

Charter for the Remuneration and Appointments Committee

1 GENERAL SCOPE AND AUTHORITY

1.1 Purpose of Charter

To specify the authority delegated to the Remuneration and Appointments Committee (“**Committee**”) by the Board of Directors (“**Board**”) of Incitec Pivot Limited (the “**Company**” or “**IPL**”) and to set out the role, responsibilities, membership and operation of the Committee.

1.2 Authority

The Committee is established pursuant to Rule 8.3 of the Incitec Pivot Constitution and Paragraph 8.1 of the Incitec Pivot Board Charter. The Committee is authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. The Committee has the authority and power to exercise the role and responsibilities set out in this Charter and under any separate resolutions of the Board, from time-to-time. The Committee has no executive powers with regard to its recommendations and does not relieve the Board of its responsibilities in these matters.

2 PURPOSE OF THE COMMITTEE

The purpose of the Committee is to assist and advise the Board in exercising its authority in relation to the matters set out in this Charter:

(i) Appointments

The Committee is to assist and advise the Board on:

- (a) Board composition;
- (b) director selection and appointment practices;
- (c) director performance evaluation processes and criteria;
- (d) succession planning for the Board and the Executive Team; and
- (e) strategies to address Board diversity,

to ensure that the Board comprises individuals able to discharge the responsibilities of directors, having regard to the law and the applicable standards of good corporate governance, with the benefit of a range of skills, expertise, experience and perspectives appropriate for the Group and its businesses, and that appropriate succession plans are in place for the Board, the Managing Director & CEO and the executive management team, reporting to the Managing Director & CEO (“Executive Team”).

(ii) Remuneration

The Committee is to assist and advise the Board on remuneration policies and practices for the Board, the Managing Director & CEO, the Executive Team, senior management and other employees, with the policies and practices being designed to:

- (a) enable Incitec Pivot to attract, retain and motivate directors, executives and employees who will create value for shareholders;
- (b) be fair and appropriate having regard to the performance of Incitec Pivot and the relevant director, executive or employee; and
- (c) comply with relevant legal requirements.

3 RESPONSIBILITIES OF THE COMMITTEE

3.1 Responsibilities on Appointments

The Committee's duties with respect to the Board's selection and appointment practices are as follows:

- (i) on request of the Board, and in any event on the occasion on which a non-executive director is to be appointed:
 - (a) to make recommendations to the Board about the necessary and desirable competencies of directors, having regard to the strategic direction of the Group and the duties required of directors under the Corporations Act 2001 (Cth) and good corporate governance standards;
 - (b) to make recommendations to the Board regarding the size and composition of the Board, having regard to the Board being able to make decisions effectively and efficiently;
 - (c) having regard to the skills and competencies represented on the Board and the skills and competencies required, to implement a process to identify suitable candidates to be non-executive directors on the Board, such process to include a search being undertaken by an appropriately independent third party, acting on a brief and position description prepared by the Committee and supported by the Board;
 - (d) to make recommendations to the Board for appointment of new Board member candidates having regard to their:
 - judgment;
 - skill;
 - diversity;
 - experience with business and other organisations of comparable size;
 - the interplay of a candidate's experience with the experience of other Board members; and
 - the extent to which the candidate would be a desirable addition to the Board and any committees of the Board;
- (ii) to develop and review induction procedures for new appointees to the Board to enable them to effectively discharge their duties, with such induction procedures being designed to enable new appointees to gain an understanding of:
 - (a) the company's financial, strategic, operational and risk management position;
 - (b) the culture and values of the company;
 - (c) the rights, duties and responsibilities of the directors;
 - (d) the roles and responsibilities of senior executives;
 - (e) the role of board committees; and
 - (f) meeting arrangements and director interaction.

3.2 Responsibilities on Assessment of Directors' Performance

The Committee's duties with respect to the Board's assessment of the performance of its directors are as follows:

- (i) make recommendations to the Chairman of the Board of Directors as to the appropriate process for the evaluation of performance of each director;
- (ii) oversee the implementation of a process for the evaluation of the performance of individual directors to be elected or re-elected in any given year (following retirement by rotation) by the shareholders and advising the Board of Directors of the names of non-executive directors who are to retire in accordance with the provisions of the constitution; and
- (iii) to review the time required for non-executive directors to perform their role and duties and whether non-executive directors are meeting this.

3.3 Responsibility in relation to Succession for Board, Managing Director & CEO/Executive Team

The Committee is to oversee and periodically, at least annually, review the plan for succession of:

- (i) Board members, including the roles of Chairman of the Board and Chairman of any of the Board's Committees;
- (ii) the Managing Director & CEO and members of the Executive Team

to maintain an appropriate balance of skills, experience, expertise and diversity and make recommendations to the Board in relation to that plan.

3.4 Responsibility in relation to Training and Development

The Committee is to implement a plan for identifying, assessing and enhancing director competencies and as part of that, develop, review and make recommendations to the Board on appropriate continuing education measures to enhance director competencies, to keep directors up-to-date and enhance directors' knowledge and skills, such continuing education measures to include having access to education concerning key developments in the Company and in the industry and environment in which it operates.

3.5 Responsibilities regarding Diversity

The Committee's duties with regard to diversity are to:

- (i) regularly review and report to the Board about the proportion of women at all levels of the Company; and
- (ii) oversee the development of, and make recommendations to the Board about strategies to address Board diversity.

In addition, the Committee will assist the Board in its oversight role on management establishing a policy concerning diversity and the disclosure of that policy.

3.6 Responsibility on Remuneration

The Committee is responsible for reviewing and making recommendations to the Board on:

- (i) the remuneration framework for non-executive directors annually after receiving professional advice from an appropriately qualified external consultant;
- (ii) Incitec Pivot's policy on remuneration for the Managing Director & CEO and members of the Executive Team, any changes to the policy and the implementation of the policy (including any shareholder approvals required);
- (iii) Incitec Pivot's recruitment, retention and termination policies for the Managing Director & CEO and members of the Executive Team and any changes to those policies;
- (iv) the total remuneration packages for the Managing Director & CEO (including base pay, incentive payments, equity based awards, superannuation and other retirement rights, employment contracts), any changes to remuneration packages and recommending proposed bonus performance awards after performance evaluation procedures;
- (v) in consultation with the Managing Director & CEO, the total remuneration packages for members of the Executive Team (including base pay, incentive payments, equity based awards, superannuation and other retirement rights, employment contracts), any changes to remuneration packages and recommending proposed bonus performance awards after performance evaluation procedures;
- (vi) incentive schemes, if appropriate, for the Managing Director & CEO and the Executive Team; and
- (vii) equity based plans, if appropriate, for the Managing Director & CEO and the Executive Team.

In fulfilling these responsibilities, the Committee will ensure that a clear distinction is maintained between the structure of non-executive directors' remuneration and that of executive directors and senior executives, including members of the Executive Team.

3.7 Responsibilities on Incentive Schemes and Equity Based Remuneration

The Committee will review and make recommendations to the Board in relation to those executive incentive plans that require the approval of shareholders, having regard to the remuneration policy.

The Committee will oversee the development of recommendations to the Board regarding the rules of all incentive plans (including the delegation of powers, as appropriate, to management to operate those plans), including the performance targets to be used in each plan.

The Committee will:

- (i) keep all plans under review in the light of legislative, regulatory and market developments and report to the Board as appropriate as to any changes or amendments required;
- (ii) following the end of the financial year, determine and make recommendations to the Board whether awards will be made under the plan and the total proposed awards under each plan;
- (iii) recommend to the Board awards under each plan to the Managing Director & CEO and the Executive Team; and
- (iv) keep under review the performance targets used and the performance of each incentive plan and make recommendations to the Board as appropriate.

3.8 Annual Remuneration Report and Disclosure in Financial Statements

The Committee is to:

- (i) liaise with the Audit and Risk Management Committee in relation to the disclosure of remuneration in the financial statements of the Company and shall oversee the disclosures made on remuneration; and
- (ii) approve recommendations to the Board with regard to the approval of any statement on Incitec Pivot's remuneration policy and executive compensation disclosures that may be:
 - (a) required by any listing rule, legislation, regulatory body or other regulatory requirement; or
 - (b) proposed for inclusion in the Directors' Report as included in Incitec Pivot's annual report, including without limitation, the Remuneration Report, prepared pursuant to the Corporations Act 2001 (Cth).

The Company Secretary will prepare, maintain and evaluate policies, procedures, internal controls and verification processes in order to satisfy the objective of safeguarding the integrity of the Company's annual Remuneration Report in accordance with best practice, as determined by the Committee, and to ensure compliance with the Corporations Act 2001 (Cth) and other applicable legislation.

4 COMPOSITION OF THE COMMITTEE

4.1 Membership

- (i) Committee will consist of at least three members each of whom will be appointed or removed by the Board, following in each case a review by the Board in consultation with the Chairman of the Committee (other than in respect of the Chairman's own appointment or removal).
- (ii) Each member of the Committee must be a non-executive Director.
- (iii) A majority of members of the Committee must be independent Directors, as determined by the Board, having regard to the ASX Corporate Governance Council's Principles and Recommendations.

4.2 Chairman

The Chairman of the Committee:

- (i) will be elected by the Board;
- (ii) must be a member of the Committee; and
- (iii) must be an independent Director.

4.3 Company Secretary

The Company Secretary is the secretary of the Committee.

4.4 Other Rules and Regulations

In appointing the members of the Committee, the Board will have regard to the ASX Listing Rules, the ASX Corporate Governance Council's Principles and Recommendations and the *Corporations Act 2001* (Cth).

5 COMMITTEE MEETINGS & PROCESS

5.1 Meetings

Meetings and proceedings of the Committee are governed by the provisions of Incitec Pivot's constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this Charter.

5.2 Frequency

The Committee shall meet as frequently as required to perform its functions but not less than four times a year. The Chairman of the Committee must call a meeting of the Committee if requested by any member of the Committee.

5.3 Notice

The Committee Secretary is to distribute a notice of each meeting confirming the date, time, venue and agenda to each member of the Committee (with a copy to all members of the Board of Directors excluding any matter where a conflict of interest has been notified) at least 4 days prior to the date of the meeting. The notice of the meeting will include the relevant supporting papers for the agenda items to be discussed.

5.4 Quorum

A quorum will comprise any two committee members. In the absence of the Chairman of the Committee or appointed delegate, the members shall elect one of their number as Chairman of that meeting.

5.5 Other Attendees

The Chairman of the Committee may invite any person to attend meetings of the Committee, for all or any part of the meeting, and may invite the Managing Director & CEO, senior managers, and external advisers to attend meetings of the Committee.

A standing invitation will be issued to all non-executive directors to attend.

5.6 Access to information and advisers

The Committee will have the appropriate resources to discharge its duties and responsibilities, including engaging counsel, accountants or other experts, as it considers appropriate. This may include requesting management or engaging external remuneration consultants to provide information to the Committee.

5.7 Reporting to the Board

The Chairman of the Committee (or person nominated by the Chairman of the Committee for that purpose) must report to the Board at the Board's next meeting on all matters relevant to the Committee's role and responsibilities.

5.8 Minutes

Minutes of proceedings and resolutions of the Committee shall be kept by the Secretary. After the preliminary approval has been given by the Chairman of the Committee, minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting. Minutes shall be confirmed at the next meeting of the Committee. Minutes, agenda and supporting papers will be made available to every Board member providing no conflict of interest exists.

6 COMMITTEE'S PERFORMANCE EVALUATION

The Committee will review its performance by self assessment, at least annually.

The performance evaluation will have regard to the extent to which the Committee has met its responsibilities under this Charter.

The Committee will present to the Board annually a report of its activities for the prior financial year and on its performance following the annual performance evaluation.

7 REVIEW AND PUBLICATION OF THE CHARTER

The Committee will review its Charter from time to time and make recommendations to the Board as to any changes it considers should be made. The Charter may be amended by resolution of the Board.

This Charter will be available on Incitec Pivot's website and the key features will be published in the Annual Report.

Approved by the Board on 18 March 2011 (superseding version adopted 29.9.10).