



2016 CORPORATE GOVERNANCE STATEMENT

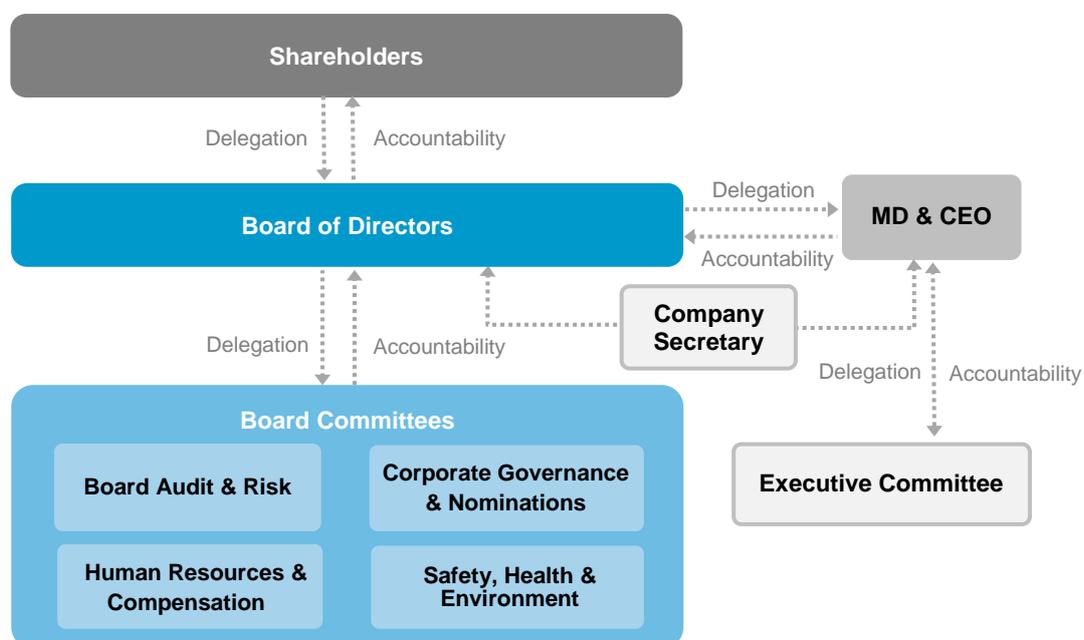
November 2016



ORICA'S APPROACH TO CORPORATE GOVERNANCE

Orica cares deeply about good corporate governance and Orica's Directors and Management are committed to conducting the Company's business ethically and in accordance with the highest standards. Orica believes that good corporate governance is a sign of a company in control of its business and Orica's governance framework is designed to ensure that decision-making processes are rigorous and robust and support the creation of long-term value for shareholders. At Orica, governance is not just a matter for the Board. Good governance is also the responsibility of Executive Management, and is embedded throughout the organisation.

The framework adopted by the Board and Management is depicted in the diagram below and illustrates the integrated approach to governance that Orica believes is necessary to optimise business outcomes. In particular, it highlights the delegations that flow from shareholders to the Board of Directors, and from the Board to its Committees, the Managing Director & CEO and the Executive Committee. At the same time, management is accountable to the Board of Directors, which is ultimately accountable to shareholders.



Orica's approach to governance is articulated in its Board Charter and Committee Terms of Reference, and in its various corporate governance documents, which outline the Company's governance policies, processes and systems. These documents are reviewed and updated on a regular basis with a number having been replaced in 2016 during the first phase of implementing the Company's new operating model. Further detail will be provided on the new operating model governance framework in 2017. They can be viewed in the *Governance* section of the Orica Limited website, www.orica.com.

This Statement outlines how Orica Limited complies with each of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations – 3rd Edition (March 2014)*. It was adopted by the Board on 3 November 2016.

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>ROLE AND RESPONSIBILITIES OF THE BOARD</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 Charter. The Charter also provides a clear delineation between those matters expressly reserved to the Board, and those delegated to Management.</p> <p>A copy of the Charter can be found in the <i>Board, Executive and Committees</i> section of the Company's website, www.orica.com.</p> <p>ACCESS TO INDEPENDENT ADVICE</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>ROLE OF MANAGEMENT</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 & CEO, who is directly accountable to the Board.</p> <p>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.</p>	✓

1.2 Election and re-election of Director candidates	<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 making a Director appointment or putting forward a candidate for election.</p> <p>Nominations for appointment to the Board are considered by the Corporate Governance and Nominations Committee and approved by the Board. In 2016, the Board appointed two new Directors, being Mr Malcolm Broomhead and Ms Karen Moses. As part of the appointment process, a search firm undertook appropriate checks and provided assurance to the Board on each Director's background and independence.</p> <p>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>	✓
1.3 Written agreements outlining terms of appointment	<p>DIRECTOR LETTERS OF APPOINTMENT</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>EXECUTIVE SERVICE CONTRACTS</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>	✓
1.4 Company Secretary	<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"> • Providing advice to the Board on governance matters • Coordinating the timely completion and distribution of Board and Committee papers • Taking the minutes for Board and Committee meetings, and ensuring that the business of the meetings is accurately recorded • Monitoring Board and Committee policies and procedures to ensure compliance • Planning and organising induction programs for new Directors 	✓

	<ul style="list-style-type: none"> Organising site visits and professional development programs for Board members <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>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.</p> <p>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.</p> <p>As a truly global company, we seek 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, 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>WHAT DIVERSITY AND INCLUSION MEANS FOR ORICA</p> <ul style="list-style-type: none"> Respecting and valuing all – 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. Providing a flexible workplace – providing workplace arrangements to support employees in achieving a balance between work and home life and making reasonable provision for any special needs. Respecting the communities in which we operate – ensuring that wherever the Company operates, we recognise and respect the heritage, culture, lifestyle and preferences of the local communities which host the Company's operations. Measuring progress – establishing measurable objectives for achieving diversity and inclusion and assessing those objectives and progress in achieving them annually. <p>HOW WE SUPPORT DIVERSITY AND INCLUSION</p> <p>We use the following to drive action on diversity and inclusion:</p> <ul style="list-style-type: none"> Governance forums, in particular Talent & Diversity Councils that drive local accountability in line with Orica's operating model; Policies and standards, which establish how we recruit, develop, motivate and reward employees globally in line with diversity and inclusion principles; Leadership and cultural competence; 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 the current Diversity Plan (FY2014–FY2016) were to increase the gender diversity of the Senior Leadership team; build stronger local management teams and a leadership team than reflects Orica’s revenue profile; and improve the cultural capability of senior leaders. Some of the activities and initiatives that we undertook during the year were:

- **The refresh of our enterprise leadership team, resulting in significantly greater diversity.** This refresh has resulted in a significant improvement in the percentage of women in senior leadership¹ roles to 22% (FY2015: 14%), which is above the target of 20% set for end FY2016. In addition, over 50% of Orica’s senior leadership roles are now held by individuals with cultural backgrounds outside of Australia and New Zealand, reflecting Orica’s revenue profile.
- **The establishment in 2016 of Executive-led Talent & Diversity Councils in all Regions and large functions.** The councils, which are a key element of both our Talent and Diversity and Inclusion Strategies, enable leadership teams to take local accountability to build a world class, diverse pipeline of global leaders who can create an inclusive culture. Progress will be evaluated each year by the Executive Committee, commencing this year.
- **The establishment of new and refreshed policies and standards,** including our Diversity and Inclusion Policy, Human Rights Policy, and Global Human Resources Standard which sets minimum performance requirements in the areas of recruitment, training, engagement and reward for line managers and human resources teams across Orica.
- **Development of the Orica Charter as a foundation for engagement across Orica’s diverse workforce and building an inclusive culture.** The Orica Charter, to be launched in early 2017, is a statement of strategy, principles, values and behaviours. It will set the common standards and behaviours for all employees to live by, and it will be how Orica measures its success. Over 3,000 Orica team members across over 100 sites globally have participated in developing the Charter.
- **Continued investment in training programs aimed at improving inclusive leadership capability.** 95% of Talent & Diversity Council Members (principally the senior leadership group) had completed an inclusive leadership assessment and training by the end of FY2016. In addition, over 60% of Orica’s middle managers completed the Manager Development Program during 2016. This program includes training in leadership of culturally and gender-diverse environments.
- **Continued focus of our Graduate Program on female talent and talent reflecting Orica’s revenue profile and future growth areas.** The percentage of women on the graduate program is now 35% (FY2015: 32%) and the percentage of men and women on the program outside of Australia is now 69% (FY2015: 64%).
- **Continued active involvement in community programs and networking groups to raise awareness about Orica and to increase the attraction, development and retention of talented women wherever we operate.** Orica is the founding and major sponsor of STELR, the Science and Technology Education Leveraging Relevance project administered by the Australian Academy of Technology and Engineering. STELR engages

students in science, technology, engineering and mathematics (STEM) through hands-on, inquiry-based and in-curriculum learning, with the aim of getting students interested in careers in science and technology. With support from Orica, this year, the 500th high school was enrolled in the program which now reaches approximately 20% of Australian high schools as well as schools in Indonesia, the Philippines and India.

- **Benchmarking and measurement.** We have taken the first step towards substantive measurement of Inclusion via our Engagement Survey. The baseline will be established among middle managers and Senior Leaders in late FY2016.

MEASURABLE OBJECTIVES AND PROGRESS

We established the following three-year measurable objectives for diversity and inclusion at the start of FY2014.

MEASURABLE OBJECTIVE	PROGRESS DURING FY2016
Women to represent 20% of Senior Leader (Executive and GM roles)	Women represented 22% of our senior management at the end of 2016 (FY2015: 14%)
Workforce localisation plans in place for key markets to develop leaders representative of Orica's revenue profile, and develop skilled workers	52% of Orica's senior leadership roles are now held by individuals with cultural backgrounds outside of Australia and New Zealand, reflecting Orica's revenue profile (FY2015: 33%)
100% of Orica's Senior Leaders and Managers to receive global leadership and capability development with respect to diversity	95% of Senior Leaders received inclusive leadership assessment and training by end FY2016; 60% of middle Managers received training through a Manager Development Program

FUTURE FOCUS

The Orica Board has approved a new four-year (FY2017-2020) Diversity and Inclusion Strategy. 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 relevant local Diversity and Inclusion goals, while also contributing to progress on global goals. Key priorities for Diversity and Inclusion for FY2017-20 are:

- **Building an inclusive culture.** This will be measured and assessed using the introduction of an Inclusive Culture index extrapolated from the employee engagement survey;
- **Sustaining a diverse leadership team.** This will be measured against our 2020 Gender diversity target of 25% women in senior leadership roles and continuing to ensure that the cultural diversity of Orica's senior leaders reflects our revenue profile;

¹ CEO + Organisation Bands A, B, C (CEO, Executives and VPs/GMs)

	<ul style="list-style-type: none"> • Driving local ownership and accountability for Diversity and Inclusion, addressing local needs. This will be measured by success against locally-derived Talent & Diversity Council targets and objectives. <p>Diversity and Inclusion remains a key area of focus for the company into 2017.</p>	
1.6 Board Evaluation	<p>Each year, Orica undertakes a review of the effectiveness of the Board, its Committees and individual Directors. In 2016, 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 & CEO by the Board, including operational, financial, organisational and individual goals and targets. The Managing Director & 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 2016, the Managing Director & CEO's performance was assessed by the Board, and the performance of Executive Committee members was reviewed by the Managing Director & 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 Corporate Governance and 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 28 of the Annual Report.</p> <p>The Terms of Reference governing the conduct of the Corporate Governance and Nominations Committee is reviewed annually, and is available in the <i>Board, Executive and Committee</i> section of the Company's website, www.orica.com.</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 1193 1245"> <thead> <tr> <th colspan="2" style="background-color: #0070C0; color: white;">SKILLS & EXPERIENCE (OUT OF 7 DIRECTORS)</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="background-color: #D3D3D3;">Leadership</td> </tr> <tr> <td>Listed company Board experience</td> <td style="text-align: right;">7</td> </tr> <tr> <td>CEO or senior executive experience</td> <td style="text-align: right;">7</td> </tr> <tr> <td colspan="2" style="background-color: #D3D3D3;">Industry & commercial</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;">6</td> </tr> <tr> <td>Technology trends & innovation</td> <td style="text-align: right;">4</td> </tr> <tr> <td colspan="2" style="background-color: #D3D3D3;">Technical & professional</td> </tr> <tr> <td>Operations</td> <td style="text-align: right;">5</td> </tr> <tr> <td>Finance, audit & risk</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Marketing</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Supply chain & logistics</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Mergers & acquisitions</td> <td style="text-align: right;">7</td> </tr> <tr> <td>Governance & legal</td> <td style="text-align: right;">7</td> </tr> <tr> <td colspan="2" style="background-color: #D3D3D3;">Diversity</td> </tr> <tr> <td>Female</td> <td style="text-align: right;">2 (29%)</td> </tr> <tr> <td>Male</td> <td style="text-align: right;">5 (71%)</td> </tr> </tbody> </table> <p>An overview of the skills, experience and brief career histories of each Director is included on page 26 of the Annual Report.</p>	SKILLS & EXPERIENCE (OUT OF 7 DIRECTORS)		Leadership		Listed company Board experience	7	CEO or senior executive experience	7	Industry & commercial		Mining experience	4	International business	6	Technology trends & innovation	4	Technical & professional		Operations	5	Finance, audit & risk	4	Marketing	2	Supply chain & logistics	2	Mergers & acquisitions	7	Governance & legal	7	Diversity		Female	2 (29%)	Male	5 (71%)	✓
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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 26 of the Annual Report.</p>	
2.4 Majority of Directors Independent	<p>The majority of Directors are independent. The only non-independent Director is the Managing Director & CEO, who is not considered independent as he is employed in an executive capacity by the Company.</p> <p>Board meetings include regular time where the Non-executive Directors meet without the Managing Director & CEO or other senior executives present to discuss Board matters.</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 & CEO.</p> <p>Further details of both Chairman and Managing Director & CEO are included on page 26 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 professional development 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 conduct	<p>Orica acknowledges the need for Directors, executives, employees and contractors to observe the highest ethical standards of behaviour, and has established a Code of Conduct which applies in all countries in which Orica operates.</p> <p>The Code of 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 Conduct is periodically reviewed by the Board. Processes are in place to promote and communicate the Code of Conduct to all employees and</p>	✓

	<p>contractors. An Integrity Hotline in several languages (the 'Speak Up' line) has been established to enable employees to anonymously report any breaches of the Code of Conduct. Reports of breaches can also be made via email and through an associated website.</p> <p>The Code of Conduct has been translated into a range of languages, reflecting the diversity of Orica's workforce. It is entitled <i>Guide To How We Do Business</i>, and is available in the <i>Governance</i> section of Orica's website, www.orca.com.</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 26 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 & 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 28 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>Governance</i> section of the Company's website, www.orca.com. The Terms of Reference are reviewed annually.</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 & 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"> • 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 these systems are operating effectively. 	✓
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 new market disclosure 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 & Investor Communications Policy is available in the <i>Governance</i> section of the Orica Limited website, www.orica.com.</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, www.orica.com.</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"> • Meetings such as the Annual General Meeting, investor and analyst days, roadshows and broker conferences • Market briefings, via group meetings or teleconference • Periodic meetings with investors <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 & Investor</p>	

	Communications, which can be viewed in the <i>Governance</i> section of the Orica website, www.orica.com .	
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 & 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 123 of the Annual Report contains details of how information provided to shareholders may be obtained.</p>	✓

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, www.orica.com.</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, www.orica.com.</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 28 of the Annual Report.</p>	✓

7.2 Annual Risk Review	<p>During 2016 an external review of our risk management framework was completed. The results of that review, as well as a self-assessment of our risk management practices have been utilised to implement improvements to our framework. Orica also undertook an annual review of material risks, and reported those along with their controls and treatment plans to manage them, to the Board Audit & Risk Committee.</p> <p>In respect of 2016, the Board Audit & 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. 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, www.orica.com.</p> <p>In addition, the Safety, Health & Environment (SHE) 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.</p> <p>The SHE Committee comprises at least three independent Non-executive Directors with relevant operational experience. 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, www.orica.com.</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 28 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&C) Committee has responsibility for establishing and recommending remuneration arrangements for senior Executives and for Directors of the Company.</p> <p>The HR&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 26 of the Annual Report. The Chairman of the Committee ensures that the Managing Director & 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&C Committee during 2016 and attended by each member is included on page 28 of the Annual Report.</p> <p>The Terms of Reference for the HR&C Committee outlines the role and responsibilities of the Committee, and is reviewed annually. It is available in the <i>Governance</i> section of the Orica Limited website, www.orica.com.</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 is available on pages 31-53 of the Annual Report.</p> <p>In setting remuneration for senior executives, including the Managing Director & CEO, the HR&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>The Board approved a new securities dealing policy in 2016. 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 31-53 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, www.orica.com .	
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>	✓