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General Manager
Corporations and Financial Services Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam

Submission: Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill 2011

Orica's Managing Director and Chief Executive Officer Mr Graeme Liebelt, has completed a submission on the Bill on behalf of Orica which is attached. This Board supports the submission wholeheartedly. We wish also to provide this further input with respect to matters in the draft legislation which pertain specifically to the Board.

Orica embraces some of the proposed new approaches to the areas of increased disclosure and supports the requirement for a Chairman to vote directed proxies.

Orica does not support the proposal to limit the engagement of external remuneration consultants to the non-executive directors. Mandating that the board directly engages remuneration consultants in all circumstances to the exclusion of management fails to distinguish between 'ordinary' remuneration arrangements and potentially controversial arrangements pertaining to CEO remuneration.

Similarly, disclosing the name of the director who executes a contract with a remuneration consultant, or the name of each director to whom the consultant directly gave advice seems onerous and overly bureaucratic. Disclosing the nature of any remuneration advice and the principles on which it was prepared, is potentially commercially sensitive. This point alone is reason to revisit key elements of the Exposure Draft.

We believe that non-executive directors' governance and oversight of remuneration is paramount. The remuneration approach used within Orica has continued to have the support of stakeholders over the years, and has, we believe, contributed to the success of the company and benefited our

shareholders. The Board can, and does, maintain strong governance whilst delegating designated responsibility for input and implementation to management.

The Directors of Orica believe that the 'two-strike' test and 'spill meetings' provisions contained within the draft legislation require significant rework. The current proposal elevates executive remuneration above other matters such as operational and financial performance, which do not have to face a similar non-binding vote, and which would, from a shareholder's perspective, provide a more appropriate 'trigger' for a Board spill. This is illogical and as Orica's submission states, this issue could be handled perfectly well with enhanced disclosure requirements.

The requirement for Key Management Personnel to be prohibited from exercising their voting rights in relation to a 'spill resolution' excludes a shareholder from what is after all his/her proprietary right. This proposal should be reconsidered.

Orica does not agree with the draft proposal on the 'declaring of no-vacancy' nor that regarding the 'requirements for explanatory notes'. The Orica Board puts considerable planning, time and effort into the director selection process to ensure a candidate has the requisite skill set to augment the current directors and the shareholders they represent. Limiting the Board's power to determine the appropriate Board size; and its ability to give preference to a candidate who has been through a rigorous selection and vetting process, is not in line with corporate convention, nor in the interest of all shareholders.

Boards must be seen to present a unified front. It may be seen as divisive to expect explanatory statements to accompany any Board limit resolution, and set out the recommendation (and the reasons) of each individual director. Amending this proposal to require a general statement of the reasons that the Board is proposing the resolution is a better way to progress this point.

Orica directors will monitor the progress of the draft legislation regarding improving accountability on director and executive remuneration with keen interest.

We ask that the views expressed in this letter alongside Mr Liebelt's submission be considered carefully in those further deliberations.

Yours sincerely

Russell Caplan
Chairman
Orica Human Resources & Compensation Committee