

RISK MANAGEMENT POLICY

Orica believes that effective risk management supports the Company's ability to grow.

Risk Management is the identification and management of uncertainty in the business with the aim that the balance between risk and reward of the company's activities is in the best long term interest of shareholders.

Orica recognises the importance of risk management practices across all businesses and operations. Effective risk management minimises loss of value and provides a framework to achieve and deliver the Company's strategy. The Company's culture, processes and business structures are considered when establishing Orica's risk management environment.

Orica aims to maintain a consistent organisation-wide approach to the management of risks by:

- maintaining a Risk Management Framework and a Risk Management Process and Assessment Methodology that provide a transparent approach to managing risk across Orica;
- understanding the environment that the Company is operating in;
- using a structured, systematic and explicit Risk Management Process and Assessment Methodology addressing the 12 internal and external risk categories. The process requires four core components:
 - a comprehensive structured risk identification and assessment process that identifies material financial and non-financial business risks and develops an understanding of the risks,
 - a decision making process, based on the outcomes of the risk analysis, about the risks needing treatment and treatment priorities,
 - a risk register which records all risks identified across businesses, operations, functions and projects, and
 - planned management actions to mitigate or eliminate the risk through the establishment of mitigation plans;
- reviewing the risk profile and treatment plans on an ongoing basis to ensure that the risks reflect the prevailing circumstances; and
- regular reporting to Management and the Board of risks for the Company, including profiles at the business, operation and functional level, and an assessment of whether the material business risks are being effectively managed.

The Board, through the Board Audit and Risk Committee, establishes the policies for the oversight and management of material business risks and internal controls. The design and implementation of the risk management and internal control systems to manage the Company's material business risks is the responsibility of Management in their respective areas of accountability.

The Board, through the Board Audit and Risk Committee, satisfies itself that Management has developed and implemented a sound system of risk management and internal control.

All employees and contractors of Orica are responsible for the implementation of risk management as part of their corporate governance obligations. Any real or potential significant risk must be reported through established reporting lines to Management.

A separate role of Chief Risk Officer exists, reporting to the Executive Director Finance and liaising directly with the Chairman of the Board Audit and Risk Committee, to manage the Company's risk management and internal audit program. The Chief Risk Officer provides additional assistance in relation to any Risk Management issues that arise.

An independent third party assists the Board in monitoring compliance with internal controls and risk management programs by regularly reviewing the effectiveness of the risk management and internal control systems, and periodically provides assistance and input when undertaking risk assessments.

Approved by Audit and Risk Committee on 10 September 2008 and by Orica Limited Board on 30 January 2009.