

NOTICE OF ANNUAL GENERAL MEETING 2021

Incitec Pivot Limited

ABN 42 004 080 264

Incitec Pivot Limited

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Dyno Nobel



INNOVATION ON THE GROUND

Incitec Pivot Limited (the Company or Incitec Pivot) gives notice that the Annual General Meeting (AGM) of shareholders will be held on Friday, 17 December 2021 at 11.00am, Australian Eastern Daylight Time (AEDT) – Melbourne time.

We are committed to ensuring Zero Harm for our shareholders, our employees, our community and other stakeholders. Therefore, in light of the COVID-19 health pandemic and social distancing requirements, the 2021 AGM will be held virtually through an online platform. There will not be a physical meeting that shareholders can attend. The online platform will allow shareholders to watch, vote and ask questions during the AGM in real time, regardless of their location.

Information on how to participate in the virtual AGM is set out in this Notice of Meeting and the Virtual AGM Online Guide.

In the event that it is necessary for Incitec Pivot to give further updates, information will be provided on the Company's website and lodged with the Australian Securities Exchange (ASX).

Subject to COVID-19 health restrictions, we intend to return to a physical AGM in 2022.

Watch and participate live online

Shareholders and proxyholders can watch and participate in the AGM via the online AGM platform at <https://meetings.linkgroup.com/IPL21>. Registration for the AGM will commence at 10.30am (AEDT).

To participate in the meeting, you will require:

- » a computer or mobile/tablet device with internet access; and
- » your Shareholder Reference Number (SRN) or Holder Identification Number (HIN), so that you can be verified as a shareholder or proxyholder. Proxyholders will need to enter their proxy code which will be provided by Link Market Services, via email, within 24 hours prior to the AGM.

Further information regarding the AGM online platform, including how to vote and ask questions online during the AGM, is contained in the Virtual AGM Online Guide (available at <https://investors.incitecpivot.com.au/shareholder-information/annual-general-meeting>). We recommend that you test that your device is able to connect to the online AGM platform ahead of time.

Options for asking questions

The AGM is intended to give shareholders the opportunity to hear both the Chairman and the Managing Director & CEO talk about the financial year just passed and to also give some insight into the Company's prospects for the year ahead. A discussion will be held on all resolutions being considered at the AGM. Shareholders will have a reasonable opportunity to ask or submit questions at the AGM on the resolutions, the operations and management of Incitec Pivot, and in relation to the content of the auditor's report and the conduct of the audit.

Before the meeting: Shareholders are able to submit written questions to the Company in advance of the AGM via the following two methods:

- » Incitec Pivot investor centre at <http://investorcentre.linkmarketservices.com.au/voting/IPL>; or
- » online at Incitec Pivot's website at <https://www.incitecpivot.com.au/contact-us>,
by no later than 5.00pm (AEDT) on Wednesday, 15 December 2021.

At the meeting: Shareholders may direct questions to the Chairman during the meeting, via the following two methods:

- » Shareholders may submit written questions during the meeting, via the online AGM platform at <https://meetings.linkgroup.com/IPL21>.
- » Shareholders may also ask oral questions during the meeting. To ask an oral question, shareholders can phone 1800 577 480, or +61 2 9189 2001 (outside Australia) and use your unique personal identification number (PIN). Your unique PIN is required for verification purposes and may be obtained by contacting Link Market Services Limited on 1800 990 363, or +61 1800 990 363 (outside Australia) by 11.00am (AEDT) on Wednesday, 15 December 2021.

More detailed information on how to ask questions during the AGM is provided in the Virtual AGM Online Guide.

Only verified shareholders and proxyholders may ask questions online or via the telephone facility.

We will endeavour to address as many of the most frequently raised questions by shareholders during our AGM presentations and answer as many questions as possible during question time on the day. However, there may not be sufficient time available at the meeting to address all questions raised. Please note that individual responses will not be sent to shareholders.

1. Financial statements and reports

To receive and consider the financial report of the Company, the Directors' Report and the Auditor's Report for the financial year ended 30 September 2021.

2. Election of Ms Tonianne Dwyer

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Ms Tonianne Dwyer who was appointed as a Director since the last Annual General Meeting and, being eligible, is elected as a Director of the Company."

Details of the qualifications and experience of Tonianne Dwyer and the recommendation of the Board in relation to her election are set out in the attached Explanatory Notes.

3. Re-election of Mr Bruce Brook

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Bruce Brook, who retires as a Director in accordance with the Company's Constitution and, being eligible, is re-elected as a Director of the Company."

Details of the qualifications and experience of Bruce Brook and the recommendation of the Board in relation to his election are set out in the attached Explanatory Notes.

4. Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

The Remuneration Report of the Company for the year ended 30 September 2021 is adopted.

This is a non-binding advisory vote.

5. Grant of performance rights to the Managing Director & CEO

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

The grant of performance rights to the Managing Director & CEO, Ms Jeanne Johns, under the Company's Long Term Incentive Plan on the terms described in the Explanatory Notes, is approved for all purposes including ASX Listing Rule 10.14.

6. Resolutions requisitioned by a group of shareholders

The Resolutions at 6(a) and 6(b) have been requisitioned by a group of shareholders of the Company representing approximately 0.0036% of the shares on issue.

The following resolutions are **not supported** by the Board:

(a) Amendment to the Constitution

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

To amend the constitution to insert the following new Clause 5.8(f):

"The shareholders in general meeting may by ordinary resolution express an opinion, ask for information, or make a request, about the way in which a power of the company partially or exclusively vested in the directors has been or should be exercised. However, such a resolution must relate to an issue of material relevance to the company or the company's business as identified by the company, and cannot either advocate action which would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the directors or the company."

(b) Paris-aligned Targets

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"Shareholders request that the Board disclose, in annual reporting from 2022:

1. Short, medium and long-term targets for reductions in our company's Scope 1, 2 and 3 emissions (Targets) that are aligned with articles 2.1(a) and 4.1 of the Paris Agreement⁽¹⁾;
2. Details of how our company's capital expenditure, including material investments in the development of oil and gas reserves, will be aligned with the Targets; and
3. Details of how the company's remuneration policy will incentivise progress against the Targets.

Nothing in this resolution should be read as limiting the Board's discretion to take decisions in the best interests of our company, or to limit the disclosure of commercial-confidence information."

The Board considered the requisitions and the reasons put forward by the requisitioning shareholders and unanimously recommend that shareholders vote against Resolution 6(a) and, if necessary, Resolution 6(b), for the reasons set out in the Explanatory Notes on pages 10-12.

By order of the Board.



Richa Puri
Company Secretary

17 November 2021

(1) Article 2.1(a) of The Paris Agreement states the goal of "Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change." Article 4.1 of The Paris Agreement: "In order to achieve the long-term temperature goal set out in Article 2, Parties aim to reach global peaking of greenhouse gas emissions as soon as possible, recognizing that peaking will take longer for developing country Parties, and to undertake rapid reductions thereafter in accordance with best available science, so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty."

IMPORTANT INFORMATION

Annual Report

Incitec Pivot's Annual Report is available at <https://investors.incitecpivot.com.au/shareholder-information/company-reports>.

Printed copies of the 2021 Annual Report will be dispatched to shareholders who have elected to receive a hard copy.

Shareholders entitled to attend and vote

All shareholders may attend the AGM.

For the purposes of voting at the meeting, shareholders will be taken to be those persons recorded on the Company's register of members as at 7.00pm AEDT on Wednesday, 15 December 2021. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to vote at the meeting.

If more than one joint holder of shares is present at the AGM (whether virtually, by proxy, by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

All resolutions set out in the Notice of Meeting will be decided by way of a poll. On a poll, shareholders have one vote for every fully paid ordinary share held (subject to the restrictions on voting referred to below).

Voting by proxy

If you are a shareholder entitled to vote at the AGM, you may appoint a proxy to attend on your behalf. A proxy can be either an individual or a body corporate. A proxy does not need to be a shareholder of the Company. The appointment may specify the proportion or number of votes the proxy may exercise.

If you wish to appoint a body corporate as your 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 AGM. If satisfactory evidence of an appointment as corporate representative is not received at least 48 hours before the commencement of the meeting, then the body corporate (through its representative) will not be permitted to act as your proxy.

If you are a shareholder holding two or more shares, you can appoint either one or two proxies to act on your behalf. Where two proxies are appointed, you can specify what proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy will exercise half of your votes.

If your proxy chooses to vote, he/she must vote in accordance with your directions on the Proxy Form. If you have directed the proxy how to vote, and they fail to attend the meeting or they choose not to vote on a poll, then the Chairman of the meeting will vote your proxies as directed by you.

If you do not mark a box on the Proxy Form directing your proxy how to vote, your proxy may vote as they choose on that item. If the Chairman of the meeting is your proxy (or becomes your proxy by default), then the Chairman of the meeting intends to exercise your votes in favour of resolutions 1-5 and against resolutions 6(a) and 6(b) (subject to any voting restrictions outlined below).

If you intend to appoint a member of the Key Management Personnel (as defined in the 'Voting restrictions' section below) or one of their closely related parties as your proxy, please ensure that you direct them how to vote on Resolutions 4 and 5, otherwise they may not be able to cast a vote as your proxy on those resolutions.

Lodgement of Proxy Forms

Completed Proxy Forms (and any authority under which it is signed or a certified copy of the authority) must be received by the Company via its Share Registry by no later than 11.00 am (AEDT) on Wednesday 15 December 2021. Proxy Forms can be lodged with the Company's Share Registry by one of the following methods:

- » **Online** at www.linkmarketservices.com.au and follow the prompts to lodge your proxy. To use this facility, you will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Proxy Form.
- » **By mail** to Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 Australia
- » **By facsimile** to Link Market Services Limited on + 61 2 9287 0309
- » **By hand** delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

If you require a hard copy Proxy Form, please contact the Company's Share Registry, Link Market Services Limited, on +61 1300 303 780.

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

Corporate Shareholders

A body corporate that is a shareholder may appoint an individual as its representative to attend and vote at the meeting and to exercise any other powers the body corporate can exercise at the meeting. The appointment may be a standing one. The representative must ensure that the Company has received evidence of his/her appointment, including any authority under which the appointment is signed in advance of the AGM, unless it has been previously provided to the Company.

Voting by attorney

A Proxy Form and the original power of attorney under which the Proxy Form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 11.00 am (AEDT) on Wednesday 15 December 2021, which is 48 hours before the AGM.

Voting restrictions

Certain restrictions may apply to voting on resolutions relating to members of the Key Management Personnel (or KMP) – relevantly, Items 4 and 5.

KMP are the Directors of the Company (including the Chairman of the meeting) and those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The KMP for the financial year ended 30 September 2021 are identified in the Remuneration Report, which forms part of the Company's 2021 Annual Report.

To ensure your vote counts, please read the following guidance on voting restrictions and proxy appointment.

Voting exclusions for Resolutions 4 and 5

Resolution 4

The Company will disregard any votes cast on Resolution 4:

- » by or on behalf of a member of the Company's KMP whose remuneration details are included in the Remuneration Report for the year ended 30 September 2021 or their closely related parties, regardless of the capacity in which the vote is cast; or
- » as a proxy by a person who is a member of the Company's KMP at the date of the AGM or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Resolution 4:

- » in accordance with a direction in the proxy form; or
- » by the Chairman of the AGM pursuant to an express authorisation to exercise the proxy even though Resolution 4 is connected with the remuneration of the KMP.

Resolution 5

The Company will disregard any votes on Resolution 5:

- » cast in favour of the resolution by or on behalf of the Managing Director & CEO, Jeanne Johns, and her associates, regardless of the capacity in which the vote is cast; or
- » cast as proxy by a person who is a member of the Company's KMP on the date of the AGM or their closely related parties,

unless the vote is cast on Resolution 5:

- » as proxy or attorney for a person entitled to vote on the resolution in accordance with a direction given to the proxy or attorney to vote on the resolution in that way; or
- » by the Chairman of the AGM as proxy for a person entitled to vote on the resolution, in accordance with an express authorisation to exercise undirected proxies as the Chairman decides; or

- » by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

If you appoint the Chairman of the meeting as your proxy

If you appoint the Chairman of the AGM as your proxy (or if the Chairman of the meeting becomes your proxy by default), and you do not direct your proxy how to vote on Resolution 4 and/or Resolution 5 on the Proxy Form, you will be expressly authorising the Chairman of the meeting to exercise your proxy on these resolutions even if the resolution is connected, directly or indirectly, with the remuneration of the KMP.

The Chairman of the meeting intends to vote all available proxies **in favour** of resolutions 1-5 and **against** resolutions 6(a) and 6(b).

Technical difficulties when attending online

Technical difficulties may arise during the course of the online meeting. The Chairman has discretion as to whether and how the online meeting should proceed in the event that a technical difficulty arises. In exercising his discretion, the Chairman will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected. Where he considers it appropriate, the Chairman may continue to hold the online meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.

EXPLANATORY NOTES

These Explanatory Notes form part of the Notice of Meeting and have been prepared for the information of shareholders regarding the resolutions of business to be considered at Incitec Pivot's 2021 AGM.

The Board recommends that shareholders read the Explanatory Notes before determining whether or not to support the resolutions.

1. Financial statements and reports

No vote is required to be held on this item. Shareholders will be given the opportunity to ask questions and make comments on the consolidated financial report of the Company, the Directors' Report and the Auditor's Report of the Company for the financial year ended 30 September 2021 and the management and performance of the Company.

There will also be an opportunity to ask questions of the Company's auditor relevant to the conduct of the audit, the preparation and content of the auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

2. Election of Ms Tonianne Dwyer

Tonianne Dwyer, who was appointed by the Board in accordance with article 6.2(a) of the Company's Constitution, retires and, being eligible, presents herself for election in accordance with article 6.3(f) of the Company's Constitution. The Board considers Tonianne Dwyer to be an independent director and supports her nomination for election.

Ms Tonianne Dwyer

BJuris (Hons), LLB (Hons), GAICD
Independent Non-executive Director

Tonianne was appointed as a non-executive director of the Company on 20 May 2021.

Tonianne is a member of the Audit and Risk Management Committee and the Remuneration Committee.

Tonianne is an experienced non-executive director and has extensive executive experience in investment banking, funds management, real estate and corporate strategy.

Tonianne had a 23-year executive career in investment banking and real estate during which she held senior management roles with Hambros Bank Limited and Societe Generale in the UK. She was the Head of Funds Management of Quintain Estates & Development plc (an LSE listed property company comprising funds management, investment and urban regeneration) from 2003 before being promoted as an Executive Director of Quintain from 2006 to 2010. Prior to joining Quintain, Tonianne was a Director of Investment Banking at Hambros Bank, Societe Generale and SG Cowen.

Tonianne is currently an independent non-executive director of DEXUS Property Group and DEXUS Wholesale Property Fund, ALS Limited and OZ Minerals Limited. She is the Deputy Chancellor and member of the Senate of the University of Queensland, and a director of the Sir John Monash Foundation. Tonianne has previously held non-executive directorships on Metcash Limited, Cardno Limited and Queensland Treasury Corporation and is a former director of Chief Executive Women Limited. Tonianne is a graduate of the Australian Institute of Company Directors, a member of Chief Executive Women and a member of Women Corporate Directors.

The Board supports Tonianne's election as Tonianne brings to the Board her international executive experience and extensive non-executive director experience within the Australian listed company environment. In addition, Tonianne brings a range of skills and expertise including in strategy, governance and risk, finance, acquisitions and capital projects as a result of her extensive executive and non-executive experience in the mining, property and wholesale distribution industries.

Prior to the Board's decision to appoint her as a non-executive director, Tonianne underwent background and reference checks, with no concerns raised from the checks.

Board's Recommendation

The Board (other than Tonianne Dwyer who is the subject of this resolution) recommends that shareholders vote **in favour** of Tonianne Dwyer's election.

3. Re-election of Mr Bruce Brook

In accordance with the Company's Constitution, a Director must retire from office no later than the longer of the third AGM and three years following that Director's last election. Retiring Directors are eligible for re-election.

Bruce Brook was last elected as a Director at the 2018 AGM. Bruce Brook therefore retires in accordance with article 6.3(b) of the Company's Constitution and, being eligible, presents himself for re-election. The Board considers Bruce Brook to be an independent director and supports his nomination as a candidate for re-election.

Mr Bruce Brook

BCom, BAcc, FCA, MAICD
Independent Non-executive Director

Bruce was appointed as a non-executive director of the Company on 3 December 2018.

Bruce is a member of the Audit and Risk Management Committee (Chairman), the Remuneration Committee and the Nominations Committee.

Bruce was the Chief Financial Officer of Western Mining Resources Limited and Deputy Chief Financial Officer of the Australian & New Zealand Banking Group. Western Mining Resources Limited built the Phosphate Hill operations now owned by the Company and as marketing of fertilisers was a part of his executive duties, Bruce chaired Western Mining's subsidiary fertiliser distribution business, HiFert. Bruce brings to the Board extensive executive experience in Australia, America, the UK and Africa, across a range of industries including mining, finance, manufacturing and chemicals.

Bruce is currently a non-executive director of CSL Limited, Newmont Corporation and Djerriwarrh Investments Limited. Bruce is also a member of the Australian Institute of Company Directors Corporate Governance Advisory Committee and a director of Guide Dogs Victoria. Bruce has previously held non-executive directorships on Programmed Group (Chair), Boart Longyear, Lihir Gold Limited, Snowy Hydro, Export Finance and Insurance Company, Deep Exploration Technologies CRC, Consolidated Minerals Limited and Energy Developments Limited (Chair). Bruce is a member of the Australian Institute of Company Directors and a Fellow of Chartered Accountants Australia and New Zealand.

The Board has reviewed the performance of Bruce and supports his re-election. The Board believes that Bruce continues to provide a valuable contribution to the Board, noting that Bruce has been a high-performing director over his term of office, and that he has extensive global business experience across a range of industries in an executive and non-executive capacity. In addition, Bruce brings to the Board extensive experience in leadership, finance, strategy, governance and risk and capital management in the mining, finance and manufacturing industries.

Board's Recommendation

The Board (other than Bruce Brook who is the subject of this resolution) recommends that shareholders vote **in favour** of Bruce Brook's re-election.

4. Remuneration Report

Shareholders are asked to adopt the Company's Remuneration Report for the financial year ended 30 September 2021.

The Remuneration Report, which sets out in detail the Company's policy for determining remuneration for directors and executives, is contained in the 2021 Annual Report. 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 Company's Remuneration Report demonstrates how the Company continues to align its remuneration policy and outcomes with company performance and the achievement of business strategy. The Board believes that the Remuneration Report confirms the strong link between investor interests, the Company's performance and KMP remuneration.

The Corporations Act requires that a resolution to adopt the Remuneration Report must be put to a vote at the AGM. The vote on this resolution is advisory only and does not bind the directors or the Company. However, shareholders will be provided with a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. The Board will take the outcome of the vote into consideration when reviewing the future remuneration arrangements of the Company.

Board's Recommendation

The Board recommends that shareholders vote **in favour** of this resolution.

5. Grant of performance rights to Managing Director & CEO

As part of its executive remuneration strategy, the Company operates a Long Term Incentive Plan (LTI Plan). Under the LTI Plan, eligible executives are offered performance rights to acquire fully paid ordinary shares in the Company (Shares) subject to the satisfaction of certain performance conditions.

The Managing Director & Chief Executive Officer (MD&CEO), Jeanne Johns is a participant in the LTI Plan, which seeks to align the interests of the MD&CEO and the Company's executives with those of the Company's shareholders by rewarding performance in line with the creation of shareholder value.

Shareholders are asked to approve the grant of performance rights (Rights) to Jeanne Johns under the LTI Plan for 2021/24 on the terms set out in these Explanatory Notes, for the purposes of ASX Listing Rule 10.14 and all other purposes. Under ASX Listing Rule 10.14, shareholder approval is required in order for a director to be issued securities under an employee incentive scheme, including securities such as performance rights where shares may be issued by the company upon vesting and exercise.

The Board currently intends to source the shares to satisfy the vesting of Jeanne Johns' Rights through on-market purchases, however it is seeking shareholder approval in the interests of good corporate governance and to preserve flexibility in case it is ultimately considered in the Company's best interests to issue shares rather than source them on-market.

A brief overview of the details of the proposed grant is set out below.

EXPLANATORY NOTES continued

Entitlement under LTI Plan	<p>The number of performance rights to be issued to Jeanne Johns is determined using a face value calculation.</p> <p>The face value of Jeanne Johns' LTI Plan 2021/24 participation is determined by reference to a percentage (150%) of her fixed annual remuneration of \$1,640,000.</p> <p>The actual number of Rights to be allocated will be determined by dividing Jeanne Johns' LTI participation value by the volume weighted average price (VWAP) of the Company's Shares during the 5 business days immediately following the FY21 full year results announcement (rounded down to the nearest whole number of Rights).</p> <p>For example, if the VWAP of the Company's ordinary shares over this period is \$3.00, then Jeanne Johns would be granted 820,000 Rights (being $150\% \times 1,640,000 / \\3.00).</p>
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Date of the grant	If shareholder approval is obtained, the Rights will be granted to Jeanne Johns shortly after the AGM, and in any event no later than 12 months after the AGM.
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Performance conditions	<p>Vesting of the Rights will be subject to the following four performance conditions:</p> <ul style="list-style-type: none"> » relative Total Shareholder Return (TSR) of the Company (measuring TSR against companies in the S&P/ASX 100) (TSR Condition); » return on invested capital (ROIC Condition); » the delivery of long term financial measures (Long Term Value Metrics); and » the delivery of Environmental, Social & Governance measures (ESG Condition). <p>These conditions focus on sustained performance of the Company. All four conditions cover a three-year performance period, with the ROIC Condition, Long Term Value Metrics, and the ESG Condition measured over the period 1 October 2021 to 30 September 2024. The TSR Condition will be measured over the three-year period commencing five business days from the date after the FY21 full year results announcement and ending on the 5th business day following the announcement of FY24 full year results.</p>
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The number of Rights that vest at the end of the performance period depends on the degree to which each of the TSR Condition, the ROIC Condition, Long Term Value Metrics Condition, and ESG Condition has been satisfied. The four conditions apply and are assessed independently of each other. A summary of how each condition operates is set out below. Any Rights that do not vest at the end of the performance period will lapse.

TSR Condition

- » This applies to 40% of the Rights granted under the LTI Plan 2021/24.
- » TSR reflects the growth in the price of the Company's ordinary shares over a period, plus the value of the dividends or distributions paid in respect of the company's securities notionally reinvested in the Company's ordinary shares.
- » 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 Index. The Board has discretion to make adjustments to the comparator group to reflect certain events occurring during the performance period (such as a demerger, takeover, delisting or capital reconstruction).
- » The table below sets out the percentage of Rights subject to the TSR Condition that can vest depending on the Company's performance against the comparator group over the three-year performance period:

Relative TSR ranking of IPL against comparator group	% of Rights subject to TSR Condition that will vest
Below the 50th percentile	Nil
50th to 75th percentile	Pro rata from 50% on a straight line basis
At or above the 75th percentile	100%

ROIC Condition

- » This applies to 35% of the Rights granted under the LTI Plan 2021/24.
- » The ROIC Condition is the absolute Return on Invested Capital (ROIC) measured in respect of the final year of the performance period.
- » ROIC has been selected as it is a key determinant of efficient use of the capital entrusted to management by shareholders. It also reflects all of the levers to create shareholder value, including operational efficiency, capital efficiency, asset utilisation and profitability.
- » The table below sets out the percentage of Rights subject to the ROIC Condition that can vest depending on the achievement of absolute ROIC:

EXPLANATORY NOTES continued

Absolute ROIC	% of Rights subject to the ROIC Condition that will vest
Below 6.4%	Nil
6.4% < 6.8%	Pro rata from 50% on a straight line basis
6.8% or greater	100%

- » The above targets represent significant improvement in ROIC and have been determined in the context of the goodwill recognised on the Company's balance sheet for the acquisition of Dyno Nobel in 2008.

Long Term Value Metrics Condition

- » This applies to 15% of the Rights granted under the LTI Plan 2021/24.
- » The Board sets the Long Term Value Metrics Condition for each LTI tranche based upon the Company's key strategic priorities. The Board has determined that for the LTI Plan 2021/24, achievement of the Long Term Value Metrics 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 LTI Plan 2021/24, the Scorecard focuses on the following Value Drivers:

- » **Manufacturing excellence:** 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.
- » **Customer practical technology & innovation:** By focusing on differentiated products and services and innovations to meet the challenges of customers, this metric aims to incentivise participating executives to assure sustainable earnings and maximise shareholder return.
- » **Profitable growth:** Focuses on opportunities that include capitalising on our core capabilities. LTI Performance goals in relation to this item focus on incentivising the delivery of sustainable productivity improvements.

Details of the specific performance goals comprising the Scorecard for the Long Term Value Metrics Condition will be notified to executives who are offered Rights under the LTI Plan. These performance goals involve quantitative or measurable targets. The Company considers some of the targets to be commercial-in-confidence, such 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.

Value Driver	Measurement criteria	Performance Goals
Manufacturing Excellence	Manufacturing Reliability	For the major ammonia plants to deliver to a specified reliability level (using Philip Townsend Associates Global Ammonia plan benchmarking) by end 2024
Practical Technology & Innovation	Margin from Technologies	Margin expansion enabled by technology sales
Profitable Growth	Explosives Global Growth	EBIT growth in LATAM and EMEA regions

Assessing satisfaction of the Long Term Value Metrics Condition

Following the end of the performance period for the Long Term Value Metrics Condition in the LTI Plan 2021/24, the Board will determine the outcome of the Long Term Value Metrics 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 Long Term Value Metrics Condition have been achieved: All of the Rights subject to the condition will vest (that is, 15% of the Rights granted).
- » If the Board determines that the performance goals in respect of the Long Term Value Metrics Condition are only partially achieved: The extent to which the Rights will vest (if at all) will be determined by the Board.

In making its determination, the Board will have regard to the results achieved against the performance goals, without applying a specific weighting to any particular performance goal. For example, the Board may determine that all or a proportion of the Rights the subject of the Long Term Value Metrics Condition vest. Similarly, the Board could determine that none of the Rights are to vest, if some or all of the performance goals were not satisfactorily met during the performance period.

EXPLANATORY NOTES continued

Detailed performance goals are not disclosed, but performance against the goals is disclosed at the end of the performance period. Performance against the Long Term Value Metrics Condition, including the rationale for the vesting percentage, will be disclosed in the Remuneration Report following vesting.

ESG Condition

- » This applies to 10% of the Rights granted under the LTI Plan 2021/24.
- » ESG has been added as a stand-alone LTI metric to reflect strategic business priorities over the coming years and the increasing focus on ESG, particularly the reduction of greenhouse gas emissions.
- » This condition focuses on IPL demonstrating material progress towards 2025 and 2030 targets on climate change and the development of a Scope 3 emission reduction strategy and implementation of this strategy.

Assessing satisfaction of the ESG Condition

Following the end of the performance period for the ESG Condition in the LTI Plan 2021/24, the Board will determine the outcome, having regard to the results achieved against the set performance goals, as well as any additional investment made over the period that creates other meaningful opportunities for IPL to decrease greenhouse gas emissions in the longer term.

- » If the Board determines that all of the performance goals in respect of ESG Condition have been achieved: All of the Rights subject to the condition will vest (that is, 10% of the Rights granted).
- » If the Board determines that the performance goals in respect of the ESG Condition are only partially achieved: The extent to which the Rights will vest (if at all) will be determined by the Board.

In making its determination, the Board will have regard to the results achieved against the performance goals, without applying a specific weighting to any particular performance goal.

Detailed performance goals are not disclosed, but performance against the goals is disclosed at the end of the performance period. Performance against the ESG Condition, including the rationale for the vesting percentage, will be disclosed in the Remuneration Report following vesting.

In respect of all four performance conditions under the LTI 2021/24, 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 management team.

Price payable	No amount will be payable by Jeanne Johns upon the grant, vesting or exercise of the Rights.
Vesting	<p>A 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 Jeanne Johns under certain conditions, e.g. in the case of a takeover bid. Once a Right vests, it will be deemed to have been exercised.</p> <p>On vesting and exercise, Jeanne Johns will ordinarily receive one ordinary share in the Company for each Right that vests. The Board retains discretion to make a cash equivalent payment in lieu of an allocation of shares.</p>
Trading restrictions	Jeanne Johns will not be permitted to dispose of, or otherwise deal with, the Rights. Subject to compliance with applicable laws and the Company's Securities Trading Policy, Jeanne Johns will be free to deal with any Shares acquired by her upon the vesting and exercise of Rights.
Treatment on cessation of employment	<p>Unless the Board determines otherwise, if Jeanne Johns ceases to be employed before 30 September 2024 for a Permitted Reason (being a reason other than resignation, termination for cause or gross misconduct), the number of Jeanne Johns' Rights that have not already become vested Rights (and that will lapse) will be determined on a pro rata basis reflecting the number of days remaining in the performance period after Jeanne Johns ceased to be employed by the Company. The remaining Rights will be tested in the ordinary course against the performance conditions at the end of the performance period.</p> <p>If Jeanne Johns ceases to be employed before 30 September 2024 for a reason other than a Permitted Reason, all her Rights will lapse, unless the Board determines otherwise in its absolute discretion and subject to the law.</p>
Clawback	Under the LTI Plan, the Board may exercise discretion to require repayment of all or part of any LTI awarded, or a reduction of unvested awards, in the event of fraud, dishonesty, gross misconduct, or a material misstatement (or omission) which results in a restatement of the audited financial report.

EXPLANATORY NOTES continued

Other required information – ASX Listing Rules

- » Jeanne Johns is a director of the Company and the only director of the Company entitled to participate in the LTI Plan. No associate of any director is entitled to participate.
- » Jeanne Johns' fixed annual remuneration is currently \$1,640,000 (FAR). The components of 'at risk' compensation for Ms Johns are as follows:
 - STI – up to 150% of FAR, normally payable (pending satisfaction of the Company's Minimum Shareholding Requirement) partly in cash and partly in the form of restricted shares; and
 - LTI – up to 150% of FAR, granted in performance rights under the LTI Plan.
- » The Company uses performance rights for the LTI award because they create share price alignment between Jeanne Johns and shareholders but do not provide the full benefits of share ownership (such as dividend and voting rights) unless the performance rights vest.
- » Jeanne Johns has previously been granted a total of 3,177,786 Rights (for nil cost) under prior year LTI Plans, of which 67,415 have vested (or will vest) into Shares and 606,742 have lapsed.
- » Details of any securities issued to Jeanne Johns under the LTI Plan will be published in the Company's Annual Report for the relevant year, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the LTI Plan after this resolution is approved and who are not named in this Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14.
- » Jeanne Johns will not be provided with any loan in connection with the Rights issued to her. The Rights have no dividend entitlement. The Rights will not be quoted or transferable.
- » If the resolution is not passed, the Board will consider alternative arrangements to appropriately remunerate and incentivise Jeanne Johns.

Board's Recommendation

The Board (other than Jeanne Johns who has an interest in this resolution) recommends that shareholders vote **in favour** of this resolution.

In making this recommendation, the Board members (other than Jeanne Johns) consider that the LTI Plan aligns the interests of Jeanne 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.

6. Resolutions requisitioned by a group of shareholders

A group of shareholders representing approximately 0.0036% of the Company's ordinary shares has proposed Resolutions 6(a) and 6(b) under section 249N of the Corporations Act and has requested that pursuant to section 249P of the Corporations Act, IPL give to shareholders the supporting statements set out in Appendix 1 and Appendix 2 to this notice.

Resolution 6(a) seeks an amendment to the Company's Constitution. Resolution 6(b) is a contingent advisory resolution that will only be put to the AGM if 75% or more of the votes cast on Resolution 6(a) are in favour. Consistent with IPL's approach to inviting shareholder debate and feedback, it is the Board's intention to allow a reasonable opportunity at the AGM to take questions from shareholders on both Resolutions 6(a) and 6(b), even if Resolution 6(b) is not ultimately put to the meeting.

Amendment to the Constitution – Resolution 6(a)

The Board respects the right of shareholders to requisition resolutions and has carefully considered the proposal to amend the Constitution. While the Board firmly believes in fostering engagement with IPL's shareholders and broader stakeholders, for the reasons outlined below it does not consider that the proposed resolution is necessary to achieve this and does not consider the proposed resolution to be in the best interests of the Company.

This resolution proposes to insert a new provision in the Company's Constitution that would enable shareholders, by ordinary resolution, to express an opinion or request information about the way in which a power of the Company vested in the Board has been or should be exercised.

The Board is committed to understanding the views of IPL's shareholders and stakeholders and making a genuine effort in responding to concerns which are raised. The Board considers that it actively listens and responds to stakeholder concerns in a way that is cognisant of, and balances, the competing interests of its different stakeholder groups. The Board does not consider that the proposed constitutional amendment would enhance its ability to understand the views and sentiments of shareholders and broader stakeholders.

IPL has in place a number of avenues available to its shareholders and broader stakeholder base to put forward their views on issues relating to the Company and its broader community impact. Shareholders are provided with a number of opportunities in which they can engage with IPL. For example:

- » IPL has an investor relations program, which seeks to support effective two-way communication with investors and other stakeholders. IPL regularly and constructively engages with its shareholders and broader stakeholder groups to understand how IPL's operations and activities impact them. Through this

EXPLANATORY NOTES continued

process, IPL receives feedback on its strategies, affairs and outlook. This feedback provides IPL with the flexibility to adjust both its strategy and operations in response to the prevailing expectations of its shareholders and stakeholders.

- » IPL holds regular investor briefings, webcasts these events where practicable and provides investor presentations and archived recordings on its website.
- » Shareholders are invited to submit questions in advance of the AGM, which helps the Company to understand shareholder issues and concerns, and address key areas of shareholder feedback. IPL also encourages shareholders at the AGM to ask questions and make comments about the Company.

The form and content of IPL's climate change and sustainability disclosures, including its Climate Change Report, Sustainability Report and investor briefings, continue to evolve to reflect stakeholder expectations and interests.

The power to manage the business of IPL is conferred upon the Board by the Constitution. It is important that the Directors are able to make decisions using their judgement about the business and affairs of IPL in the best interests of the Company as a whole and having regard to IPL's overall strategy. Shareholders are able to hold the Board to account for their decisions by voting on the appointment and removal of Directors at IPL's Annual General Meetings. The Board also believes that the proposed amendment to the Constitution could have the effect of enabling groups of shareholders to promote their own interests, which do not take into account the interests of the Company as a whole.

Where the Board considers it is in the interests of shareholders as a whole for an advisory vote to be sought, then IPL welcomes this engagement, as evidenced by its intention to adopt a non-binding advisory vote on IPL's climate change reporting at the 2022 AGM.

Board's Recommendation

The Board recommends that shareholders vote **against** this resolution.

Paris-aligned Targets – Resolution 6(b)

Resolution 6(b) is an "advisory resolution" and will only be presented at the meeting for consideration if Resolution 6(a) is passed by special resolution. If Resolution 6(a) is not passed, this item will not be put to the meeting. However, as noted above, the Company intends to allow a reasonable opportunity at the AGM for shareholders to ask questions in relation to this subject matter.

The Board does not endorse the resolution and recommends that shareholders vote against it for the reasons set out below.

IPL's greenhouse gas emissions targets

IPL's products and services are vital to providing food for the world's growing population, along with the raw materials required to shape our cities and create renewable energy infrastructure

critical to a decarbonised future. The opportunity for IPL is to continue to unlock the world's natural resources while reducing our environmental footprint and working towards a long-term 'Net Zero' future. The Board recognises that accelerated action is required to address climate change. However, the Board does not believe this resolution, as presented, is in the best interests of IPL's shareholders at this time.

With regards to greenhouse gas (GHG) emissions, IPL's manufacturing processes are considered to be 'hard-to-abate' processes. This means that not all of the technologies required to reduce IPL's GHG emissions are currently available. For example, IPL owns and operates six ammonia plants globally, for which abatement technologies are still being developed. IPL's 2021 Climate Change Report describes the work completed to identify the required technologies to decarbonise. It describes a potential pathway to Net Zero by 2050 (or sooner if practicable) for IPL and identifies the key enablers and estimated time frames in which the required technologies are likely to be available for implementation. This timing will depend, to a large extent, on external factors beyond IPL's control such as policy incentives, reductions in emerging technology capital and operating costs, and grid decarbonisation. Based on the results of this work, it is unlikely that IPL's trajectory towards Net Zero will be linear – it is more likely that reductions will begin more slowly and then accelerate after 2030, with the greater reductions required to reach Net Zero by 2050 occurring towards and after 2040.

In line with this work, IPL has set a short-term absolute reduction target of 5% by 2025⁽²⁾ against a 2020 baseline and a medium-term absolute reduction target of 25% by 2030⁽³⁾ against a 2020 baseline. These targets transparently reflect IPL's likely pathway towards Net Zero and are underpinned by a pipeline of actual decarbonisation initiatives. While the technologies underpinning these initiatives are at varying levels of development, they are all considered to be technologically ready. IPL has also set a Net Zero by 2050⁽⁴⁾ Ambition.

What are Paris Aligned Targets?

The Science Based Targets initiative (SBTi) was launched in 2015 to support companies in setting GHG reduction targets which align factually (scientifically) with the aim of the Paris Agreement, and continues to develop guidance documents for specific sectors to calculate the reductions over time which would need to be made (i.e., to set targets) to limit GHG to 'well below 2 degrees'. However, the method for the chemicals sector is still under development. Therefore, for a chemicals sector company (such as IPL) to set an SBT, or Paris Aligned target, the company would need to use the SBT Absolute Contraction Approach, which is a straight-line decarbonisation trajectory. For IPL, this would require a 42% reduction by 2030 against a 2020 baseline. As described above, a straight-line reduction trajectory, and a target of 42%, cannot presently be supported by the available technologies for IPL's hard-to-abate ammonia manufacturing process. This does not mean that Net Zero by 2050⁽⁴⁾ is an unreachable ambition for IPL, only that IPL's pathway to Net Zero by 2050 is unlikely to be linear.

(2) IPL's short and medium-term targets are absolute reductions against its 2020 baseline year operational (Scope 1 and Scope 2) emissions of 3,961,222 tCO₂e. This 2020 baseline has been restated due to the installation of Continuous Process Emissions Monitoring of nitrous oxide emissions at IPL's Louisiana, Missouri nitric acid manufacturing plant, which was installed in 2021 and has improved GHG measurement.

(3) Subject to economic feasibility of CCUS at Waggaman, Louisiana.

(4) IPL's ambition to achieve net zero (operational) emissions by 2050 is based on the assumptions that; green hydrogen reaches economic parity with natural gas for hydrogen production by 2040; US grid decarbonisation is achieved by 2035-2040; Australian grid decarbonisation is achieved by 2040; and carbon offsets are available for residual emissions that are not practical to abate.

EXPLANATORY NOTES continued

It is worth noting that since IPL's manufacturing facilities are wholly owned and domestically operated close to customer markets, IPL has the opportunity to decarbonise these assets as quickly as practicable (avoiding merely transferring GHG emissions to its supply chain), and before 2050 should technological and commercial feasibilities allow. This ambition seeks to maintain employment for a just transition, and also maintain IPL's vertically integrated supply chain for ammonium nitrate and ammonia based fertiliser manufacture.

See IPL's 2021 Climate Change Report for more details on IPL's Net Zero Pathway, the technologies required, and the identified opportunities to reduce Scope 3 emissions.

Capital expenditure

Our governance structures as they relate to the management of climate change, including capital expenditure, are presented in Chapter 1 of IPL's 2021 Climate Change Report. Internal carbon pricing has been included in capital expenditure assessments for projects at our major manufacturing sites in Australia since Australian Carbon Credit Units (ACCUs) were introduced by the Federal Government in 2012, with the price reflecting the market price of ACCUs. During the year, the Board formally approved the application of this carbon price to all future growth capital and investment decisions. The price is currently A\$20, and is projected to increase to A\$50 by 2025, A\$65 by 2030 and A\$140 by 2050. A range of carbon prices are also included in our scenario analyses (see Chapter 4 of IPL's 2021 Climate Change Report).

As described in IPL's 2021 Climate Change Report, IPL's business strategy to manage the challenges associated with climate change is focused on leveraging the emerging opportunities presented by the transition to a low carbon economy. As demonstrated by the recently announced partnerships with Fortescue Future Industries to investigate green ammonia production at our Gibson Island manufacturing site, and with Keppel Infrastructure and Temasek to investigate green ammonia production at Newcastle and Gladstone, IPL is pursuing and actively supports the development of a clean hydrogen industry, as well as a Net Zero 2050 Ambition. However, as described above, the timing of the commercialisation of hydrogen for use as a feedstock by IPL, as well as the other decarbonisation technologies required, depends on the availability of infrastructure, investment support and policy settings, which are beyond IPL's control. For these reasons, it is in the interests of our shareholders, employees and customers to ensure supply of natural gas for feedstock at IPL's manufacturing sites in order that they remain viable until new, low-carbon technologies at scale become available for implementation.

While IPL has developed a pipeline of decarbonisation initiatives to meet its short and medium-term targets, the technologies underpinning these initiatives are at varying levels of development, with some more advanced in different countries, which will impact the decisions made regarding their implementation at specific IPL manufacturing assets. In addition, due to the competition associated with IPL's business strategy to capture the opportunities associated with the decarbonisation and energy transition, it is in the interests of IPL and its shareholders that some allocations of capital be kept commercially in confidence.

The Board therefore recommends that shareholders vote against the resolution to disclose details of how IPL's capital expenditure, including material investments in the development of gas reserves, will be aligned with GHG reduction targets at this time.

Remuneration

The Board, with the assistance of the Remuneration Committee, determines IPL's remuneration policy and its application for senior executives, performance evaluation, the adoption of incentive plans, and various governance responsibilities related to remuneration. The Board has linked delivery of IPL's environmental, social and governance (ESG) outcomes including objectives relating to safety, diversity, energy efficiency and GHG emissions to Executive KMP remuneration outcomes for several years now.

For FY21, performance against GHG intensity targets and key performance indicators (KPIs) related to achieving IPL's 5% absolute GHG reduction target (announced in 2020) were included in the Short Term Incentive objectives of Executive Team members with direct impact on this area, including the MD & CEO.

There will be greater focus on ESG measures in FY22. GHG targets will be incorporated under a separate ESG category, to be included in the Short Term Incentive objectives of all Executive KMP. These objectives are intended to address the challenges and opportunities associated with GHG emissions and climate change.

With the increasing practical and technological challenges to reduce GHG emissions both in the short term and longer term, the Long Term Incentive Plan for 2021/24 will also have a new 10% ESG component. This component will target IPL achieving its 2025 and 2030 targets on climate change. It will also focus on investing in new technologies to create other meaningful opportunities for IPL to decrease GHG emissions in the longer term.

For further details, please see the Remuneration Report.

Board's Recommendation

The Board recommends that shareholders vote **against** this resolution.

Shareholder Statement to Resolution 6(a)

The shareholders who requisitioned Resolution 6(a) have requested that the following statement accompany the resolution. The Board and IPL do not endorse and are not responsible for the contents of the statement or for any inaccurate or misleading statements contained in it.

Supporting statement to Resolution 6(a)

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions. As a shareholder, the Australasian Centre for Corporate Responsibility (ACCR) favours policies and practices that protect and enhance the value of our investments.

The Constitution of our company is not conducive to the right of shareholders to place ordinary resolutions on the agenda of the annual general meeting (AGM). In our view, this is contrary to the long-term interests of our company, our company's Board, and all shareholders in our company.

Australian legislation and its interpretation in case law means that Australian shareholders are unable to directly propose ordinary resolutions for consideration at Australian companies' AGMs. In Australia, the Corporations Act 2001 provides that 100 shareholders or those with at least 5% of the votes that may be cast at an AGM with the right to propose a resolution.⁽⁵⁾ However, section 198A specifically provides that management powers in a company reside with the Board.⁽⁶⁾

Case law in Australia has determined that these provisions, together with the common law, mean that shareholders cannot by resolution either direct that the company take a course of action, or express an opinion as to how a power vested by the company's constitution in the directors should be exercised.

Australian shareholders wishing to have a resolution considered at an AGM have dealt with this limitation by proposing two part resolutions, with the first being a 'special resolution,' such as this one, that amends the company's constitution to allow ordinary resolutions to be placed on the agenda at a company's AGM. Such a resolution requires 75% support to be effective, and as no resolution of this kind has ever been supported by management or any institutional investors, none have succeeded.

It is open to our company's Board to simply permit the filing of ordinary resolutions, without the need for a special resolution. We would welcome this. Permitting the raising of advisory resolutions by ordinary resolution at a company's AGM is global best practice, and this right is enjoyed by shareholders in any listed company in the UK, US, Canada or New Zealand.

We note that the drafting of this resolution limits the scope of permissible advisory resolutions to those related to "an issue of material relevance to the company or the company's business as identified by the company" and that recruiting 100 individual shareholders in a company to support a resolution is by no means an easy or straightforward task. Both of these factors act as powerful safeguards against 'opening the floodgates' to a large number of frivolous resolutions.

ACCR urges shareholders to vote for this proposal.

(5) Sections 249D and 249N of the Corporations Act 2001 (Cth).

(6) S198A provides that "[t]he business of a company is to be managed by or under the direction of the directors", and that "[t]he directors may exercise all the powers of the company except any powers that this Act or the company's constitution (if any) requires the company to exercise in general meeting."

Shareholder Statement to Resolution 6(b)

The shareholders who requisitioned the resolution in Resolution 6(b) have requested that the following statement accompany the resolution. The Board and IPL do not endorse and are not responsible for the contents of the statement or for any inaccurate or misleading statements contained in it.

Supporting statement to Resolution 6(b)

ACCR welcomes our company's commitment to "examine and develop potential pathways to net zero operational emissions by 2050".⁽⁷⁾ ACCR acknowledges that our company operates in a sector with emissions that are widely considered hard-to-abate. However, our company's existing commitments are not aligned with the Paris Agreement goal of limiting global warming to well below 2°C above pre-industrial temperatures.

Emissions performance

Our company's operational greenhouse gas (GHG) emissions have increased 34% since 2015,⁽⁸⁾ while the emissions intensity of its ammonia production improved by 10% over the same period.⁽⁹⁾ This improvement was attributed to energy efficiency projects and the more efficient ammonia plant in Waggaman, Louisiana, which came online in 2016.⁽¹⁰⁾

Operational and value chain GHG emissions, 2015-20 (Mt CO2e)⁽¹¹⁾

Mt CO2e	2015	2016	2017	2018	2019	2020
Scope 1	2.35	2.45	2.75	3.42	3.08	3.32
Scope 2	0.36	0.31	0.34	0.33	0.31	0.30
Total Scopes 1+2	2.70	2.77	3.09	3.75	3.39	3.62
Scope 3	N/A*	N/A*	N/A*	6.17	5.78	5.89
Total Scopes 1+2+3	N/A*	N/A*	N/A*	9.92	9.26	9.51

* Previous Scope 3 emissions disclosures related to shipping only

In 2020, our company reported its value chain emissions (Scope 3) for the first time, inclusive of material upstream and downstream emissions. While there was a slight decrease in Scope 3 emissions⁽¹²⁾ between 2018 and 2020, it is likely our company's 2020 Scope 3 emissions were significantly higher than 2015 due to increased production.

Our company sources 95% of its energy from fossil fuels (excluding natural gas and diesel used as production raw material), which is unchanged since 2015.⁽¹³⁾

Emissions targets

In 2020, our company committed to reducing its operational emissions by 5% by 2026, on 2020 levels.⁽¹⁴⁾ This target is not aligned with the goals of the Paris Agreement. To date, our company has not set medium- (2030) or long-term operational emissions targets, or a target on its Scope 3 emissions.

Our company's emissions reduction target lags those of its peers:

- » Orica has committed to reduce its operational emissions by at least 40% by 2030, on 2019 levels.⁽¹⁵⁾
- » Wesfarmers Chemicals, Energy and Fertilisers (WesCEF) aspires to net zero operational emissions by 2050⁽¹⁶⁾ and recently issued sustainability-linked bonds that will require Wesfarmers to limit average emission intensity to 0.25 tonne CO2e per tonne of ammonium nitrate produced.⁽¹⁷⁾

Capital expenditure

The majority of our company's capital expenditure is allocated to sustenance. In 2020, A\$60.2 million was allocated to minor growth capital including "plant efficiency projects, expansion of the Delta E truck fleet, and other projects supporting explosives volume growth and technology investment".⁽¹⁸⁾ To date, our company has not allocated significant capital to decarbonisation beyond energy efficiency.

(7) Incitec Pivot, Sustainability Report 2020, p4.

(8) Incitec Pivot, Sustainability Reports 2017-20.

(9) Incitec Pivot, Sustainability Report 2020, p19.

(10) Ibid.

(11) Incitec Pivot, Sustainability Reports 2017-20.

(12) Incitec Pivot, Sustainability Report 2020, p19.

(13) Incitec Pivot, Sustainability Reports 2017-20.

(14) Incitec Pivot, Sustainability Report 2020, p4.

(15) Orica, Sustainability Report 2020, p1.

(16) Wesfarmers, 'Sustainability update including climate action commitments', 23 September 2020, [link](#).

(17) EY, 'Independent Limited Assurance Conclusion to the Management and Directors of Wesfarmers Limited', 3 June 2021, [link](#).

(18) Incitec Pivot, Annual Report 2020, p22.

ATTACHMENT 2 continued

Capital expenditure, 2015-20 (A\$m)⁽¹⁹⁾

A\$m	2015	2016	2017	2018	2019	2020
Major growth capital	256.4	215.2	83.1	-	-	-
Minor growth capital	16.4	29.8	52.0	64.6	55.2	60.2
Sustenance	100.0	190.5	184.6	253.8	246.3	218.2
Lease buy-out	-	-	-	6.9	46.6	-
Total	372.8	435.5	319.7	325.3	348.1	278.4

Our company has a 50% stake in the Range (coal seam) Gas project in the Surat Basin, Queensland. The project contains an estimated 270 petajoules (PJ) of 2C Contingent gas resource (IPL share: 135 PJ).⁽²⁰⁾ Three pilot wells were drilled and commissioned in 2021, and the project is expected to deliver first gas to market in 2024.⁽²¹⁾ This is despite the International Energy Agency's recently published 'Net zero by 2050' report concluding that no new coal, gas or oil developments could proceed beyond this year, in order to limit global warming to 1.5°C.⁽²²⁾

Our company has not outlined a clear decarbonisation strategy, though it has stated that "new technologies, such as solar hydrogen, will be required to achieve... greater GHG reductions in the long-term".⁽²³⁾

In 2020, our company participated in a A\$2.7 million solar hydrogen feasibility study into renewable ammonia production at Moranbah, Queensland,⁽²⁴⁾ supported by A\$980,000 in funding from the Australian Renewable Energy Agency (ARENA).⁽²⁵⁾ Our company intends to use the findings from this study to develop "potential pathways to net zero operational emissions by 2050".⁽²⁶⁾

In October 2021, our company announced a partnership with Fortescue Future Industries to assess the feasibility of industrial-scale green ammonia production at Gibson Island.⁽²⁷⁾ The cost of this study was not disclosed.

Remuneration

Our company's senior executives are not currently incentivised to reduce emissions via the performance-related short-term incentive (STI). Executives' performance is currently assessed on safety, credit ratings, net profit after tax, financial measures and strategic objectives.⁽²⁸⁾

In late 2020, our company was added to Climate Action 100+ initiative (CA100+), a global coalition of institutional investors engaging with carbon-intensive companies. It is expected that⁽²⁹⁾ our company will be assessed in the CA100+ Net zero company benchmark in 2022, which expects companies to set short-, medium- and long-term emissions reduction targets aligned with the Paris Agreement. Companies are also expected to align capital expenditure and remuneration with those targets.

ACCR urges shareholders to vote for this proposal.

(19) Incitec Pivot, Annual Reports 2016-20.

(20) Central Petroleum, 'Range Gas Project Pilot Update, Pilot Expansion to Accelerate Testing', 24 August 2021.

(21) Central Petroleum, 'Range Gas Project Pilot Update, Pilot Expansion to Accelerate Testing', 24 August 2021.

(22) International Energy Agency, 'Net zero by 2050', May 2021.

(23) Incitec Pivot, Annual Report 2020, p18.

(24) Incitec Pivot, Sustainability Report 2020, p4.

(25) ARENA, 'Renewable hydrogen could power Moranbah ammonia facility', 30 September 2019.

(26) Incitec Pivot, Sustainability Report 2020, p4.

(27) Incitec Pivot, 'Incitec Pivot partners with Fortescue Future Industries on green ammonia study', 11 October 2021.

(28) Incitec Pivot, Annual Report 2020, p63.

(29) Climate Action 100+, 'Climate Action 100+ adds to focus list of companies', 18 November 2020.

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

