

TERMS OF REFERENCE | MAY 2019

SAFETY, HEALTH, ENVIRONMENT, COMMUNITY & SECURITY COMMITTEE

PURPOSE AND CORE RESPONSIBILITIES

The Safety, Health, Environment, Community & Security Committee ('the Committee') is a sub-committee established by the Orica Limited Board created to assist the Board in the effective discharge of its responsibilities in relation to the matters set out in these Terms of Reference.

In meeting its responsibility, the Committee will report to the Board and take reasonable steps in its oversight in the following key areas:

- strategy and policy on safety, health environment, community and security (**SHECS**) related matters;
- SHECS compliance and risk;
- SHECS performance; and
- sustainability issues and reporting.

SHECS STRATEGY AND POLICY

The Committee will review and report to the Board on:

- the safety, health, environment, community and security related issues that may have strategic, business and reputational implications for the Orica Group; and
- the effects of developments in legislation relevant to the Committee's areas of responsibility.

In discharging its responsibilities, the Committee will:

- review the SHECS strategy to ensure it is aligned to Orica's Group-wide Business Plan including:
 - the approach taken to promote a positive safety, health, environment and secure culture; and
 - the management of external relationships, stakeholders, regulatory authorities and communities in the jurisdictions in which the Orica Group operates; and
- oversee any SHECS policies that are applicable at a Group-wide level or amendments to such policies.

SHECS COMPLIANCE AND RISK

The Committee will review and report to the Board:

- on the adequacy of the SHES Management System and framework (**SHES MS**) to support and enable Orica's SHECS policies;
- that an adequate independent assurance process exists to assist in verifying adherence to the SHES MS and framework; and
- on the effectiveness of the risk management methodology and processes to identify and mitigate material SHECS risk in light of any risk appetite set by the Board.

In discharging its responsibilities, the Committee will:

- endorse the scope and adequacy of the annual internal audit plan regarding SHECS matters;

- review the outcomes of the annual internal audit program regarding SHECS matters, escalating any material issues arising from the audit to the Board;
- endorse appropriate levels of financial provisioning for environmental matters for reporting to the Board Audit and Risk Committee; and
- have independent access to the Vice President, Risk and Assurance as required.

Management will provide the Committee with reports that evaluate and provide assurance on the implementation and effectiveness of the SHES MS with regard to:

- identifying and defining the management of SHECS risks that are material to the Orica Group;
- ensuring compliance with SHECS legal and regulatory requirements;
- facilitating a timely and appropriate response to significant events; and
- evaluating the effectiveness of the training system in place to support implementation of the SHES MS.

SHECS PERFORMANCE

The Committee will review and provide feedback to the Human Resources and Compensation Committee (**HR&C**) regarding:

- the annual performance of the Group with regard to SHECS matters; and
- relevant key performance indicators for inclusion in the Group scorecard and assessment of performance against those indicators.

SUSTAINABILITY ISSUES & REPORTING

The Committee will review and recommend to the Board:

- approval of any SHECS public targets in the Sustainability Scorecard to be incorporated in Orica's Sustainability Report; and
- approval of any policies or position statements for key SHESC issues that are applicable at a Group-wide level or amendments to such policies or statements.

REVIEW

Each year the Committee will review its performance against the Terms of Reference and agree the annual objectives and work plan for the year ahead.

The Committee's Terms of Reference will be reviewed at least biennially and updated as required.

AUTHORITY

In carrying out its duties, the Committee has the authority to discuss directly with management, internal auditors or experts any issue within its remit and to request reports, explanations and information of any of the activities or procedures of the Orica Group.

The Committee is authorised by the Board to obtain outside legal or other professional advice if it considers this necessary.

MEMBERSHIP

The Committee will consist of not less than three Non-Executive Directors. The Chair and a majority of Committee members will be independent Directors.

The Company Secretary or a delegate shall act as the Committee Secretary.

A standing invitation to the Committee will be extended to all Non-Executive Directors and, subject to the nature of the matters being discussed, to the:

- Managing Director & Chief Executive Officer; and
- Vice President Safety, Health, Environment & Security.

The Committee may invite any other individuals to attend meetings of the Committee, as it considers appropriate.

MEETINGS

The Committee will meet at least four times annually or more frequently as required. The Chairman or the Company Secretary may call a meeting and two non-executive Directors shall constitute a quorum.

The Chairman of the Committee will provide a report to the Board following each Committee meeting.

The Committee will also consider whether any material matters arising out to the Committee meeting should be advised to any other Committee. In particular, the Committee will advise the Human Resources & Compensation Committee of any matters that it considers relevant to variable remuneration outcomes for the Managing Director and Chief Executive Officer or other executives.

The Committee may hold a closed session in the absence of management.

**Approved by
Orica Limited Board
May 2019**