



Incitec Pivot Ltd 2021 AGM Report

ASX Code	IPL
Meeting Time/Date	11am, Friday 17 December 2021
Type of Meeting	Virtual
Monitor	Peter Aird well supported by Chris Lobb
Pre AGM Meeting?	Yes, Brian Kruger, NED Greg Robinson (Chair, Remuneration Committee) and Company Secretary Richa Puri

Decarbonisation Targets set

What the Company Does

International manufacturer and distributor of industrial explosives, industrial chemicals and fertilisers, and provision of related services. Manufacturing operations are primarily in the United States of America and Australia.

Developments in the Financial Year

Ms Tonia Dwyer was appointed as an independent non-executive director (NED) in May. Ms Dwyer is an experienced NED and bring executive experience in investment banking, funds management, real estate and corporate strategy to the Board.

IPL announced in July that it was changing its manufacturing model from global to regional, with the objective of improving the delivery of IPL's manufacturing excellence strategy. As a consequence, Tim Hall, President – Global Manufacturing & HSE will leave the company.

In September IPL announced that CFO Nick Stratford would leave the company "to pursue other opportunities" by the end of 2021. In November IPL announced that Chris Opperman will act as Interim CFO until an international executive search is completed, expected first quarter of 2022.

In November IPL announced that their Gibson Island (GI) manufacturing plant would cease operations at the end of 2022 as the company had been unable to secure an economically viable long-term gas supplies. This will result in up to 170 employees being impacted, cash cost of \$83.5m and non-cash write downs of \$102m, which was accounted for in the 2021 results. IPL remains "committed to being a leading supplier of quality fertilisers and soil health services" to the agricultural sector. The feasibility study into industrial scale production of green ammonia at GI will continue.

IPL published its first Climate Change Report which includes a path to be carbon neutral by 2050 and short and medium term targets for reductions in carbon emissions. The report shows the company's development of greenhouse gas strategies over the past 10 years, but medium term targets depend on the technical and financial success of CO2 sequestration at the Waggaman (US) ammonia manufacturing facility. Executive incentives now include ESG performance outcomes.

Debate and Voting at the AGM

A wider variety of questions were put from a number of shareholders, shareholder activist Steven Mayne and ASA.

Shareholders asked about the process for gas tenders for Gibson Island (best about double current price), continued use/exploration of gas in the company's processes (required in the short/medium term), concerns about the use of phosphate rock from West Africa (no purchases or plans to purchase), Board climate change skills/management (good mix of technical skills, internal carbon price factored in to investment decisions), what carbon capture processes (some internal use, permanent storage, no use in oil recovery), community support funding (focus on communities local to IPL operations), membership of the World Coal Association (IPL engaging with the industry) and nitrogen oxide abatement (timed to fit with plant turnarounds).

Steven Mayne asked whether the company would reveal how proxy advisors had voted, especially Item 6 (proxies voted would be revealed with each item but the details were not available), if a video/transcript of the AGM would be made available (video posted on line but transcript not market practice) and disclosure of the number of shareholders voting for each item (overall participation 70%, will review this request). He also asked about the Board support for Bruce Brook, who had "blotted his copybook at Boart Longyear" (Board has full support for Mr Brook, IPL doesn't comment on other companies).

ASA asked questions about the tight labour market in Australia impact on employee turnover (individual issues, people first strategy important, not just compensation), Board digital technology skills (directors have a range of skills and experience to assess these issues, highly skilled executives providing advice) and what was happening with the gas joint venture after Gibson Island closure (gas still required by other operations).

Following Ms Dwyer's presentation in support of her election to the Board, ASA expressed concern about her workload. The Chair responded that she was a "fantastic contributor, well prepared" and he had no concerns about the quantum of work involved. She brought valuable experience and people skills to the Board. She was elected with over 98% of the vote.

Mr Brook was re-elected (97.9%) and the Remuneration report and grant of performance rights were passed easily (>98% of vote).

On Resolution 6a, Steven Mayne asked why Australian companies resisted opinion based resolutions referring to their favourable treatment in the USA market (Chair referred to arguments published in the Notice of Meeting) and if there was some disquiet about any significant vote for the resolution (the company will listen to shareholders). This did not occur as the vote for Resolution 6a was only 7.48%. For this resolution, Abstentions voted (114m) were greater than the For vote (105m). However, the proxy vote for Resolution 6b was significant at 43.7% (Resolution not put as conditional on 6a being passed). Mr Mayne asked whether the Board will consider this in the future, the Chair said the Board noted the vote.

Outlook Statements from the Company

The presentations of the Chair and of the CEO were very positive on the performance of the businesses over the last year and indicated that the company "is in a strong position as we enter Fiscal22 with our Explosive and Fertiliser businesses well positioned to benefit from the execution of our strategy". This is the same as the Annual Report. It should be noted that commodities prices in the sectors in which IPL operate are currently very favourable.

Meeting Statistics

Number of Holdings Represented by ASA	43
Number of Shares represented by ASA	467,416
Value of Shares represented by ASA	\$1.49 m
Number Attending Meeting	31 shareholders plus 67 visitors
Market capitalisation	\$6.0b
Were proxies voted?	Yes, on a poll

Monitor Shareholding

The individual involved in the preparation of this report has a shareholding in this company.

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