

## ORICA LIMITED

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## DEFINITIONS

In these documents:

***“the Company”*** means Orica Limited;

***“Orica Group”*** means Orica Limited and any of its subsidiary companies or any other entity in which it has a controlling shareholding or interest.

**Approved by the Corporate Governance & Nominations Committee on 5 November 2009 and the Orica Limited Board 16 December 2009.**

## **ORICA LIMITED - BOARD REMIT**

### **Powers, Duties & Responsibilities**

#### **1. Derivation**

The powers, duties and responsibilities of the Board are prescribed by the Corporations Act and the Company's Constitution. The standards and conduct adopted by the Board will also reflect the standards for corporate governance practised by highly regarded publicly listed companies.

#### **2. Role**

- (1) The Board will determine the objectives and broad policies of the Orica Group which must aim to enhance long-term shareholder value. The Board will provide the overall strategic direction that is necessary to ensure that these policies are carried out, and will exercise stewardship of the Group's resources in a manner that enables the objectives to be met.
- (2) With respect to companies in the Orica Group where particular shareholder agreements apply, it is understood that the Board will do its best to ensure that the objectives, policies, strategies and plans applicable to the Orica Group are met.

#### **3. Functions**

The main functions of the Board in carrying out its role are as follows:

- (1) appointment of Chief Executive Officer and review of his or her performance;
- (2) setting objectives, policies and strategies;
- (3) monitoring the performance of executive management;
- (4) delegating clear responsibility and authority to the committees of the Board, the Chief Executive Officer and directors or groups of directors, and monitoring and reviewing regularly the performance of those who hold delegated powers;
- (5) keeping under review the general progress and long-term development of the Group in the light of the political, economic and social environments in which it operates;
- (6) defining the powers to be reserved to the Board;
- (7) requiring that mechanisms are put in place to review and guide systems of risk management and internal control;
- (8) monitoring the Company's key risks and mitigation strategies;

- (9) monitoring the financial state and performance of the Group (including investment and finance plans), determining the desired financial objectives and approving the Group's budget;
- (10) requiring that mechanisms are put in place for Orica shareholders and the market as a whole being provided with adequate, accurate and timely information on material developments affecting the Group;
- (11) approve major changes in organisation and the shape of the Group, including entry into new fields of operation and departure from those which are no longer appropriate;
- (12) approving major expenditures and transactions with other companies (including, for example, acquisitions, disposals, joint ventures and significant supply arrangements) and monitoring capital management;
- (13) reviewing and monitoring HR policies and talent development;
- (14) supporting the Chief Executive Officer in the discharge of his/her responsibilities;
- (15) reviewing and monitoring Group processes that adhere to appropriate standards and values and that proper policies are developed and followed in relation to:
  - (a) compliance with laws;
  - (b) safety, health and environment matters;
  - (c) corporate governance; and
  - (d) corporate culture;
- (16) determining that the Company accounts are true and fair;
- (17) determining that satisfactory arrangements are in place for auditing the Company's financial affairs, including selecting and recommending any changes to auditors as required at general meetings, and that the scope of the internal audit is adequate;
- (18) giving approval or support as appropriate to the most senior appointments in the Group and ensuring that adequate career development, succession and remuneration arrangements exist for them;
- (19) reviewing the Board's structure and performance from time to time and making decisions on new appointments to the Board.

Where appropriate a sub committee of the Board is established to ensure appropriate focus is given to specific functions and to provide a mechanism to report back to the Board.

While responsible to the shareholders of the Company, the Board will have regard to the interests of the Group as a whole, including its employees in general, its customers and suppliers and to the Group's social responsibilities to the communities where its operations have an impact.

## **ORICA LIMITED - CHAIRMAN'S REMIT**

### **1. Derivation**

The duties of Chairman arise from his or her position as the duly elected senior non-executive officer of the Company and the responsibility for presiding over the official business of the Company and the Board.

### **2. Duties**

The Chairman's duties include:

- (1) leading the Board in its roles and functions;
- (2) promoting the interests of the Company as a whole in relations with the Company's shareholders, governments, regulators, other public organisations, other companies and the public generally;
- (3) managing the relationship between the Chief Executive Officer and the Board;
- (4) managing the business of the Board and presiding over board and company meetings, resolving differences between directors and seeing that decisions are reached promptly;
- (5) reviewing the board agenda so that it covers relevant issues and monitoring that all directors receive timely, relevant information to enable them to be effective members;
- (6) monitoring that each director participates effectively in the Board's activities;
- (7) recommending to the Board for consideration the membership and functions of committees of the Board;
- (8) leading the process for the appointment of Chief Executive Officer and as directors of the Company; also on the retirement or removal of the Chief Executive Officer and other directors from office; and
- (9) managing the business of the Corporate Governance & Nominations Committee, of which he or she shall be Chairman, and bringing forward in a timely manner relevant items of business to ensure the remits are delivered.

## **ORICA LIMITED - CHIEF EXECUTIVE OFFICER'S REMIT**

### **1. Derivation**

- (1) As the chief executive of the Company appointed by the Board under the Company's Constitution he or she is responsible to the Board for directing and promoting the profitable operation and development of the Orica Group consistent with the primary objective of enhancing long-term shareholder value.
- (2) With respect to companies in the Orica Group where particular shareholder agreements apply, it is understood that the Chief Executive Officer will do his or her best to ensure that the objectives, policies, strategies and plans applicable to the Orica Group are met having regard to the interests of all shareholders.

### **2. Duties**

The Chief Executive Officer's duties will include:

- (1) exercising executive stewardship of the Group's resources;
- (2) being responsible to the Board for the development of group companies and their profitable operation, including the profits, cash and costs of those businesses;
- (3) preparing and submitting to the Board the Group annual budget and the Group's objectives, policies, strategies and plans;
- (4) taking such action that is necessary to secure the timely and effective implementation of the objectives, policies, strategies and plans set by the Board and of other decisions taken by or on behalf of the Board;
- (5) monitoring the adoption of appropriate objectives, policies, strategies and plans for each of the businesses of the Group, that appropriate budgets are set for the businesses, that their performance is effectively monitored, that guidance or direction is given where appropriate;
- (6) implementing safety, health and environmental policies agreed by the Board;
- (7) recommending to the Chairman and the Orica Board appointments and nominations (including retirements and discharges) to very senior positions which are direct reports;
- (8) monitoring that career development, succession and remuneration arrangements exist for senior positions and the Company generally and that promising managers are retained and developed to meet the needs of the Group;

- (9) leading the Group's processes for communicating to, and consulting with, employees;
- (10) maintaining and developing the Group's culture in line with agreed principles;
- (11) managing stakeholder relations, including relations with the Company's shareholders, customers, governments, regulators, other public organisations, other companies and the public generally and keeping the Chairman and Board informed as appropriate on his or her involvement;
- (12) managing the Group's current financial and other reporting mechanisms and that these mechanisms are functioning effectively to capture all relevant information on a timely basis;
- (13) identifying financial, operational and other risks which could have a material impact on the Group's businesses, formulating strategies for managing identified risks for consideration by the Board, and implementing the risk management systems adopted by the Board; and
- (14) keeping the Chairman and the Board informed of all matters that may be of importance to the Group, including its current performance and progress and the external environment, so that the Board is in an appropriate position to fulfill its corporate governance responsibilities.