

SUSTAINABILITY SUMMARY

2020

IPL is committed to operating in a manner which acknowledges and proactively manages those issues which are most material to the long term sustainability of our business, the environment and the communities in which we operate. This commitment is driven by our Company Values which are core to our business, and built into our Strategic Drivers. IPL defines Sustainability as ‘the creation of long term economic value whilst caring for our people, our communities and our environment’.



PURPOSE STATEMENT

“Our purpose is to make people’s lives better by unlocking the world’s natural resources through innovation on the ground. We believe that we can fulfill our purpose through collaboration with the people that are most important to us, our Customers, our Employees and our Shareholders.”



Read about what we have been working on and our plans for the future across the areas that contribute to our environmental, social and economic sustainability: workplace health & safety, environmental impacts and resource efficiency, community impact & engagement, managing climate change, our workforce and our products & services.

For more information, see our online Sustainability Reports at www.incitecpivot.com.au

Our Values

Our Values define who we are and what we do every day. These are what guide our actions:



Benchmarking Our Performance

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

IPL has been included in the Dow Jones Sustainability Index (DJSI) for the past ten years, where we are benchmarked against peers in the global ‘Chemicals’ sector. In 2020, the FTSE Group confirmed that IPL has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to remain a constituent of the FTSE4Good Index Series for the seventh year running. Companies in the FTSE4Good Index Series have met stringent environmental, social and governance criteria. We also report against CDP, CDWP and other leading sustainability indices. Our reports can be downloaded from www.incitecpivot.com.au.

Incitec Pivot Limited



INNOVATION ON THE GROUND

ZERO HARM

29% Year-on-year improvement in Total Recordable Injury Frequency Rate (TRIFR)

27% Year-on-year reduction in Process Safety CCPS Tier 1 & 2 events

Significant Environmental Incidents

2019	2020	TARGET 2021
3	1	0

DIVERSITY

50% of Board seats held by women

2.7% Indigenous employment across IPL's Australian businesses

ENVIRONMENT

36% reduction in NOx per tonne of nitric acid produced against a 2015 baseline

10% reduction in GHG emissions per tonne of ammonia produced against a 2015 baseline

6% reduction in net water use since 2019

IMPROVING ENVIRONMENTAL COMPLIANCE

As part of our Zero Harm strategy, environmental compliance is recognised across the business as a non-negotiable: we target Zero Significant Environmental Incidents.

During 2020 we invested \$4.5m in leading practice environmental controls at our Townsville PDC.

Zero Harm is our core Company value and is fundamental to everything we do. In FY18 we set a goal for a step change in our workforce Total Recordable Injury Frequency Rate (TRIFR) to achieve a 30% reduction by FY21. This focus has resulted in us achieving our FY21 target of 0.70 a year early – with an FY20 TRIFR of 0.57. We've also seen a significant improvement in process safety incidents, down to 24 compared to 33 last year. Tragically, a multi-motor vehicle accident in April on a public road in South Carolina resulted in two fatalities and one serious injury, including the death of one of our employees. This tragic loss of life is a stark reminder of the importance of embedding Zero Harm as our number one value and priority.

Our Zero Harm Ambition

- » Sustainable benchmark TRIFR of 0.7 by 2021 ⁽¹⁾ (reached a year early in 2020).
- » Sustainable year-on-year reduction in Potential High Severity Incidents ⁽²⁾.
- » Year-on-year reduction in Tier 1 & Tier 2 Process Safety Incidents ⁽³⁾.
- » Zero Significant Environmental Incidents ⁽⁴⁾.

(1) TRIFR is calculated as the number of recordable incidents per 200,000 hours worked and includes contractors. TRIFR results are subject to finalisation of the classification of any pending incidents.

(2) Potential High Severity Incidents (excluding near misses and hazards) with potential consequences of 5 or higher on a 6-level scale. Prior year number was restated due to finalisation of classification of incidents pending at the time of previous publication date and further review in FY20.

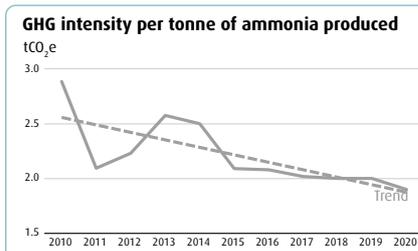
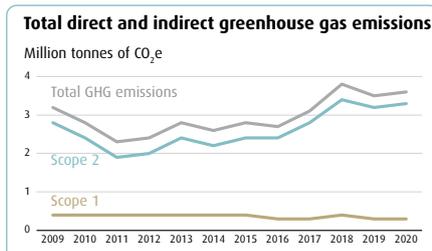
(3) Tier 1 and Tier 2 Process Safety Incidents as defined by the Center for Chemical Process Safety.

(4) Significant Environmental Incidents as assessed against IPL's internal risk matrix with actual consequences of 5 or higher on a 6-level scale.

Our People Strategy is focused on developing a diverse and inclusive business with the right people in the right roles, who are inspired and engaged. IPL remains committed to expanding the diversity of its workforce and has a stretch target to increase gender diversity by 10% year-on-year to reach 25% by 2022. Details on our Diversity Strategy can be found in our Corporate Governance Statement and on our website.



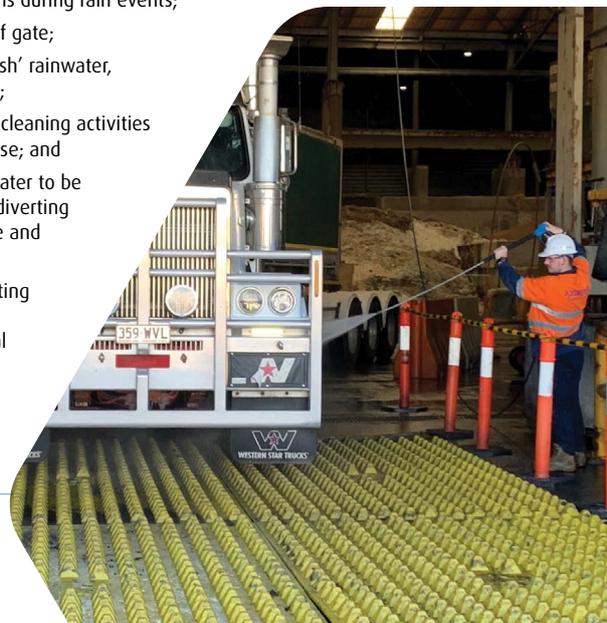
We rely on resources such as natural gas and water, and we have the potential to impact the environment through emissions of greenhouse gases (GHG), waste generation and contamination of soil and groundwater. We are committed to our value of 'Care for the Community & our Environment'.



Our Townsville site is a fertiliser bulk blending and bagging facility which has operated for more than 25 years. It supplies our local farmers with over 75,000 tonnes of customer blends each year, using a combination of ammonium phosphate, sulphur and urea based fertilisers. Due to the impacts that these essential plant nutrients can have on local waterways, many of our fertiliser sites operate under environmental license conditions which limit stormwater nutrient levels. To go beyond compliance and minimise risks to our environment, we implemented the following leading practice controls:

- » implementation of bulk truck 'doorway wheel washing' to mitigate tracking of residual fertiliser outside sheds;
- » erection of new awning, cleaning and collection facilities at the bulk shed exit door;
- » installation of a permanent wheel wash bath before site exit;
- » re-sealing of the bagging tower to prevent dust escaping and settling on site surfaces, where it could wash into drains during rain events;
- » installation of a permanent storm water cut off gate;
- » increased capacity to collect and store 'first flush' rainwater, with a new 200,000 litre catchment tank farm;
- » EPA approved reuse of this captured water for cleaning activities and the site wheel bath, reducing site water use; and
- » EPA approval to allow captured nutrient rich water to be applied to land and used as a liquid fertiliser, diverting it away from waste streams to a beneficial use and saving \$2m annually.

As a result of our site staff developing, implementing and proudly owning their leading practice environmental solutions, the risk of environmental licence non-compliance and environmental harm has been significantly decreased – in 2020 the site went beyond compliance, releasing zero stormwater from operational areas to the environment.



MANAGING THE IMPACTS OF CLIMATE CHANGE

IPL's Climate Change Policy was developed by the Executive Team and approved by the Board. The policy states IPL's commitment to managing climate related issues and describes how the Group's Strategic Drivers are being leveraged to meet the challenges of climate change. Download the policy at www.icitecpivot.com.au



Exploring Renewable Hydrogen to make Ammonia

In line with our commitment to reducing our GHG emissions and driven by our Manufacturing Excellence and Profitable Growth Strategic Drivers, in 2020 we completed a \$2.7m feasibility study, supported by the Australian Renewable Energy Agency. The study assessed the potential to use renewable hydrogen to increase ammonia production at our manufacturing facility at Moranbah, Queensland. Rather than being made from natural gas, renewable hydrogen can presently be made at very small plants using solar energy to split water into hydrogen and oxygen, allowing ammonia to be produced without the GHG associated with natural gas. The aim of the feasibility study was to determine whether renewable hydrogen can be made at an industrial scale, and at a commercially competitive price.

Key Findings:

- » Solar ammonia at industrial scale was found to be technically viable: a facility was designed that could reliably provide a continuous supply of renewable hydrogen suitable for ammonia manufacturing from an off-grid (behind-the-meter) solar energy supply, with 160MW of electrolysis producing ~25% of Moranbah's ammonia production.
- » Such a facility can be cash flow positive at AU\$2.00/kg, however to achieve a 5% return on equity contribution, the project would require \$395m in grant funding, or approximately 60% of the estimated capex.
- » Economic displacement of purchased ammonia at Moranbah requires solar hydrogen to be produced at AU\$2.00 per kg – at 5% return on investment it was found to be \$4.09 per kg.
- » Commercial feasibility therefore requires either:
 - a price premium for the solar ammonia;
 - a reduction in renewable energy prices; and/or
 - an increase in grant funding.

We are proud to have contributed valuable knowledge to the development of renewable hydrogen in Australia and continue to investigate potential partnerships and pathways towards its use.

During 2020 IPL set an absolute GHG reduction target of 5% by 2026 against our 2020 baseline. ⁽¹⁾

This is supported by our commitment to the investigation, identification and implementation of one or more projects to reduce our global emissions by 200,000 tCO₂e which is equal to ~5% of our global 2020 emissions.

This reduction in GHG is equal to:



- (1) IPL's total global 2020 emissions were 3,616,740 tCO₂e. The 2020 GHG baseline is subject to adjustment due to unforeseen future expansions and acquisitions or divestments which may occur before the end of the 2026 IPL financial year.
- (2) United States Environmental Protection Agency (2020) Greenhouse Gas Equivalencies Calculator

Delivering Products and Services that Reduce our Customers' Impact

Delta E Technology

DeltaE™ is a proprietary explosives method which allows blasters to accurately vary the density of explosives being loaded into the blast hole, allowing the operator to load multiple densities of emulsion into the same hole in order to match the unique geological characteristics present in the ground. Because the explosives energy is precisely targeted to match the rock properties, the amount of energy loaded into the blast hole will match only what is required for an optimal blast, reducing total energy and therefore vertical movement at the surface, air overpressure and noise from the blast event.



The use of Differential Energy continues to result in reduced NO_x emissions, reduced energy use and GHG, less dust, noise and ground vibration and increased productivity while reducing overall costs for our mining customers.

Sustainable Plant Nutrition

Our high efficiency fertilisers are designed to retain nitrogen in more stable forms in soils for extended periods. This reduces nitrogen losses to the air as GHG and through leaching to waterways, while conserving more nitrogen for plant uptake.



Entec® trials and customer use continue to demonstrate the potential for significant reductions in GHG emissions as well as yield increases.



Green Urea NV™ is a top-dressing fertiliser, recommended where volatilisation losses of ammonia are likely.



Developed in IPF's own research laboratories and released in 2019, eNpower™ works by slowing the conversion of ammonium N to nitrate which is more prone to losses to waterways or to air as GHG.

Further details can be found in our online Sustainability Report.

ABOUT OUR BUSINESS

Listed on the Australian Securities Exchange since 2003 (ASX:IPL)



Joint venture operations, including in South Africa, Australia, the US and Canada

Annual revenue of \$3,942.2m for the 2020 financial year



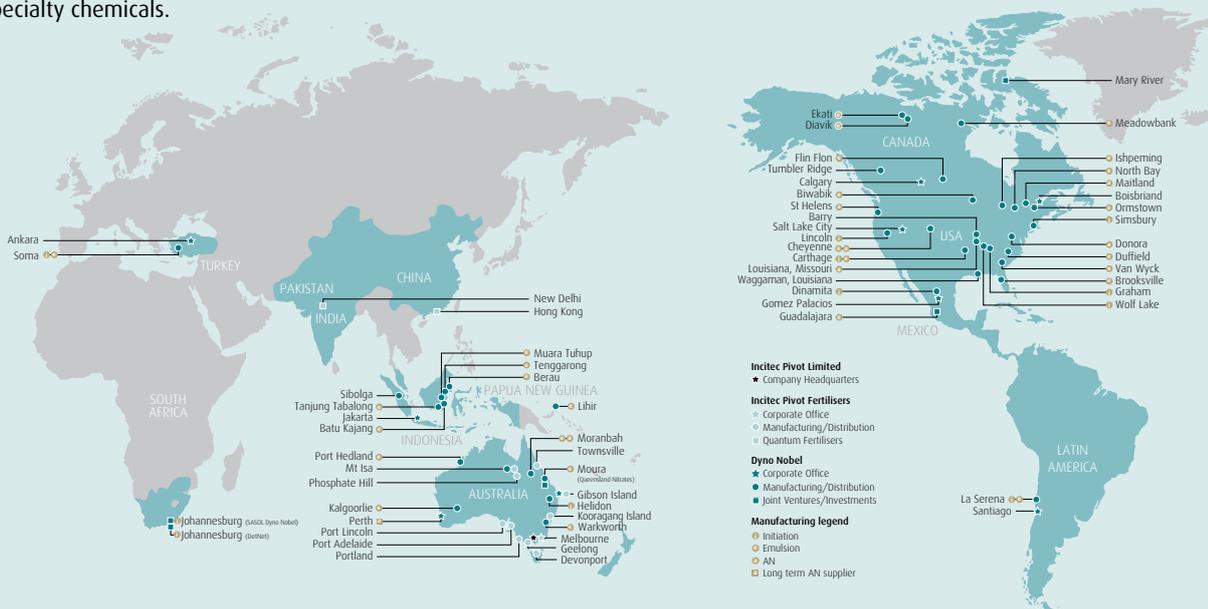
Annual EBIT (ex IMIs) of \$374.5m for the 2020 financial year



Ownership and operation of manufacturing plants in the US, Canada, Turkey, Australia, Mexico, Chile and Indonesia



IPL is a recognised world leader in the resources and agricultural sectors. With 60 manufacturing facilities and joint ventures across five continents, including Australia, North America, Europe, Asia, Latin America and Africa, we manufacture ammonium nitrate-based explosives and initiating systems, nitrogen and phosphorus fertilisers, and nitrogen related industrial and specialty chemicals.



Through our two customer facing businesses, Dyno Nobel in the Americas and across Asia Pacific and the largest fertiliser business in Australia, Incitec Pivot Fertilisers, we make people's lives better by unlocking the world's natural resources through innovation on the ground.

With its 150-year history of advancing technological developments, Dyno Nobel plays a critical role in releasing the resources necessary to build infrastructure and to generate the energy we need in today's modern world.

And through its 100-year heritage in Australian agriculture, Incitec Pivot Fertilisers maintains an important enabling role in meeting the rapidly rising demand for high quality and sustainable food production.

Our advanced technology, manufacturing excellence and world class services are focussed on the diverse needs and aspirations of our customers, ensuring IPL's continuing key role in developing the efficiency and sustainability of the world's resource and agricultural sectors.

4,859 employees at 30 September 2020



3 million tonnes of ammonium nitrate produced



Provide agronomic services in Australia, completing over 100,000 soil and plant tests per annum each year



As at 30 September 2020, 50% female Board members and 20% female executive managers



2 million tonnes of fertiliser produced

