

CORPORATE GOVERNANCE STATEMENT 2014

ORICA'S FRAMEWORK AND APPROACH TO CORPORATE GOVERNANCE

Orica's Directors and management are committed to conducting the Company's business ethically and in accordance with the highest standards of corporate governance. During 2014 the Board and management conducted a full review of the governance framework and supporting processes and systems to ensure Orica continues to operate to the highest standards of corporate governance as outlined by the Australian Securities Exchange (ASX) Corporate Governance Guidelines and to enhance the work of management and the Board.

The governance framework that exists within Orica shows that governance permeates the organisation to ensure that robust and rigorous decisions can be taken at every level. The framework adopted by the Board and management is outlined below and demonstrates the integrated approach to governance that Orica believes is necessary to optimise business outcomes.

ROLE AND RESPONSIBILITIES OF THE BOARD

The Board of Orica Limited sees its primary role as the protection and enhancement of long-term shareholder value. The Board is accountable to shareholders for the performance of the Company. It oversees and governs the business and affairs of the Company on behalf of shareholders and is responsible for the Company's overall corporate governance.

The Board responsibilities include appointing the Managing Director & CEO; succession planning; approving the strategic plan; verifying the integrity and implementation of management's control of risk; agreeing business plans and budgets; approving major capital expenditure, acquisitions and divestments; approving funding plans, capital raisings and setting dividends; agreeing corporate goals and reviewing performance against approved plans; and taking all reasonable steps to ensure that reporting to shareholders and other stakeholders is true and fair. The Board has established four Committees to assist it to govern the Company and discharge their obligations; the Board Audit and Risk Committee (BARC), the Human Resources and Compensation Committee (HRCC), the Safety, Health and Environment Committee (SHEC) and the Corporate Governance and Nominations Committee (CGNC).

The Board has seven scheduled meetings per year, of which four are two days duration and one is three days (including a strategy review). Additional meetings are held as the business of the Company may require. Directors receive comprehensive Board papers in advance of the Board meetings. Directors receive regular exposure to Orica's businesses, undertake site visits and receive ongoing business briefings and educational sessions at a Board and Committee level. Board meetings also consist of regular time

THE BOARD AND BOARD CHARTER



BOARD RESERVED AUTHORITIES
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DELEGATED AUTHORITY TO MANAGEMENT

THE MANAGING DIRECTOR & CEO AND THE EXECUTIVE



where the Non-executive Directors meet without management present to discuss Board matters.

To aid the effectiveness of Board meetings, each scheduled Board meeting is subject to a critical review evaluating the standard of information and material presented to the Board and the quality of the contribution made by Directors to the consideration of issues on the agenda.

ACCESS TO INDEPENDENT ADVICE

Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman or with the approval of a majority of the Board, may seek independent professional advice at the Company's expense. Pursuant to a deed executed by the Company and each Director, a Director also has the right to have access to all documents which have been presented to meetings or made available whilst in office, or made available in relation to their position as Director, for a term of ten years after ceasing to be a Director or such longer period as is necessary to determine relevant legal proceedings that commenced during this term.

The Board recognises the respective roles and responsibilities of the Board and management, Chairman and Managing Director & CEO, evidenced in the Board Charter and Committee Terms of Reference.

ROLE OF MANAGEMENT

Responsibility for managing, directing and promoting the profitable, safe operation and development of the Company, consistent with the primary objective of enhancing long-term shareholder value, is delegated to the Managing Director & CEO, who is directly accountable to the Board.

In a continuously changing internal and external environment the Managing Director & CEO and the Executive team strive to create an operating culture and discipline within Orica that will continue to deliver shareholder value in both the short and long term.

PERFORMANCE OF MANAGEMENT

All Orica executives are subject to an annual performance review. The review involves an executive being evaluated by their immediate superior by reference to their specific performance agreement for the year,

including the completion of key performance indicators and contributions to specific business and Company plans. All Orica executives have had their performance evaluated during the year in accordance with this process.

The Board is responsible for the performance review of the Managing Director & CEO. The evaluation is based on specific criteria, including the Company's business performance, short- and long-term strategic objectives and the achievement of personal objectives agreed annually with the Managing Director & CEO.

BOARD COMPOSITION AND RENEWAL

The Board considers that its structure, size, focus, diversity and experience enables it to work with management to optimise outcomes and value for Orica. Orica maintains a majority of Non-executive Directors on its Board and separates the role of Chairman and Managing Director & CEO.

The Board currently comprises nine Directors: seven independent Non-executive Directors, including the Chairman, and two executive Directors, being the Managing Director & CEO and the Executive Director Finance. Russell Caplan was appointed to the position of Chairman in January 2014. Details of the Directors as at the date of this report, including their qualifications and experience, are set out on page 14.

The composition and ongoing renewal of the Board seeks to achieve the necessary competencies required to effectively govern Orica today and for tomorrow. The Board operates with a diversity of perspectives, achieved through ensuring members have different skills, experiences, knowledge, gender diversity and nationalities. Particular competencies sought and demonstrated by the Board include:

- global mining;
- management and governance of safety-critical, capital-intensive operations;
- international projects, corporate finance and mergers and acquisitions;
- international business, with deep expertise in Latin America, Asia and Africa;
- government relations; and
- corporate governance.

Following on from the renewal process in 2013 which resulted in the appointment of three new Non-executive Directors, the Board has appointed three new Committee Chairs into the Board Audit and Risk Committee, the Safety, Health and Environment Committee and the Human Resources and Compensation Committee.

SELECTION AND APPOINTMENT OF DIRECTORS

In considering membership of the Board, potential Directors are considered against a range of competencies, taking into account the current composition of the Board, to ensure that the right blend of skills and experiences are maintained. The Board is committed to increased

internationalisation and gender diversity over time, consistent with diversity targets set for Orica as a whole. Nominations for appointment to the Board are considered by the Corporate Governance and Nominations Committee and approved by the Board. All Directors must obtain the Chairman's prior approval before accepting directorships or other significant appointments.

INDUCTION AND TRAINING

An orientation program is offered to new Directors. The program is designed to build on the existing skills and experiences of the Non-executive Director and increase their understanding of Orica's businesses, operations and key policies, processes, systems and controls. The program is delivered through a combination of an initial induction, site visits and ongoing business briefings and education sessions at Board and Committee level.

INDEPENDENCE AND TENURE

The Board recognises the special responsibility of Non-executive Directors for monitoring executive management and the importance of independent views. The Chairman and all Non-executive Directors are independent of executive management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement or compromise their ability to act in the best interests of the Company. The independence of each Director is considered on a case by case basis from the perspective of both the Company and the Director. Materiality is assessed by reference to each Director's individual circumstances, rather than by applying general materiality thresholds. Each Director is obliged to immediately inform the Company of any fact or circumstance which may affect the Director's independence.

If a significant conflict of interest arises, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of the Company.

Non-executive Directors are subject to shareholder re-election by rotation at least every three years, and normally do not serve more than 10 years.

DIRECTORS' FEES

The remuneration report on page 26 sets out details regarding the Company's remuneration policy and fees paid to Directors for the past financial year.

SHAREHOLDINGS OF DIRECTORS AND EMPLOYEES

The Board has approved guidelines for dealing in securities. Directors and employees must not, directly or indirectly, buy or sell the shares or other securities of Orica when in possession of price sensitive information which is not publicly available, which could materially affect the value

of those securities. Subject to this restriction, Directors and employees may buy or sell Orica shares during the following trading windows:

- in the period of 28 days commencing one day after the announcement of Orica's half-year results;
- in the period of 28 days commencing one day after the announcement of Orica's full-year results; and
- in the period of 28 days commencing one day after Orica's annual general meeting.

Directors and employees must receive clearance from the Chairman or Company Secretary for any proposed dealing in Orica shares outside of a trading window. In addition to observing the procedures set out above, Directors and employees are prohibited from trading in Orica securities during the following periods:

- between 1 April and the opening of the next 'window' (which will be one day after announcement of Orica's half-year results); and
- between 1 October and the opening of the next 'window' (which will be one day after announcement of Orica's full-year results).

Clearance will not be granted during these blackout periods.

Directors and employees may not create, enter into or deal in derivatives, a derivative arrangement or margin loans in relation to Orica securities at any time.

Any transaction conducted by Directors in Orica securities is notified to the ASX. Each Director has entered into an agreement with the Company to provide information to allow the Company to notify the ASX of any transaction within five business days. The current shareholdings of Directors are shown on page 46.

BOARD AND COMMITTEE EVALUATION

Orica has in place a range of internal and external processes to evaluate the performance of the Board, Board Committees and executives. On an annual basis, the Board and each Committee conduct an evaluation of their performance, assessing the effectiveness of how they meet their Terms of Reference. For the Orica Limited Board, this alternates between a self-assessment process and an independent external process. This year the Board has undergone an external process to review its performance and effectiveness.

Each Non-executive Director also participates in a formal performance evaluation process linked directly to their re-election.

BOARD COMMITTEES

Board Committees are a key element of good governance at Orica. Each Committee has Terms of Reference. An outcome of this year's governance review was the development of updated Terms of Reference for each committee to take effect in 2015. These will continue to be subject to annual review. As a standing item of

the Orica Board agenda, each Committee Chair reports back to the Board on matters considered by that Committee. Each Committee's Terms of Reference may be viewed on the Orica website at www.orica.com. The Chairman of the Orica Board attends all Board Committee meetings as an 'ex-officio' member of that Committee.

BOARD AUDIT AND RISK COMMITTEE

The Board Audit and Risk Committee comprises four independent Non-executive Directors with relevant experience and financial literacy. The Chairman of the Board Audit and Risk Committee is separate from the Chairman of the Board. Gene Tilbrook was appointed during 2014 as the Chairman of the Board Audit and Risk Committee, replacing Nora Scheinkestel, who remains on the Committee. Other members are Maxine Brenner and Alberto Calderon. The Managing Director & CEO and Executive Director Finance attend by standing invitation.

The Committee assists the Board to assess the adequacy and integrity of the Company's financial and operating controls, oversight of risk management systems and compliance with legal requirements affecting the Company, the internal audit process and outcomes and the appointment and services of the external auditor. The Committee meets at least four times per year. Details of Directors' attendance at meetings of the Board Audit and Risk Committee are set out in the Directors' Report on page 22.

HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Human Resources and Compensation Committee comprises four Non-executive Directors. Nora Scheinkestel was appointed during 2014 as the Chairman of the Human Resources and Compensation Committee, replacing Russell Caplan. Other members are Lim Chee Onn, Maxine Brenner and Ian Cockerill. Subject to the nature of the matters being discussed at a Committee meeting, the Managing Director & CEO and the Executive Committee member responsible for Human Resources attend by standing invitation.

Details of Directors' attendance at meetings of the Human Resources and Compensation Committee are set out in the Directors' Report on page 22.

The Committee assists the Board to oversee management's development and implementation of the human resources strategy required to deliver the Company's strategy effectively over the short and long term. This includes executive development and succession, Group-wide Human Resources policies and strategies and diversity.

Remuneration is set by reference to independent data, external professional advice, the Company's circumstances and the requirement to attract and retain high calibre management. Remuneration arrangements for the Managing Director & CEO and executives reporting to the Managing Director & CEO, including short-term incentive payments, performance targets and bonus payments, remain a focus for this Committee.

CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE

The Corporate Governance and Nominations Committee comprises all Directors. The committee operates as an extension of the Board regarding matters associated with Managing Director & CEO

succession, changes in corporate governance practices, Board composition, renewal and performance and Non-executive Director training and development.

The Committee regularly evaluates the composition of the Board and the annual program of matters considered by the Board to determine the adequacy and effectiveness of skills and experience to enable the Board to discharge its responsibilities to shareholders.

Details of Directors' attendance at meetings of the Corporate Governance and Nominations Committee are set out in the Directors' Report on page 22.

SAFETY, HEALTH AND ENVIRONMENT COMMITTEE

The Safety, Health and Environment Committee comprises three independent Non-executive Directors with relevant operational experience. Ian Cockerill was appointed during 2014 as the Chairman of the Safety, Health and Environment Committee, replacing Michael Tilley. Other members are Lim Chee Onn and Alberto Calderon. The Managing Director & CEO, Executive Director Finance and Executive Committee members responsible for safety health and environment have standing invitations to attend.

The Committee assists the Board in the effective discharge of its responsibilities in relation to safety, health and environmental matters arising out of activities within the Company as they affect employees, contractors, customers, visitors and the communities in which Orica operates. The Committee receives briefings and reports from management to assist the Committee to verify and govern the Company's compliance with environmental policy and legislation and reviews safety, health and environmental objectives, targets and due diligence processes adopted by the Company. The Committee Chairman reports to the Board on the matters considered by the Committee at each Board meeting.

Orica aims to maintain a consistent and effective organisation-wide approach to the management of SH&E by maintaining a SH&E and Community Management Framework that provides a transparent approach to managing SH&E across Orica consistent with the principles of OSHAS 18001, ISO 14001 and ISO 21000, including regular reporting to management and the Board of SH&E risks for the Company.

For more in-depth information on the Company's SH&E and sustainability commitments, visit the Orica website: www.orica.com. The Sustainability section of this Annual Report on page 16 details the actions being undertaken by the Company to improve its sustainability performance.

Details of Directors' attendance at meetings of the SH&E Committee are set out in the Directors' Report on page 22.

BOARD EXECUTIVE AND SPECIAL COMMITTEES

In addition, there is a standing Board Executive Committee comprising the Chairman, the CEO & Managing Director, and any other Non-executive Director who is available (but at least one), which is convened as required, to deal with matters that need to be dealt with between Board meetings. From time to time special committees may be formed on an as-needs basis to deal with specific matters.

INTEGRITY OF REPORTING

The Company has controls in place that are designed to safeguard the Company's interests and integrity of its reporting. These include accounting, financial reporting, safety, health and environment and other internal control policies and procedures. These controls and procedures are also directed at monitoring whether the Company complies with regulatory requirements and community standards. At each reporting period, both the Managing Director & CEO and the Executive Director Finance are required to state in writing to the Board that:

- The Company's financial statements and associated notes give a true and fair view of the Group's financial position and performance and are in accordance with relevant accounting standards; and
- These statements are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Due to inherent limitations, internal controls over financial reporting risks can only provide reasonable but not absolute assurance, and may not prevent error or fraud.

Comprehensive practices have been adopted to monitor:

- that capital expenditure, revenue and expense commitments above a certain limit obtain prior Board approval;
- financial exposures including the use of derivatives;
- safety, health and environmental standards and management systems designed to achieve high levels of performance and compliance; and
- that business transactions are properly authorised and executed.

The Company's financial statements are subject to an annual audit by an independent, professional auditor who also reviews the Company's half-year financial statements. The Board Audit and Risk Committee oversees this process on behalf of the Board.

CONTINUOUS DISCLOSURE AND KEEPING SHAREHOLDERS INFORMED

The Company seeks to provide relevant and timely information to its shareholders and is committed to fulfilling its obligations to the broader market for continuous disclosure and enabling equal access to material information about the Company.

The Board has approved a continuous disclosure policy so that the procedures for identifying and disclosing price sensitive information in accordance with the Corporations Act and ASX Listing Rules are clearly articulated. This policy sets out the obligations of employees and guidelines relating to the type of information that must be disclosed and may be viewed on the Orica website at www.orica.com.

Information provided to and discussions with analysts are subject to the continuous disclosure policy. Material information must not be selectively disclosed prior to being announced to the ASX. The Company Secretary is the person responsible for communication with the ASX.

The www.orica.com website contains copies of the Annual Report, ASX announcements, investor relations publications, briefings and presentations given by executives, (including webcasts), plus links to information on the Company's products and services. Shareholders may elect to receive electronic notification of releases of information by the Company and receive their notice of meeting and proxy form by email. Electronic submission of proxy appointments and powers of attorney are also available to shareholders. Page 138 of this report contains details of how information provided to shareholders may be obtained.

The Board encourages participation of shareholders at the Annual General Meeting. Important issues are presented to the shareholders as individual resolutions. The external auditor attends annual general meetings to answer any questions concerning the audit and the content of the auditor's report.

DIVERSITY

In 2014, Orica's Board and management approved a new diversity and inclusion strategy and targets, renewing Orica's commitment to diversity and inclusion as part of delivering sustainable value to all stakeholders.

Orica's commitment to diversity and inclusion

Orica believes that a diverse workforce and an inclusive culture support high performance and Orica's social licence to operate in the many communities which host the Company's operations.

As a global company, Orica seeks to attract and retain talent at all levels from the countries in which it operates and to provide workplaces in which employees from all backgrounds are treated with respect and supported to succeed.

Orica benefits from bringing together people of different genders, ethnic and cultural backgrounds and ages and giving them the opportunity to apply their diverse skills, experiences and perspectives to create value for customers.

What diversity and inclusion means for Orica

At Orica, diversity and inclusion means:

- Drawing senior leaders from the broadest pools of talent and ensuring that they have the experience, understanding and respect of the different cultures in key markets to build relationships and lead highly diverse teams effectively.
- Ensuring that all employees are treated fairly and with respect and dignity, regardless of their gender or gender identity; age; race, colour, nationality or cultural origin; political beliefs; religion; sexual orientation; impairment or disability; marital or parental status or pregnancy.
- Ensuring that the basis for appointment, advancement, performance appraisal and remuneration within Orica is competence and capability, performance and behaviour in line with Orica's values.
- Building and maintaining a Company culture in which difference is recognised and valued and in which the interests of diverse stakeholders are taken into account in decision making.

- Ensuring that wherever the Company operates, Orica employees recognise and respect the heritage, culture, lifestyle and preferences of the local communities which host the Company's operations.
- Targets, policies, partnerships and investment in education, leadership capability and individual development are used to build awareness about diversity and inclusion and encourage the workforce participation and progression of all employees.

Orica's current focus

Orica's current diversity and inclusion focus is to improve the diversity and cultural capability of its senior leaders and to continue to build strong local national management teams and skilled local workforces. Three-year targets have been set to drive progress in these focus areas and Orica intends to report on progress in future Annual Reports.

Some of this year's activities, initiatives and achievements include:

- Women represent 14% of Orica's senior leaders today. While this percentage has fallen slightly since 2013, Orica remains committed to achieving increased representation. Women represented 25% of external senior leader appointments in the past two years and two-thirds of roles searched have shortlisted at least one female candidate. Over 35% of Orica's global graduate program intake in 2014 was female, an increase of over 50% on the 2013 intake.
- Detailed assessment of female workforce participation rates across all levels and regions was undertaken, identifying progression from Supervisor to Middle Manager roles as the most significant opportunity. Further work is currently underway to identify and remove perceived obstacles.
- Orica has commenced an executive development program to provide global leadership and cultural capability development for all senior leaders.
- A workforce localisation plan was established, focusing on developing local management and specialist talent in key countries in Africa and Asia. As a result of the plan, 12 people were appointed into target roles during the year. In addition, Orica's Graduate Program was launched in Africa in 2014 with an initial intake of nine graduates.

Diversity remains a key area of focus for the Company into 2015 and beyond.

CODE OF CONDUCT

Orica acknowledges the need for Directors, executives, employees and contractors to observe the highest ethical standards of corporate and business behaviour. Orica has adopted a Code of Conduct (entitled: Your Guide To How We Do Business) which applies in all countries in which Orica operates. The Code of Conduct sets out the standards of business conduct required of all employees and contractors of the Company. It is aimed at ensuring the Company maintains its good reputation and that its business is conducted with integrity and in an environment of openness.

The Code of Conduct is periodically reviewed and approved by the Corporate Governance and Nominations Committee and processes are in place to promote and communicate the Code of Conduct and relevant Company policies and procedures. An Integrity Hotline (the 'Speak Up' line), which is available in a range of languages, and associated website and email facility, have been established to enable employees to report (on an anonymous basis) breaches of the Code of Conduct. If a report is made, it is escalated as appropriate for investigation and action.

The Code of Conduct is overseen by the Orica Business Conduct Committee comprising the Executive Director Finance, the Executive Global Heads of Human Resources and Corporate Affairs and Social Responsibility, the Group General Counsel, the General Manager Internal Audit and the General Manager, Risk. This Committee reviews compliance and, if required, reports any significant issues to the Corporate Governance and Nominations Committee.

The Code of Conduct has been translated into several languages, reflecting the diversity of Orica's workforce. It may be viewed on the Orica website at www.orica.com.

DONATIONS

Orica's community investment strategy is moving progressively from a philanthropic approach based around donations to one of shared value. The concept of shared value is one in which social and economic conditions in local communities are improved whilst simultaneously enhancing the Company's position. Building stronger relationships with local communities around Orica's plants and other sites, including those on customers' operations, enhances relationships with external stakeholders such as governments and our customers themselves.

Orica does not make political donations.

Diversity metric	Target (by end FY2016)
Representation of women in Senior Leader (Executive and General Manager) roles	20% (FY2014:14%)
Percentage of Senior Leaders and Managers who have received global leadership and cultural capability development	100%
Workforce localisation plans in place for key markets	Plans developed and enacted by end FY2016