



# 2018 CORPORATE GOVERNANCE STATEMENT

26 November 2018



## ORICA'S APPROACH TO CORPORATE GOVERNANCE

Orica is committed to fostering a strong culture through high standards of governance globally. As attitudes in the community evolve to demand more from business than a contribution to shareholder profit, Orica aspires to remain in the group of modern companies which move with that community expectation while meeting the aspirations of its shareholders. That means remaining very sensitive to community debate of the kind that has occurred in the Australian business governance community in 2018 and thinking deeply about how the issues raised should apply to a business like Orica. One point that is clear is that governance is indeed a proxy for a well-run organisation. It does not stop with the structures and delegations which frame a Board and its Committees and their interaction with management. Governance pushes down through an organisation, with the aid of strong risk management and good remuneration practices to introduce operating discipline and rigour which goes a long way to ensuring that a business does the "right thing".

Orica has had a strong focus for some time now on operational risk and has also ramped up its focus on the culture that drives behaviour through the release of its new Code of Business Conduct in 2018.

In pursuit of continuous improvement in operating discipline, Orica has continued to focus on its operating model to improve governance processes and responsiveness to customers. Under that operating model, parameters for company performance are set at the Group level, while the four regional management teams have accountability for end-to-end customer service delivery, and on-the-ground operational and financial performance. Supporting the four regions are a small number of group functions that have been designed to provide functional excellence. Each Function's role is clearly articulated in a group function mandate. The functions are responsible for the Group Strategy and Group Documents – the Group Policies, Group Standards and Group Procedures - that govern how Orica operates. Group Documents ensure that the Orica Group operates as one organisation throughout the world, with common processes and systems underpinning the way we work and are an effective way of translating improvements in best practice throughout the organisation.

The operating model is designed to provide the right balance between empowering teams with the freedom to deliver on their accountabilities, while at the same time providing the right framework to drive consistency and simplicity in the way Orica operates. Orica established a new set of Group Standards over 2016 and 2017 and has completed a new set of Group Procedures in 2018. In 2019 compliance with Group standards will be included in the internal audit framework.

This Statement outlines how Orica Limited complies with each of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations – 3<sup>rd</sup> Edition (March 2014)*. It was adopted by the Board on 1 November 2018.

A 'tick' indicates compliance with the Recommendation.

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation	Orica Limited's Compliance with Recommendation	
1.1 Role of Board and Management	<p><b>ROLE AND RESPONSIBILITIES OF THE BOARD</b></p> <p>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 the shareholders and is responsible for the Company's overall corporate governance.</p> <p>The role and responsibilities of the Board are outlined in the Board Terms of Reference, an updated version of which was adopted in 2017. The Terms of Reference also provide a clear delineation between those matters expressly reserved to the Board and its four standing Committees, and those delegated to Management.</p> <p>A copy of the Terms of Reference for the Board and each standing Committee can be found in the <i>Board, Executive and Committees</i> section of the Company's website, <a href="http://www.orica.com">www.orica.com</a>.</p> <p><b>ACCESS TO INDEPENDENT ADVICE</b></p> <p>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.</p> <p>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.</p> <p><b>ROLE OF MANAGEMENT</b></p> <p>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 &amp; CEO, who is directly accountable to the Board.</p> <p>In a continuously changing internal and external environment, the Managing Director &amp; 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.</p>	✓

<p>1.2 Election and re-election of Director candidates</p>	<p>In considering potential candidates for appointment to the Board, Orica undertakes a thorough review of the skills, experience and competencies of each candidate in relation to the Board's current and future skill and experience requirements, as well as diversity considerations. This process also includes a review of the candidate's character, educational background, interests and associations. As part of this thorough review process, the Board ensures that appropriate checks are undertaken prior to appointing a Director or putting forward a candidate for election.</p> <p>Nominations for appointment to the Board are considered by the Nominations Committee and approved by the Board. Orica obtains and discloses all material information relevant to a decision to elect or re-elect a Director in the Notice of Meeting provided to shareholders. Director candidates are required to furnish details of their other commitments and an indication of the time involved. All Directors must obtain the Chairman's prior approval before accepting directorships or other significant appointments.</p>	<p>✓</p>
<p>1.3 Written agreements outlining terms of appointment</p>	<p><b>DIRECTOR LETTERS OF APPOINTMENT</b></p> <p>A letter of appointment sets out the terms of the Director's appointment to the Board. Directors are required to agree to the terms at the time of their appointment to the Board.</p> <p>The letter outlines the terms of the appointment, time commitment envisaged, remuneration arrangements, disclosure of Directors' interests including any matters which may affect independence, indemnity and insurance arrangements, confidentiality obligations, access to corporate information and compliance with key governance policies.</p> <p><b>EXECUTIVE SERVICE CONTRACTS</b></p> <p>Terms of employment for each senior executive are set out in an individual service contract with the Company, which includes a description of roles and responsibilities, remuneration arrangements, reporting relationships and termination conditions, rights and entitlements.</p>	<p>✓</p>
<p>1.4 Company Secretary</p>	<p>The Company Secretary 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.</p> <p>The Company Secretary's role and responsibilities include:</p> <ul style="list-style-type: none"> <li>• Providing advice to the Board on governance matters</li> <li>• Coordinating the timely completion and distribution of Board and Committee papers</li> <li>• Taking the minutes for Board and Committee meetings, and ensuring that the business of the meetings is accurately recorded</li> <li>• Monitoring Board and Committee policies and procedures to ensure compliance</li> <li>• Planning and organising induction programs for new Directors</li> <li>• Organising site visits and professional development programs for Board members</li> </ul>	<p>✓</p>

	<p>The Company Secretary is also available to provide advice and services directly to any individual Board member.</p> <p>As required by rule 59.3 of Orica's Constitution, any decision to appoint a Company Secretary must be formally resolved by the Board.</p>	
1.5 Diversity	<p><b>ORICA'S CONTINUED COMMITMENT TO DIVERSITY AND INCLUSION</b></p> <p>A diverse workforce and an inclusive culture support high performance and Orica's ability to operate in the many communities which host the Company's operations. 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 our organisation and for our customers.</p> <p>As a truly global company, we seek to attract and retain talent at all levels from the countries in which we operate and to provide workplaces in which employees from all backgrounds are treated with respect, feel included and are supported to succeed. We seek to build and maintain 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.</p> <p><b>WHAT DIVERSITY AND INCLUSION MEANS AT ORICA</b></p> <ul style="list-style-type: none"> <li>• <b>Respecting and valuing all</b> – treating everyone fairly, with dignity and valuing diversity of thinking, skills, experience and working styles. We do not tolerate discrimination or harassment on the grounds of gender or gender identity, race, colour, nationality or cultural origin, age, political beliefs, religion, sexual orientation, impairment or disability, marital or parental status or pregnancy, or employment status.</li> <li>• <b>Providing a flexible workplace</b> – providing workplace arrangements to support employees in achieving a balance between work and home life and making reasonable provision for any special needs.</li> <li>• <b>Respecting the communities in which we operate</b> – wherever the Company operates, we recognise and respect the heritage, culture, lifestyle and preferences of the local communities which host the Company's operations.</li> <li>• <b>Measuring progress</b> – establishing measurable objectives for achieving diversity and inclusion and assessing those objectives and progress in achieving them annually.</li> </ul> <p><b>HOW WE SUPPORT DIVERSITY AND INCLUSION</b></p> <p>We use the following to drive action on diversity and inclusion:</p> <ul style="list-style-type: none"> <li>• Governance forums, in particular Talent &amp; Diversity Councils that drive local accountability in line with Orica's operating model;</li> <li>• Policies and standards, which establish how we recruit, develop, motivate and reward employees globally in line with diversity and inclusion principles;</li> <li>• Leadership and cultural competence;</li> </ul>	✓

- Graduate and pre-entry community programs, focused on attracting and nurturing highest-quality Science, Technology, Engineering and Mathematics (STEM) university and high school graduates to feed talent pipelines;
- Networking, mentoring programs, education and communication.

## OUR CURRENT FOCUS

Our goals for the period of our current Diversity Plan (FY2017–FY2020) are to increase the gender and ethnic / cultural diversity of the Senior Leadership team; build an inclusive culture; and to drive local ownership and accountability for Diversity and Inclusion, addressing local needs and trends. Some of the key activities and initiatives that we undertook during the year were:

- **Actions to strengthen diversity in key talent pipeline roles.** Our current focus is on building gender and ethnic / culturally-diverse talent pipelines in the areas most critical to delivery of our business strategy i.e., leadership roles in our regional businesses at area and territory levels; manufacturing site leadership and supply chain roles; and senior roles in marketing and technology. We believe that focusing on these pipelines will have the greatest impact on the diversity of Orica’s senior leadership team long-term.
  - Internal promotions and appointments this year have lifted the percentage of senior women in regional business and manufacturing and supply leadership pipelines to 13% respectively, and in marketing and technology to 10%. Improving participation in these roles remains a key area of focus.
  - Longer-term efforts to attract and develop local leaders and reduce reliance on expatriates from the Australian home base have resulted in strong ethnic / cultural diversity in these pipelines: over 70% of roles in the regional business leadership pipeline are now filled by nationals from outside of Australia and New Zealand; together with over 50% of senior leaders and managers in manufacturing & supply and over 40% in marketing and technology.
- **The launch of a new Code of Business Conduct** which explicitly outlines the expectations of leaders and employees to treat everyone fairly and with dignity; and to respect and support the rights of Orica’s workforce to a healthy, safe and secure working environment, and to workplaces free of discrimination. Our newly launched Code encourages everyone who works for, or with, Orica to speak up about things they think are wrong, are against the law or are breaches to our policies including our Diversity and Inclusion Policy, by either speaking with a leader or using our new Speak-Up Line, EthicsPoint.
- **Continued focus through our Enterprise Graduate Program on developing diverse talent into talent pipelines.** The percentage of women on the Enterprise Graduate Program rose to 35% (versus our 2020 target of 40%). 34% of participants have an ethnic / cultural background outside of Australia and New Zealand which will increase over time as the program expands into Europe and North America. Highlights are that 48% of graduates in the Manufacturing & Supply stream are female, as are 4 of the 5 graduates in the newly-established Strategic Marketing and Technology stream.

- **Local ownership and accountability for Diversity and Inclusion, addressing local needs.** With operations in over 100 countries, Orica's programs reflect our recognition of the diverse communities in which we operate. The extension of the Women's Reference Group established in Australia in 2016 to North America and Latin America is an example of Orica's initiatives. These groups provide support, mentoring and leadership development opportunities for women and men at Orica, addressing a wide range of topics such as work-life balance, networking and career development. Regional teams are also focusing on partnering with key professional, university and mining industry networks including the Society of Women Engineers (USA), Society of Hispanic Professional Engineers (USA), and National Association of Women in Operations (Australia) to increase awareness of mining services as a career choice for women. This year, Orica employees have received state and national recognition in Australia for championing gender diversity in the workplace.
- **Continued active community involvement** to raise awareness of Orica and to increase the attraction, development and retention of talented women wherever we operate. Across North America, Australia Pacific Asia and Manufacturing & Supply, current Orica Graduates are involved in targeted university and school-based initiatives to engage with and / or help mentor potential future candidates.

### MEASURABLE OBJECTIVES AND PROGRESS

We established the following four-year measurable objectives for diversity and inclusion at the start of FY2017:

Measurable objective	Progress during 2018
Women to represent 25% of Senior Leader by 2020. The ethnic / cultural diversity of Orica's Senior Leaders to represent Orica's revenue profile.	Women represented 22% of Senior Leaders as at July 2018 (FY2017 20%; FY2016: 22%; FY2015: 14%). 53% of Orica's Senior Leadership roles are held by individuals with ethnic / cultural backgrounds outside of Australia and New Zealand (FY:2017: 51%; FY2016: 52%; FY2015: 33%).
Building an inclusive culture	In the 2016 Leadership Engagement Pulse Survey, the index measured at 70 percent. The next survey will take place in 2019.
Drive local ownership and accountability for Diversity and Inclusion, addressing local needs	All regions and functions have localised actions plans, and progress is reviewed bi-annually.

### FUTURE FOCUS

The Orica Board approved a four-year (FY2017-2020) Diversity and Inclusion Strategy in September 2016. The Strategy represents a strategic shift from driving increased representation to sustaining diversity and building an inclusive culture. It also reflects Orica's new operating model, empowering leaders to set and pursue

	<p>relevant local Diversity and Inclusion goals, whilst also contributing to the progress of global goals.</p> <p>Diversity and Inclusion remains a key area of focus for the company into 2019 and beyond.</p>	
1.6 Board Evaluation	<p>Each year, Orica undertakes a review of the effectiveness of the Board, its Committees and individual Directors. In 2018, the Board undertook an external review facilitated by an independent consultant, which included an external evaluation of the Board composition, roles and responsibilities, oversight of strategy and risk, board processes and relationships and dynamics.</p> <p>In alternate years, the Board undertakes a self-assessment process.</p>	✓
1.7 Management Evaluation	<p>All Orica senior executives are subject to an annual performance review.</p> <p>Performance expectations are established for the Managing Director &amp; CEO by the Board, including operational, financial, organisational and individual goals and targets. The Managing Director &amp; CEO then sets targets for each member of the Executive Committee that are aligned to the overall targets for the Company.</p> <p>Each senior executive's performance is assessed against the goals and targets outlined in his or her performance agreement, including contribution to specific business plans and performance against agreed Key Performance Indicators.</p> <p>In 2018, the Managing Director &amp; CEO's performance was assessed by the Board, and the performance of Executive Committee members was reviewed by the Managing Director &amp; CEO in consultation with the Board.</p>	✓

## PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation	Orica Limited's Compliance with Recommendation	
2.1 Nominations Committee	<p>The Nominations Committee comprises all Non-executive Directors. The Committee is chaired by the Board Chairman, who is an independent Director.</p> <p>Details of the number of meetings held and Directors' attendance at those meetings are set out in the Directors' Report on page 34 of the Annual Report.</p> <p>The Terms of Reference governing the conduct of the Nominations Committee is reviewed at least biennially, and is available in the <i>Board, Executive and Committee</i> section of the Company's website, <a href="http://www.orica.com">www.orica.com</a>.</p>	✓



2.2 Board skills matrix	<p>The Orica Limited Board currently possesses the skills, types of experience and diversity characteristics that enable it to work effectively with Management to optimise shareholder value. The table below sets out the key skills the Directors believe are required, and the extent to which they are currently represented on the Board:</p> <table border="1" data-bbox="432 412 1190 1245"> <thead> <tr> <th colspan="2" style="background-color: #0070C0; color: white;">SKILLS &amp; EXPERIENCE (OUT OF 8 DIRECTORS)</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="background-color: #D3D3D3;"><b>Leadership</b></td> </tr> <tr> <td>Listed company Board experience</td> <td style="text-align: right;">8</td> </tr> <tr> <td>CEO or senior executive experience</td> <td style="text-align: right;">8</td> </tr> <tr> <td colspan="2" style="background-color: #D3D3D3;"><b>Industry &amp; commercial</b></td> </tr> <tr> <td>Mining experience</td> <td style="text-align: right;">4</td> </tr> <tr> <td>International business</td> <td style="text-align: right;">7</td> </tr> <tr> <td>Technology trends &amp; innovation</td> <td style="text-align: right;">6</td> </tr> <tr> <td colspan="2" style="background-color: #D3D3D3;"><b>Technical &amp; professional</b></td> </tr> <tr> <td>Operations</td> <td style="text-align: right;">6</td> </tr> <tr> <td>Finance, audit &amp; risk</td> <td style="text-align: right;">5</td> </tr> <tr> <td>Marketing</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Supply chain &amp; logistics</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Mergers &amp; acquisitions</td> <td style="text-align: right;">8</td> </tr> <tr> <td>Governance &amp; legal</td> <td style="text-align: right;">8</td> </tr> <tr> <td colspan="2" style="background-color: #D3D3D3;"><b>Diversity</b></td> </tr> <tr> <td>Female</td> <td style="text-align: right;">3 (38%)</td> </tr> <tr> <td>Male</td> <td style="text-align: right;">5 (62%)</td> </tr> </tbody> </table> <p>An overview of the skills, experience and brief career histories of each Director is included on page 12 of the Annual Report.</p>	SKILLS & EXPERIENCE (OUT OF 8 DIRECTORS)		<b>Leadership</b>		Listed company Board experience	8	CEO or senior executive experience	8	<b>Industry &amp; commercial</b>		Mining experience	4	International business	7	Technology trends & innovation	6	<b>Technical &amp; professional</b>		Operations	6	Finance, audit & risk	5	Marketing	4	Supply chain & logistics	4	Mergers & acquisitions	8	Governance & legal	8	<b>Diversity</b>		Female	3 (38%)	Male	5 (62%)	✓
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2.3 Independence and tenure	<p>The Board recognises the important responsibility of Non-executive Directors for monitoring and overseeing the work of Executive Management and the importance of independent thought and judgement.</p> <p>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.</p> <p>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.</p>	✓																																				

	<p>Non-executive Directors are subject to shareholder re-election at least every three years, and normally do not serve more than 10 years.</p> <p>The names of the Directors considered by the Board to be independent Directors, as well as each Director's length of service is outlined on page 12 of the Annual Report.</p>	
2.4 Majority of Directors Independent	<p>The Board comprises a majority of Independent Non-Executive Directors. The Managing Director &amp; CEO is the only Executive Director, who is a salaried employee of the company and is not considered independent.</p> <p>Each Board Meeting during 2018 has included time where the Non-executive Directors meet without the Managing Director &amp; CEO or other senior executives present.</p>	✓
2.5 Chairman Independent	<p>The Chairman of the Board is an independent Non-executive Director. Another Director performs the role of Managing Director &amp; CEO.</p> <p>Further details of both Chairman and Managing Director &amp; CEO are included on pages 12 and 13 of the Annual Report.</p>	✓
2.6 Induction and Professional Development	<p>Orica has an induction and on-boarding program for new Directors. This program is designed to build the Director's understanding of Orica's business, operations and key policies, processes, systems and controls, and to provide an understanding of the Company's strategy and risk management framework. The purpose of the program is to enable a high level of active engagement and contribution of new Directors early in their tenure. The program is continuously reviewed to ensure it takes account of relevant developments.</p> <p>Orica also provides on-going opportunities for all Directors to deepen their understanding of the business. The business understanding program is delivered through site visits, business briefings and education sessions at Board and Committee level, and one-on-one discussions with Management. The site visit program is designed to provide Directors the opportunity to gain an understanding of the operations of the business across a range of different geographies and cultural contexts.</p>	✓

## PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

Recommendation	Orica Limited's Compliance with Recommendation	
3.1 Code of Business Conduct	<p>Orica acknowledges the need for Directors, executives, employees and contractors to observe the highest ethical standards of behaviour, and in 2018 has established a refreshed Code of Business Conduct which applies in all countries in which Orica operates.</p> <p>The Orica Code of Business Conduct sets out the standards of business conduct required of all employees and contractors of the Company. Its purpose is to ensure that the Company maintains its good reputation and that its business is conducted with integrity and in an environment of transparency.</p> <p>The Code of Business Conduct is periodically reviewed by the Board. Processes are in place to promote and communicate the Code of Business Conduct to all</p>	✓

	<p>employees and contractors. An Integrity Hotline in several languages (the 'Speak Up' line) operates to enable employees to report anonymously any breaches of the Code. Reports of breaches can also be made via email and through an associated website.</p> <p>The Code of Business Conduct has been translated into a range of languages, reflecting the diversity of Orica's workforce. It is available in the <i>Governance</i> section of Orica's website, <a href="http://www.orica.com">www.orica.com</a>.</p> <p>An updated Code of Business Conduct was published this year.</p> <p>Orica issued a new Ethics and Compliance Group Standard in 2017 and work has continued throughout 2018 to promote the deployment of the standard and effectively embed it in the systems and operations of the company globally. This Group Standard sets out minimum performance requirements with respect to anti-corruption, trade sanctions and competition (anti-trust) laws, including notification and approval requirements designed to ensure that higher risk activities are subject to review and/or approval by a dedicated Ethics &amp; Compliance team. These requirements, together with associated systems, training, risk assessments and other measures, are intended to embed a compliance framework that reflects global best practice. To support implementation of the Ethics &amp; Compliance Standard, we have recruited a dedicated Ethics &amp; Compliance team, which reports independently through to the Group General Counsel.</p>	
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## PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation	Orica Limited's Compliance with Recommendation	
4.1 Audit Committee	<p>The Board Audit and Risk Committee comprises at least three independent Non-executive Directors with relevant experience and financial literacy. The qualifications and experience of Committee members are set out on page 12 of the Annual Report. An independent Non-Executive Director who is not the Board Chairman chairs the Board Audit and Risk Committee.</p> <p>The Board Chairman, Managing Director &amp; CEO, Chief Financial Officer and Company Secretary attend the Board Audit and Risk Committee meetings by standing invitation. The Committee meets at least four times per year. The number of meetings held and the attendances by each member of the Board Audit and Risk Committee during the financial year are outlined on page 34 of the Annual Report.</p> <p>The role and responsibilities of the Committee are outlined in the Board Audit and Risk Committee Terms of Reference, which is available in the <i>Board, Executive and Committees</i> section of the Company's website, <a href="http://www.orica.com">www.orica.com</a>. The Terms of Reference are reviewed at least biennially.</p>	✓

4.2 CEO and CFO Certification of Financial Statements	<p>Orica has controls in place that are designed to safeguard the Company's interests and the integrity of its reporting. At each reporting period, both the Managing Director &amp; CEO and the Chief Financial Officer are required under section 295A of the Corporations Act to state in writing to the Board that:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• These statements are founded on a sound system of risk management and internal control and that these systems are operating effectively.</li> </ul>	✓
4.3 External auditor at AGM	<p>The Company's financial statements are subject to an annual audit by an independent, professional auditor who also reviews the Company's half-year statements. Orica's external audit function is performed by KPMG.</p> <p>Representatives of KPMG attend the Annual General Meeting and are available to answer questions from shareholders in relation to the audit and the content of the auditor's report.</p> <p>The Board Audit and Risk Committee oversees this process on behalf of the Board.</p>	✓

## PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation	Orica Limited's Compliance with Recommendation	
5.1 Market disclosure policy	<p>Orica 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.</p> <p>The Board established a Market Disclosure and Investor Communications Policy in 2016 to ensure 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 for employees and guidelines relating to the type of information that must be disclosed. The Board has delegated authority to the Company Secretary for communication with the ASX.</p> <p>The Market Disclosure &amp; Investor Communications Policy is available in the <i>Governance</i> section of the Orica Limited website, <a href="http://www.orica.com">www.orica.com</a>.</p>	✓

## PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation	Orica Limited's Compliance with Recommendation	
6.1 Information on the website	<p>Orica ensures that shareholders are kept informed of its corporate governance and financial performance via its website.</p> <p>The <i>Investors</i> section of Orica's website contains copies of the Annual Report, Company reports, ASX announcements, and publications, briefings and presentations given by executives, including transcripts and webcasts.</p> <p>Shareholders can access general information about the Company's business on the Orica Limited website, <a href="http://www.orica.com">www.orica.com</a>.</p>	✓
6.2 Investor Relations Programs	<p>Clear communication and easy access to information are important objectives of Orica's shareholder communications strategy. Information is communicated to shareholders regularly through a range of forums, publications and on-line.</p> <p>Orica is committed to providing shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the share price.</p> <p>In order to facilitate effective two-way communication with investors, Orica has established an investor relations program which includes:</p> <ul style="list-style-type: none"> <li>• Meetings such as the Annual General Meeting, investor and analyst days, roadshows and broker conferences</li> <li>• Market briefings, via group meetings or teleconference</li> <li>• Periodic meetings with investors</li> </ul> <p>In undertaking its investor relations program, Orica strictly adheres to rules concerning selective disclosure, equal treatment of shareholders and insider trading. Further details are available in the Market Disclosure &amp; Investor Communications Policy, which can be viewed in the <i>Governance</i> section of the Orica website, <a href="http://www.orica.com">www.orica.com</a>.</p>	✓
6.3 Facilitate Participation of Security Holders	<p>The Board encourages participation of shareholders at the annual general meeting (AGM). Important issues are presented to shareholders as individual resolutions and shareholders are given the opportunity to address questions to the Board and Managing Director &amp; CEO, and to the Company's auditor at the AGM.</p> <p>Technology, including webcasting of the AGM, is used to facilitate the participation of shareholders in meetings.</p>	✓

6.4 Facilitate Electronic Communications	<p>Orica gives shareholders the opportunity to receive information and communications from, and send communications to, the Company and its share registry electronically.</p> <p>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.</p> <p>Electronic submission of proxy appointments and powers of attorney are also available to shareholders. Page 119 of the Annual Report contains details of how information provided to shareholders may be obtained.</p>	✓
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## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation	Orica Limited's Compliance with Recommendation	
7.1 Risk Committee	<p>A key responsibility of the Board Audit and Risk Committee is to assist the Board to oversee the process for identifying and managing material risks in the Company, in accordance with the Company's Risk Management Policy.</p> <p>The Risk Management Policy is available in the <i>Governance</i> section of the Orica Limited website, <a href="http://www.orica.com">www.orica.com</a>.</p> <p>The Board Audit and Risk Committee comprises at least three independent Non-executive Directors who possess sufficient understanding of the mining services industry and the necessary technical skills and experience for the effective oversight of risk. An independent Director chairs the Committee.</p> <p>Further details regarding the Committee Terms of Reference are available in the <i>Board, Executive and Committees</i> section of the Orica Limited website, <a href="http://www.orica.com">www.orica.com</a>.</p> <p>Information regarding Committee membership, the number of meetings held during the financial year, and the individual attendances of the members at those meetings are included in page 34 of the Annual Report.</p>	✓
7.2 Annual Risk Review	<p>During 2018 an external review of our risk management framework was completed, and the results reported to the Board Audit &amp; Risk Committee. The results of that review, as well as a self-assessment of our risk management practices, have been utilised to identify and implement improvements to our framework.</p> <p>During FY 2018 we continued to report on our material strategic risks to the Board, and material operational risks to the Board Audit &amp; Risk Committee. These risks are monitored for changes in their exposure and are reported during the course of the year, along with their controls and action plans to manage them. A summary of material risks that can impact Orica is provided in the Annual Report.</p> <p>In respect of 2018, the Board Audit &amp; Risk Committee has reviewed our risk management framework and satisfied itself that it continues to be sound.</p>	✓

7.3 Internal Audit	<p>The role of the internal audit function is to provide independent assurance that the Company's processes are designed and operating efficiently and effectively to support the delivery of strategic objectives. This assurance is provided through an assessment of the design of business processes and testing the effectiveness of key controls. In addition, in 2019 the internal audit teams at Orica will be involved in providing assurance on compliance by our people with Orica's Group Standards; a further step towards improved operational discipline. The Board Audit and Risk Committee has oversight of the internal audit function.</p>	✓
7.4 Sustainability Risks	<p>Each year, Orica publishes a Sustainability Report, which provides an overview of the Company's significant economic, environmental and social impacts, its approach to addressing these impacts, and an update on progress, including a Sustainability Performance Scorecard.</p> <p>The Sustainability Report is available in the <i>Sustainability</i> section of the Orica Limited website, <a href="http://www.orica.com">www.orica.com</a>.</p> <p>The Orica risk management process considers the assessment of economic, environmental and social sustainability risks. Social sustainability risks to which Orica is exposed include risks related to workplace health and safety, product stewardship and security, environment and community, climate change, good governance and ethics and compliance, and human capability. More information about these risks, how they are managed and our approach to sustainability is provided in the Sustainability Report.</p> <p>In addition, the Safety, Health, Environment and Community (SHEC) 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 and the communities in which Orica operates.</p> <p>The SHEC Committee comprises at least three independent Non-executive Directors with relevant operational experience. An independent Director chairs the Committee.</p> <p>An updated SHEC Committee Terms of Reference was adopted in 2017, and is available in the <i>Board, Executive and Committees</i> section of the Orica Limited website, <a href="http://www.orica.com">www.orica.com</a>.</p> <p>Information regarding Committee membership, the number of meetings held during the financial year, and the individual attendances of the members at those meetings are included on page 34 of the Annual Report.</p>	✓

## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation	Orica Limited's Compliance with Recommendation	
8.1 Remuneration Committee	<p>The Human Resources and Compensation (HR&amp;C) Committee has responsibility for establishing and recommending remuneration arrangements for senior Executives and for Directors of the Company.</p> <p>The HR&amp;C Committee is comprised of at least three independent Non-executive Directors. Details of the names and qualifications of Committee members are set out on page 12 of the Annual Report. An independent Director chairs the Committee. The Chairman of the Committee ensures that the Managing Director &amp; CEO is not involved in any discussions regarding the setting of his own remuneration, and is aware of potential conflicts of interest.</p> <p>The number of meetings held by the HR&amp;C Committee during 2018 and attended by each member is included on page 34 of the Annual Report.</p> <p>The Terms of Reference for the HR&amp;C Committee outlines the role and responsibilities of the Committee, and is reviewed at least biennially. An updated Terms of Reference was adopted in 2017, and is available in the <i>Board, Executive and Committees</i> section of the Orica Limited website, <a href="http://www.orica.com">www.orica.com</a>.</p>	✓
8.2 Disclosure of Executive and Non-executive Director Remuneration Policy	<p>In its Remuneration Report, Orica clearly and separately outlines its remuneration policies and practices for Non-executive Directors and for executive key management personnel. The Remuneration Report commences on page 36 of the Annual Report.</p> <p>In setting remuneration for senior executives, including the Managing Director &amp; CEO, the HR&amp;C Committee accesses external professional advice and obtains independent market data for similar roles in peer or comparable organisations. The Committee also takes account of the Company's circumstances and the requirement to attract, retain and motivate high calibre management.</p> <p>In order to encourage senior executives to pursue strategies aimed at delivering both short and long-term growth and success of the business, executive remuneration is structured to include a fixed component and a variable or performance-based component.</p> <p>Non-executive Director remuneration includes a fixed fee for performing the services outlined in the Company's constitution and reflected in the Director's Letter of Appointment.</p> <p>In addition to the fixed Directors' Fee, remuneration also includes an additional fixed fee for Committee membership and chairing roles, and contributions made by the Company to a Director's superannuation fund.</p> <p>Under the Company's Securities Dealing Policy, directors and employees must not, either 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 other restricted persons may buy or sell Orica shares subject to receiving prior clearance and provided the trade does not take place during designated blackout periods.</p>	✓



	Further details are available in Orica's Remuneration Report on pages 36 to 57 of the Annual Report and its <i>Securities Dealing Policy</i> , which is available in the <i>Governance</i> section of the Orica Limited website, <a href="http://www.orica.com">www.orica.com</a> .	
8.3 Policy on Hedging Equity Incentives	<p>In accordance with the Securities Dealing Policy, Directors and employees must not create, enter into or deal in derivatives, a derivative arrangement or margin calls in relation to Orica securities at any time.</p> <p>Participants in Orica's equity incentive schemes are also prohibited from hedging or otherwise limiting the economic risk of participating in the scheme.</p>	✓