

# Notice of Annual General Meeting

## Incitec Pivot Limited

ABN 42 004 080 264

Incitec Pivot Limited ("Company" or "Incitec Pivot") gives notice that the Annual General Meeting of members will be held at the Clarendon Auditorium, Level 2, Melbourne Exhibition Centre, 2 Clarendon Street, South Wharf, Victoria on Thursday, 21 December 2017 at 2.00 pm (Melbourne time).

The Explanatory Notes, which accompany and form part of this Notice of Annual General Meeting, contain important information in connection with the proposed resolutions.

## Business

### A. Annual reports

To table for discussion the financial report of the Company, the directors' report and the auditor's report for the financial year ended 30 September 2017.

### B. Re-election of directors

#### Proposed resolution 1:

That Ms Rebecca McGrath, who retires in accordance with the Company's Constitution and, being eligible, offers herself for re-election, be re-elected as a director of the Company.

#### Proposed resolution 2:

That Mr Joseph Breunig, who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company.

#### Proposed resolution 3:

That Mr Brian Kruger, who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company.

### C. Approval of issue to the Managing Director under the Incitec Pivot Performance Rights Plan

#### Proposed resolution 4:

That the grant and vesting of performance rights (including the issue of shares following vesting of performance rights) under the Incitec Pivot Performance Rights Plan to the Managing Director & Chief Executive Officer, Ms Jeanne Johns, as described in the Explanatory Notes, be approved.

### D. Remuneration report

#### Proposed resolution 5:

That the Remuneration report for the Company (included in the directors' report) for the financial year ended 30 September 2017 be adopted.

Please note that the vote on this resolution is advisory only and does not bind the directors or the Company.

Please also note that the reports referred to in item A (Annual reports) and item D (Remuneration report) were released on the ASX on 14 November 2017 and are available on the Company's website ([www.incitecpivot.com.au](http://www.incitecpivot.com.au)). These reports are also contained in the Company's Annual Report. The Annual Report is currently being printed and will be made available on the Company's website ([www.incitecpivot.com.au](http://www.incitecpivot.com.au)), and dispatched to members who have elected to receive a hard copy, on 24 November 2017. This Notice of Annual General Meeting is being provided separately in order to satisfy the notice requirements for the Annual General Meeting under the Corporations Act 2001 (Cth) and the Company's Constitution.

By order of the Board.



Daniella Pereira  
Company Secretary  
20 November 2017

**Incitec Pivot Limited**

GLOBAL DIVERSIFIED INDUSTRIAL CHEMICALS

## Notes

These notes form part of this Notice of Annual General Meeting.

### Voting and Other Information

#### Entitlement to attend and vote

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the directors have determined that, for the purposes of the Annual General Meeting (including voting at the meeting), members are those persons who are the registered holders of shares in the Company at 7.00 pm (Melbourne time) on 19 December 2017.

#### Appointing proxies

A member who is entitled to attend and vote at the Annual General Meeting may appoint a proxy. A proxy can be either an individual or a body corporate. A proxy does not need to be a member of the Company. The appointment may specify the proportion or number of votes the proxy may exercise.

If a member appoints a body corporate as its proxy, that body corporate will need to appoint an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act 2001 (Cth) ("**Corporations Act**") and provide satisfactory evidence of the appointment prior to commencement of the Annual General Meeting. If satisfactory evidence of an appointment as corporate representative is not received before the meeting, then the body corporate (through its representative) will not be permitted to act as the member's proxy.

Any member who is entitled to cast two or more votes may appoint not more than two proxies to attend and act for that member at the Annual General Meeting and may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of those votes.

If more than one proxy for a member is present at the Annual General Meeting, none of them is entitled to vote on a show of hands. If you require a second Proxy Form, please contact the Company's Share Registry, Link Market Services Limited, on +61 1300 303 780.

To be effective, a member's completed Proxy Form, and any authority under which it is signed, or a certified copy of the authority, must be received at the Company's Share Registry by no later than 48 hours prior to the commencement of the Annual General Meeting.

The completed Proxy Form, and any authority under which it is signed, may be:

- Mailed/delivered to Link Market Services Limited at:  
Level 12, 680 George Street, Sydney NSW 2000  
or Locked Bag A14, Sydney South NSW 1235; or
- Faxed to Link Market Services Limited on +61 2 9287 0309.

Alternatively, members may go online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and register the proxy using the information detailed on the Proxy Form.

A Proxy Form must be signed by the member or the member's attorney. In the case of shares held jointly by two or more persons, all joint holders must sign the Proxy Form.

A Proxy Form must be received no later than 2.00 pm (Melbourne time) on Tuesday, 19 December 2017.

#### Undirected proxies

The Chairman of the meeting intends to vote any undirected proxies (where he has been appropriately authorised, having regard to the voting restrictions for resolutions 4 and 5) in favour of each item of business. Further information on the voting restrictions is set out in the Explanatory Notes for resolutions 4 and 5.

#### Appointing corporate representatives

A body corporate which is a member may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's members. The appointment must comply with the requirements of section 250D of the Corporations Act. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at the meeting or in voting on a resolution. The representative should bring to the meeting satisfactory evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

#### Member questions

At the meeting, the Chairman will allow a reasonable opportunity for members to ask questions about, or make comments on, the management of the Company and on the Remuneration report. Members will also be given a reasonable opportunity at the meeting to ask the Company's auditor, Deloitte Touche Tohmatsu, questions about the content of its report, and the conduct of its audit of the Company for the past financial year.

For members who have elected to receive this Notice by post, a question form has been included with this Notice for members to submit written questions. Questions can also be submitted online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). Questions must be received by the Company's Share Registry, Link Market Services Limited, by 5.00 pm (Melbourne time) on Thursday, 14 December 2017.

The Company will respond to as many of the more frequently asked questions as possible at the meeting. Please note that individual responses will not be sent.

# Explanatory Notes

## A. Annual reports

The Corporations Act requires the financial report, directors' report and auditor's report to be laid before the meeting for consideration. There is no requirement in the Corporations Act or the Company's Constitution for members to vote on, approve or adopt these reports. Members as a whole will have a reasonable opportunity at the meeting to ask questions and make comments on these reports and on the business, operations and management of the Company.

The annual financial report, directors' report and auditor's report form part of the Company's Annual Report.<sup>1</sup>

## B. Re-election of directors

### Resolution 1:

The Company's Constitution provides that a Director must not hold office (without re-election) past the third annual general meeting of the Company following that Director's appointment or re-election, or 3 consecutive years, whichever is longer.

In accordance with the Company's Constitution, Ms Rebecca McGrath and Mr Gregory Hayes, who were last re-elected by members at the 2014 Annual General Meeting, are to retire at the Annual General Meeting. With regard to Ms McGrath, she retires in accordance with the Company's Constitution and, being eligible, offers herself for re-election. With regard to Mr Hayes, he retires in accordance with the Company's Constitution and, while eligible, does not offer himself for re-election.

### Candidate

**Ms Rebecca McGrath** BTP(Hons), MASc, FAICD

*Independent non-executive director*

*Chairman of the Health, Safety, Environment and Community Committee and Member of the Audit and Risk Management Committee and the Nominations Committee*

Ms McGrath was appointed as a director on 15 September 2011. Ms McGrath is currently Chairman of Oz Minerals Ltd and Investa Office Management Holdings Pty Limited. She is a non-executive director of Goodman Group and is independent Chairman of Scania Australia Pty Ltd. During her 23 year career with BP plc, Ms McGrath held a number of senior roles including as Chief Financial Officer and Executive Board member for BP Australia and New Zealand.

### Recommendation

Ms McGrath, who has a personal interest in the subject of this resolution, has abstained from making a recommendation.

The directors, other than Ms McGrath, unanimously recommend that members vote in favour of resolution 1.

### Resolutions 2 and 3:

Mr Joseph Breunig and Mr Brian Kruger were appointed as directors of the Company on 5 June 2017. As newly appointed directors, Mr Breunig and Mr Kruger underwent background and reference checks.

The Company's Constitution provides that a director appointed by the directors must retire at the next general meeting of the Company and is eligible for re-election at the meeting.

Accordingly, Mr Breunig and Mr Kruger retire, and, being eligible, offer themselves for re-election.

### Candidate

**Mr Joseph Breunig** BS(Chemical Engineering), MBA

*Independent non-executive director*

*Member of the Health, Safety, Environment and Community Committee*

Mr Breunig was appointed to the Board on 5 June 2017. Mr Breunig, a U.S. resident, is currently a non-executive director of Mineral Technologies Inc. He was formerly Executive Vice President, Chemicals at Axiall Corporation (formerly Georgia Gulf Corporation) and, prior to that, spent 24 years at BASF Corporation where he held a number of senior executive positions, including Executive Vice President and Chief Operating Officer, BASF Corporation, and President, Market and Business Development, North America, BASF SE.

### Recommendation

Mr Breunig, who has a personal interest in the subject of this resolution, has abstained from making a recommendation. The directors, other than Mr Breunig, unanimously recommend that members vote in favour of resolution 2.

### Candidate

**Mr Brian Kruger** BEc

*Independent non-executive director*

*Member of the Remuneration Committee and the Audit and Risk Management Committee*

Mr Kruger was appointed to the Board on 5 June 2017. Mr Kruger is the former Managing Director & CEO of Toll Holdings Limited, having joined Toll in 2009 as Chief Financial Officer, before being appointed Managing Director in 2012. Prior to joining Toll, Mr Kruger had a career spanning 25 years in the resources and industrial sectors in Australia and the U.S., initially with BHP and subsequently with BlueScope Steel which he joined on its demerger from BHP. During his time at BlueScope, Mr Kruger held a number of senior corporate finance and management roles, including President, North America & Corporate Strategy & Innovation and President, Australian Manufacturing Markets and was the company's inaugural Chief Financial Officer. Mr Kruger is also Chairman of Racing Victoria Limited.

### Recommendation

Mr Kruger, who has a personal interest in the subject of this resolution, has abstained from making a recommendation. The directors, other than Mr Kruger, unanimously recommend that members vote in favour of resolution 3.

## C. Approval of issue to the Managing Director under the Incitec Pivot Performance Rights Plan

### Background

The Incitec Pivot Performance Rights Plan ("**Plan**") seeks to align the interests of executives of the Company with those of the Company's shareholders by rewarding executive performance in line with the creation of shareholder value.

Under the Plan, executives (including the Managing Director) may be offered performance rights. A performance right entitles the participating employee to receive a fully paid ordinary share in the Company for no consideration at a later date, subject to the satisfaction of certain performance and service conditions. These conditions focus on sustained performance of the Company.

For the 2017/20 Plan, which has a performance period of 1 October 2017 to 30 September 2020, the performance conditions are to be measured by reference to the relative Total Shareholder Return (“**TSR**”) of Incitec Pivot (measuring TSR against companies in the S&P/ASX 100) (“**TSR Condition**”), the delivery of an important strategic initiative (“**Strategic Initiative Condition**”) and growth in return on equity (“**ROE Growth Condition**”).

The number of performance rights that vest at the end of the performance period depends on the degree to which each of the TSR Condition, the Strategic Initiative Condition and the ROE Growth Condition has been satisfied. The three conditions apply and are assessed independently of each other. A summary of how each condition operates is set out below:

#### TSR Condition

- This applies to 50% of the performance rights in a grant of performance rights made under the 2017/20 Plan.
- The TSR Condition requires growth in the Company’s TSR to be at or above the median of the TSR of companies in the comparator group, being the S&P/ASX 100.
- If, at the end of the performance period, the Company’s TSR performance over the three years is:
  - (i) below the 50th percentile of the comparator group of companies ranked by their TSR performance: no performance rights in this tranche will vest;
  - (ii) between the 50th and 75th percentile of the comparator group of companies ranked by their TSR performance: the portion of performance rights in this tranche that will vest will be increased on a pro rata basis from 50%; and
  - (iii) equal to or above the 75th percentile of the comparator group of companies ranked by their TSR performance: all performance rights in this tranche will vest.

#### Strategic Initiative Condition

- This applies to 15% of the performance rights in a grant of performance rights made under the 2017/20 Plan.
- The Board sets the Strategic Initiative Condition each year based upon the Company’s key strategic priorities. As Business Excellence is the Company’s execution model for driving continuous improvement and productivity gains across the Group, the Board has determined that for the 2017/20 Plan, it is appropriate for the Strategic Initiative Condition to relate solely to the Business Excellence System.
- The Board will assess delivery of the Business Excellence System at the end of the performance period against a balanced scorecard (“**Scorecard**”) comprising specific performance goals and measurement criteria that drive improved financial performance. Details are summarised in the following table:

Details of the specific performance goals comprising the Scorecard for the Strategic Initiative Condition will be notified to executives who are offered performance rights under the 2017/20 Plan. These performance goals involve quantitative targets. The Company considers some of the targets to be commercial-in-confidence, with the result that publication of that information prior to the end of the performance period may be prejudicial to the interests of the Company.

#### Assessing satisfaction of the Strategic Initiative Condition

Details of the performance goals will be disclosed at the end of the performance period in the 2020 Remuneration report. The Company notes that disclosure in relation to the outcomes for each of the performance goals for the 2014/17 Plan (the performance period for which ended on 30 September 2017) has been included in the Company’s 2017 Remuneration report.

Following the end of the performance period for the 2017/20 Plan (that is, 30 September 2020), the Board will determine the outcome of the Strategic Initiative Condition, having regard to the results achieved against the performance goals across the entirety of the Scorecard.

If the Board determines that all of the performance goals in respect of the Strategic Initiative Condition have been achieved, all of the performance rights subject to the condition will vest (that is, 15% of the performance rights in a grant).

If not all performance goals are met over the performance period, the extent to which the Strategic Initiative Condition has been satisfied (if at all) will be determined by the Board.

In doing so, the Board will have regard to the results achieved against the performance goals, without applying a specific weighting to any particular performance goal. This could mean, for example, that the Board may determine that all or a proportion of the performance rights the subject of the Strategic Initiative Condition vest. Similarly, the Board could determine that none of the performance rights are to vest, if some or all of the performance goals were not satisfactorily met during the performance period.

Following the end of the performance period, the Board will disclose, in the 2020 Remuneration report, performance against the Strategic Initiative Condition, including the rationale for the vesting percentage.

Strategic Initiative	Rationale	Scorecard	
		Performance Goals and Measurement Criteria	
<b>Business Excellence System</b>	<p>BEx seeks to drive productivity and deliver sustainable year on year improvements.</p> <p>To fully achieve the benefits of BEx, management is required to focus not only on driving the productivity outcomes (‘performance’), but also on the processes, procedures, culture and management systems which generate those improvements (‘practices’).</p>	<p>Performance in relation to the Strategic Initiative Condition will be assessed against the following performance goals and measurement criteria:</p> <p><b>Measurement criteria</b></p> <p>(i) Business Excellence System Maturity</p> <p>(ii) Cumulative productivity benefits</p> <p>(iii) Manufacturing volume</p>	<p><b>Performance goals in relation to the measurement criteria:</b></p> <p>An absolute improvement in Business Excellence System maturity over the performance period, or satisfaction of an exit score requirement at the end of the performance period.</p> <p>Delivery of cumulative savings over the performance period against targets approved by the Board.</p> <p>Achievement of target volumes of particular products at particular manufacturing plants operated by the Group, as approved by the Board.</p>

### ROE Growth Condition

- This applies to 35% of the performance rights in a grant of performance rights made under the 2017/20 Plan.
- The ROE Growth Condition measures the compound annual growth in Return on Equity (“ROE”) over the performance period. ROE has been selected as the metric for this condition as it:
  - is a widely recognised and reported metric and is a key determinant of efficient use of the capital entrusted to management by shareholders;
  - reflects all of the levers to create shareholder value, including operational efficiency, capital management and financial leverage; and
  - is a transparent metric in that it can be calculated directly from the Company’s financial report.
- If, at the end of the performance period, the compound annual growth rate (“CAGR”) of ROE over the performance period, from the base year (being the financial year ended 30 September 2017) is:
  - (i) below 7% per annum: no performance rights in this tranche will vest;
  - (ii) equal to or greater than 7% per annum, but less than 11% per annum: the portion of performance rights in this tranche that will vest will be increased on a pro rata basis from 50%; and
  - (iii) 11% per annum or greater: all performance rights in this tranche will vest.

Consistent with the 2016/19 Plan, full vesting of the performance rights in respect of which the ROE Growth Condition applies requires a CAGR of 11%.

To ensure that the executives do not pursue growth in ROE through inappropriate use of debt, a gate will be imposed on the condition, requiring the Company to maintain an investment grade credit rating with at least two ratings agencies for the duration of the performance period.

In calculating ROE, the Board may exercise its discretion to include or exclude an Individually Material Item (“IMI”), taking into account the nature of the IMI, and having regard to whether, in the circumstances, it would be appropriate for the IMI to be attributed to the executives.

### Other details of the performance rights

The performance rights will not be quoted or transferable. A performance right will vest where the Board gives notice that the relevant performance condition has been satisfied to the required extent. Once a performance right vests, it will be deemed to have been exercised. As no shares are provided until exercise, performance rights have no dividend entitlement. Under the terms of the Plan, the timing of giving notice that performance conditions have been satisfied must be consistent with the Company’s Share Trading Policy. There is no consideration payable on granting or vesting of a performance right or on automatic exercise of a performance right.

Performance rights will lapse if they do not vest following testing by the Board after the end of the performance period or, in certain circumstances, if the employee ceases to be employed during the performance period.

If the participant ceases to be employed before the end of the performance period:

- for a Permitted Reason (being a reason other than resignation, termination for cause or gross misconduct), the number of the participant’s performance rights that will lapse will be determined on a pro rata basis reflecting the number of days remaining in the performance period after the participant ceased to be employed by a member of the Incitec Pivot Group. The remaining performance rights will be tested against the performance conditions at the end of the performance period; or

- for other than a Permitted Reason, all the participant’s performance rights will lapse, unless the Board determines otherwise in its absolute discretion and subject to the law.

### Resolution 4:

In accordance with ASX Listing Rule 10.14, members are being asked to approve the grant and vesting of performance rights (including the issue of fully paid ordinary shares in the Company following vesting of the performance rights) under and in accordance with the terms of the Plan, to the Managing Director & Chief Executive Officer, Ms Jeanne Johns. Details of Ms Johns’ remuneration package were announced to the ASX on 9 August 2017 and a summary is also included in the Remuneration report.<sup>1</sup>

Details of any securities issued under the Plan will be published in the annual report for the relevant year. The relevant annual report will also state that approval for the provision of those securities was obtained in accordance with the ASX Listing Rules.

Ms Johns is the only director entitled to participate in the Plan. No associate of any director is entitled to participate.

### Other information

If this resolution is passed, the performance rights will be issued to Ms Johns as soon as practicable following the Annual General Meeting and, in any event, no later than 12 months from the date of the Annual General Meeting. The number of performance rights to be issued is determined using a face value calculation. Accordingly, the maximum number of performance rights that may be issued to Ms Johns, and in respect of which the approval is sought, is 674,157. This number was determined by dividing 150% of Ms Johns’ fixed annual remuneration by the volume weighted average price of the Company’s shares (VWAP) traded on ASX for the 20 business days up to but not including 1 October 2017 (being \$3.56).

In 2016, the former Managing Director & Chief Executive Officer, Mr James Fazzino, was granted 807,335 performance rights under the 2016/19 Plan following shareholder approval at the 2016 Annual General Meeting. There was no consideration payable for the grant of performance rights. Details of Mr Fazzino’s grant are set out in the Remuneration report for the financial year ended 30 September 2017.<sup>1</sup>

Ms Johns’ participation in the Plan will be on the same basis as other executives. If members approve the grant of performance rights for the purpose of Listing Rule 10.14, approval will not be required under Listing Rule 7.1 for the grant of the performance rights and any subsequent issue of shares.

### Voting restrictions

In accordance with the ASX Listing Rules, the Company is to disregard any votes cast on resolution 4 by any director of Incitec Pivot who is eligible to participate in the Plan and any associate of such director.

However, the Company need not disregard a vote (and that person is not prohibited from voting) if it is cast by:

- a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Corporations Act also prohibits a member of Incitec Pivot’s key management personnel (“KMP”) and their closely related parties voting as a proxy on resolutions connected directly or indirectly with the remuneration of KMP (such as resolution 4) if the proxy instrument does not specify the way that person is to vote. The prohibition does not apply to the Chairman of the meeting where the proxy appointment expressly authorises the Chairman of the meeting to exercise an undirected proxy.

## Recommendation

Ms Johns, who has a personal interest in the subject of this resolution, has abstained from making a recommendation. The directors, other than Ms Johns, unanimously recommend that members vote in favour of resolution 4.

In making this recommendation, the other directors consider that the Plan aligns the interests of Ms Johns with the creation of shareholder value and that the Board has established demanding performance conditions to promote behaviour to achieve long term superior performance.

## D. Remuneration report

### Resolution 5:

The Remuneration report for the financial year ended 30 September 2017 is set out in the directors' report contained in the Annual Report.<sup>1</sup>

The Remuneration report sets out in detail the Company's policy for determining remuneration for directors and executives. It includes information on the elements of remuneration that are performance based, the performance hurdles that apply and the methodology used to assess satisfaction of those performance measures.

The Corporations Act requires that a resolution to adopt the Remuneration report must be put to a vote at the Annual General Meeting. The vote on the resolution is advisory only and does not bind the directors or the Company.

### Voting restrictions

The Corporations Act prohibits directors and other KMP (details of whose remuneration are included in the Remuneration report for the financial year ended 30 September 2017) of the Company and their closely related parties voting in any capacity (e.g. as a shareholder, proxy or corporate representative) on resolution 5. The prohibition does not apply if the person has been appointed as a proxy by writing that specifies how the proxy is to vote on resolution 5, provided that the person who appointed the proxy is not themselves a person subject to the prohibition. In addition, the prohibition does not apply to the Chairman of the meeting where the proxy appointment expressly authorises the Chairman of the meeting to exercise an undirected proxy. Other KMP (not otherwise referred to above) and their closely related parties will not vote on resolution 5 as a proxy for a member entitled to vote if the proxy instrument does not specify the way the proxy is to vote.

### Recommendation

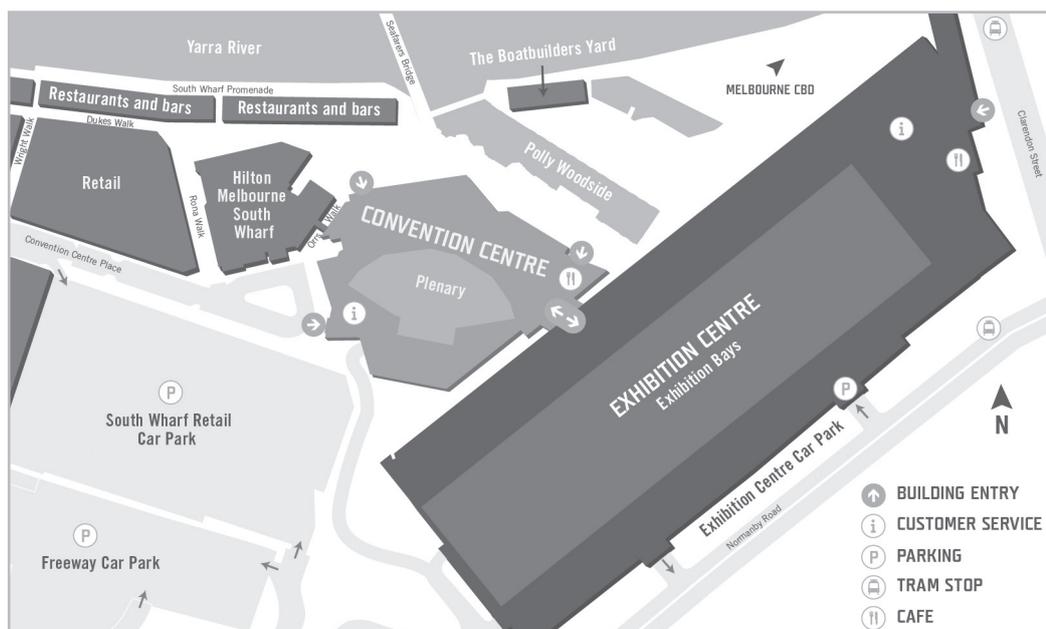
The directors unanimously recommend that members vote in favour of resolution 5.

1. The Company's annual financial report, directors' report (including the Remuneration report) and auditor's report were released on the ASX on 14 November 2017 and are available on the Company's website ([www.incitecpivot.com.au](http://www.incitecpivot.com.au)). These reports are also contained in the Company's Annual Report. The Annual Report is currently being printed and will be made available on the Company's website ([www.incitecpivot.com.au](http://www.incitecpivot.com.au)), and dispatched to members who have elected to receive a hard copy, on 24 November 2017.

## Directions to the Annual General Meeting venue

The Annual General Meeting will be held at:

The Clarendon Auditorium, Level 2, Melbourne Exhibition Centre, 2 Clarendon Street, South Wharf, Victoria on Thursday, 21 December 2017 at 2.00 pm (Melbourne time).



### Incitec Pivot Limited

ABN 42 004 080 264

Level 8, 28 Freshwater Place  
Southbank Victoria 3006 Australia

T. + 61 3 8695 4400

F. + 61 3 8695 4419

Postal address

Incitec Pivot Limited  
GPO Box 1322  
Melbourne Victoria 3001  
Australia

[www.incitecpivot.com.au](http://www.incitecpivot.com.au)

# Incitec Pivot Limited

GLOBAL DIVERSIFIED INDUSTRIAL CHEMICALS