sessions for onsite employees.

Initiatives include delivering meals and medication to affected employees, funding for an employee vaccination program and delivery of care packages to employees and their families across two lockdowns.

Creating a culture for a safe, diverse and high-performing workplace

This year we released our 'People First' Strategy, which outlines our commitment to providing employees with a leadership experience that brings meaning and purpose to their work.

The strategy has been developed around four strategic themes: *Engaging Leaders, Talented People, Inclusive Workplace and Partnership*. The plan aims to ensure our people can perform at their best in an inclusive and collaborative environment. The plan is also focused on delivering opportunities and career pathways.

We conducted a global employee engagement survey, with feedback provided at our global leadership conference. Plans made at the conference will be followed by fresh employee engagement and development initiatives in 2022.

Diversity, equity and inclusion

Incitec Pivot Limited is a global organisation that recognises, respects, embraces and celebrates diversity. We operate in over 18 countries and our employees range in age and gender, and come from many different cultures, traditions and lifestyles.

We believe that the diversity of our people makes our Company a great place to work. We are committed to supporting and building an inclusive and accessible organisation that embraces diversity, no matter where our people live and work. IPL seeks to ensure equity for our employees - fair treatment, equality of opportunity and fairness in access to information, resources and contribution. We believe this will help us to build a strong, sustainable future for all stakeholders. We are routinely recognised for our efforts in gender equality.

During the year we saw flattening growth in female representation across the total business, but encouraging gains in the senior management and management cohorts. For more information on our gender diversity targets, please refer to the [Corporate Governance Statement](#) or view our [Diversity Initiatives](#).

DEVELOPING TALENT FROM WITHIN

We aim to attract and grow the best talent to help deliver our businesses' strategic objectives and goals. In 2021, and in line with our People Plan, we reviewed IPL's current talent and succession methodology and produced a revised framework which we plan to implement in 2022.

Aboriginal and Torres Strait Islander peoples representation

In line with our focus on diversity, we released our [Innovate Reconciliation Action Plan \(RAP\)](#). While the plan supports reconciliation and connection across the whole community, a number of actions and targets aim specifically to increase the employment and economic inclusion of Aboriginal and Torres Strait Islander peoples.

As part of the new Innovate RAP, we launched our [Indigenous Scholarship Program](#). The scholarship, run in partnership with James Cook University and University of Queensland, provides Aboriginal and Torres Strait Islander students with an excellent opportunity to get their first experience of working life with us at IPL.

In addition, we started a program with Indigenous Workstars and Job Trail to create more jobs for Indigenous people in our Australian business units. You can read more about our Opportunity targets on page 28 of our Innovate RAP.

In 2022, we look forward to introducing targeted support for Indigenous Mental Health First Aid and a helpline specifically for Aboriginal and Torres Strait Islander peoples as part of our established Employee Assistance Program.

CULTURE



Introduction of the IPL Talent Ambition to increase the contribution from diverse talent.



Conducting the 2021 IPL Global Employee Engagement Survey.



Releasing our Innovate Reconciliation Action Plan.



Leadership and Inclusive Decision Program piloted in the Americas.



'Upstander' leadership and inclusive decision making training program continued in the Asia Pacific region.



Implemented an updated IPL Flexible Work Policy and Procedure.



SUPPORTING OUR PEOPLE THROUGH HURRICANE IDA

In August 2021, Hurricane Ida, a Category 4 hurricane, hit the coast of Louisiana, causing catastrophic damage to communities in its path.

The safety of our employees and their families at Waggaman, Louisiana, was our number one priority. As part of the crisis response, the crisis team contacted each employee to ensure that they were safe and had shelter with essential utilities.

We provided temporary housing to employees whose homes were damaged. Income continuance and supplies such as water, fuel, generators, cleaning products and essential food were also made available.

During Hurricane Ida and its aftermath, there were many examples of employees showcasing our Company values. We thank them for their enormous contribution during a difficult time.

INCLUSIVE BEHAVIOURS AND CULTURE

Leadership accountability

To continue to progress our efforts in supporting Indigenous engagement, a formal Reconciliation Action Plan was designed and launched in conjunction with National Reconciliation Day and NAIDOC week. This plan which is specific to providing opportunities for Aboriginal and Torres Strait Islander peoples and communities to create shared and sustainable economic and social outcomes is under development.

Encourage inclusion of diverse talent representative of the communities in which we operate

A pilot program of Leadership and Inclusive Decision Making was delivered into the Americas region and is currently under assessment for global implementation. The Asia Pacific region continued implementation of the 'Upstander' training program, and global teams continued in the commitment to IPL Diversity Talent Expectations with ongoing monitoring.

Demonstrate diversity in our communities



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## REDUCING OUR ENVIRONMENTAL IMPACT

We aim to drive environmental best practice by adhering to standards, increasing energy and water efficiencies and finding ways to reduce greenhouse gas (GHG) emissions.

2021 was a watershed year for the world's focus on the transition to a low-carbon economy and we are proud to be positioned as a leading partner in this rapidly developing space in Australia. We know that energy production and use is already undergoing a history-making amount of change and we expect the pace of this change will only accelerate.

We acknowledge the challenge we face in reducing emissions, while continuing to provide agricultural and industrial products which increase food yields and underlie prosperity. We believe that by reconciling these objectives, IPL can set an example of leading practice industrial processes.

In addition, we know that many of our products will play a key role in helping our customers reduce their greenhouse gas (GHG) emissions.

### Navigating the transition to a low-carbon economy

During 2021, we embedded our climate change agenda into our business strategy to capitalise on opportunities, as well as to manage risks. As a result of this work, we released our [IPL Climate Change Report 2021](#) which was designed to help our stakeholders understand IPL's emissions profile and what is required for us to transition to a new, Net Zero economy. The report communicates our ambition to be Net Zero by 2050<sup>1</sup>, or sooner if practicable, as well as information on what we have achieved to date.

To support our long-term Net Zero by 2050 ambition, we have brought our 5% absolute reduction target forward to 2025<sup>2</sup>, and set a medium-term absolute reduction target of 25% by 2030<sup>3</sup>.

We are making good progress in developing projects to decarbonise, helped by our partnerships with other leaders in the renewables field such as Fortescue Future Industries. For more information on our partnerships, refer to page 21.

### DRIVING REAL WORLD CHANGE WITH SUSTAINABILITY-LINKED FINANCE

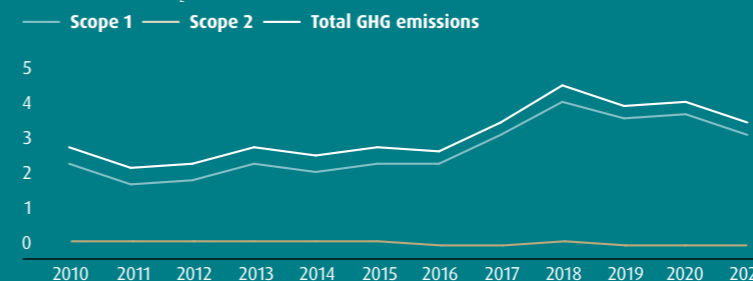
Sustainable finance offers the providers of investment capital the opportunity to partner with corporations in order to improve environmental and social outcomes. This year, IPL took out a sustainability-linked syndicated three-year term loan with Westpac Institutional Bank. The facility demonstrates IPL's commitment to sustainable outcomes by linking the cost of finance to key performance indicators on greenhouse gas emissions and water reductions, as well as increases in soil and plant testing rates.

1 Our ambition to achieve Net Zero emissions by 2050 is based on the assumptions that: Green hydrogen reaches economic parity with natural gas for hydrogen production by 2040; US grid decarbonisation is achieved by 2035-2040; Australian grid decarbonisation is achieved by 2040; and carbon offsets are available for residual emissions that are not practical to abate.  
 2 Previously 2026.  
 3 Our short- and medium-term targets are absolute reductions against our 2020 baseline year operational (Scope 1 and Scope 2) emissions of 3,961,222 tCO<sub>2</sub>e.

### ENERGY USE AND CARBON EMISSIONS SNAPSHOT

#### Total direct and indirect greenhouse gas emissions

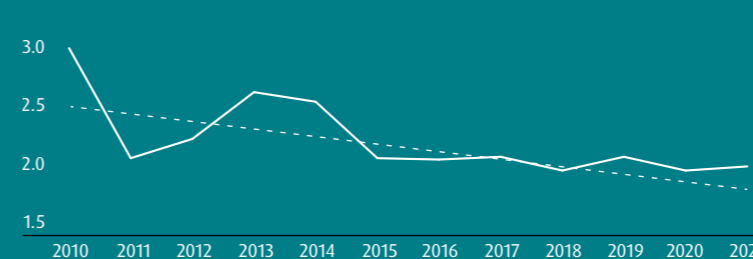
Million tonnes of CO<sub>2</sub>e



#### GHG intensity per tonne of ammonia produced

tCO<sub>2</sub>e

----- Trend



### ALIGNING WITH THE UN SDGs



SDG Target 2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

IPL target: 20% increase in soils and plant testing by 2023 to promote sustainable use of fertilisers to our customers.

IPL target: 2023 construction of Australia's first large-scale Bio-fert plant to deliver a new category of sustainable fertilisers.



SDG Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity.

IPL target: 25% reduction in our Australian municipal water use by 2023.

## CAPTURING OUR CARBON EMISSIONS

During 2021, 65,574 tonnes of CO<sub>2</sub> emissions were captured at our ammonia manufacturing plant in Waggaman, Louisiana, and piped to a neighbouring plant for use in the manufacture of melamine, a solid building product. In addition, the investigation of options regarding projects for the capture and injection of CO<sub>2</sub> for permanent geological storage began, and this will continue in 2022.

At our ammonium nitrate manufacturing plant in Moranbah, Queensland, existing nitrous oxide abatement delivered a reduction of 510,910 tonnes of CO<sub>2</sub>e during 2021. The addition of tertiary abatement is being investigated for this site to further reduce emissions.

## REDUCING EMISSIONS



↓14%

Total global energy use:  
60,629,371 GJ



↑0.5%

Purchased electricity:  
2,074,639 GJ



↓14%

Scope 1 GHG:  
3.1m tCO<sub>2</sub>e

↑0.8%

Scope 2 GHG:  
0.3m tCO<sub>2</sub>e

↑0.1%

Scope 3 GHG:  
6.0m tCO<sub>2</sub>e



Operational GHG Intensity  
and production

↓8%

tCO<sub>2</sub>e/t ammonia  
against 2015  
baseline

↓18%

Ammonia  
production  
against 2020

### Reducing energy use and greenhouse gas emissions

The manufacture of nitrogen-based products is energy intensive. It requires natural gas as both an energy source and as a raw material for hydrogen, with carbon dioxide being liberated during the process. Consequently, the production of these essential agricultural and mining products is currently based on a hard-to-abate chemical process. Nitrous oxide is also released during the manufacture of nitric acid, which is used to make ammonium nitrate.

During 2021, we focused on investigating the new and emerging technologies required to reach Net Zero by 2050. Further abatement of nitrous oxide and carbon capture, storage and/or utilisation (CCUS) will be the first steps in decarbonising our operations. Solar hydrogen at industrial scale, which was investigated in IPL's 2020 *Solar Hydrogen Feasibility Study*, and is being further investigated with two new projects, is expected to be competitive with natural gas at or around 2040<sup>4</sup>.

Although electricity makes up a relatively small amount of our total GHG emissions, existing options such as renewable power purchase agreements (PPAs) and the construction of renewable power generation

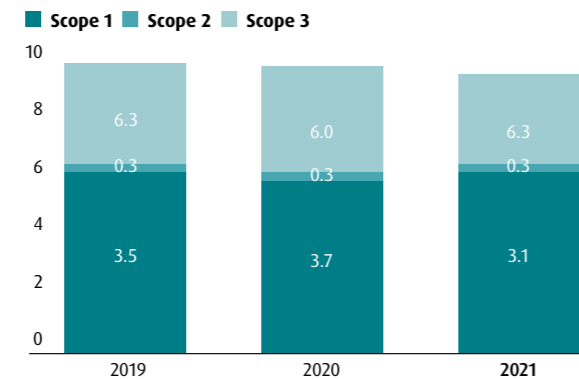
assets are also being considered. The use of carbon offsets is expected to be required for a small amount of remaining process emissions as we approach 2050, to reach Net Zero.

To support our short- and medium-term targets, we have developed a pipeline of decarbonisation initiatives to reduce greenhouse gas emissions from our facilities. These initiatives include:

- CO<sub>2</sub> sequestration at our Waggaman, Louisiana ammonia manufacturing facility;
- Further abatement of nitrous oxide emissions from the nitric acid plant at our Moranbah, Queensland facility, and at our Louisiana, Missouri ammonium nitrate manufacturing plant; and
- Feedstock conversion from natural gas to renewable hydrogen at our Gibson Island and Moranbah ammonia and ammonium nitrate manufacturing plants in Queensland.

We have also identified opportunities to reduce our Scope 3 emissions and will continue to focus on these in 2022. More information on our Scope 3 emissions<sup>5</sup> and our climate change strategy is available in our [IPL Climate Change Report 2021](#).

Value chain (Scope 3) GHG emissions in relation to operational (Scope 1 & 2) GHG emissions<sup>6,7</sup>  
Million tonnes CO<sub>2</sub>e



In 2021, our global energy use decreased by 14% from 2020. This was due to an 18% decrease in ammonia production associated with major plant outages. The fall in ammonia production also decreased our Scope 1 GHG emissions, by 14%.

However, lower plant efficiencies due to re-starts increased our GHG per tonne of ammonia by 2% compared with 2020. This is still an 8% reduction against our 2015 baseline. Our purchased electricity and Scope 2 GHG remained stable (increasing by less than 0.5% and 0.8% respectively), as did our Scope 3 Value Chain GHGs, which increased by 1.0%. This data is shown in the graphics below. For more information on our Scope 3 greenhouse gas emissions by source, please refer to our [IPL Climate Change Report 2021](#).

As in previous years, a third party was engaged to provide an [assurance opinion](#) over our Australian Scope 1 & 2 GHG and energy consumption for the period 1 July 2020 to 30 June 2021.

### Sustainable plant nutrition solutions

Land degradation is one of the world's pressing environmental problems. Partnerships between scientists, fertiliser manufacturers, governments and farmers are crucial to improving soil quality.

Our fertiliser business, Incitec Pivot Fertilisers (IPF), aims to be the leading soil health business in Australia. We provide products to retail sales channels and directly to growers, through globally competitive supply chains.

### Investing in Australian Bio Fert

During 2021, we worked towards the December announcement of our \$38 million investment in [Australian Bio Fert \(ABF\)](#). Together we will build Australia's first large-scale plant to develop and deliver a new category of sustainable fertilisers for Australian farmers. The investment will enable the construction of a new plant, to be built near Lethbridge, Victoria which will be capable of producing up to 75,000 tonnes of granular biofertilisers per year.

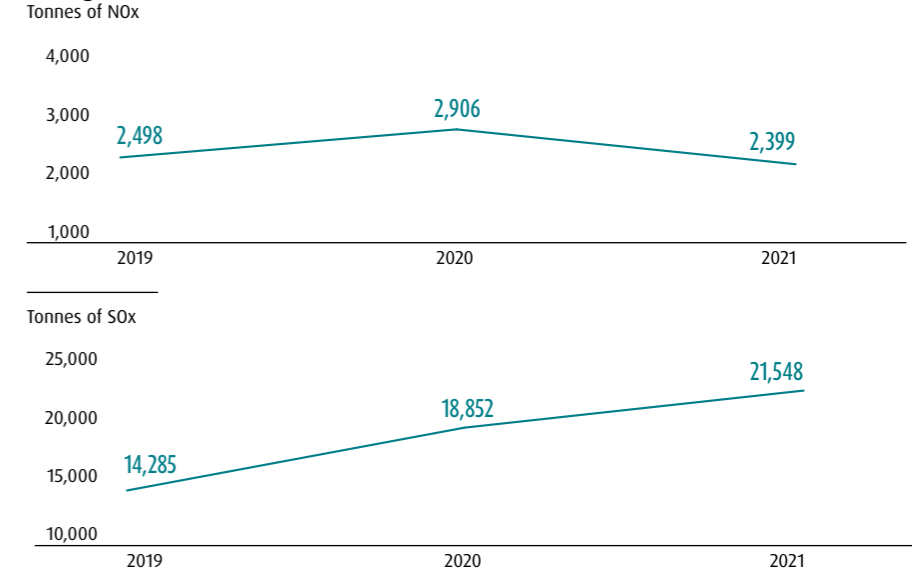
ABF will use a process called torrefaction, whereby organic waste materials sourced predominantly from the poultry industry are heated to high temperatures in a confined chamber with little or no oxygen to produce a dry, friable product which is free of harmful pathogens. This safe organic material can be blended with other fertilisers to streamline traditional practices of separate fertiliser and compost applications. This circular economy model contributes to our commitment to

### NOx (Nitrogen oxides) and SOx (Sulphur oxides) emissions

In 2021, we continued to invest in the maintenance of abatement technology which captures, treats and reduces emissions from our processes. As of 2016, all of our nitric acid manufacturing sites have NOx abatement units installed. In 2021, our operations emitted 2,399 tonnes of NOx and 21,548 tonnes of SOx. We are committed to reducing these emissions across our global manufacturing sites in future.

The increase in SOx since 2019 is due to the decreasing efficiency of catalysts at our Mt Isa sulphuric acid manufacturing plant in Australia. These catalysts are replaced every 36 months and their replacement in 2022 will result in a significant reduction in SOx emissions.

#### Total global NOx and SOx emissions



reduce environmental impacts and develop products with consistent and guaranteed quality which address soil degradation on farms.

Due to come online in mid-2023, the plant will provide around 25 full-time jobs in the Geelong region, as well as additional jobs during the construction phase.

The investment marks a major step in Incitec Pivot Fertiliser's plan to become Australia's number one soil health company and aligns with our strategic commitment to delivering market-leading products and services that provide farmers with sustainable plant nutrition solutions.

### New soil health package

In 2021, IPL's soil analysis laboratory, Nutrient Advantage, launched a new [Soil Health Test Package](#) that enables farmers to benchmark and improve the health and productivity of their soil.

The ability to measure and monitor the soil's key biological, chemical and physical characteristics is essential to understanding and improving soil health. This package gives farmers a precise, objective analysis of the characteristics of their soil and allows them to make decisions that build long-term soil health while boosting their productivity.

Changes to soil happen gradually and cumulatively. Better understanding of soil health through scientifically verified soil testing is also critical to predicting changes, thereby allowing them to be managed, and ensuring sustainable farming practices.



Incitec Pivot Fertilisers owns and operates Australia's oldest commercial soil testing service, with its predecessor companies having operated since 1963.

The Nutrient Advantage Laboratory is located in Werribee, Victoria. It is equipped to process in excess of 200,000 soil, plant tissue and water samples per year.

Management and staff at the Nutrient Advantage Laboratory are committed to generating high-quality analytical results quickly, in order to support sustainable fertiliser application recommendations.



Australian farmers manage approximately **60% of the Australian landscape** and witness first-hand the role soil health plays in driving the productivity, profitability and sustainability of Australian farm businesses.



<sup>4</sup> See the [IPL Climate Change Report 2021](#) Chapters 2 and 4.

<sup>5</sup> Scope 3 emissions data by category and Scope 3 emissions calculation methodology is available in Appendices 3 and 4 of the IPL Climate Change Report 2021.

<sup>6</sup> Our 2018, 2019 and 2020 Scope 1 GHG emissions have been restated due to improved measurement of nitrous oxide emissions. To back calculate these for previous years, we have taken the average GHG intensity measured (from the five months of data we have collected since installing CPEM at our LOMO plant) and applied it to the tonnes nitric acid produced at that plant in those years. CPEM is a vastly improved measurement technology compared to the previously used method of stack testing emissions annually and applying the GHG intensity per tonne of nitric acid measured on the stack testing day to total annual production. Although a US EPA approved method, single day stack testing is a less reliable measurement method because emissions can vary significantly throughout a year as catalysts age and are replaced.

<sup>7</sup> Our 2020 Scope 3 emissions have been restated due to the inclusion of products traded by Quantum Fertilisers, a wholly owned subsidiary.

ENVIRONMENT



↓5%

Gross water use: 41,815 ML

↓14%

Discharge: 25,501 ML

Sustainable use of water

Large volumes of cooling water are essential for nitrogen manufacturing. As a result, water management forms an important part of IPL's overall sustainability strategy.

We aim to reduce our water use on an ongoing basis and have a current target of a 25% reduction in Australian municipal water use by 2023 against a 2020 baseline. Cutting water waste lowers our own operating risks and is a basic principle of responsible resource management. We are also aware that water is a shared resource and is relied upon by our communities and other external stakeholders.

Our 2021 total global water usage decreased by 5% compared with the 2020 usage, to 41,859 megalitres. We discharged 25,501 megalitres to the environment, 98.5% of which was clean cooling water returned under US Environmental Protection Agency (EPA) licence to the US rivers from which it was taken. This brings our net water use to 16,690 megalitres in 2021.

In addition to IPL's comprehensive annual risk management process, the World Resources Institute (WRI) Water Tool is completed each year for long-term

projections and reviewed by IPL's Chief Risk Officer. Several sites in Australia have been identified by the WRI Water Tool as located in areas which may experience water stress by 2025.

One high-use water site, Gibson Island in Brisbane, Australia, is in a catchment identified as currently experiencing 'High' baseline water stress and this is projected to double by 2030. During 2021, we completed construction of a pipeline to bring recycled water into the site. 203,948 kilolitres of recycled water replaced municipal water. This is equivalent to 4% of Australian municipal water use in 2021, progressing us towards our 25% target reduction in Australian municipal water use by 2023. Read more about how we future proof water supplies in Brisbane, Queensland, [here](#).

Other sites where water is a material issue, either through high baseline water stress<sup>8</sup> or high inter-annual variability of rainfall, include Cheyenne in Wyoming (USA), Phosphate Hill in Queensland (Australia), Geelong in Victoria (Australia) and Mt Isa in Queensland (Australia). More information on how water is managed at these sites is available on page 9 of the [GRI Index and Data Supplement](#) to this report.

Increasing the recycling and reuse of solid and liquid waste

Solid waste by destination

In 2021, IPL more than doubled the amount of waste diverted to recycling or reuse initiatives. Our sites generated 8,956 tonnes of solid waste, of which 47% was sent for recycling. While the total solid waste generated increased by 22% from last year due to several large maintenance shutdowns, we are pleased by the increase in how much of our waste is recycled or reused. Our global waste to landfill declined by 15% since last year and we recycled 114% more solid waste.

In 2021, approximately 11% of our solid waste, or 971 tonnes, was classified as hazardous and is mostly waste from the manufacture of our explosives products.

In the Americas, 13,798 tonnes of ammonium nitrate that was unsuitable for use in explosives manufacturing was diverted from waste by being converted to fertiliser and sold to local farmers as either a nitrogen-rich liquid fertiliser, or a low-grade solid fertiliser.

Solid chemical waste (Phosphogypsum)

Our sites generated 3,170,510 tonnes of solid chemical waste in 2021, a 15% increase from the previous year. This was directly due to increased production at our Phosphate Hill site, which increased the phosphogypsum chemical waste that is stockpiled at our site in Phosphate Hill, Queensland, Australia<sup>9</sup> by 15%.

Liquid waste by destination

In 2021, our sites generated 17,523 kilolitres of liquid waste that was sent offsite for re-use, recycling or disposal, decreasing our liquid waste total by 45% compared with the previous year. Our 2021 liquid waste total includes 15,675 kilolitres of contaminated water, 624 kilolitres of hazardous liquid waste and 1,224 kilolitres of non-hazardous waste.

Waste reduction initiatives

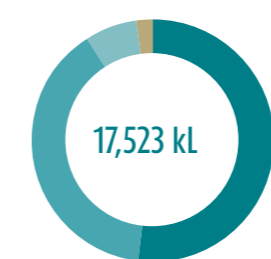
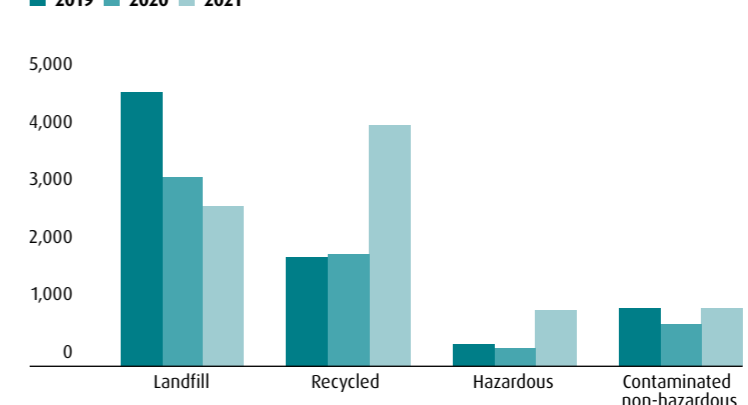
In 2021, we focused on the following waste reduction initiatives across all our sites:

- waste sorting for external recycling
- on-site recycling of wastewater, waste product and floor sweepings
- solids recovery from wastewater.

Our Chile initiating systems plant implemented the use of long footage plastic shock tube waste in the manufacture of short footage shock tube. The site also reuses coils from the quality control shooting chamber sector, reintegrating them into the electronics process of the plant.

At our site in Carthage, Missouri, we implemented new waste awareness training to ensure operators understand the waste streams and are able to separate valuable products from waste. We also focused on reducing the amount of hazardous waste. At our explosives manufacturing site in Simsbury, Connecticut, we reduced sludge waste sent offsite by 62% in 2021 compared to 2020 and saved approximately US\$28,000 in waste costs.

Solid waste Metric tonnes



- kl of liquid waste
- Off-site use as nutrient-rich water: 52%
  - Off-site recycling: 39%
  - Off-site disposal (non-hazardous): 7%
  - Off-site treatment and disposal (septic): 2%



NUTRIENT-RICH WATER – FROM WASTE TO RESOURCE

Our Townsville Primary Distribution Centre (PDC), a fertiliser blending and bagging facility, produces various customer blends from a combination of phosphate, sulphur and urea based fertilisers.

As a result of site cleaning processes, Townsville PDC generates approximately 1.5 million litres of nutrient-rich wastewater per year, which is diverted to storage tanks.

Routine disposal of this wastewater would place pressure on local waste treatment facilities. As an alternative, IPL has worked with Queensland's Department of Environment and Science (DES) to develop a QLD-wide End of Waste Code. This code recognises the nutrient rich water as a resource rather than a waste, and IPL as a registered resource producer.

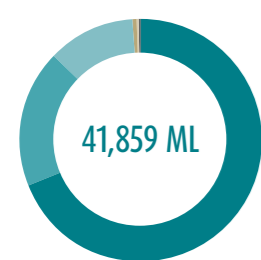
Subject to complying with the terms of the Code, the Townsville PDC (and all IPL's Queensland sites) can provide nutrient-rich water to third parties for safe and beneficial application to land.

Rainwater capture and re-use

The Townsville PDC also captures first-flush rainwater, which is stored in 200,000-litre water tanks on site. The captured rainwater potentially contains traces of fertiliser mobilised during a rain event. Rather than discharging, it is then used to supply water to the site's wheel bath for cleaning fertiliser residue from truck tyre treads. This also reduces the site's use of potable water.

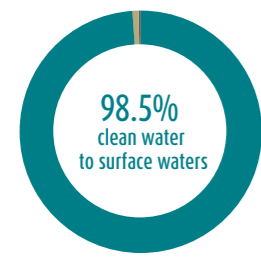
In 2021, we have been working with DES to also recognise and include this nutrient-rich wheel bath water as a resource. If successful, we anticipate having 3,500 to 4,000 kilolitres per year diverted from waste streams into beneficial re-use activities. We intend to replicate this practice at other IPL-operated sites.

These practical examples of the circular economy are aligned with our aim to initiate and participate in sustainable practices wherever we can.



Water withdrawal by source

- Surface water: 69.3%
- Ground water: 18.2%
- Municipal water: 11.7%
- Purchased recycled water: 0.5%
- Storm water: 0.5%
- Desal water: 0.003%



Water discharge by destination

- Surface water: 99.1%
- Ground water: 0.9%
- Sewers: 0.003%

<sup>8</sup> The WRI Aqueduct Water Tool identifies 'Baseline water stress' by measuring the ratio of total annual water withdrawals to total available annual renewable supply, accounting for upstream consumptive use. Higher ratings indicate more competition among users, with 'High' being 40-80%.  
<sup>9</sup> This waste makes up more than 99.9% of our chemical waste and is considered hazardous because of its low pH. Water and phosphate are currently being reclaimed from this material and it is planned that these stockpiles will ultimately be capped and re-vegetated



# SHAREHOLDERS



## GOOD GOVERNANCE THAT DRIVES SUSTAINABLE RETURNS

We're committed to the highest standard of corporate governance that supports sustainable returns for our shareholders, with a focus on managing opportunity and risk.

### SHAREHOLDERS

The IPL Board has implemented, and operates in accordance with, a set of corporate governance principles which it sees as fundamental to IPL's continued growth and success and the achievement of its corporate ambitions and strategy.

The Board continues to review IPL's corporate governance framework and practices to ensure they meet the interests of shareholders and the expectations of the Company as a responsible corporate entity. IPL complies with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

#### Industry and government collaboration on green technology towards Net Zero

We recognise that decarbonising the economy and reaching a Net Zero world requires major investment and meaningful partnerships across sectors and between private and public organisations.

By working towards these goals, proactively identifying appropriate projects and seeking partnerships that align with our business strategy, IPL is well positioned to access new

profitable markets in our core geographies and become an early participant in new industry opportunities.

To aid these efforts we formed an executive Decarbonisation and Energy Transition (DET) Steering Committee which provides regular ongoing focus for strategic opportunities and projects related to decarbonisation.

We are also working with a range of research partners to share knowledge in areas relevant to our fertiliser and explosives customers and markets. A full list of the research institutions and projects that we funded during 2021 is available in our [GRI Index and Data Supplement](#).



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### CASE STUDY

#### DYNO NOBEL BREAKING NEW GROUND WITH EZshot® LP

We recognise that technology and innovation is a current global megatrend that is impacting the way companies create shareholder value. The issue of **technology as both an enabler and a disrupter** is integrated into our Leading Technology Solutions strategic driver and the technology strategies of our business units in order to leverage industry trends and create sustainable shareholder returns.

Our Electronic Detonator, EZshot® LP, has a high-strength detonator in a heavy walled copper shell with an electronic circuit board timing chip providing precision and accuracy. The smart chip technology in the detonator delivers the timing needed that cannot be reached with tradition non-electric detonators.

This year we trialled our EZshot® LP hybrid electronic initiation system designed specifically for underground perimeter blasting. Results showed smooth, clean wall profiles and a significant reduction in scat material – an indication of reduced blast induced damage to the rock mass. Not only does the technology deliver controlled and accurate cuts, it demonstrates increased safety outcomes for employees.



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### ALIGNING WITH THE UN SDGs



**TAKE URGENT ACTION TO TACKLE CLIMATE CHANGE AND ITS IMPACT**

SDG Target 13.1: Strengthen resilience and adaptive capacity to climate-related disasters.

IPL Target: Comprehensive physical and transitional risk assessment against 1.5°C, 2°C and 3+°C future climate related scenarios, refreshed three-yearly.

Our short- and medium-term targets are absolute reductions against our 2020 FY baseline year operational (Scope 1 & Scope 2) emissions of 3,961,222 tCO<sub>2</sub>e.

SDG Target 13.2: Integrate climate change measures into policies, strategies and planning.

IPL Target: Absolute GHG reduction of 5% by 2026, 20% by 2030 and Net Zero by 2050 Ambition.

## SHAREHOLDERS

### Partnering with Fortescue Future Industries

With a core competency in the manufacture, storage and transportation of ammonia, IPL is well placed to play a role in green hydrogen and green ammonia for a low-carbon economy, generating sustainable shareholder returns into the future.

We were pleased to announce our **partnership with global green energy company Fortescue Future Industries** on a feasibility study into industrial-scale production of green ammonia at our Gibson Island facility. The study represents a crucial step in realising Australia's, and Queensland's, potential as a green ammonia powerhouse.

The study will investigate building a new water electrolysis facility at the Gibson Island plant to produce around 50,000 tonnes of renewable hydrogen per year, which would then be converted into green ammonia for Australian and export markets.

The project aligns with the strategies of both the Queensland and Federal governments to develop a clean, innovative and competitive hydrogen industry delivering reliable domestic supply and new export opportunities. We're excited to share the results of this work as they become available in 2022.

### Joining forces with Keppel Infrastructure and Temasek

In response to growing challenges represented by climate change, there is an urgent need for alternative sources of low-carbon fuel to help decarbonise the power, maritime transportation, aviation and other sectors.

To meet this need, we also announced our international **partnership with Singapore-based Keppel Infrastructure and Temasek** to investigate the feasibility of producing green ammonia in Queensland and New South Wales. The goal is to produce green ammonia for export to meet the rapidly growing market demand for carbon-free energy, in Singapore and elsewhere.

The three parties will work closely with the Queensland and NSW Governments to explore the feasibility of essential infrastructure, licences and approvals to facilitate the production and export of green ammonia. We are proud to be at the forefront of this pioneering project that could revolutionise Australia's energy market.

### Technology as an enabler and disrupter

As discussed in our EZshot® LP **case study**, technology and innovation are playing an increasing role in providing customers with solutions and, therefore, also in providing sustainable returns for our shareholders.

Our customers are increasingly challenged as they seek to access harder to reach mineral resources and grow more food and fibre on less land. To meet the ongoing demand for sustainable solutions, IPL has had an outstanding year delivering technology that can help to unlock the potential in the Earth and improve the safety, efficiency and sustainability of the resources and agricultural sectors. Through our advanced technology, manufacturing excellence and world-class services we will continue to play a vital role in these areas while focusing closely on the needs of our customers.

### Investment in technologies to power the world

IPL's Dyno Nobel business supplies industrial explosives and blasting services to the mining, quarrying, seismic and construction industries in the Americas and Asia Pacific region. Blasting is an essential step in extracting the world's minerals safely and efficiently.

Essential minerals, including those that can accelerate the transition to a low-carbon economy, are becoming harder to find and are being extracted at greater depth. When customers use IPL's technology, they use less energy, resulting in fewer impacts on the environment.

### Nobel Fire

A standout performer is our new blasting software, Nobel Fire. From reporting to modelling, this software synchronises with our customers' existing systems. The platform is brand agnostic and integrates into a mine's operations to drive down environmental impacts through targeted blast efficiency.

### CyberDet I™

This year, we completed the first ever underground wireless detonator blast in Western Australia, utilising our ground-breaking wireless technology CyberDet I™. This technology is allowing our customers to work in a safer environment as well as facilitating a shorter blast cycle, thereby reducing energy use and GHG emissions.

The blast took place in June 2021 at Westgold's Big Bell underground gold mine and was approved by the Department of Mines, Industry Regulation and Safety. Feedback from Westgold demonstrated that good safety and productivity results were delivered.

### DeltaE™

As it is rolled out in Australia, the use of DeltaE™ continues to result in reduced NOx emissions, reduced energy use and GHG, less dust, noise and ground vibration and increased productivity while reducing overall costs for our mining customers. This year we established a customer partnership to quantify the reductions in GHG emissions associated with the use of this product in 2022, which will be verified by an independent third party.



## IPL has had an outstanding year delivering technology that can help unlock the potential in the Earth and improve the safety, efficiency and sustainability of the resources and agricultural sectors.

### Investment in technologies to feed the world

IPL's Incitec Pivot Fertilisers is Australia's largest supplier of fertilisers, manufacturing around two million tonnes each year for use in the Australian grain, cotton, pasture, dairy, sugar and horticulture industries.

Bulk and packaged fertiliser products are distributed to farmers through a network of more than 200 business partners and agents. The Company supports farmers across Eastern Australia, from tropical fruit growers in north Queensland to dairy farmers in Tasmania.

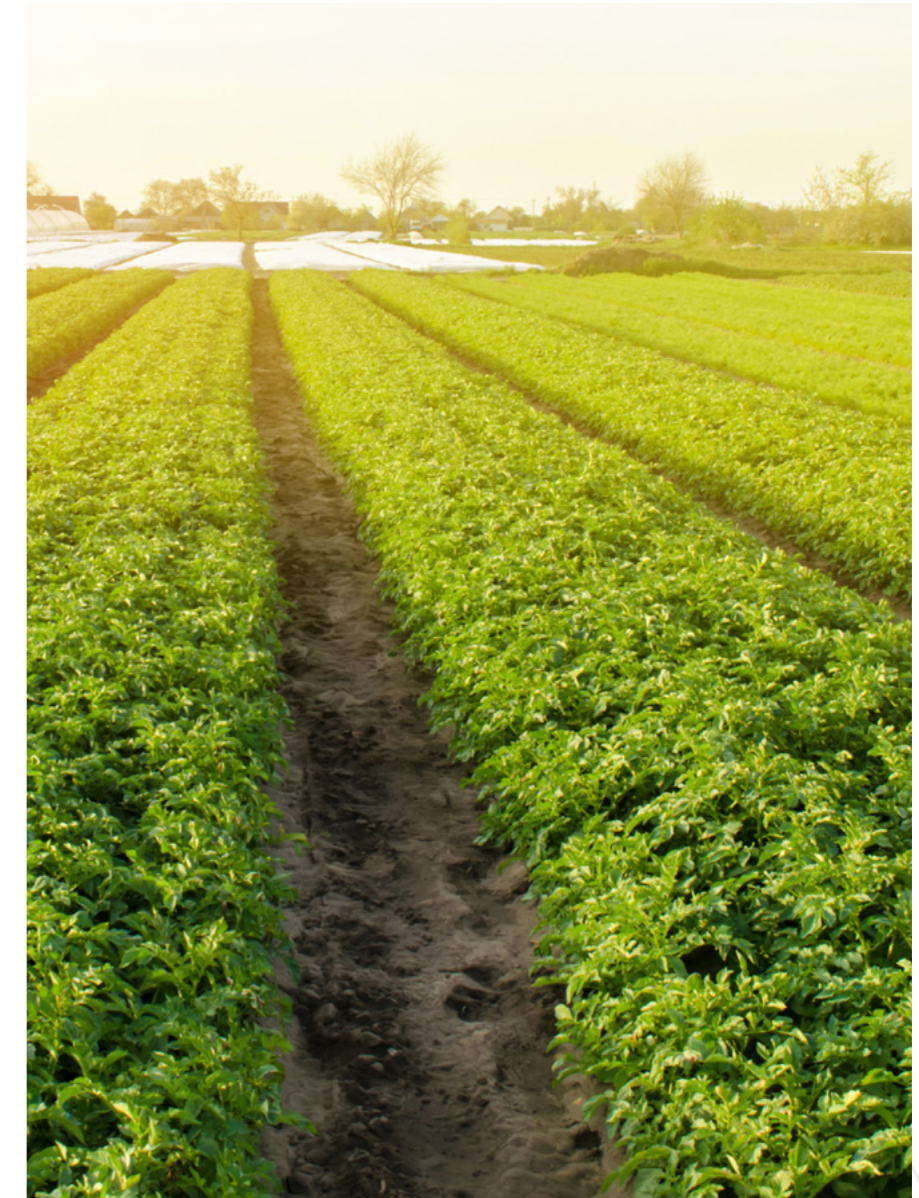
### Partnering with USQ on automation technology for precision agriculture

In 2021, we commenced a project with the University of Southern Queensland (USQ), which looks to integrate different types of technology to allow a fully automated application of liquid fertilisers, applying only what is needed and reducing the risk of nutrient losses to the environment.

The project is supported by the Centre for Agriculture Engineering at USQ, which is the only one of its kind in Australia. By applying liquid fertilisers through automation using variable rate technology, land managers are able to accurately match nutrient supplies with crop requirements across various landscapes.

The project can reduce the need for new farming equipment, which is energy intensive and expensive to manufacture.

The project team is also investigating the introduction of telemetry into these systems, so that liquid fertiliser tanks on farms can be automatically refilled as they approach critical levels and autonomous equipment can seek out tanks that are closest or fullest to refill themselves.



### Using technology to make reporting of incidents easier

During the year, we introduced a cloud-based platform which has simplified the tracking of environmental licences, permits and regulatory order compliance management for our sites, globally.

The platform has increased the visibility and ownership of environmental compliance on sites by automating systems and processes, as well as through our renewed engagement with key users. The dashboard functionality means the environmental compliance status of IPL sites can be accessed through one visual aid, allowing reporting and monitoring to reflect real-time data.

Our safety performance is tracked against our three-year strategic plan which targets the delivery of global Zero Harm initiatives and is supported by our global collaboration networks.

## IPL BECOMES FOUNDING MEMBER OF THE AUSTRALIAN CLIMATE LEADERS COALITION

We were proud to become a founding member of the Australian Climate Leaders Coalition, joining other leading businesses to help drive progress in creating a low-carbon future for Australia.

The Coalition will see founding CEO members from Australia's largest resources and industrial companies collaborate and problem-solve some of our country's most difficult decarbonisation challenges. [Click here for more information.](#)



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Active engagement on ESG issues

It is increasingly recognised that environmental, social and governance issues cannot be separated from overall Company performance. Rather, active management of ESG issues can enhance financial performance, minimise regulatory and legal interventions, improve employee productivity and help companies focus their investment and capital expenditures more effectively.

IPL aims to give shareholders comprehensive, timely and equal access to information about our activities that will enable them to make informed investment decisions and effectively exercise their rights as shareholders.

We have made a step change in 2021 in our ESG engagement with shareholders and stakeholders, including the release of our first stand-alone TCFD aligned [IPL Climate Change Report 2021](#). Our external-facing communications, including investor presentations and this year's Annual Report, now include a significant share of ESG-related information, creating a more holistic picture of our Company performance.

To find out more about how we communicate with stakeholders, please refer to page 17 of the [Corporate Governance Statement](#).

Regulatory risk management

Environmental laws, regulations and voluntary binding agreements with regulatory authorities are increasing in markets across the world. Governments are enacting a range of regulatory instruments to address issues including climate change, environmental protection and biodiversity, ethical business practices, financial markets, human rights and modern slavery. These regulations have the potential to impact our business and our markets, and introduce new reputational and compliance risks that can also impact shareholder returns.

Risk management, including regulatory and reputational risk management, is central to our continued growth and success, and the achievement of the Company's objectives and strategy. Through our Risk Management Framework and IPL Group Risk Policy (AS/NZS ISO 31000:2009), we are able to set and control our risk appetite, monitor the effectiveness of the frameworks and controls and build a strong organisational risk culture.

To help ensure quality and consistency in the management and reporting of risk, a document suite is available to all employees via the intranet. The suite is supported by comprehensive training programs that are delivered online and face-to-face.

In 2021, we formed an IPL Ethics Committee with a membership of executives and senior management from across the business. The purpose of the committee is to ensure ethical policies and practices are implemented across the Group as a standardised practice, to discuss and implement changes to Group policies or standards related to ethical behaviour, to ensure appropriate procedures are in place to monitor and report on compliance with those standards, and to review training needs and materials with respect to ethical standards and behaviour across IPL.

Refusal to Work Policy

During 2021, our Refusal to Work Policy was updated to more specifically include the consideration of potential risks to sites of cultural significance for Aboriginal and Torres Strait Islander peoples.

IPL employees who believe that actions about to be undertaken onsite are unethical, or pose any risk to culturally significant sites, have the support of IPL to refuse to work until the matter is reported internally and appropriate assessments have been completed.



Code of Conduct

IPL aims to ensure we operate to the highest standards of ethical behaviour and honesty, with full regard for the safety and health of employees, customers, the wider community and the environment.

IPL's Code of Conduct sets out the Company's global code for business conduct. It contains principles and standards of conduct which are based on the Company's values and represents its commitment to uphold ethical business practices and meet applicable legal requirements.

To read more about IPL's Corporate Governance, and to access our Code of Conduct, Anti-Bribery, and Anti-Discrimination and Harassment policies, click [here](#).

Whistleblower reports

IPL has clear policies outlining our commitment and expectations in regards to ethical behaviour. All employees are required to abide by the policies which commits them to behaving ethically at all times while conducting business on behalf of IPL. We also facilitate a whistleblower system which is administered by a third party and is available for use by all employees as well as external third parties. The IPL Global Whistleblower Protection Policy is available on our [website](#), as is the IPL Australian Whistleblower Policy, which is consistent with Australian Standard AS 8004.

Information Security Framework

The IPL Information Security Framework ensures procedures and training are in place to protect our global information network. Implementation of the Framework is governed by the Audit and Risk Management Committee of the Board and managed by our Chief Information Officer (CIO) who is a member of the IPL Executive team.

Tax Transparency

Our annual [Tax Transparency Reports](#) outline our Board-approved strategy in relation to tax and reflect IPL's ongoing commitment to tax transparency.

Environmental risk management and performance

Our environmental performance in 2021 was substantially improved, with zero Significant Environmental Incidents reported. To read more about how environmental risk management is treated in our [Health, Safety, Environment & Community Management System \(HSECMS\)](#), please visit the Our commitment to Zero Harm section of our 2021 GRI Index and Data Supplement.

ENVIRONMENTAL PENALTIES IN 2021

During the 2021 financial year, a Penalty Infringement Notice (PIN) for \$13,345 was issued to Phosphate Hill operations by the Department of Environment and Science (DES) for a non-compliance that was identified by IPL in 2020. The fine was issued for the contravention of a condition of the site environmental licence relating to the capacity of a gypsum storage facility spillway. The DES was advised proactively of this situation in September 2020. Construction works to rectify the spillway capacity are underway.



ENVIRONMENT

ZERO SIGNIFICANT ENVIRONMENTAL INCIDENTS

2021 GOAL  
ZERO SIGNIFICANT ENVIRONMENTAL INCIDENTS



TARGET ACHIEVED



SIGNIFICANT EVENT MANAGEMENT

2021 TARGET  
TARGET ACHIEVED FOR BOTH INVESTIGATIONS AND ACTIONS COMPLETED



TARGET ACHIEVED



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# VALUE CHAIN



## RECIPROCAL PARTNERSHIPS WITH CUSTOMERS AND SUPPLIERS

We work to build mutually beneficial relationships with our customers and suppliers to unlock the potential in the Earth to help people grow.

### VALUE CHAIN

**Our customers rely on us to provide high quality products which minimise the environmental impacts of mining, quarrying and agricultural processes.**

In turn, our reputation as a trusted adviser allows us to develop new advisory services, as well as solutions and products designed for our customers and in response to their needs.

By maintaining a focus on the long-term interests of our customers, we ensure IPL has a lasting role in contributing to the sustainability of the world's resource and agricultural sectors.

**Innovation in responsible and sustainable products and services**

Innovative products and services will be an important part of adaptation, by both the agriculture and mining sectors, to a world impacted by climate change. To provide food for a growing global population, our farming customers must increase yields on existing cleared land while reducing environmental impacts. Our mining customers are also increasingly focused on environmental and social sustainability, including their own plans to achieve Net Zero.

One of the key issues for our customers is Scope 3 emissions, which include greenhouse gas emissions from the manufacture of the goods and services they have purchased from us.

In addition to limiting their GHG emissions, we know our customers are focused on reducing other environmental impacts, such as those associated with nutrient losses to waterways, and ensuring sustainable sourcing of materials to improve reliability and mitigate risk in their supply chains.

From a social perspective, our customers also want to understand more about the potential modern slavery risks in our supply chains and operations. We are working transparently with our trading partners to show how we are identifying and managing these risks.

Our commitment to Zero Harm is also a key focus in our supply chain partnerships. To read more about how we manage customer health and safety for both our explosives and fertiliser businesses, see pages 3 and 4 of the [GRI Index and Data Supplement](#).

### CASE STUDY

#### IPF PARTNERS WITH PRECISION AGRICULTURE TO IMPROVE PLANT NUTRITION AND SOIL HEALTH

**In November 2020, IPF teamed up with Precision Agriculture, a soil data business, to offer its Nutrient Advantage Laboratory services and support the development of novel soil testing products and services.**

The new partnership will add to the data and tools available to fertiliser dealers, agronomists and consultants to help farmers achieve better and more sustainable paddock outcomes.

Through the partnership, we are able to demonstrate our commitment to providing our customers with market-leading products and services. Not only do these products and services increase productivity and profits for our customers, they also improve plant nutrition and soil health and lead to better and more sustainable outcomes for Australian farmers. To find out more about our products and services, visit the [Nutrient Advantage website](#).



### ALIGNING WITH THE UN SDGs



**ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS**

**SDG Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.**

IPL Strategy: Innovative products and services which encourage and enable our customers to adopt more sustainable consumption and production practices.

IPL Target: Annual Sustainability Reporting to Global Reporting Initiative (GRI) Standards: 'Core' option.



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## Incitec Pivot Fertilisers owns and operates Australia's leading commercial soil testing service, having operated laboratory services dating back to Australia's first commercial service starting in 1963.

### Incitec Pivot Fertilisers: Portfolio Management Review

Following a strategic review of the fertilisers business in 2020, we have developed a long-term strategy to grow IPF from a leading fertiliser company focused on manufacturing and distributing a range of mineral fertilisers, to a sustainable soil health company providing sustainable plant nutrition solutions to improve soil health.

During 2021, we solidified and further embedded our product development pipeline through the Portfolio Management Review (PMR). The PMR is one of IPL's integrated business planning processes, used for introducing new products and managing older products and services. The PMR allows us to capture ideas from internal and external sources, analyse them, and commercialise as appropriate. The main focus of the PMR is the four to 24-month forward view, including a forum involving decision makers with appropriate delegation of authority to allocate resources to projects.

Stakeholders meet monthly to review the health of the product and service portfolio and track progress with new products and services that have been introduced in the last three years. Within our PMR, we have set financial targets and we track progress against those targets.

### Driving growth for EEFs

Our Enhanced Efficiency Fertilisers (EEFs) are scientifically formulated to keep nitrogen, a key nutrient for plant growth, in stable forms in the soil for longer. Potentially, this means our customers can purchase and apply less nitrogen to achieve the same yield, improving their return on investment and reducing their environmental impact. In addition, the risk of the applied nitrogen being lost to waterways and to the air as GHG is further reduced by the nitrification inhibitors on the products. For a case study, see page 23 of our [IPL Climate Change Report 2021](#).

During the year, we continued to focus on commercialising eNpower, our ammonium phosphate EEF, and expanding sales of our [Green Urea EEF](#). To support our long-term strategy to become a sustainable soil health company, we also continued to innovate and introduced several new products.

### Big N

Our Big N EEF was test marketed with a group of eight growers and agronomists, using commercial quantities of the new formulation.

Widely used in broadacre crops such as cotton, Big N is an anhydrous ammonia nitrogen fertiliser that is applied as a gas or in liquid form using modified application equipment. The high concentration of nitrogen means growers can cover more ground per tonne of fertiliser with BIG N, resulting in even higher efficiency due to precision application. The lower volume of nitrogen applied over larger expanses delivers a lower environmental footprint for growers, with the inhibitor aiding increased nitrogen uptake to maximise yields.

A number of these trials undertaken throughout the year have been used to assist our teams in the collection of data to support this product and other novel inhibitors.

### Trigger

This year, we also launched our new engineered granular humic acid, Trigger, to a test market. Humic acids are a concentrated mixture of organic materials that improve the soil retention and plant uptake of certain nutrients and improve soil health. The beneficial effects of humic acids on soil functions include improved biological activity, nutrient cycling activity, cation exchange capacity, pH buffering, carbon sequestration, water infiltration and plant biomass. All of these improve soil health.

The results of the test market release demonstrate that we now have one of the most highly functional sources of humic acid on the market. The combination of high concentration of potent humic acids and plant-active biostimulatory compounds is yielding positive impacts for both soil and plant health.

### Upgrading our Decision Support System for sustainable customer advice

The Nutrient Advantage Decision Support System is an application used to report laboratory results and recommend nutrient rates and products to customers. IPL's agronomists developed the software based on extensive research, consultation with government researchers and advisers, and local knowledge. Our services provide crucial evidence about the relationship between soil management and soil quality. This helps us develop and advise our customers on scientifically reliable methods to improve soil quality.

In 2021, as part of our continuous improvement process, we reviewed the Decision Support System. That review resulted in an upgrade to both its rules engine and its system interface. Our teams will now be equipped with the most up-to-date information available in order to provide highly customised product recommendations.



## AUSTRALIAN RESEARCH COUNCIL HUB FOR SMART FERTILISERS

**The Australian Research Council (ARC) Hub for Smart Fertilisers is a partnership between IPL, one of our major commercial partners Elders and researchers from the University of Melbourne and La Trobe University.**

The aim of the Hub is to improve the efficiency of nitrogen use to feed a growing population, while reducing nitrogen losses into the environment. The five themes of the Hub aim to develop:

- New engineered coatings to enable controlled release of fertiliser nutrients and inhibitors;
- Next-generation urease and nitrification inhibitors (EEFs) suitable for intensive agriculture;
- Greater understanding of plant-soil-microbiome interactions and plant signalling;
- Identification of the agronomic, environmental and social benefits of the new fertilisers; and
- Ways to translate the research findings into agricultural practices to maximise sector-wide value.

ARC Hub's approach is based on a co-design process, which involves collaboration with representatives from the entire value chain, from product design through to validation and adoption.

The Hub will provide technology and knowledge of significant value to the Australian agricultural and agribusiness sector, which is worth \$67 billion annually and employs around 552,000 people. To read more about our participation in the ARC Hub for Smart Fertilisers, [click here](#).



## IPL PARTNERS WITH THE BIG BAG RECOVERY PROGRAM

**During 2021, we transitioned our fertiliser bag recovery and recycling program to Big Bag Recovery, a new Australian government-accredited product stewardship scheme.**

While over 85% of our products are delivered in bulk using no packaging, IPL's one-tonne and 25kg bags are made from woven polypropylene (WPP) and low-density polyethylene (LDPE). After use, we encourage our customers to return them to us, or drop them at a local Big Bag Recovery collection point.

In 2021, 386,945 kilograms of plastic bulk bags were recovered from our customers and recycled by Big Bag Recovery. The GHG avoided by recycling these plastics equates to 24,027 cars having been taken off the road for a year and the recycled plastic resource is enough to make 2,004 plastic park benches. Participation in the program is part of our commitment to creating a sustainable circular economy wherever possible.



VALUE CHAIN

During 2021, our products were used to help our customers unlock approximately:



Customer partnerships

Our customers rely on us to provide quality products that reduce their environmental and social impacts. In turn, our reputation as a trusted advisor provides the potential to generate new revenue streams from advisory services and new solutions and products, developed with their input and in response to their needs.

Delivering explosives technology according to customer needs

In 2019, we announced a Technology Alliance Agreement with BHP and committed to invest \$25 million over five years to pursue technology improvements that will directly benefit BHP's mining operations.

Pivotal to this alliance is Dyno Nobel's market-leading explosives technology, Differential Energy (DeltaE) which adds immediate value to BHP's operation through productivity, safety and environmental benefits. Specifically, the DeltaE proprietary explosives method reduces NOx, dust, vibration, energy use and GHG emissions associated with blasting. Read the DeltaE case study in our [IPL Climate Change Report 2021](#).

Dyno Nobel is also in the process of developing semi-autonomous versions of our MPUs (mobile processing units, or trucks that fill blast holes with explosives) with implementation scheduled for 2022. These MPUs have significant benefits to employee safety, by removing people from high-risk areas within mines.



AGRONOMY IN PRACTICE

As part of our Nutrient Advantage lab service, we train on average 120 agronomists a year through our face-to-face Agronomy in Practice workshops. The workshops allow reseller customers and farmers to receive industry-recognised accreditation, which equips them to use our Incitec Pivot Fertilisers (IPF) software.

Partnering with farming customers on the land

In 2021 we continued to co-invest in research and development while working together with major customers to help create new technologies and more innovative uses of our existing products.

Through our close relationships with our customer community, we knew that dairy pasture land managers were concerned with the increasing price of urea and were interested in trialling more effective products over the winter period.

Several of our pasture customers trialled our Green Urea EEF in smaller quantities than is standard for urea products. Previous trials have demonstrated that more nitrogen is retained in soils for plant uptake after using Green Urea compared to standard urea. This is due to the slower hydrolysis of urea as a result of the product's urease inhibitor coating. Several trials have also indicated that Green Urea may provide a better return on investment than traditional urea because more of the product is taken up by the crop.

Sustainable supply chains

Extreme weather events, geopolitics, the pandemic, protectionist regulations, labour shortages, raw material sourcing and demands for transparent disclosure on human rights have introduced complexity and uncertainty into supply chains.

This has been accelerated by a number of regulatory and industry trends. Consumers, customers and regulators are demanding increased transparency around where our products come from and how they are made. We are focused on maintaining supply continuity and ensuring an ethical and sustainable supply chain.

As a leading industrial chemicals company, we rely on thousands of suppliers to provide us with raw materials and other goods and services to keep our global businesses operating. We believe the scale of our operations provides both an obligation and an opportunity to help drive positive change in our supply chain.

Strengthening our supplier partnerships

In response to the uncertainty of global supply chains, our teams have been working throughout the year to cement strong and strategic partnerships with major suppliers. By creating long-term strategic partnerships, organisations and suppliers are able to create more predictability and reliability for both customers and employees.

In 2021, our fertiliser business entered a [20-year off-take agreement with Perdaman Chemicals and Fertilisers](#). The agreement will allow IPF to access a domestically located and competitive supply of urea from Perdaman's Western Australian plant.<sup>1</sup>

Our partnership will help facilitate Perdaman's \$4.3 billion investment in the plant, which is scheduled to start producing urea from Australian natural gas at the end of 2025.

Perdaman is developing the plant in consultation with Traditional Owners. The project will generate between 1,500 to 2,000 construction jobs and 200 operational and indirect jobs once it begins production.

<sup>1</sup> The off-take agreement remains conditional upon Perdaman reaching a final investment decision on the project.



Our commitment to human rights

IPL takes its responsibilities and obligations related to human rights seriously and is committed to operating in line with the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. We strive to ensure that the approach we use and the importance we place on upholding human rights are reflected throughout our value chain, including our business partners and suppliers.

Our [Supplier Code of Conduct](#) supports our commitment to a sustainable supply chain. We produce an annual [Modern Slavery Statement](#) in accordance with Australia's [Modern Slavery Act 2018](#) (Cth).

We are committed to continually improving our approach to identifying and managing modern slavery risks in our operations and supply chains. This includes expanding modern slavery awareness training to our workforce, and progressing our supplier due diligence and engagement activities. For a copy of our Modern Slavery Statement, refer to our [website](#).

Embedding Aboriginal and Torres Strait Islander organisations in our supply chain

As part of our [Innovate RAP](#), launched in 2021, we developed an Indigenous participation strategy and framework designed to provide access to opportunities for Indigenous businesses to create shared and sustainable economic and social outcomes. This framework has been incorporated into our procurement procedures, templates, and other resources. The framework was rolled out to the Procurement APAC team in late 2021 and we are currently identifying and progressing opportunities with suppliers.

We solidified this commitment by becoming a member of Supply Nation. This membership provides IPL with access to Supply Nation's Indigenous Business Direct database and other resources to support our supplier diversity initiatives.

WORKING WITH RIGHTSHIP TO REDUCE, QUANTIFY AND OFFSET SCOPE 3 CARBON EMISSIONS ASSOCIATED WITH OUR GLOBAL SHIPPING

Since we began using the RightShip greenhouse gas emissions rating system in 2016, we have reduced our emissions per tonne of cargo by 29%. In 2021, 32% of our ships were rated A or B, and 89% were rated D and above. We used no F or G rated ships in 2020 or 2021. During 2021, the Scope 3 emissions associated with our global shipping were 81,261 tCO<sub>2</sub>e.



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# COMMUNITY



## RELATIONSHIPS WITH OUR COMMUNITIES THAT BUILD TRUST AND RESILIENCE

Strong and supportive community relationships are the basis of our social licence to operate. We build relationships through an active and grassroots approach, working side by side with the community.

### COMMUNITY

#### Community engagement

We are committed to building long-term and meaningful relationships with the communities in which we operate in accordance with our values *Care for the Community and Our Environment*.

We aim to have a positive impact by providing local employment, selecting local suppliers wherever possible and creating shared value for our mining and farming communities. We empower our people to engage with their local communities and we work to reduce any negative impacts from our operations.

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
- respect our neighbours, their values and cultural heritage, and be considerate of them in carrying out our operations.

We believe each site understands local community needs and concerns best. Therefore, responsibility for assessing the community impact of our operations and implementing relevant programs rests with each site. Local priorities are informed by our Health, Safety, Environment and Community (HSEC) Standard, which sets our minimum requirements for engagement. Governance of our community investment programs is overseen by the Executive Team.

We manage the risks of potential incidents with our local communities in mind. For example, we have strong safeguards in place to reduce the risk, and minimise the impact, of ammonia fume emissions from our industrial scale manufacturing sites and distribution centres. Purpose-built gas detectors are permanently installed on the perimeter of all sites where ammonia storage tanks are located. The detectors send an alarm to on-site response teams at any time of the day or night if gas is detected.

#### CASE STUDY

#### COMMUNITY INVESTMENT

Our Community Investment Framework helps us to build meaningful community relationships.

The Framework sets the minimum standards all businesses and sites within the Group are required to uphold when administering community programs, ensuring funds are issued consistently and fairly across our operations.

The Framework preferences local approaches, enabling each IPL business and site to respond to the distinct needs of its community. The local initiatives supported by our sites are fully aligned with our formal Company values. Our Dollar for Dollar program, a key component of the Community Investment Framework, matches employee donations and site-based fundraising efforts that are aligned to our Principles for Giving, to a total of A\$2,000 per initiative.

In 2021, the Moranbah team (pictured above right) delivered Christmas hampers to Emergency and Long Term Accommodation in Moranbah Inc (ELAM) to support families in need in our community. ELAM Inc seeks to assist individuals and families in Moranbah and district who are homeless, or in crisis and at imminent risk of homelessness, to achieve the maximum possible degree of self-reliance and independence. The continued generosity of the Moranbah team has enabled us to create some incredible gifts – including new scooters – to help make Christmas special.



#### ALIGNING WITH THE UN SDGs



SDG Target 11.4: Strengthen efforts to protect and safeguard the world's cultural and natural heritage.

IPL Target: Deliver the outcomes on page 35 of our **Innovate RAP** by 2023.



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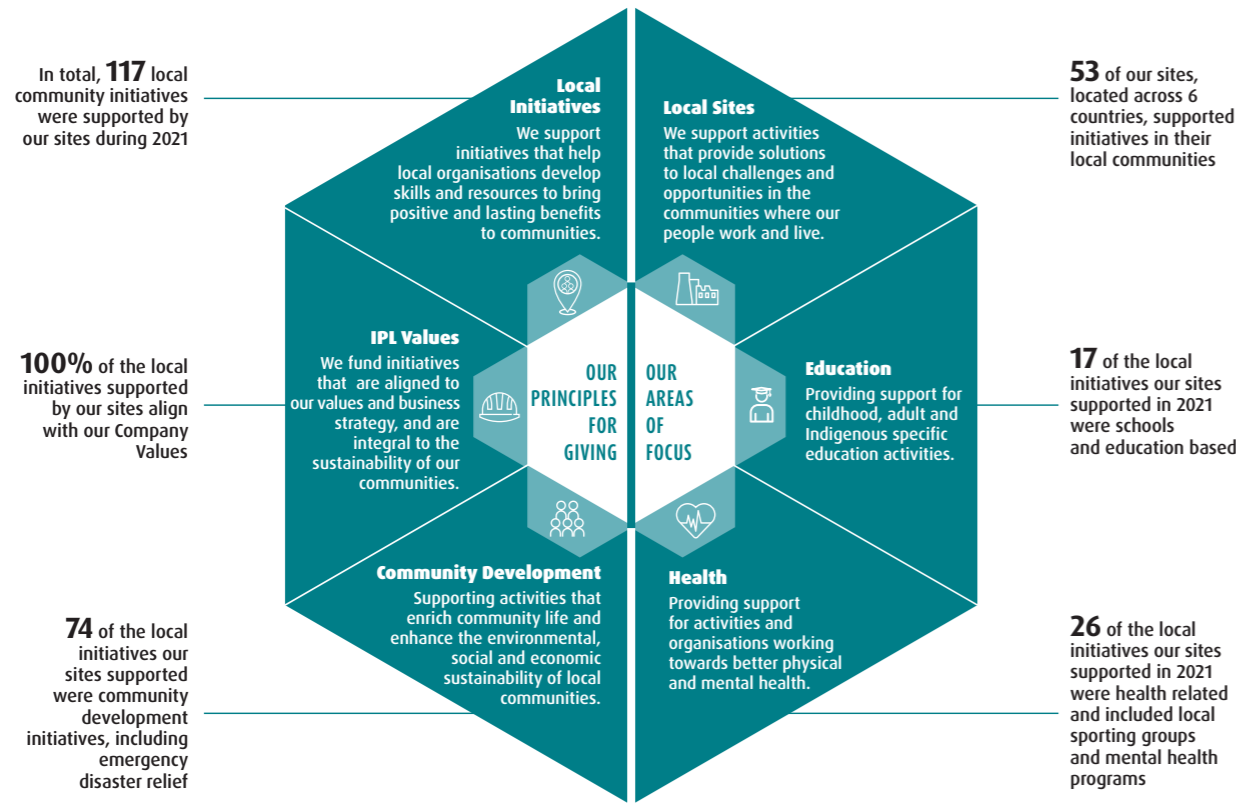
Shareholders

Suppliers

Community

### The IPL Community Investment Framework and actions in 2021

Our Framework preferences local approaches, enabling each IPL business and site to respond to the distinct needs of their communities.



### Community safety

A commitment to zero harm is our leading priority. 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 these potential negative impacts.

In addition, many sites are required by law to communicate regularly with the community regarding Community Safety Plans. These describe the emergency procedures that should be followed to ensure safety in the event of a potential incident.

We proactively assess and address potential community impacts and strive to continuously improve our management approach. The IPL Issues Response Plan assists crisis management teams to effectively manage communication and engagement in the event of an incident.

In North America, 53% of IPL's operational sites handle materials that have the potential to impact on local community safety. These sites are required to communicate with first responders in the community.

Many of these sites are also 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 defence, 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 US Environmental Protection Agency's publication *Measuring Progress in Chemical Safety: A Guide for Local Emergency Planning Committees and Similar Groups*.

In the Asia-Pacific region, 19% of IPL 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 and local regulations in developing emergency plans, establishing and evaluating a Safety Management System, and creating and distributing communications to their communities. For site-specific Community Safety Information relating to sites in this region, please refer to [Community Safety Reports](#) on our website.

### Innovate RAP

In 2021, we developed and launched the second stage of the **Innovate RAP** within our Australian businesses. We were thrilled to have the support and endorsement of Reconciliation Australia to move forward through its framework, from the Reflect level through to the Innovate level.

It's a testament to the work our teams having been undertaking within their respective business units to progress our relationship with Aboriginal and/or Torres Strait Islander communities and promote and celebrate their unique cultures.

To support the implementation of the plan, during the year we hosted education and awareness sessions for employees partnering with an external organisation specialising in Indigenous engagement. Our Mt Isa manufacturing plant held a NAIDOC week celebration. That included a Welcome to Country and smoking ceremony held with Aboriginal elders. All our major offices and manufacturing plants now display an Acknowledgement of Country plaque.

Our performance is assessed in line with the expected outcomes of the Innovate RAP. Outcomes are due to be delivered in full by May 2023. IPL's Reconciliation Action Plan Working Group (RWG) is responsible for ensuring the delivery of the Innovate RAP and reporting the status of actions to both executive management and the Board.

### Workplace Giving program

IPL also runs a Workplace Giving program which offers Australian employees a voluntary scheme to donate to one or more of the Company's nominated charities. The process is simple and streamlined; it offers a choice to employees as to how their contributions are directed; and it allows them to influence where some of IPL's community giving is focused. IPL matches employees' Workplace Giving up to \$20,000 each year.

During 2021, A\$440,970 of community investment was made globally through IPL's Dollar-for-Dollar program, the Australian Workplace Giving program and various site-based initiatives, including in-kind donations and employee volunteer hours. 100% of both local and Group donations were made in line with our Principles for Giving, with 7% allocated to improving education, 39% contributing towards health and sport initiatives, and 54% contributing to local community development.

### GIVE WHERE YOU LIVE (GEELONG)

As part of IPL's Community Investment Program, employees from our Geelong site have united in their support for a charity called Give Where You Live Foundation.

Give Where You Live Foundation, located in Geelong, aims to achieve positive social change across the wider Geelong region by delivering programs and providing grants to assist the community's most vulnerable people. This initiative has been enabled through IPL's local site-based approach to community investment. The organisation was chosen and assessed by employees from our Geelong site.

The support from our employees includes workplace giving, which is matched by IPL on a dollar-for-dollar basis. Special events are also supported by employees through the separate Dollar For Dollar matching fund throughout the year, as well as opportunities for employees to donate their time to assist Give Where You Live.



A mobile processing unit (or MPU) is a vehicle that delivers explosives to a blast point. This MPU was decorated by Yindjibarndi artist Donna Willis. Named 'Sandy' after the artist's grandfather, the MPU was launched into our fleet of specialised explosives vehicles at a ceremony in the Pilbara in February 2021 attended by Traditional Owners and Western Australia's Department of Mines & Petroleum.



## SPOTLIGHT ON HELIDON

### Protea Place Welcome Home Project

During the year, our employees at our Helidon site, in Queensland's Lockyer Valley, raised \$5,000 through various events to support the Protea Place Welcome Home Project, an initiative of the local Community Centre in Toowoomba.

The Centre has created a 'drop-in-day' refuge for women facing domestic abuse to access a range of vital services, including hot meals focused on comfort and nutrition. The Protea Place dining table is the centrepiece of engagement and connection, which allows women to feel safe and nurtured no matter what they may be facing.

The Centre is also focused on providing financial assistance to women who are 'starting from scratch'. The team at Protea Place assist participants with setting up a new home that is comfortable, and most importantly, safe. By providing this service, project participants are then able to focus on healing and getting their lives back on track.

### Salvation Army Christmas Food Appeal

2021 was a tough year for many people, yet for those without basic necessities such as food, the challenge was at times overwhelming. Employees at our Helidon site rallied support for The Salvation Army in December for its annual Christmas Food Appeal.

Each year, The Salvation Army's mission is to leave no-one in need at Christmas. Through the Annual Dyno Nobel Golf Day, Helidon employees raise funds for the Salvation Army, which has been a tradition for the past three years. The funds raised from the golf day allowed our employees to donate more than 100 hampers to families in need in the Lockyer Valley. Each hamper provided a family with breakfast, lunch and dinner for Christmas day.



## GLOSSARY

**Carbon dioxide equivalent (CO<sub>2</sub>e):** The 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 carbon dioxide. It is used to evaluate releasing (or avoiding releasing) different greenhouse gases against a common basis.

**Cation:** A positively charged atom or molecule. The five most abundant exchangeable cations in soil are calcium (Ca<sup>++</sup>), magnesium (Mg<sup>++</sup>), potassium (K<sup>+</sup>), sodium (Na<sup>+</sup>) and aluminium (Al<sup>+++</sup>).

**Climate:** The weather conditions prevailing in an area/region in general or over a long period.

**Future Climate Related Scenario:** A scenario describes a path of development leading to a particular outcome. A climate change scenario describes a path of development leading to a set degree of rise in temperature above pre-industrial global average temperatures. Our climate scenarios are described in Chapter 4 of the [IPL Climate Change Report \(2021\)](#).

**Global Reporting Initiative (GRI):** a leading organisation in the sustainability field, promoting the use of sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development. GRI has pioneered and developed a comprehensive Sustainability Reporting Framework that is widely used around the world. To see the GRI indicators covered by our sustainability webpages and publications, see IPL's [GRI Index and Data Supplement](#).

**Group:** The IPL Group, collectively comprising IPL and its subsidiaries.

**Material:** In the context of the GRI Reporting Framework, 'material' topics for a reporting organisation 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.

**Megatrend:** Our materiality assessment defines a megatrend as a large, transformative global force that defines the future by having a far-reaching impact on business, economies, industries, societies and individuals. A megatrend is distinguished from other trends in that it cannot be stopped or significantly altered, even by powerful actors such as governments.

**NAIDOC Week:** An Australian observance lasting from the first Sunday in July until the following Sunday. The acronym NAIDOC stands for National Aborigines and Islanders Day Observance Committee.

**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 'near miss' events is to identify and mitigate root causes, providing a focus for improvement.

**NOx:** a generic term for the mono-nitrogen oxides NO and NO<sub>2</sub> (nitric oxide and nitrogen dioxide).

**N<sub>2</sub>O:** Nitrous oxide (di-nitrogen oxide), listed as one of six greenhouse gases covered by the Kyoto Protocol and the Greenhouse Gas Protocol.

**Paris Agreement:** A global climate agreement that was reached under the United Nations Framework Convention on Climate Change (UNFCCC) at the 21st Conference of the Parties (COP21) in Paris (30 November to 12 December 2015) to limit average global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.

**Physical risks** resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organisations, such as direct damage to assets and indirect impacts from supply chain disruption. Organisations' financial performance may also be affected by changes in water availability, sourcing and quality; food security; extreme temperature changes impacting organisations' premises, operations, supply chain, transport needs, and employee safety.

**Plant:** The equipment used to manufacture a specific product e.g. ammonia. There may be several plants on a single IPL site.

**Scope 1 emissions:** Direct GHG emissions which occur from sources that are owned or controlled by the Group, for example emissions from combustion in owned or controlled boilers, furnaces, vehicles etc, and emissions from chemical production in owned or controlled process equipment.

**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:** A GHG emissions reporting category that allows for the treatment of indirect emissions (other than Scope 1 & 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. Our Scope 3 emissions and calculation methodology are reported in Appendices 3 and 4 of the [IPL Climate Change Report \(2021\)](#).

**Significant Environmental Incident:** Environmental Incidents as assessed against IPL's internal risk matrix with actual consequences of 5 or higher on a 6-level scale. A Category 5 environmental incident is 'a major event or Environmental repeat non-compliance with regulatory, licence or permit conditions leading to prosecution or restriction of operations' and a Category 6 environmental incident is one which results in 'permanent or long-term impacts to water, land, biodiversity, air or ecosystems and requires significant remediation, rectification or investment in mitigation'.

**Site:** A single geographic location where IPL operations take place.

**SOx:** Sulphur oxide emissions, for example, sulphur dioxide (SO<sub>2</sub>). Sulphur oxides arise from the burning of fossil fuels that contain sulphur and during the burning of sulphur to make sulphuric acid.

**Supply chains:** 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.

**Transition Risk:** Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organisations.

**TCFD:** The Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD) is a market-driven initiative, set up to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream filings.

**TRIFR:** Total Recordable Injury Frequency Rate – the number of recordable incidents per 200,000 hours worked; includes contractors unless otherwise indicated.

**UN SDGs:** The UN SDGs are a set of 17 goals and 169 targets adopted by world leaders at the United Nations to end poverty, fight inequality and tackle climate change by 2030. Although primarily designed for governments, the SDGs call for action by all countries and stakeholders.

**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.

