

INTERNAL COMPLIANCE & CONTROL SYSTEM - OVERVIEW

The Board ultimately has responsibility for internal compliance and control. The Audit and Risk Committee has responsibility for ensuring that internal control systems are in place to monitor and manage risk.

Orica's internal compliance and control system is based on the following:

- a comprehensive internal audit program;
- a financial reporting system that aims to ensure that financial reporting is both accurate and timely; and
- letters of assurance signed by senior executives and submitted to the Audit and Risk Committee.

Set out below is a summary of some of the features of Orica's internal compliance and control systems.

Financial Reporting Control Systems

Orica has a number of financial control processes to ensure that the information that is presented to senior management and the Board is both accurate and timely. The control processes include, among other things:

- annual audit and half year review by the external auditor;
- internal audit program to review the quality and effectiveness of internal processes, procedures and controls;
- management review of the balance sheet and internal control environment;
- monthly review of financial performance compared to budget and forecast;
- ongoing monitoring of accounting policy to ensure consistent application across all Orica entities; and
- analysis of financial performance and significant balance sheet items to comparative periods.

Internal Audit

The Audit and Risk Committee is responsible for approving the appointment of the internal auditor and approving the annual internal audit plan. Additionally, the Audit and Risk Management Committee meets with internal auditor on a regular basis without management being present.

Deloitte Touche Tohmatsu currently provide Orica's internal audit services and are independent from Orica's external auditor, KPMG.