



POLICY **ORICA'S APPROACH TO TAX**

NOVEMBER 2018

An Australian mining services company with global operations, Orica has a diverse workforce of over 12,000 people servicing customers across more than 100 countries.

Orica generates a substantial amount and variety of taxes across its jurisdictions including income taxes, stamp duties, employment taxes and other taxes. Orica also collects and remits a number of taxes on trust including employment taxes and indirect taxes such as GST/VAT.

The taxes Orica pays and collects form a significant part of the economic contribution to the countries of operation.

TAX STRATEGY AND TAX GOVERNANCE

Orica's tax strategy is reviewed by the Board of Directors annually. The tax strategy is aligned with the overall corporate strategy and supplements the Risk Management Policy.

The Chief Financial Officer has oversight responsibility over the tax risk management framework. Operational and governance responsibility for the execution of the Group's tax strategy rests with the Vice President Taxation, supported by a team of tax professionals. External tax expertise is used where required.

The Vice President Taxation reports on tax matters bi-annually to the Board Audit and Risk Committee.

Orica's approach to tax is applicable across the Orica group and is reviewed and updated annually.

COMPLIANCE

Orica is committed to complying with all relevant revenue laws in a responsible manner, with all taxes properly due, accounted for and paid. A tax standard and relevant procedures are in place to ensure tax compliance obligations are managed.

There is an in house global tax team that manages Orica's tax affairs which is supplemented with external compliance support where required.

STRUCTURE

Orica does not support the use of artificial structures that are established just to avoid paying tax and have no commercial purpose. Orica will not enter into any tax avoidance activities.

RELATIONSHIPS WITH TAX AUTHORITIES

Orica aims for open, transparent and respectful relationships with tax authorities globally. Orica seeks advance rulings from taxation authorities on transactions where appropriate.

TRANSFER PRICING

Orica transfer prices its related party transactions to reflect the substance in its operations in accordance with the Organisation for Economic Co-operation and Development (OECD) guidelines. The prices are benchmarked taking into account the functions, assets and risks in the various jurisdictions.

USE OF TAX HAVENS

Tax havens are not used for tax planning purposes. Orica has operations in countries that are 'low tax' jurisdictions. There is genuine operational substance in these locations, or the entities are dormant.

Orica's overseas companies are subject to Australia's international tax rules (Controlled Foreign Corporation rules).

TRANSPARENCY

Orica supports the ongoing global development of improved tax transparency to increase understanding of tax systems and build public trust.

Orica will include in its sustainability report:

- annual corporate tax paid by region;
- annual corporate tax, payroll tax and GST/VAT paid globally;
- a reconciliation of accounting profit to income tax payable;
- the effective tax rate for Australian and global operations;
- details of international related party dealings; and
- Australian tax return data.

Orica's global tax expense and tax balances are the subject of audit by Orica's external auditors, KPMG.

**Approved by
Orica Limited Board
November 2018**

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