

PERFORMANCE EVALUATION – OVERVIEW

Orica has a range of processes in place to evaluate the performance of the Board, Board Committees, individual directors and executives.

Board & Director Evaluation

The process of evaluating the performance of the Board as a whole is the responsibility of the Board under the direction of the Chairman. The evaluation of Board performance involves the setting of annual Board objectives and an assessment by the Board at the conclusion of the year as to the extent to which the Board achieved objectives.

Assessment of individual directors' performance and the Board as a whole is a process determined by the Chairman and the Corporate Governance and Nominations Committee, and draws on a range of techniques, including:

- surveys of Board and individual directors concerning their perceptions about the Board and director performance;
- one-on-one interviews with directors with the Chairman; and (on occasions)
- use of an external facilitator to assist with the overall evaluation process.

Directors standing for re-election are subject to a specific performance review prior to nomination for re-election.

Board Committees

Each Board Committee will annually review its performance and report the results of the review to the Board. Based on the results of the performance review, where necessary, recommendations will be made to the Board for improving the effectiveness of the Committee.

The manner of the evaluation is generally to be determined by the relevant Committee Chairman, and will vary given:

- the particular responsibilities of each Committee;
- the number of Committee meetings; and
- the number of Committee members.

Executives

All Orica executives are subject to annual performance review. The annual performance review involves an executive being evaluated by their immediate superior. The executive is assessed by reference to:

- completion of key job specifications and goals;
- the Orica Principles and Behaviours; and
- contribution to specific business plan objectives.

The outcomes of performance reviews for the most senior executives are reported to the Remuneration & Appointments Committee, which has overall responsibility for ensuring that performance management processes are in place for all executives (excluding the Managing Director – who is assessed by the Board).

The Remuneration & Appointments Committee also approves the short term incentive payments awarded to the Group Executive. This takes into account the overall performance of the Company against a range of measures, and the contribution made by a particular executive.

The performance evaluation of the Managing Director is facilitated by the Chairman, with ultimate oversight by the Board. The evaluation of the Managing Director involves an assessment of a range of factors including the overall performance of the Company and the achievement of specific pre-determined goals.