

# Incitec Pivot Limited

## Office of the Company Secretary

ABN 42 004 080 264

Registered Office:  
Level 8, 28 Freshwater Place  
Southbank Victoria 3006

Tel: (61 3) 8695 4400

Fax: (61 3) 8695 4419

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

14 November 2016

The Manager  
Company Announcements Office  
Australian Securities Exchange  
Level 4, North Tower  
Rialto  
525 Collins Street  
MELBOURNE VIC 3000

Dear Sir or Madam

### **Electronic Lodgement**

### **Notice of Annual General Meeting**

In accordance with the listing rules, I attach a copy of the Notice of Annual General Meeting for release to the market.

Yours faithfully



**Daniella Pereira**  
**Company Secretary**

Attach.

# 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 Friday, 16 December 2016 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 2016.

### B. Re-election of director

#### Proposed resolution 1:

To consider and, if appropriate, pass the following resolution as an ordinary resolution:

That Ms Kathryn Fagg, 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.

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

#### Proposed resolution 2:

To consider and, if appropriate, pass the following resolution as an ordinary resolution:

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, Mr James Fazzino, as described in the Explanatory Notes, be approved.

### D. Amendments to the Company's Constitution

#### Proposed resolution 3:

To consider and, if appropriate, pass the following resolution as a special resolution:

That the Company's Constitution be amended in accordance with section 136(2) of the Corporations Act 2001 (Cth) in the form tabled at the meeting, initialled by the Chairman of the meeting for identification and as described in the Explanatory Notes, with effect from the close of the meeting.

### E. Remuneration report

#### Proposed resolution 4:

To consider and, if appropriate, pass the following resolution as an ordinary resolution:

That the Remuneration report for the Company (included in the directors' report) for the financial year ended 30 September 2016 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 E (Remuneration report) were released on the ASX on 8 November 2016 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 18 November 2016. 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  
14 November 2016

**Incitec Pivot Limited**

## 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 14 December 2016.

#### 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
- 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.

#### 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 2 and 4) in favour of each item of business. Further information on the voting restrictions is set out in the Explanatory Notes for resolutions 2 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. Shareholders 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 Friday, 9 December 2016.

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 director

#### Resolution 1:

The Company's Constitution provides that at each annual general meeting, where the Company has three or more directors, one third of the directors (rounded down to the nearest whole number), excluding the Managing Director, must retire from office and are eligible for re-election. As the Company has six directors, excluding the Managing Director, the Constitution requires that two directors retire from office. Further, the Company's Constitution provides that a director must retire from office no later than the longer of the third annual general meeting of the Company or three years following the director's last election or appointment.

In accordance with the Company's Constitution, Mr John Marlay and Ms Kathryn Fagg are to retire at the Annual General Meeting. With regard to Mr Marlay, who was last re-elected by members at the 2013 Annual General Meeting, he retires in accordance with the Company's Constitution and, while eligible, does not offer himself for re-election. With regard to Ms Fagg, who was last re-elected by members at the 2014 Annual General Meeting, she retires in accordance with the Company's Constitution and, being eligible, offers herself for re-election.

## Candidate

**Ms Kathryn Fagg** FTSE, BE(Hons), MCom(Hons), Hon.DBUS(UNSW)

*Independent non-executive director*

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

Ms Fagg was appointed as a director on 15 April 2014. Ms Fagg is a non-executive member of the Reserve Bank of Australia, and is also a non-executive director of Djerriwarrh Investments Limited and Boral Limited. She is Chair of the Melbourne Recital Centre, Chair of the Breast Cancer Network Australia and a board member of the Australian Centre for Innovation. Ms Fagg is also President-elect of Chief Executive Women. Ms Fagg was previously President of Corporate Development at Linfox Logistics Group and, prior to that, she held executive roles with BlueScope Steel and Australia and New Zealand Banking Group. Ms Fagg was also a consultant with McKinsey and Co. after commencing her career as a chemical engineer.

## Recommendation

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

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

## 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 acquire 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 2016/19 Plan, which has a performance period of 1 October 2016 to 30 September 2019, 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 ROE Growth Condition is a new performance condition (details of which are outlined below). The changes to the design of the 2016/19 Plan have been considered in the context of Incitec Pivot’s strategy and the capital intensity of the industry in which it operates. The successful completion of the Louisiana ammonia plant marks a significant step in executing on Incitec Pivot’s strategy. The Company will continue to focus on maximising the operational efficiency of its operating assets, which now includes the Louisiana ammonia plant. The introduction of the ROE Growth Condition, as an additional performance condition, is consistent with market practice of balancing a market based measure (such as relative TSR) with an internal financial measure.

With the introduction of the ROE Growth Condition, which will have a weighting of 30%, the TSR Condition has been reweighted to 40%. The weighting of the Strategic Initiative Condition remains at 30%.

In implementing changes to the Plan for the 2016/19 performance period, the Board has continued its historical approach of aligning the executives’ at risk remuneration with the Company’s strategic intent of delivering top quartile financial performance through the cycle as measured against the S&P/ASX 100. Notwithstanding that the Company operates in inherently cyclical commodity markets, the Board considers that the targets set under the Plan should consistently reflect outcomes that represent top quartile performance of the S&P/ASX 100 irrespective of the prevailing economic environment in which the Company is operating.

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 performance rights made under the 2016/19 Plan.
- The TSR Condition requires the 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 2016/19 Plan.
- The Board sets the Strategic Initiative Condition each year based upon the Company’s key strategic priorities. In prior Plans, the Strategic Initiative Condition has comprised two components – one relating to the delivery of the Louisiana Ammonia Project and the other relating to the delivery of the Company’s Business Excellence System (**BEx**). The successful completion of the Louisiana ammonia plant marks a significant step in executing on Incitec Pivot’s strategy. The Company will continue to focus on maximising the operational efficiency of its operating assets, which now includes the Louisiana ammonia plant. As BEx is the Company’s execution model for driving continuous improvement and productivity gains across the Group, the Board has determined that for the 2016/19 Plan, it is appropriate for the Strategic Initiative Condition to relate solely to BEx. To maintain focus on driving appropriate returns from the Group’s existing assets (including the Louisiana ammonia plant), the Board has also determined that the weighting of this performance condition will remain at 30%.
- 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:

Strategic Initiative	Rationale	Scorecard	
		Performance Goals and Measurement Criteria	
<b>Business Excellence System</b>	BEx seeks to drive productivity and deliver sustainable year on year improvements. To fully achieve the benefits of BEx requires management 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').	Performance in relation to the Strategic Initiative Condition will be assessed against the following performance goals and measurement criteria: <b>Measurement criteria</b> (i) Business System Maturity (ii) Cumulative productivity benefits (iii) Manufacturing plant uptime	<b>Performance goals in relation to the measurement criteria:</b> An absolute improvement in Business Excellence System maturity over the performance period, with the final maturity score to be verified by an independent third party. Delivery of cumulative savings over the performance period against targets approved by the Board. Plant uptime measured across specified manufacturing plants, with target performance at the end of the performance period to be at 75th percentile (which reflects world class performance for ammonia and ammonium phosphate plants globally) adjusted for plant age.

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 2016/19 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**

Following the end of the performance period (that is, 30 September 2019), 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 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 2019 Remuneration report, performance against the Strategic Initiative Condition, including the rationale for the vesting percentage.

#### **ROE Growth Condition**

- This applies to 30% of the performance rights in a grant of performance rights made under the 2016/19 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 2016) 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.

Having regard to the inherent limitations in setting a growth measure for ROE by comparison to other companies (given the accounting value of a company's equity will be a function of factors such as historical capital raisings and distributions, asset revaluations and other accounting adjustments), the CAGR for full vesting of performance rights under the ROE Growth Condition has been set having regard to earnings growth rates of high performing companies in the S&P/ASX 100.

Full vesting of the performance rights under the ROE Growth Condition requires a CAGR of 11% which is consistent with the top quartile earnings growth performance of companies in the S&P/ASX 100 measured over the last three years (that is, 2014 – 2016).

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.

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:

- due to death, total or permanent disability, retrenchment or retirement, 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 any other reason, all the participant's performance rights will lapse, unless the Board determines otherwise in its absolute discretion and subject to the law.

### **Resolution 2:**

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, Mr James Fazzino. Details of Mr Fazzino's remuneration package are 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.

Mr Fazzino 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 Mr Fazzino 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 Mr Fazzino, and in respect of which the approval is sought, is 807,335. This number was determined by dividing 100% of Mr Fazzino's fixed annual remuneration as at 1 October 2016 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 2016 (being \$2.76).

Mr Fazzino's 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.

Following approval at the Annual General Meeting held on 17 December 2015, Mr Fazzino was granted 562,688 performance rights under the 2015/18 Plan. The performance period in respect of these rights ends on 30 September 2018, at which time the performance conditions will be assessed to determine whether Mr Fazzino is entitled to the vesting of any of the performance rights under that Plan. There was no consideration payable for the grant of the performance rights and no consideration will be payable for the vesting or their exercise. There is no loan in relation to the operation of the Plan or the acquisition of performance rights.

Other than Mr Fazzino, 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 is to disregard any votes cast on resolution 2 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 2) 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**

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

In making this recommendation, the other directors consider that the Plan aligns the interests of Mr Fazzino 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. Amendments to the Company's Constitution**

### **Background**

The Company's Constitution ("**Constitution**") was adopted on 6 July 2006 and, with the exception of one minor amendment approved by members at the 2010 Annual General Meeting to reflect a technical change to the Corporations Act, it has not been modified or comprehensively reviewed since.

In the decade since the Constitution was adopted, a majority of S&P/ASX 50 companies have amended or replaced their constitutions to align with changes to Australian corporate law, the ASX Listing Rules and corporate governance practices, and to seek to achieve the most efficient, cost-effective and flexible administration of their company and relations with shareholders.

The Board recommends that the Constitution be amended to take account of these changes, and to address other specific matters that the Board considers to be in the best interests of the Company.

A summary of the material proposed changes to the Company's Constitution is set out below.

A copy of the proposed amended Constitution can be obtained by members prior to the meeting at no charge by written request to the Company Secretary at Level 8, 28 Freshwater Place, Southbank, VIC 3006.

A copy of the proposed amended Constitution will also be available for inspection at the Annual General Meeting.

### **Amendments to the Constitution**

The following amendments are proposed to be made to the Constitution:

Proposed amendment	Commentary
<p><b>1 Improving provisions regarding notice to members</b></p>	<p>These amendments expand the methods by which the Company may provide notice to members. The amendments aim to realise efficiency gains and cost savings for the Company in the distribution of notices, and to increase flexibility for members in receiving notices, by:</p> <ul style="list-style-type: none"> <li>• enabling the Company to give notice to members who do not have a registered address or who are not known at their registered address by exhibiting the notice at the Company's registered office for 48 hours;</li> <li>• clarifying the provisions enabling the Company to give notice by electronic transmission;</li> <li>• enabling the Board to reduce the time at which a member will be taken to hold shares, for the purposes of voting entitlements at a meeting, to less than 48 hours before the meeting; and</li> <li>• expanding the notice provisions to all documents (not just to the notice of meeting) sent by the Company, including the Company's Annual Report.</li> </ul>
<p><b>2 Modernise director rotation requirements</b></p>	<p>The Constitution currently provides for one third of the Company's directors to retire at each AGM. This requirement reflects a rule which previously existed in the ASX Listing Rules but has since been removed. It is therefore proposed to amend the Constitution to remove this requirement and update the Constitution so that it reflects current ASX Listing Rules, which provide 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.</p> <p>Under the proposed amendments, there must still be an election of directors held at each AGM.</p>
<p><b>3 Enhance the distribution and reductions of capital provisions</b></p>	<p>The Constitution has some provisions that facilitate the payment of distributions and to effect reductions of capital. It is proposed that the existing provisions be enhanced to enable the Company to make any such distribution in a fair and efficient way. The proposed changes clarify that the Company may, amongst other things:</p> <ul style="list-style-type: none"> <li>• make cash payments in lieu of issuing securities in specific circumstances, for example where it would be impracticable, illegal or unlawful, or with the agreement of the members;</li> <li>• authorise a person to make, on behalf of a particular member entitled to a specific distribution, an agreement with the Company providing for the specific distribution;</li> <li>• make cash payments where members are entitled to fractions of shares;</li> <li>• disregard certain transfers of securities where the Board believes shareholdings have been split to obtain the benefit of rounding on fractions of shares; and</li> <li>• pay dividends and other distributions by the Company in a currency other than Australian dollars, at the Board's discretion.</li> </ul>
<p><b>4 Facilitate flexibility in appointment and removal of directors</b></p>	<p>These amendments include provisions to enhance the flexibility of the process for appointing and removing directors under the Constitution by:</p> <ul style="list-style-type: none"> <li>• extending the director nomination period to require that nominations be made at least 45 business days before the meeting (other than in the case of meetings called on the request of members, in which case nominations must be made at least 30 days before the meeting);</li> <li>• extending the exemption from the Constitution's nomination requirements to retiring directors who are eligible for re-election and to persons recommended for election by the directors. Accordingly, a nomination form need not be lodged for these individuals; and</li> <li>• removing the rule that if the CEO ceases to be a director of the Company, then that person's executive position will automatically cease. The Board considers that this matter is more appropriately addressed in the terms of the CEO's executive service contract.</li> </ul> <p>In addition, the provision in the Constitution that unnecessarily repeats a section in the Corporations Act relating to the removal of a director by reason of bankruptcy has been removed, given the Constitution already expressly states that a director ceases to be a director if the Corporations Act so provides.</p>
<p><b>5 Acting Chairman</b></p>	<p>Under the existing Constitution, where the Chairman of a general meeting is present but unable to chair all or part of a meeting – for example, because the Chairman may be personally interested in a specific item of business – an acting Chairman may take the chair. The proposed amendments to these provisions will simplify the process by which the Chairman may nominate another person to take the chair for that part of the meeting, where the Chairman is not willing or able to act. Any proxies held by the Chairman will be taken to be in favour of the acting chair. The amendments ensure that meetings of members can proceed smoothly with a Chairman or acting chair without any cumbersome approval or procedural requirements.</p>

<b>Proposed amendment</b>	<b>Commentary</b>
<b>6 Conduct of general meetings</b>	<p>The proposed amendments will increase the overall efficiency of the conduct of general meetings, by providing the Chairman with express authority to:</p> <ul style="list-style-type: none"> <li>• withdraw any item of business proposed in the notice of meeting (other than those items of business requisitioned by members or required by law); and</li> <li>• determine that a vote cast in contravention of the Corporations Act or the ASX Listing Rules is to be disregarded, and to make such a determination without putting the matter to vote if the determination is considered to be required to ensure orderly conduct of the meeting.</li> </ul> <p>In addition, these amendments:</p> <ul style="list-style-type: none"> <li>• stipulate that a person's attendance at a general meeting will waive any objection that the person may have to: <ul style="list-style-type: none"> <li>– a failure by the Company to give adequate notice of meeting (unless this issue is raised at the beginning of the meeting); and</li> <li>– the consideration of a particular matter at the general meeting that is not referred to in the notice of meeting (unless this issue is raised when the matter is first presented);</li> </ul> </li> <li>• permit the Company to change the venue for a general meeting if it provides at least 5 business days' notice of its intention to do so individually to each member, director and to the auditor of the Company;</li> <li>• clarify that the Chairman has the power to require any person who wishes to attend a meeting to comply with security arrangements in order to be admitted;</li> <li>• clarify that a poll may be demanded on any resolution that is to be submitted to the meeting; and</li> <li>• give the Chairman the express power to determine how the results of a poll will be announced.</li> </ul>
<b>7 Facilitate clarification and correction of proxy, attorney and corporate representative documentation</b>	<p>The Constitution currently allows for the Company to deal with proxy appointments in the instance where a member does not properly complete the name or the office of the proxy. The proxy appointment provisions have been enhanced to give the directors a greater range of options to deal with proxy, attorney and representative appointments that are incomplete, unclear or not properly executed. The amendments to these provisions would, for example, enable votes purported to be cast by members via proxy, attorney or representative to be counted, where they otherwise may have not been counted due to procedural irregularities.</p> <p>The existing provisions will be extended to apply to proxy, attorney and representative appointments, and to the instance where the name or the office of the proxy is unclear. New provisions are proposed to be introduced to give the Board the discretion to:</p> <ul style="list-style-type: none"> <li>• seek clarification of instructions and amend the appointment to reflect this clarification; and</li> <li>• return the documents for due execution and allow the Board to determine that the usual deadline for receipt of the duly executed document be reduced to less than 48 hours before the meeting.</li> </ul>
<b>8 Electronic lodgement of proxies</b>	<p>The Corporations Act allows for the electronic lodgement of proxy appointments. To ensure the Company has the full benefit of this flexibility, the amendments expressly provide a proxy form to be valid if it is in accordance with the Corporations Act or in any form (including electronic) that the directors prescribe. The amendments also provide for the notice of meeting to specify requirements for electronic lodgement of proxy appointments.</p>

#### **Other matters**

Various other less significant amendments are proposed to be made to the Constitution. These proposed amendments are for clarification purposes and/or are administrative in nature and are summarised as follows:

<b>Proposed amendment</b>	<b>Commentary</b>
<b>1 Clarification of director remuneration cap</b>	<p>The Constitution currently provides that the Company may pay to non-executive directors a maximum sum of directors' fees, which is determined by the Company's members in a general meeting.</p> <p>The amendments change the existing provisions to align with the ASX Listing Rules so that:</p> <ul style="list-style-type: none"> <li>• the directors' fees must not exceed the maximum sum determined by the members; and</li> <li>• unless otherwise required by the applicable law, the maximum sum of directors' fees excludes payments for extra services performed with the approval of the Board, reasonable expenses incurred in connection with the business of the Company, any retirement related benefits and any payments under the indemnity in the Constitution for directors and officers.</li> </ul>
<b>2 Updates to definitions and interpretation</b>	<p>Various defined terms used in the Constitution have been updated to reflect the current Corporations Act and ASX Listing Rules.</p>



### Resolution 3:

In accordance with the Corporations Act, members are being asked to approve as a special resolution the amendments to the Company's Constitution in the form tabled at the Annual General Meeting with effect from the close of the Annual General Meeting.

### Recommendation

The directors unanimously recommend that members vote in favour of special resolution 3.

## E. Remuneration report

### Resolution 4:

The Remuneration report for the financial year ended 30 September 2016 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 2016) of the Company and their closely related parties 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

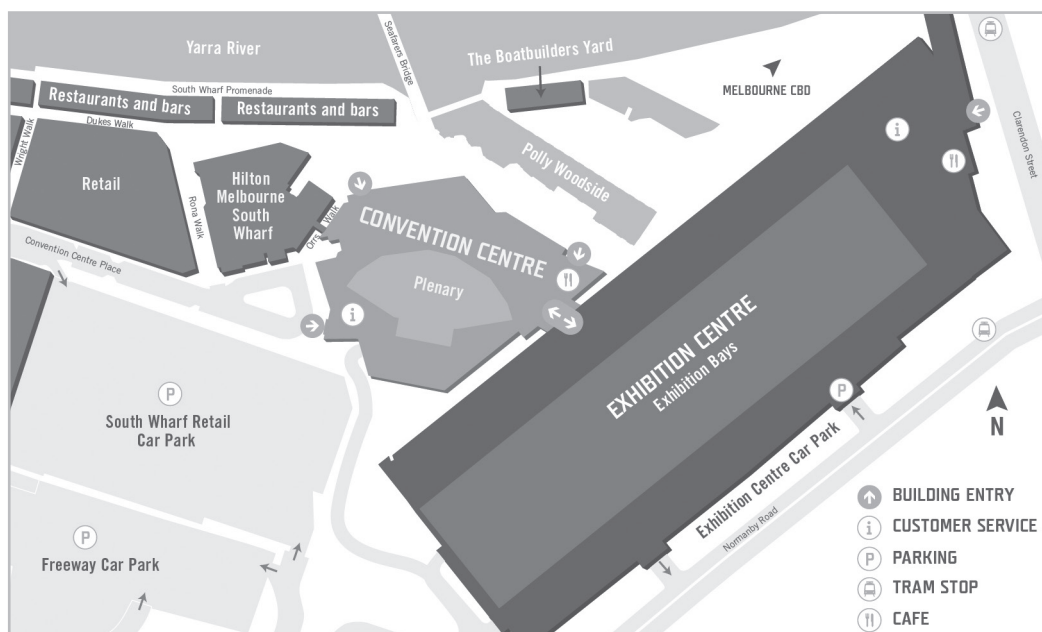
The directors unanimously recommend that members vote in favour of resolution 4.

1. The Company's annual financial report, directors' report (including the Remuneration report) and auditor's report were released on the ASX on 8 November 2016 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 18 November 2016.

## 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 Friday, 16 December 2016 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**