

Incitec Pivot Ltd (IPL) – Climate Transition Analysis

Recommended Questions		Report Key Takeaways
Q.1	<p>How does Incitec Pivot plan to enhance transparency in the emissions coverage of its supplier and customer engagement initiatives?</p> <p>Background: While Incitec Pivot has outlined several strategies to engage suppliers and customers on emissions reductions, it does not provide detailed disclosures on the relative emissions coverage of these initiatives. Without clear data on the extent to which supplier and customer actions impact Scope 3 emissions, investors cannot fully assess the company's ability to drive meaningful decarbonisation across its value chain.</p> <p>Best Practice: Companies should quantify and disclose the emissions reductions expected from supplier and customer engagement programs, ensuring that climate targets are measurable and independently verifiable.</p>	<ul style="list-style-type: none"> Incitec Pivot is projected to align with a 1.5°C pathway by 2030, with a 43% absolute emissions reduction from 2020 levels. Its historical progress (-21.9% emissions from 2020 to 2024) and extrapolated trends support this alignment; still, transparency gaps in supplier/customer engagement and financial risk disclosure remain. While the company integrates decarbonisation into governance, linking executive pay to Net Zero targets, its cautious approach to climate policy, including misaligned industry association memberships, undermines slightly its credibility. Incitec Pivot's capital investments in emissions reduction (e.g., Moranbah N₂O abatement, green ammonia projects) are commendable, but a clearer breakdown of total financial commitments through 2030 would enhance investor confidence in its ability to meet climate targets.
Q.2	<p>Can Incitec Pivot provide a more detailed assessment of its climate-related financial risks, including quantified estimates of potential financial exposure?</p> <p>Background: Incitec Pivot is aware of key transition and physical risks, such as carbon pricing, regulatory shifts, and extreme weather disruptions. However, the company does not disclose quantified financial impacts, leaving investors to estimate potential exposure independently. This lack of transparency limits the ability to assess the financial resilience of its climate strategy.</p> <p>Best Practice: Adopt a quantified financial risk assessment approach aligned with TCFD guidelines, including scenario-based financial risk models that estimate potential EBIT impacts under different carbon pricing and regulatory scenarios.</p>	
Q.3	<p>What steps is Incitec Pivot taking to strengthen its climate policy credibility by addressing misaligned industry association memberships?</p> <p>Background: While Incitec Pivot publicly supports climate action, it remains affiliated with industry groups that have lobbied against progressive climate policies. The company has identified misalignments but has not taken clear steps to address them, potentially undermining investor confidence in its climate commitments.</p> <p>Best Practice: Conduct formal industry association reviews, withdraw from misaligned groups, and publicly disclose their rationale for membership decisions, reinforcing their credibility in climate advocacy.</p>	
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