

# **Incitec Pivot Limited**

## Charter for the Remuneration and Appointments Committee

Adopted by the Board on 21 September 2006

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# INCITEC PIVOT LIMITED

## CHARTER FOR THE REMUNERATION AND APPOINTMENTS COMMITTEE

### 1. GENERAL SCOPE AND AUTHORITY

#### 1.1 Purpose

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

#### 1.2 Authority

The Incitec Pivot Limited (**Incitec Pivot**) Remuneration and Appointments Committee (**Committee**) is established pursuant to Rule 8.3 of the Incitec Pivot Constitution and Paragraph 8.1 of the Incitec Pivot Board Charter.

### 2. ROLE OF THE COMMITTEE

#### 2.1 Appointments

The Committee assists and advises the Board on:

- (a) director selection and appointment practices;
- (b) director performance evaluation processes and criteria;
- (c) Board composition; and
- (d) Succession planning for the Board and the Executive Team (**management**),

to ensure that the Board is of a size and composition conducive to making decisions expediently, with the benefit of a variety of perspectives and skills and in the best interests of Incitec Pivot as a whole, and that appropriate succession plans are in place for the Board and management.

#### 2.2 Remuneration

The Committee also assists and advises the Board on remuneration policies and practices for the Board, the Managing Director & CEO, the direct reports to the Managing Director & CEO, senior management and other employees. The policies and practices are 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.

**2.3** The Committee has no executive powers with regard to its recommendations and does not relieve the Board of its responsibilities in these matters.

### **3. RESPONSIBILITIES OF THE REMUNERATION AND APPOINTMENTS COMMITTEE**

#### **3.1 Appointment Responsibilities**

The Committee is responsible for:

- (a) making recommendations regarding the size and composition of the Board so that the size and composition enables effective and efficient decision making;
- (b) identifying those individuals believed to be qualified to become Board members and making 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.
- (c) assessing the necessary and desirable competencies of Board members;
- (d) identifying Board members qualified to fill vacancies on any committee of the Board (including this Committee) and making recommendations that the Board appoint the identified member or members to the respective Committees, having regard to the factors set forth in the charter of the committee, if any, as well as any other factors it deems appropriate, including without limitation the consistency of the candidate's experience with the goals of the committee and the interplay of the candidate's experience with the experience of other committee members;
- (e) recommending procedures to be adopted to the Board to exercise oversight and evaluation of the Board and management;
- (f) making recommendations to the Chairman of the Board of Directors as to the appropriate process for the evaluation of performance of each director;
- (g) overseeing 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;
- (h) developing and reviewing induction procedures for new appointees to the Board to enable them to effectively discharge their duties;

- (i) developing, implementing and reviewing continuing education measures to enhance director competencies, keep directors up to date and enhance directors' knowledge and skills;
- (j) reviewing Board and the management succession plans and processes, including for the Managing Director & CEO and other executive positions, to maintain an appropriate balance of skills, experience and expertise.

### **3.2 Remuneration Responsibilities**

#### *(a) General*

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

- (i) the compensation of non-executive directors annually after receiving professional advice from an appropriately qualified external consultant;
- (ii) in consultation with the Managing Director & CEO, Incitec Pivot's general approach to remuneration, and is responsible for overseeing the development and implementation of those remuneration proposals and policies;
- (iii) Incitec Pivot's policy on remuneration for the Managing Director & CEO and management, any changes to the policy and the implementation of the policy (including any shareholder approvals required);
- (iv) Incitec Pivot's recruitment, retention and termination policies for the Managing Director & CEO and management and any changes to those policies;
- (v) Incentive schemes, if appropriate, for the Managing Director & CEO and management;
- (vi) Equity based plans, if appropriate, for the Managing Director & CEO, management and other employees;
- (vii) 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;
- (viii) in consultation with the Managing Director & CEO, the total remuneration packages for management (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.

#### *(b) Incentive schemes and equity based remuneration*

For any incentive schemes or equity based plans which are adopted, the Committee is responsible for:

- (i) reviewing their terms (including an performance hurdles for equity based plans);
- (ii) overseeing their administration;
- (iii) considering whether shareholder approval is required for the schemes or plans and for any changes to them; and
- (iv) ensuring that payments and awards of equity are made in accordance with their terms and any shareholder approval.

### **3.3 Disclosure of Remuneration**

The Committee shall 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 shall make 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.

## **4. COMPOSITION OF THE COMMITTEE**

### **4.1 Membership**

The Committee will comprise all the independent non-executive directors.

### **4.2 Chairman**

The Committee shall be chaired by the Chairman of the Board.

### **4.3 Company Secretary**

The Company Secretary is the secretary of the Committee.

### **4.4 Other Rules and Regulations**

In appointing the members the Committee will have regard to the Australian Stock Exchange Listing Rules, recommendations of the ASX Corporate Governance Council 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 two times a year. The Chairman of the Committee must call a meeting of the Committee if requested by any member of the Committee, the external auditor or the internal auditor.

## **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 of any three 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 other directors who are not members of the Committee, senior managers, and external advisers to attend meetings of the Committee.

## **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 Report**

The Chairman of the Committee, or delegate will report to the Incitec Pivot Board following each meeting. Minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.

## **5.8 Minutes**

Minutes of proceedings and resolutions of the Committee shall be kept by the Secretary. Minutes shall be distributed to all Committee members after the preliminary approval has been given by the Chairman of the Committee. Minutes, agenda and supporting papers will be made available to every director providing no conflict of interest exists.

## **6. COMMITTEE'S PERFORMANCE EVALUATION**

The Committee will review its performance from time to time.

The performance evaluation will have regard to the extent to which it has met its responsibilities in terms of this charter.

## **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 21 September 2006.