Incitec Pivot Limited

Sustainability Report 2010

2010

DYNO
Dyno Nobel

Incitec Pivot

SouthernCross
International

Managing Director's Message

On behalf of the 4500 people in the IPL Group, I am pleased to welcome you to our second Sustainability Report. In 2010, we made substantial progress on our Sustainability program. This progress, I'm proud to say, was substantially driven by our people both in creating our Sustainability objectives and in taking responsibility for their delivery.

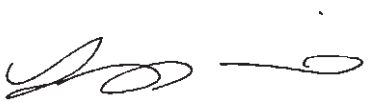
Earlier this year, we created our first Sustainability Strategy and committed to a Sustainability Agenda of Use less; Get close; Be responsible – six simple words which say much about how we need to deliver on our responsibilities to our internal and external communities. Use less = We will be more efficient in our use of non-renewable resources; Get close = We will proactively engage with our communities; Be responsible = We will work with our customers to improve product lifecycle sustainability.

Our approach to Sustainability is a product of our Culture which is based upon our seven Values. Our Values have been adopted across the whole company and are integral to the day-to-day decision-making process of everyone in the IPL Group. Several of our Values are relevant to our Sustainability commitment, including Care for the Community & our Environment; Zero Harm, which is about safety for everyone working with IPL and their families; Value People, which speaks to respect and recognition for our people; and Deliver on our Promises.

In particular, our Value of Care for the Community & the Environment acknowledges that our people and operations are an intrinsic part of regional communities in North and South America, Asia, Australia and the Pacific. I'm intensely proud of our involvement with these communities and I'm extremely grateful for their continued support. Our commitment to them is summarised in our Sustainable Communities Policy and we fully recognise that we continue to operate only with their permission.

Another Value of paramount importance to me is Zero Harm. I am steadfast on the principle that everyone working with the IPL Group has the fundamental right to finish their duties at work fit and healthy. Despite the fact that more than 80 per cent of our sites were injury-free during 2010, we suffered the worst possible outcome – the tragic death of a colleague in a workplace incident in Canada. This loss makes us all even more committed to ensure that all our sites achieve Zero Harm – permanently.

We understand that our Sustainability journey will never reach a final destination as we respond to our Value of Challenge & Improve the Status Quo and we strive for excellence. Our progress is dependent on both the skill and hard work of our people and advice and support from our communities. We will continue to progress our Sustainability reporting in 2011 and we welcome any feedback you may have on this report.



James Fazzino
Managing Director & CEO
Incitec Pivot Limited

Report Scope

At Incitec Pivot Limited (IPL), we strive to operate sustainably to achieve long-term profitability while caring for people and the environment. We have undertaken to continually improve and report on the progress made on our sustainability performance and this report forms part of that undertaking.

This Sustainability Report incorporates the operations of all subsidiaries of Incitec Pivot for the year ended 30 September 2010 over which the Group has the authority to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The operations of jointly controlled entities (joint ventures) have not been included.

The contents of this report have been guided by Global Reporting Initiative (GRI) guidelines to provide a balanced and reasonable review of IPL's sustainability performance. The key focus has been on those elements of the GRI reporting framework that have potential to materially impact on our business, our people and the communities in which we operate. A table of specific GRI principles and indicators included in this report can be found at the end of the report.

IPL recognises the need to report on issues most relevant to our business and our key stakeholders, and welcomes feedback on this report and our sustainability progress. Please direct any questions or comments regarding this report or its content to IPL via www.incitecpivot.com.au/contact_or_email_us.cfm

Values

Sustainability

IPL defines Sustainability as 'the creation of long-term economic value while caring for our people, our communities and our environment'. Incitec Pivot's commitment to Sustainability is reflected in its specific Values:

Setting the agenda for the 2010/11 financial year and beyond

In 2009/10, IPL developed an agenda that will enable the company to deliver on Sustainability through focused actions. A comprehensive process was used to develop the agenda which included key staff interviews, employee workshops and desktop benchmarking against our peers. The agenda is:

Use less:

We will be more efficient in our use of non-renewable resources.

Get close:

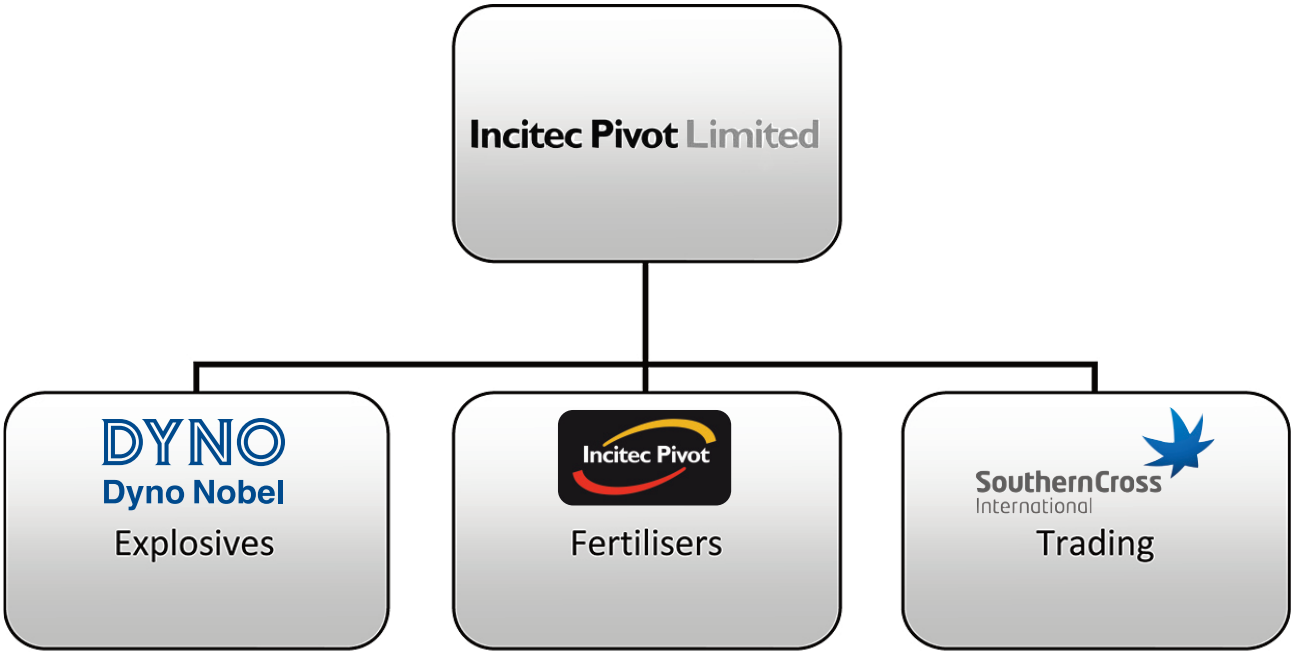
We will proactively engage with our communities.

Be responsible:

We will work with our customers to improve product lifecycle sustainability.

Specific projects have been developed to meet this agenda and progress will be reported in future IPL Sustainability Reports which will be available at www.incitecpivot.com.au.

Incitec Pivot Operations



IPL is a world-class manufacturer of nitrogen-based chemicals, the core of both industrial explosives and fertiliser manufacturing. Our manufacturing operations are located in the United States, Mexico, Turkey, Chile and Australia and produce ammonium nitrate, industrial explosives, initiating systems and fertiliser.

Explosives

IPL's explosives business, Dyno Nobel (www.dynonobel.com), is a leading supplier of industrial explosives and blasting services to the mining, quarrying, seismic and construction industries. Dyno Nobel is the market leader in North America – the largest explosives market in the world – and the second-largest supplier in Australia – the third-largest explosives market in the world.

Dyno Nobel is renowned for its excellent safety performance and as a provider of innovative explosive products and services, which together deliver groundbreaking performance for its customers.

Explosives products and services include:

- Ammonium Nitrate (AN) based explosives (either bulk or packaged);
- Initiation systems to initiate the blast;
- Distribution and delivery systems to transport explosive and other materials necessary to prepare explosives on site; and
- A range of on-site services to support the blasting process, allowing customers to blast more effectively and obtain cost and carbon savings along the entire mining value chain.

Fertilisers

Incitec Pivot Fertilisers (IPF) is a key member of the agricultural sector supplying approximately two million tonnes of fertiliser a year across Australia (excluding Western Australia).

Incitec Pivot Fertilisers distributes both Australian-manufactured and imported fertilisers and operates through a comprehensive network of more than 200 customers. The core product range includes urea, ammonium phosphates, single superphosphate and anhydrous ammonia. In addition to this base range, Incitec Pivot Fertilisers supplies a number of differentiated fertiliser products to provide Australian farmers with products that meets their precise nutrient and condition requirements, such as Granulock®, Green Urea™, Gran-Am®, ENTEC® and EASY Liquids®. Across the range, Incitec Pivot Fertilisers offers application flexibility by providing fertiliser in a number of different forms; granulated, liquid or gas.

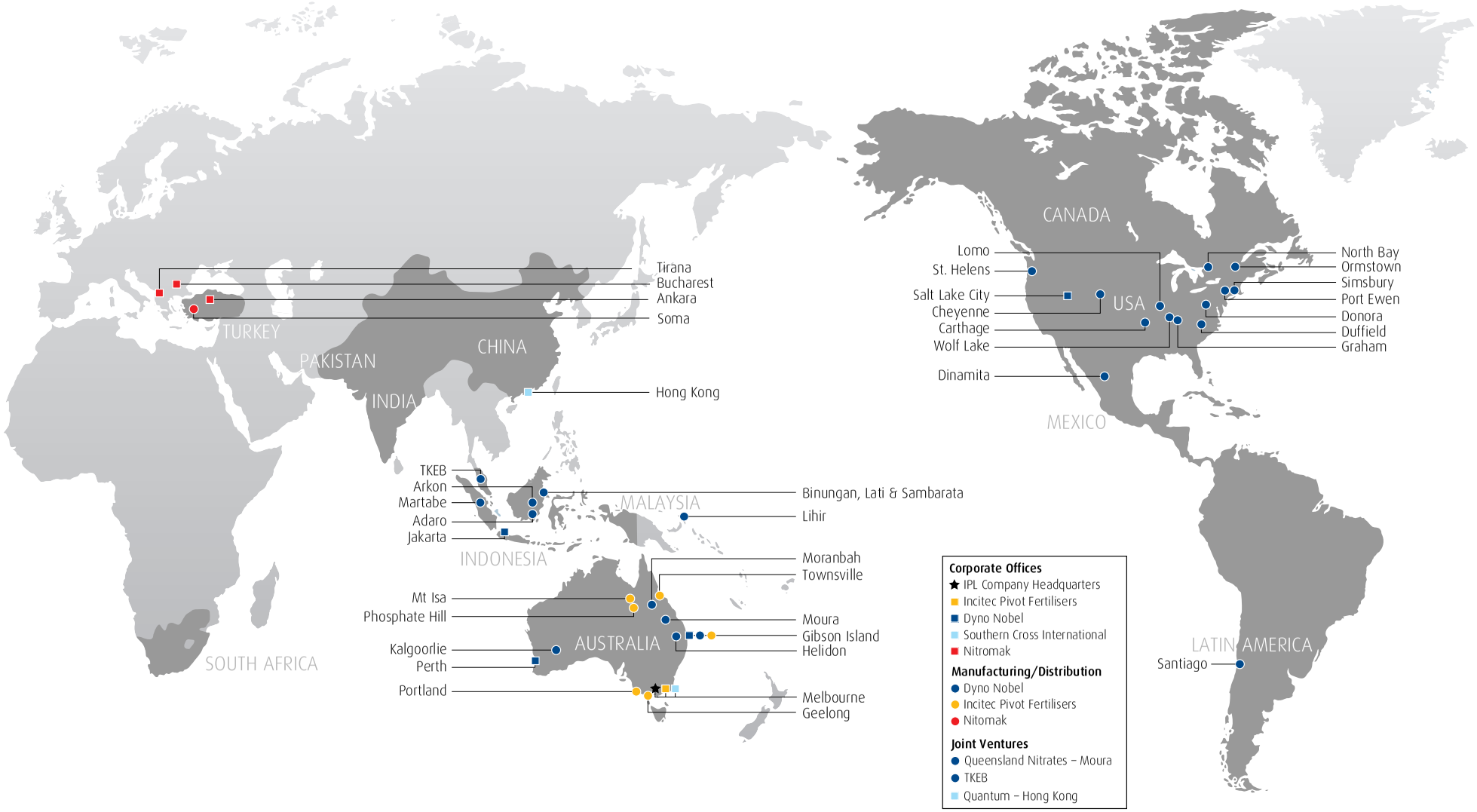
With ongoing and a long-term commitment to the investment into soil nutrition research, Incitec Pivot Fertilisers is the leading provider of nutrition advice for farmers and customers in this market. The agronomic services include Incitec Pivot Fertilisers' Nutrient Advantage (NA) laboratory. The NA laboratory is one of very few with both National Association of Testing Authorities (NATA) and Australasian Soil and Plant Analysis Council (ASPAC) accreditation. The laboratory offers soil, plant and water analysis, with interpretation of analysis, nutrient calculations and recommendations.

Trading

IPL's trading arm, Southern Cross International, markets products from the Group's manufacturing plants, trades in products manufactured by other fertiliser manufacturers and procures raw materials for IPL's manufacturing operations.

Incitec Pivot also holds a majority shareholding in Quantum Fertilisers, a Hong Kong-based fertiliser trading business. Quantum Fertilisers will further expand the company's ability to procure fertilisers and raw materials for its domestic fertiliser business, sell manufactured fertilisers into international markets and broaden the geographic exposure of Incitec Pivot Limited's international fertiliser trading business.

Incitec Pivot Business Operations



Corporate Governance

Incitec Pivot Limited (IPL) is committed to achieving and demonstrating the highest standards of corporate governance. The Board is responsible for charting the direction, policies, strategies and financial objectives of the Company and operates in accordance with the broad principles set out in its Board Charter.

The Board continues to review its corporate governance framework and practices to ensure that they meet the interests of shareholders and are consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations). Revisions to the ASX Recommendations were released by the ASX Corporate Governance Council on 30 June 2010 and are applicable to financial years commencing on or after 1 January 2011 (Revised Recommendations). Although the Revised Recommendations will not be applicable to IPL until the 2011/12 financial year, the Board has reviewed its corporate governance framework and practices and where possible, at this stage, introduced changes to its Charter to meet the Revised Recommendations.

The Board considers that IPL's corporate governance framework and practices have complied with the ASX Recommendations throughout the year ended 30 September 2010.

Summaries or copies of the charters, policies and codes are available on the Company's website www.incitecpivot.com.au together with our Charter for the Board and supporting Board Committees, including the Board's Health, Safety, Environment and Community Committee.

Stakeholder Engagement

This year IPL adopted a policy on its commitment to Sustainable Communities in line with our Value of Care for the Community & our Environment. A key part of our commitment is open and honest communication. IPL works through local community and sustainability-focused organisations to engage with the communities in which we operate. All of our sites are active in their local communities and work hard to maintain good relationships with our site neighbours.

Industry Memberships

In addition to its own direct actions, IPL supports sustainability through its membership of a number of different organisations, including:

The Sustainable Agriculture Initiative (SAI) is an independent global association, operating across the agriculture, food and fibre chain. IPL joined the Australian platform of the SAI in 2008. IPL supports SAI's vision that sustainable agriculture can provide a reliable supply of quality agricultural products in competitive conditions, meet current and future food needs, improve the conditions of local communities and preserve and possibly improve natural resources. IPL also follows SAI's 'People, Profit and Planet' business approach to sustainability.

IPL is a member of the International Plant Nutrition Institute (IPNI). IPNI is a global organisation with initiatives that address the world's growing need for food, fuel, fibre and feed. IPNI seeks to provide a coordinated scientific foundation for fertiliser nutrient use and to address associated environmental issues. Best management practices for fertiliser use encourage the concept of applying the right product at the right rate, right time and right place.

IPL is also a member of the International Fertilizer Industry Association (IFA), a not-for-profit organisation that represents the global fertiliser industry, which produces 170 million tonnes of fertiliser annually. IFA member companies represent all activities related to the production, trade, transport and distribution of the nutrients required to help farmers worldwide address the growing need for food, feed, fibre and bio-energy.

IPL, through Dyno Nobel, is a member of the Australian Explosives Industry and Safety Group Inc (AEISG) and voluntarily follows its Code of Good Practice to ensure that we deliver our products and services at the highest safety standard. The goal of the AEISG is to continuously improve the level of safety throughout our industry in the manufacture, transport, storage, handling and use of precursors and explosives in commercial blasting throughout Australia.

To help promote awareness of sustainability issues throughout the company, IPL participates each year in Earth Hour. All sites are requested to reduce lighting to minimum safety levels and employees are encouraged to do the same in their own homes.

The Dyno Nobel Asia Pacific business, as an associate member of the Minerals Council of Australia, is a supporter of, and participant in, Australia Minerals Industry Framework for Sustainable Development (AMISFD). The AMIFSD believes that the future of the Australian minerals industry is inseparable from the global pursuit of sustainable development. Through the integration of economic progress, responsible social development and effective environmental management, the minerals industry is committed to contributing to the sustained growth and prosperity of current and future generations. It is aligned with global industry initiatives and, in particular, provides critical guidance on managing environmental issues and the effective management of Australia's natural resources.

Dyno Nobel Americas is a member of the Institute of Makers of Explosives (IME), which is the safety and security association of the commercial explosives industry in the United States of America and Canada. The IME is a non-profit incorporated association founded in 1913 to provide accurate information and comprehensive recommendations concerning commercial explosive materials. The primary purpose of IME is to advance the safety, security and protection of employees, users, the public and the environment in the manufacture, transportation, storage, handling, use, and disposal of explosive materials used in blasting and other essential operations.

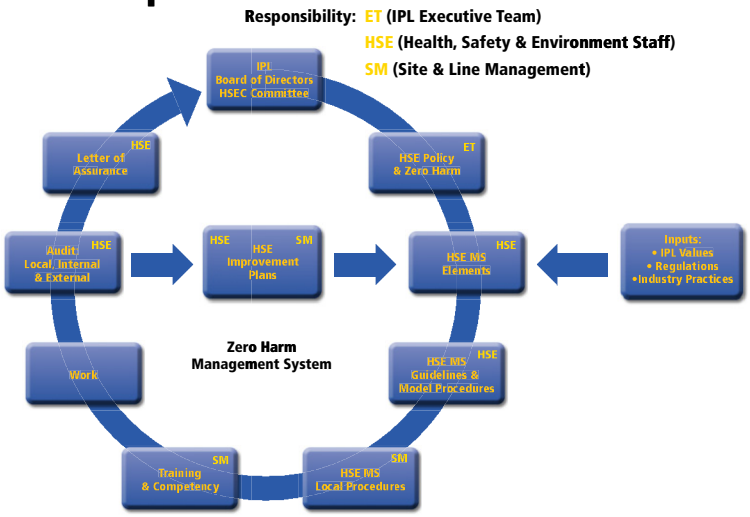
Zero Harm for Everyone, Everywhere

Zero Harm is a critical organisational Value and it reflects our commitment to conduct our business operations in a manner that maximises safety and minimises health and environmental impacts.

Our strong commitment to Zero Harm includes our employees, business partners, visitors and communities in which we operate.

Throughout the 2009/10 financial year, we developed a new Health, Safety and Environment (HSE) management system which is currently being implemented. The HSE management system is an interrelated collection of policies, procedures, programs and accountabilities. The core of the system is structured risk management with a set of assessment tools designed to evaluate risk in the development of new projects.

IPL Group HSE MS Model



Risk assessment is also applied to any changes that occur in existing operations, such as new equipment, process or procedures. Again, the focus of this change management activity is to systematically assess all foreseeable and unforeseen risks and apply appropriate controls. Another layer of protection in controlling risk is a set of personal risk assessment tools utilised by employees before they conduct their job tasks to ensure present circumstances have not changed our risk controls and revealed new hazards.

The global HSE model, aligned to the company's Zero Harm expectations, requires regulatory compliance as a minimum standard of performance, but is based on risk management principles. The schematic above depicts this management system framework.

Workplace Injury Statistics

	2010	2009	2008	2007	2006
Recordable injuries	**91**	103	50	19	10
TRIFR	**1.53**	1.79	1.33	0.98	0.8

- *Figures for Dyno Nobel included from 1 June 2008 and Phosphate Hill, Queensland from 1 August 2006*

The comparative statistics for 2008, had Dyno Nobel been part of IPL for the whole year are: Recordable Injuries (all workers): 119 and TRIFR: 1.39.

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

TRIFR *is the number of recordable injuries to all workers per 200,000 hours worked. The measure is based on the US Department of Occupational Safety and Health Administration criteria for recordability and includes joint ventures.*

Eighty per cent of sites achieved our target of Zero Harm and were injury-free in 2010, with several others achieving a record number of days without injury. There was also a 15% improvement in the injury frequency rate (TRIFR). However, these statistical improvements are overshadowed by the tragic fatality of an employee at a quarry site in Quebec, Canada, which occurred in May 2010. This tragedy reaffirmed the need for constant vigilance in respect of workplace safety.

Environmental Statistics

	2010	2009	2008	2007	2006
Environmental licence non-compliance (Cat2+)	**5**	12	9	9	12
Losses of containment (Cat 2)	**13**	10	8	2	0

- *Figures for Dyno Nobel included from 1 June 2008 and Phosphate Hill, Queensland from 1 August 2006*

Environmental licence non-compliance (Cat 2+) *are an excursion outside statutory discharge or emission limits, as measured in a scheduled test.*

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

Environmental events remained low in 2009/10 and no environmental fines were incurred. However, the prevention of such events is a continuing focus for the Group. In particular, the reduction in non-compliance incidents in North America was heartening.

Environment

IPL strives to minimise its impact on the environment through efficient management of its energy and water resources. The company has a long history of environmental management at each of our manufacturing sites. In 2009, the Australian environmental team implemented an environmental system which covers more than 45 key sites. In developing the reporting systems to meet mandatory Government requirement, IPL acted on the opportunity to go beyond compliance and start the process of gathering sound environmental sustainability data. Energy, water, waste and greenhouse gas data is collected monthly at the site level. This process is overseen by the corporate environmental and sustainability team.

The HSE team will implement a similar environmental reporting system for the Americas in 2011.

Greenhouse gas emissions

The Group's carbon footprint is representative of the scale and capacity of its manufacturing plants, in particular the energy-intensive manufacture of ammonia-derived products, including urea, ammonium nitrate, ammonium sulphate and ammonium phosphate for the explosives and fertiliser markets, all of which require natural gas as a feedstock for production. Globally 95% of our carbon footprint relates directly to our manufacturing sites.

IPL reports environmental emissions data each year to the National Pollutants Inventory in Australia, the Toxic Release Inventory in the USA, the National Pollutant Release Inventory in Canada and the Register of Pollutant Release and Transfer in Mexico. These inventories provide access to the general public of the storage and emission of chemical substances from business and industry. Further details on these reports may be found at www.npi.gov.au/, www.epa.gov/tri/ and www.ec.gc.ca/pdb/npri/.

Data regarding IPL's Australian energy consumption and the gas emissions which relate to the Group's manufacture of fertiliser is reported to the Fertilizer Industry Federation of Australia each year, and is published as part of their annual consolidated Public Environment Report. IPL also provides details of emissions to the International Fertilizer Association for consolidated public reporting. Further details on these reports are available at www.fifa.asn.au and www.fertilizer.org.

IPL is defined as a large emitter under the new Australian National Greenhouse and Energy Reporting System and has a requirement to report annually on energy and greenhouse gas emissions associated with more than 45 sites throughout Australia. Direct and indirect emissions from the Group's Australian operations are reported to the Government under this national initiative, which began in 2009.

IPL has responded to the Carbon Disclosure Project questionnaire since 2009, providing details of our carbon footprint plus information on our current assessment of risk and opportunities connected with climate change and the associated increase in global regulation. Our response is publicly available on our website and at www.cdproject.net.

Details regarding our reported emissions for the last two financial years are set out below. The lower emission numbers in 2010 reflect the closure of our manufacturing sites in Battle Mountain (United States), and Maitland (Canada) and the suspension of production at Geelong (Australia). Production at Geelong recommenced on 11 November this year.

2010 emissions	Global	North America	Australia
	(M t Co2e)	(M t Co2e)	(M t Co2e)
Scope 1 emissions	2.4	1.4	1.0
Scope 2 emissions	0.4	0.2	0.2
Total	2.8	1.6	1.2

2009 emissions	Global	North America	Australia
	(M t Co2e)	(M t Co2e)	(M t Co2e)
Scope 1 emissions	2.8	1.7	1.1
Scope 2 emissions	0.4	0.2	0.2
Total	3.2	1.9	1.3

Scope 1 emissions *are direct emissions within the control of the organisation and as a result of operations including generation of heat and steam, emissions from manufacturing processes and emissions from fuel used in transportation*

Scope 2 emissions *are indirect emissions generated as a consequence of one organisation's activities but which are physically produced by the activities of another organisation, eg, electricity consumption*

Greenhouse gas regulation

IPL operates in a number of countries and emits greenhouse gas from the manufacturing activities conducted in Australia and the United States of America in particular. Much debate has occurred in these countries concerning regulation of greenhouse gas.

Effective action on climate change can only occur within an international climate framework. When formulating climate change policy, all governments need to consider the potential impact on global food security. Any pricing mechanism must be introduced gradually to allow for adoption, education and technological change and must provide assistance to trade-exposed commodity businesses.

Environment (cont)

Energy Efficiency

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

Of particular note is Incitec Pivot's participation in the Australian Energy Efficiency Opportunity (EEO) program. Incitec Pivot has received industry recognition for its energy-saving assessment approach and the Group's work at Gibson Island has been promoted as a best practice case study by the by the Australian Government. Energy use has been assessed at the major Australian sites (Phosphate Hill and Gibson Island) through the EEO program – this assessment effectively covered 96% of energy use in Australia by the Group.

The EEO program is run by IPL's Process and Technology team. In early 2010, the team implemented a permanent fix to an ongoing problem involving the routine performance degradation of a boiler feedwater pump at Gibson Island, Queensland. The solution, which allows for the use of the most efficient pump available, is estimated to save 116,000 GJ a year.

Action to reduce energy use is not limited to the major manufacturing sites. At Wolf Lake, Illinois, three key initiatives have reduced electrical use by 20%. These were changing shift times, installing motion sensors for lights and running smaller compressors where possible. In Graham, Kentucky, key initiatives identified during the year will lead to reduced energy consumption. These include actions from an air and steam leak audit plant-wide, installation of automatic controls on boilers and installing programmable thermostats in all non-hazardous locations within the plant.

Water Management

IPL consumes approximately 19 gigalitres of water every year. IPL is committed to reducing its consumption of potable water and eliminating groundwater pollution, an example of which is our Stormwater Management Plans which are in place for all major sites and the recycling of water and steam throughout our manufacturing facilities where possible.

Specific water-saving initiatives have also been undertaken to reduce potable water dependency and prevent pollution, including:

- The North Bay plant in Ontario, Canada, completed an initiative in 2009 that will save 460 megalitres per annum. The project included the hook-up of the site to city water and an infrastructure optimisation including conversion from steam heating to electrical heating that led to the elimination of water/heat losses due to water seepage, unnecessary overflowing and steam condensate losses.
- At Wolf Lake, Illinois, floor wetting is now done with filtered recycled water, saving fresh water
- Initial work has also shown that on-site waste pond water, when suitably treated using a membrane purifier, can be used in the manufacture of emulsion products. Scale-up trials of this technology are planned for the Warkworth plant, and if successful the treatment plants will be implemented at other manufacturing sites. It is estimated that more than 20 megalitres of freshwater per annum could be saved using this technique.
- At Gibson Island, Queensland, since the Storm Water Collection System came into operation, 190 megalitres of storm water has been collected and treated that otherwise would have flowed to the Brisbane River. At the same time, the volume of waste water and the nutrients flowing from the oxidation pond have been reduced to one-fifth of what it was five years ago.

Waste Initiatives

IPL is committed to reducing waste across all sites, particularly our manufacturing facilities. Recent waste-prevention activities that have been undertaken include:

- The North Bay plant in Ontario, Canada, cut waste and costs by the introduction of off-site recycling of Bunker C oil and monomethylamine.
- At Carthage, Missouri, a new recycling program includes office paper and cardboard recycling and returning boxes and liners to the vendor for reuse.
- Wolf Lake, Illinois, has instigated recycling of office paper, wooden pallets and PETN boxes, working with the supplier.
- At Cheyenne, Wyoming, a singe-stream recycling program began this year. Office paper, cardboard, magazines, newspapers, plastic containers, glass bottles and jars, aluminium cans, steel cans and empty aerosol cans are collected without sorting and sent to an off-site recycling facility. To date 5.1 tonnes of material destined for landfill has been recycled.
- At Gibson Island, Queensland, IPL installed a new waste recycling yard and has worked with new waste contractors across the site to significantly increase solid waste recycling. Liquid waste has also been targeted. The liquid waste was identified and separated into various streams. This has allowed for the 'streams' of 'fertiliser washings' to be processed, where necessary, and sold to various customers including the local golf course. This waste reclamation project will continue during the 2010/2011 financial year.

Environment (cont)

Legacy Site Remediation

The remediation of IPL's legacy sites is an essential part of our drive towards a sustainable future. A legacy site is a site which may have been contaminated by historical operations of the Group or by predecessors or neighbouring activities. Remediation is the recovery or rehabilitation of such sites to meet current environmental standards, as well as protecting human health and the environment for future generations.

Provisions are in place to address remediation activities across all legacy sites. Most of these properties have long operational histories and a legacy of contamination that needs to be remediated to today's standards. Several sites now require only periodic monitoring, while others have either immaterial impacts or are undergoing active phases of remediation.

All of the legacy properties have undergone initial studies and assessments which have determined that contamination has not impacted adjacent or down-gradient property.

In the United States and Canada, remediation efforts at the Nitrogen Plants located at Battle Mountain, Nevada; Cheyenne, Wyoming; Donora, Pennsylvania; Louisiana, Missouri; Maitland, Ontario; and St Helens, Oregon, are focused on the remediation of soils and groundwater impacted by ammonia and nitrate.

The Explosives Plants at Carthage, Missouri; Graham, Kentucky; Port Ewen, New York; and Simsbury, Connecticut, have remediation projects under way to address the remediation of soils, surface water, and groundwater which have been impacted by such contaminants as oils, solvents, heavy metals, nitrates, and explosive compounds.

Key remediation sites in Australia are Parafield Gardens and Wallaroo in SA, Cockle Creek in NSW and Buffalo in Victoria. At Parafield Gardens, IPL has been remediating groundwater via a specific groundwater treatment plant. Cockle Creek is also a former smelter site, where, the principal contaminants are heavy metals in the soil and groundwater and which primarily pre-date Incitec Pivot's operations. Voluntary remediation of the groundwater beneath the site has begun and soil remediation will commence following the statutory approvals processes. Interim control measures include the development of a groundwater treatment plant and the construction of a bio-remediation wetland.

Product Stewardship

IPL understands and promotes the importance of product stewardship, including product lifecycle management, product safety and effective and sustainable waste disposal measures throughout the production chain.

IPL addresses the issue of product stewardship through a variety of means, including the development of products which limit their impact on the environment, increased recycling of packaging and a commitment to promoting the responsible use of fertilisers.

Sustainable fertiliser use

Fertilisers are essential in productive and profitable farming systems. They have many positive effects but may impact on the environment. It is important that fertilisers are used at appropriate rates and in a responsible manner. Incitec Pivot Fertilisers is FERTCARE accredited, an industry-recognised accreditation managed by the Fertiliser Industry Federation of Australia (FIFA) that certifies that our customer-facing staff have undertaken sufficient training to ensure sustainable and appropriate use of fertiliser.

Organisation
FERTCARE®

IPL has also developed a computerised decision-support system, called Nutrient Advice Advantage, which recommends the optimum fertiliser application based on agronomic best practice. The agronomy team are considered leaders in their respective fields and play an important role on a number of committees and panels that determine industry best practice, such as Accounting for Nutrients and Better Fertiliser Decisions, as well as Government-led panels, for example, the national study into Nitrous Oxide Reduction in Agriculture.

As part of our support for sustainable agriculture and best practice farming, Incitec Pivot Fertilisers has been a participant in the Queensland Government's Technical Taskforce which is seeking to strengthen the improvement of farm management practices in the key Great Barrier Reef water catchment areas. Scientific research has suggested that fertiliser run-off from farms is a contributor to reef decay, although much of the negative impact on the reef is known to be from uncontrollable natural occurrences such as cyclones.

Farmers in the area have been working with the Federal Government, and now State Government, to continuously upgrade farming practices in identified reef risk areas, which are predominately cattle and cane-growing areas. To assist sugar farmers, Incitec Pivot Fertilisers has been working closely with industry productivity groups to ensure fertiliser recommendations are industry best practice and the appropriate tools are available for the sugar farmers to make the right fertiliser decisions.

Product Stewardship (cont)

Reducing our customers' carbon footprint

In all of its activities, IPL takes its environmental and community responsibilities seriously, from the manufacture and handling of our products to their safe and sustainable use by the customer. IPL is a leader in developing products to assist customers in the reduction of their greenhouse gas emissions. Recent initiatives include:

- **SCR (Selective Catalytic Reduction) Urea** is being produced using urea from the Gibson Island plant. In order to comply with tighter NOx emission controls which have been introduced in Australia for heavy-duty road vehicles with diesel engines, truck and bus manufacturers are equipping new vehicles with SCR technology which uses urea as the emission-reducing agent. The SCR urea is carried in a small tank attached to the vehicle and is injected into the exhaust using an electronically controlled dosing system to reduce greenhouse gas N2O (nitrous oxide) to harmless nitrogen and water.
- **Green Urea** is being recommended by IPL as a fertiliser top dressing in instances where volatilisation losses of ammonia are likely. Green Urea products contain urea treated with the urease inhibitor, N-(n-butyl) thiophosphoric triamide (NBPT), to delay hydrolysis of urea into nitrogen forms that may be lost to the atmosphere and thereby reduce emissions related to fertiliser usage. A number of Australian and international trials have indicated that Green Urea can boost yield returns while also improving fertiliser effectiveness.
- **Entec** is a treatment that retains nitrogen in the more stable ammonium form for an extended period. While still available as a nutrition source, ammonium nitrogen is not subject to leaching or denitrification losses. IPL has been funding a project with Melbourne University investigating the effectiveness of Entec and Green Urea. Studies in this project have demonstrated significant reduction in gaseous nitrogen losses by using these products. A reduction in losses can lead to improved productivity and environmental quality.
- **Low-density bulk explosives**, such as Blastlite™ and Titan™ Blastlite, which allow customers to tailor the energy supplied, depending on their ground conditions.
- **Electronic Initiation systems**, including DigiShot™ and Smartshot™, offer precision initiation timing, allowing customers to more efficiently direct explosive energy to the task of breaking rock. This technology reduces not only the energy required to blast ground but also reducing downstream energy consumption in activities such as transporting and processing waste and ore.
- **Renewable fuel sources** (such as biodiesel derivatives) for emulsion products and the Ammonium Nitrate/Fuel Oil (ANFO) explosives mixture is a major focus of the Dyno Nobel research and development group to reduce the greenhouse gas contribution of bulk explosive products. Utilisation of renewable fuels in emulsion and ANFO products has been investigated and can be implemented readily at levels up to 25%. Higher levels of incorporation are currently being investigated. Dyno Nobel is also working with selected mining customers to reuse waste diesel in ANFO products.
- **Efficient targeted blast design** has been shown to reduce the energy (diesel and electricity) consumed in the end-to-end mining process, through reducing the energy cost of post-blast processing and transportation of extracted material.

Reclaiming packaging

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

As part of our 2010 NPC Action Plan, IPL encourages the use of bulk distribution systems which limit the use of disposable packaging, such as bulk-handling solutions and the use of Returnable Flexible Intermediate Bulk Containers (FIBCs) when supplying fertiliser.

In our explosives business pallets are reused and raw material and packaging are recycled where regulations allow.

People

IPL regards its people as a key resource and the one which drives the creation of long-term sustainable value. To ensure that our staff are engaged and focused, the organisation has developed policies and programs that support and develop talent at all levels. The key policies and programs are contained within four key themes: Respect, Perform, Reward and Develop & Grow.

Respect

IPL aims to foster a culture of communication where staff members feel free to raise any work-related issues with their line managers. IPL takes all employee grievances, problems and complaints seriously and offers professional assistance and guidance to resolve and manage personal and professional issues. The company also encourages open staff communication by conducting informal employee feedback sessions and is exploring avenues whereby its intranet can provide channels for employee feedback.

Employee Opinion Survey

IPL undertakes an annual survey of all employees across the Group to gain a better understanding of employee engagement and feedback on how the Group is perceived internally.

The survey is made available to everyone in the business online and in paper form (to cater to those employees who do not have regular access to company email) and is translated into French, Spanish and Bahasa. Responses are anonymous and employees are encouraged to be honest and robust in their comments.

The Group uses the results of the survey to measure the effectiveness of its organisational development strategies and build on our positive company culture.

IPL Values Awards

The IPL Values are the cultural glue that holds the organisation together. They define what people within the company believe in and how we go about our work. They are also the basis on which we stake our reputation.

IPL Values Awards celebrate the achievements of individual or groups of employees who have been exemplary in 'living the IPL Values'. Winners of the awards are recognised for demonstrating the Group's Values in the way they contribute to the business and their achievements are communicated throughout the organisation.

Perform

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

The performance of IPL staff is measured by an ongoing process outlined in the diagram above.

Reward

The organisation has developed a comprehensive approach to rewarding employees. IPL seeks to reward staff by offering a range of support services, including flexible working hours and employee benefits which help foster a constructive and mutually beneficial working environment.

IPL uses a global job-sizing approach that identifies all the dimensions of each role which enables the use of market survey data to ensure salaries are market-competitive. Not only do we pay competitive salaries but we also reward individual performance to drive individual excellence and business results. Salary rates follow governance and regulatory guidelines to reward individuals according to their on-the-job performance and their contribution to the Group result. IPL also offers staff members the opportunity to participate in its annual Employee Share Offer Plan.

Develop & Grow

IPL seeks to attract, encourage and grow talented staff through its recruitment and retention programs. IPL recognises that attracting the best people and continuously developing existing staff is a key criterion to ensuring the ongoing growth and prosperity of the company. To this end IPL has invested and continues to invest significant funds and resources into developing the talent, skills and capability of its people.

IPL's Organisational Development Strategy is inclusive by design, touching all employees across the organisation through a broad range of programs. These range from leadership to technical skills development and the refinement of supporting processes.

Social Responsibility

Fundraising and Donations

In line with the company Value 'Think Customer. Everyone. Every day', IPL has provided financial relief in many instances where natural disasters have adversely affected customers or members of the IPL community, including the following:

- IPL made a donation of A$100,000 to support flood relief efforts in Pakistan. These funds were supplemented by Quantum Fertilisers' donation of an additional US$20,000. Quantum operates as a joint venture partner with IPL.
- Through its explosives business, Dyno Nobel North America, IPL donated US$20,000 to the Haiti relief effort and a further US $15,700 and A$4,540 was raised through company-matched employee donations.

Across the Group Pink Ribbon Day was recognised. In October 2010, events raised $10,000 in support of breast cancer treatment and research.

The activities this year followed IPL's response in 2009 to the Victorian Bushfire Appeal which raised more than $100,000.

Workplace Giving Program

In Australia through the Workplace Giving Program, IPL and its employees support many charities working to provide a wide range of community benefits, including health and medical research, support for people in need, environmental protection and animal welfare. Employee donations are made on an ongoing basis and are matched by the company. IPL is committed to providing contributions of up to $100,000 per year to this program.

In North America the Company supports United Way, an organisation that provides funding and support to the American Heart Association, American Cancer Society, Make A Wish Foundation, National Multiple Sclerosis Society, Special Olympics, Red Cross, Boy Scouts, YMCA, and Big Brothers Big Sisters. The focus of United Way is on identifying and resolving pressing community issues with the main focus being education, income and health.

Community Initiatives

Individual sites support community charities, such as volunteer fire and ambulance services, children's athletics, scholarship funds and eye care, and sponsor 'local hero' campaigns that honour those who have saved lives or done something exceptional to help people in need. Employees also volunteer their own time to help local charities of their choice. The Group often matches site contributions to employee fundraising dollar for dollar, enabling employees to double the difference they're making in their communities.

IPL is also driving a primary school-based scheme to highlight future career opportunities for children in remote Australian communities. The scheme is focusing on schools near IPL's Phosphate Hill mine and fertiliser plant in north-west Queensland.

IPL's fertiliser business, Incitec Pivot Fertilisers, has contributed more than A$170,000 to community projects in rural areas over the past six months through its sponsorship program. The program is aimed at providing community support, promoting agriculture, agronomy and educational opportunities in rural areas.

Indigenous Employment Program

IPL has run a successful indigenous employment program at the Phosphate Hill chemical manufacturing facility in Queensland over the past 10 years. The program has provided learning and employment opportunities to local indigenous people in the Phosphate Hill area. The centrepiece of the program is the two-year employment training program; however, the long-term success has come from engaging locally and encouraging education to create a talent pool of employable people. A three-year Sustainability project has commenced to translate the success of the Phosphate Hill program into a global one.

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

GRI Indicator	Description	Page number	Extent of reporting
1.1	Statement from the MD	2	Full
2.1	Name of the organisation	cover	Full
2.2	Primary brands, products and/or services	4, 5, 15	Full
2.3	Operational structure of the organisation	4	Full
2.4	Location of the organisation's headquarters	15	Full
2.5	Countries where the organisation operates	4, 5	Full
2.6	Nature of ownership and legal form	3	Full
2.7	Markets served	4	Full
2.8	Scale of reporting organization	Annual Report	Full
2.9	Significant changes during the reporting period	Annual Report	Full
3.1	Reporting period	3	Full
3.2	Date of most recent report	2008	Full
3.3	Reporting Cycle	Annual	Full
3.4	Contact point for questions regarding the report	3	Full
3.5	Process for defining report content	3	Partial
3.6	Boundary of the report	3	Partial
3.7	Limitations of the boundary of the report	3	Partial
3.8	Basis of reporting on joint ventures	3	Full
3.12	GRI content index	14	Full
4.1	Governance structure of the organisation	6, Website	Full
4.2	Is the Chair of the board also an executive officer	Website	Full
4.4	Mechanisms to provide recommendations to the board	Website	Full
4.5	Linkage between compensation and performance	Annual Report	Full
4.6	Processes in place to avoid conflict of interest	Website	Full
4.7	Process to review director expertise & qualifications	Website	Full
4.13	Memberships in industry associations	6	Full
4.14	List of stakeholder groups	6	Partial
4.16	Approaches to stakeholder engagement	6	Partial
EC1	Direct economic value generated and distributed	Annual Report	Full
EC2	Financial implications and risks due to climate change	Website (CDP)	Full
EC3	Defined benefit plan obligations	Annual Report	Full
EN16	Total direct and indirect greenhouse gas emissions	8	Partial
EN23	Total number and volume of significant spills	7	Full
EN26	Initiatives to mitigate environmental impact of products	10, 11	Full
EN28	Monetary value of significant environmental fines	7	Full
LA7	Rates of work-related injury, fatalities by region	7	Partial
SO7	Anti-competitive behaviour: legal action and outcomes	Website	Full

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