



Message from the Managing Director and CEO

This is Orica's seventh annual safety, health and environment (SH&E) performance report and, of course, my first as CEO. I am pleased to be part of a company that has a core value to 'operate to the highest standards of safety, health and care for the environment' and a SH&E vision of 'No Injuries to Anyone, Ever'. I believe that excellent SH&E performance is not only the right thing to do for the people who work at Orica and the community at large, but it also makes good business sense.

One of the first things I did, like every other employee joining Orica, was to sign on to Orica's SH&E Charter. The Charter clearly spells out what is expected of me, both as an individual and as a line manager with respect to SH&E. I intend to meet these expectations just as I expect all employees to meet them.

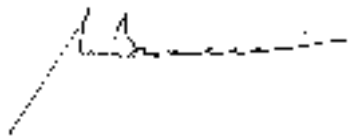
Performance

Although we have not achieved all of our SH&E objectives this year, our performance is still very good by industry standards. Our prime performance indicator, the rate of injury and illness, was slightly higher than last year, when we had our lowest incidence of injury and illness ever. We did better in our health and hygiene program measures, we had fewer significant spills and leaks at our sites, but our product distribution performance slipped a little. Overall our environmental performance continues to improve and sites and businesses have in place plans to achieve our Challenge 2005 objectives.

Sustainability

Understandably, as we are a company that deals with hazardous chemicals and explosives, we put an emphasis on the safety, health and environmental performance of both our operations and our products. On a broader perspective, the company's commitment to sustainable development has been recognised by our inclusion on the Dow Jones Sustainability Group Index and a high ranking on the Australian Westpac – Monash Eco Index.

We recognise that there is still plenty of room for improvement, but I am convinced from a social and environmental perspective that we are making good progress. Our financial performance is far from satisfactory and we are changing the way we go about our business. Things will be done differently, but our commitment remains to the wellbeing of our employees, the general community and the environment, and to the wealth of our shareholders.



Malcolm Broomhead
Managing Director and CEO
Orica Limited



Awards

- Incitec's Gibson Island site won the inaugural industry award at the Queensland Healthy Waterways Awards for cutting outflows of nitrogen into the Brisbane River by over 90%.
- Orica's subsidiary Australian Vinyls won the Best Manufacturer Award at the 2001 Energy Smart Awards run by the Sustainable Energy Authority of Victoria, Australia.
- Orica Chile was awarded a 'Mención Honrosa' in the 2000 Annual Mining Safety Recognition Program by SERNAGEOMIN (National Service of Mining and Geology – Chilean Government) under the segment 'Service Companies category B' (200,000 to 1,000,000 man-hours per year).
- Orica Chemnet NZ was one of 20 companies in New Zealand recognised in the first national awards for corporate environmental responsiveness.
- Orica Limited won the occupational health and safety reporting award at the 2001 Australian Annual Report Awards. Orica's subsidiary Australian Vinyls was given a commendation in the environment reporting category.

Prosecutions

- Orica Brazil received a \$A8,252 fine in December 2000, for the discharge of liquid effluent from a kitchen facility into a river at the Lorena site.
- In March 2001, Incitec pleaded guilty to charges under the Queensland Workplace Health and Safety Act arising from an injury to an employee at Pinkenba (Queensland, Australia) in August 1999. Incitec was fined \$A4,400 plus \$A2,700 costs but no conviction was recorded.
- In April 2001, Australian Vinyls received a penalty improvement notice with a fine of \$A5,000 for a breach of the Altona (Victoria, Australia) facility's licence conditions relating to the release of 6.5 tonnes of PVC powder.
- In July 2001, Orica Australia pleaded guilty to charges under the New South Wales Occupational Health and Safety Act arising from an incident in which a contractor was injured on the Padstow site in August 1998. The penalty has not yet been announced.

In each of these cases a thorough investigation was undertaken and corrective actions put in place to prevent recurrence.

Challenge 2005 Progress Report

Orica's Safety, Health & Environment Performance (SH&E) Policy

At Orica we believe that all work related injuries, illnesses and environmental incidents are preventable.

We will manage all our activities with concern for people and the environment and will conduct our business for the benefit of society and without compromising the quality of life of future generations.

In particular we will:

- strive to ensure our facilities operate to the highest standards to protect our employees, contractors, neighbours and the environment
- continue to seek ways to efficiently use materials and energy
- sell only those products that can be produced, transported, stored, used and disposed of safely
- provide appropriate information and/or training on the safe use and disposal of our products to our customers and consumers
- seek to develop new or improved products and processes to improve the contribution we make to the quality of people's lives and to minimise the impact on the environment
- require every employee and contractor working for us to comply with relevant legislation and with this policy and we will provide them with the necessary training
- encourage employee initiatives that contribute to a safer and improved environment at work, at home and in the community
- set challenging targets and measure progress to ensure we continuously improve our safety, health and environmental performance
- communicate openly about our activities and report progress on our safety, health and environmental performance.

We make this commitment to our employees, contractors, customers, shareholders and the community as we work towards our vision of

'No Injuries to Anyone, Ever.'

About Orica

Orica is a publicly owned Australian company with around 9000 employees across approximately 30 countries. We manufacture and supply commercial explosives and services; agricultural chemicals and fertilizers; industrial and specialty chemicals including products for water care; and paints and paint preparation products.

Orica became an independent Australian company in 1997 after ICI PLC divested its majority shareholding. The business started in 1874 as a small explosives firm based in Melbourne.

Orica Limited
ABN 24 004 145 868

About this report

The report is shorter than previous years. This has been achieved without materially compromising the amount of information available to shareholders and the general public. Additional information can be found on the Orica website (www.orica.com) or can be obtained directly from the company (please see back cover for details).

Cover image: Gerardo Mendoza at the Micare site, Mexico

Introduction

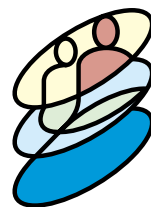
The goal for Orica is to conduct its business with zero injuries, zero illnesses, zero losses of containment of chemicals and zero wastes. It is recognised that this will not be easily achieved and so the company has set itself performance improvement objectives with milestones to be passed by the year 2005. These Challenge 2005 objectives and the relevant measures and milestones were described in our 2000 Annual SH&E Report.

Safety and Health

We will reduce the rate of injuries and illnesses by at least half in the Challenge 2005 period (2000–2005).

High compliance will be maintained in the illness prevention programs.

- This year, 137 employees were injured or became sick at work sufficiently seriously to require medical treatment, restricted duties or days away from work. 32 contractors working on our sites were also injured.
- There were no fatalities at work, but tragically one employee in Tasmania was killed in a road incident on his way home from work. Two members of the public were killed in road incidents involving contractor vehicles transporting our products.
- Statistically the employee injury/illness rate was 1.41, 12% higher than in the previous year and the contractor injury/illness rate was 1.72, 7% lower than the previous year (see figures 1 and 2).
- However, the company's injury rate is less than one third of the average injury rate of member companies of the Australian Plastics and Chemicals Industries Council. The average recordable case rate of member companies of the American Chemistry Council was 2.16 in 2000.
- Sprains from manual handling accounted for about a third of the cases and damage to hands, mostly cuts, accounted for a quarter of the cases.
- A total of 15 injuries/illnesses directly involved exposure to chemicals or explosives, including a serious explosion in Troisdorf (Germany) when a tray of detonators exploded, badly injuring an operator's arm.
- The above cases and other significant incidents were investigated and corrective actions put in place to prevent recurrence.
- Significant safety and health projects were undertaken during the year relating to improved manual handling standards and procedures, promotion of hand safety, forklift truck and motor vehicle driving safety.
- The integrity and performance of the company's health assessment and hygiene assurance illness prevention programs were maintained (see back page).
- Continuing focus was placed on the active rehabilitation of those employees who sustained work related injuries or illnesses, to promote a prompt return to their normal work and social activities.
- A number of Orica operations achieved significant safety milestones during the year. For example, the Seneca plant at Morris (Illinois, USA) has operated over 32 years without a lost workday, the Ok Tedi mine explosives unit in Papua New Guinea has operated 14 years without a lost workday, and the Incitec Gibson Island works (Queensland, Australia) has operated 650 days without an employee recordable injury.



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Environment

We will continue our program of restoring land and groundwater affected by past activities.

We will eliminate the risk from the storage of hazardous materials in underground tanks.

We will at least halve the number of losses of containment of chemicals from our sites.

We will improve the use of resources, increasing energy efficiency (reducing greenhouse gas emissions) and increasing water consumption efficiency.

Individual sites will set their own waste reduction objectives based on site specific environmental impacts.

- Remediation work on former manufacturing sites continued, with works nearing completion at Padstow (New South Wales, Australia) and investigations underway at Villawood (New South Wales, Australia), Yarraville (Victoria, Australia) and Riverview (New Zealand). Recently completed remediation projects include Avondale (New Zealand) and Rhodes (New South Wales, Australia) (see land and groundwater issues back page).
- Orica has pioneered the use of a below ground reactive iron barrier wall for the treatment of groundwater conditions at the Botany Industrial Park in Botany (New South Wales, Australia). Public exhibition of the environmental impact statement for the proposed destruction of hexachlorobenzene at Botany has concluded and submissions are under consideration by the NSW Department of Urban Affairs and Planning.
- In the past two years over half of the company's underground storage tanks have been eliminated. Work is continuing with the program to eliminate the risk of contamination from existing underground facilities.
- There were four significant incidents at our sites involving losses of containment of chemicals that impacted on our neighbours or the environment (see figure 3).

- Each year Orica sites conduct tens of thousands of tests and other activities to meet environmental licence requirements. Compliance with these requirements is maintained in excess of 99.5%.
- The company has maintained a continuing focus on improving energy efficiency and reducing greenhouse gas emissions (see figure 5 and back page) and reducing water consumption (see figure 6).
- Incitec completed its first Greenhouse Challenge cooperative agreement and is now discussing a second agreement with the Australian Federal Government. Orica Australia has also put forward a preliminary proposal for a second cooperative agreement for the period to 2005.
- Some Orica sites are required to report releases of hazardous substances to state pollution inventories. A summary of such releases is available (see back page).
- All sites have set objectives to reduce energy and water use, and also more specific waste reduction goals relating to their local environmental impacts.

Product Stewardship

We will at least halve the number of distribution incidents involving the company's products.

Life cycle assessments will be completed for all the company's major product groups.

Businesses will set their own specific objectives aimed at the more efficient use of materials.

- Product stewardship continues to receive significant attention by all Orica businesses. Our Chemicals business has led the way with special support and training programs offered with its products. This year the Consumer Products business took the bold marketing step of replacing many of its heavy 20 litre containers with 15 litre containers, with the aim of reducing manual handling injuries to employees and customers.
- No progress was made with our objective to halve our

significant distribution incidents. The number of such incidents rose from 23 last year to 25 this year (see figure 4). Two of the incidents involving contract carriers resulted in fatalities, one to the driver of a car in Mexico and the other to a motorcyclist in Western Australia. There were also several injuries to the drivers of these transport vehicles.

- None of these incidents was associated with significant environmental damage, but a number of vehicles were badly damaged with loss of product and major traffic disruption. The company is tightening the standards for its own fleet and strongly supporting industry and government accreditation programs for the carriers it uses.

- A protocol has been developed in the company for the life cycle assessments of its major product groups based on external standards and the pioneering work done by Australian Vinyls with PVC.
- Businesses have plans to improve the eco-efficiency of their operations and their products. Notably the Consumer Products business has signed a Packaging Covenant with the Australian Government. It aims to reduce the amount of packaging waste destined to end up in land-fill by selecting and using packaging capable of being re-used or recycled.

Community

All our major sites will issue site safety, health and environmental reports to their local communities.

All employees will be encouraged to participate in customer and community safety outreach programs.

- Major sites produced annual reports on their safety, health and environmental performance and plans. These reports take the form of leaflets, newspaper advertisements and calendars (see back page).
- Incitec's site at Kooragang Island (New South Wales,

Australia) took the pioneering step of developing with its local community a community charter which spells out the community's expectations of the site and, in turn, the site's expectations of the community.

- Wherever possible, the company has looked for opportunities to share its expertise in health and safety, particularly with respect to chemicals. Often these were meetings with customers such as farmers and their families, or talks to local schools.
- The company operates an emergency response service (ERS) to give advice on its products on a 24 hour basis. In the past year the ERS responded to 620 calls for help from customers, the authorities and the general public (see back page).

**Orica's 24 hour
Emergency Response Service
1800 033 111 (Australia)
0800 734 607 (New Zealand)
61 3 9663 2130 (elsewhere)**

About the Challenge 2005 logo

Our logo shows the elements of sustainable development – through the images of people representing social responsibility, the leaf confirming our commitment to the environment, and underpinned by a blue disc derived from the Orica logo signifying a strong, profitable company striving for a good return to its shareholders. Overall the logo symbolises people working together so that our company is a safer and more environmentally responsible place to work, and is also highly regarded by the community.



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Charting Our Progress

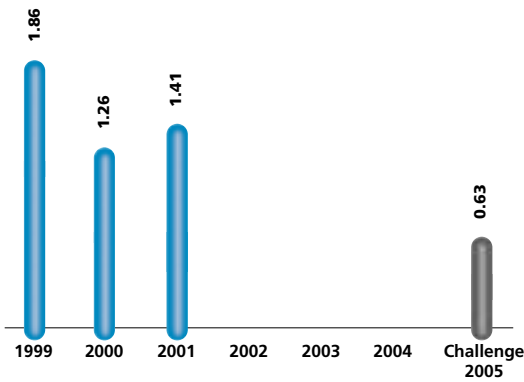


Figure 1
Employee Recordable Case Rate

The recordable case rate is the number of injuries and illnesses per 200,000 hours worked (US OSHA System).
The lost workday case rate for 2000/2001 was 0.38 per 200,000 hours.

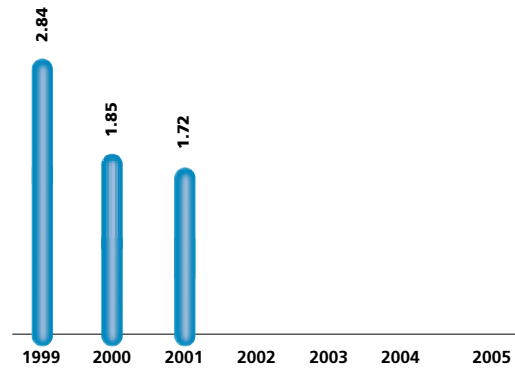


Figure 2
Contractor Recordable Case Rate

Contractors are people working on Orica sites but not under the direct control of Orica. No Challenge 2005 milestone has been set.
The lost workday case rate for 2000/2001 was 0.48 per 200,000 hours.

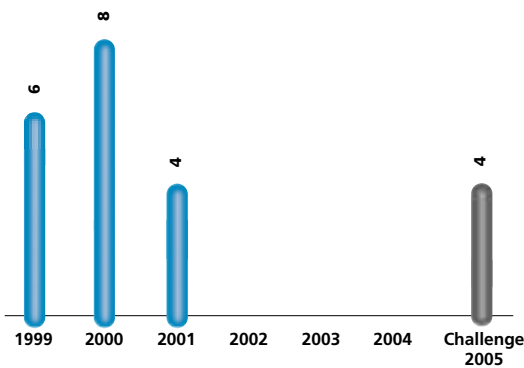


Figure 3
Site Incidents

The incidents in 2000/2001 occurred at Brendale (Queensland, Australia), Altona (Victoria, Australia) and on two occasions at the bulk explosives site at Carol Lake (Newfoundland, Canada).

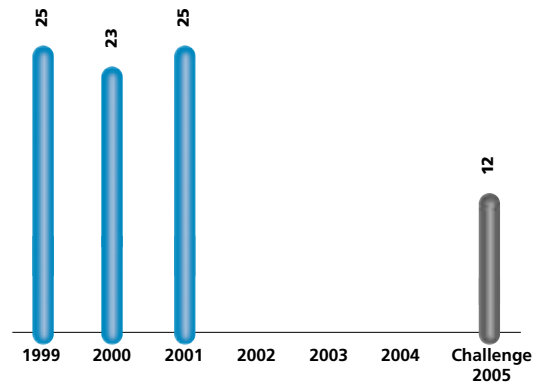


Figure 4
Distribution Incidents

Nine of the 25 incidents involved Orica owned transport; the rest contract carriers. All but one of the incidents involved road transport. The other occurred at a sea port.

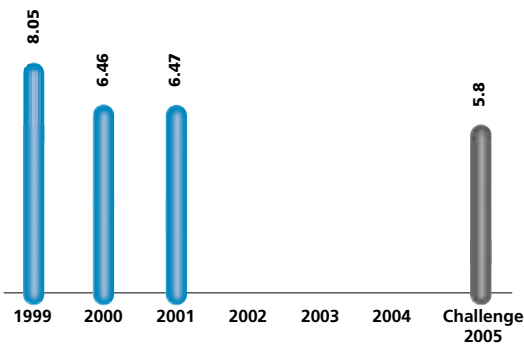


Figure 5
Energy Usage per Tonne of Production

Total energy use increased by 3% but production increased by a similar amount. Total carbon dioxide emissions including indirect emissions from the use of electricity were 2.1 million tonnes.

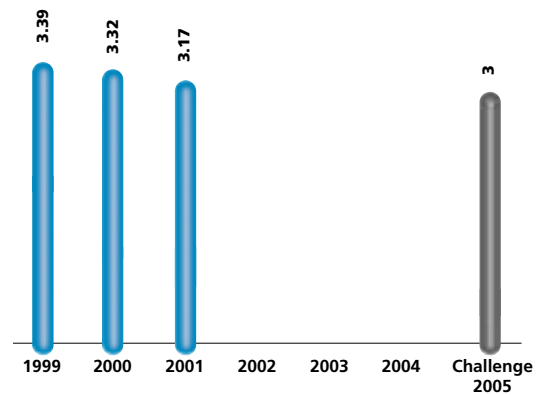


Figure 6
Water Consumption per Tonne of Production

Total water consumption was 11,700 million litres. Consumption in 2000/2001 decreased by 3%. Incitec Gibson Island works increased water consumption efficiency by 10%.

Information and Feedback

Site Community SH&E Reports

Australia

Botany, NSW
Brendale*, Queensland
Cockle Creek*, NSW
Deer Park, Victoria
Gibson Island*, Queensland
Kooragang Island*, NSW
Laverton, Victoria
Port Kembla*, NSW
Rocklea, Queensland
Welshpool*, WA
Yarraville, Victoria
Yarwun, Queensland

*Incitec sites

New Zealand

Gracefield
Hornby
Mount Maunganui (Chemnet)
Mount Maunganui (Resins)

SE Asia

Samarinda, Indonesia
Weihai, China

Americas

Brownsburg, Quebec, Canada
Carseland, Alberta, Canada
Monclova, Mexico
Lorena, Brazil
Seneca, Illinois, USA

Europe

Roburite, Wigan, UK
Troisdorf, Germany
Würgendorf, Germany

These sites produce annual reports. Copies can be obtained directly from the sites.

Other Documents

SH&E Policy
SH&E Standards
SH&E Management
– Vision
– Strategy
– Due Diligence
Challenge 2005 – Objectives and Milestones
Health and Hygiene
Land and Groundwater Issues
Summary of Chemical Releases from Orica Operations
Greenhouse Gas Reduction
Product Stewardship
Emergency Response Service
Responsible Care
Coatings Care
Agsafe
Dow Jones Sustainability Group Index



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All of these reports are available on Orica's corporate website (www.órica.com) or alternatively printed copies can be obtained by contacting Orica as shown below.

Feedback

If you have any comments on this report or improvements please suggest them on the Annual Report feedback form on the Internet (www.órica.com/feedback) or by contacting Orica directly.

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This report was produced by the Corporate SH&E Unit and Corporate Affairs November 2001

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