

# 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, 20 December 2018 at 10.30 am (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 2018.

### B. Re-election of directors

#### Proposed resolution 1:

That Mr Paul Brasher, 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 2:

That Mr Bruce Brook, 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 – LTI Plan

#### Proposed resolution 3:

That the grant and vesting of long term incentive performance rights (including the issue of shares following vesting of the performance rights) under the Incitec Pivot Performance Rights – LTI Plan to the Managing Director, Ms Jeanne Johns, as described in the Explanatory Notes, be approved.

### D. Remuneration Report

#### Proposed resolution 4:

That the Remuneration Report for the Company (included in the directors’ report) for the financial year ended 30 September 2018 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 13 November 2018 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 23 November 2018. 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) (“**Corporations Act**”) and the Company’s Constitution.

By order of the Board.



Li Yen Jennifer Neoh  
Company Secretary (Acting)  
19 November 2018

## 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 18 December 2018.

#### 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 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 10.30 am (Melbourne time) on Tuesday, 18 December 2018.

#### 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 3 and 4) in favour of each item of business. Further information on the voting restrictions is set out in the Explanatory Notes for resolutions 3 and 4.

#### 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, 13 December 2018.

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 three consecutive years, whichever is longer.

In accordance with the Company's Constitution, Mr Paul Brasher and Mr Graham Smorgon, who were last re-elected by members at the 2015 Annual General Meeting, are to retire at the Annual General Meeting. With regard to Mr Brasher, he retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election. With regard to Mr Smorgon, he retires in accordance with the Company's Constitution and, while eligible, does not offer himself for re-election.

### Candidate

**Mr Paul Brasher** BEc(Hons), FCA

*Independent non-executive Chairman*

*Chairman of the Nominations Committee and Member of the Audit and Risk Management Committee*

Mr Brasher was appointed as a director on 29 September 2010. He is a non-executive director of Amcor Limited, Deputy Chairman of the Essendon Football Club and a board member of Teach For Australia. He is also a former director of Perpetual Limited. From 1982 to 2009, Mr Brasher was a partner of PricewaterhouseCoopers (and its predecessor firm, Price Waterhouse), including five years as the Chairman of the Global Board of PricewaterhouseCoopers.

### Recommendation

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

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

### Resolution 2:

Mr Bruce Brook will be appointed as a director of the Company on 3 December 2018. As a newly appointed director, Mr Brook underwent background and reference checks, with no concerns raised from the 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 Brook retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

### Candidate

**Mr Bruce Brook** BCom, BAcc, FCA, MAICD

*Independent non-executive director*

*Member of the Audit and Risk Management Committee*

Mr Brook will be appointed as a director on 3 December 2018. Mr Brook is a non-executive director of CSL Limited and Newmont Mining Corporation. He was previously Chairman of Programmed Maintenance Services Limited and Energy Developments Limited and non-executive director of Boart Longyear Limited. During his executive career, Mr Brook was the Chief Financial Officer of Western Mining Corporation Resources Limited and Deputy Chief Financial Officer of the Australian & New Zealand Banking Group.

### Recommendation

The directors, other than Mr Brook, who will not join the Board until 3 December 2018, unanimously recommend that members vote in favour of resolution 2.

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

### – LTI Plan

### Background

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

### The Plan

Under the Plan, executives (including the Company's Managing Director, Ms Jeanne Johns) may be offered performance rights.

For the 2018/21 Plan, a performance right entitles the participating employee to receive a fully paid ordinary share (or a cash amount equivalent to the volume weighted average price ("**VWAP**") of one fully paid ordinary share) in the Company for no consideration at a later date, subject to the satisfaction of certain performance and service conditions. The VWAP is calculated by reference to the price at which fully paid ordinary shares in the Company were traded on the ASX over the 5 business days up to, but not including, the date on which a performance right vests.

The 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, in accordance with certain terms as summarised below. The 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.

For the 2018/21 Plan, which has a performance period of 1 October 2018 to 30 September 2021, the performance conditions are to be measured by reference to the relative Total Shareholder Return ("**TSR**") of the Company (measuring TSR against companies in the S&P/ASX 100) ("**TSR Condition**"), the delivery of important strategic initiatives ("**Strategic Initiative Condition**") and growth in return on equity ("**ROE Growth Condition**"). These conditions focus on sustained performance of the Company.

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 40% of the performance rights in a grant of the performance rights made under the 2018/21 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 30% of the performance rights in a grant of performance rights made under the 2018/21 Plan.
- The Board sets the Strategic Initiative Condition each year based upon the Company's key strategic priorities. The Board has determined that for the 2018/21 Plan, achievement of the Strategic Initiative Condition will be assessed at the end of the performance period against a balanced scorecard ("**Scorecard**") comprising specific performance goals and measurement criteria which align with the Company's Value Drivers. The Company's Value Drivers form a key component of the Company's strategy to deliver growth and shareholder value.
- For the 2018/21 Plan, the Scorecard focuses on the following Value Drivers: manufacturing excellence, leading technology solutions and customer focus.
- The focus on delivery of world-class performance in manufacturing excellence reflects the Company's commitment to drive continuous improvement in relation to productivity and reliability. Additionally, by focusing on leading technology solutions and customer relationships, the Strategic Initiative Condition aims to incentivise the participating executives to create tangible and deliverable new sources of revenue through growth in technology sales and at the same time partner and build strong relationships with the Company's customers.
- 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 2018/21 Plan. These performance goals involve quantitative or measurable 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.
- A summary of the Scorecard measurement criteria and performance goals is set out in the table below.

### Assessing satisfaction of the Strategic Initiative Condition

Details of the performance goals will be disclosed at the end of the performance period in the 2021 Remuneration Report. The Company notes that disclosure in relation to the outcomes for each of the performance goals for the 2015/18 Plan (the performance period for which ended on 30 September 2018) has been included in the Company's 2018 Remuneration Report.

Following the end of the performance period for the 2018/21 Plan (that is, 30 September 2021), 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, 30% of the performance rights in a grant).

If the performance goals in respect of the Strategic Initiative Condition are only partially achieved, 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 2021 Remuneration Report, performance against the Strategic Initiative Condition, including the rationale for the vesting percentage.

Value Driver	Measurement Criteria	Performance Goals
<b>Manufacturing Excellence</b>	Production rates	Achieve specific quantitative target production rates for particular manufacturing plants, as approved by the Board.
	Productivity savings and benefits	Deliver productivity savings and benefits over the performance period in excess of a cumulative quantitative target set by the Board.
<b>Leading Technology Solutions</b>	Revenues from technologies	Achieve a quantitative target growth relating to technology sales above a specific quantitative baseline set by the Board and tracked through auditable data.
<b>Customer Focus</b>	Customer relationships	Achieve a quantitative target improvement from a baseline net promoter score set by the Board. Deliver to a measurable target established by the Board in relation to customer retention.

### ROE Growth Condition

- This applies to 30% of the performance rights in a grant of performance rights made under the 2018/21 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 2018) 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 and the 2017/20 Plans, 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 key details of the performance rights

The performance rights will not be quoted or transferable. Once a performance right vests, it will be deemed to have been exercised. A performance right will vest where the Board gives notice that the relevant performance condition has been satisfied to the required extent. It may also vest where the Board gives notice to Ms Johns under certain conditions, e.g. in the case of a takeover bid or voluntary winding up. There is no consideration payable on granting or vesting of a performance right or on automatic exercise of a performance right.

If Ms Johns ceases to be employed before the performance rights vest for a Permitted Reason (being a reason other than resignation, termination for cause or gross misconduct), the number of Ms Johns’ performance rights that will lapse will be determined on a pro rata basis reflecting the number of days remaining in the performance period after Ms Johns 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.

If Ms Johns ceases to be employed before the performance rights vest for other than a Permitted Reason, all her performance rights will lapse, unless the Board determines otherwise in its absolute discretion and subject to the law.

Further details of Ms Johns’ remuneration arrangements are also included in this year’s Remuneration Report.<sup>1</sup>

### Resolution 3:

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, Ms Jeanne Johns.

Details of any securities issued to Ms Johns under the Plan will be published in the Company’s 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 resolution 3 is passed, the performance rights will be issued to Ms Johns at no cost to her 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, in respect of which the approval is sought, is 616,032. This number was determined by dividing 150% of Ms Johns’ FAR by the VWAP traded on ASX for the 20 business days up to but not including 1 October 2018 (being \$3.90).

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.

Following approval at the 2017 Annual General Meeting held on 21 December 2017, Ms Johns was granted 674,157 performance rights under the 2017/20 Plan. The performance period in respect of these rights ends on 30 September 2020, at which time the performance conditions will be assessed to determine whether any of those performance rights vest. There was no consideration payable for the grant of the performance rights and no consideration will be payable on the vesting or exercise of those performance rights.

Ms Johns will not be provided with any loan in connection with the performance rights issued to her.

Other than Ms Johns, no director (or an associate of any director) has received performance rights under the Plan since the last approval.

### Voting restrictions

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of resolution 3 by any director of the Company who is eligible to participate in the Plan and any associate of such director.

However, the Company need not disregard a vote 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 3) 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 3.

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 4:

The Remuneration Report for the financial year ended 30 September 2018 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 2018) of the Company and their closely related parties from voting in any capacity (e.g. as a shareholder, proxy or corporate representative) on resolution 4. 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 4, 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 4 as a proxy for a member entitled to vote if the proxy instrument does not specify the way the proxy is to vote.

### Recommendation

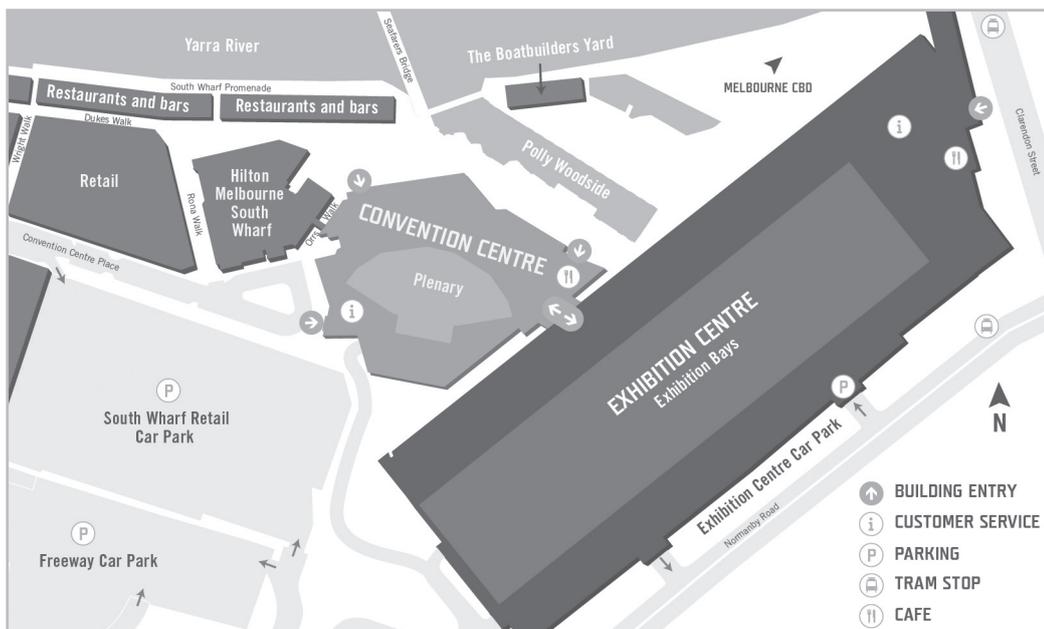
The directors unanimously recommend that members vote in favour of resolution 4.

1. The Company's annual financial report, directors' report (including the Remuneration Report) and auditor's report were released on the ASX on 13 November 2018 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 23 November 2018.

### 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, 20 December 2018 at 10.30 am (Melbourne time).



### Incitec Pivot Limited

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**Incitec Pivot Limited**

**INNOVATION ON THE GROUND**