

Orica Limited

Risk Management Policy

Risk is the effect of uncertainty on objectives. Risk Management is the group of coordinated activities to direct and control an organisation with regards to risk.

Orica recognises the importance of risk management practices across all businesses and operations. Effective risk management highlights for management's attention the risks of loss of value or loss of opportunity and provides a framework to achieve and deliver the Company's strategy.

Orica aims to maintain a consistent organisation-wide approach to the management of risks by:

- maintaining a Risk Management Framework that provides a transparent approach to managing risk across Orica;
- understanding the environment that the Company is operating in;
- clear communication and consultation across the business;
- using a structured, systematic and explicit risk assessment process. The process requires four core components:
 - a comprehensive structured risk identification and assessment process that identifies material financial and non-financial business risks and develops an understanding of the risks,
 - a decision making process, based on the outcomes of the risk analysis, about the risks needing treatment and treatment priorities,
 - a risk register which records all risks identified across businesses, operations, functions and projects, and
 - planned management actions to mitigate or eliminate the risk through the establishment of mitigation plans;
- reviewing the risk profile and treatment plans on an ongoing basis to ensure that the risks reflect the prevailing circumstances; and
- regular reporting to Management and the Board of risks for the Company.

The Board establishes the policies for the oversight and management of material business risks and internal controls. The design and implementation of the risk management and internal control systems to manage the Company's material business risks is the responsibility of Management.

The Board, through the Board Audit and Risk Committee, satisfies itself that Management has developed and implemented a sound system of risk management and internal control.

All employees and contractors of Orica are responsible for the implementation of risk management as part of their corporate governance obligations. Any

real or potential significant risk must be reported through established reporting lines to Management.

The Managing Director and Executive Director Finance will periodically provide a report to the Board that the risk management and internal control systems have been designed and implemented to manage the Company's material business risks, and management has reported to the Board as to the effectiveness of the Company's and consolidated entity's management of its material business risks.

A separate role of Chief Risk Officer exists, reporting to the Executive Director Finance and liaising directly with the Board Audit and Risk Committee, to manage the Company's risk management and internal audit program.

One or more independent external firm(s) of accountants assists the Chief Risk Officer in ensuring compliance with internal controls and risk management programs by reviewing the effectiveness of the risk management and internal control systems, and periodically provides assistance and input when undertaking risk assessments.

Approved by Orica Limited Board on 21 April 2010.