

TERMS OF REFERENCE

PURPOSE

The Audit and Risk Committee (“the Committee”) is a committee of the Orica Limited Board created to assist the Board in the effective discharge of its responsibilities for financial reporting, internal control structures, internal and external audit functions and risk management systems.

MEMBERSHIP

The Committee comprises three independent non-executive directors with relevant experience and financial literacy.

The Chairman, members, and term of appointment of each member shall be determined by the Board. Any non-executive directors who are not members may also attend meetings of the Committee.

The Chairman of the Committee must not be the Chairman of the Board.

MEETINGS

The Committee shall meet as frequently as required but not less than four times a year. The Chairman or the Secretary may call a meeting.

Two members of the Committee shall constitute a quorum.

The Committee will meet with the external auditors and/or the internal auditors without members of management being present at least twice per year or whenever it is deemed appropriate by the Chairman of the Committee.

The Chairman of the Committee will report to the Board following each Committee meeting and annually report back against the Committee’s charter.

The Committee’s Terms of Reference shall be reviewed annually and updated as required.

RESPONSIBILITIES

To review, oversee and report to the Board on the following:

- (a) The annual and half yearly financial reports prepared for the Orica Group;
- (b) The accounting policies of the Orica Group;
- (c) The scope of audit programmes of internal and external auditors and any material issues arising from these audits;
- (d) The independence of external auditors and determining procedures for the rotation of audit partners;
- (e) The performance of the internal and external auditors;
- (f) The Orica Group’s systems of accounting and internal controls;

- (g) The processes used by management to monitor and ensure compliance with laws, regulations, ethical guidelines and other requirements relating to external reporting of financial information;
- (h) The calibre of finance employees and how they manage and perceive the Orica Group's risk management culture and soundness of internal controls; and
- (i) The group's risk management systems and strategies.

In addition the Committee will:

- Recommend to the Board the appointment and termination of external auditors and the level of their fees;
- Maintain suitable interaction with the Board Safety, Health & Environment Committee and Human Resources & Compensation Committee;
- Review the process utilised to support the certifications to be provided by the Executive Director Finance and Managing Director/CEO;
- Review and approve the appointment and dismissal of the Chief Risk & Sustainability Officer (the executive responsible for internal audit) and any outsourced internal audit support required; and
- Ensure appropriate international coverage of the issues within its remit.

AUTHORITY

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

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

Approved by Audit and Risk Committee on 4 November 2011 and by Orica Limited Board on 15 December 2011.