

Tax Transparency Report 2023

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Chief Financial Officer Message

Incitec Pivot Limited (IPL) has published a Tax Transparency Report every year since the release of the Australian Voluntary Transparency Code (the Code). The 30 September 2023 report is our sixth report and, consistent with past reports, brings together details of payments made by IPL to Governments in countries where IPL operates.

IPL's Transparency Report outlines our Board approved tax strategy and reflects IPL's ongoing commitment to tax transparency.

Approach to tax

IPL adopts a low risk approach and is committed to acting with integrity and transparency in all tax matters. IPL's overall objective is to ensure that it complies with its statutory taxation reporting obligations for all controlled entities.

IPL's Tax Code of Conduct has been approved by the Board and has the full support of senior management enabling Group Tax to actively participate in planning and decision making processes to ensure that appropriate tax outcomes are incorporated in business decisions.

The following governance parameters are considered in relation to tax activities:

1. Applicable laws and regulations relating to taxation must be adhered to.
2. IPL's tax approach supports our business and reflects commercial and economic activity. IPL does not engage in artificial tax arrangements.
3. IPL aims to develop and foster constructive working relationships with tax authorities and is transparent in providing full and timely disclosure to tax authorities.
4. In adopting a taxation position, IPL must consider potential impacts on shareholder value, its market reputation and penalty risk.

Tax Governance and control framework

IPL is committed to high standards of corporate governance for the benefit of its stakeholders. IPL's Board operates in accordance corporate governance principles which are fundamental to IPL's continued growth and success.

IPL's tax governance framework, which is reviewed by the Board's Audit and Risk Management Committee (ARMC) and approved by the IPL Board, provides the foundation by which taxes are managed within IPL. It defines IPL's strategy and risk management approach as well as how IPL complies with its tax obligations.

The Chief Financial Officer (CFO) has responsibility for the tax risk management framework. Operational and governance responsibility for execution rests with the General Manager Group Tax (GM Group Tax), who is supported by a team of tax professionals and external tax expertise where required.

Tax risks are evaluated using IPL's enterprise risk management framework to guide its risk management. High or Medium rated risks are reported to Group's ARMC. The Board, through the ARMC, is updated regularly on material tax matters.

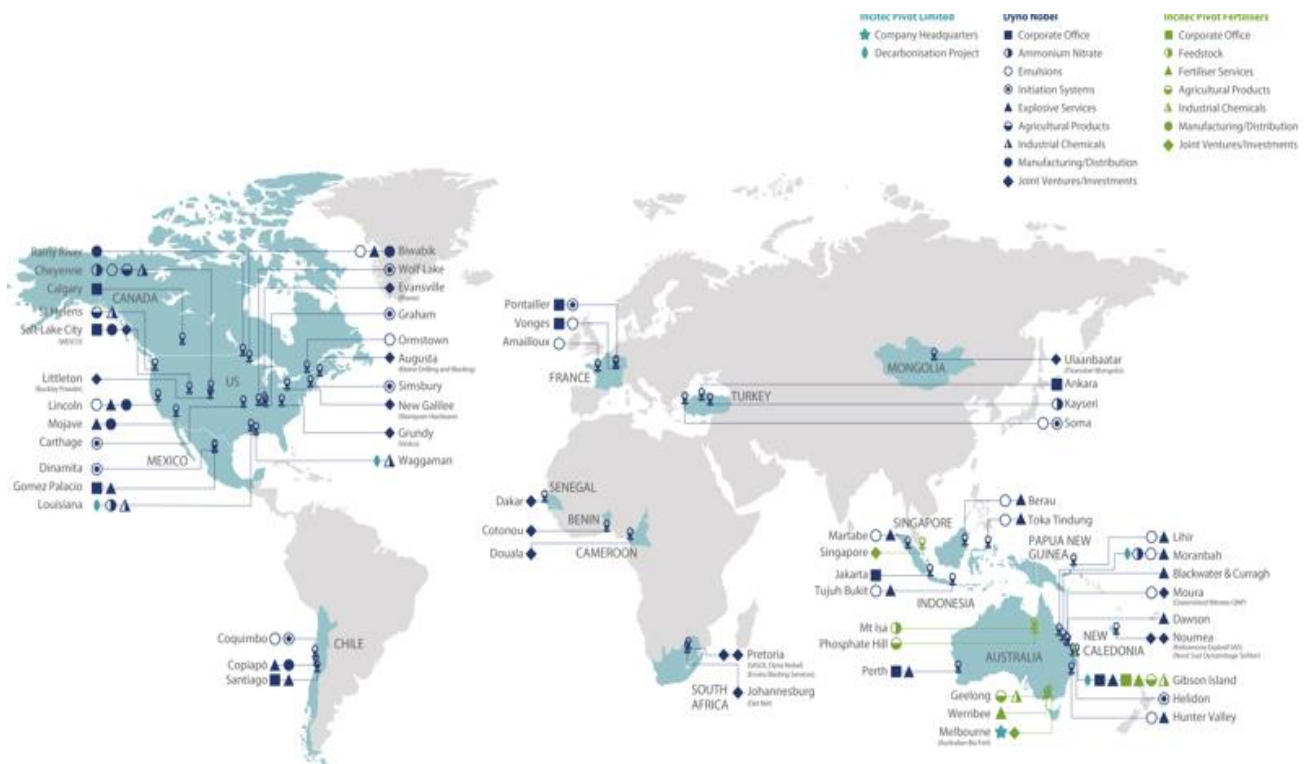
IPL is subject to regular review by the Australian Taxation Office (ATO) through the Justified Trust process and by foreign revenue authorities.

Where we operate

As a global industrial chemicals manufacturer and marketer of commercial explosives and fertilisers, IPL contributes to the production of the infrastructure, food, clothing, shelter and energy that people need every day. IPL plays an essential role in the mining and agricultural industries which produce many of life’s daily essentials.

Serving high quality customers with technological solutions across six continents, including Australia, North America, Europe, Asia, South America and Africa, IPL manufactures ammonium nitrate-based explosives and initiating systems, nitrogen and phosphorus fertilisers, and nitrogen related industrial and specialty chemicals.

Global footprint



IPL operates through locally incorporated subsidiaries or via joint ventures, serving local mining and agricultural businesses. The nature of the products and services produced by IPL generally requires manufacturing and servicing capabilities to be within close proximity of IPL’s external customers.

IPL has two customer facing businesses, **Dyno Nobel** based in the Americas, Europe, Middle East, Africa (EMEA) and Asia Pacific and **Incitec Pivot Fertilisers**, a leading integrated manufacturer and distributor of fertilisers across the east coast of Australia.

Dyno Nobel is IPL’s international explosives and technical blasting services business and one of the largest industrial explosives distributors in North America and Australia. Blasting is an essential step in extracting the minerals required to meet the world’s demand for power, infrastructure and consumer goods. Construction, mines,

quarries and seismic explorers use Dyno Nobel products to achieve safety goals and improve operational efficiency.

As a leading fertiliser manufacturer and distributor on the east coast of Australia, Incitec Pivot Fertilisers is on a journey to become the nation's leading soil health business. With a dedicated network of suppliers and agents across the east coast of Australia, as well as our NATA-accredited Nutrient Advantage® Laboratory, Incitec Pivot Fertilisers supports farmers with the crop nutrition insights and products they need to maximise yield potential in an efficient way. Further afield, through our global trading business Southern Cross Fertilisers, IPL operates in major offshore agricultural markets including Asia Pacific, the Indian subcontinent, the United States, Latin America and other international locations.

The table below summarises IPL's Country of Operation:

| Country of Operation | External Operating revenue A\$m | Internal Revenue ¹ A\$m | Net Profit / (Loss) after tax A\$m | R&D expenditure A\$m | Number of employees | Corporate tax rate % |
|----------------------|------------------------------------|---------------------------------------|---------------------------------------|-------------------------|---------------------|-------------------------|
| Australia | 3,345.8 | 18.4 | 47.3 | 19.6 | 1,955 | 30.0 |
| USA | 1,993.2 | 183.5 | 332.2 | 11.0 | 1,924 | 26.0 |
| Canada | 349.4 | 19.9 | 102.6 | - | 454 | 26.8 |
| Mexico | 12.5 | 56.4 | (4.5) | - | 367 | 30.0 |
| Chile | 39.3 | - | 0.0 | - | 100 | 25.0 |
| Turkey | 94.9 | - | 15.9 | - | 260 | 25.0 |
| Indonesia | 47.4 | - | 12.8 | - | 235 | 22.0 |
| PNG | 8.7 | - | (2.0) | - | 46 | 30.0 |
| France | 182.9 | - | 4.3 | - | 367 | 25.0 |
| Other/Elim | (66.0) | 60.6 | 51.1 | - | 106 | |
| Total | 6,008.1 | 339 | 560 | 30.6 | 5,814 | |

¹Excludes dividend income

Related party transactions

Product flows between Australia and offshore related parties are minimal and relate primarily to the supply of explosives components (which are assembled in Australia and sold to customers within the Asia Pacific region).

Services between Australia and offshore related parties include funding and centralised services such as technology, treasury, engineering and insurance.

Related party dealings are governed by IPL's global transfer pricing policies which require products and services to be charged on an arm's length basis in accordance with OECD guidelines.

Group Tax monitors related party transactions to ensure compliance with IPL's transfer pricing policy and alignment of the commercial and tax outcomes (refer Country of Operation table above).

Taxes paid

IPL incurs and pays taxes in each jurisdiction in which it operates. IPL is also required to collect and remit various taxes.

The tables below provide further details of the nature of the taxes paid and collected by IPL globally.

Total Cash Taxes Paid

Total taxes paid comprise any tax that IPL has paid a government directly or indirectly on its own behalf. This includes corporate income tax, employer taxes (such as payroll tax) and royalties paid to governments.

With regards to the corporate income tax paid, the accounting for a corporate tax liability and actual payment of that liability will differ due to timing of when the liability is recorded for accounting purposes and when the actual tax payment occurs. The summaries below reflect actual cash taxes paid during the 30 September 2023 year.

The table below provides a snapshot of cash taxes paid in the significant countries in which IPL operates.

Taxes Paid

| Country of Operation | Corporate Income Tax Paid A\$m | Employee Taxes Paid A\$m | Other A\$m | Total Taxes Paid A\$m |
|----------------------|--------------------------------|--------------------------|-------------|-----------------------|
| Australia | 192.1 | 19.6 | 1.8 | 213.5 |
| USA | 88.7 | 23.5 | 9.1 | 121.3 |
| Canada | 27.0 | 2.9 | 0.4 | 30.3 |
| Mexico | 0.6 | 3.1 | 0.1 | 3.7 |
| Turkey | 4.4 | 1.4 | 0.1 | 5.9 |
| Indonesia | 1.4 | 0.0 | 0.2 | 1.6 |
| New Caledonia | 2.6 | 1.1 | 0.1 | 3.8 |
| Chile | 0.1 | - | 8.7 | 8.8 |
| France | 0.4 | 11.9 | 0.5 | 12.8 |
| Other | 2.1 | 0.1 | 0.2 | 2.4 |
| Total | 319.4 | 63.4 | 21.2 | 404.0 |

Taxes collected

Taxes collected are taxes that IPL withholds from payments and remits to governments. Such taxes include withholding taxes on interest and dividends, indirect taxes such as sales/VAT/GST and tax on employee salary and wages.

Other Taxes Collected and Remitted

| Country of Operation | Net GST/VAT Paid A\$m | Employee Taxes Remitted A\$m | Other A\$m | Total Taxes Collected A\$m |
|----------------------|--------------------------|---------------------------------|---------------|-------------------------------|
| Australia | 117.4 | 106.2 | - | 223.6 |
| USA | 10.9 | 72.1 | - | 83.1 |
| Canada | 38.5 | 18.2 | - | 56.7 |
| Mexico | (3.4) | 1.5 | 0.1 | (1.8) |
| Turkey | 1.8 | - | - | 1.8 |
| Indonesia | 4.1 | 0.9 | 0.2 | 5.2 |
| New Caledonia | - | 0.0 | - | 0.0 |
| Chile | 6.0 | 0.3 | 0.0 | 6.3 |
| France | 10.1 | 7.8 | - | 17.9 |
| Other | 1.8 | 1.2 | 0.0 | 3.0 |
| Total | 187.3 | 208.2 | 0.3 | 395.8 |

Income tax reconciliation to tax payable

Income tax expense comprises current tax (amount payable or receivable within 12 months) and deferred tax (amounts payable or receivable after 12 months). Tax expense is generally recognised in the profit or loss statement (unless it relates to items recognised in equity).

Set out below is a reconciliation of accounting profit to income tax payable for the IPL Global Group and Australian Tax Group for the 30 September 2023 year.

| | 2023 Global A\$mill | 2023 Australia A\$mill |
|---|---------------------------|------------------------------|
| Total profit before tax | 700.3 | 85.8 |
| Tax exempt Intercompany dividend eliminated on consolidation ¹ | - | |
| Total profit/(loss) before tax excluding intercompany dividend | 700.3 | 85.8 |
| Tax at the Australian tax rate of 30% | 210.1 | 25.8 |
| Non temporary differences | | |
| Joint venture income ² | (14.3) | |
| Sundry items ³ | (14.5) | 6.2 |
| Difference in overseas tax rates | (40.8) | |
| Adjustment to tax expenses relating to prior years | | |
| Income tax expense attributable to profit | 140.5 | 32.0 |
| Temporary differences | | |
| Provisions | (38.0) | (21.8) |
| Property, Plant and Equipment | (54.8) | (13.6) |
| Tax Losses ⁴ | 28.6 | 11.8 |
| Intangible Assets | (1.5) | |
| Financial instruments | (10.9) | (4.9) |
| Other | (0.1) | (3.6) |
| Total origination and reversal of temporary differences | (76.7) | (32.0) |
| Tax liabilities | 63.8 | (0.0) |
| Tax payable/(refundable) | 63.8 | - |
| Effective Tax Rate | 2023 Global % | 2023 Australia % |
| Effective tax rate ⁵ | 20.1% | 37.3% |

¹Dividends received from overseas operations are exempt from Australian tax. All dividends received from related parties are eliminated at the Group Level

²Accounted for in accordance with AASB 128 Investments in Associates and Joint Ventures. Profits of joint ventures are taxed at the entity level.

³Sundry items relate to the reversal of deferred tax balances in overseas entities offset by the attribution of income from overseas operations subject to tax in Australia

⁴Recognition of tax losses incurred mainly in the US and Australia

⁵Effective tax rate is calculated as income tax expense divided by accounting profit/loss before tax excluding intercompany dividend

IPL's global effective tax rate is impacted by the profit/loss contributions of subsidiaries operating within the global group. Given the different corporate tax rates applicable across the Group and that legislative requirements vary between jurisdiction it is not uncommon for a company such as IPL to experience variability in its effective tax rate year-on-year.

ATO Public Disclosure

The ATO is required to publicly report information about Australian public companies (and other companies, including those which are foreign owned) with total income of \$100 million or more.

In December 2023, the ATO disclosed the following information about IPL, as reported by IPL in its Australian tax return for the 2022 tax year. The 2023 data is expected to be disclosed by the ATO in late 2024. The information below reflects the results of IPL's wholly owned, Australian tax resident entities (IPL Tax Group).

| Incitec Pivot Limited ABN 42 004 080 264 | | |
|---|-------------|-------------|
| | 2023 | 2022 |
| | A\$M | A\$M |
| Total Income | 3,771.2 | 4,304.5 |
| Taxable Income | 0.0 | 541.5 |
| Income Tax Payable | 0.0 | 154.1 |

The amount disclosed as Total Income in the tax return is the total accounting revenue of the IPL Tax Group being the gross receipts before any expenses, and does not represent the economic or taxable profits of IPL.

Operating Profit before Tax is the starting point for calculating taxable income. It is from this amount that various non-temporary and temporary adjustments are reflected to calculate taxable income. These adjustments are detailed in the Income Tax Reconciliation below.

| | A\$M | A\$M |
|---|-------------|-------------|
| | 2023 | 2022 |
| Total Income (as reported by ATO) ¹ | 3,771.2 | 4,304.5 |
| Total expenses | 3,685.4 | 3,461.9 |
| Operating profit before tax | 85.8 | 842.6 |
| Non-temporary & temporary adjustments | (125.1) | (301.1) |
| Taxable income/(loss) (as reported by ATO) ¹ | (39.3) | 541.5 |
| Tax payable on taxable income | 0.0 | 162.4 |
| Less Franking and other offsets | 0.0 | (8.3) |

| | | |
|--|------------|--------------|
| Income tax payable (as reported by ATO)¹ | 0.0 | 154.1 |
|--|------------|--------------|

¹ 2023 data to be reported by ATO in late 2024

Basis of preparation

Data disclosed in this report is drawn primarily from the Group's consolidated financial reporting system and global tax reporting platform which is subject to audit scrutiny by IPL's external and internal auditors.

Where possible, financial data disclosed in this report is agreed to relevant tax data disclosed in the Group's audited financial statements.

The group follows International Financial Reporting Standards and guidance issued by the ATO and the Organisation for Economic Co-operation and Development.

Additional data is provided from other sources where required such as local accounting records and human resources records.

All values are in Australian dollars.