



Company	Incitec Pivot Ltd
Code	IPL
Meeting	AGM
Date	20 December 2019
Venue	Clarendon Auditorium, Melbourne Exhibition Centre, 2 Clarendon St., South Wharf
Monitor	Peter Aird with Mike Robey

Number attendees at meeting	55 shareholders plus 62 visitors
Number of holdings represented by ASA	93
Value of proxies	\$2.2m
Number of shares represented by ASA	670,000 (equivalent to 20th largest holder in Top 20)
Market capitalisation	\$5,250m
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes with Chair Brian Kruger, NED Kathryn Fagg (Chair, Remuneration Committee) and Company Secretary Richa Puri

Difficult year and low attendance in the heat

The Chair and CEO's reports were as published with the CEO emphasising improved plant reliability as a key change in manufacturing strategy (rather than short term volume targets) to ensure consistent supply to customers. The company's sustainability and climate change emphasis was well received and did not generate direct questions.

ASA asked about the way forward for the company given the disappointment of retail shareholders given lower Earnings Before Interest and Tax in all parts of the business before taking into account non-recurring event. The Chair and CEO did not go further than their published strategy for improving company performance.

ASA also asked about the 50% increase in R & D spend to ascertain whether new projects were being pursued. The CEO did not indicate any change to their current focus on digitisation and automation.

Other shareholders questions focussed on climate change (complimentary on the company's efforts) and membership of the Business Council of Australia and Minerals Council of Australia and the use of fluoride in water supply in Australia. The usual question regarding supply of phosphate rock from West Africa was couched in terms of human rights and the company's assessment of customer's behaviour. All questions were respectfully answered without making specific commitments.

Both Non-Executive Directors spoke well to their re-election. Dr Liu was elected with 99.9% of the vote whilst Mr Robinson only achieved 85%, apparently one proxy advisor unhappy about an issue in the past.

Non-executive director (NED) Kathryn Fagg spoke to the remuneration report, clearly explaining the outcomes achieved in 2019, the changes in the long-term incentives (LTI) for 2020 and the implementation of minimum shareholding requirement for all Directors. ASA asked when the financial benefits of the bonus paid to Mr Hayne would be seen and whether the company intended to continue to require a portion of short-term incentives (STI) benefits be taken as equity after executives met their minimum shareholding requirement. The Chair indicated that the financial benefits of Mr Hayne's actions during supply re-negotiations were already apparent and that the company would consider the awarding of Equity as part of the STI when relevant. The remuneration report was passed with 98.2% of shares voted for the resolution.

ASA asked about the new LTI condition of Return on Capital Invested (ROIC) being limited to the final year of the 3-year LTI term and if the ROIC would be published in the annual report. The Chair indicated that the ROIC requirement was a significant challenge which they had decided was best reviewed at the end of the LTI period and that they would publish ROIC achieved. The Grant of Performance rights was passed with 86.4% of the vote, with a different proxy advisor (ISS Governance) advising against the grant "noting that the quantum of the award to be well above those granted at peer companies" (The Age, 21 Dec 2019). It is noted that the LTI award for Orica is a maximum of 215% of fixed annual remuneration (FAR) compared to IPL's 150% of FAR.

After the meeting, ASA spoke to retiring NED Kathryn Fagg and new NED Xialing Liu and Company Secretary Richa Puri. Dr Liu further impressed with her knowledge, experience and approach to her role.

The meeting was reported by Darren Gray in The Age and Sydney Morning Herald on 21 Dec 2019 with most attention given to the strategic review of its fertiliser business.