



POLICY ORICA'S APPROACH TO MANAGING RISK

SEPTEMBER 2016

INTRODUCTION

As a global mining services organisation we are faced with many and varied risks across our diverse business every day. Understanding and managing these risks supports Orica to make informed decisions to maintain our license to operate, manage our operations, and achieve our longer term vision of providing our customers with 'Clever Resourceful Solutions'. It also helps us comply with applicable laws and standards, and guides our expectations of behaviour in accordance with our Code of Conduct.

RISK FRAMEWORK

Orica has an embedded risk management framework across the business. The framework includes defined accountabilities, standards and systems that drive consistent identification, assessment, treatment and reporting of risks. The implementation of the framework is supported by defined expected management behaviours and monitored through reporting to the Executive Committee, Board Audit and Risk Committee and Board.

EXPECTED BEHAVIOURS

Understanding and managing our risks is everyone's responsibility. We expect everyone to abide to the following behaviours in relation to understanding and managing our risks.

- Risk management is integrated into how we do business - it's part of our operating rhythm and integrated into the design of how we operate and our decision making environment.
- We collaborate and share knowledge across teams and functions so we consider diverse views to identify and manage risks.
- We take accountability for communicating and reporting on risks and incidents quickly and openly.
- We take action when we identify that our plans and controls to manage our risks need improvement.
- We learn from incidents and share learnings from these across the business.

ROLES AND RESPONSIBILITIES

The Board and Board Committees

The Board is ultimately accountable for satisfying itself that we have a sound risk management framework in place which allows us to understand and manage our risks; and that they understand those material risks which may have an impact on the achievement of our longer term vision and strategy.

The Board Audit & Risk Committee assists the Board in discharging its risk management accountabilities and is responsible for overseeing the risk management framework. They are also responsible for understanding material risks which may impact the operations of our business, including our license to operate.

The Board Safety, Health & Environment Committee assists the Board in discharging their responsibilities specifically in relation to overseeing the management of our safety, health and environment-related risks and incidents; and ensuring compliance with related legal and regulatory requirements.

The Business

The business has primary ownership and accountability for understanding, managing and communicating risks.

Orica Group Executives are accountable for making sure risk management is implemented across the Group particularly within the scope of responsibility of their business operations, and that sufficient and capable resources are dedicated to its implementation. They also have accountability for making sure that all material risks to the achievement of their Business Plans are identified, assessed and reported.

All Management are accountable for demonstrating visible risk leadership, including making sure that risks are regularly discussed as part of planning and performance reviews, and decision making forums; that ownership for risks, controls and mitigations are assigned; and that risk management responsibilities are incorporated into position descriptions and personal / business performance measures.

Corporate Functions

The Risk and Assurance Group Function ensures that Orica has effective frameworks, Group Standards, systems and processes in place for identifying and managing the risks material to achieving Orica's strategy and plans. They also work with other risk disciplines and Functions including Safety, Health, Environment & Security, to support the design and implementation of risk management practices across Orica, and to make sure there is coverage, consistency and alignment in our risk management framework.

Through its activities, Risk and Assurance provides assurance to the Board, Board Committees, CEO and Executive Committee that our financial and operational environments are designed and operating effectively.

IMPLEMENTATION OF THE POLICY

The Risk Management Standard and Procedure support the implementation of this Policy.

**Approved by
Orica Limited Board
September 2016**

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