SUSTAINABILITY SUMMARY 2018






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. IPL defines Sustainability as 'the creation of long term economic value whilst caring for our people, our communities and our environment'.

Our Company Purpose and seven Values guide our approach to sustainability:

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."

OUR VALUES

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

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 Report at www.incitecpivot.com.au

Incitec Pivot Limited

DYNO Dyno Nobel

Incitec Pivot Fertilisers

INNOVATION ON THE GROUND

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.

As a result, IPL has been included in the Dow Jones Sustainability Index (DJSI) for the past nine years, where we are benchmarked against peers in the global 'Chemicals' sector. In 2018, 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 fifth 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.

Dimension	2014	2015	2016	2017	2018
Economic	65	67	74	73	71
Environmental	60	51	60	61	64
Social	67	63	65	68	57
Total for IPL	**64**	**60**	**67**	**68**	**65**
Chemicals sector average	55	58	56	53	44

Member of Dow Jones Sustainability Indices In Collaboration with RobecoSAM

FTSE4Good

Continuous Improvement through Business Excellence (BEx)

Challenging and improving the status quo is one of IPL's values which is actioned through continuous improvement efforts. IPL has built a culture that fosters productivity improvements and sustainability initiatives, while prioritising IPL's company value of Zero Harm for Everyone, Everywhere (Zero Harm).

BEx BUSINESS EXCELLENCE

Workplace Health and Safety

29% reduction in process safety management Center for Chemical Process Safety (CCPS) Tier 1 Incidents

84% of sites recordable injury free

Material Issue: Workplace Health and Safety

IPL's Zero Harm company value is prioritised above all others. In 2018, IPL redefined its ambition to ensure that Zero Harm is a way of life not only for employees, but for other stakeholders, and extends beyond the Company to make a positive impact on the greater community. IPL also revised its Zero Harm strategic plan with a new three-year focus aimed at achieving a number of key safety measures, including a sustainable benchmark TRIFR of 0.7 by 2021.

Our Performance

- Achievement of a TRIFR of 0.96[1], below our target of 1
- Implementation of the IPL Safety Partner Group Standard, supported by core and refresher training
- Embedded effective use of global standardised Job Step Analysis (JSA) and Permit to Work (PTW) processes
- The Global launch of a refreshed Rules to Live by program in conjunction with World Safety Day.

What's next?

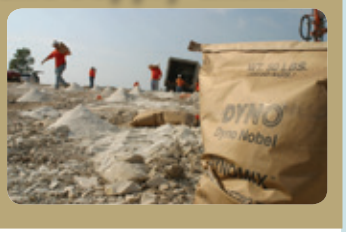
- Development of a Safety Leadership Framework
- Communication of the redefined Zero Harm culture vision
- Development of a Zero Harm mindfulness approach
- Continued improvement in Management of Change processes and the on-customer-site delivery of explosives products (Explosives Management System)
- Improved Process Safety Management and operator competency.

[1] Subject to finalisation of classification of any pending incidents.

Products, Services and Supply Chain

94% Australian self-sourced phosphate rock

135,904 one tonne fertiliser bags recycled



Material Issues: Product Quality; Product Sustainability; Customer Relationship; Supplier Engagement

Product quality is being continuously improved by the detection, analysis and correction of trends during processing which may impact quality and performance. We aim to assess, and where feasible, improve the environmental and social impacts of all products across their life cycle and work with customers to encourage product use which achieves the best sustainability outcomes. During 2018, IPL reviewed its strategy, governance and funding of R&D and added the Chief Technology Officer to the IPL Executive Leadership Team.

Our Performance

- Continued focus of ongoing R & D programs on collaborative research and product development with customers
- Establishment of the IPF Quality Assurance Council
- Introduction of Differential Energy to the Australian explosives market. This product continues to result in reduced NOx emissions, energy use, noise and ground vibration and increased productivity for customers
- Continued promotion of IPL's enhanced efficiency fertilisers, Entec and Green Urea, with a 32 percent increase in Green Urea volumes. These products minimise nitrogen losses to waterways and to the atmosphere as GHG
- Extension of Net Promoter Score customer survey software beyond the Australian fertiliser customer base to industrial chemicals customers
- Drafting of the IPL Supplier Code of Conduct, and a review of existing processes against the ISO:20400 Standard for Sustainable Procurement
- Continued development and marketing of explosive products and delivery systems that reduce blast fume emissions and minimise groundwater nitrate leaching.

Managing Our Workforce

43% of Board seats held by women[2]

2.6% Indigenous employment across IPL's Australian businesses

Material Issues: Workforce Diversity; Employee Engagement; Training and Development

IPL aims to be a business where Company Values guide behaviours in the workplace and where employees have the flexibility, tools and support to learn what they need to execute business objectives within a multi-geography, multi-cultural organisation. During 2018, IPL focused on developing leaders to build professional skills and increase diversity and employee engagement. Details on our Diversity Strategy can be found on our website.

Our Performance

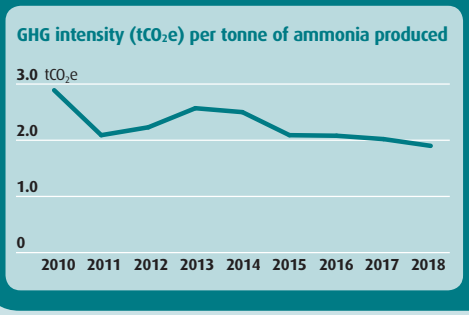
- Independent and recognised industry experts Gallup were engaged to conduct a Company-wide employee engagement survey, with over 700 managers receiving individual reports on employee engagement in their business
- Continued training of leaders in coaching and associated skills, and the piloting of Continuous Performance Conversations to further develop leadership capability and strengthen Company-wide collaboration
- Expanding the diversity of IPL's workforce by focusing on measures to increase gender diversity 10% year on year to reach 25% by 2022. In Australia, 33 percent of IPL's external hires during 2018 were female, increasing female participation across IPL's Australian workforce to 22 percent.

[2] For 2018, the Board includes the Managing Director and CEO

Environment

35% reduction in NOx per tonne of nitric acid produced against a 2015 baseline

6% reduction in GHG emissions per tonne of ammonia produced against a 2015 baseline



Material Issues: Energy, Water and GHG Emissions; Managing Environmental Impacts

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 and we aim to minimise environmental impacts.

Our Performance

- Scope 1&2 GHG emissions increased to 3.8 million tonnes with increased production and a maintenance issue at our Moranbah site. However, a target to stay within 10% of 2017 reductions in GHG per tonne of product was maintained
- Refresh of the Zero Harm ambition to extend beyond personal safety to include environmental management
- Implementation of an engineering framing assessment model to identify engineering and operational opportunities to improve environmental outcomes
- Maintenance of the Environmental Incident Frequency Rate below 1 and setting of a new target of Zero Significant Environmental Incidents[3] for 2019.

[3] Incidents rated by the IPL Risk Matrix as Category 5 or 6. A category 5 incident is 'a major event or repeat non-compliance with regulatory, licence or permit conditions leading to prosecution or restriction of operations' and a Category 6 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'.

Managing Climate Change Risks – FAQ

Material Issues: Physical Risks, Market Risks, Legal and Policy Risks

IPL's main manufacturing process currently relies on sustainable access to natural gas and water, and is GHG emissions intensive. In addition, farming and mining customers, and therefore IPL's markets, can be impacted by extreme weather events such as droughts, floods, hurricanes and tropical cyclones, as can its own manufacturing facilities. For these reasons, the risks associated with emissions, access to natural gas and water, and the physical impacts of extreme weather events have been integrated into IPL's existing risk management processes and corporate strategy for many years, with geographical and market diversification remaining a key management strategy. During 2018, this integrated risk assessment process was strengthened with the engagement of an expert third party to complete a comprehensive assessment of IPL's physical and transitional (market-based) risks and opportunities associated with climate change.

Why did IPL use climate change scenarios to assess its climate change-related financial risks and opportunities?

With the release of the G20 Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD) report, IPL recognised the need to review its processes in assessing and managing climate change-related financial risks and opportunities, and in formulating the related disclosures which inform investors. The TCFD recommends that Companies identify and strategically consider their climate change-related financial risks and opportunities by assessing them against two future climate change scenarios, with one being a scenario in which climate change is limited to 2° Celsius or lower. In order to limit climate change to 2° Celsius, a 2 degree scenario lays out an energy system deployment pathway and an emissions trajectory consistent with limiting the global average temperature increase to 2°C above the pre-industrial average. Conversely, the 4 degree scenario used assumes 'business as usual' and describes a future in which climate change proceeds unchecked and causes a 4 degree increase in global temperature. By using these two scenarios, IPL was able to assess the physical and market risks which were assumed to occur under each scenario, and consider ways in which these can be strategically and practically managed should they occur.

Where did the 2 and 4 degree scenarios come from and what did they include?

The 2 and 4 degree future scenarios used were developed specifically for IPL by a leading specialist using the International Energy Agency (IEA) Sustainable Development Scenario 2017, the IEA New Policies Scenario, the Bloomberg New Energy Finance New Energy Outlook 2018 (BNEF NEO), the Climate Futures Tool developed by the CSIRO and the Australian Bureau of Meteorology, the Climate Explorer Tool developed by the National Oceanographic and Atmospheric Association (NOAA), the WRI Aqueduct Tool developed by the World Resources Institute, and using inputs from the Intergovernmental Panel on Climate Change (IPCC), the Louisiana Coastal Protection and Restoration Authority and peer reviewed scientific journals from sources including the Proceedings of the National Academy of Sciences of the United States of America (PNAS).

The scenarios described how physical climate change and efforts to reduce emissions would impact on areas including carbon pricing and carbon markets, the broader economy, people and social structures, the development of technology, the physical environment, energy and power, agriculture, mining, infrastructure and transport, in both a 2 degree scenario and a 4 degree scenario.

Which IPL business operations and aspects were included in the 2 and 4 degree climate change scenario risk assessments?

The risk assessment considered the physical and market impacts on IPL's 13 major manufacturing operations on an individual and detailed basis. It also considered the financial risks and opportunities for IPL related to the impacts in each scenario in the areas of carbon pricing and carbon market development, the overall economy, the development of technology, people and social structures, the physical environment, energy and power, agriculture, mining, infrastructure and transport.

How exposed is IPL to the thermal coal market?

In Australia, thermal coal customers made up less than 3 percent of our explosives business' revenues in 2018. In the Americas explosives business, this was greater (28 percent) with 40 percent of revenues coming from the quarry and construction sector and 32 percent from base and precious metals. Treatment strategies to manage the risks associated with the current structural shift in the North American power sector, which has seen a movement away from coal-fired energy production and towards natural gas, are reported in the IPL Annual report under 'Principal Risks' in the 'Industry structure and competition risks' section. Treatment strategies to manage the risks associated with possible shifts away from the use of thermal coal in energy markets due to climate change-related factors are reported in the 'Climate change risk' section.

Was sea-level rise considered to be a material risk? What about other physical impacts?

Only two IPL manufacturing sites were identified as being at risk of flooding due to storm surges associated with rising sea-levels, which the 4 degree scenario assumed may occur after 2030. The construction of sea-level management infrastructure (levies, etc.) will be considered in the long-term for these sites. Some IPL sites are located in areas which experience extreme weather events such as hurricanes. Under a 4 degree scenario, the intensity and frequency of these may increase. Due to its location in a hurricane zone, the Waggaman, Louisiana ammonia plant was built to comply with wind codes set out by the International Building Code Design Standard IBC 20 and Minimum Design Loads for Buildings and Other Structures ASCE 7-05 which include the relevant standards for wind load, occupancy categories, basic wind speed and exposure. The design was signed off by a Louisiana based certified Professional Engineer with experience in these design standards for the region, where the impacts of future hurricanes must be considered. The required permits also included ensuring that the plant was built at a height above Louisiana's expected future inundation levels.

Where are the results of the risk assessment reported?

Risks considered to be material are reported in the IPL Annual Report under 'Principal Risks' on page 19. For more detailed reporting on the assessment process, the identified climate change-related risks and opportunities, and the governance of these at IPL, see the online 2018 IPL Sustainability Report which will be published in March 2019 at www.incitecpivot.com.au/sustainability.

ABOUT OUR BUSINESS

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

Annual revenue of $3,856.3 million for the 2018 financial year

Annual EBIT (ex IMIs) of $556.7 million for the 2018 financial year

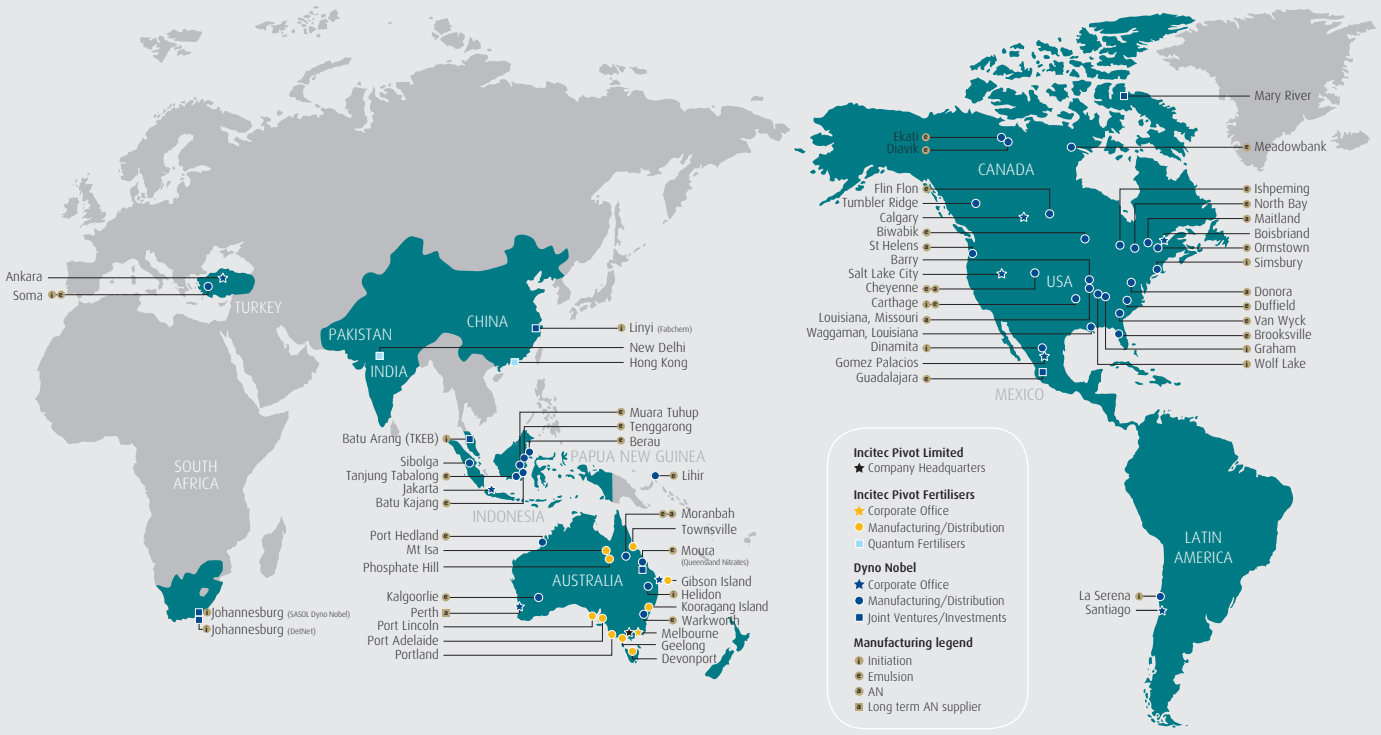
Ownership and operation of manufacturing plants in the US, Canada, Turkey, Australia, Mexico, Chile and Indonesia

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

IPL is a leading international explosives and blasting service company and the largest fertilisers manufacturing and distribution business in Australia. It has operations primarily in Australia, where it operates under the globally recognised Dyno Nobel and Incitec Pivot Fertiliser brands, and in North America, where it also operates under the Dyno Nobel brand.

In Australia, Incitec Pivot Fertilisers is the largest supplier of fertilisers by volume, dispatching around 1.8 million tonnes each year for use in the grain, cotton, pasture, dairy, sugar and horticulture industries.

The Company has operations in Australia, North America, Europe, Asia and Latin America.



4,766 employees at 30 September 2018

As at 30 September 2018, 22% females in executive management roles

Supply approximately 1.8 million tonnes of fertiliser per annum

Supply approximately 2.2 million tonnes of ammonium nitrate explosive per annum

Provide agronomic services in Australia, completing over 70,000 soil and plant tests

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