

## TERMS OF REFERENCE | FEBRUARY 2021

# BOARD

### ROLE

The primary role of the Orica Limited Board is to protect and enhance 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 will work to ensure that the Company's overall business is conducted ethically and in accordance with Orica's values and high standards of corporate governance.

In meeting its role, 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 be responsible for demonstrating leadership and providing the overall strategic guidance that is necessary to ensure that these policies are carried out and will exercise stewardship of the Orica Group's resources in a manner that enables the objectives to be met.

### RESPONSIBILITIES

The key responsibilities of the Board in fulfilling its role are set out below. The Board will:

#### (1) Strategy and Policy

- Approve, and oversee management's implementation of, Orica's strategic objectives and significant corporate strategic initiatives;
- Establish and monitor the implementation of Orica Group policies to support the execution of the strategy;
- Regularly review the progress and long-term development of the Orica Group in the light of the political, economic and social environments in which it operates; and
- Approve major changes in organisation and the shape of the Orica Group, including entry into new fields of operation and departure from those which are no longer appropriate.

#### (2) Financial Performance, Investments and Major Transactions

- Monitor the financial state and performance of the Orica Group (including investment and finance plans and the quantum, nature and term of debt facilities), determine the desired financial objectives and approve the Orica Group-wide Business Plan;
- Approve major investments, expenditures and transactions with other companies including, for example, significant capital expenditure, acquisitions, disposals, joint ventures and significant supply arrangements) and monitor capital management processes;
- Approve the interim and full year financial statements, the accounting policies on which the statements are based and the directors' reports;
- Determine Orica's dividend policy and approve the payment of dividends; and
- Determine 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.

#### (3) Managing Director & CEO and Executive Management

- Appoint and/or replace the Managing Director & CEO and regularly review his/her performance;
- Support the Managing Director & CEO in the discharge of his/her responsibilities;

- Regularly monitor the performance of senior executive management, and wherever required, provide feedback to, challenge and hold to account, the Managing Director & CEO and senior executive management team;
- Approve the remuneration framework and performance outcomes for the Managing Director & CEO and executive management including incentive outcomes;
- Provide approval or support as appropriate to the senior appointments in the Orica Group, ensuring that adequate career development, succession and remuneration arrangements are in place.

#### **(4) Risk Strategy and Mitigation**

- Oversee the Orica Group's risk management framework (for both financial and non-financial risks) and set any risk appetite within which the Board expects management to operate;
- Monitor the Group's key risks and mitigation strategies and verify that mechanisms are put in place to review and guide systems of risk management and internal control;
- Monitor the development and implementation of the appropriate strategies to protect and build Orica's reputation in the short and medium term; and
- Oversee Orica's annual insurance program.

#### **(5) Corporate Governance and Culture**

- Oversee Orica's process for making timely and balanced disclosure of material information to ensure that Orica's shareholders and the market as a whole are provided with adequate, accurate and timely information on material developments affecting the Orica Group;
- Review and monitor the implementation of Orica Group processes that adhere to appropriate standards and values and oversee that proper policies are developed and followed in relation to:
  - compliance with laws;
  - safety, health, environment and community matters;
  - corporate governance; and
  - corporate culture.
- Approve Orica's statement of values and Code of Business Conduct to underpin the desired culture within Orica and monitor corporate culture; and
- Support the Managing Director & CEO and senior management in their duty to deliver cultural leadership of Orica on a continuing basis.

## **DELEGATION OF RESPONSIBILITIES**

Under the Company's Constitution, the business and affairs of the Company are to be managed under the direction of the Board.

In addition to the key responsibilities described above, the Board has established a framework of delegations setting out the specific matters requiring its approval above certain financial thresholds. The Board delegates authority for other matters that are necessary for the day to day management of the Group's business to the Managing Director & CEO within the authority limits approved by the Board from time to time. In addition, the Board has established standing Committees to assist in the discharge of its obligations and responsibilities.

The Board will consider whether appropriate information is being provided by management to the Board in order for it to fulfil its responsibilities.

## **MANAGING DIRECTOR & CEO**

As the chief executive of the Company appointed by the Board under the Company's Constitution, the Managing Director & CEO 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.

In discharging this responsibility, the Managing Director & CEO's duties include:

- Exercising executive stewardship of the Orica Group's resources;
- Approving appropriate delegations to management within the framework and authority limits set by the Board;
- Being responsible to the Board for the development of group companies and their profitable operation, including the profits, cash and costs of those businesses;
- Preparing and submitting to the Board the Orica Group annual budget and the Group-wide Business Plan;
- 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;
- Monitoring the adoption of appropriate objectives, policies, strategies and plans for each of the businesses of the Orica Group, that appropriate budgets are set for the businesses, that their performance is effectively monitored and reviewed and that guidance or direction is given where appropriate;
- Overseeing the implementation of safety, health and environmental policies and frameworks as agreed by the Board;
- Recommending to the Chairman and the Board appointments and nominations (including retirements and discharges) to senior executive management positions which are direct reports;
- Monitoring the career development, succession and remuneration arrangements for direct reports;
- Implementing a succession and development program to ensure that high potential employees are retained and developed to meet the needs of the Orica Group;
- Leading the Orica Group's processes for communicating to, and consulting with, employees;
- Maintaining and developing the Orica Group's culture in line with agreed principles;
- 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;
- Managing the Orica Group's current financial and other reporting mechanisms and that these mechanisms are functioning effectively to capture all relevant information on a timely basis;
- Identifying financial, operational and other risks which could have a material impact on the Orica 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
- Keeping the Chairman and the Board informed of all matters that may be of importance to the Orica Group, including its current performance and progress and the external environment, so that the Board is in an appropriate position to fulfil its responsibilities.

## BOARD COMMITTEES

The Board may from time to time establish committees of Directors to assist it in the discharge of its responsibilities and to allow detailed consideration of complex issues.

Each committee operates under a charter, approved by the Board, which set out the authority, membership and responsibilities of the committee.

The Board has established the following standing Committees to assist in the discharge of their obligations and responsibilities:

- **Safety and Sustainability Committee** - assists the Board in the effective discharge of its responsibilities in relation to safety, health, environmental and community matters arising out of activities within the Company as they affect employees, contractors, customers, visitors, the environment and the communities in which Orica operates.
- **Board Audit and Risk 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.

- **Human Resources and Compensation Committee** - assists the Board to oversee management's development and implementation of the human resources strategy and remuneration framework required to deliver the Company's strategy effectively over the short and long term.
- **Innovation and Technology Committee** – assists the Board in the effective discharge of its responsibilities in relation to matters of innovation and technology, information technology strategy and execution, and technology-related risk.
- **Nominations Committee** - assists the Board in matters associated with Managing Director & CEO succession, board composition, renewal and performance and Non-executive Director training and development.

## CHAIRMAN

The duties of the Chairman arise from their 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.

The Chairman, who is appointed by the Board, is to be an independent Non-executive Director.

## DUTIES

The Chairman's duties include:

- Leading the Board in its roles and responsibilities;
- Promoting the interests of the Company as a whole in its relations with the Company's shareholders, governments, regulators, other public organisations, other companies and the public generally;
- Managing the relationship between the Managing Director & CEO and the Board;
- Managing the business of the Board and presiding over the Board and Company meetings and seeing that decisions are reached promptly;
- 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;
- Facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and management;
- Recommending to the Board for consideration the membership and functions of Committees of the Board;
- Leading the process for the appointment of the Managing Director & CEO and other Directors of the Company;
- Leading the process regarding the retirement or removal of the Managing Director & CEO and other Directors from office;
- Leading the process to ensure the Board has an adequate succession plan for the Chairman, other Non-executive Directors, and the Managing Director & CEO; and
- Managing the business of the 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.

## CONFLICTS OF INTEREST

All Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interests. Under the Orica Constitution and at law, Directors must disclose any conflicts of interest and abstain from participating in any discussion or voting on matters in which they have a material personal interest.

The following procedures are to be followed by a Director who believes they may have a conflict of interest or material personal interest:

- the Director must disclose to the Board any actual or potential conflict or material personal interest which may exist, or might reasonably be thought to exist, as soon as it arises; and
- a determination as to whether or not a conflict exists will be made, and if necessary this determination will be made by a sub-committee of the Board that excludes the potentially conflicted Director; and
- an appropriate course of action will be set based on the determination made, and such action may require the conflicted or interested director to absent themselves when the Board discusses and votes on matters to which the conflict or interest relates.

## ACCESS TO INDEPENDENT ADVICE & INFORMATION

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. Directors may also request access to Company information and records.

All Directors have direct access to the Company Secretary, who is accountable to the Board, through the Chairman, for the effective functioning of the Board and its Committees, and for supporting and facilitating the Company's corporate governance processes.

## MEMBERSHIP

The Board will be constituted in accordance with the Company's Constitution, and the Directors will rotate in accordance with the rules for nomination and retirement under the Company's Constitution.

It is intended that the Board will comprise a substantial majority of independent Non-executive Directors and seek to have Directors with an appropriate mix of skills, experience and diversity characteristics that enable it to work effectively with management to optimise shareholder value.

The Board regularly reviews the independence of each Non-executive Director in light of information relevant to this assessment as disclosed by each Director to the Board. The independence of each Director is considered on a case-by-case basis from the perspective of both the Company and the Director.

## MEETINGS

The Company's Constitution governs the regulation of Board and Board Committee meetings.

The Chairman, in consultation with the Managing Director & CEO and the Company Secretary, is responsible for the conduct of all Board meetings, including establishing the Board meeting timetable and agreeing the agenda of each meeting.

Non-executive Directors will periodically meet without the Managing Director & CEO and/or other members of management present.

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

**Approved by  
Orica Limited Board  
February 2021**