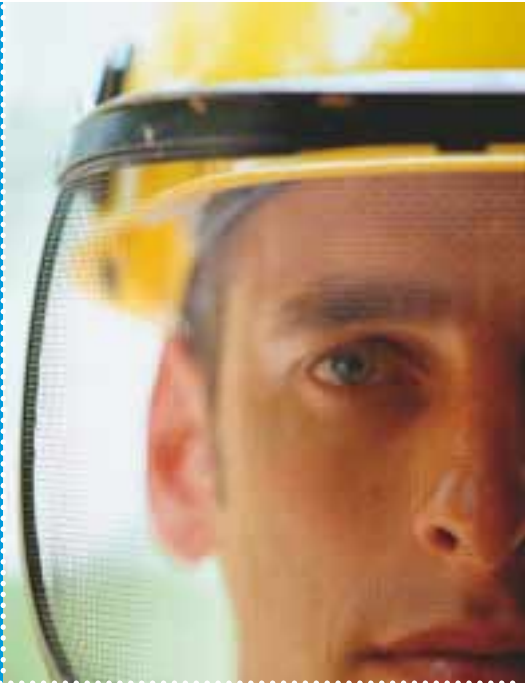


Ensuring Our Future



Welcome to Orica's ninth annual Safety, Health & Environment (SH&E) performance report.

In 2003 Orica made progress towards our Challenge 2005 SH&E milestones and in relation to some parameters, these were exceeded.

Safety & Health

Safety has always been a cornerstone of Orica culture and it is pleasing to see that, since 2001, we have achieved an improvement of 33% in the illness and injury recordable case rate. Further, during the year our hygiene programs demonstrated a high compliance with exposure standards.

However, it saddens me greatly to have to report that a fatality occurred at the USA Seneca site late in 2002. Despite this unfortunate fatality, we remain committed to our vision of 'no injuries to anyone ever' and from 2004 we are adopting the 'all worker rate' (employees and contractors) as our primary safety measure.

Environment

Environmental issues are among the more significant challenges and also the more exciting opportunities for our company.

One of the key challenges continues to be improving the Company's environment performance through responsibly and progres-

sively addressing the legacy of many decades of chemical production.

In taking on this responsibility, we are addressing the technological and community issues associated with contamination of land and water at both current operational and redundant sites. Costs for such works are covered through financial provisions. While, in some cases, solutions will not be easy nor instant, we are committed to achieving the necessary outcomes for our communities and employees.

In addition to managing legacy issues, another area of ongoing concern is reducing the frequency of incidents involving the transport of our products. We have supported carrier accreditation programs with the majority of our carriers in New Zealand and Australia. There is a need to continue a focus on this issue and to work with drivers and contractors to reinforce company procedures and further improve driving practices.

During the year Incitec Limited, a subsidiary of Orica, was found guilty of a breach of a licence condition relating to acid levels in wastewater discharges and was fined \$90,000 by the NSW Land and Environment Court. As a consequence of the incident we have undertaken a comprehensive project to upgrade procedures and hardware, this includes investment of \$180,000 in a new pH control system.

Sustainability & Greenhouse

One of our key areas of environmental focus is reducing greenhouse gases and improving energy efficiency. In 2003, our SAVE team at Gibson Island contributed to a 6% reduction in energy consumption at this energy intensive site, and the new chlorine plants at

Botany and Laverton delivered a saving of around 60,000 tonnes of carbon dioxide emissions.

Overall, absolute emissions of carbon dioxide from Orica's energy usage reduced by 13% since the 2002 year. Such a reduction is in keeping with the spirit of the Kyoto Protocol and has been achieved by Orica through its Challenge 2005 program.

We are committed to the principle of sustainability and have enshrined this in our SH&E policy as follows:

'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 for future generations'

In the year to come Orica will continue to ensure our future by valuing people and valuing the environment. I look forward to working with our customers, shareholders, employees, regulators and the community towards achieving our SH&E goals.



Malcolm Broomhead
Managing Director and
Chief Executive Officer
Orica Limited



Orica's Safety, Health & Environment Policy

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



**challenge
2005**

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.

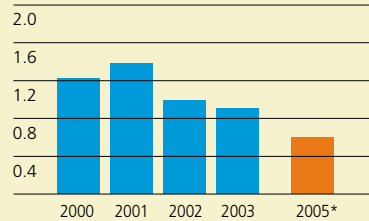
In particular we will:

- 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:

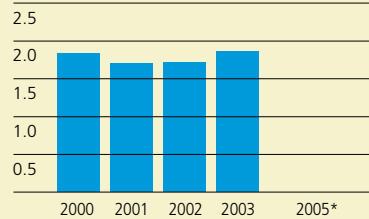
'No Injuries to Anyone, Ever'

'Value People and the Environment'



Employee Recordable Case Rate

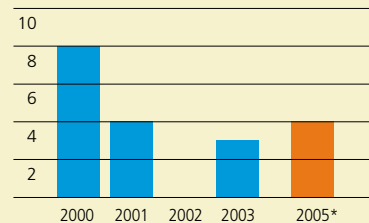
Recordable Case Rate is the number of injuries and illnesses per 200,000 hours worked (US OSHA system). This is equivalent to the hours worked by 100 people in a year. For 2003, the case rate was 0.94. This included one fatality. Lost Workday Case Rate for 2003 was 0.28 per 200,000 hours worked.



Contractor Recordable Case Rate

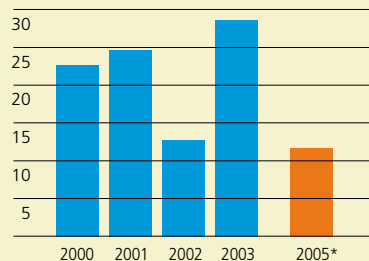
A large number of contractors also work at Orica sites, but some are not under the direct control of Orica. The 2003 case rate was 1.88. No Challenge 2005 milestone was set.

Lost Workday Case Rate for 2003 was 0.67 per 200,000 hours worked.



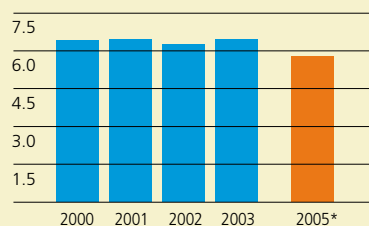
Site Incidents

The number of serious site losses of containment. Sites also record and investigate all minor spills. For 2003, the number was 3.



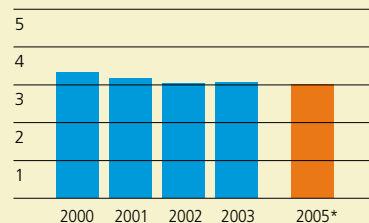
Distribution Incidents

The number of serious incidents involving Orica product during transportation. For 2003, the number was 29. There were 5 injuries associated with these incidents.



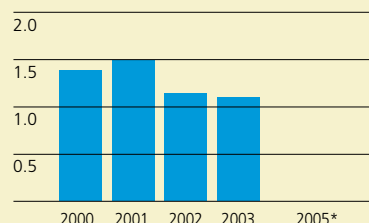
Energy Usage per Tonne of Production (GJ/te)

Energy usage per tonne of production increased by 3% in 2003 to 6.49 GJ/te due to reduced production. Total energy consumption was 23,869 TeraJoules, which was 0.7% less than the previous year.



Water Consumption per Tonne of Production (Kl/te)

Water usage per tonne of production increased by 0.7% in 2003 to 3.05 Kl/te due to reduced production. Total water consumption was 11,217 million litres, which was 3.1% less than the previous year.



All Worker Recordable Case Rate

This includes both employees and contractors. From 2004, it will be used as the primary safety measure for the workforce engaged by the Company or its operating sites. No Challenge 2005 milestone was set. All Worker Recordable Case Rate for 2003 was 1.08 per 200,000 hours worked.

* Challenge 2005 Milestone

Challenge 2005 Progress Report

The ultimate goal is for Orica to conduct its business with zero injuries, zero illnesses, zero losses of containment of chemicals and zero wastes.

However, it is recognised that this will not be easily achieved and so the company has set itself performance improvement objectives with milestones it wants to pass in a number of key areas by the year 2005. These Challenge 2005 targets and relevant measures and milestones were first described in the 2000 Annual SH&E Report and progress is measured each year.

In 2003, Orica again made progress towards its goals of becoming safer, healthier and more environmentally responsible.



The Company's operations consumed 23,869 TeraJoules of energy in 2002/03. Of this, 87% was from natural gas.

Safety and Health

Challenge 2005 Targets:

- Reduce the rate of injuries and illnesses by at least half over the five year period (Employee Recordable Case Rate to be halved from 1.26 in 2000 to 0.63 in 2005 – based on the US OSHA system where rates are per 200,000 hours, which is equivalent to the hours worked by 100 people in a year)
- High compliance will be maintained in the illness prevention programs (>98% in 2005)

Injury and illness performance for 2003 demonstrated a reduction in the employee recordable case rate for the company from 1.02 to 0.94, representing an improvement of 8% from the previous year and a 33% performance improvement over two years. The 2005 target is 0.63.

Orica continues to be a leader in Australian industry and compares very favourably to the best performers in North America.

Contractor recordable case rate performance declined marginally from 1.73 in 2002 to 1.88 in 2003. No 2005 target has been set, however from 2004 the company is adopting the 'all worker rate' (employees and contractors) as its primary safety measure.

However this performance improvement was overshadowed by the tragic death of an employee during the year. On Christmas Eve 2002, a supervisor and 27 year veteran employee, was fatally injured while working on the elevator that services the prill tower on the Seneca ammonium nitrate plant at Illinois, USA. A thorough investigation was conducted and the learnings have been shared around the company.

The number of all worker injuries and illnesses (employees and contractors) was 109 in 2003, ten less than for the 2002 year and 60 less than for the 2001 year. Analysis of these cases showed that manual handling activities or ergonomic issues were associated with 30% of cases. The proportion from trips and falls was 23% and from hand injuries was

21%. There has been a significant and continuing improvement in injuries and illnesses due to handling chemicals, now at 5%.

Hygiene programs during 2003 showed compliance with exposure standards of 97.2%. The completion rate for annual hygiene sampling programs (2634 tests) was 96.3% in 2003. The annual health assessment program (4825 tests) achieved a compliance of 99% to plan.

During the year special safety and health activities were conducted focussing on key issues:

- Considerable attention was given to understanding and sharing the learnings from the two fatalities that occurred in calendar 2002, one of which was in this reporting period. This has been communicated via team briefs and in addition, managers were asked to communicate the learnings with a presentation entitled 'Why Follow SH&E Procedures', at the time when SH&E Charters were re-signed.
- In Australia, Orica Major Hazard Facilities sites in Victoria (Deer Park, North Laverton, Laverton) and Western Australia (Welshpool) achieved MHF licenses for five years. Risk assessments and preparation of safety cases are progressing to plan for Major Hazard Facilities in New South Wales and Queensland.
- New tools were developed within the company to assist in improving awareness of manual handling as well as reducing such injuries.
- The focus on safety has been a strong emphasis in the culture of the new Incitec Pivot organisation. This is supported by a roll out of existing Orica programs across Incitec Pivot.
- For 2003/04 onwards, the company has adopted the All Worker Recordable Case Rate (includes Employees and Contractors) as the primary safety measure.

Environment

Challenge 2005 Targets:

- At least halve the number of accidental losses of containment of chemicals at our sites. The 2005 milestone is no more than 4.
- Improve the use of resources, increasing energy efficiency (reducing greenhouse gas emissions) and increasing water consumption efficiency.
 - The energy efficiency related to production will be increased by at least 10%.
 - The water consumption efficiency related to production will be increased by at least 10%.
- Continue the program of restoring land and groundwater affected by past activities.

Site Losses of Containment

There were three serious site losses of containment recorded in 2003 (zero in 2002). This number is lower than the 2005 target of 4 and has been reduced from 8 in 2000. There were no injuries associated with the three incidents in 2003. In addition, sites record and investigate all minor leaks of product.

Energy/Greenhouse Gases

The Company's operations consumed 23,869 TeraJoules of energy in 2002/03. Of this, 87% was from natural gas, principally for ammonia production at the Incitec Pivot Gibson Island and Kooragang Island facilities, with electricity accounting for 10%. The total energy used was marginally (0.7%) lower than in the previous year. Company production volumes were 3.7% lower in 2003 compared to 2002, principally due to the drought affecting fertilizer sales and divestment of the PVC manufacturing business. Consequently, the energy usage per tonne of production has risen to 6.49 GJ/tonne, 3.0% higher than the previous year. The 2005 target is 5.8 GJ/tonne.

Community



The SAVE Team at Gibson Island contributed to a 6% reduction in specific energy consumption on this energy intensive site.

Absolute emissions of carbon dioxide from energy use reduced by 13.3% on the 2002 year to 1,793 kilotonnes and carbon dioxide emissions per tonne of production company-wide have fallen by 8.3% to 0.49 te/te. Reasons for this are:

- Changes in the natural gas emission factors provided by the Australian Greenhouse Office reducing emissions by approximately 90,000t
- The new chlorine plants at Botany and Laverton saving approximately 60,000t and,
- The divestment of the PVC manufacturing plants accounting for 80,000t.

In 2004, with projected increased fertilizer sales, it is anticipated that Challenge 2005 energy and carbon dioxide targets will be achieved.

Water Consumption

Operating sites track their water consumption and report usage in recognition of the increasing demand on fresh water resources, with Australian sites in particular acutely aware of this scarce resource, as water restrictions are now in place at several localities. In 2003, the water used by Orica operations was 11,217 million litres, which is 3.1% less than the previous year.

All businesses are making a contribution. Highlights were reductions at Port Kembla, Rocklea, Deer Park and Yarwun, where efficiencies implemented during the Queensland drought are continuing to make sustained savings of over 15%.

Water use per tonne of production increased by 0.7% compared with 2002. Again lower fertilizer production impacted this result.

Challenge 2005 set an objective to reduce water consumption per unit of production by 10%. At this point, the company has achieved a reduction of 8.2%. It is forecast that this milestone will be substantially exceeded in 2004.

Legacy Issues

As a chemical company that has been in operation for over 100 years, Orica has a number of sites that have been contaminated as a result of the legacy of operations over this long period and from a time when the standards of environmental management were less stringent than those applied today. Orica is committed to resolving these issues and, over the last ten years, has remediated a number of sites and made them available for other productive uses. The company has continued this program of managing site contamination issues throughout this period. Key issues in 2003 included:

- A Notice of Clean-up Action has been received from the NSW EPA in relation to contamination of groundwater at Botany with chlorinated hydrocarbons. Discussions are continuing with the EPA to clarify their requirements and to identify practical approaches to their resolution. Work has now commenced on the installation of a bio-remediation field trial facility on Botany southlands. It is expected that the outcome of this work will make a valuable contribution towards meeting the requirements of the EPA clean-up notice.
- Discussions are continuing with the NSW EPA in relation to contamination in a small part of Homebush Bay adjacent to the former Rhodes site.
- A committee of inquiry has been commissioned by the NSW Minister for Infrastructure and Planning to review the choice of technology (AMEC GeoMelt) to be used to destroy the stockpiled HCB waste on the Botany site.
- Discussions are continuing with the Victorian EPA in relation to contamination of groundwater with chlorinated benzene hydrocarbons at the former PMA manufacturing site in Laverton, Vic.
- Remediation of the Ascot Vale, Vic and Padstow (north of Gow St) NSW sites has been completed. The Ascot Vale site has been sold, as has part of the Padstow land.

Challenge 2005 Targets:

- All major sites will issue site safety, health and environment reports to their local communities.
- All employees will be encouraged to participate in customer and community safety outreach programs.

Site Reports

During the year major sites prepared and/or updated reports for distribution to their local communities – these take the form of pamphlets, calendars and letters as well as advertisements in the local newspapers.

Community consultation processes have been invigorated at several sites as a result of Major Hazard Facility requirements. Deer Park, Vic has set up a Community Consultative Committee which involves members from the Deer Park site, local council and local community discussing issues which may affect the local community.

Safety Outreach to the Community

Businesses continue to make available Material Safety Data Sheets and detailed safety notes on their web site's 'frequently asked questions' page. Individual sites continue to engage local communities and businesses in various ways where these opportunities exist. Some examples are:

- At the Lorena Brazil site, 50 military and 30 police personnel attended a one-day training course related to the safe handling, transportation and storage of explosives.
- The Deer Park site, Vic held a very successful Community Open Day in April 2003 which allowed the community access to the site to better understand the various site operations.
- Gibson Island Works, Qld has been involved with the Brisbane City Council over the past year, sharing its expertise in developing a safety culture and outlining our safety systems and initiatives.
- Geelong Works, Vic share their SH&E expertise with local community groups and educational institutions by providing speakers on various subjects.
- Kooragang Island Works, NSW produced a safety themed 2003 calendar incorporating contributions from local school children.
- Dulux was involved with a paint collection trial with Bunnings and the APMF in Melbourne, Vic. Re-manufactured paint from the collection has been returned to Bunnings stores for sale. Opportunities for conducting further trials are being investigated in NSW and WA.
- Orica Consumer Products has continued the program of reducing pack sizes eg road marking paint from 20 litres to 15 litres, powdered coatings from 25 kgs to 20 kgs.

Product Stewardship

Challenge 2005 Targets:

- At least halve the number of distribution incidents involving the company's products. The 2005 milestone is no more than 12.
- Life cycle risk assessments will be completed for all major product groups. These will review potential impacts of products from their origin to their disposal.

Distribution Incidents

The number of serious distribution incidents involving the company's products was 29 in 2003 (13 in 2002). The 2005 target is 12.

To reduce the frequency of these incidents, the company is continuing to work with its own fleet and transport contractors to identify ways/programs to influence driver behaviour. Examples are:

- The company has supported carrier accreditation programs, with the majority of the company's dangerous goods transport contractors in Australia and New Zealand actively participating.
- Hazard assessments of explosives transport services have been completed for other regions.
- Model procedures around the selection and monitoring of warehouses and the transport of dangerous goods which incorporates the selection and management of transport contractors have been updated and reissued.
- Attention is being given to reinforcing compliance to procedures, and develop-

ment and implementation of a standardised heavy vehicle driver selection, training and management program for the company.

Emergency Response

The safe use and distribution of the company's products remains an issue with customers and the general community. The company's Emergency Response Service responded to 386 incident calls relating to the company's products in the Australia / New Zealand region, a small reduction on the previous year.

Of the 386 calls, 64% related to human exposure (mostly glue and paint exposures in the home), 6% to site leaks or spills and 6% to transport incidents.

Life Cycle Assessments

The company product stewardship index determined from the various business self assessments was 81% (2005 target > 90%). Progress during 2003 included:

- The life cycle assessment (LCA) protocol developed during the year is being applied to major product groups and this approach has been validated by all the businesses.
- Woodcare launched Consumer Products' first 98% renewable coatings product as part of an initiative to develop our understanding of what is possible in the area of sustainable development.
- Chloralkali has completed a Life Cycle Analysis of all its products with Sydney

Water and the University of NSW in the application of water treatment. This study assessed the environmental impact of our products and processes and demonstrates a beneficial comparison of chlorine against other disinfection technologies.

- Areas of focus across businesses are ongoing education and training, and further preparation of product/product group LCA plans
- The safety of our products remains an issue with our customers and the general community. Chloralkali and Chemnet NZ have launched an accredited chemical training program across Australia and New Zealand, that will address the education and knowledge gap there is with our customers who use our chemicals over a wide range of applications.

The number of serious distribution incidents involving the company's products was 29 in 2003 (13 in 2002). The 2005 target is 12.

Prosecutions

In August 2003, Orica incurred a citation (fine) of \$US 7000 from OSHA under the General Duty Clause of the legislation. This was in relation to the accidental death of an employee at the Seneca Site, USA on 24 December 2002.

In October 2003, Incitec Ltd incurred a fine of \$90,000 for the discharge of wastewater with a low pH from its Kooragang Island, NSW site into the Hunter River on 12 July 2002.

Awards

The Adhesives & Resins Samarinda (Indonesia) Plant was presented with a Zero Accident Award (Ministry of Labour and Transmigration) by the President of Indonesia in January 2003 for reaching 1,259,290 employee hours without a lost workday case.

Dulux Australia received 2nd place in the Blake Dawson Waldron OH & S Competition for the development and implementation of a Job Safety and Risk Assessment program in its Trade Centres.

The Consumer Products PNG Operation received a Special Recognition award for Health and Safety and celebrated 1.4 million hours injury free.

Orica Argentina was elevated to the highest category (cat. 4) by its Accident Prevention Insurer (Asociacion de Riesgos de Trabajo). The award had a monetary benefit with a reduction in workers compensation premiums.

The Explosives Lampa Plant in Chile gained certification to ISO 14001, the international environmental standard, a first for Explosives in Latin America. Also the Incitec Pivot Logistics sites (Gibson Island, Pinkenba, Qld and Kooragang Island, NSW) achieved this certification.

Dulux Rocklea, Qld has joined the Qld EPA sponsored Waste Wise Program as a case study in sustainable development. The site undertakes a broad range of recycling initiatives covering both packaging and process effluents.

About Orica

Orica is one of Australia's largest publicly owned corporations with around 8000 dedicated people across more than 30 countries around the globe.

We began in 1874 as a small firm in Melbourne, Australia, providing explosives to the gold fields. Since then we've grown into a multi-billion dollar company where

our products and services impact every part of modern life. In 1997 we became an independent Australian corporation when ICI PLC divested its majority shareholding.

Learn more at www.orica.com

Visit www.orica.com for our latest Safety, Health & Environment reports and documents. We constantly update our website to provide you quick and easy access to all our information.

Follow the links under Safety, Health & Environment to see our complete Orica SH&E Policy, 19 SH&E Standards, Strategy & Management System and more. Below are documents available for you at our website.

We look forward to your feedback.

Site Community SH&E Reports

AUSTRALIA
Botany, NSW
Cockle Creek*, NSW
Deer Park, Victoria
Geelong*, Victoria
Gibson Island*, Queensland
Kooragang Island*, NSW
Laverton, Victoria
Port Kembla, NSW
Portland*, Victoria
Rocklea, Queensland
Yarwun, Queensland

*Incitec Pivot Limited sites

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

ASIA
Samarinda, Indonesia
Weihai, China

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

EUROPE
Troisdorf, Würgendorf, Germany

Other Documents

SH&E Policy
SH&E Standards
SH&E Management
– Vision
– Strategy
– Due Diligence
Challenge 2005
– Objective and Milestones
Health and Hygiene
Land and Groundwater Issues
Summary of Chemical Releases
Greenhouse Gas Reduction
Product Stewardship
Emergency Response Service
Responsible Care
Coatings Care
Agsafe

Feedback

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