

# Incitec Pivot Limited

## Office of the Company Secretary

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24 November 2017

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

Dear Sir or Madam

### **Corporate Governance Statement and Appendix 4G**

In accordance with the listing rules, I attach a copy of Incitec Pivot Limited's Corporate Governance Statement and completed Appendix 4G, for release to the market.

Yours faithfully



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

Attach.

# CORPORATE GOVERNANCE STATEMENT 2017



EXPLOSIVES



INDUSTRIAL CHEMICALS



FERTILISERS

## Incitec Pivot Limited

GLOBAL DIVERSIFIED INDUSTRIAL CHEMICALS

# Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. Since IPL's listing on the Australian Securities Exchange (**ASX**) in July 2003, the Board has implemented, and operated in accordance with, a set of corporate governance principles which the Board sees as fundamental to the Company's continued growth and success and the achievement of its corporate ambition and strategy.

The Board continues to review its corporate governance framework and practices to ensure they meet the interests of shareholders and are consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (**ASX Recommendations**). This Corporate Governance Statement outlines the key aspects of the Company's corporate governance framework.

Summaries or copies of the charters, policies and codes referred to in this Statement are available on the corporate governance section of the Company's website, [www.incitecpivot.com.au/Corporate\\_Governance](http://www.incitecpivot.com.au/Corporate_Governance).

This Corporate Governance Statement is current as at 24 November 2017 and has been approved by the Board.

The Board considers that IPL's corporate governance framework and practices have followed the ASX Recommendations throughout the financial year ended 30 September 2017.

## Principle 1: Lay solid foundations for management and oversight

### Role of the Board

The Board of directors of IPL is responsible for charting the direction, policies, strategies and financial objectives of the Company. The Board seeks to serve the interests of the Company and its shareholders, as well as IPL's other stakeholders such as employees, customers and the community, in a manner designed to create and continue to build sustainable value for the Company.

The Board operates in accordance with the principles set out in its Board Charter which is available at [www.incitecpivot.com.au/Corporate\\_Governance](http://www.incitecpivot.com.au/Corporate_Governance). The Charter sets out the Board's own responsibilities and activities, as well as the matters it has reserved for its own consideration and decision-making.

The Board Charter has specifically reserved a number of key matters for consideration and decision by the Board. These responsibilities include:

- *Direction and objectives* – approving the Company's corporate strategy and budgets;
- *Compliance* – monitoring compliance with all laws, governmental regulations and accounting standards;
- *Ethical matters* – monitoring and influencing IPL's culture and implementing procedures and principles to promote ethical and responsible decision-making and confidence in IPL's integrity; and
- *Managing Director & CEO and direct reports* – appointing the Managing Director & CEO, approving the appointment of the direct reports to the Managing Director & CEO, monitoring management's performance and reviewing executive succession planning.

### Role of the Managing Director & CEO and management

Day-to-day management of IPL's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated to the Managing Director & CEO. The Delegated and Reserved Powers Policy details the authority delegated to the Managing Director & CEO, including the limits on the way in which the Managing Director & CEO can exercise that authority. A summary of the Delegated and Reserved Powers Policy is available on the Company's website, [www.incitecpivot.com.au/Corporate\\_Governance](http://www.incitecpivot.com.au/Corporate_Governance).

### Board Committees

To assist the Board in meeting its responsibilities, the Board currently has the following four Committees:

- the Nominations Committee;
- the Audit and Risk Management Committee;
- the Health, Safety, Environment and Community Committee; and
- the Remuneration Committee.

The Board Charter provides that the Board may establish other committees of the Board from time to time as may be necessary to deal with specific matters.

Each of the Committees has its own Charter which establishes the Committee's terms of reference and operating procedures. In line with the Board Charter and each Committee's respective Charter, each Committee is to review its performance at least annually, review its Charter annually, recommend any changes to the Board and report regularly to the Board as to its activities.

#### Nominations Committee

Details of the Nominations Committee are set out under the heading "Principle 2: Structure the board to add value" on page 4.

The current members of the Nominations Committee are Paul Brasher (Chairman), Rebecca McGrath and Graham Smorgon AM.

#### Audit and Risk Management Committee

Details of the Audit and Risk Management Committee are set out under the heading "Principle 4: Safeguard integrity in corporate reporting" on page 8.

The current members of the Audit and Risk Management Committee are Greg Hayes (Chairman), Rebecca McGrath and Brian Kruger.

#### Health, Safety, Environment and Community Committee

The Health, Safety, Environment and Community Committee has a Charter approved by the Board. A copy of the Charter is available on the corporate governance section of the Company's website, [www.incitecpivot.com.au/Corporate\\_Governance](http://www.incitecpivot.com.au/Corporate_Governance).

The Committee was established in February 2007 to assist the Board in discharging its overall responsibilities in relation to health, safety, environment and community matters arising out of the Company's activities as they may affect employees, contractors and the local communities in which it operates.

The Charter provides for the Committee to comprise at least four members, three of whom will be non-executive directors and one of whom will be the Managing Director & CEO. The current members of the Committee are Rebecca McGrath (Chairman), Kathryn Fagg, Joseph Breunig and Jeanne Johns, noting that Ms Johns replaced Mr James Fazzino as a member of the Committee on 15 November 2017.

# Corporate Governance Statement

The Committee is to meet as frequently as required but not less than four times a year. The attendance of the members of the Health, Safety, Environment and Community Committee at each meeting held during the financial year ended 30 September 2017 is set out on page 3 of the Annual Report.

## Remuneration Committee

Details of the Remuneration Committee are set out under the heading "Principle 8: Remunerate fairly and responsibly" on page 11.

The current members of the Remuneration Committee are Kathryn Fagg (Chairman), Graham Smorgon AM and Brian Kruger.

## Board meetings

Details of the Board meetings held during the financial year ended 30 September 2017 are set out on page 3 of the Annual Report.

The Board holds eight scheduled meetings during each year, plus any extraordinary or supplementary meetings that may be necessary to address any significant matters, as and when they arise.

Materials for Board meetings are circulated to directors in advance. The agendas for meetings are formulated with input from the Managing Director & CEO and the Chairman. Directors are free to nominate matters for inclusion on the agenda for any Board meeting. Presentations to the Board are frequently made by executives and senior management, and telecommunications technologies may be used to facilitate participation.

## Checks and information on directors

Before appointing or putting forward a person as a candidate for election, the Company conducts appropriate background and reference checks on the relevant person. Prior to any director's election or re-election by shareholders, the Board includes details of the director's background in the notice of meeting and the Annual Report relevant to a decision on whether or not to elect or re-elect a director.

## Agreements with directors and senior executives

The Company engages all non-executive directors by a letter of appointment setting out the key terms and responsibilities of their role.

The Company has entered into employment contracts with each of its senior executives. Details of these contracts are set out in the Remuneration Report (on page 40 of the Annual Report).

## Company secretary

The Board has appointed Ms Daniella Pereira as Company Secretary. The Company Secretary is responsible for assisting the Chairman in developing and maintaining information systems and processes that are appropriate for the Board to fulfil its role and to achieve IPL's objectives. The Company Secretary is also responsible to the Board for ensuring that Board procedures and the Constitution are complied with. The Board appoints and removes the Company Secretary and the Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

## Board and director performance evaluations

As provided for by the Board Charter, the Board undertakes a performance evaluation each year. The process for the review of the Board's performance and the evaluation of individual directors' performance is overseen by the Chairman and the Nominations Committee. Performance assessments are intended to assist the Board in carrying out its responsibilities (as set out in its Charter) and ensure the Board remains effective.

The Board's annual performance review took place in September 2017 by way of assessment of the Board's role, structure and processes with one-on-one interviews conducted by the Chairman with each director. For directors who are retiring and standing for re-election at the annual general meeting, their performance is reviewed as part of their nomination for re-election.

## Senior management performance evaluation

As part of the Board's oversight of executive management, the Board monitors and evaluates the performance of the Managing Director & CEO and his or her direct reports.

All IPL executives are subject to annual performance reviews. The annual review involves each executive being evaluated by his or her immediate superior, the Managing Director & CEO. The executive is assessed against agreed performance objectives, including business/financial/operational targets, functional/managerial goals and personal accountabilities.

The performance evaluation of the Managing Director & CEO is conducted by the Chairman. This evaluation involves an assessment of a range of performance standards as determined by the Board, including assessing performance with regard to execution of the strategic objectives and the overall performance of the Company, and also incorporates feedback from the other directors.

Performance evaluations for the 2017 financial year were conducted in the final quarter of the 2017 calendar year in accordance with the process outlined above.

## Diversity

IPL's commitment to diversity is integral to its corporate ambition of generating competitive returns for shareholders. With operations spanning the globe, IPL recognises that a diverse and inclusive workforce will translate into improved business performance.

Diversity at IPL is led by the Executive Team. The Board maintains oversight and responsibility for the Diversity Policy and the development and implementation by management of the Diversity Strategy.

The Company's Diversity Policy is available on the corporate governance section of the Company's website, [www.incitecpivot.com.au/Corporate\\_Governance](http://www.incitecpivot.com.au/Corporate_Governance). The Diversity Policy outlines the Company's Diversity Vision, which is to be an inclusive and accessible organisation through the development of a culture that embraces diversity.

# Corporate Governance Statement

The Diversity Policy includes three key principles which were established to provide guidance for the Company's Diversity Strategy and its relevant policies, programs and initiatives:

- "Shaping our Future Organisation";
- "Respecting our Differences"; and
- "Building a Flexible Organisation".

The following table sets out the measurable objectives in relation to each principle and reports on progress for each objective:

Principle	Objective and Progress in the 2017 financial year																										
<b>Shaping our Future Organisation</b>	<b>Objective</b> – To strengthen the talent pipeline, in particular to increase the number of women, with a focus on recruitment and talent development activities.																										
	<b>Progress</b> – the Company's sustained strategy over a five-year period shows solid improvement, noting the impacts of the Company restructuring in 2016 are reflected in the consequential flat year-on-year outcome for the Management category as at 30 September 2017. This sustained strategy addresses systemic issues, such as reframing criteria for role appointments and leader attitudes, as well as addressing individual factors which may hamper the progression of women's careers. The increase in women in Senior Management is the outcome of strategic actions aimed at progressing women through IPL's talent pipeline. The Management category contains key operational leadership as well as professional support roles. Notwithstanding the flat headline results shown in the table below, there has been a significant shift in the appointment of women into operations roles – such as leading high hazard facilities and major manufacturing plants, as well as in strategic engineering roles, distribution centres and mine site services – all of which were roles previously held by men. The Company is working on achieving a consistent and sustained increase in the percentage of women across the Group, having regard to local conditions in the geographies in which it operates. Examples of these strategic actions are included below.																										
	IPL has established a target to increase the percentage of women in its workforce by 10% year-on-year and to achieve a minimum participation rate of 25% women by 30 September 2022.																										
	<table border="1"> <thead> <tr> <th>% of Women</th> <th>30 September 2012</th> <th>30 September 2016</th> <th>30 September 2017</th> </tr> </thead> <tbody> <tr> <td>Board</td> <td>14.3%</td> <td>28.6%</td> <td>25.0%</td> </tr> <tr> <td>Executive</td> <td>12.5%</td> <td>33.3%</td> <td>33.3%</td> </tr> <tr> <td>Senior Management*</td> <td>–</td> <td>16.9%</td> <td>18.8%</td> </tr> <tr> <td>Management#</td> <td>11.8%</td> <td>11.5%</td> <td>11.3%</td> </tr> <tr> <td>Global</td> <td>13.6%</td> <td>15.8%</td> <td>15.8%</td> </tr> </tbody> </table>			% of Women	30 September 2012	30 September 2016	30 September 2017	Board	14.3%	28.6%	25.0%	Executive	12.5%	33.3%	33.3%	Senior Management*	–	16.9%	18.8%	Management#	11.8%	11.5%	11.3%	Global	13.6%	15.8%	15.8%
	% of Women	30 September 2012	30 September 2016	30 September 2017																							
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* Defined as roles which are 1–2 levels below the Executive Team. This category was not separately reported in 2012.																											
# Defined as roles which are 3–4 levels below the Executive Team.																											
During the 2017 financial year, the Company has successfully run two development programs for its high potential female talent, along with a manager co-program. The co-program for the leaders is designed to engage the leaders to gain insights into challenges and perceived challenges that women face in relation to career development and progression, which are not immediately apparent to their leaders. This enables IPL's leaders to be better placed to support women within their teams and across IPL to leverage opportunities to become involved in role-based development and other workplace activities which are career accretive. The Company will continue to implement these or similar programs in 2018 to assist the career progression of female talent.																											
As part of the Chief Executive Officer's and Company's commitment to the Victorian Male Champions of Change the Company participated in the Everyday Sexism Project. The Company has identified opportunities for focused improvement and has implemented measures to create a more inclusive organisational culture. The Company's insights will be published more broadly as part of the Male Champions of Change program. The IPL Diversity Program in the 2018 financial year will continue to take into account these opportunities for the wider business.																											
In line with the Company's Diversity Vision to be an inclusive and accessible organisation through the development of a culture that embraces diversity, the Company also increased its indigenous employment rate to 2.3% across its Australian business for the 2017 financial year. In addition, in the 2017 financial year the Company has worked in partnership with Traditional Indigenous Custodians and produced a cultural induction video for the Company's largest operational site at Phosphate Hill. The Company remains focused on the actions within IPL's Reconciliation Action Plan (RAP) and continues to build on providing meaningful employment to Indigenous Australians. Through 2018, the Company will continue to drive and implement strategies to attract Indigenous employees and to work with the Queensland Resource Council members to create a greater sharing of information and data to support the broader industry Indigenous workforce.																											
With a focus on creating an inclusive organisational culture for all, the Company has successfully piloted the Recruit for Fit program in Australia. The program is designed as a 'just in time training' for hiring leaders. The program challenges the hiring leaders' thinking about how they can help the Company hire people that fit its organisational culture. The program includes specific elements of diversity and inclusion aimed at indigenous recruitment and removing unconscious bias. The development of this program allows the Company to drive its diversity and inclusion efforts by embedding them into the standard processes with the business. The Company focus will be to continue to roll this program out across the business throughout the 2018 financial year.																											

# Corporate Governance Statement

Principle	Objective and Progress in the 2017 financial year
<b>Respecting our Differences</b>	<p><b>Objective</b> – To ensure equity in the Company’s pay practices, in particular to embed gender pay analytics into remuneration and performance policies and practices.</p> <p><b>Progress</b> – In the 2017 financial year, the Company received confirmation from the Workplace Gender Equality Agency that it was compliant with the Workplace Gender Equality Act 2012 (Cth) (<b>WGEA</b>). The Company also conducted its annual review of gender pay equity within the organisation in the financial year. The review re-affirmed its last year’s findings that the pay differential on a gender basis within the Company was less a symptom of pay inequity and more a reflection of (i) a high proportion of males in the workforce; (ii) the concentration of women in traditional female roles (eg clerical and admin, professional) and capital city locations; and (iii) the predominance of males in traditional male roles (eg labourers/technical) and remote higher paying locations. The Company has implemented strategies such as setting aside a special budget to address any pay differential issues identified. In the 2018 financial year, the Company will continue to implement these strategies to sustain its course to achieve gender pay equity.</p>
<b>Building a Flexible Organisation</b>	<p><b>Objective</b> – To increase the number of women returning to work after family leave, with a focus on parental leave and flexible work arrangements supported by the ongoing utilisation of effective tools to “keep in touch” while on leave.</p> <p><b>Progress</b> – In the 2017 financial year, while the formal uptake of flexible work arrangements was low, the Company undertook several office-based focus groups which highlighted a regular use of informal flexible working arrangements, such as working from home and varying working hours for family commitments. While these results were positive, informal arrangements are difficult to track and continued role modelling by leaders remains critical to supporting flexible work practices. The Company understands the benefits of the promotion of this policy as an attraction tool for both women and men, to create an environment that meets their work and life needs appropriately. In 2018, the Company will take a more comprehensive approach by implementing a Group-wide policy for systemic impact to increase uptake of the flexible work arrangements.</p> <p>The number of women who returned to work after parental leave in the 2017 financial year was consistent with the prior years. While the Company’s review of the data did not identify any common themes for women not returning to work, it reinforced the need to continue to maintain proactive contact throughout the parental leave period in addition to external resources offered by the Company to those on parental leave.</p>

## Diversity in the 2018 financial year

For the 2018 financial year, the Board and the Executive Team have affirmed their support for diversity as a core priority, and are committed to the measurable objectives outlined above.

The Company’s overall Diversity Program will focus on a suite of proposed actions, aligned with the key principles and objectives. The Company will continue to focus on ensuring that diversity considerations are built into ongoing activities such that diversity becomes inherent to the way the Company conducts its business.

- Gregory Hayes: 1 October 2014 – independent non-executive director;
- Joseph Breunig: 5 June 2017 – independent non-executive director; and
- Brian Kruger: 5 June 2017 – independent non-executive director.

The Managing Director & CEO serves as a director until he or she ceases to be the Managing Director & CEO. On 14 November 2017, Mr James Fazzino stepped down as the Managing Director & CEO, and Ms Jeanne Johns commenced as Managing Director & CEO on 15 November 2017.

The roles of Chairman and Managing Director & CEO are separate.

The ASX Listing Rules require that no member of the Board (other than the Managing Director & CEO) may serve for more than three years without being re-elected by shareholders at an annual general meeting of the Company. In this respect, two directors are retiring at the 2017 Annual General Meeting, Ms McGrath and Mr Hayes.

Ms McGrath will be standing for re-election at the 2017 Annual General Meeting. Ms McGrath’s performance was reviewed as part of her nomination for re-election. Mr Hayes will not be standing for re-election and will be retiring at the conclusion of the 2017 Annual General Meeting.

In addition, the Company’s Constitution provides that a director appointed by the directors must retire at the next general meeting and is eligible for re-election at that meeting. Mr Breunig and Mr Kruger, who were appointed as directors on 5 June 2017, will both be standing for re-election at the 2017 Annual General Meeting. The Company confirms it engaged an independent third party provider to conduct background checks in relation to Mr Breunig and Mr Kruger prior to their appointment.

## Principle 2: Structure the Board to add value

### Composition of the Board

IPL’s Constitution requires that the Company must have not less than three, and not more than nine, directors. Under the Company’s Board Charter, the number of directors and composition of the Board is determined having regard to what is appropriate for IPL to achieve efficient and prudent decision making. The Board will consist of a majority of non-executive, independent directors.

The Board comprises eight directors, including seven non-executive directors and one executive director (being the Managing Director & CEO).

The directors were appointed on the following dates:

- Jeanne Johns: 15 November 2017 – Managing Director & CEO;
- Graham Smorgon AM: 19 December 2008 – independent non-executive director;
- Paul Brasher: 29 September 2010 – independent non-executive director;
- Rebecca McGrath: 15 September 2011 – independent non-executive director;
- Kathryn Fagg: 15 April 2014 – independent non-executive director;

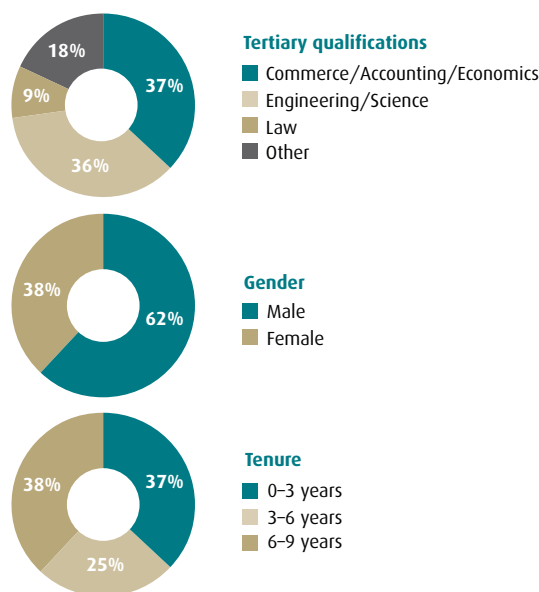
# Corporate Governance Statement

In terms of the mix of skills and diversity which the Board is looking to achieve, the key objective, as prescribed in the Board's Charter, is to have directors with an appropriate range of skills, experience and expertise and an understanding of, and competence to deal with, current and emerging issues in the Company's business. Further, the Board's oversight of both its own succession plan, as well as those for the Managing Director & CEO and her direct reports, is designed to maintain an appropriate balance of skills, experience, expertise and diversity on the Board as well as in management.

A summary of the directors' skills and experience as relevant to the Company and the diversity of Board membership as at 24 November 2017 is set out below. The Board considers that, collectively, the directors possess an effective mix of skills and attributes, with significant commercial, business, operational and financial skills and experience in a diverse range of industries and geographies.

SKILLS AND EXPERIENCE (out of 8 directors)	
<b>Leadership and governance</b>	
Executive leadership	8
Governance & Risk	8
Strategy	8
<b>Operational experience</b>	
Health and safety	7
Capital projects	8
Acquisitions/integration	8
<b>Industry/sector experience</b>	
Mining/Resources	7
Industrial/Manufacturing	8
Logistics/Supply Chain Management	6
<b>Technical/professional experience</b>	
Finance/Accounting	4
Engineering	4
Legal	1
<b>People</b>	
Human Resources	2
Remuneration	7
<b>General management exposure to international operations in</b>	
Asia Pacific	7
Americas	6
Europe, Middle East & Africa	6

## DIVERSITY OF BOARD MEMBERSHIP



The Board keeps the skills matrix and diversity of Board membership under review to ensure that it maintains an appropriate mix of diversity, skills and attributes in line with the Company's strategy. Following the completion of the Waggaman, Louisiana ammonia plant which further increased the Company's exposure to the US, the appointment of Mr Breunig and Mr Kruger has added considerable North American experience to the Board, as well as enhancing the Board's expertise in heavy manufacturing, industrial chemicals and related industries. In addition, Ms Johns has broad experience in the chemicals and energy sectors across multiple jurisdictions, having worked and led teams in many countries during her extensive career. Her global experience includes a deep understanding of the strategic and operational issues facing companies in cyclical and commodity based businesses.

## Nominations Committee

The Nominations Committee has a Charter approved by the Board. A copy of the Charter for the Nominations Committee is available on the Company's website, [www.incitecpivot.com.au/Corporate\\_Governance](http://www.incitecpivot.com.au/Corporate_Governance).

Under its Charter, the Nominations Committee assists and advises the Board on Board composition, director selection and appointment practices, succession planning for the Board, performance evaluation processes, induction, training and development for directors and strategies to address Board diversity, in each case, to ensure that the Board comprises individuals able to discharge the responsibilities of directors, with the benefit of a range of skills, experience, expertise, perspectives and diversity appropriate for the Company and its businesses and that appropriate succession plans are in place.

As part of the Nomination Committee's role, the Committee is to review and make recommendations to the Board on matters relating to the size and composition of the Board and to assess, from time to time as necessary, or at any time on request of the Board, the appropriate mix of skills, experience, expertise and diversity required on the Board and the extent to which such skills are represented on the Board.

# Corporate Governance Statement

As and when necessary, the Nominations Committee will, having regard to the skills and competencies represented on the Board and the competencies required, implement a process to identify suitable candidates, which may include a search being undertaken by an appropriate third party. The Committee will evaluate prospective candidates and make recommendations to the Board for the appointment of new Board members. When the Board considers that a suitable candidate has been found, that person is appointed by the Board and, in accordance with IPL's Constitution, must stand for re-election by shareholders at the next annual general meeting.

The Committee comprises three independent non-executive directors, being Paul Brasher (Chairman), Rebecca McGrath and Graham Smorgon AM.

The Committee is to meet as frequently as required but not less than two times a year.

The attendance of the members of the Nominations Committee at each meeting held during the 2017 financial year is set out on page 3 of the Annual Report.

## Director independence

The Board comprises a majority of independent non-executive directors.

The Board, excluding the director in question, will regularly assess the independence of each director, in light of any interest disclosed by them. The Board considers all of the circumstances relevant to a director in determining whether the director is independent and free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgment to bear on issues before the Board and act in the best interests of IPL and its shareholders generally. A range of factors is considered by the Board in assessing the independence of its directors, including those set out in the ASX Recommendations.

In assessing the independence of a director, consideration is given to the underlying purpose behind any relationship a director may have with a third party that is identified as relevant to the assessment and overall purpose of independence.

In determining whether a sufficiently material relationship (as defined in Box 2.3 of the ASX Recommendations) exists between IPL and a third party for the purposes of determining the independence of a director, the Board has regard to all the circumstances of the relationship, including among other things:

- the value (in terms of aggregate and proportionate expenses or revenues) that the relationship represents to both IPL and the third party;
- the strategic importance of the relationship to IPL's business; and
- the extent to which the services provided by or to IPL are integral to the operation of IPL's business, including the extent to which the services provided are unique and not readily replaceable.

The Board considers that each of Paul Brasher, Rebecca McGrath, Graham Smorgon AM, Kathryn Fagg, Greg Hayes, Joseph Breunig and Brian Kruger are independent when assessed on the criteria above, taking into account all the relevant interests, matters and relationships of the particular director.

As Managing Director & CEO of the Company, Jeanne Johns is not considered to be an independent director. In summary, of the eight directors, the Board considers seven directors are independent.

The Board Charter requires that an independent non-executive director hold the position of Chairman.

## Access to information and independent advice

Directors are entitled to full access to the information required to discharge their responsibilities. Subject to obtaining the prior approval of the Chairman, the directors have the right to seek independent professional advice at IPL's expense to assist in carrying out their Board duties.

## Director induction, training and continuous education

The Nominations Committee is responsible for developing and reviewing induction procedures for new appointees to the Board to enable them to effectively discharge their duties.

The Charter for the Committee provides that the induction procedures should enable new appointees to gain an understanding of the Company's financial, strategic, operational and risk management position, the culture and values of IPL, the rights, duties and responsibilities of the directors, the roles and responsibilities of senior executives, the role of Board Committees, meeting arrangements and director interaction.

Additionally, the Committee ensures that continuous education measures are in place to enhance director competencies, keep directors up to date with new developments and enhance directors' knowledge and skills. These measures include visiting the Company's sites to meet with management and gain a better understanding of the business operations, as well as having access to education concerning key developments in the Company and in the industries in which the Company operates.

## Principle 3: Act ethically and responsibly

### Codes of conduct

IPL is committed to operating to the highest standards of ethical behaviour and honesty, with full regard for the safety and health of its employees, customers, the wider community and the environment.

IPL's Code of Conduct sets out the Company's global code for business conduct. It contains principles and standards of conduct which are based on the Company's values and represents the Company's commitment to uphold ethical business practices and meet applicable legal requirements. The Code applies to all directors, officers and employees of the Company and each subsidiary, partnership, venture and business association (including agents and other contractors) that are effectively controlled by the Company or act on its behalf.

IPL's Code of Conduct outlines the Company's approach in the following five key areas of focus and sets out the principles and behaviour expected in relation to each area of focus:

- (a) *Zero Harm and People* – IPL is committed to the goal of 'Zero Harm for Everyone, Everywhere' and seeks to manage its activities with concern for all persons affected by its operations or products. The Company also respects the rights and dignity of employees throughout its operations and is committed to building an inclusive and accessible organisation through a culture that embraces diversity.



# Corporate Governance Statement

- (b) *Community and Environment* – IPL is committed to managing its activities with concern for the communities in which it operates and the environment, to conducting its operations in compliance with all relevant environmental licenses and regulations, to respecting and protecting land of special cultural heritage value on or near its sites and to identifying and managing the health, safety and environmental performance of its products. Additionally, IPL strives to be a valued corporate citizen in the communities in which it operates.
- (c) *Business integrity* – IPL is committed to a culture of compliance and to acting honestly and with integrity. The Code requires employees to avoid any situation which involves or may involve an actual or perceived conflict between personal interests and the interests of IPL and to comply with the laws of the countries in which IPL operates. The Code also outlines IPL's Share Trading Policy, Anti-Bribery and Improper Payments Policy, Competition Policy, Gifts and Entertainment Policy, Sanctions Policy and Fraud and Corruption Control Framework.
- (d) *Company assets and information management* – IPL requires confidential information, resources and information systems to be used in an appropriate and responsible way.
- (e) *Government, media and investor relations* – IPL is committed to managing its relationships with external stakeholders in accordance with applicable laws and good governance and to the promotion of investor confidence by ensuring trading in its securities takes place in an informed market.

## Health, Safety, Environment & Community Policy

IPL's Health, Safety, Environment & Community Policy sets out the Company's commitment to its values of "Zero Harm for Everyone, Everywhere" and "Care for the Community and our Environment". The policy provides that the Company will establish and maintain health and safety management standards and systems in compliance with relevant industry standards and regulatory requirements, and that the Company will provide a safe and healthy working environment. The policy also provides for the Company to conduct its operations in compliance with all relevant environmental licences and regulations, and to strive to be a valued corporate citizen in the communities in which it operates.

## Anti-bribery and corruption

As part of its commitment to operating to the highest standards of ethical behaviour, IPL has an Anti-Bribery and Improper Payments Policy which prohibits the making of unlawful or improper payments to any individual or entity. The policy also outlines the processes for ensuring that appropriate controls are implemented in relation to third parties who are engaged to act on behalf of the Company. The Company has implemented mandatory and regular compliance training for relevant persons to ensure compliance with the policy. The Anti-Bribery and Improper Payments Policy forms part of, and is supported by, the Fraud and Corruption Control Framework.

Anti-bribery and corruption compliance is monitored and reported within IPL's key corporate governance structures, including by the Board's Audit and Risk Management Committee.

In addition, the Company has adopted a Sanctions Policy, which outlines the expected standards of conduct relevant to the Group's compliance with Australian and international sanctions laws when engaging in international trade. This includes engagement in appropriate due diligence in relation to third

parties, transactions or activities that present a potential risk in relation to sanctions laws compliance. As with the Anti-Bribery and Improper Payments Policy, the Sanctions Policy is supported by compliance training and is monitored and reported within the Company's key governance structures, including by the Board's Audit and Risk Management Committee. Summaries of the Anti-Bribery and Improper Payments Policy and Sanctions Policy are available on the corporate governance section of the Company's website, [www.incitecpivot.com.au/Corporate\\_Governance](http://www.incitecpivot.com.au/Corporate_Governance).

## Whistleblower protection

Employees are encouraged to raise any concerns, including those arising out of activities or behaviour that may not be in accordance with IPL's Code of Conduct, any of its other policies, or any other regulatory requirements, with management, the human resources team or the legal and compliance team.

Employees can also raise concerns about breaches of the Company's regulatory obligations or internal policies or procedures on an anonymous basis through its whistleblower reporting system. The Group Whistleblower Protection Policy protects employees who raise concerns about suspected breaches of IPL's Code of Conduct, policies or the law. IPL's whistleblower reporting system meets all relevant Australian legislative requirements and Australian Standard AS8004 (Whistleblower Protection Programs for Entities). Reports on the operation of the system are made to the Audit and Risk Management Committee.

## Share trading policy

The Board has adopted a Share Trading Policy which regulates dealings in the Company's shares. The policy aims to ensure that IPL's directors, employees, advisors, auditors and consultants are aware of the legal restrictions on trading in securities while a person is in possession of inside information.

Under the policy, all persons to whom the policy applies are prohibited from trading in the Company's shares while in possession of inside information. Also, there are certain "black out" periods, from the end of the financial year or half year until two business days after the relevant financial results are announced, where trading is prohibited.

In addition, certain individuals (for example, directors, the direct reports to the Managing Director & CEO, and those in the finance units) are "designated employees" and, as such, may not deal in shares in the Company outside of "black out" periods unless, prior to the dealing, the relevant person has notified the Company Secretary, given written confirmation that they are not in possession of price sensitive information and received an acknowledgement of the confirmation from the Company Secretary. Additionally, "designated employees" must not enter into hedging arrangements which operate to limit the economic risk of their security holding in IPL.

In the case of the Company Secretary, she must notify the Chairman or Managing Director & CEO of her proposed share trading and must also give the same written confirmation as a "designated employee" to the effect that she is not in possession of price sensitive information.

The Company's Share Trading Policy is available on the corporate governance section of the Company's website, [www.incitecpivot.com.au/Corporate\\_Governance](http://www.incitecpivot.com.au/Corporate_Governance). Details of shares in the Company held by the directors are set out in the Remuneration Report (on page 42 of the Annual Report).

# Corporate Governance Statement

## Principle 4: Safeguard integrity in corporate reporting

### Audit and Risk Management Committee

The Audit and Risk Management Committee has a Charter approved by the Board. The Charter specifies that the Audit and Risk Management Committee must consist of at least three members. Under the Charter, a majority of members of the Audit and Risk Management Committee must be independent directors and the Chairman must be an independent director and must not be the Chairman of the Board.

A copy of the Charter for the Audit and Risk Management Committee is available on the Company's website, [www.incitecpivot.com.au/Corporate\\_Governance](http://www.incitecpivot.com.au/Corporate_Governance).

The Committee assists the Board in its review of financial reporting principles and policies, controls and procedures, internal control and risk management and internal audit. It also assists the Board in its review of the integrity and reliability of the Company's financial statements, the external audit and the Company's compliance with legal and regulatory requirements.

The Audit and Risk Management Committee comprises three independent non-executive directors, being Greg Hayes (Chairman), Rebecca McGrath and Brian Kruger.

The qualifications of those directors appointed to the Audit and Risk Management Committee are set out on pages 1 and 2 of the Annual Report.

The Committee meets as frequently as required but not less than four times a year. The Committee reviews its performance by self-assessment at least annually.

The attendance of the members of the Audit and Risk Management Committee at each meeting held during the 2017 financial year is set out on page 3 of the Annual Report.

The Chief Risk Officer, external auditors, the Managing Director & CEO, the Chief Financial Officer and the Group Financial Controller are invited to attend Audit and Risk Management Committee meetings. The Committee regularly meets with the Chief Risk Officer and the external auditors without the presence of other members of management.

### CEO and CFO Declaration and Assurance

In accordance with the ASX Recommendations, for the 2017 financial year, the Board received written assurance from the Managing Director & CEO and the Chief Financial Officer that the opinion contained in the declaration provided by them in accordance with section 295A of the Corporations Act 2001 (Cth) (the **Act**) has been formed on the basis of a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to the reporting of financial risks.

In addition, the Managing Director & CEO and Chief Financial Officer also provided equivalent declarations in respect of the financial statements for the half year ended 31 March 2017.

### External auditor

The role of the external auditor is to provide an independent opinion that the Company's financial reports are true and fair and comply with the applicable regulations. Deloitte Touche Tohmatsu, the Company's external auditor, was appointed at the 2011 Annual General Meeting. Mr Tom Imbesi was appointed as the Company's lead audit partner at that time. Under the Act, a board may grant approval for a lead audit

partner to continue to play a significant role in the audit of the company beyond five successive financial years in accordance with certain provisions in the Act.

In June 2016, the Board extended Mr Imbesi's term as lead audit partner for an additional two successive financial years, being the financial years ending 30 September 2017 and 30 September 2018, in accordance with the Act. The details in relation to the Board's decision to extend Mr Imbesi's term as lead audit partner were outlined in the 2016 Corporate Governance Statement.

As in prior years and in accordance with IPL's practice, restrictions are placed on non-audit work performed by the auditor, and projects outside the scope of the audit require the approval of the Audit and Risk Management Committee. The lead audit partner or appropriate alternates will attend the Annual General Meeting to be held on 21 December 2017. Under the Act, shareholders have the right to submit written questions on certain topics to the auditor, and the auditor may table answers to such questions at the Annual General Meeting.

Further details in relation to the fees paid to the Auditor during the 2017 financial year are set out in Note 22 to the financial statements, Auditor's remuneration.

## Principle 5: Make timely and balanced disclosure

The Company is subject to continuous disclosure obligations under the ASX Listing Rules and the Act. Subject to some limited exceptions, under the continuous disclosure requirements, the Company must immediately notify the market, through ASX, of any information which a reasonable person would expect to have a material effect on the price or value of the Company's shares.

To achieve these objectives and satisfy the regulatory requirements, the Board has implemented a Continuous Disclosure Policy. The Policy aims to ensure the proper and timely disclosure of information to shareholders and the market in several ways, including:

- in annual reports and financial statements, releases of results to ASX each half and full year, and at the Company's Annual General Meeting;
- releasing price sensitive announcements and other relevant significant announcements directly to the market via ASX;
- conducting briefings with analysts and institutions from time to time – in doing so, IPL recognises the importance of ensuring that any price sensitive information provided during these briefings is made available to all shareholders and the market at the same time and in accordance with the requirements of the Act, ASX and the Australian Securities and Investments Commission; and
- providing information on the Company's website, which contains information about the Company and its activities, including statutory reports and investor information.

The Policy appoints the Managing Director & CEO, the Chief Financial Officer and the Company Secretary as the Continuous Disclosure Officers. Their roles include providing announcements to the ASX and ensuring that senior management and employees are kept informed of the Company's obligations and the accountability of the Company and its directors, officers and employees for compliance with the disclosure rules.

# Corporate Governance Statement

The Company's Continuous Disclosure Policy is available on the corporate governance section of the Company's website, [www.incitecpivot.com.au/Corporate\\_Governance](http://www.incitecpivot.com.au/Corporate_Governance).

## Principle 6: Respect the rights of security holders

IPL is committed to giving all shareholders comprehensive, timely and equal access to information about its activities so as to enable shareholders to make informed investment decisions and effectively exercise their rights as shareholders.

### The Company's website

The Company has a specific "Investor Centre" section on its website, [www.incitecpivot.com.au/Investor\\_Centre](http://www.incitecpivot.com.au/Investor_Centre). This section contains links to the Company's activities, past market communications and an investor calendar setting out important dates. Shareholders can also request information from, and communicate with, the Company online via the "Contact us/Feedback" page on its website, [www.incitecpivot.com.au/contact-us](http://www.incitecpivot.com.au/contact-us).

All relevant corporate governance information, including the names and qualifications of the Board and the Executive Team, the Company's Constitution, Board and Committee Charters, and other corporate governance policies referred to in this Statement, can be accessed on the Company's website, [www.incitecpivot.com.au/about-us](http://www.incitecpivot.com.au/about-us).

### Investor relations

The Company regularly reviews the methods by which it communicates with shareholders so as to ensure it can make best use of new technologies to enhance shareholder communication. The Company places all relevant announcements made to the market, and related information, on the Company's website after they have been released to ASX.

The Company has, through its investor relations function, implemented an investor relations program to facilitate effective communication and interaction with investors. As part of this program, the Company holds two investor roadshows each year (following its results announcements) in Australia, Asia, North America and Europe, as well as additional ad-hoc investor meetings and conference calls with institutional investors, private investors and sell-side analysts. The Company has also published internally a set of Investor Relations Guidelines which codify the Company's existing investor relations procedures, and which reflect the Company's commitment to the highest standards of corporate governance.

### Participation at shareholder meetings

The Board encourages all shareholders to participate at the meetings of the Company's shareholders to ensure a high level of shareholder identification with the Company's strategy and goals.

The Company has in place a Shareholder Communications Policy which sets out the Company's approach in relation to shareholder participation in meetings of the Company. Notices of meeting and accompanying explanatory notes aim to clearly, concisely and accurately set out the nature of the business to be considered at the meeting. Shareholders are encouraged, and sufficient time is provided, at each meeting for shareholders to discuss the resolutions proposed in the meeting. The external auditor also attends each annual general meeting and is available to answer any questions about the conduct of the audit and the preparation and content of the auditor's report.

Shareholders who are unable to attend the annual general meeting in person will be provided with an opportunity to submit questions to the Company online or by returning a question form enclosed with the notice of meeting in advance of the meeting. Questions received from shareholders will be collated and the Chairman will seek to address as many of the most frequently asked questions as possible during the annual general meeting.

The Shareholder Communications Policy is available on the corporate governance section of the Company's website, [www.incitecpivot.com.au/Corporate\\_Governance](http://www.incitecpivot.com.au/Corporate_Governance).

### Electronic communications

All shareholders are given an opportunity to elect to receive communications from the Company and its share registry electronically, either by submitting a paper form (provided by the Company) or making an election online. In addition, shareholders are able to communicate directly with the Company and its share registry electronically, via the contact details set out on the Company's website.

## Principle 7: Recognise and manage risk

### Risk oversight and management

IPL is committed to the effective management of risk, which is central to its continued growth and success and the achievement of the Group's corporate objective and strategy.

IPL has adopted a Risk Policy for the oversight and management of material business risks and manages risk within a comprehensive risk management framework which is consistent with the Australian/New Zealand Standard for Risk Management (AS/NZS ISO 31000:2009).

Risks are identified, analysed and prioritised using common methodologies, and risk controls are designed and implemented having regard to the overall corporate strategy.

The risk controls adopted by IPL are administered via a Group-wide framework, and include:

- identifying, evaluating, treating, monitoring and reporting on material business risks to the Audit and Risk Management Committee;
- annual budgeting and monthly reporting systems to monitor performance;
- delegations of authority;
- policies and procedures for the authorisation of capital expenditure;
- a compliance program supported by approved guidelines and standards addressing health, safety and environment matters, and regulatory compliance matters;
- compliance policies and programs covering anti-bribery, improper payments, sanctions and anti-trust;
- policies and procedures for the management of financial risk and treasury operations, including exposures to foreign currencies, movements in interest rates and changes in the price of certain commodities;
- a letter of assurance process to provide assurance from management that all controls are in place and operating appropriately;
- management assurance activities, such as the Whistleblower program and the monitoring of gifts and entertainment;

# Corporate Governance Statement

- business continuity plans; and
- the internal audit function.

A summary of the Risk Policy and Framework is available on the corporate governance section of IPL's website, [www.incitecpivot.com.au/Corporate\\_Governance](http://www.incitecpivot.com.au/Corporate_Governance).

The Board reviews the Company's Risk Management Framework on an annual basis, based on information and reports received from the Audit and Risk Management Committee (which includes information and reports from the Health, Safety, Environment and Community Committee) to ensure that the Risk Management Framework continues to be sound. The latest review was undertaken in June 2017.

The review resulted in minor enhancements to a number of risk management procedures and other supporting documentation such as standards, guides and templates.

The integration of risk management into everyday operations has been supported by the development of a comprehensive set of training tools and materials including on-line training packages and classroom-based training programs. A customised on-line risk management database was implemented during the 2016 financial year and has been further enhanced during 2017 to include improved reporting and control management capabilities.

## Risk management roles and responsibilities

The Board is responsible for reviewing and approving the overall management of risk and internal control. The Board monitors the Group's risk profile, risks and mitigating strategies primarily through the Audit and Risk Management Committee. The Audit and Risk Management Committee's duties with respect to internal control and risk management comprise:

- *risk management strategies* – receiving reports from management, the internal audit function and the external auditor concerning risk management principles and policies, strategies, processes and controls and the appropriateness and adequacy of the processes for determining and monitoring material business risks;
- *risk monitoring* – receiving reports from management on risk implications from new and emerging risks, changes in the economic and business environment and other factors relevant to the Group's performance and strategy and monitoring resolution of significant risk exposures;
- *compliance* – receiving reports from management, monitoring and overseeing compliance with applicable laws relating to the operation of the business and reviewing and monitoring policies and systems that manage compliance risk;
- *disclosure* – reviewing the form of disclosure to be made in the Annual Report given by the Managing Director & CEO and Chief Financial Officer as to the effectiveness of the Company's management of material business risks; and
- *insurance* – receiving reports from management and monitoring the insurance strategy of the Group and recommending approval or variation of insurance policies.

The Audit and Risk Management Committee and, through it, the Board, receive regular reports from management on the effectiveness of the Group's risk management process.

In addition, the Health, Safety, Environment and Community Committee is responsible for reviewing and monitoring those particular health, safety and environment risks identified pursuant to the Risk Management Framework.

To assist the Committees in undertaking their duties, the Committees have access to documents and information in the possession of an employee or external adviser to the Company, as well as the Company's resources, including employees of the Company and the external auditor, in each case, without management being present. The Committees may also initiate any special investigation they deem necessary or obtain independent professional advice to assist in the exercise of their powers and responsibilities.

Refer to the discussion under Principle 1 and Principle 4 of this Statement for further information on the Company's Health, Safety, Environment and Community Committee and Audit and Risk Management Committee respectively.

## Risk management and internal controls

Management, through the Managing Director & CEO and the Chief Financial Officer, is responsible for the overall design, implementation, management and coordination of the Group's risk management and internal control system.

Each business unit has responsibility for identification and management of risks specific to their business. This is managed through an annual risk workshop within each business unit. The risk workshops are facilitated by the Chief Risk Officer, and form part of the annual internal audit program, thereby aligning the internal audit activities with material business risks. The outcomes of the business unit risk workshops are assessed as part of the annual corporate risk workshop. The resultant Corporate Risk Register is presented to the Audit and Risk Management Committee on an annual basis, and management is required to present regular updates to the Committee on material business risks.

## Internal audit

The internal audit function is managed by the Chief Risk Officer, who oversees the execution of the internal audit plan as approved by the Audit and Risk Management Committee. The internal audit function monitors the internal control framework and provides regular written reports to the Audit and Risk Management Committee on the effectiveness of the management of risk and internal controls. The Chief Risk Officer meets regularly with the Committee without the presence of other members of management.

The Company has adopted the Internal Audit Charter to codify the roles, responsibilities and authority of the internal audit function. The Internal Audit Charter provides the functional and organisational framework within which internal audit operates at IPL. It also sets out the scope, objectives, authority, accountability, roles and responsibilities of the internal audit function within IPL.

The Audit and Risk Management Committee and the Board have received reports from management on the effectiveness of the Group's management of its material business risks for the 2017 financial year.

# Corporate Governance Statement

## Economic, Environmental and Social Sustainability Risks

### *Economic sustainability risks*

Economic sustainability risks are risks relating to the Company's ability to continue operating at a particular level of economic production over the long term.

The Operating and Financial Review on pages 6 to 22 of the Annual Report contains a summary of the Company's material risks, including any material exposure to economic sustainability risks. These risks are managed within the Company's Risk Management Framework as discussed above. Specific treatment strategies for each of these risks are also outlined in the Operating and Financial Review on pages 6 to 22 of the Annual Report.

### *Environmental sustainability risks*

Environmental sustainability risks are risks relating to the Company's ability to continue operating in a manner that does not compromise the health of the ecosystems in which it operates over the long term. As an international manufacturer of industrial explosives, industrial chemicals and fertilisers, IPL's operations have the potential to create environmental impacts such as soil and groundwater contamination. In addition, greenhouse gases are released through the manufacture of nitrogen-based products. IPL is committed to continuously improving the management processes and systems in place to make its operations and products more sustainable and has a strong focus on both abatement technologies and progressively increasing resource efficiencies to reduce its impact on the environment. The Sustainability Report on pages vi to ix of the Annual Report sets out the Company's sustainability strategy, its approach, targets and performance and includes further details of how the Company manages its environmental impacts.

### *Social sustainability risks*

Social sustainability risks are risks relating to the Company's ability to continue operating in a manner that meets accepted social norms and needs over the long term. Due to the nature of being an industrial explosives, industrial chemicals and fertilisers manufacturer, some IPL sites are located in areas where the materials handled have the potential to impact on the communities in which IPL operates. Additionally, the operational risks associated with the transportation and storage of the materials handled by IPL (for example, fertilisers, ammonium nitrate initiating systems, industrial chemicals and industrial explosives products) may also have the potential to impact on the local communities.

IPL is committed to conducting its business in a socially responsible manner and has measures in place to prevent potential negative impacts on local communities which could arise. The Operating and Financial Review on pages 6 to 22 of the Annual Report contains a summary of the production, transportation and storage risks and the treatment strategies for these risks. The Sustainability Report on pages vi to ix of the Annual Report also discusses the Company's approach to caring for the community.

## Principle 8: Remunerate fairly and responsibly

### Remuneration Committee

The Remuneration Committee has a Charter approved by the Board. A copy of the Charter for the Remuneration Committee is available on the corporate governance section of the Company's website, [www.incitecpivot.com.au/Corporate\\_Governance](http://www.incitecpivot.com.au/Corporate_Governance). Under its Charter, the Committee assists and advises the Board on remuneration policies and practices for the Board, the Managing Director & CEO and the Executive Team, with such policies and practices to be designed to enable IPL to attract, retain and motivate its people to create value for shareholders.

The Committee comprises three independent non-executive directors, being Kathryn Fagg (Chairman), Graham Smorgon AM and Brian Kruger.

The Committee is to meet as frequently as required but not less than four times a year.

The attendance of the members of the Remuneration Committee at each meeting held during the 2017 financial year is set out on page 3 of the Annual Report.

IPL's policy is to remunerate non-executive directors by way of fees and payments which may be in the form of cash, non-cash benefits and superannuation benefits. IPL's broad policy in relation to the level of non-executive directors' fees and payments is to ensure that these fees and payments are consistent with the market and enable IPL to attract and retain directors of an appropriate calibre. Details of these fees and payments are included in the table titled "Non-Executive Director Remuneration" set out in section 6 of the Remuneration Report on page 41 of the Annual Report. The Company's policy is that non-executive directors should not be remunerated by way of options, shares, performance rights, bonuses or incentive-based payments.

Under the Company's Constitution, the maximum remuneration payable by the Company for the services of non-executive directors in total must not exceed the amount approved by shareholders in general meeting, which is \$2,000,000 as approved at the Annual General Meeting held on 19 December 2008. The total remuneration paid to the non-executive directors during the 2017 financial year was within the maximum amount approved by shareholders.

Details of remuneration paid to the executives during the 2017 financial year are included in Table 7 "Executive Remuneration" in the Remuneration Report on page 37 of the Annual Report.

### Arrangements to limit the economic risk associated with equity-based remuneration

Under the Company's Share Trading Policy, "designated employees" must not enter into hedging arrangements which operate to limit the economic risk of their security holding in IPL.

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Incitec Pivot Limited

ABN / ARBN:

42 004 080 264

Financial year ended:

30 September 2017

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- This URL on our website: [http://www.incitecpivot.com.au/Corporate\\_Governance](http://www.incitecpivot.com.au/Corporate_Governance)

The Corporate Governance Statement is accurate and up to date as at 24 November 2017 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 24 November 2017

Name of Secretary authorising lodgement: Daniella Pereira – Company Secretary

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement (under the headings 'Role of the Board' and 'Role of the Managing Director & CEO and management')  ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in the Board Charter which is located at <a href="http://www.incitecpivot.com.au/Corporate_Governance">http://www.incitecpivot.com.au/Corporate_Governance</a>
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Checks and information on directors')
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Agreements with directors and senior executives')
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Company secretary')

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Diversity')</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.incitecpivot.com.au/Corporate_Governance">http://www.incitecpivot.com.au/Corporate_Governance</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Diversity')</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Diversity')</p>
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Board and Director performance evaluations')</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Board and Director performance evaluations')</p>
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Senior management performance evaluation')</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Senior management performance evaluation')</p>



Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>	
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Nominations Committee')</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.incitecpivot.com.au/Corporate_Governance">http://www.incitecpivot.com.au/Corporate_Governance</a></p> <p>... and the information referred to in paragraph (4):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Nominations Committee')</p> <p>...and the information referred to in paragraph (5):</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Incitec Pivot Limited's 2017 Annual Report, page 3.</p>
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Composition of the Board')</p>
<p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Director independence')</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p>Paragraph (b) is not applicable.</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Composition of the Board')</p>
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Director independence')</p>
<p>2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Director independence')</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Director induction, training and continuous education')
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>		
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Codes of conduct'); <b>AND</b> <input checked="" type="checkbox"/> at this location: <a href="http://www.incitepivot.com.au/Corporate_Governance">http://www.incitepivot.com.au/Corporate_Governance</a>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>	
<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Audit and Risk Management Committee')</p> <p>...and a copy of the Charter of the Committee:</p> <p><input checked="" type="checkbox"/> at this location:  <a href="http://www.incitecpivot.com.au/Corporate_Governance">http://www.incitecpivot.com.au/Corporate_Governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> at this location:  Incitec Pivot Limited's 2017 Annual Report, pages 1-3.</p>
<p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'CEO and CFO Declaration and Assurance')</p>
<p>4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'External auditor')</p>

<b>Corporate Governance Council recommendation</b>		<b>We have followed the recommendation in full for the whole of the period above. We have disclosed ...</b>
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>		
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Principle 5: Make timely and balanced disclosure'); <b>AND</b> <input checked="" type="checkbox"/> at this location: <a href="http://www.incitepivot.com.au/Corporate_Governance">http://www.incitepivot.com.au/Corporate_Governance</a>
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at this location: <a href="http://www.incitepivot.com.au/Corporate_Governance">http://www.incitepivot.com.au/Corporate_Governance</a>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Investor relations')
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Participation at shareholder meetings')
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Electronic communications')

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>	
<p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the headings 'Risk management roles and responsibilities' and 'Audit and Risk Management Committee')</p> <p>...and a copy of the Charter of the Committee:</p> <p><input checked="" type="checkbox"/> at this location: <a href="http://www.incitecpivot.com.au/Corporate_Governance">http://www.incitecpivot.com.au/Corporate_Governance</a></p> <p>... and the information referred to in paragraph (4):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Audit and Risk Management Committee') and the information referred to in paragraph (5):</p> <p><input checked="" type="checkbox"/> at this location: Incitec Pivot Limited's 2017 Annual Report, page 3.</p>
<p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Risk oversight and management')</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Risk oversight and management')</p>
<p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Internal audit')</p>
<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Economic, Environmental and Social Sustainability Risks') <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location: Incitec Pivot Limited's 2017 Annual Report, pages vi to ix and pages 6 to 22.</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>	
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Remuneration Committee')</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.incitecpivot.com.au/Corporate_Governance">http://www.incitecpivot.com.au/Corporate_Governance</a></p> <p>... and the information referred to in paragraph (4):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Remuneration Committee')</p> <p>... and the information referred to in paragraph (5)</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Incitec Pivot Limited's 2017 Annual Report, page 3.</p>
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Incitec Pivot Limited's 2017 Annual Report, pages 23 to 42.</p>
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (under the heading 'Arrangements to limit the economic risk associated with equity-based remuneration'); <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.incitecpivot.com.au/Corporate_Governance">http://www.incitecpivot.com.au/Corporate_Governance</a></p>