

1 PURPOSE OF CHARTER

This Charter sets out the role, responsibilities and structure of the Board of Incitec Pivot Limited (the “Company” or “Incitec Pivot”).

2 ROLE OF THE BOARD

The role of the Board is to:

- (a) chart the direction, policies, strategies and financial objectives for Incitec Pivot and monitor the implementation of those policies, strategies and financial objectives;
- (b) monitor compliance with regulatory requirements and ethical standards; and
- (c) appoint and review the performance of the Managing Director & Chief Executive Officer (“MD & CEO”).

In performing its role, the Board should act at all times:

- (d) in a manner designed to create and continue to build sustainable value for shareholders; and
- (e) in accordance with the duties and obligations imposed upon directors by Incitec Pivot’s Constitution and the law.

3 POWERS OF THE BOARD

In addition to matters expressly required by law to be approved by the Board, powers specifically reserved for the Board are set out in the document “Delegated Authorities and Reserved Powers”.

4 BOARD RESPONSIBILITIES

4.1 The Board’s primary responsibilities are as follows:

4.1.1 Strategy and Planning

- (a) Oversee the development of Incitec Pivot’s corporate strategy through constructive engagement with management;
- (b) Review and approve, at least annually, Incitec Pivot’s corporate strategy, strategic business plans, budgets and performance objectives;
- (c) Approve significant corporate strategic initiatives and the acquisition, establishment, disposal or cessation of any significant business of the Company;
- (d) Approve significant changes to organisational structure and the appointment of such senior officers as the Board may determine;
- (e) Approve the making of any public statements which reflect significant issues of Incitec Pivot policy or strategy where such significant issues of policy or strategy have not previously been approved by the Board; and
- (f) Monitor and assess management’s performance in achieving the corporate strategy, strategic business plans, budgets and performance objectives approved by the Board.

4.1.2 Oversight of Management

- (a) Appoint and remove the MD & CEO and determine his or her terms and conditions of appointment/termination (including remuneration);
- (b) Approve criteria for assessing the performance of the MD & CEO and the direct reports to the MD & CEO;
- (c) Approve the appointment and termination of direct reports to the MD & CEO;
- (d) Approve remuneration policies and practices for the direct reports to the MD & CEO;
- (e) Approve the remuneration and terms and conditions of service including any financial incentives for any executive directors, the Chief Financial Officer and the Company Secretary and all direct reports to the MD & CEO, at least annually;
- (f) Monitor and evaluate the performance of the MD & CEO and his or her direct reports in achieving the corporate strategy, strategic business plans, budgets and performance objectives approved by the Board;
- (g) Review on a regular and continuing basis executive succession planning (in particular, with respect to the position of MD & CEO); and
- (h) Review and approve the balance of responsibilities between the Chair, MD & CEO and other directors, at least annually.

4.1.3 Oversight of financial management and capital management

- (a) Determine that the Company accounts are true and fair in accordance with the Corporations Act 2001 (Cth);
- (b) Review and approve annual and half yearly financial reports;
- (c) Monitor Incitec Pivot's financial position and results on an ongoing basis;
- (d) Oversee Incitec Pivot's accounting and financial management systems;
- (e) Oversee Incitec Pivot's external and internal audit processes, including selecting and recommending any changes to Auditors as required at general meetings and that the scope of the internal audit is adequate;
- (f) Review, approve and monitor the progress of major capital expenditure, capital management levels, major acquisitions and divestitures and material commitments;
- (g) Approve decisions affecting the capital structure of Incitec Pivot, including capital restructures, capital returns, share buy-backs, major financing arrangements and the issue of any shares, options, equity instruments or other securities in the Company; and
- (h) Determine the distribution policy of Incitec Pivot and declare dividends.

4.1.4 Governance

- (a) Encourage and actively promote ethical behaviour and compliance with the Company's corporate values, codes of conduct and other governing policies and procedures;
- (b) Establish and maintain a code of conduct to guide its directors and management in the practices necessary to maintain confidence in Incitec Pivot's integrity;
- (c) Oversee and monitor occupational health and safety performance and compliance including the provision of appropriate reports and information;
- (d) Monitor and review the reporting controls and mechanisms which are in place to ensure that adequate, accurate and timely information is being provided by the Company to its shareholders, the ASX and other stakeholders; and
- (e) Perform and discharge all other duties and responsibilities required by law.

4.1.5 Risk Management

- (a) Oversee Incitec Pivot's internal control and accountability systems and review reporting under those systems;
- (b) Establish, oversee and review systems for identifying, assessing, monitoring and managing the Company's material business risks; and
- (c) Establish, oversee and review systems of internal compliance, risk management and control, and systems of legal compliance that govern the operations of Incitec Pivot (including any policies, codes and procedures governing compliance, risk oversight and risk management), and ensure that they are operating effectively.

4.1.6 Diversity

- (a) Promote diversity at all levels of Incitec Pivot; and
- (b) Oversee the establishment of a policy concerning diversity and the disclosure of that policy.

5. ROLE AND RESPONSIBILITIES OF THE CHAIR

The Chair is an independent, non-executive director appointed by the Board.

In the absence of the Chair from a meeting or in the event that the Chair is unable to so act for any reason, the Board will appoint an independent, non-executive director to act as the Chair for that particular meeting.

The Chair represents the Board to the shareholders and communicates the views of the Board. The Chair is responsible for:

- (a) leading the Board in Board matters, facilitating open and constructive discussion and debate during Board meetings and the effective contribution to Board deliberations by all directors and monitoring Board performance;
- (b) chairing Board meetings and shareholder meetings;
- (c) monitoring the efficient organisation and conduct of the Board's functions;
- (d) briefing directors in relation to Board issues;
- (e) promoting constructive relations between Board members and between the Board and management;
- (f) ensuring that independent directors meet separately at least annually to consider, among other things, management's performance;
- (g) setting the agenda for each meeting in consultation with the MD & CEO and Company Secretary and reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board;
- (h) recommending to the Board for consideration the functions and membership of committees of the Board; and
- (i) overseeing the Board performance review.

6. BOARD MEMBERSHIP

6.1 Composition and Size

The directors determine the size of the Board, subject to Incitec Pivot's constitution, which provides that there can be no less than 3 and no more than 9 directors. The number of directors and composition of the Board is determined having regard to what is appropriate for Incitec Pivot to achieve efficient and prudent decision making.

The Board will consist of a majority of non-executive, independent directors. The Board will select one of its members to be the Chair and he/she must be an independent non-executive director.

Incitec Pivot aims to have directors with an appropriate range of skills, experience, expertise and diversity and an understanding of and competence to deal with current and emerging issues in the Company's business. Incitec Pivot's succession plans are designed to maintain an appropriate balance of skills, experience, expertise and diversity on the Board.

6.2 Appointment and Re-election of Directors

The process for selection and appointment of new directors to the Board is that, when a vacancy arises, the Nominations Committee identifies candidates with appropriate skills, experience and expertise. Candidates with the skills, experience and expertise that best complement the Board's effectiveness will be recommended by the Nomination Committee to the Board. When the Board considers that a suitable candidate has been found, that person is appointed by the Board to fill a casual vacancy in accordance with Incitec Pivot's constitution, but must stand for election by shareholders at the next annual general meeting.

Non-executive directors will be engaged by a letter of appointment setting out the terms and conditions of their appointment. Directors participate in induction or orientation programs on appointment, and in any continuing education or training arranged for them.

Directors retire from office in accordance with the constitution of the Company. Retiring directors may be eligible for re-election.

Before each annual general meeting, the Board will assess the performance of any director standing for re-election and the Board will determine their recommendation to shareholders on the re-election of the director (in the absence of the director involved). The Board (excluding the Chair), conducts the review of the Chair.

6.3 Independence

In considering whether a director is independent, the Board will have regard to the ASX Corporate Governance Council Principles and Recommendations.

A director is considered independent by Incitec Pivot if the director is independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment or be perceived to do so.

The Board will regularly assess the independence of each director in light of the interests disclosed by them. Each independent director must provide the Board with all relevant information for this purpose. The outcome of this assessment will be reflected in the corporate governance section of the annual report.

7 BOARD PROCESS

7.1 Meetings

All Board meetings will be conducted in accordance with Incitec Pivot's constitution and the Corporations Act.

Directors are committed to collective decision making, but have a duty to question and raise any issues of concern to them. Matters are to be debated openly and constructively amongst the directors. Individual directors must utilise their particular skills, experience and knowledge when discussing matters at Board meetings.

While the agenda for each meeting is set by the Chair in consultation with the MD & CEO and Company Secretary, any director may request an item be included on an agenda.

Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.

All directors are generally expected to prepare adequately, attend and participate at each Board meeting. Non-executive directors will periodically meet without executive directors or management present.

The Board may request or invite management or external consultants to attend Board meetings, where necessary or desirable.

The Board may conduct meetings by telephone or video conference.

7.2 Independent Professional Advice

A director may engage, at the Company's expense, independent professional advisers to advise the director on matters pertinent to Company affairs, including the performance of the director's duties. Before this expense can be incurred on behalf of the Company, the approval of the Chair must be obtained. A copy of any advice will be made available to the Board.

7.3 Access to Management

The directors have complete and open access to management following consultation with the Chair and the MD & CEO.

8. DELEGATIONS

8.1 Delegation to Committees

Under Incitec Pivot's constitution, the Board may delegate any of its powers (including this power to delegate) to a committee of directors.

A committee must exercise the powers delegated in accordance with any directions of the directors and may:

- (a) investigate any activity within the terms of its specification;
- (b) following consultation with the Chair and MD & CEO, obtain such information as it considers necessary from management; and
- (c) obtain external legal or other independent advice, as it considers necessary.

Directors are entitled to attend committee meetings and receive committee papers. Committees will maintain minutes of their meetings. The Chair of each committee will report back on committee meetings to the Board at the next full Board meeting.

There are currently four standing committees:

- (a) Audit and Risk Management Committee;
- (b) Health, Safety, Environment and Community Committee;
- (c) Nominations Committee; and
- (d) Remuneration Committee.

Each standing committee established by the Board will adopt charters approved by the Board setting out the authority, responsibilities, membership and operation of the committee.

8.2 Delegation to MD & CEO and Management

Under the Incitec Pivot constitution, the Board may also delegate any of its powers to any director, which includes the MD & CEO.

The Board has delegated to the MD & CEO the authority to manage the day to day affairs of Incitec Pivot and the authority to control the affairs of Incitec Pivot in relation to all matters other than those responsibilities reserved to the Board in this Board Charter.

The Board may impose further specific limits on MD & CEO delegations from time to time. The authority delegated to the MD & CEO is set out in, and is subject to the limits in, the document titled "Delegated and Reserved Powers".

9. SELF ASSESSMENT & REVIEW

9.1 Annual Performance Evaluation

The Board is to undertake an annual performance evaluation of itself and each standing committee that:

- (a) compares the performance of the Board and the relevant committee with the requirements of the Board Charter or committee charter (as the case may be);
- (b) sets forth the goals and objectives of the Board and relevant committee for the upcoming year; and
- (c) effects any improvement to the relevant charter deemed necessary or desirable.

9.2 Form of Performance Evaluation

The performance evaluation shall be in a manner as the Board deems appropriate.

9.3 Review from Time to Time

The Board is responsible for reviewing this Charter and the division of functions and responsibilities in Incitec Pivot to determine its appropriateness to the needs of Incitec Pivot from time to time.

10. AMENDMENT AND PUBLICATION

10.1 The Charter may be amended by resolution of the Board.

10.2 A summary of the Charter is to be made available on Incitec Pivot's website and the key features will be published in the annual report.

Approved by the Board on 10 May 2012.