ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	981 413 156
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	ORICA NORWAY AS
Forretningsadresse:	Røykenveien 18 3427 GULLAUG

Regnskapsår

Årsregnskapets periode:	01.10.2020 - 30.09.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Bjørg Listrud
Dato for fastsettelse av årsregnskapet:	21.12.2021

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 10.05.2023

Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	720 491 000	751 705 000
Annen driftsinntekt	2	7 816 000	9 867 000
Sum inntekter		**728 307 000**	**761 572 000**
Kostnader			
Varekostnad	3	482 386 000	488 674 000
Lønnskostnad	4	109 891 000	105 064 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	13,14, 16	24 268 000	24 394 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	14	0	5 775 000
Annen driftskostnad	5,23	114 296 000	156 696 000
Sum kostnader		**730 841 000**	**780 603 000**
Driftsresultat		**-2 534 000**	**-19 031 000**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	6	137 780 000	69 040 000
Renteinntekt fra foretak i samme konsern		0	160 000
Annen renteinntekt		1 213 000	302 000
Annen finansinntekt		8 041 000	1 218 000
Sum finansinntekter		**147 034 000**	**70 720 000**
Nedskrivning av finansielle eiendeler	10	120 813 000	156 472 000
Rentekostnad til foretak i samme konsern		5 066 000	3 133 000
Annen rentekostnad		2 587 000	2 666 000
Annen finanskostnad	6	5 475 000	15 539 000
Sum finanskostnader		**133 941 000**	**177 810 000**
Netto finans		**13 093 000**	**-107 090 000**
Ordinært resultat før skattekostnad		**10 559 000**	**-126 121 000**
Skattekostnad på ordinært resultat	7	0	47 283 000
Ordinært resultat etter skattekostnad		**10 559 000**	**-173 404 000**

Resultatregnskap

Beløp i: NOK	Note	2021	2020
Årsresultat		**10 559 000**	**-173 404 000**
Andre resultatkomponenter for IFRS-foretak		3 489 000	-331 000
Sum resultatkomponenter for IFRS-foretak		3 489 000	-331 000
Totalresultat		**14 048 000**	**-173 735 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		14 048 000	-173 733 000
Sum overføringer og disponeringer		**14 048 000**	**-173 733 000**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Forskning og utvikling	14	54 000	207 000
Goodwill	14	81 903 000	81 903 000
Sum immaterielle eiendeler		**81 957 000**	**82 110 000**
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	13	28 386 000	31 315 000
Maskiner og anlegg		45 428 000	34 913 000
Sum varige driftsmidler		**73 814 000**	**66 228 000**
Finansielle anleggsmidler			
Investering i datterselskap	10	1 835 977 000	1 927 761 000
Investeringer i aksjer og andeler	12		
Obligasjoner		258 000	258 000
Balanseførte leieavtaler	16	45 358 000	40 058 000
Konserninterne langsiktige fordringer		77 020 000	0
Sum finansielle anleggsmidler		**1 958 613 000**	**1 968 077 000**
Sum anleggsmidler		**2 114 384 000**	**2 116 415 000**
Omløpsmidler			
Varer			
Varer	9	45 886 000	45 454 000
Sum varer		**45 886 000**	**45 454 000**
Fordringer			
Kundefordringer	8	112 020 000	159 849 000
Andre fordringer		3 860 000	5 553 000
Konsernfordringer	11,22	69 499 000	18 956 000
Sum fordringer		**185 379 000**	**184 358 000**
Investeringer			
Andre finansielle instrumenter		24 000	
Sum investeringer		**24 000**	

Balanse

Beløp i: NOK	Note	2021	2020
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	15	41 016 000	28 476 000
Sum bankinnskudd, kontanter og lignende		**41 016 000**	**28 476 000**
Sum omløpsmidler		**272 305 000**	**258 288 000**
SUM EIENDELER		**2 386 689 000**	**2 374 703 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	18	168 223 000	152 930 000
Annen innskutt egenkapital		1 236 578 000	4 195 000
Sum innskutt egenkapital		**1 404 801 000**	**157 125 000**
Opptjent egenkapital			
Annen egenkapital		516 946 000	502 899 000
Sum opptjent egenkapital		**516 946 000**	**502 899 000**
Sum egenkapital		**1 921 747 000**	**660 024 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	18	15 480 000	20 590 000
Andre avsetninger for forpliktelser	20,22	26 000 000	23 500 000
Sum avsetninger for forpliktelser		**41 480 000**	**44 090 000**
Annen langsiktig gjeld			
Oprasjonell kortsiktig Leasegjeld	17,22	33 900 000	31 318 000
Sum annen langsiktig gjeld		**33 900 000**	**31 318 000**
Sum langsiktig gjeld		**75 380 000**	**75 408 000**
Kortsiktig gjeld			
Leverandørgjeld	22	82 341 000	81 150 000
Kortsiktig konserngjeld	24	209 959 000	1 430 600 000

Balanse

Beløp i: NOK	Note	2021	2020
Annen kortsiktig gjeld	17,20, 22	97 263 000	127 521 000
Sum kortsiktig gjeld		**389 563 000**	**1 639 271 000**
Sum gjeld		**464 943 000**	**1 714 679 000**
SUM EGENKAPITAL OG GJELD		**2 386 690 000**	**2 374 703 000**

ORICA NORWAY AS

GENERALFORSAMLINGSPROTOKOLL

Den 21. desember 2021 ble det holdt ordinær generalforsamling i Orica Norway AS i selskapets kontorlokaler på Gullaug i Lier kommune.

Generalforsamlingen ble åpnet av Peter Otterborg (per telefon) som møtte på vegne av Orica Sweden Holdings AB, selskapets eneste aksjonær. Samtlige aksjer og stemmer var derved representert. Dessuten møtte Trond Hellum. Peter Otterborg ble valgt til møteleder og Trond Hellum ble valgt til å undertegne protokollen sammen med møtelederen.

Sak 1 – Årsregnskap og årsberetning for 2021

Det ble redegjort for selskapets utvikling i 2021. Styrets beretning ble lest opp.

Revisors beretning ble lest opp.

Årsregnskap og årsberetning ble deretter enstemmig godkjent. Det ble ikke vedtatt utdeling av utbytte.

Sak 2 – Godkjennelse av honorar til revisor

Honorar til revisor på kr 2 669 705 ble enstemmig godkjent.

Intet ytterligere forelå til behandling.

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Møtet hevet.

Gullaug, den 21. desember 2021

Peter Otterborg

Trond Hellum

General

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0306 Oslo

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Til generalforsamlingen i Orica Norway AS

Uavhengig revisors beretning

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert Orica Norway AS' årsregnskap som består av balanse per 30. september 2021, resultatregnskap, utvidet resultatregnskap, oppstilling over endringer i egenkapital og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noteopplysninger til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 30. september 2021, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med forenklet anvendelse av internasjonale regnskapsstandarder etter regnskapsloven § 3–9.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med forenklet anvendelse av internasjonale regnskapsstandarder etter regnskapsloven § 3–9. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et regnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvikle selskapet eller legge ned virksomheten, eller ikke har noe realistisk alternativ til dette.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.

- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.

- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.

- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.

- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

KPMG

Revisors beretning - 2021
Orica Norway AS

Uttalelse om andre lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til resultatdisponering er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 21. desember 2021
KPMG AS

Andreas Loga
Statsautorisert revisor

ORICA NORWAY AS

PROTOKOLL FOR STYREMØTE

Styremøtet ble avholdt den 21. desember 2021 som Teams møte

Til stede var:
Victor Enrique Morales Baeza
Trond Lossius Hellum
Ida Synnøve Fjelltun
Knut Ivar Hesjedal
Christian Ek

Hele styret var til stede og dermed vedtaksdyktig, jf aksjelovens § 6-24.

I tillegg deltok ansvarlig revisor, Andreas Loga fra KPMG på møtet.

Til behandling forelå:

1. **Godkjennelse av agenda**
   Agenda for møtet ble godkjent.

2. **Godkjenning av årsregnskap for 2021**

   Forslag til årsregnskap og årsberetning
   Administrasjonens forslag til årsregnskap og årsberetning for 2021 ble gjennomgått. Alle spørsmål som ble stilt, ble besvart uten at det kom frem innvendinger fra styret.

   Forslag til disponering av årets resultat, herunder konsernbidrag og utbytte
   Styret diskuterte det fremlagte forslaget fra administrasjonen til disponering av årets resultat, herunder konsernbidrag og utbytte.

   Styret vurderer at selskapets egenkapital og likviditet er forsvarlig.

   Styret godkjente enstemmig det fremlagte forslaget til disponering av årets resultat.
   Styret vedtok enstemmig at det ikke skal utbetales utbytte.

General

Godkjennelse av årsregnskap og årsberetning
Deretter vedtok styret enstemmig det fremlagte årsregnskap og årsberetning. Samtlige styremedlemmer undertegnet årsregnskapet og årsberetningen uten forbehold.

Innkalling til ordinær generalforsamling
Det ble enstemmig vedtatt at styret innkaller til ordinær generalforsamling den 21. desember 2021, kl. 15.00

3. **Helse Miljø og Sikkerhet**
Trond Lossius Hellum ga en kort oppdatering til styret vedrørende oppnådde resultater for Helse Miljø og Sikkerhet i inneværende finansår.

4. **Finansielt resultat FY 2022**
Trond Lossius Hellum orienterte styret om finansielt resultat hittil i år.

5. **Eventuelt**
Det forelå ikke saker til behandling under dette punktet.

Styrets beslutninger er enstemmige.

Gullaug, den 21. desember 2021

Victor Enrique Morales Baeza Styrets leder	Trond Lossius Hellum Styremedlem
Ida Synnøve Fjelltun Styremedlem	Knut Ivar Hesjedal Styremedlem
Christian Ek Styremedlem	

General

Årsregnskap 2021

ORICA NORWAY AS

Org. nr: 981 413 156

Innhold:

Orica Norway AS

Årsberetning for perioden 01.10.2020 – 30.09.2021

Virksomhetens art
Orica Norway AS inngår i det australske Orica-konsernet og har sin hovedvirksomhet innen forretningsområdet sprengstoffer og tennmidler for sivile formål. Omlag 90 % av selskapets leveranser gikk i 2021 til det norske markedet. Innen hovedforretningsområdet eier selskapet en rekke hel- eller deleide selskaper i Europa, Asia, Afrika og Latin-Amerika. Selskapene er listet i Note 10 til regnskapet pr. 30.09.2021. Selskapets forretningsadresse er Gullaug i Lier. Selskapet har regnskapsår fra 1. oktober til 30. september.

Orica Norway AS skal videreutvikles som et ledende sprengstoffselskap. Dette skal bl.a. gjøres gjennom effektivisering, vekst og utvikling av nye produkter og forretningskonsepter for å skape merverdier for kunde og selskapet ved utnyttelse av avanserte sprengningsløsninger.

Fortsatt drift
Årsregnskapet er utarbeidet under forutsetning om fortsatt drift. Styret bekrefter at denne forutsetningen er tilstede.

Konsernregnskap
Det utarbeides ikke konsernregnskap for Orica Norway AS ettersom selskapet indirekte er heleid av det australske selskapet Orica Limited som utarbeider konsernregnskap på engelsk i samsvar med australsk IFRS, hvor Orica Norway AS med datterselskaper, felleskontrollerte virksomheter og tilknyttede selskap inngår. Dette konsernregnskapet er tilgjengelig på hjemmesiden www.orica.com.

Driftsinntekter og resultat
Hovedtallene i selskapets resultatregnskap er som følger:

(NOK 000')	2021	2020
Driftsinntekter	728 307	761 572
Driftsresultat	-2 535	-19 031
Netto finansielle poster	13 093	-107 091
Resultat før skattekostnad	**10 558**	**-126 122**
Skattekostnad	0	47 282
Årsresultat	**10 558**	**-173 404**
Andre inntekter og kostnader	3 489	-330
Totalresultat	**14 048**	**-173 733**

Innlandssalget ble redusert i 2021 med ca. 10,8 % sammenlignet med 2020. Av selskapets brutto salgsinntekter utgjorde eksportandelen ca. 2,7 % i 2021 mot 2,7 % for 2020.

Selskapets driftsresultat økte fra -19 millioner for 2020 til -2,5 millioner i 2021.

Selskapets netto finansielle poster økte med 120,2 millioner fra 2020 til 2021. I hovedsak skyldes dette at det i 2021 ble utført et salg av 100% av aksjene i et datterselskap for 109,7 millioner. Selskapet gjennomførte en nedskrivning på MNOK 120,8 i 2021. Det ble også gjennomført en nedskrivning på aksjer i døtre i 2020 på 156,5 millioner, noe som trakk ned summen i fjor.

Selskapet har en skattekostnad på 0 kr. Dette skyldes at selskapet i 2021 ikke bokfører utsatt skattefordel.

Balanse
Selskapets totale eiendeler pr. 30.09.2021 utgjør 2 387 millioner mot 2 375 millioner i 2020 fordelt på anleggsmidler med 2 144 millioner mot 2 116 millioner i 2020 og omløpsmidler med 272 millioner mot 258 millioner i 2020.

Eiendelene er finansiert med 80,5 % egenkapital hvilket utgjør 1 922 millioner mot 660 millioner i 2020, langsiktige forpliktelser på 75 millioner mot 75 millioner i 2020 og kortsiktig gjeld på 390 millioner mot 1 639 millioner i 2020.

Selskapets finansielle stilling på balansedagen vurderes å være tilfredsstillende. Styret har vurdert egenkapitalen og likviditeten i selskapet til å være forsvarlig.

Kontantstrøm, investeringer og likviditet
Kontantstrøm fra driften var positiv med 65,2 millioner i 2021 mot driftsresultat på -2,5 millioner. Hovedårsaken til differansen mellom kontantstrøm fra driften og driftsresultat skyldes en nedskrivning av aksjeverdi i datterselskap og salg av datterselskap.

Fra investeringsaktiviteter er kontantstrømmen -22,3 millioner som i all hovedsak skyldes aksjeinnskudd i datterselskaper og investering i varige driftsmidler.

Kontantstrøm fra finansieringsaktiviteter var -30,5 millioner i 2021 som hovedsakelig skyldes leiebetalinger balanseførte leieavtaler og netto opptrekk på kassekreditt.

Ved utgangen av året utgjorde kontanter og kontantekvivalenter 41 millioner.

Fremtidsutsikter
Orica Norway har det vesentlige av sine salgsinntekter fra det norske markedet og etterspørselen etter selskapets produkter er primært avhengig av offentlige investeringer i infrastruktur og kommunikasjon samt privat investering i husbygging og industri. Aktivitetsnivået i det norske anleggsmarkedet er høyt. Nye store prosjekter er i prosjekteringsfasen med oppstart i budsjettperioden som gjør at det forventes en svak oppgang i dette segmentet for 2022. Konkurransen i markedet øker, men Orica Norway forventer å beholde sin sterke markedsposisjon i 2022.

Det planlegges alminnelige investeringer for å sikre betjeningen av markedet.

Ellers ventes ikke vesentlige endringer i rammebetingelsene for driften, men det er imidlertid usikkerhet knyttet til vurderingen av fremtidige forhold som oppstartstidspunkt eller utsettelser av større prosjekter.

Likestilling og inkludering
Selskapet praktiserer likestilling ut fra prinsippet om at enhver stilling skal besettes med den beste kandidaten uavhengig av kjønn, etnisk bakgrunn, religionstilhørighet eller funksjonsevne. Styret er bevisst på de samfunnsmessige forventninger om tiltak for å fremme likestilling i virksomheten og styret. Styrets målsetting er på sikt å innfri samfunnets forventninger om bedre inkludering i sentrale posisjoner i virksomheten.

Av selskapets gjennomsnittlige antall årsverk på 107 i 2021 utgjorde kvinneandelen ca. 14 %, mot 14 % for 2020 Selv om dette tallet er lavt, må det vurderes i lys av de virksomhetene som betjenes, dvs. gruver, bygg- og anleggsvirksomhet og service til denne industrien, som tradisjonelt har tiltrukket menn. Dette er også vanskelig å endre som følge av stabiliteten i antall ansatte.

- Styret har for tiden 5 medlemmer hvorav 1 kvinne.

- Antall ansatte per 30.09.2021 utgjorde 106, hvorav menn utgjør 91 stk (85.85 %) og kvinner 15 stk (14,15 %)
- Det er ingen midlertidige ansatte i dette regnskapsåret.
- 1 kvinne (0,94 % av totalt ansatte) er ansatt i deltidsstilling. Ingen menn er ansatte i deltidsstillinger.
- To menn har tatt ut 18 uker fødselspermisjon i løpet av regnskapsåret. Det er ingen kvinner som har tatt ut fødselspermisjon i løpet av regnskapsåret.

Som et globalt selskap, ønsker vi å tiltrekke og beholde talent på alle nivåer fra geografiske områder der vi opererer. Vi opprettholder aktivitetsplikten ved at vi ønsker å skape arbeidsmiljøer der ansatte fra alle bakgrunner blir behandlet med respekt, føler seg inkludert og støttes for at de skal lykkes og oppnå sitt fulle potensiale. Vi søker å bygge og opprettholde en bedriftskultur der forskjeller respekteres og verdsettes. Dette er sentralt i konsernets Mangfold og inkluderingspolicy, som også bekrefter at Orica er forpliktet til like mulighet for ansettelser og å støtte mangfold og inkludering i arbeidsstyrken. Mangfold og inkluderingspolicyen dekker styremedlemmer, ansatte og entreprenører engasjert av Orica, på alle nivåer og i alle ledd av vår virksomhet. Den ble oppdatert og godkjent av Orica Limited Board i august 2020 og er også gjeldende for Orica Norge AS.

De ulike diskrimineringsgrunnlagene definert av likestillingsloven er dekket gjennom både mangfold og inkluderingspolicyen og konsernets Code of Business Conduct and Charter. Mangfold og inkluderingspolicyen anerkjenner også behovet for fleksibilitet og balansering av arbeidsforpliktelser og personlige forpliktelser i ulike karrierer og livsfaser.

Orica har også en ekstern varslingstjeneste hvor de ansatte kan varsle om eventuelle brudd på etiske retningslinjer, som diskriminering, trakassering og annen uetisk atferd.

Selskapet kan etter karlegging av lønn ikke finne noen indikasjoner på forskjellsbehandling i forhold til kjønn. Det er kun èn kvinne som arbeider deltid i selskapet. Stillingen er innenfor renhold.

Helse, Miljø og Sikkerhet (HMS)
HMS er definert som en av selskapets nøkkelverdier. Selskapet fokuserer på effektive ledelsessystemer, en høy teknisk standard ved produksjonsanleggene og søker å skape en kultur hvor alle ansatte tar et aktivt ansvar for HMS-arbeidet.

HMS-arbeidet skal være et prioritert område på alle nivåer i selskapet og utføres med basis i klart definerte standarder, programmer og mål for å unngå uhell, skader og ukontrollerte utslipp. Utarbeidelse av et nytt ledelsessystem for internkontroll og kvalitet ble satt i gang i 2010. Systemet er i full drift, men det jobbes kontinuerlig med forbedring av prosedyrer, dokumenter og systemet generelt samt tilpasninger til endringer som skjer i Orica sine sentrale HMS-system og lover og forskrifter.

Orica har de siste årene hatt et økt fokus på «Major Hazards», dvs. farer som kan gi uhell med stor konsekvens (dødsfall, store utslipp og lignende). Det har vært jobbet aktivt med å identifisere de relevante største farene og å verifisere at nødvendige sikkerhetstiltak er på plass.

Selskapets ledelse følger nøye opp HMS-arbeidet i ulike deler av selskapet og selskapets styre holdes informert om pågående aktiviteter innenfor området.

Selskapet arbeider kontinuerlig med å søke å fjerne de underliggende årsakene til skader og uhell på alle nivåer i organisasjonen for å hindre gjentagelse. Dette har bl.a. inkludert en nøye oppfølging av alle typer uhell og skader, «nesten-uhell» og gjennomføring av preventive og korrektive tiltak.

HMS-resultater
Orica Norway AS hadde i FY2021 en personskade som førte til sykefravær. En ansatt fikk en avrivning av en muskelsene i armen mens han utførte arbeid ute på et kundeanlegg. Den ansatte hadde en operasjon og det igjen ga sykemelding. Orica klassifiserte hendelsen som Severity 3 event(serious). Det ble gjort en grundig granskning som følge av hendelsen som førte til målrettet tiltak for å hindre lignende hendelse i fremtiden.
Orica Norway hadde også en security/sikring hendelse i FY2021 hvor det ble gjort et innbruddsforsøk på et av våre lagre. Hendelsen ble gransket og tiltak ble iverksatt.

Skadefrekvensen for ansatte (totalt antall skader som enten resulterte i fravær fra arbeidet eller krevde medisinsk behandling pr. 200 000 arbeidstimer) ble derfor 1,0. I 2020 var tilsvarende skadefrekvenser 0,9.

Sykefraværet har de siste årene vært som følger:
2021: 4,0 % (8 535 timer)
2020: 3,4 % (7 236 timer)

Basert på tilgjengelig informasjon synes lite av fraværet å kunne ha en direkte sammenheng med den enkeltes jobbsituasjon. Innføringen av et nytt ERP-system har imidlertid ført til mye ekstrajobbing for enkelte, så det kan være en mulig sammenheng med i forbindelse med dette uten at dette kan dokumenteres direkte. Korona-pandemien har ikke påvirket Orica Norway sterkt selv om det har vært noe fravær primært relatert til karantene og barn i karantene/hjemme fra skolen.

Risiko og miljøspørsmål
Håndtering, fremstilling og transport av eksplosiver er de aktivitetene i selskapets virksomhet som har størst farepotensiale. Det er etablert omfattende standarder og "beste praksis" for virksomheten for kontinuerlig å redusere risikoen for uhell. Det utføres også jevnlig verifikasjon av kritiske sikkerhetstiltak relatert til de største identifiserte farene («Major Hazards»).

Transportmateriell som benyttes i selskapets virksomhet er konstruert i samsvar med Orica-konsernets interne standarder og i henhold til nasjonalt og internasjonalt regelverk for farlig gods kjøretøyer.

Orica Norway AS har ingen faste produksjonsanlegg i Norge. Ved selskapets tidligere produksjonsanlegg for sprengstoffer i Sætre i Hurum pågår oppryddings- og saneringsarbeider, bl.a. av forurenset grunn og gammel bygningsmasse. Arbeidet utføres i samarbeid med Miljødirektoratet og i henhold til verneinteresser. Alle opprydningskostnadene bæres av selskapet og det er foretatt avsetninger i regnskapet for de påregnelige kostnadene.

Patronerte (fabrikkproduserte) sprengstoffer og tennmidler importeres fra leverandører i ulike land og videreselges av Orica Norway AS til kunder. Det er ingen utslipp til miljøet fra denne virksomheten ut over røykgassutslipp fra fossilt brennstoff brukt til oppvarming av bygninger og som drivstoff for kjøretøyer. Denne salgsvirksomheten genererer lite avfall hos Orica.

I tillegg til fabrikkproduserte sprengstoffer og tennmidler, leverer Orica Norway AS også bulksprengstoffer til kunder i Norge. Råvarer og halvfabrikata til disse produktene kjøpes fra leverandører i Norge og i utlandet. I noen tilfeller bearbeides råvarene noe til halvfabrikata før de leveres til kundene. Råvarene leveres til selskapet enten ved hjelp av tankbil eller emballert i store eller små sekker. Disse tomsekkene representerer avfallet som blir generert fra bulkvirksomheten. Tomemballasjen kildesorteres før leveranse til avfallsmottak der dette er praktisk gjennomførbart.

Bulkproduktene leveres til kundene ved hjelp av mobile tilvirknings- og ladeenheter – MEMUer – dvs. lastebiler med råvaretanker som produserer bulksprengstoffene på brukerstedet og leverer sprengstoffene direkte i borehullene i fjellet. Det er tilnærmet ingen utslipp fra bulkvirksomheten til ytre miljø ut over røykgassutslipp fra fossilt brennstoff brukt til oppvarming av bygninger og som drivstoff for kjøretøyer.

Forskning og produktutvikling
Det alt vesentlige av selskapets FoU-aktiviteter utføres ved Oricas sentrale utviklingsavdelinger i Canada og Australia. Større lokale utviklingsprosjekter og -behov kanaliseres til disse avdelingene.

Årsresultat og disponeringer
Styret foreslår at totalresultatet i Orica Norway AS på kr 14 048 tusen disponeres som følger:

Til annen egenkapital	kr	14 048
Sum disponeringer	kr	14 048

Gullaug, 21.12.2021

Victor Enrique Morales Baeza
Styrets leder

Trond Hellum
Administrerende direktør

Ida Synnøve Fjelltun
Styremedlem

Knut Ivar Hesjedal
Styremedlem

Christian Ek
Styremedlem

Resultatregnskap

Orica Norway AS

Beløp i kr 000'	Note	01.10.20- 30.09.21	01.10.19 - 30.09.20
Salgsinntekter	2	720 491	751 705
Andre driftsinntekter	2	7 816	9 867
Sum driftsinntekter		**728 307**	**761 572**
Varekostnad	3	482 386	488 674
Lønnskostnad	4	109 891	105 064
Avskrivninger	13, 14, 16	24 268	24 394
Nedskrivninger	14	0	5 775
Annen driftskostnad	5, 23	114 296	156 696
Sum driftskostnader		**730 842**	**780 603**
Driftsresultat		**-2 535**	**-19 031**
Salg av datterselskap	10	109 679	0
Nedskrivning av finansielle eiendeler	10	120 813	156 472
Andre finansposter	6	24 227	49 381
Resultat finansposter		**13 093**	**-107 091**
Ordinært resultat før skattekostnad		**10 558**	**-126 122**
Skattekostnad på ordinært resultat	7	0	47 282
Ordinært resultat		**10 558**	**-173 404**
ANDRE INNTEKTER OG KOSTNADER			
Tilleggsforpliktelse pensjon etter skatt		3 489	-330
Årsresultat		**14 048**	**-173 733**
Overføringer			
Avsatt til annen egenkapital		14 048	-173 733
Sum overføringer		**14 048**	**-173 733**

Balanse

Orica Norway AS

Beløp i kr 000'			
EIENDELER	**Note**	**30.09.21**	**30.09.20**
Goodwill og andre imm. eiendeler	14	81 957	82 110
Immaterielle eiendeler		**81 957**	**82 110**
Balanseførte leieavtaler	16	45 358	40 058
Varige driftsmidler	13	73 813	66 228
Varige driftsmidler		**119 171**	**106 287**
Aksjer i datterselskap og FKS	10	1 835 977	1 927 761
Verdipapirer	12	258	258
Konserninterne langsiktige fordringer		77 020	0
Finansielle anleggsmidler		**1 913 254**	**1 928 018**
ANLEGGSMIDLER		**2 114 383**	**2 116 415**
Varebeholdninger	9	**45 886**	**45 454**
Kundefordringer	8	112 020	159 849
Andre fordringer		3 860	5 553
Konserninterne fordringer	11, 22	69 499	18 956
Sum fordringer	22	**185 380**	**184 358**
Andre markedsbaserte finansielle instrumenter		24	0
Sum investeringer		**24**	**0**
Likvider	15	41 016	28 477
OMLØPSMIDLER		**272 305**	**258 288**
SUM EIENDELER		**2 386 688**	**2 374 703**

Balanse

Orica Norway AS

Beløp i kr 000'

EGENKAPITAL OG GJELD	Note	30.09.21	30.09.20
Aksjekapital	19	168 223	152 930
Annen innskutt egenkapital	19	1 236 578	4 195
Innskutt egenkapital		**1 404 801**	**157 125**
Annen egenkapital		**516 946**	**502 898**
SUM EGENKAPITAL		**1 921 747**	**660 024**
Pensjonsforpliktelser	18	15 480	20 590
Andre langsiktige forpliktelser	20, 22	26 000	23 500
Langsiktig rentebærende gjeld	17, 22	33 900	31 318
LANGSIKTIG GJELD		**75 379**	**75 408**
Leverandørgjeld	22	82 341	81 150
Annen kortsiktig gjeld	17, 20, 22	97 263	127 521
Annen kortsiktig gjeld konsernintern	24	209 959	1 430 600
KORTSIKTIG GJELD	22	**389 562**	**1 639 271**
SUM EGENKAPITAL OG GJELD		**2 386 688**	**2 374 703**

Gullaug, 21.12.2021
Styret i Orica Norway AS

Victor Enrique Moreales Baeza
Styreleder

Ida Synnøve Fjelltun
Styremedlem

Knut Ivar Hesjedal
Styremedlem

Christian Ek
Styremedlem

Trond Hellum
Daglig leder

Kontantstrømoppstilling
Orica Norway AS

Beløp i kr 000'	01.10.2020-30.09.2021	01.10.2019-30.09.2020
Kontantstrømmer fra operasjonelle aktiviteter		
Resultat før skattekostnad	10 558	-126 122
Gevinst(-)/tap(+) ved salg av aksjeinvesteringer	-109 679	-
Avskrivninger	24268	24 330
Nedskrivning av varige driftsmidler	-	5 890
Nedskrivning aksjeinvesteringer	120 813	156 427
Endring varebeholdninger	-432	-42
Endring i kundefordringer	47 829	-35 686
Endring i leverandørgjeld	1 191	-47 246
Endring pensjonsforpliktelser	-1 621	-1 497
Endring i andre tidsavgrensningsposter	364	-23 497
Resultatført utbytte fra datterselskap og tilknyttet selskap	-28 089	-68 909
Netto kontantstrøm fra operasjonelle aktiviteter	**65 204**	**-116 352**
Kontantstrømmer fra investeringsaktiviteter		
Investert i varige driftsmidler og immaterielle eiendeler	-18 922	-6 609
Aksjeinnskudd i datterselskap	-29 028	-1 500 901
Mottatt utbytte fra datterselskap	25 788	61 201
Netto kontantstrøm fra investeringsaktiviteter	**-22 162**	**-1 446 309**
Kontantstømmer fra finansieringsaktiviter		
Leiebetalinger balanseførte leieavtaler	-12 896	-10 834
Innbetaling ved opptak av ny kortsiktig gjeld	-	1 247 676
Netto opptrekk på kassekreditt	-17 607	343 337
Netto kontantstrøm fra finansieringsaktiviteter	**-30 503**	**1 580 179**
Netto endring i kontanter og kontantekvivalenter	**12 539**	**17 518**
Kontanter og kontantekvivalenter pr. 1.10.	28 477	10 959
Kontanter og kontantekvivalenter pr. 30.09.	41 016	28 477

Oppstilling av endringer i egenkapitalen

Orica Norway AS

Oppstilling av endringer i egenkapital - Forenklet IFRS (beløp i kr 000')	Aksjekapital	Overkurs	Innskutt annen egenkapital	Annen egenkapital	Sum Egenkapital
Egenkapital per 30. september 2019	**152 930**	**-**	**4 091**	**676 631**	**833 652**
Årets resultat 2020	-	-	-	-173 404	-173 404
Estimatavvik pensjonsforpliktelser	-	-	-	-421	-421
Skatteffekt estimatavvik	-	-	-	93	93
Aksjebasert avlønning	-	-	104	-	104
Årets totalresultat	**-**	**-**	**104**	**-173 732**	**-173 628**
Egenkapital per 30. september 2020	**152 930**	**-**	**4 195**	**502 899**	**660 024**
Egenkapital per 30. september 2020	**152 930**	**-**	**4 195**	**502 899**	**660 024**
Årets resultat 2021	-	-	-	10 558	10 558
Estimatavvik pensjonsforpliktelser	-	-	-	4 474	4 474
Skatteffekt estimatavvik	-	-	-	-984	-984
Årets totalresultat	**-**	**-**	**-**	**14 048**	**14 048**
Kapitalforhøyelse	15 293	1 232 383	-	-	1 247 676
Egenkapital per 30. september 2021	**168 223**	**1 232 383**	**4 195**	**516 946**	**1 921 747**

INNHOLD NOTER

1. REGNSKAPSPRINSIPPER

Selskapsregnskapet er avlagt i samsvar med forenklet Internasjonale Standarder for Finansiell Rapportering (IFRS) og fortolkninger fastsatt av International Accounting Standards Board (IASB) i samsvar med regnskapslovens § 3-9 og tilhørende forskrifter, omtalt som forenklet IFRS.

Selskapet inngår i det australske Orica-konsernet og har regnskapsår fra 1. oktober til 30. september.

GRUNNLAG FOR REGNSKAPSUTARBEIDELSEN
Regnskapet er presentert i norske kroner, avrundet til nærmeste hele tusen kroner.

Regnskapet er utarbeidet basert på et historisk kost prinsipp, med unntak av pensjonsforpliktelser og kundefordringer som er balanseført til virkelig verdi, og varelager som er bokført til netto realiserbar verdi.

Anleggsmidler og avhendingsgrupper tilgjengelig for salg regnskapsføres til det laveste av balanseført verdi og virkelig verdi fratrukket salgsutgifter.

Utarbeidelse av finansregnskap i overensstemmelse med forenklet IFRS krever at ledelsen gjør vurderinger og estimater og tar forutsetninger som påvirker anvendelsen av regnskapsprinsipper og regnskapsførte beløp på eiendeler og forpliktelser, inntekter og kostnader. Estimater og tilhørende forutsetninger er basert på historisk erfaring og andre faktorer som anses rimelige, forholdene tatt i betraktning. Disse beregningene danner grunnlaget for vurdering av balanseført verdi for eiendeler og forpliktelser som ikke kommer klart fram av andre kilder. Faktiske resultat kan avvike fra disse estimatene.

Estimater og de underliggende forutsetninger vurderes løpende. Endringer i regnskapsmessige estimater innregnes i den perioden endringene oppstår dersom de kun gjelder denne perioden. Dersom endringer også gjelder fremtidige perioder, fordeles effekten over inneværende og fremtidige perioder.
Regnskapsprinsippene som fremkommer nedenfor, er anvendt konsistent for alle periodene som presenteres i selskapsregnskapet.

KLASSIFISERING
Eiendeler og gjeld er normalt medtatt i balansen som henholdsvis anleggsmidler og langsiktig gjeld dersom det ikke er avtalt eller ikke kan påregnes at avhendelse eller betaling vil skje innen ett år etter regnskapsårets utløp. Øvrige eiendeler (herunder poster som knytter seg til varekretsløpet) og gjeldsposter er oppført som henholdsvis omløpsmidler og kortsiktig gjeld.

Plasseringer og gjeld i fremmed valuta omregnes til norske kroner etter balansedagens kurser. Valutatap og −gevinster føres som finansielle poster.

Termintillegg/-fradrag i valutaterminkontrakter, opsjonspremier i valutaopsjonskontrakter og kostnader/inntekter i andre sikringskontrakter (renteswap-avtaler, rentecap-avtaler m.v.) periodiseres over kontraktenes løpetid og føres som finansielle poster.

DRIFTSINNTEKTER
Inntektsføring skjer på leveringstidspunktet ved salg av varer og tjenester. Generelle leveringsvilkår er Delivered Duty Paid (DDP); risiko overføres til kjøper ved levering på avtalt bestemmelsessted. Når kunden selv henter varer gjelder leveringsvilkåret ExWorks (EXW); risiko overføres til kjøper ved avhenting av varene. Inntekter fra salg av tjenester faktureres når de er levert. Eventuell verdi av påbegynte arbeider som ikke er fakturert ved periodeslutt blir beholdningsført til kostverdi.

Driftsinntekter er fratrukket rabatter, frakt og forsikringsutgifter knyttet til salget.

VAREBEHOLDNINGER
Beholdning av varer vurderes til det laveste av kostpris etter "først inn - først ut" prinsippet og antatt salgspris etter fradrag for salgskostnader. Kostpris for innkjøpte varer er inntakskost. Kostpris for varer under tilvirkning og egenproduserte varer er direkte tilvirkningskostnader tillagt andel av indirekte tilvirkningskostnader.

AKSJER OG VERDIPAPIRER
Aksjer og verdipapirer klassifisert som omløpsmidler vurderes til det laveste av anskaffelseskost og virkelig verdi. Investeringer som definert i regnskapslovens § 5-8 vurderes til virkelig verdi og verdireguleringene resultatføres som finansielle poster. Aksjer og verdipapirer bestemt for varig eie føres i balansen som anleggsmidler. Øvrige investeringer vurderes til kostpris. Nedskrivning ved antatt varig verdifall foretas etter individuell vurdering av den enkelte plassering. Realiserte og urealiserte tap/gevinster av disse plasseringene føres i resultatregnskapet som finansielle poster.

VARIGE DRIFTSMIDLER OG IMMATERIELLE EIENDELER
Varige driftsmidler og immaterielle eiendeler er ført opp i balansens eiendelsside til historisk anskaffelseskost etter fradrag for avskrivninger. Anskaffelseskost inkluderer aktiverte renter. Satsene for beregning av lineære avskrivninger er fastsatt ut fra en vurdering av de enkelte anleggsmidlers økonomiske levetid. Anlegg under utførelse blir ikke avskrevet før de tas i bruk. Ved salg av anleggsmidler føres gevinster som driftsinntekter og tap som driftskostnader.

VERDIFALL
Balanseført verdi av selskapets eiendeler blir gjennomgått på balansedagen for å vurdere om det foreligger indikasjoner på verdifall. Dersom det foreligger slike indikasjoner, estimeres eiendelens gjenvinnbare beløp.
Goodwill og immaterielle eiendeler med ubegrenset levetid ble testet for verdifall pr. 1. januar 2005, tidspunktet for overgang til IFRS, selv om ingen indikasjoner på verdifall eksisterte.
Årlig beregnes gjenvinnbart beløp på balansedagen for eiendeler som har en ubestemt utnyttbar levetid, og for immaterielle eiendeler som ennå ikke er tilgjengelige for bruk.

Tap ved verdifall innregnes i resultatregnskapet når balanseført verdi av en eiendel eller kontantgenererende enhet overstiger gjenvinnbart beløp.

Når en nedgang i virkelig verdi på en finansiell eiendel tilgjengelige for salg har vært ført direkte mot egenkapitalen og det foreligger objektive bevis for at eiendelen har vært gjenstand for verdifall, innregnes det akkumulerte tap som har vært ført direkte mot egenkapitalen i resultatregnskapet selv om den finansielle eiendelen ikke har blitt realisert. Det akkumulerte tapet som innregnes i resultatregnskapet utgjør differansen mellom anskaffelseskost ved overtakelse og dagens virkelige verdi, redusert for eventuelle verdifall på den finansielle eiendelen som tidligere har vært innregnet i resultatregnskapet.

Beregning av gjenvinnbart beløp
Gjenvinnbart beløp for investeringer i obligasjoner som holdes til forfall, og lån og fordringer som vurderes til amortisert kost, beregnes til nåverdien av forventede fremtidige kontantstrømmer, diskontert med opprinnelig effektiv rentesats (dvs. den effektive rentesats som ble beregnet ved første gangs registrering av disse finansielle eiendelene). Fordringer med kort løpetid diskonteres ikke.

Gjenvinnbart beløp for andre eiendeler er det høyeste av netto salgspris og bruksverdi. Bruksverdi beregnes ved å diskontere forventede fremtidige kontantstrømmer til nåverdi ved å benytte diskonteringsrente før skatt som reflekterer markedets prissetting av tidsverdien av penger og den risiko som er knyttet til den spesifikke eiendelen. For eiendeler som ikke hovedsaklig generer uavhengige kontantstrømmer, fastsettes gjenvinnbart beløp for den kontantgenererende enhet som eiendelen tilhører.

Reversering av verdifall
Tap ved verdifall av goodwill reverseres ikke.
Tap ved verdifall på obligasjoner som holdes til forfall og på lån og fordringer, som vurderes til amortisert kost, reverseres over resultatregnskapet dersom en senere økning av gjenvinnbart beløp objektivt kan relateres til en hendelse inntrådt etter at tapet ved verdifall ble innregnet i resultatregnskapet.

Tap ved verdifall for egenkapitalinstrumenter som klassifiseres som tilgjengelig for salg, reverseres ikke over resultatregnskapet. Dersom virkelig verdi på et gjeldsinstrument klassifisert som tilgjengelig for salg øker, og økningen objektivt sett kan relateres til en hendelse inntrådt etter innregningen av tap ved verdifall, reverseres tap ved verdifall over resultatregnskapet.

For andre eiendeler reverseres tap ved verdifall dersom det er en endring i estimater benyttet for å beregne gjenvinnbart beløp.

Et tap ved verdifall reverseres bare i den grad eiendelens balanseførte verdi ikke overstiger den balanseførte verdien som ville vært fastsatt, netto etter avskrivninger eller amortisering, dersom ingen tap ved verdifall hadde vært innregnet.

LEIEAVTALER

IFRS 16 inneholder èn enkelt modell for å regnskapsføre leieavtaler, som fjerner skillet mellom operasjonelle og finansielle leieavtaler. Alle kontrakter som møter definisjonen av en leieavtale iht. standarden, blir regnskapsført som en "bruksrettighet", med en tilhørende "leieforpliktelse" i balansen. Selskapet praktiserer unntak fra balanseføring for leiavtaler med en løpetid kortere enn 12 mnd og leieavtaler av lav verdi.

Bruksrettighetene er klassifisert som varige driftsmidler, de er avskrevet lineært over leieperioden og er gjenstand for nedskrivingsvurdering iht. IAS36. Leieforpliktelsen representerer nåverdien av fremtidige leiebetalinger i leieperioden inkludert eventuelle opsjoner, der ledelsen er rimelig sikker på å benytte opsjonen. Leieforpliktelsen er løst opp over leieperioden ved å benytte enten renten implisitt i låneavtalen, eller selskapets inkrementelle lånerente og redusert med periodens leiebetalinger.

PENSJONSKOSTNADER OG PENSJONSFORPLIKTELSER
Ytelser til ansatte i form av pensjonsordninger (direkte finansierte og fondsbaserte ytelser) er regnskapsført i samsvar med IAS (International Accounting Standards) 19 ”Ytelser til ansatte”.

Netto pensjonsforpliktelse knyttet til ytelsesbaserte pensjonsordninger beregnes separat for hver ordning ved å estimere størrelsen på fremtidige ytelser som den ansatte har opptjent på balansedagen. Disse fremtidige ytelsene diskonteres for å beregne nåverdien, og virkelig verdi av pensjonsmidler trekkes fra for å finne netto pensjonsforpliktelse. Diskonteringsrenten utgjør balansedagens rente på bedriftsobligasjonslån med særlig høy kredittverdighet (AAA credit rating) og med tilnærmet samme løpetid som selskapets forpliktelser. Beregning er gjort av en kvalifisert aktuar, og er basert på lineær opptjeningsmodell.
For ytelsesordninger rapporteres periodens opptjening under lønn og andre personalkostnader. Rentekostnader av pensjonsforpliktelsen fratrukket estimert avkastning på pensjonsmidler inngår i finansielle poster.

For pensjonsordninger hvor det ytes et avtalt tilskudd fra arbeidsgiver og hvor pensjonsmidlene forvaltes separat, inngår tilskuddet i lønn og andre personalkostnader.

Når ytelsene i en ordning forbedres, innregnes den andelen av økningen i ytelsene, som ansatte har

opparbeidet rettighet til, som kostnad i resultatregnskapet lineært over gjennomsnittlig tidsperiode frem til de ansatte har oppnådd en ubetinget rett til de økte ytelsene. Kostnaden innregnes umiddelbart i resultatregnskapet dersom de ansatte allerede ved tildeling har fått en ubetinget rett til økte ytelser.
Aktuarielle gevinster og tap oppstått ved beregning av foretakets netto pensjonsforpliktelser innregnes i netto pensjonsforpliktelser umiddelbart og belastes direkte mot annen egenkapital.

OPPRYDDINGS- OG FJERNINGSFORPLIKTELSER
Selskapet vil normalt være forpliktet til å rydde fabrikkområder når virksomheten avsluttes. Nåverdien av estimerte fremtidige oppryddings- og fjerningsforpliktelser er regnskapsført som en forpliktelse. Endringer som følge av justerte estimater vedr. fremtidige oppryddings- og fjerningskostnader eller som følge av endringer i antatt tidspunkt for opprydding og fjerning resultatføres i den perioden endringen finner sted. Årlig endring som skyldes at forpliktelsen er kommet et år nærmere i tid belastes andre finanskostnader.

AVSETNINGER OG BETINGEDE UTFALL
En avsetning innregnes i balansen når selskapet har en eksisterende rettslig forpliktelse eller underforstått plikt, som følge av en tidligere hendelse og det er sannsynlig at det vil kreves en strøm av økonomiske fordeler fra foretaket for å innfri forpliktelsen. Avsetning er beregnet med utgangspunkt i ledelsens beste estimat på balansedagen. For betingede forpliktelser er det foretatt avsetning i den utstrekning det foreligger sannsynlighetsovervekt for at fremtidig forpliktelse vil inntreffe. Dersom effekten er betydelig, beregnes avsetningen ved å neddiskontere forventede fremtidige kontantstrømmer med en diskonteringsrente før skatt som reflekterer markedets prissetting av tidsverdien av penger og, hvis relevant, risikoer som spesifikt er knyttet til forpliktelsen. Usikre skatteforpliktelser er regnskapsført etter samme prinsipper.

LEVERANDØRGJELD OG ANDRE KORTSIKTIGE FORPLIKTELSER
Leverandørgjeld og andre betalingsforpliktelser regnskapsføres til kost.

TRANSAKSJONER I UTENLANDSK VALUTA
Transaksjoner i utenlandsk valuta omregnes til valutakursen på transaksjonstidspunktet. Monetære eiendeler og forpliktelser i utenlandsk valuta omregnes til norske kroner ved å benytte valutakursen på balansedagen. Valutakursdifferanse som fremkommer ved omregning, innregnes i resultatregnskapet. Ikke-monetære eiendeler og forpliktelser, som måles til historisk kost i en utenlandsk valuta, omregnes til valutakursen på transaksjonstidspunktet. Ikke-monetære eiendeler og forpliktelser med pålydende i utenlandsk valuta, og som innregnes til virkelig verdi, omregnes til norske kroner ved å benytte valutakursen gjeldende på tidspunktet da den virkelige verdien ble fastsatt.

NETTO FINANSKOSTNADER
Netto finanskostnader omfatter rentekostnader på lån kalkulert med basis i effektiv rente-metode, renteinntekter på investerte midler, kursgevinster og -tap, og gevinster og tap på sikringsinstrumenter som innregnes i resultatet.
Renteinntekter innregnes i resultatet basert på effektiv rente-metode etter hvert som de opptjenes.

INNTEKTSSKATT
Inntektsskatt på periodens resultat består av periodeskatt og utsatt skatt. Inntektsskatt innregnes i resultatet med unntak av skatt på poster som er innregnet direkte mot egenkapitalen. Skatteeffekten av sistnevnte poster innregnes direkte mot egenkapitalen.

Periodeskatt utgjør forventet betalbar skatt på årets skattepliktige resultat til gjeldende skattesatser på balansedagen, betalte kildeskatter og eventuelle korrigeringer av betalbar skatt for tidligere år. Gjeldende skattesats er 22%.

Utsatt skatt avsettes basert på balanseorientert gjeldsmetode ved å ta midlertidige hensyn til forskjeller mellom balanseført verdi av eiendeler og forpliktelser i den finansielle rapporteringen og skattemessige verdier. Det tas ikke hensyn til følgende midlertidige forskjeller: opprinnelig innregning av eiendeler eller forpliktelser som ikke påvirker verken regnskapsmessig eller skattemessig resultat. Avsetningen for utsatt skatt er basert på forventninger om realisasjon av eller oppgjør for balanseførte verdier av eiendeler og forpliktelser. Utsatt skatt / skattefordel er beregnet med 22%.

Utsatt skattefordel innregnes kun i den grad det er sannsynlig at den kan utnyttes gjennom fremtidige skattemessige resultater. Utsatt skattefordel reduseres i den grad det ikke er sannsynlig at skattefordelen vil bli realisert. Periodeskatt som oppstår som følge av utdeling av utbytte, innregnes på samme tidspunkt som forpliktelsen til å betale utbyttet.

KONTANTSTRØMOPPSTILLING
Kontantstrømanalysen er utarbeidet etter den indirekte metode.
Kontanter og kontantekvivalenter omfatter betalingsmidler (kontanter/bankinnskudd uten restriksjoner) og kortsiktige plasseringer i verdipapirer (ikke aksjer) med mindre enn 3 måneders løpetid på anskaffelsestidspunktet. Likvider omfatter kontanter og kontantekvivalenter, bankinnskudd med restriksjoner samt kortsiktige plasseringer i verdipapirer (4-12 mnd).

UNNTAK FRA KONSOLIDERING AV UNDERKONSERN
Det utarbeides ikke konsernregnskap for Orica Norway AS i samsvar med regnskapslovens §3-7. Departementet har etter RL §3-7 fjerde ledd vedtatt at selskapet er unntatt konsernregnskapsplikt. Orica Norway AS er heleid av det australske selskapet Orica Limited som utarbeider konsernregnskap på engelsk i samsvar med australsk IFRS, hvor Orica Norway AS med datterselskaper og tilknyttede selskaper inngår. Konsernregnskap for Orica Limited er tilgjengelig på hjemmesiden www.orica.com.

2. DRIFTSINNTEKTER

Driftsinntekter omfatter: **Beløp i kr 000'**	**2021**	**2020**
Salg i Norge av:		
Egenproduserte varer	292 943	332 635
Varer innkjøpt for videresalg	359 024	398 179
Sum salg i Norge	**651 967**	**730 814**
Eksportsalg av:		
Egenproduserte varer	7 512	7 285
Varer innkjøpt for videresalg	12 311	13 606
Sum eksportsalg	**19 823**	**20 891**
Frakt	48 700	0
Salgsinntekt	**720 490**	**751 705**
Annen driftsinntekt	7 816	9 867
Sum driftsinntekter	**728 306**	**761 572**

I annen driftsinntekt for 2021 inngår bl.a. royaltyinntekter med 6,3 millioner kroner.

3. VAREKOSTNAD

Varekostnad omfatter: **Beløp i kr 000'**	**2021**	**2020**
Forbruk av innkjøpte varer	481 640	488 019
Beholdningsendring egenproduserte varer	413	655
Sum	**482 052**	**488 674**

4. LØNN OG ANDRE PERSONALKOSTNADER

Lønn og andre personalkostnader omfatter: Beløp i kr 000'	2021	2020
Lønnskostnader	91 091	85 925
Arbeidsgiveravgift o.l.	13 178	13 416
Pensjonskostnader	5 623	5 618
Andre ytelser	0	105
Sum	**109 891**	**105 064**

Gjennomsnittlig antall årsverk	107	110

Ytelser til daglig leder

Beløp i kr 000'	Lønn	Bonus	Naturalytelser	Pensjons-godtgjørelse	Samlet godtgjørelse
Daglig leder (01.06.21-30.09.21)	424	100	53	50	627
Tidligere daglig leder (01.04.20-31.05.21)	1 043	33	103	95	1 275

Selskapet har i løpet av året byttet daglig leder. Ny daglig leder tiltrådte 01.06.21.
Selskapet har etablert skattetrekksgaranti for ansattes skattetrekk.
Bonus til daglig leder og andre medlemmer av selskapets ledelse beregnes med basis i oppnådde finansielle og ikke-finansielle resultater.

5. ANDRE DRIFTSKOSTNADER

Andre driftskostnader omfatter: Beløp i kr 000'	2021	2020
Energikostnader (strøm og drivstoff mm)	17 266	17 988
Leie- og leasingkostnader	2 521	4 675
Renovasjon og miljøkostnader	6 426	7 050
Eksterne honorarer mv	6 184	10 525
Reise- og transportkostnader	1 902	3 961
Royaltykostnader	0	22 230
Kjøp av tjenester mv fra konsernselskaper	42 574	39 967
Elektronisk kommunikasjon mv	2 122	1 724
Tap på fordringer	-118	441
Øvrige driftskostnader	35 418	48 135
Sum	**114 296**	**156 696**

6. FINANSINNTEKTER OG FINANSKOSTNADER

Finansinntekter og finanskostander omfatter:

Beløp i kr 000'	**2021**	**2020**
Inntekt på investering i datterselskap	28 101	69 040
Andre renteinntekter	1 213	302
Andre finnansinntekter	8 041	1 218
Renteinntekter fra konsernselskaper	0	161
Sum finansinntekter	**37 355**	**70 720**
Andre rentekostander	-2 587	-2 667
Rentekostnad konsernselskaper	-5 066	-3 133
Netto agio (+) / disagio (-)	-5 091	-15 195
Andre finanskostnader	-384	-343
Sum finanskostnader	**-13 128**	**-21 339**
Netto finansielle poster	**24 227**	**49 381**

7. SKATTER

Beløp i kr 000'	2021	2020
Årets skattekostnad fordeler seg på:		
Betalbar inntektsskatt Norge	0	0
Sum betalbar inntektsskatt	**0**	**0**
Endring utsatt skatt/skattefordel	0	47 282
Hvorav ført mot EK	0	0
Sum skattekostnad	**0**	**47 282**
Beregning av skattegrunnlag		
Resultat før skatt	10 558	-126 122
Permanente forskjeller - estimatavvik pensjon	3 489	-330
Permanente forskjeller - driftsposter	-14	912
Permanente forskjeller - utbytteinntekter	-9 774	-66 908
Permanente forskjeller - andre finansielle poster	120 813	156 472
Endring i midlertidige forskjeller (MF)	-2 446	-1 239
Skattepliktig inntekt	**122 626**	**-37 215**
Anvendelse av fremførbart underskudd	-122 626	0
Netto skattepliktig inntekt	**0**	**-37 215**
Sum betalbar skatt i balansen	**0**	**0**

Spesifikasjon av midlertidige forskjeller	30.09.2021	30.09.2020	Endring
Varige driftsmidler	29 203	26 277	-2 926
Varebeholdning	-1 254	-520	735
Fordringer	-4 529	-664	3 865
Balanseførte leieavtaler	-497	80	577
Gevinst- og tapskonto	19 724	24 655	4 931
Avsetninger etter god regnskapsskikk	-41 083	-45 600	-4 517
Pensjonsforpliktelse	-15 480	-20 590	-5 111
Sum	**-13 916**	**-16 362**	**-2 446**
Akkumulert fremførbart underskudd	-101 471	-224 097	-122 626
Ubenyttet kredittfradrag	-4 435	-4 435	0
Avskåret rentefradrag	-1 709	-1 952	-243
Korrigering tidligere års differanse	4 331	0	-4 331
Inngår ikke i beregning av utsatt skatt	117 200	246 846	129 646
Utsatt skatt 22%	**0**	**0**	**0**

Utsatt skattefordel bokføres ikke.

8. KUNDEFORDRINGER

Selskapets kundefordringer omfatter

Beløp i kr 000'	**2021**	**2020**
Eksterne fordringer	112 557	160 551
Konserninterne fordringer	0	0
Avsetning for tap	-536	-702
Sum kundefordringer	**112 020**	**159 849**

Selskapets kundefordringer og øvrige kortsiktige fordringer har alle forfall mindre enn ett år etter balansedagen.

9. VAREBEHOLDNINGER

Selskapets varebeholdning omfatter

Beløp i kr 000'	**2021**	**2020**
Lager av råvarer	11 465	10 881
Varer under tilvirkning	28 297	30 092
Sum varer til anskaffelseskost	**39 761**	**40 972**
Varer vurdert til virkelig verdi		
Lager av ferdigvarer	7 379	5 001
Ukurans	-1 254	-520
Sum varer til virkelig verdi	**6 125**	**4 482**
Sum varebeholdning	**45 886**	**45 454**

10. INVESTERING I DATTERSELSKAP, FELLESKONTROLLERTE VIRKSOMHETER OG TILKNYTTEDE SELSKAP

Beløp i 000'

DATTERSELSKAPER	By, Land	Eierandel%	Bokført verdi	Egenkapital	Resultat
Nitro Consult AS	Lier, Norge	100	6 552	8 954	1 686
Nobel Industrier AS	Lier, Norge	100	5 689	4 599	-180
Orica CIS	Moskva, Russland	100	221 594	233 287	65 052
Orica Japan Co. Ltd.	Tokyo, Japan	100	-	1 460	13 334
Orica Colombia S.A.	Bogota, Colombia	91	9 375	109 306	-8 920
Dansel Business Corporation	Panama	100	37 462	71 629	-
ASA Organizacion Industrial S.A.de CV	Coahuila, Mexico	98,5	16 973	18 593	-2 670
Orica Centroamerica S.A.	San José, Costa Rica	100	20 197	58 231	1 815
PT Kalimantan Mining Services	Jakarta Selatan, Indonesia	100	-	11 494	96
Orica Mining Services (HK) Ltd.	Hong Kong	100	-	26 593	6 842
Orica Sweden AB	Gyyorp, Sverige	100	-	316 246	-23 123
Orica Mining Services Peru S.A.	Lima, Peru	100	1 403 899	1 173 564	114 277
Orica Med Bulgaria A.D.	Panagyruste, Bulgaria	60	21 991	44 704	12 139
Orica Zambia Limited	Chambishi Mi, Zambia	100	24 586	21 701	-75 310
Orica Tanzania Limited	Dar es Salam, Tanzania	99	-	120 734	7 989
Orica Senegal	Dakar, Senegal	100	-	6 005	444
Orica Servicos de Mineração Ltda	Itauna, Brasil	100	-	-	-
SUM DATTERSELSKAPER			**1 768 318**		

FELLESKONTROLLERTE	By, Land	Eierandel %	Bokført verdi	Egenkapital	Resultat
Irish Mining Emulsion Systems Ltd	Kildare, Irland	50	-	3 096	56
SUM			-		

TILKNYTTET SELSKAP	By, Land	Eierandel %	Bokført verdi	Egenkapital	Resultat
Controladora DNS de RL de CV	Coahuila, Mexico	49	297	-	-
Orica Brasil Ltda	São Paulo, Brasil	14	32 310	51 871	-3 347
Ammonium Nitrate Development and Production Ltd	Bangkok, Thailand	49	16 182	46 388	1 078
Orica Argentia S.A.I.C.	Argentina	7,39	18 872	8 232	-23
SUM			**67 660**		

SUM INVESTERING I DATTERSELSKAP OG FELLESKONTROLLERTE VIRKSOMHETER **1 835 977**

Egenkapitalen og resultatet som er opplyst for hvert datterselskap, felleskontrollert selskap og tilknyttet selskap i denne noten, representerer egenkapitalen og resultatet for eierandelen til Orica Norway AS.

Orica Zambia

Det er i 2021 foretatt en nedskrivning av bokført verdi av investering i datterselskapet Orica Zambia med MNOK 66.5 Bakgrunnen for nedskrivningen er hovedsakelig knyttet til usikkerhet rundt stabiliteten i landet, som medfører et høyt landsspesifikt risikotillegg. Nedskrivningen er gjennomført på bakgrunn av en nedskrivningsvurdering foretatt til virkelig verdi under fortsatt eierskap i henhold til IAS 36. I nedskrivningstesten er det lagt til grunn en budsjettert bruttofortjeneste på nivå med oppnådd bruttofortjeneste de foregående årene som beste estimat, samt at budsjetterte kostnadsnivå er i tråd med 2020 nivået. Det er forutsatt en fremtidig vekst lik langsiktig inflasjonsmål på 8,80%. Det er anvendt en «WACC» på 33,20%. Investeringen er skrevet ned til MNOK 24.6

Orica Senegal

Det er i 2021 foretatt en nedskrivning av bokført verdi av investering i datterselskapet Orica Senegal med MNOK 50.7 Bakgrunnen for nedskrivningen er hovedsakelig knyttet til usikkerhet rundt framtidig inntjening. Nedskrivningen er gjennomført på bakgrunn av en nedskrivningsvurdering foretatt til virkelig verdi under fortsatt eierskap i henhold til IAS 36. I nedskrivningstesten er det lagt til grunn en budsjettert bruttofortjeneste på nivå med oppnådd bruttofortjeneste de foregående årene som beste estimat, samt at budsjetterte kostnadsnivå er i tråd med 2020 nivået. Det er forutsatt en fremtidig vekst lik langsiktig inflasjonsmål på 6,5%. Det er anvendt en «WACC» på 13,25%. Investeringen er skrevet ned til null.

Kapitalinnskudd

Selskapet har i 2021 foretatt et kapitalinnskudd i Orica Brasil LTDA på MNOK 11. Videre er det foretatt et kapitalinnskudd i Orica Centroamerica SA på MNOK 18.

Salg av datterselskap

I 2021 solgte Orica Norway AS 100% av aksjene i Arboleda S.A med en regnskapsmessig gevinst på MNOK 109,7.

11. LÅN TIL KONSERNSELSKAPER, FELLESKONTROLLERTE SELSKAPER OG TILKNYTTEDE SELSKAPER

Selskapet har langsiktige fordringer m.v. på konsernselskaper ved utgangen av 2021 mot ingen i 2020.

Selskapets kortsiktige og langsiktige fordringer m.v. på konsernselskaper ved utgangen av 2021 og 2020:

Beløp i kr 000'	2021	2020
Orica Finance Ltd	0	0
Kortsiktige fordringer på konsernselskaper	69 489	18 956
Langsiktige fordringer på konsernselskapet	77 020	
Sum konserninterne fordringer	**146 510**	**18 956**
Konserninterne kundefordringer	22 065	0
Sum	**168 575**	**18 956**

12. AKSJER OG VERDIPAPIRER

Beløp i kr 000'	Forretningskontor	Eierandel/ Stemmeandel	Bokført verdi 2021	Bokført verdi 2020
Forskningsparken AS	Oslo	-	52	52
Viken Skog BA	Oslo	-	206	206
Sum			**258**	**258**

13. DRIFTSMIDLER

Beløp i 000'	Maskinger og utstyr	Bygninger	Grunn-eiend.	Anlegg under utførelse	Sum2021	Sum 2020
Kostpris og oppskrivninger						
Balanse 01.10.2020	182 477	87 898	8 339	15 587	294 301	291 795
Investeringer	7 289	588	0	11 046	18 922	7 779
Avganger	-8 941	0	0	0	-8 941	-3 987
Flytting av driftsmiddel	7 111	31	0	-7 164	-21	-1 286
Balanse 30.09.2021	**187 937**	**88 517**	**8 339**	**19 469**	**304 261**	**294 301**
Akkumulert 01.10.2020	-163 150	-64 922	0	0	-228 072	-221 426
Avganger avskrivninger	8 941	0	0	0	8 941	3 987
Avskrivninger	-7 768	-3 548	0	0	-11 316	-10 633
Balanse 30.09.2021	**-161 978**	**-68 470**	**0**	**0**	**-230 447**	**-228 073**
Bokført verdi 30.09.2021	**25 959**	**20 047**	**8 339**	**19 469**	**73 813**	**66 228**
Avskrivningssatser (år)	5-33	3-10				

14. IMMATERIELLE EIENDELER

Beløp i 000'	Goodwill	Programvare	Sum 2021	Sum 2020
Kostpris og oppskrivninger				
Balanse 01.10.2020	81 903	23 109	105 012	110 787
Investeringer	0	0	0	0
Nedskrivning	0	0	0	-5 775
Nedskrivning - korr. tidligere år	0	-20 040	-20 040	0
Flytting av driftsmiddel		22		
Balanse 30.09.2021	**81 903**	**3 091**	**84 994**	**105 012**
Avskrivninger og nedskrivninger				
Akkumulert 01.10.2020	0	-22 902	-22 902	-19 762
Nedskrivning - korr. tidligere år	0	20 039	20 039	0
Avskrivninger	0	-174	-174	-3 140
Blanse 30.09.2021	**0**	**-3 037**	**-3 037**	**-22 902**
Bokført verdi 30.09.2021	**81 903**	**54**	**81 958**	**82 110**
Avskrivningssatser (år)		20		
Avskrivningsplan		Lineær		

Det er gjennomført nedskrivningstest for goodwill i henhold til IAS 38 som viser at det ikke er behov for nedskrivninger. Ledelsen overvåker goodwill og immaterielle eiendeler på selskapsnivå. Gjenvinnbart beløp kalkuleres basert på hvilken verdi eiendelen vil gi for virksomheten (bruksverdi). Det brukes likviditetsprognoser (før skatt) basert på prognoser og femårsplaner godkjent av ledelsen. Kontantstrømmer utover disse fem årene utledes ved hjelp av vekstrate på 3,7% (forventet langsiktig prisstigning).

15. LIKVIDITET

Selskapets likvider er i det vesentlige innestående i norske banker. Selskapets likviditet ansees tilstrekkelig for den daglige driften. Selskapet inngår i en konsernkontoordning i OFL. Dette presenteres som konsernintern kortsiktig gjeld og er opplyst om i note 24. Selskapet har trekkfasiliteter i DNB på MNOK 20 per 30.09.2021. Det er også ubenyttede trekkfasiliteter på MNOK 89 i selskapets konsernkontoordning i OFL

16. LEIEAVTALER

Selskapet leier hovedsakelig lokaler, containere og tomter til kontor og lager, samt biler og maskiner til bruk i virksomheten. Leieavtaler for lokaler, containere og tomter løper typisk i 3-99 år, for biler og andre maskiner er leietiden typisk 3-5 år. Det er ikke regnskapsført vesentlige kostnader til kortsiktge leieavtaler eller leiavtaler av lav verdi i 2021. Kostandsført beløp for variabel leie, som ikke inngår i beregningen av leieforpliktelsen er typisk felleskostnader ifb. med leie av lokaler og driftskostnader for biler og maskiner.

Se note 1, for utvidet informasjon om prinsippene til grunn for balanseføring av leieavtaler.

Bruksrettigheter

Beløp i 000'	**Lokaler**	**Maskinger og utstyr**	**Total**
Bokført verdi 1. oktober	22 035	18 023	40 058
Avskrivninger	-4 224	-8 517	-12 741
Tilganger	7 588	10 453	18 041
Justeringer	0	0	0
Avsluttede leier	0	0	0
Bokført verdi 30. september	**25 399**	**19 959**	**4 535 8**

Leasingforpliktelse

Forfallstruktur - kontraktsfestede udiskonterte kontantstrømmer	
Under ett år	13 144
Ett til to år	9 700
To til fem år	15 686
Mer enn 5 år	22 133
Totalt udiskontert leasingforpliktelse 30.09	**60 663**
Leasingforpliktelse bokført per 30.09	**45 489**
Kortsiktig gjeld	11 590
Langsiktig gjeld	33 899

Beløp resultatført i resultatregnskapet	**2021**
Rente på leasingforpliktelse	1 958
Avskrivninger på bruksrettigheter	12 741

Beløp presentert i kontantstrømoppstillingen	
Totale leiebetalinger	12 896

17. LANG- OG KORTSIKTIG GJELD

Annen rentefri kortsiktig gjeld omfatter:

Beløp i kr 000'	**2021**	**2020**
Skyldige trekk og avgifter	37 669	44 216
Påløpte kostnader etc.	12 807	17 734
Avsetninger	15 083	22 100
Operasjonell kortsiktig leasegjeld	11 590	8 661
Salgsrabatter	19 793	34 811
Gjeld til konsernselskaper	210 257	1 430 600
Sum	**307 199**	**1 558 121**

Langsiktig rentebærende gjeld omfatter:

Beløp i kr 000'	**2021**	**2020**
Operasjonell langsiktig leasegjeld	33 900	31 318
Sum	**33 900**	**31 318**

For oversikt over finansielle leieavtaler fordelt på forfallsintervaller, se note 16.

18. PENSJONER OG PENSJONSFORPLIKTELSER

Orica Norway AS har tjenestepensjonsordninger som oppfyller kravene i Lov om obligatorisk tjenestepensjon.

Selskapet har ytelsesbaserte pensjonsordninger for i alt 93 personer, herav 91 pensjonister, som gir rett tilbestemte fremtidige pensjonsytelser. Pensjonsytelsene er normalt basert på opptjeningstid og lønnsnivå ved pensjonsalder. Gjeldende fra 1.1.2005 ble alle ansatte med alder under 52 år pr. denne dato overført til en innskuddsplan som også omfatter ansatte med ansettelsesdato 1.1.2005 eller senere.

Dagens AFP-ordning er ikke en førtidspensjonsordning, men en livsvarig ytelse. Ordningen er en ytelsesbasert flerforetaksordning. Det er selskapets oppfatning at det foreløpig ikke har tilstrekkelig informasjon om fordeling av pensjonskostnad, pensjonsforpliktelser og midler i ordningen som muliggjør pålitelig måling innenfor en balansert kost/nytte-vurdering. Selskapet behandler derfor ordningen regnskapsmessig som en innskuddsplan hvor premiebetalinger kostnadsføres løpende. Det gjøres ingen avsetning for forpliktelsene i regnskapet. Innbetalt premie i 2021 er kr. 3.181.599. Slik Fellesordningen har lagt opp finansieringsstrukturen tilknyttet ny AFP forventes fakturert premie å øke i årene fremover. Når eller hvis tilstrekkelig data foreligger på en tilgjengelig måte, slik at beregninger kan foretas, kan det ikke utelukkes at forpliktelsen som må innarbeides vil være betydelig.

Netto periodisert pensjonskostnad:

Beløp i kr 000'	**2021**	**2020**
Ytelsesplaner:		
Nåverdi av årets pensjonsopptjening	-	-
Resultatført arbeidsgiveravgift	34	61
Rentekostnader av pensjonsforpliktelse	493	879
Forventet avkastning på pensjonsmidlene	-253	-443
Nettoeffekt utkjøp av pensjonister		-
Netto pensjonskostnad ytelsesplaner	**274**	**497**
Innskuddsplaner	-3 182	-4 417
Netto periodisert pensjonskostnad 1)	-2 908	-3 920
1) Andel inkludert i Lønn og andre personalkostnader	-4 417	-4 417
Andel inkludert i Finansielle poster	274	497

Avstemming av ytelsesplanens finansielle status mot beløp vist i selskaps balanse:

	2021		**2020**	
Beløp i kr 000'	Fonds-baserte	Ikke fonds-baserte	Fonds-baserte	Ikke fonds-baserte
Beregnede pensjonsforpliktelser (PBO)	-20 945	-13 239	-19 969	-17 060
Pensjonsmidler til markedsverdi	20 619		18 954	
Overdekning (-)/ Underdekning	-326	-13 239	-1 015	-17 060
Arbeidsgiveravgift	-47	-1 867	-110	-2 405
Pensjonsforpliktelser i balansen	**-373**	**-15 106**	**-1 125**	**-19 465**

Økonomiske forutsetninger:				
Diskonteringsfaktor	2,00%	2,00%	1,40%	1,40%
Forventet avkastning	2,00%	2,00%	1,40%	1,40%
Forventet lønnsregulering	2,25%	2,25%	2,25%	2,25%
Forventet pensjonsøkning	0,30%	0,30%	0,50%	0,50%

Analyse av pensjonsforpliktelsenes utvikling i løpet av året:	**2021**	**2020**
Påløpt pensjonsforpliktelse inklusive arbeidsgiveravgift 01.10.	-39 544	-41 257
Årets pensjonsopptjening, inkl. AGA	-34	-
Rentekostnader av pensjonsforpliktelsen	-493	-940
Årets endring arbeidsgiveravgift av netto forpliktelse	48	48
-Utbetalinger	2 200	3 757
Endring i uamortisert gevinst(-)/tap(+)	1 726	-1 152
Påløpt pensjonsforpliktelse inkl. aga. 30.09.	**-36 097**	**-39 544**
Pensjonsmidler til markedsverdi 01.10.	18 953	19 500
Forventet avkastning på pensjonsmidlene	253	443
Innbetalinger	203	207
Utbetalinger	-555	-2 019
Endring i uamortisert gevinst(+)/tap(-)	1 765	821
Effekt av utkjøp av ordningen	-	-
Pensjonsmidler til markedsverdi 30.09.	**20 618**	**18 953**
Pensjonsforpliktelse ved årets slutt	**-15 478**	**-20 591**

Egenkapitalbelastninger – etter skatt :		
Akkumulerte estimatavvik 1.10.	90 344	90 674
Årets endring	3 491	-330
Akkumulerte estimatavvik 30.09.	**93 835**	**90 344**

Erfaringsmessige estimatavvik (eksklusive arbeidsgiveravgift) siste fem år i prosent av brutto forpliktelse/pensjonsmidler:

	2021	**2020**	**2019**	**2018**	**2017**
Brutto forpliktelse	-36 097	-39 544	-41 257	-42 573	-40 749
Estimatavvik i %		-4	5	13	-15
Pensjonsmidler	20 618	18 953	19 499	19 643	17 463
Estimatavvik i %		9	4	11	-43

Sensitivitetsanalyse:

Utført sensitivitetsanalyse viser at dersom diskonteringsrenten reduseres/økes med 0,5% så økes/reduseres periodens netto pensjonsforpliktelse og netto pensjonskostnad per 30.09.21 med:

	2021		**2020**	
Diskonteringsrenten	-0,50%	0,50%	-0,50%	0,50%
Endring i netto pensjonsforpliktelser	-859	775	-1 057	905

	2021		2020	
Diskonteringsrenten	-0,50%	0,50%	-0,50%	0,50%
Endring i netto pensjonskostnad	-16	15	-14	12

19. AKSJEKAPITAL OG AKSJONÆRINFORMASJON

Selskapets aksjekapital består av 15 292 974 aksjer á kr 11. Aksjekapitalen er endret til Kr 168 222 714. Antall aksjer er ikke endret i 2021. Orica Norway AS eies 100% av Orica Sweden Holdings AB.

Selskapet har mottatt et kapitalinnskudd ved motregning. Kapitalforhøyelsen på MNOK 1 247,7 fordeler seg med henholdsvis MNOK 15,3 mot aksjekapital og MNOK 1 232,4 mot overkurs og er gjort opp ved motregning mot gjeld i selskapets morselskap Orica Sweden Holdings AB per 25. November 2020.

20. AVSETNINGER OG BETINGEDE FORPLIKTELSER

Selskapet har pr. 30.09.2021 ingen pålegg om miljøopprydding og heller ingen avsetning for dekning av forventede eller påregnelige pålegg. Avsetning pr. 30.09.2021 på i alt 41,1 millioner kroner omfatter påbegynte og påregnelige sanerings- og oppryddingskostnader for et definert område.

Det er knyttet betydelig usikkerhet til deler av sanerings- og oppryddingsområdet, hvor selskapet estimerer at det ikke er sannsynlighetsovervekt for at det kreves opprydning basert på gjennomførte prøver og målinger av grunnforhold. Det foreligger ikke tilstrekkelig dokumentasjon til å kunne utarbeide et pålitelig estimat for sanerings- og opprydningskostnader for dette området per 30.09.2021.

21. PANTSTILLELSER, GARANTIANSVAR O.L.

Selskapet har intet garantiansvar utover 6 millioner kroner som er stilt til garanti for de ansattes skattetrekk, ref. note 4.

22. FINANSIELL STRATEGI/ FINANSIELLE INSTRUMENTER

Finansiell risiko
Selskapets valutarisiko knyttet til driftsrelatert eksponering er begrenset da størstedelen av salget skjer i hjemmemarkedet. Valutarisiko knyttet til kostnadssiden er hovedsakelig eksponering i svenske kroner og euro, da en vesentlig del av kjøp av råvarer og handelsvarer foretas i svenske kroner og euro. Andre driftskostnader omfatter kjøp av varer og tjenester fra utlandet og er således utsatt for svingninger i de respektive valutakurser.

Selskapet har ingen sikringsforretninger knyttet til valutaeksponering per 30.09.2021.

Kredittrisiko

Balanseført verdi av finansielle eiendeler representerer maksimal kreditteksponering. Maksimal eksponering for kreditteksponering på balansedagen var:

Beløp i kr 000'	**2021**	**2020**
Fordringer	262 400	184 358

Fordringer på konsernselskaper utgjorde 146,5 millioner kroner i 2021 og 19 millioner kroner i 2020.

Det alt vesentlige av konserneksterne fordringer gjelder fordringer på norske kunder.

Tap ved verdifall
Aldersfordeling av konserneksterne utlån og fordringer pr. 30.09. var:

Beløp i kr 000'	**2021** Brutto Verdifall	**2020** Brutto Verdifall
Ikke forfalt	105 355	138 834
Forfalt 0-30 dager	6 521	19 457
Forfalt 31-120 dager	680	992
Forfalt 121-360 dager	0	18
Sum	**112 556**	**159 301**

Det er ingen endring av avsetningskonto for verdifall knyttet til konserneksterne utlån og fordringer, verken i 2021 eller 2020. Avsetningskonto for verdifall brukes til å innregne estimert tap ved verdifall. Dersom det ikke er mulig å gjenvinne beløpet nedskrives den finansielle eiendelen direkte.

Likviditetsrisiko
Selskapets samlede finansielle forpliktelser pr. 30.09.2021 består av leverandørgjeld og annen kortsiktig gjeld (eksklusive avsetninger) på 374 millioner kroner (1 617 millioner kroner pr 30.09.2020. Den konserneksterne kortsiktige gjelden hadde i det alt vesentlige forfall mindre enn 6 måneder etter balansedagen. Se også Note 20.

Valutarisiko
Selskapets fordringer og gjeld i fremmed valuta pr. 30.09. var:

	2021		2020	
Beløp i kr 000'	**Fordringer**	**Gjeld**	**Fordringer**	**Gjeld**
AUD	1 877	9	1 518	3 003
EUR	10 077	21 652	0	1 864
DKK	0	0		
GBP	0	45 667	0	60
PLN	0	0	0	0
SEK	85	28 776	432	27 207
USD	138 287	6 230	6 260	1 676
Sum	**150 326**	**102 365**	**8 210**	**33 810**

Sensitivitetsanalyse

	2021					
Beløp i kr 000'	**Fordringer**	**Gjeld**	**Valuta 30.09**	**NOK**	**10%**	**-10%**
AUD	1 877	9	6,32	1 868	187	-187
EUR	10 077	21 652	10,17	-11 575	-1 158	1 158
GBP	0	45 667	11,81	-45 667	-4 567	4 567
SEK	85	28 776	1,00	-28 691	-2 869	2 869
USD	138 287	6 230	8,78	132 057	13 206	-13 206
Sum	**150 326**	**102 334**	**38**	**47 992**	4 799	-4 799

Risikoen for at virkelige verdier og kontantstrømmer knyttet til finansielle instrumenter kan svinge når verdien av utenlandsk valuta endres kalles valutarisiko. Selskapet er eksponert for valutarisiko på transaksjoner i den forstand at det er en blanding mellom valutaene som salg, kjøp, fordringer og gjeld er notert i og respektive funksjonell valuta i selskapet.
Den funksjonelle valutaen for selskapet er i hovedsak NOK.
Transaksjonene skjer primært i valutaene som vist i tabellen over.

Sensitivitetsanalyse - valutarisiko
En styrking på 10 % av den norske kronen mot andre valutaer per 30.09.2021 vil bety en endring i egenkapital på TNOK 4 799. Sensitivitetsanalysen tar utgangspunkt i alle andre faktorer (f.eks. renter) forblir uendret. De samme betingelsene ble brukt for 2019.

Sensitivitetsanalyse – renteeksponering
Selskapet hadde TNOK 77 020 i rentebærende konsernintern fordring per 30.09.2021.
Renteeksponert gjeld utgjorde TNOK 205 069 per 30.09.2021. En renteøkning på 1 % vil bety en endring i egenkapitalen på TNOK 0.84

Virkelig verdi
Finansielle eiendeler og forpliktelser er balanseført til virkelig verdi/beste estimat for virkelig verdi. Nærmere omtale av prinsippene for verdifastsettelse er gitt i Note 1.

23. HONORAR TIL REVISJON

Partnere og medarbeidere i KPMG AS, Orica Norway AS' valgte revisor, eier ingen aksjer i Orica Norway AS eller datterselskaper. Kostnadsført honorar for 2021 til KPMG AS utgjør kr 2 669 705 for:

Revisjon og revisjonsrelaterte tjenester:	2 669 705

Honorarene er eksklusive merverdiavgift.

24. NÆRSTÅENDE PARTER

Mellomværende med selskap i samme konsern
Beløp i kr 000'

	Kundefordringer		Andre fordringer	
	2021	2020	2021	2020
Foretak i samme konsern	22 065	0	124 445	18 956
Sum	**22 065**	**0**	**124 445**	**18 956**

	Øvrig kortsiktig gjeld		Leverandørgjeld	
	2021	2020	2021	2020
Orica Sweden Holdings AB	0	1 247 676	0	0
Orica Finance Limited (OFL)	161 288	178 895	0	0
Andre	3 003	4 029	26 534	42 569
Sum	**164 291**	**1 430 600**	**26 534**	**42 569**

Selskapets transaksjoner med nærstående parter
Beløp i kr 000'

a) Salg av varer og tjenester	**2021**	**2020**
Salg av varer:		
Fortak i samme konsern	2 343	6 323
Salg av tjenester		
- Foretak i samme konsern	1 779	1 663
- Foretak i samme konsern, adm. tjenester	0	407
Total	**4 122**	**8 393**

b) Kjøp av varer og tjenester	**2021**	**2020**
Kjøp av varer:		
Fortak i samme konsern	289 588	306 368
Kjøp av tjenester		
- Foretak i samme konsern	2 680	3 710
- Fortak i samme konsern, adm. tjenester	45 667	51 798
Total	**337 935**	**361 876**

Varesalg til andre Orica-selskaper utgjorde 2,3 millioner kroner i 2021, hvorav det vesentlige var salg til Orica Sweden AB. Selskapet kjøpte i 2021 varer for videresalg for 289,6 millioner kroner, hovedsakelig fra Orica Sweden AB, og kjøpte tjenester (management fee) for 45,7 millioner kroner fra Orica Pty Ltd. & Co. KG.

Selskapet har royaltyinntekter tilsvarende 6,3 millioner kroner og royaltykostnader tilsvarende 0,0 millioner kroner.

Orica har hatt utbytteinntekter på 28,1 millioner.

Kjøp og salg fra nærstående parter foretas på normale markedsmessige vilkår.

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Jan Hoelstad	27.04.2007	26.06.2007
Telefon	**Deres referanse**	**Vår referanse**
22077325	John Thomas Sørhaug	2007/186814 /RR-RE/JHO /812.1

KPMG AS
Postboks 7000 Majorstuen
0306 Oslo

Søknad om fritak fra konsernregnskapsplikt

Det vises til Deres brev av 27. april 2007 samt telefonsamtaler med Lars Erik Holmen, der det på vegne av:

- Orica Norway Holdings AS, Oslo.	Org. nr: 989 748 548
- Dyno Nobel ASA, Oslo.	Org. nr: 981 413 156
- Nobel Industrier AS, Oslo	Org. nr: 930 145 734

søkes om fritak fra å utarbeide konsernregnskap. Det er vist til regnskapsloven av 17. juli 1998 nr. 56 § 3-7.

Alle de tre selskapene er morselskap i underkonsern. Nobel Industrier AS eies 100 % av Dyno Nobel ASA som igjen eies 100 % av Orica Norway Holdings AS. Det svenske selskapet Orica Sweden Holdings AB eier 100 % av aksjene i Orica Norway Holdings AS. Det svenske selskapet er igjen indirekte eid 100 % av australske Orica Limited.

Det opplyses at Orica Sweden Holdings AB ikke utarbeider konsernregnskap hvor de norske underselskapene inngår. Dette gjøres der i mot hos Orica Limited som er børsnotert i Australia. Konsernregnskapet som inkluderer de norske selskapene utarbeides i samsvar med Australsk Internasjonal Financial Reporting Standards (AIFRS) og på engelsk språk.

Skattedirektoratet finner med hjemmel i regnskapsloven av 17. juli 1998 nr. 56 § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for Orica Norway Holdings AS, Dyno Nobel ASA og Nobel Industrier AS. Det forutsettes at selskapenes morselskap, Orica Limited, utarbeider konsernregnskap som omfatter de regnskapspliktige og deres datterselskaper. Det legges til grunn at dette konsernregnskap er utarbeidet i samsvar med AIFRS og at kravene i regnskapsloven § 3-7 for øvrig følges. Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet.

Postadresse
Postboks 6300 Etterstad
0603 Oslo
skattedirektoratet@skatteetaten.no

Kontoradresse
Fredrik Selmers vei 4
Org. nr: 974 761 076

Sentralbord
22 07 70 00
Telefaks
22 07 71 08

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Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet mv. Det påligger den regnskapspliktige å dokumentere ved dette brevet at tillatelse er gitt.

Med hilsen

Erlend Aasdalen

Erlend Aasdalen
underdirektør
Retts- og revisjonsavdelingen
Seksjon for revisjon

Jan Hoelstad

Annual Report 2021

ORICA

Who we are

Orica is one of the world's leading mining and infrastructure solutions providers. From the production and supply of explosives, blasting systems, mining chemicals and geotechnical monitoring to our cutting-edge digital solutions and comprehensive range of services, we sustainably mobilise the earth's resources.

We produce a suite of reports to meet the needs of a wide range of stakeholders including shareholders, debt investors, customers, suppliers, and government bodies. The following documents are available at **orica.com/Investors**

- FY2021 Full Year Results Investor Presentation
- FY2021 Full Year Results ASX Announcement
- FY2021 Modern Slavery Statement

FY2021 Climate Action Report

FY2021 Sustainability Supplement

FY2021 Corporate Governance Statement

FY2021 Tax Transparency Report

We are on a journey to enhance our reporting and welcome any feedback you may have regarding our reporting suite. Please address any questions, comments, or suggestions to investorrelations@orica.com.

Contents

About this report

Welcome to our FY2021 Annual Report, which forms part of our corporate reporting suite for the 2021 financial year.

STRUCTURE AND CONTENT

The elements of the Directors' Report, required by Australian Securities and Investments Commission (ASIC) Regulatory Guide 247, are covered on pages 04 to 106. This includes the Operating and Financial Review (OFR) which is presented on pages 04 to 69. The basis of preparation of our financial statements is outlined on page 114.

This report has been prepared with reference to elements of the International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework (IR Framework). We have used the IR Framework to demonstrate how our purpose and our values, as well as consideration of risks and opportunities, drive our strategy. We have also considered how our strategy creates value, beyond financial performance alone. In FY2022, we expect to further enhance our disclosures, and introduce a holistic scorecard of Key Performance Indicators.

This report covers all Orica operations worldwide over which, unless otherwise stated, we have control for the financial year ending 30 September 2021 (collectively 'the Orica Group', or 'the Group'). Monetary amounts in this document are subject to rounding and are reported in Australian dollars, unless otherwise stated.

VERIFICATION AND ASSURANCE

The Remuneration Report (pages 87 to 105) and Financial Statements (pages 108 to 167) have been independently audited by KPMG. Detailed information on the audit process and opinion is provided in the Audit Report on pages 169 to 174.

We also obtain independent limited assurance over our greenhouse gas emissions metrics. Further details, and the Ernst & Young assurance statement, are included in our FY2021 Sustainability Supplement.

All unaudited information contained in this report has been subject to an internal review and approval process defined by our Corporate Reporting Verification Framework.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements, including statements of current intention, opinion and predictions regarding the Group's present and future operations, possible future events, and future financial prospects. While these statements reflect expectations at the date of this report, they are, by their nature, not certain and are susceptible to change. Orica makes no representation, assurance or guarantee as to the accuracy of or likelihood of fulfilling any such forward-looking statements (whether express or implied) and, except as required by applicable law or the ASX Listing Rules, disclaims any obligation or undertaking to publicly update such forward-looking statements.

Reporting suite

We have been guided by the Global Reporting Initiative (GRI) Reporting Standards and report across a range of best practice environmental, social, and governance (ESG) indicators. We have aligned our reporting to the Financial Stability Board's TCFD Framework. For the first time, we have published a standalone Climate Action Report.

Sustainability is at the core of what we do; the decisions we make, our policies and processes, and the actions of our people. To reflect its importance, we have integrated our material sustainability disclosures and metrics into *Our Performance* section of this report to present a more holistic and transparent view of our performance. We have also initiated the transition from pure environmental and social reporting towards integrated reporting by connecting sustainability directly with our business model and strategy.

These changes build on the considerable progress in recent years to further embed sustainability into our business strategy, risk management and governance processes.

We always strive to do better. We want to consistently deliver value for our customers across the value chain, in a way that is safe and sustainable. By leveraging our expertise in technology and digital solutions, we are in a unique position to achieve this.

We have an obligation to our shareholders, and other stakeholders, to be transparent and demonstrate accountability for how we operate and our contribution to society, as well as detail how we are going to succeed in the mid to long-term energy transition.

Sustainability and value creation go hand in hand. In responding to the challenges of today and tomorrow, our approach to sustainability continues to evolve.

Reporting what matters

Each year, we perform a materiality assessment to understand the topics that matter most to our stakeholders.

This year our materiality assessment was conducted to align with the IR Framework, identifying the topics that most affect, or have the potential to affect, our ability to operate successfully and to create value. The results of the assessment inform our strategic priorities, help us to identify risks and opportunities, and focus our reporting on what matters over the short, medium, and long-term.

We engaged with internal and external stakeholders, including customers, investor groups, and senior leaders from Orica, representing a broad range of interests covering government and regulatory affairs, supplier relationships, community, and non-government organisation views. Our assessment was also informed by secondary research such as broader industry and global trends.

Supplementary disclosures

The full list of our material topics, as well as the key steps in the materiality assessment process, can be found in our FY2021 Sustainability Supplement.

OUR ASSESSMENT INDICATED OVER 30 MATERIAL TOPICS THAT WE GROUPED INTO SIX THEMES.

Business performance and resilience

Maintaining strong economic performance and growth, and ensuring that our operations and supply chains remain resilient by anticipating and managing ongoing disruption events, including impacts of COVID-19 on our people and the communities in which we operate.

Safety and security

Ensuring the safety of our people, customers, and communities in which we operate, and the security of our products and operations, including managing physical and cyber security risks.

Responsible and ethical business

Operating ethically, fairly, and in accordance with our operating regulations and values. Managing our social and environmental impacts through strong corporate governance and building transparent relationships with stakeholders.

Action on climate

Contributing to the transition to a low-carbon economy by addressing risks and opportunities associated with the economic transition and adapting to a changing climate.

Technology, innovation, and products

Investing in technology and innovation to optimise business performance and deliver innovative solutions that enhance customer experience and sustainability outcomes.

Responding to communities

Continuing our focus on community engagement through a shared value approach to community investment, while working towards enhancing our cultural competency to better engage with and support First Nations Peoples.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (SDGs) are a set of 17 interconnected goals that form a global benchmark for achieving a sustainable future for all. We are committed to the SDGs, and our role in advancing them.

In FY2021, we mapped our material topics against the SDGs to determine which goals best reflect our business context and strategy, our capabilities, as well as our key risks and impacts across our value chain. We identified six priority SDGs for Orica to contribute towards. The SDG goals and targets have informed our sustainability strategy and scorecard.

FY2021 year in review

UNDERLYING EBIT[2]

FY2020: $614M[3]

NPS[1]

57.6 per cent improvement since inception of the program in 2017

Zero

SIGNIFICANT ENVIRONMENTAL INCIDENTS[4]

FOR FOUR CONSECUTIVE YEARS

Net Zero

EMISSIONS AMBITION BY 2050[5]

SICR[6]

INCREASED BY 0.03 TO 0.19

FY2021 target: 0.14

AWARDED

Technology Platform Solution of the Year

at the National iAwards[7] for our Integrated Extraction Simulator (IES) technology

1 June 2021

LAUNCHED THE ORICA IMPACT FUND

Directing targeted community investment funding towards initiatives that support critical business priorities and enable business-community partnerships

13%

REDUCTION OF SCOPE 1 AND SCOPE 2 EMISSIONS SINCE FY2019 TARGET BASE YEAR[8]

FY2020: 9%

34.6%

GEARING[9]

DIVIDEND

CPS

(47% payout ratio[10])

1 Net Promoter Score. The NPS is calculated from customer responses to a single question: "On a 0-10 scale, how likely is it that you would recommend Orica to a friend or colleague?"

2 Equivalent to earnings before financing costs and income tax, as disclosed in Note 1 to the financial statements, before individually significant items. Includes earnings from Minova which is treated as discontinued operations in the financial statements.

3 Restated for the retrospective application of a change in Orica's accounting policy for AASB 138 Intangible Assets and AASB 116 Property, Plant and Equipment, following an International Financial Reporting Interpretations Committee (IFRIC) agenda decision this year. Refer to note 24 of the financial statements for further details. Includes earnings from Minova which is treated as a discontinued operation in the financial statements.

4 Severity 3 environmental incidents result in moderately wide-spread serious environmental damage, with some impairment of ecosystem function that will recover after remediation.

5 Our net zero emissions ambition covers our global Scope 1 and Scope 2 emissions under our direct control, and material Scope 3 emissions sources. Achieving this ambition will require effective government policy that enables supportive regulation and financial incentives, and access to new low carbon technologies operating at commercial scale. Refer to page 10 for definition of material Scope 3 emissions.

6 Serious injury case rate (unit of measure: per 200,000 hours worked).

7 iAwards is Australia's longest running and most broadly focused innovation recognition program, recognising excellence in the Australian digital ecosystem.

8 Target to reduce Scope 1 and 2 emissions by at least 40 per cent by 2026, from 2019 levels.

9 Net debt/(net debt + equity), where net debt excludes lease liabilities, as disclosed in Note 3 to the financial statements.

10 Dividend as per cent of profit after tax before individually significant items attributable to shareholders of Orica Limited.

Letter from our Chairman and Managing Director

"It has been a challenging year, with COVID-19 disruptions, geopolitical issues, and other external and internal factors impacting our results.

Our people have risen to the challenges and shown unwavering commitment and resilience towards each other, our customers, and our communities.

With our new Executive team in place, an improving business environment in our core business and future growth potential, we are confident in our ability to navigate our recovery and deliver profitable growth and stakeholder returns.

Together, we continue to address what we can control and guided by our values, are advancing our refreshed strategy to deliver on our purpose to sustainably mobilise the earth's resources."

Sanjeev Gandhi
Managing Director and CEO

Malcolm Broomhead AO
Chairman

KEEPING OUR PEOPLE AND COMMUNITIES SAFE

At Orica, nothing is more important than safety and we are pleased to report that, once again, we had no fatalities across our operations. Disappointingly, our Serious Injury Case Rate increased by 0.03 to 0.19. Preventing serious injuries will remain a key focus this year.

With COVID-19 continuing to impact our activities, our focus has remained on the health and wellbeing of our people. We have tight COVID-19 infection controls in place, and we continue to provide support for employees and their families in areas most impacted by the pandemic. Sadly, this year we lost 12 colleagues to COVID-19. We extend our deepest condolences to the families and friends of those who lost their lives.

COVID-19 has also had an impact on the communities in which we operate. In response, we have continued community initiatives and investments, directing our support to where it is needed most.

Our frontline employees have gone to extraordinary lengths this year, working with customers to protect their workplaces and communities, and ensure uninterrupted operations. As we emerge from the pandemic, we are partnering with customers and governments to proactively introduce vaccination standards and programs across our operations.

OUR PERFORMANCE

Business performance

Our financial performance this year has been disappointing. We have felt the impact of COVID-19, a strong Australian dollar and ongoing trade tensions with China. Internally we have experienced delays in stabilising our SAP system. We announced in September individually significant items impacting our FY2021 results by $382 million after tax, which resulted in a statutory Net Loss after Tax (NLAT) (attributable to shareholders of Orica) of $174 million, compared to a

Net Profit after Tax (NPAT) of $82 million in FY2020. Underlying Earnings Before Interest and Tax (EBIT) were $427 million – a decrease of 30 per cent from the prior year.

Positively, we maintained a disciplined approach to our balance sheet and capital management, while stepping up our cash generation and controlling our levels of debt and gearing.

The final ordinary dividend of 16.5 cents per share unfranked, brings the total dividend to 24.0 cents per share, down 9 cents per share compared with FY2020, reflecting a payout ratio of 47 per cent of underlying earnings.

Gearing of 34.6 per cent remains within our target range of 30 to 40 per cent.

We are pleased that in FY2021, our Burrup plant, a long-term strategic asset positioned in the Pilbara, became fully operational and Exsa, Peru's leading manufacturer and distributor of industrial explosives, acquired in May 2020, was successfully integrated into Orica, and continues to deliver in line with the business case.

Our discrete network and product portfolio optimisation programs have been accelerated, resulting in the closure of several sites and the exit from a number of countries that are not strategically aligned or that could be serviced through alternate internal distribution channels.

We also commenced the sale of Minova and non-core landholdings. The stabilisation of the recently implemented SAP ERP system continued, with the integrated platform helping us in aligning our overheads and operating model with the current operating environment.

We achieved our new technology returns target, despite challenges in implementation due to COVID-19. Our digital solutions portfolio continues to grow and is now active across more than 200 customer sites globally, as we expand our scope and capability beyond blasting. In particular, with our RHINO™ technology, we were able to generate orebody intelligence while drilling blastholes in collaboration with a key customer, improving blast pattern design efficiency in real-time.

We know that it was a difficult year for our people through a time of significant organisational change as we adapted our business to suit the current operating environment. However, our people rose to the challenge, ensuring that the safety of our operations and fulfilling our customers' needs remained our top priorities. We are especially grateful for this commitment and remain focused on creating a diverse workplace where our people are energised and inspired to shape our future together.

"Our frontline employees have gone to extraordinary lengths this year, working with customers to protect their workplaces and communities, and ensure uninterrupted operations."

"Our refreshed strategy and Executive leadership team have Orica well-positioned to navigate our recovery and deliver profitable growth, focused on improving return on net assets and value for our customers and shareholders through a simpler and more efficient organisation."

Sustainability performance

Despite COVID-19 and the challenges associated with our financial performance, we continued to focus on delivery of our sustainability commitments. Metrics that were a particular focus for FY2021 included greenhouse gas emissions, diversity and inclusiveness and community investment.

We are pleased to report a 13 per cent reduction in our combined Scope 1 and 2 greenhouse gas emissions, and we remain on track to achieve our target of at least 40 per cent reduction in Scope 1 and 2 greenhouse gas emissions by 2030. We also launched the Orica Impact Fund, targeting investment to communities most impacted by COVID-19, essential to our operations or with a focus on science, technology, engineering and maths (STEM), driving long-term benefits and positive social and environmental impact. For diversity and inclusiveness, unfortunately, we saw a drop in the percentage of women in senior leadership positions as we restructured the organisation. Despite this, we remain committed to achieving our 2024 target of 35 per cent women in senior leadership and have programs in place that support achieving this target.

POSITIONING FOR FUTURE GROWTH

In April 2021, the Board appointed Sanjeev Gandhi as the new Managing Director and CEO of Orica Limited.

Our renewed Executive Committee is now in place, with deep expertise and experience from across the organisation focused on driving forward our refreshed strategy and strategic priorities and positioning Orica for the future.

Our refreshed strategy

Our refreshed strategy refocuses on driving profitable growth and creating enduring value for our shareholders and other stakeholders.

Our strategy is to deliver solutions and technology that drive productivity for our mining and infrastructure customers across the globe. It is centred on optimising our operations, delivering smarter solutions, and partnering for progress across our core business and refocusing on our four key business verticals – mining, quarry and construction, digital and mining chemicals. This will allow us to leverage our strengths and create opportunities for growth beyond blasting.

Organic growth will be pursued from the core, through four dedicated business verticals. We will continue to optimise our manufacturing and supply chains while maintaining commercial discipline and accelerating the adoption of our innovative technologies that promote productivity for our customers.

In mining, our largest vertical, we aim to grow our presence in future-facing commodities as the world continues to transition to a low-carbon economy, while increasing the adoption of our premium blasting solutions.

In quarry and construction, we will deliver focused technology, specific to the needs of our customers, diversifying our portfolio and increasing our presence in high-growth economies, such as Asia.

Our mining chemicals business offering will be expanded in high-growth markets across gold and future-facing commodities. Building on our superior global supply chain and customer relationships, we will unlock further capacity to broaden and capture growing demand.

We will also continue the adoption and expansion of our digital solutions, both upstream and downstream, by providing best-in-class digital products and integrated digital workflow solutions, to unlock greater value for customers across all segments and drive growth for Orica.

Our technology program will also include our second-generation fully wireless technology, WebGen™ 200, which entered alpha trials with a commercial product this year. The technology has been engineered for new markets and applications and paves the way for the first stages of blast automation through our world-first Avatel™ technology.

We also unveiled 4D™, our new variable density bulk explosives system, providing a step-change in bulk explosives and value delivery.

With our integrated SAP platform stabilising, we will start to realise the benefits and efficiencies, while managing our cost base and operating model, and continuing to optimise our operations and reduce complexity across manufacturing and supply.

Finally, we need to partner with our stakeholders in executing our strategy. Our focus remains on empowering our people and partnering with customers and communities to solve shared challenges and champion for a safer and more sustainable industry.

Sustainability at Orica

In recognition of the increasing global focus on tackling climate change, this year, we took a significant step in our sustainability journey and established a net zero ambition by 2050.

Building on our target to reduce Scope 1 and 2 emissions by at least 40 per cent by 2030, this new ambition includes our most material Scope 3 emission sources and provides a clear roadmap that prioritises the decarbonisation of our operations, low-carbon solutions and partnering with our stakeholders to move towards net zero emissions by 2050.

We are a company with a long history of technical innovation which is already helping our customers improve mine site safety, productivity, and efficiency. We will apply the same approach by deploying low-emissions technologies to our major manufacturing sites and working with our global suppliers and stakeholders to reduce the footprint of our supply chain.

One example of this innovation in action is at our Carseland ammonium nitrate (AN) manufacturing facility in Canada, which in partnership with the Alberta Government has commissioned an industrial tertiary catalyst abatement process, forecast to reduce emissions by approximately 83,000 tCO_2e per year.

We have assigned approximately $45 million over the next 5 years in capital to deploy similar tertiary abatement technology across our Australian AN sites, which could deliver a 750,000 tCO_2e reduction annually.

We are also supporting the construction of a mobile demonstration plant of carbon capture, utilisation, and storage (CCUS) technology at our Kooragang Island manufacturing facility, led by Mineral Carbonation International (MCi), in partnership with the Federal Government and the University of Newcastle.

Our commitment to sustainability goes beyond just our net zero ambition. We will continue to evolve our approach to deliver long-term value for our stakeholders and will be working to achieve more in delivering on our key social, diversity and environmental targets.

OUTLOOK

The fundamentals of our business remain strong. By controlling what we can, optimising our operations and supply chain and embedding our refreshed strategy and growth drivers, we will seize opportunities as the market stabilises.

We expect commodity demand to remain steady throughout FY2022, translating to stable volume demand for explosives and related products. Our customer's appetite for new technology is high as we look to capitalise on our expanded offering in high-growth and future-facing commodities.

Our refreshed strategy and Executive leadership team have Orica well-positioned to navigate our recovery and deliver profitable growth, focused on improving our return on net assets (RONA) and value for our customers and shareholders through a simpler and more efficient organisation.

On behalf of our Board and the Executive Team, thank you to the entire Orica team who have been exceptional during this challenging time.

Importantly, we thank you, our shareholders, for your continued support and investment in Orica.

Malcolm Broomhead AO
Chairman

Sanjeev Gandhi
Managing Director and
Chief Executive Officer

Our purpose is to sustainably mobilise the earth's resources

Our purpose and values are a fundamental part of our business.

Mobilising around our purpose drives our business and sustainability strategies, our behaviours, and the commitments we make to all our stakeholders. Uniting our people with a common goal, which inspires and harnesses their energy to innovate and problem-solve is how we will succeed.

Our impact extends beyond our own operations and people to our customers, the natural environment, and the communities where we operate. That is why we are committed to operating a safe and responsible business, making a positive contribution to society, and to reducing our environmental impacts.

Our values

We work as one team, always guided by our values. As a purpose-led, responsible business, how we deliver value for our customers, communities and other stakeholders is as important as what we deliver.

Safety is our priority. Always

The most important thing is that we all return home, safely, every day.

We respect and value all

Our care for each other, our customers, communities, and the environment builds trusted relationships.

We act with integrity

We are open and honest, and we do what is right.

Together we succeed

Collaboration makes us better, individually, and collectively.

We are committed to excellence

We take accountability for our business and for delivering outstanding results.

Strategy

How we create value

Orica's goal is to deliver enduring value to our shareholders and other stakeholders. We leverage our tangible and intangible assets to create financial, people, societal, customer and environmental value, all with an emphasis on being a safe and responsible business. This includes utilising technology and innovation, our financial and natural resources, and our interactions and partnerships across the value chain. Strategic decisions are made in line with our risk appetite settings, which assist us with the allocation of resources. Our risk appetite is described on page 78.

Technology and innovation

Finance

Responsible operations

People and capabilities

Natural environment

Community and relationships

Our purpose

Sustainably mobilise the earth's resources

Our vision

To be the world's leading mining and infrastructure solutions company

Our strategy

Deliver solutions and technology that drive productivity for our customers across the globe

Enabling enduring business performance through sustainability

To support our core business activities, we have developed a comprehensive sustainability strategy and roadmap. A core pillar of this strategy is our stated ambition to achieve net zero emissions by 2050[1]. Responding to the threat of climate change is critical to our future success and sustainability is essential to growth and long-term competitive advantage as a driver of innovation, cost efficiencies, and talent attraction.

For an overview of our approach and progress refer to the *Our Performance* section of this report.

Sustainability Approach

Innovating sustainable solutions

Fostering relationships and transparency

Building climate resilience and circularity

1 *Our net zero emissions ambition covers our global Scope 1 and Scope 2 GHG emissions under our direct control, and material Scope 3 GHG emission sources. Material means the GHG emissions embodied in purchased ammonia and ammonium nitrate included in the Scope 3 reporting category of purchased goods and services. These [illegible] account for two thirds of Orica's Scope 3 emissions footprint.*
We will engage with our suppliers and customers to support technological solutions for decarbonisation. Achieving this ambition will require effective government policy frameworks, supportive regulation and financial incentives, and access to new low-carbon technologies operating at commercial scale.

Our Business

How we will win

SMARTER SOLUTIONS

Excellence in service delivery

Speed to market

Proactively sell solutions to create and share value

Our scope and capabilities are being expanded across the value chain. Recent digital acquisitions like RHINO™ and OREPro™ 3D push us further upstream to orebody intelligence, and downstream to ore processing with tools such as Integrated Extraction Simulator (IES). We can provide best-in-class products across the individual verticals and offer a seamless workflow solution across the value chain. Rapid commercialisation of our products and solutions is key to our technology strategy.

OPTIMISED OPERATIONS

Safe and cost competitive manufacturing

Optimised, reliable and secure supply chain

We are continuing to find ways to improve how we run our business. Value will be realised through continual overhead cost reduction, reduced manufacturing costs and supply chain efficiencies, as well as monetising non-core land assets. In FY2021, we confirmed our intent to sell Minova, and began to exit under-performing jurisdictions and operations.

PARTNERING FOR PROGRESS

Empowering our diverse teams of talented people

Champion for a safer,and more sustainable industry

Our strategy is shaped to equip our employees with the changing skills and competencies needed to deliver strong performance. Our focus includes deeper talent management and supporting the development of capabilities that drive our competitive advantage.

Collaboration is key, and we will continue to work with our stakeholders to drive growth and to solve our shared challenges. Public-private partnerships can play a significant role in creating value. This year, we achieved a significant decarbonisation milestone through government partnerships in Australia (refer to the *Climate and natural environment* section of this report for more details).

Across our pillars, we remain committed to seizing organic and inorganic growth opportunities, including the expansion of existing products into new applications and commodities, new product development across the value chain, and capital investments and operational upgrades.

What sets us apart

SUPERIOR, INNOVATION-LED CUSTOMER OUTCOMES

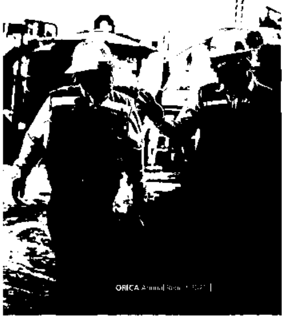
The unrivalled experience and expertise of our people gives us a clear competitive advantage.

With our commitment to deep customer relationships and by understanding their most challenging needs, we can provide innovative technologies and solutions to deliver the desired outcomes and maximise value for our customers. This is evidenced by continuous improvement in our NPS over the past four years.

SECURE, RELIABLE LOCATIONALLY-ADVANTAGED SUPPLY

Our globally optimised supply chain of manufacturing plants, supply alliances and joint ventures around the world ensures the security of supply for our customers, where and when they need it.

With safety as our number one priority, we comply with stringent regulatory regimes to ensure our products are stored and transported securely and always used as intended.



Where we will win

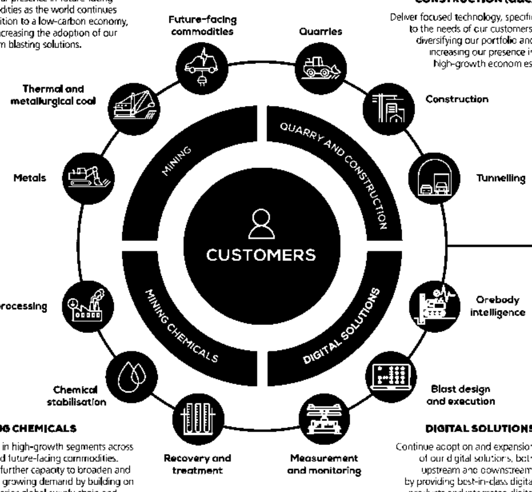
Our strategy is centred on optimising our operations, delivering smarter solutions, and partnering for progress across our core business and refocusing on our four key business verticals: mining, quarry and construction, digital, and mining chemicals. This will allow us to leverage our strengths and create further opportunities for growth beyond blasting.

MINING

Grow our presence in future-facing commodities as the world continues to transition to a low-carbon economy, while increasing the adoption of our premium blasting solutions.

QUARRY AND CONSTRUCTION (Q&C)

Deliver focused technology, specific to the needs of our customers, diversifying our portfolio and increasing our presence in high-growth economies.



MINING CHEMICALS

Expand in high-growth segments across gold and future-facing commodities. Unlock further capacity to broaden and capture growing demand by building on our superior global supply chain and customer relationships.

DIGITAL SOLUTIONS

Continue adoption and expansion of our digital solutions, both upstream and downstream, by providing best-in-class digital products and integrated digital workflow solutions.

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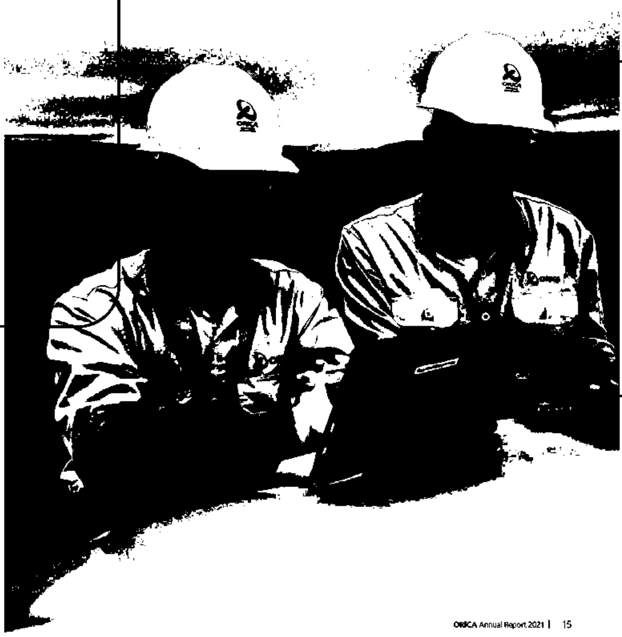
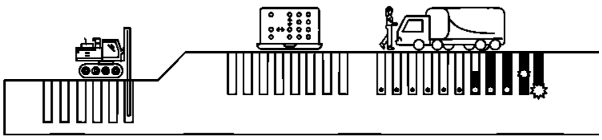
"Our refreshed strategy refocuses on driving profitable growth and creating enduring value for our shareholders and other stakeholders."



Beyond blasting

Business activities



OREBODY INTELLIGENCE

Upstream from blasting, we are actively taking steps today to help our customers better understand the orebody. Recent digital acquisitions such as RHINO™ and RIG Technologies International give us a market position in orebody intelligence.

DESIGN AND MODEL

We are collaborating with customers and industry to develop technologies and integrate vast amounts of complex geotechnical data into the blast design processes. This is where our SHOTPlus™ Blast Design and OREPro™ 3D modelling software comes into play, by helping to ensure the right explosives are delivered into the right holes, and initiated at the right time, to achieve desired customer outcomes.

BLASTING

The blasting segment of the value chain remains at the core of our business model and the convergence of new technologies and solutions such as WebGen™ and 4D™ is enabling us to think and mine differently, and operate more precisely and responsibly.

Outputs

Digital solutions

Explosives

Blasting systems

Outcomes

Our success is dependent on our ability to create value for a broad range of stakeholders. Refer to the *Our Performance* section for our FY2021 performance, including how we use technology and innovation to create or protect value. An overview of our approach to technology and innovation is included on pages 22 and 23.

TECHNOLOGY AND INNOVATION

Market leadership

Digital transformation

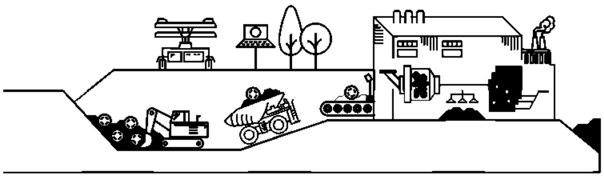
Support customers growth and sustainability goals

FINANCE

Maintain investment grade credit rating

Sustainable dividend

Agility to respond to growth opportunities

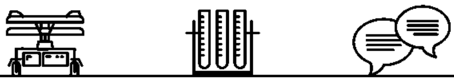


MEASURE AND MONITOR

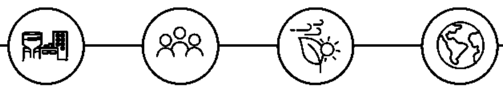
We have also made significant investments downstream from blasting in post-blast monitoring, including GroundProbe™ technologies and measurement technologies that deliver insights around blast outcomes. FRAGTrack™, for example, captures 2D and 3D blast fragmentation imagery and data with auto-analysis capability.

ORE PROCESSING

Further downstream we are building capability and technologies in ore processing with tools like IES.



Monitoring | Mining chemicals | Service and support



RESPONSIBLE OPERATIONS

Values-driven organisational culture

Prevention of harm (people, product, data)

Transparent policy positions

Ethical supply chain

PEOPLE AND CAPABILITIES

Engaged workforce and inclusive culture

Diversity of thought

Investment in capability uplift and talent

NATURAL ENVIRONMENT

Protection and stewardship of the environment

Management of physical and transitional climate change risks

Attraction and retention of high calibre talent

COMMUNITY AND RELATIONSHIPS

Responsiveness to changing community and stakeholder expectations

Customer and supplier relationships

Local economic investment and growth

Contribution to the community including through taxes

Operating in a dynamic environment

Various trends shape our operating environment, creating both risks and opportunities that impact how we create value through our business model.

CHANGING COMMODITY DEMAND

Key business model inputs

Changing commodity demand is a strategic focus for Orica and our customers. This is supported by analysis on 'megatrends' such as urbanisation and decarbonisation, which will drive high growth across a diverse range of metals and minerals such as copper, lithium, iron ore, metallurgical coal, quarried rock, and nickel. Over time demand for fossil fuels such as thermal coal are forecast to flatten and decline. We are committed to diversifying our commodity exposure and positioning our portfolio towards higher growth commodities, including future-facing commodities. This is highlighted by our investments in a joint venture with Yara International on the Burrup Peninsula (Western Australia) and the acquisition of Exsa in Peru, which strengthen our position in the iron ore, gold, and copper segments.

We also believe quarried rock presents a significant opportunity, driven by global infrastructure stimulus linked to the post-pandemic economic recovery. We are well-positioned in our core quarrying regions (North America and Europe) and will now focus on increasing our exposure in developing markets as ongoing urbanisation continues to drive demand.

We have developed future macroeconomic and climate scenarios to help us understand what future trends, opportunities and risks may emerge as a result of climate change and the potential financial and operational impacts on our business strategy. Our FY2021 Climate Action Report describes the outcomes of our scenario planning and planned responses.

DECARBONISATION

Key business model inputs

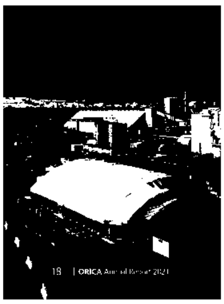
The transition to a low-carbon economy is underway, with an increasing number of countries, private organisations, and public companies making significant commitments to decarbonisation and achieving net zero emissions.

We must adapt to this transition. It will impact our customers, communities, and the way we manufacture, and we are committed to playing our part in the global response. It is also now widely recognised that climate change is a risk to long-term financial stability. In FY2021, Orica has complemented our emissions reduction target to reduce Scope 1 and 2 emissions by at least 40 per cent by 2030 with an ambition of achieving net zero emissions by 2050[1]. This transition is underway as we prioritise tertiary catalyst abatement initiatives at our Carseland (Canada) and Australian AN plants, and by progressing sourcing of renewable energy.

We are also working with our customers to help achieve their decarbonisation ambitions as we pursue lower carbon-intensity AN, support trials in CCU through MCi and deploy our suite of world-class digital and blasting solutions to drive mine site safety and efficiencies.

Further reading:
FY2021 Climate Action Report.

1 *Covers our global Scope 1 and Scope 2 GHG emissions under our financial control and material Scope 3 GHG emission sources. [illegible] purchased goods and services. [illegible] of Orica's Scope 3 emissions footprint.*



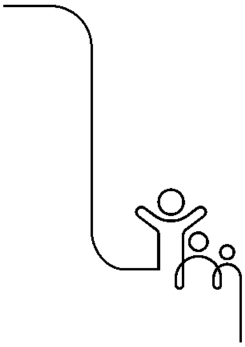
TECHNOLOGICAL CHANGE

The pace of technological change continues to accelerate, with higher customer adoption rates for mining technology solutions that improve safety, sustainability, and productivity.

We are leading the market in this transition and are at the forefront of new blasting technology, driven by WebGen™, the world's first fully wireless initiation system. We have strong adoption in Canadian underground mines and our penetration is increasing in the Australian underground market. We also continue to bring other blasting technology to the market including Avatel™ (the world's first mechanised development charging system) and 4D™ (next generation of premium bulk explosives).

We have also developed a strong portfolio of digital mining solutions, including BlastIQ™ and FRAGTrack™, and are the market leader in blasting software, modelling and measurement technologies. Through both acquisitions and internal product development, we have expanded our digital capabilities beyond blasting across the mining value chain, including orebody intelligence (RHINO™), software (IFS) and monitoring (GroundProbe™).

Our priority is to accelerate the commercialisation of these technology solutions. To do this, we have established a dedicated team to work closely with foundational customers and early adopters to manage the scale of change and management required. By capitalising on our expanded technology offering and an increase in customers' appetite for new technology in high-growth and future-facing commodities, we expect an increase in adoption of our technology solutions over the next 12 months.



SOCIAL CHANGE AND DEMOGRAPHICS

Key business model inputs

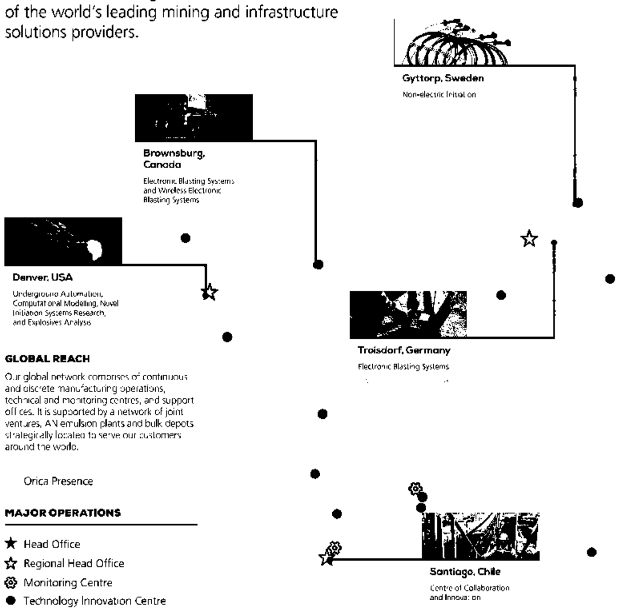
The impact businesses have on people and the natural environment through their operations, activities, and products and services, has sparked deeper stakeholder interest and increased scrutiny. Businesses are expected to improve their social, ethical, and environmental performance to meet rising stakeholder expectations across a range of material issues, including cultural heritage management, modern slavery, climate action and diversity and inclusion.

To retain the trust of our stakeholders we are committed to addressing material issues, providing transparent disclosure on our performance, and engaging in regular, meaningful, and inclusive dialogue with them. Our collaborative, shared value approach helps us anticipate, assess, and address risks, opportunities and impacts relating to increasing societal expectations.

Our global footprint

13,000+ employees

Our story began in 1874, when we first supplied explosives to the Victorian goldfields in Australia. Since then, we have grown to become one of the world's leading mining and infrastructure solutions providers.



GLOBAL REACH

Our global network comprises of continuous and discrete manufacturing operations, technical and monitoring centres, and support offices. It is supported by a network of joint ventures, AN emulsion plants and bulk depots strategically located to serve our customers around the world.

Orica Presence

MAJOR OPERATIONS

- Head Office
- Regional Head Office
- Monitoring Centre
- Technology Innovation Centre
- Discrete Manufacturing for Initiating Systems and Packaged Explosives
- Continuous Manufacturing Ammonium Nitrate
- Continuous Manufacturing Sodium Cyanide

Customers in more than 100 countries

Support and invest in host communities

$6.2[1] billion market capitalisation

From the production and supply of explosives, blasting systems, mining chemicals and geotechnical monitoring to our cutting-edge digital solutions and comprehensive range of services, we sustainably mobilise the earth's resources.

With over 145 years of expertise, our community of engineers, scientists, technologists, operators, business specialists and on-site crew support customers in surface and underground mines, quarry, construction, and oil and gas operations.

Sustainability is integral to our operations. Our approach to sustainability begins with ensuring we operate our business responsibly, and by prioritising the safety of our people, customers, and communities. We are in a unique position to leverage our expertise in technology to create safer and more responsible solutions and deliver positive economic, social, and environmental contributions through our business activities.

Procured goods and services from 8,500 suppliers in over 50 countries

Brisbane, Australia

Digital Solutions Customer Immersion Centre

Perth, Australia

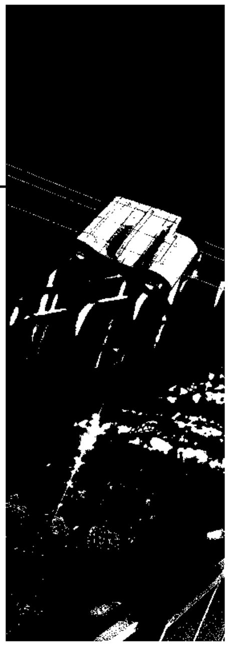
Orebody Intelligence Customer Immersion Centre

Kurri Kurri, Australia

Bulk and Packaged Explosives and Delivery Systems, Software and Blast Sensors and Advanced Computational Blast Modelling

1 As at 10 November 2021

Technology and innovation



Today, our industry is being reimagined. Robotics, automation, and big data are transforming every element of the mining value chain. We're proud to be part of this change and excited about the critical role we play.

Technology and innovation are crucial to sustainably mobilising the earth's essential resources and maintaining our competitive advantage. Our ambition to drive change through technology is underpinned by our strong track record of innovation delivery. With over 145 years of experience and expertise in innovation, research, and technology development, we are deeply committed to advancing our core products and services and progressing new digital and automated technologies to create safer operations and unlock value for our customers across the mining value chain.

Our Chief Technology Officer oversees the development and commercialisation of new and differentiating technologies and innovations, aligning customer, business, and technology requirements throughout the Product Lifecycle Management (PLM) process. Our extensive network of technical services engineers, and more than 250 technology experts apply our technology and provide support to deliver value for customers.

Supporting our ambition is a clearly defined Technology Roadmap that aligns technologies in development and the convergence of technologies with our customers' needs around the world. We work closely with customers, industry, and world-leading academia and invest in our own research and partnerships to help solve our shared challenges. We continuously look for technologies and innovations that align to our business.

Customers are increasingly demanding sustainable solutions to help meet their sustainability goals. Through our Clean Technology Roadmap, we are focusing investment on technology to capitalise on new commercial opportunities in converging areas of decarbonisation, automation, and digitisation across the value chain. This approach also strengthens our overall customer value proposition and our competitive advantage by targeting technologies that improve safety and productivity, and focus on renewables, recycled or low-carbon and circular solutions such as WebGen™, 4D™, Avatel™ and Cyclo™. With our digital technologies, we are positioning to quantify value delivered at every stage of the mining value chain, including reduced energy consumption, cost, or emissions, as well as the ability to manage environmental factors such as dust and vibration. Our IES platform is a great example of a digital technology which can improve the value of major mine sites through the optimisation of processing operations.

BOARD FOCUS

A core responsibility of the Innovation and Technology Committee is the oversight of investment in research and development, as well as overseeing the pace of commercialisation of new technology to deliver solutions that will improve customer performance outcomes.

The Board also continues to focus on our cyber security resilience, identified as one of our key operational risks.

INTEGRATED EXTRACTION SIMULATOR (IES)

IES is a cloud-based software platform designed to reduce the use of energy and water in mining through the application of simulation, optimisation, and machine learning. IES was developed by the Brisbane-based Cooperative Research Centre for Optimising Resource Extraction (CRC ORE).

Following a competitive selection process, we were selected as the commercialisation partner for the IES and took the reins of the platform's growth strategy in July 2021.

While mine operators can use controlled blasting techniques as an effective augmentation of the rock breakage process, Orica also saw the wider application of IES as an obvious fit with its expanding digital solutions offer across the whole mining value chain.

By harnessing the virtually limitless scalability available through cloud computing services, mining companies can now use IES to configure multiple design options for a mineral processing plant.

IES then tasks each design and simulates its performance for every day of operation over the life of a mine. This high-resolution simulation of each design leaves no stone unturned in the pursuit of optimal mineral processing.

Orica Senior Manager IES Technology, Nick Beaton said: "We have demonstrated that the simulator can improve the value of major mine sites, this is significant for the mines using the simulator and for the whole industry. Optimisation of processing operations using IES also enables step-change reductions in power and water consumption, while greatly improving recoveries of marginal ores, all contributing to the future sustainability of mining operations."

Orica Vice President Digital Solutions Rajkumar Mathiravedu said: "From a technology perspective, we see enormous synergies with our existing blasting and measurement solutions, including BlastIQ, FRAGTrack and ORETrack. We are integrating our automated, data science enabled blast design technology and solutions with IES, offering end-to-end digitised workflow solutions from orebody knowledge through to mineral processing in an open, secure, and connected platform."

OUR PRODUCTS AND SERVICES PORTFOLIO

Explosives

- Bulk explosives (e.g., 4D™)
- Packaged explosives

Blasting systems

- Boosters
- Conventional initiating systems
- Electronic blasting systems (e.g., i-kon™ III)
- Wireless blasting systems (e.g., WebGen™ 200)

Blasting services and support

- Technical and specialist services
- Delivery systems (e.g., Bulkmaster™ 7)

Digital solutions

- Orebody intelligence (e.g., RHINO™, RIG Technologies)
- Blast design and modelling (e.g., SHOTPlus™, OREPro™ 3D)
- Blast execution (e.g., BlastIQ™, LOADPlus™)
- Blast measurement (e.g., FRAGTrack™, ORETrack™ 3D)
- Process optimisation (e.g., Integrated Extraction Simulator – IES)

Slope stability and monitoring

- Radar and laser-based monitoring systems (e.g., GroundProbe™ RGR-Velox)
- Advanced processing and analytic software (e.g., MonitorIQ™)

Mining chemicals

- Sodium cyanide
- Emulsifiers
- Sodium cyanide delivery systems (e.g., Sparge)
- Analysers and mineral processing optimisation (e.g., PROService™)

Our stakeholders

Across the world we interact with a diverse range of stakeholders with a varied range of interests in our business. We work to build strong relationships with stakeholders through regular and meaningful engagement and open and transparent communication.

Stakeholder	What issues are important to them?	How we respond to create value for stakeholders
Employees and contractors	– Safety, health, and wellbeing – Skills and capability development to meet future of work – Career and progression opportunities – Leadership – Diversity and inclusion	– Developing a culture of safety, and providing safe systems of work – Growing our focus on mental health and wellbeing – Enabling continuous learning opportunities, with a focus on skills for the future – Providing performance-driven rewards and advancement opportunities – Building distinctive leadership focused on developing trust and empowering their teams – Setting diversity and inclusion targets – Growing our commercial and operational female talent pipeline
Customers	– Superior outcomes, particularly product performance, reliability, and safety – Security of supply – Cost – Added value through product innovation and new technologies – Sustainability of products and services, from cradle to grave	– Delivering on our customer promise to provide the highest standards of safety, supply reliability, quality, and value – Leveraging investments in technology to deliver safer solutions to customers that enable them to improve productivity and efficiency – Working in partnership with customers to identify opportunities to improve sustainability outcomes including circular business models to maximise the value of chemicals and materials through their full lifecycle
Suppliers and business partners	– Business resilience and continuity providing confidence of long-term opportunities – Managing supply chain risks, including ESG risks – Security of supply	– Providing ongoing opportunities for suppliers where possible to provide stability and continuity – Providing clear guidance to suppliers on our safety and sustainability requirements – Working with suppliers to address growing legislative requirements and societal expectations on ethical supply chains, particularly modern slavery issues
Shareholders, debt investors and analysts	– Company performance – Company strategy and business model, including resilience of strategy in the short, medium, and long-term – Management of short, medium, and long-term risks, including climate change and diversifying from thermal coal commodity exposure – Human rights including modern slavery and rights of Indigenous Peoples – Corporate governance – Transparency and disclosure on non-financial performance	– Adapting to a changing environment by leveraging technology and innovation to maintain performance outcomes – Improving disclosure and transparency of financial and non-financial performance – Manage impacts relating to our most material sustainability issues, particularly climate change – Reducing our exposure to thermal coal by diversifying our business – Evolving and improving our approach and performance on human rights and modern slavery

We undertake a range of activities to engage our stakeholders that enable us to better understand their interests and concerns, and to identify opportunities to better respond to their needs. Their feedback directly informs our strategy.

Stakeholder	What issues are important to them?	How we respond to create value for stakeholders
Local communities	– Product safety and security – Local operational impacts including water, air, and noise Economic opportunities including employment and procurement Investment in communities – Ethical business conduct and transparent communication – Strong partnerships	– Continuing to foster innovation, research, and development of technology to increase product safety and security – Engaging our communities and other stakeholders on our robust safety approach to management of AN stockpiles, inventory, and transportation Working to improve environmental outcomes – Supporting our communities impacted by crises including COVID-19 and extreme weather events – Increasing our financial contribution and developing a more targeted community investment approach Embedding a shared value approach
Government and regulators	– Regulatory compliance, good governance, and ethical business conduct – Socio-economic contribution – Community contribution and impacts Innovation, research, and development	Complying with all relevant legislation and regulation across our operations globally Actively engaging and participating with government and industry on policy matters, such as anti-dumping Providing insight to support evolving energy and climate policy frameworks particularly in Australia Fostering innovation, research and development that increases product safety and efficiency
Industry associations	Industry-specific issues and strategy	Engaging openly and transparently to identify opportunities for collaboration Advocating responsibly and consistently in line with our policy commitments, including opportunities to raise industry performance to meet our standards Providing input into industry responses to government consultations
Non-government organisations (NGOs)	Ethical business conduct – ESG performance, particularly action on climate	Improving ESG disclosures and transparency – Improving our approach and performance on material sustainability issues including climate change
Research, university and technical institutions	Innovation, research, and development Partnerships	Continuing to collaborate with strategic partners toward shared commercial and sustainability goals

Non-International Financial Reporting Standards (Non-IFRS) information

This report makes reference to certain non-IFRS financial information. This information is used by management to discuss the underlying performance of the business and has been presented as this may be useful for investors. This information has not been reviewed by the Group's auditor. The FY2021 Full Year Results presentation includes non-IFRS [illegible] has been [illegible] on the same measurement basis as actual results.

Driving performance

Executive Committee

Our Executive Committee supports the CEO to run our day-to-day operations based on authority delegated by the Board. The Committee is responsible for executing our strategy, driving financial performance and sustainability outcomes, and enabling a supportive and inclusive culture. The Committee meets weekly and is chaired by the CEO.

SANJEEV GANDHI
BEng (Chemical Engineering), MBA
Managing Director and Chief Executive Officer

Sanjeev joined Orica in July 2020. He was appointed Managing Director and Chief Executive Officer in April 2021, [illegible] holding the role of Group Executive and President, Australia Pacific and Asia. Sanjeev is a former Executive Director of publicly listed German Chemical company BASF SE. During his 26-year career with BASF, Sanjeev held several senior marketing, commercial and business leadership roles including Head of Asia Pacific and Head of Global Chemicals Segment (Intermediates & Petrochemicals).

LEAH BARLOW
BEng (Chemical Engineering), BBus (Management and accounting)
Senior Vice President Discrete Manufacturing and Supply Chain

Leah was appointed Senior Vice President Discrete Manufacturing and Supply Chain in April 2021. Prior to this, Leah held the role of Vice President Initiating Systems and Packaged Emulsion Global Manufacturing and has previously held a range of senior management roles at Orica in both discrete and continuous manufacturing across Australia and Canada.

JAMES BONNOR
BCom (Economics, Marketing)
President – Europe, Middle East and Africa

James was appointed Group Executive and President Europe, Middle East, and Africa in July 2021. Prior to this, he held the role of Group Executive and President, North America, and has previously held a range of general management, sales, marketing, strategy and customer relationship roles across Australia, New Zealand, Latin America, and North America.

DELPHINE CASSIDY
BBus (Accounting), MBA, FAICD
Chief Communications Officer

Delphine was appointed Chief Communications Officer in February 2020, with responsibility for external and internal communications and brand strategy in addition to investor relations [illegible] since joining Orica in 2016. From May 2021, Delphine has also held responsibility for marketing [illegible]. Prior to this Delphine held a range of senior investor relations and corporate affairs roles including roles at NAB, St Barbara Limited, Orient Capital and SKILLED Group.

Our Performance

JAMES CROUGH
BCom (Accounting), MBA, FCPA, GAICD
President – North America

James was appointed Group Executive and President, North America in October 2021. Prior to this, he held the role of Vice President Finance, Australia Pacific and Asia, including time in the role of Interim Group Executive and President. Before joining Orica, James held senior financial and executive roles with Incitec Pivot Ltd including as Interim Group Executive and President of Incitec Pivot Fertilisers, and senior management roles in the areas of international commodity trading, global manufacturing, and supply chain across markets in Australia, Asia, and Europe.

CHRISTOPHER DAVIS
BCom, Dip-Acc, GAICD, Chartered Accountant
Chief Financial Officer

Christopher was appointed Chief Financial Officer in October 2018 and has responsibility for the group wide finance function, taxation, treasury, sustainability, government relations, company secretariat, legal, group risk and assurance, property, and remediation. Before joining Orica, Christopher held senior financial and executive roles within Anglo American Plc including as CFO from 2008 and CFO from 2009 to 2013 of its subsidiary Scaw Metals Group.

BRIAN GILLESPIE
BSc (Hons), MBA, FIET
President – Latin America

Brian was appointed Group Executive and President, Latin America in May 2021. Prior to this, he held the role of Chief Executive Officer of GroundProbe. Before joining Orica, Brian was the Chief Commercial Officer at GP Works Australia and previously led consulting practices for Deloitte and PricewaterhouseCoopers (PwC) as the head of their Australian Energy, Utilities and Mining Practice.

ADAM L. HALL
BCom, LLB (Hons), MBA, PhD
Chief Development Officer

Adam was appointed Chief Development Officer in June 2019 with responsibility for corporate strategy, mergers and acquisitions and, from April 2021, responsibility for Orica's global cyanide and emulsifiers businesses. Prior to joining Orica, Adam held senior corporate development roles including Vice President, Corporate Development at CF Industries and Executive Director, Corporate Strategy at Bunge.

JENNIFER HAVILAND
BCom (Economics), Dip-Enterprise Systems & Analysis, GAICD, CPA
Chief People Officer

Jennifer was appointed Chief People Officer in January 2021, after having held the role of Vice President Risk and Assurance. Prior to this, she held a number of senior finance roles in various Business Units, Manufacturing and Supply and before joining Orica in 2014, Jennifer spent over 13 years with Ernst & Young working in Melbourne and London.

ANGUS MELBOURNE
BEng (Hons) Mechanical Engineering, BSc Applied Mathematics
Chief Technology Officer

Angus joined Orica in October 2016 as Chief Commercial Officer and was appointed Chief Technology Officer in May 2021. He has responsibility for strategic marketing, research and development, technology commercialisation, information technology, Orica Digital and Orica Monitor (including GroundProbe and Nitro Consult). Prior to joining Orica, Angus held a number of senior executive roles across his 25-year career at Schlumberger, including research and development, engineering, manufacturing, operations, and sales.

GERMÁN MORALES
MSc (Civil Engineering), Executive MBA
President – Australia Pacific and Asia

Germán was appointed Group Executive and President Australia Pacific and Asia in April 2021. Previously, he held the role of Group Executive Latin America. Prior to joining Orica, Germán spent 18 years at commercial explosives manufacturer Maxam, holding various leadership roles in Europe, Africa, the Americas, and Australasia and most recently, Senior Executive Director and General Manager [illegible] explosives.

Financial
Chief Financial Officer's review

Last year, we reported our outlook for FY2021 was for significant improvement across our markets, particularly in the second half as the impacts of COVID-19 were expected to lessen. The year has proved more challenging than we had envisaged.

— **Christopher Davis**
Chief Financial Officer

Our financial performance for the year has been disappointing, reflecting both adverse external events and under-performance in areas outside of our control. Underlying Earnings Before Interest and Tax (EBIT) reduced by 30 per cent to $427 million (FY2020: $614 million). Our underlying results were adversely impacted by a strong Australian dollar; reduced mining demand due to trade tensions between Australia and China; and pricing pressure resulting from a long ammonium nitrate market. This was compounded by a highly competitive environment in Latin America, rapidly escalating freight costs and the impact of COVID-19 on customer sites. Importantly, much of the impact was in the first half of the year when we reported an underlying EBIT of $155 million[1].

The second half showed a significant improvement with an increase in sales volumes, and a focus on cost control that resulted in EBIT increasing 75 per cent to $272 million.

We recorded a statutory Net Loss after Tax (NLAT) (attributable to shareholders of Orica Limited) of $174 million, compared to a Net Profit after Tax (NPAT) of $82 million in FY2020. This statutory NLAT was mainly driven by asset impairments and changes in accounting standards. More detail about our financial performance is set out on pages 32 to 41.

Given the challenges, we accelerated our overhead cost reduction program. Regrettably, this program resulted in redundancies across our corporate functions. We never take these decisions lightly; but it was necessary to achieve the efficiencies needed.

"Despite the uncertainty of the external operating environment, our focus on balance sheet discipline has ensured strong cash generation and available liquidity"

$427M
UNDERLYING EBIT
FY2020: $614M

$619M
NET CASH
from operating activities

34.6%
GEARING

47%
DIVIDEND
payout ratio

1 Underlying earnings excluding FY2021 earnings from Minova which is treated as a discontinued operation in the financial statements

Despite the challenges, our teams around the world have rallied to keep Orica operating safely and responsibly and stayed focused on what we could control to start our recovery, whether it be enabling supply chain continuity in the regions, successfully integrating the recently acquired Exsa business in Latin America, or active management of our liquidity position by our corporate treasury team.

In this respect I am pleased to report our progress toward stabilising the SAP system, a continued focus on debtor collections and improvements to our procurement processes has contributed to a reduction in trade working capital. This allowed us to achieve a strong cash conversion rate of 127.0 per cent compared to 74.4 per cent in FY2020, and strong net cash from operating activities of $619 million. This strong cash generation, as well as our focus on monetising non-core land sales (Villawood and Botany) of $140 million resulted in gearing of 34.6 per cent (FY2020: 38.2 per cent).

WE HAVE OPERATED WITHIN A DISCIPLINED CAPITAL MANAGEMENT FRAMEWORK OVER THE PAST FIVE YEARS

Our capital management framework is based on three key objectives.

- Maintaining our investment grade credit rating;
- Preserving the flexibility for growth investment and to respond to changes in the external operating environment; and
- Maximising returns to shareholders.

We maintained our BBB investment grade credit rating from Standard & Poor's, despite revising their outlook to 'negative watch', from 'stable', in March 2021.

Our disciplined approach to capital expenditure continued to support the base business and pursue growth opportunities. Total capital expenditure for the year was $323 million, which was at the lower end of the guidance range of $320 million to $360 million. We have ensured sufficient capital has been allocated to safety and environmental obligations, as well as towards maintaining and improving our existing asset performance.

Capital expenditure allocated to growth opportunities is subject to rigorous review and approval processes. This ensures growth capital is allocated to the opportunities that provide the best value and returns for Orica.

In FY2021 we spent $121 million in growth capital and $202 million on sustenance capital, which includes $14 million towards reducing our greenhouse gas emissions at Kooragang Island and Carseland.

Despite difficult operating conditions, our capital management rigour has delivered a reduction in net debt to $1,479 million, a decline of $342 million from FY2020; our lowest net debt position in four years. Our liquidity position remains strong, underpinned by undrawn committed debt facilities of $1,486 million and cash and cash equivalents of $594 million.

During the year, we repaid $469 million of US Private Placement debt and refinanced and pre-financed a further $365 million of committed debt facilities. Our average drawn debt maturity is 5.4 years and we do not have a material bond maturity until September 2023. We maintain the continued support of our group relationship banks and bondholders.

Gearing at 34.6 per cent is well within our target range of 30 to 40 per cent and we have significant headroom against both our Gearing and Interest Cover financial covenants.

Orica seeks to pay dividends within the range of 40 to 70 per cent of underlying earnings and we have achieved that for the past five years. I am pleased to report that despite the challenges and uncertainty of the pandemic, we have maintained the dividend payout ratio within policy range in FY2021 as well.

The dividend for the first half of the year was 7.5 cents per share. The final dividend is 16.5 cents per share bringing the full year dividend to 24.0 cents per share, a full year payout ratio of 47 per cent.

WE HAVE INCURRED NON-CASH ADJUSTMENTS ASSOCIATED WITH ASSET IMPAIRMENTS AND CHANGES IN ACCOUNTING STANDARDS

As part of our periodic impairment testing, and in the context of the challenging market conditions, we have written off goodwill of $162 million associated with the Europe, Middle East, Africa (EMEA) business segment.

Additionally, we concluded it was appropriate to impair our interest in the Pilbara by $277 million after tax.

While the Burrup plant contributed positively to our underlying result, the profit margins are lower than the East Coast of Australia and did not fully support its reported carrying value.

During the year, we adopted the accounting standards interpretation related to 'accounting for cloud computing arrangements', which requires retrospective application. This resulted in a large portion of our previously capitalised investment in SAP being taken to earnings (in both current and prior periods). Refer pages 164 to 167 within the financial statements for further detail.

CONTINUING FOCUS ON CASH GENERATION

Our focus on cash generation and managing our capital structure will continue to be a priority. We will continue to focus on trade working capital efficiencies, disciplined capital expenditure and further sales of non-core land assets to release cash. In addition, we will allocate the required investment to support our decarbonisation pathway.

As we look to the future, we are keeping our sights set on our vision to be the world's leading mining and infrastructure solutions company. To echo the sentiments of our Chairman and CEO, I am energised by our refreshed strategic priorities, and confident that smarter solutions, optimised operations and partnering for progress, realised by our talented people, will create value for our stakeholders.

Christopher Davis
Chief Financial Officer

GROUP RESULTS

Year ended 30 September	2021 A$M	Restated 2020 A$M	Change %
Sales revenue from continuing operations	5,207.9	5,143.0	1%
EBITDA from continuing operations	762.7	913.6	(17%)
EBIT from continuing operations	**404.6**	**592.9**	**(32%)**
EBIT from Minova (held for sale)	22.0	20.8	6%
Total EBIT	**426.6**	**613.7**	**(30%)**
Net interest expense	(105.6)	(159.0)	34%
Tax expense before individually significant items	(102.7)	(146.4)	30%
Non-controlling interests before individually significant items	(9.9)	(9.2)	(8%)
NPAT before individually significant items	**208.4**	**299.1**	**(30%)**
Individually significant items after tax	(382.2)	(216.8)	(76%)
NPAT/(NLAT) after individually significant items (statutory)	**(173.8)**	**82.3**	

GROUP COMMODITY EXPOSURE

Revenue by commodity from continuing operations[1]

- **17%** Thermal Coal
- **7%** Metallurgical Coal
- **8%** Iron Ore
- **16%** Q&C
- **21%** Gold
- **19%** Copper
- **12%** Other[2]

1 *Excludes Minova which is held for sale; previously included in the "Other" category.*
2 *Includes Orica Monitor.*

The commodity mix reflects Orica's diversified portfolio across Coal and Metals markets, including future-facing commodities.

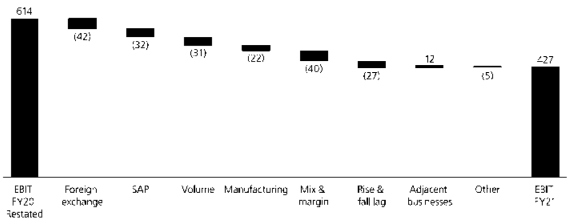
Activity in gold markets was consistent with the prior corresponding period (pcp), remaining the largest commodity exposure for Orica and important across all regions, in both blasting and cyanide offerings.

The growing Q&C market exposure reflects strengthening in the Northern Hemisphere in the second half, reflecting both a seasonal uplift and the commencement of government infrastructure stimulus.

Copper exposure increased on the pcp as a result of the inclusion of Exsa results for the full year, compared to five months in the pcp.

Thermal coal revenue was impacted by a sharp decline in Colombia and first half geopolitical challenges in Australia, offset by stronger short-term energy demand in North America.

FY2020 TO FY2021 EBIT



Financial performance

The FY2021 result reflects significant challenges from adverse market factors compared to the pcp, including ongoing uncertainty from the global COVID-19 pandemic.

Political and economic instability continued to drive volatility in Mexico and Latin America, while geopolitical tensions with China impacted thermal coal exports from the East Coast of Australia in the first half.

Foreign exchange

In 2021 the Australian dollar strengthened against most major currencies. This has resulted in lower EBIT on translation of foreign-denominated earnings into Australian dollars.

SAP

Incremental operating costs related to the SAP system were incurred in line with expectations.

Volume

Total AN volumes increased 4 per cent on the pcp, driven by the inclusion of a full year of Exsa sales. Despite this, the net volume impact was unfavourable on the pcp given the reduction of high margin Australian East Coast volumes from disrupted thermal coal trade flows, and from lower sales volumes in Colombia and Chile.

Total initiating system volumes were in line with the pcp, with an increase in premium electronic blasting systems (EBS) offset by a reduction in conventional detonators.

Cyanide volumes were 6 per cent down on the pcp, from lower customer demand and shipping constraints.

Manufacturing

Reduced volumes adversely impacted manufacturing fixed cost recoveries, particularly at the large continuous plants. Following an incident in the first half at the La Portada manufacturing plant, increased insurance and sourcing costs were incurred.

Mix & margin

In the pcp North America benefited from carbon credits that have not repeated in FY2021. A competitive environment in Latin America has resulted in lower contract pricing to customers, while customers' cost constraints have also led to temporary negative mix impacts, particularly in Peru and across Africa.

Higher sea freight costs impacted earnings in Latin America and Europe, Middle East, and Africa (EMEA) where AN product is sourced offshore.

Rise & fall lag

Increases in ammonia input costs, in particular in the second half of the year, had a temporary adverse impact on EBIT in Australia and Asia. While most of these costs are ultimately passed through in sales prices, there is a time delay between rising input cost and the recovery thereof.

Adjacent businesses (Orica Monitor and Minova)

The Orica Monitor result was stronger than the pcp from increased radar sales and leases, higher services revenue and lower overhead costs at Nitro Consult following a successful restructuring.

The result from Minova, which is held for sale, was slightly higher than the pcp, from higher customer demand and the commencement of new construction projects.

BUSINESS SUMMARY

A summary of the performance of the segments for the 2021 and 2020 financial years is presented below.

Year ended 30 September A$M	2021 External sales revenue	2021 EBITDA	2021 EBIT	2020 External sales revenue	2020 EBITDA	2020 EBIT
Australia Pacific & Asia (APA)	2,105.9	453.9	279.7	2,050.6	522.0	373.4
North America	1,229.6	168.9	107.9	1,260.0	235.7	165.3
Latin America	956.5	73.3	28.9	855.6	72.4	38.4
Europe, Middle East & Africa (EMEA)	801.4	56.1	25.0	882.8	96.3	64.2
Orica Monitor	114.5	43.6	30.7	94.0	33.1	20.3
Global Support	–	(33.1)	(67.6)		(45.9)	(68.7)
Continuing Operations	**5,207.9**	**762.7**	**404.6**	**5,143.0**	**913.6**	**592.9**
Minova (held for sale)	474.3	33.7	22.0	468.3	32.2	20.8
Total	**5,682.2**	**796.4**	**426.6**	**5,611.3**	**945.8**	**613.7**

AUSTRALIA PACIFIC & ASIA

External revenue by commodity

Year ended 30 September	2021	Restated 2020	Change
External sales revenue (A$M)	**2,105.9**	2,050.6	3%
EBITDA (A$M)	**453.9**	522.0	*(13%)*
EBIT (A$M)	**279.7**	373.4	*(25%)*
Total AN and Emulsion Volumes ('000 tonnes)	**1,745**	1,763	*(1%)*

Market conditions

The operating environment across the region during FY2021 was challenging.

Australian trade tensions with China led to a reduction in coal production on the Australian East Coast from October 2020. Over time, Australian coal producers have been able to place product in alternative markets such as India, South Korea, Japan, and Taiwan.

Asian markets were faced with outbreaks of COVID-19, which led to some full or partial mine closures in countries such as Indonesia, India, Malaysia, Mongolia, and the Philippines. While conditions have been relatively stable over recent months, uncertainty in the Asia region remains.

Global ammonia prices increased significantly over the second half of FY2021, with the Fertecon Far East CFR ammonia index on average approximately 85 per cent higher than the pcp.

The Australian dollar was stronger against most major currencies on average during FY2021 as compared to the pcp.

Segment performance

Explosives volumes were 1 per cent down on the pcp, mainly as a result of lower coal production on the Australian East Coast in the first half due to disrupted trade flows and the non-repeat of high margin competitor sales in 2020. This was partially offset by new business from Metals customers, both in the Pilbara and on the Australian East Coast.

EBS demand increased on the pcp, mainly from new customer contracts in the Metals business in Australia. Conventional detonator volumes were lower than the pcp due to a four-month suspension of operations at a customer site in the Philippines following a wall failure incident.

EBIT was down 25 per cent on the pcp due largely to the unfavourable market conditions.

The impact of disrupted thermal coal trade flows which affected high margin volumes was compounded by the under recovery of continuous manufacturing plant fixed costs.

Increases in ammonia input costs in the second half of the year had a temporary adverse impact on EBIT in Australia and Asia. While most of these costs are ultimately passed through in sales prices, there is a time delay between rising input costs and the recovery thereof.

The Asia business was impacted by the adverse foreign exchange movements compared to the pcp which has resulted in lower earnings on translation of foreign currency earnings.

Depreciation on the Burrup plant commenced in FY2021.

NORTH AMERICA

Market conditions

Operating conditions in North America were varied across the region during FY2021.

Socio-political and economic challenges continue to constrain the market in Mexico where mining activity has not yet recovered to historical levels.

An increase in power consumption in the USA and high gas prices have seen a short-term uplift in thermal coal demand in the second half.

Despite the re-opening of mines and a slow build in infrastructure activity, ongoing labour shortages in the USA and Canada are hampering the region's recovery from the worst of the COVID-19 pandemic.

In FY2021, the Australian dollar was stronger against most major currencies, including the US dollar, Canadian dollar and Mexican peso as compared to the pcp.

Segment performance

The 35 per cent EBIT decline on the pcp, was largely driven by the non-repeat of carbon credits in 2020 and adverse foreign exchange impacts.

Explosives volumes were 1 per cent down on the pcp. Volumes in the USA were lower due to a decline in coal production in the Powder River basin in the first half, partially offset by higher volumes in Canada as a result of reduced mining activity in the pcp.

Both EBS and conventional detonator volumes increased as a result of greater demand from joint venture partners in the USA, and from a step up in gold production and reopening of mines in Canada.

Initiating System sourcing costs were elevated in the first half, with some product being temporarily sourced from third parties following an incident at the La Portada manufacturing plant. The planned turnaround at Carseland, which commenced in the last quarter of the financial year, resulted in some AN being sourced from third parties.

This turnaround at the Carseland plant was successfully completed in October 2021 and included the installation of tertiary abatement technology to reduce nitrous oxide emissions.

External revenue by commodity

- **11%** Thermal Coal
- **4%** Metallurgical Coal
- **9%** Iron Ore
- **28%** Q&C
- **30%** Gold
- **9%** Copper
- **9%** Other

Year ended 30 September	2021	Restated 2020	Change
External sales revenue (A$M)	**1,229.6**	1,260.0	*(2%)*
EBITDA (A$M)	**168.9**	235.7	*(28%)*
EBIT (A$M)	**107.9**	165.3	*(35%)*
Total AN and Emulsion Volumes ('000 tonnes)	**1,013**	1,023	*(1%)*

LATIN AMERICA

Market conditions

The mining sector in Latin America is showing gradual improvement from the COVID-19 pandemic, with the exception of Colombia. The coal market in Colombia has seen a significant downturn in production, with many mines moving into care and maintenance, and one miner relinquishing their coal mining licence to the Colombian government.

Political instability continues to impact the region, as strikes in Chile and social unrest in Peru, which were disruptive in the first half, have continued to occur in the second half.

Sea freight costs have increased sharply on the pcp, particularly in the second half.

The Australian dollar was stronger against most major currencies on average during FY2021 as compared to the pcp.

Segment performance

Explosives volumes were 34 per cent up on the pcp, or 1 per cent up on the pcp excluding Exsa which was acquired on 30 April 2020.

The reduced coal production in Colombia significantly impacted AN and initiating systems demand in the country in FY2021. Strike action in Chile resulted in significantly lower explosives demand on the pcp. In contrast, despite ongoing political instability, sales of explosives volumes in Brazil and Peru increased on the pcp from higher spot sales, demand from new customers and the full year contribution from Exsa.

Growth in Peru was predominantly driven by lower margin entry level products due to customer cost constraints, mainly in the first half.

Total initiating systems volumes increased on the pcp, largely driven by customer activity in Brazil and the inclusion of Exsa volumes.

Cyanide volumes were lower than the pcp from a decline in a customer's gold production in Peru as the mine approaches end of life.

EBIT was 25 per cent down on the pcp due to unfavourable foreign exchange movements which has resulted in lower earnings on translation of foreign currency earnings and contract pricing in the highly competitive market, which has had an impact on margins. Sea freight cost increases impacted the region given that all AN and cyanide is sourced offshore.

External revenue by commodity

- **2%** Thermal Coal
- **4%** Iron Ore
- **3%** Q&C
- **25%** Gold
- **59%** Copper
- **7%** Other

Year ended 30 September	2021	Restated 2020	Change
External sales revenue (A$M)	**956.5**	855.6	*12%*
EBITDA (A$M)	**73.3**	72.4	*1%*
EBIT (A$M)	**28.9**	38.4	*(25%)*
Total AN and Emulsion Volumes ('000 tonnes)	**929**	694	*34%*

EUROPE, MIDDLE EAST & AFRICA

External revenue by commodity

- **1%** Thermal Coal
- **2%** Metallurgical Coal
- **2%** Iron Ore
- **37%** Q&C
- **26%** Gold
- **8%** Copper
- **24%** Other

Year ended 30 September	2021	Restated 2020	Change
External sales revenue (A$M)	**801.4**	882.8	*(9%)*
EBITDA (A$M)	**56.1**	96.3	*(42%)*
EBIT (A$M)	**25.0**	64.2	*(61%)*
Total AN and Emulsion Volumes ('000 tonnes)	**406**	450	*(10%)*

Market conditions

Market conditions varied across the region during FY2021.

Following significant second and third waves of the COVID-19 pandemic in the first half, a considerable increase in vaccination rates across Europe coupled with government stimulus has led to improved mining and infrastructure activity in the second half.

Mining activity in both the CIS and Africa has been resilient during the pandemic but has nonetheless been constrained by quarantine requirements and mine closures due to outbreaks.

Sea freight costs have increased sharply on the pcp, particularly in the second half.

The Australian dollar was stronger against most major currencies on average during FY2021 as compared to the pcp.

Segment performance

Explosives volumes declined 10 per cent on the pcp, driven predominantly by reduced mining, tunnelling and construction activity in Europe and the Middle East.

Initiating Systems volumes were down on the pcp, mainly from lower demand from wholesale customers in the Nordics.

Cyanide volumes were lower than the pcp due to shipment delays to Africa.

EBIT was down 61 per cent on the pcp, due to unfavourable foreign exchange movements, lower volumes, and higher freight costs which affected offshore sourcing. Further exacerbating this was a demand shift in Africa to lower margin products and a reduction in services as customers sought to reduce costs.

ORICA MONITOR

Year ended 30 September	2021 A$M	2020 A$M	Change
External sales revenue	114.5	94.0	22%
EBITDA	43.6	33.1	32%
EBIT	30.7	20.3	51%

The Orica Monitor segment comprises GroundProbe and Nitro Consult businesses.

GroundProbe sales were higher than the pcp, driven by increased demand for radar systems, mainly in Brazil and Africa, the introduction of new products and remote geotechnical services. EBIT improved on the pcp from positive mix as high margin leases and premium radar sales increased.

The Nitro Consult EBIT result improved on the pcp, with both increased revenue from new customers and a reduction in costs following a business restructure that took place in 2020.

GLOBAL SUPPORT

Year ended 30 September	2021 A$M	2020 A$M	Change
EBIT	(67.6)	(68.7)	2%

Global Support costs were in line with the pcp as costs were contained through restructuring activity.

MINOVA (HELD FOR SALE)

Year ended 30 September	2021 A$M	Restated 2020 A$M	Change
External sales revenue	474.3	468.3	1%
EBITDA	33.7	32.2	5%
EBIT	22.0	20.8	6%

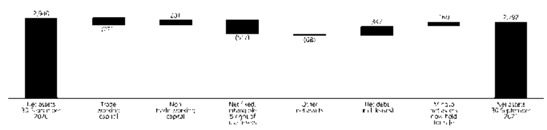
Sales volumes were slightly higher than the pcp, due to higher customer demand in the hard rock market in Canada and customer demand in Europe, offset by lower volumes in the US from the decline in the coal market and the geopolitical tension between Australia and China, which impacted on sales into the coal segment.

EBIT earnings increased by 6 per cent from the pcp, with strong growth across Canada from increased demand, market share gains and new construction projects commencing in Europe.

The business remains EBIT and cash flow positive, driving good momentum into the future.

GROUP BALANCE SHEET

Movement in net assets (A$M)



Trade working capital was $271 million lower than the pcp. $56 million of the reduction relates to the Minova trade working capital that has been classified as assets held for sale. The reduction of $215 million in the underlying trade working capital is partially driven by a decrease in trade debtors of $92 million from improved billing and collections. Inventory increased by $84 million due to increased sales activity towards the end of the year and rising input prices. Trade creditors increased by $207 million driven by increased purchase activity associated with higher sales volumes as well as tighter credit management and the inclusion of Burrup creditors which were included in non-trade creditors prior to the plant's commissioning.

Excluding the transfer of $46 million of non-trade working capital of Minova to assets held for sale, **non-trade working capital** liability was $155 million lower due to a $75 million reduction in the defined benefit obligations as a result of an increase in discount rates and the shift of Burrup creditors into trade creditors post plant commissioning.

Net fixed, intangible & right of use assets decreased by $517 million from the pcp due to depreciation and amortisation expense of $370 million, impairment charges of $480 million, disposals of $15 million and the transfer of Minova assets of $85 million to assets held for sale. This was partly offset by additions of $413 million and foreign exchange translation of $19 million.

Other net assets decreased by $68 million from the pcp, driven largely by the revaluation of financial instruments resulting from the strengthening of the Australian dollar of $113 million and the transfer of Minova other net assets of $34 million to assets held for sale, offset by a decrease in provision for income tax of $65 million.

DEBT MANAGEMENT AND LIQUIDITY

As at 30 September	2021 A$M	Restated 2020 A$M	Variance A$M
Interest bearing liabilities – excluding lease liabilities	(2,072.7)	(2,741.0)	668.3
Less: Cash and cash equivalents	593.7	920.5	(326.8)
Net debt	(1,479.0)	(1,820.5)	341.5
Lease liabilities	(260.4)	(298.7)	38.3
Net debt – including lease liabilities	(1,739.4)	(2,119.2)	379.8
Gearing % – excluding Lease liabilities	34.6%	38.2%	–

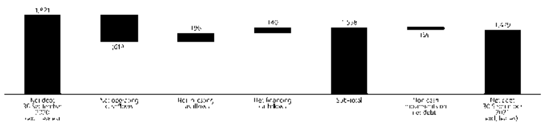
Interest bearing liabilities of $2,073 million comprise $2,069 million of US Private Placement bonds and $4 million of committed and other bank facilities. The average tenor of drawn debt is 5.4 years (September 2020 5.0 years).

Cash of $594 million provides for a strong liquidity position, complemented by undrawn committed bank facilities of $1,486 million.

Gearing excluding lease liabilities at 34.6 per cent is within the Group's target range of 30 to 40 per cent and is well below the 57.5 per cent covenant default measure. The interest cover ratio at 4.6x also has significant headroom against the debt covenant of 2.0x.

On 2 March 2021, Standard and Poor's affirmed Orica's credit rating at 'BBB', whilst revising the outlook to 'negative' from 'stable'. S&P's rating methodology adjusts Orica's net debt to incorporate post-retirement benefit obligations, asset retirement obligations (i.e., environmental, and decommissioning provisions) and leases. Orica's debt covenants do not include these items.

The chart below illustrates the movement in net debt from 30 September 2020.



(a) Impact of foreign exchange translation.
(b) The net debt balance at 30 September 2021 excludes Minova cash of $42 million.

INDIVIDUALLY SIGNIFICANT ITEMS

Year ended 30 September 2021	Gross A$M	Tax A$M	Net A$M
Gain on sale of land	112.4	5.7	118.1
Operating model restructuring	(45.6)	12.8	(32.8)
Environmental provision expense	(39.3)	11.8	(27.5)
EMEA goodwill impairment	(162.4)	–	(162.4)
Pilbara impairment	(317.6)	41.0	(276.6)
Individually significant items from continuing operations	**(452.5)**	**71.3**	**(381.2)**
Individually significant items from Minova (held for sale)	(1.4)	0.4	(1.0)
Individually significant items attributable to shareholders of Orica	**(453.9)**	**71.7**	**(382.2)**

Gain on sale of land

Sale of Botany Lot 1 (formerly Lot 9)

In September 2021 Orica completed the sale of Botany Lot 1 (formerly Lot 9), resulting in a gain on sale. Due to the utilisation of carried forward capital losses, there was no tax expense on this transaction.

Sale of Villawood

In March 2021, Orica sold its Villawood property in New South Wales, resulting in a gain on sale. A net tax benefit was recognised in respect of the utilisation of brought forward capital losses.

Operating model restructuring

As part of the global restructuring project, further redundancy costs were recognised during the year.

Environmental provision expense

Botany Groundwater Treatment Plant (GTP)

The performance of trials of remediation technologies to date has been limited by lower biological activity than expected. It is considered unlikely that results will improve, therefore the assumption of the future cost saving has been removed from the provision calculation. This has resulted in an increase to the environmental provision with the expense included as a significant item.

Botany Hexachlorabenzene (HCB) waste

The provision increased due to a requirement for an additional shipment to complete waste destruction.

EMEA goodwill impairment

As part of Orica's periodic impairment testing, and in the context of the ongoing challenging market conditions, a non-cash impairment charge was recognised on the goodwill in the EMEA segment. After the recognition of this impairment charge, $49 million of goodwill remains in EMEA.

Pilbara impairment

Following the impairment recognised by Yara Pilbara Nitrates (Pty) Ltd, the joint venture company that operates the Burrup plant, Orica has reviewed the carrying value of its 50 per cent shareholding. This has resulted in Orica recognising a non-cash impairment of $158 million against Goodwill and $160 million against Property Plant & Equipment.

FY2022 OUTLOOK

- Global commodity growth is anticipated to continue, particularly in copper and gold, and in quarry and construction markets.
- Subject to market conditions, 2022 financial year EBIT is expected to increase on the pcp from continuing operations:
  - Strong momentum in the final quarter of the 2021 financial year has continued, driving expectations for a stronger first half in 2022 than in the pcp; and
  - The result is expected to be weighted towards the second half, reflecting greater manufacturing plant turnaround activity in the first half.
- Improvement in earnings is expected to be attributable to:
  1. Volume growth, expected to be in line with global GDP growth;
  2. Increased adoption of advanced technology offerings, particularly digital and monitoring solutions;
  3. Key strategic initiatives driving supply chain efficiencies; and
  4. Sustainable overhead cost reductions, net of inflation.
- Pricing discipline is expected to broadly mitigate rising input costs and pass-through lag.
- Capital expenditure is expected to be within $340 million to $360 million; the depreciation and amortisation expense is expected to be up to 5 per cent higher than the pcp.
- A continuing focus on balance sheet and cash flow optimisation, with gearing expected to remain within stated range of 30 to 40 per cent.

BOARD FOCUS

Financial performance is a key focus area for the Board and Board Audit and Risk Committee. In FY2021, they were involved in:

- Closely monitoring our financial performance, liquidity, credit metrics, and associated financial risks;
- Considering and approving Orica's financial reports, audit reports, market guidance, and funding requirements;
- Approving our annual and half year results materials; and
- Approving our capital management activities.

Safe and responsible business

Safety is our number one priority, always. We pride ourselves on conducting our business safely and responsibly, from how we work with our suppliers and manufacture our products, to how we deliver for our customers.

Our approach is governed by robust risk management and corporate governance frameworks. For more information, see our FY2021 Corporate Governance Statement and pages 76 to 81 of this report for our risk management approach.

WORKPLACE SAFETY

While we did not meet all our performance targets in FY2021, we remain committed to improving our safety performance by understanding and addressing the causes of incident and injury and by enhancing our safety culture. Implementation of our five-year Safety, Health, Environment and Security (SHES) strategic plan commenced in FY2021.

Safety performance: zero fatalities but an increase in injuries

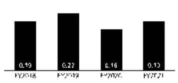
For the fourth consecutive year we achieved zero fatalities and achieved a reduction in the number of Serious Life Changing Injuries[1]. However, our rate of injury, including Serious Injuries[2] and total recordable cases, were above target.

Our Serious Injury Case Rate (SICR) was 0.19, with a total of 35 serious injuries recorded. This is an increase from our FY2020 performance and above our target of 0.14 serious injuries per 200,000 hours worked. While disappointing, we are committed to maintaining our focus on injury prevention in FY2022. Our average days lost per injury reduced by 25 per cent from FY2020.

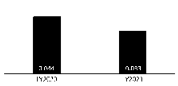
We achieved our Serious Life Changing Injury Case Rate (SLCICR) performance target. Five of the six cases recorded as life changing injuries were the result of two incidents, a passenger transport incident in a customer-operated vehicle that resulted in injuries to multiple Orica employees, and a light vehicle incident. As a result, controls aligned to transport and vehicle related incidents will be reviewed.

We continued to enhance our safety culture and encourage greater reporting of potential issues, achieving our High Potential Incident (HPI) Injury Ratio target. This resulted in a lower number of HPIs involving injury, when compared to FY2020.

Serious Injury Case Rate



Serious Life Changing Injury Case Rate

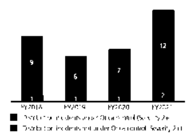


New metric in FY2020

Increase in distribution events

There was an increase in Severity 2[3] transport and distribution events this year and we did not achieve target. Two of these events were within our control, however the remainder were outside our Orica-controlled network, occurring with product shipped by third-party providers. We will continue to implement controls and focus on addressing third-party transport and distribution risks.

Distribution incidents



Cultivating a culture of safety through our Major Hazard Management (MHM) Program

Our MHM program is integral to our strategic safety focus areas, defining key safety controls and establishing rigorous verification protocols. This year, our leaders completed over 10,000 independent verifications of our key hazard controls.

MHM is reinforced in everyday work through our Safety Leadership Interaction program. This leverages the relationship between supervisor and worker to enhance communication around safety controls. In FY2021, we completed over 75,000 interactions.

1. *Serious life-changing injuries (SLCIs) are a subset of SIs, being those injuries where time was lost and where there was a potential for fatality or disablement from the injury regardless of whether it was realised.*
2. *Serious Injuries (SIs) are those which result in lost work time, and include fatalities, temporary or permanent disablement, hospital stays, and less significant injuries where the affected person is unable to attend work for a day or more.*
3. *Incidents resulting in injury requiring medical treatment, or fatalities, or loss of security sensitive product, or significant financial impact.*

THE IMPACT OF CALLING AN MHM STOP

In February 2021, a Mobile Manufacturing Unit (MMU™) operator at a customer site in Penasquito, Zacetas (Mexico), called a stop to operations after noticing the bench ground was unlevel and dangerous to drive and walk on. Two years earlier, a similar condition had resulted in an MMU™ roll-over at the same mine. The customer agreed the ground was unsafe and the ground was levelled before operations continued.

MHM stops are communicated and celebrated internally, ensuring learnings are shared and giving our people the confidence to speak up and call a stop.

Our MHM program has now been expanded to include contractors through the Contractor Management Program. The initial phase was developed and piloted this year, delivering a systematic assessment of high-risk contractors through a pre-qualification process. Appropriate systems and competencies are then put in place to ensure any major hazards that may be present in their work are managed.

Creating a culture of safety in which all employees are empowered, and expected, to call an immediate stop to work if they observe a potentially hazardous situation is core to our MHM program. Over 1,000 stops were called across diverse business lines and geographies, which is a three-fold increase from FY2020. This highlighted our company-wide focus on safety and the willingness of our people to speak up.

Developing capable safety leaders

Translating our safety goals into results requires capable leaders. In FY2021, we launched a bespoke safety leadership program, *Lead@Orica*, to advance safety leadership capacity across all levels of our organisation. The program is being developed in collaboration with the Griffith University Safety Science Innovation Lab and Queensland University of Technology (Australia) and is founded on an evidence-based model for safety leadership. The program aims to develop, recognise, and support leaders who can deploy adaptive leadership styles to drive improved safety performance on the ground.

FY2022 Priorities

- Enhance our MHM procedure for collisions (focusing on high occupancy vehicles and driver distraction) by understanding incident root causes and effective interventions.
- Develop contractor management group procedure and processes.

PHYSICAL AND MENTAL HEALTH IN THE WORKPLACE

Managing physical health risks

Protecting our people by managing health risks remains a focus. We implemented a range of activities including:

- health risk assessments for continuous manufacturing sites, with controls developed to prevent and mitigate exposure to material harmful agents;
- an enhanced management process for mine dust related health risks by updating our key controls;
- the creation of a working group on mine dust exposure to provide additional oversight; and
- standardised Occupational Exposure Limits (OELs) and Biological Exposure Indices (BEI) across the organisation to align with best practice recommendations (previously, these differed across regions in line with local laws and regulations).

Managing the ongoing impacts of COVID-19 on physical and mental health

Under the guidance and oversight of our COVID-19 Vaccination Working group, we continued to manage the health, operational, legal, ethical, and social risks related to the pandemic. This included enhancing our controls following advice from relevant international and local health authorities.

Controls are managed through the implementation of operational protocols to prevent and mitigate occurrences.

The mental health and wellbeing of our people continues to be a top priority with many affected by continued social isolation and impact on families and communities. A Global Wellness strategy was developed to support our people in managing their mental health, with oversight from our newly established Global Wellness working group. A communications strategy around reducing mental health stigma is being rolled out with leaders, including our CEO and members of our Executive Committee, leading by example and discussing mental health experiences and challenges.

Employees are encouraged to reach out to our Employee Assistance Program provider for further support.

APA Wellness program

In our Asia Pacific and Australia region, a Wellness working group and Wellness Champions network were established as part of a strategy to focus on education, prevention and intervention. The strategy has four key areas: mental health, physical health, financial health, and social health.

As part of our focus on mental health, Yes Psychology were engaged to conduct an employee wellness survey to determine the effectiveness of our existing health and wellbeing activities and identify improvements. Yes Psychology also promoted the wellness resources available to our teams, including Optum, our Employee Assistance Program provider. Through Optum's Live Well website, employees can access resources designed to enhance positive mental health, resiliency, and work/life balance.

We also encouraged our people to engage in wellness webinars delivered by Yes Psychology. Topics included handling change at work, juggling skills for parents, healthy sleep and lifestyle habits, and social connectedness.

FY2022 Priorities

- Conduct a pilot of key control procedures and verification for dust mitigation/suppression for mining services.
- Update and communicate our Health Group Standard to incorporate standardised OEL and BEI.
- Provide ongoing management of COVID-19 through strict risk management protocols.

PRODUCT SECURITY

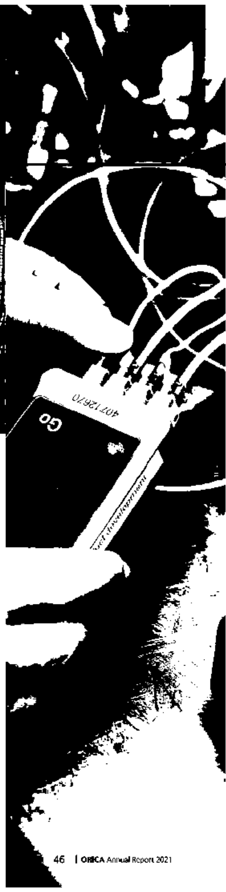
As a manufacturer of commercial explosives and blasting initiating systems, we have specific responsibilities to ensure we partner with and sell to organisations that will use our products for their intended purpose. We also have a responsibility to eliminate or minimise any risks to safety, health, or the environment across the lifecycle of our products and services.

We take our product security responsibilities seriously and strive to be champions of a safe and secure value chain. We select our partners following detailed due diligence covering security across the product lifecycle, from transport to storage and their final end-use. No product security incidents categorised as a Severity 3 or higher were recorded in FY2021 (FY2020: zero, FY2019: zero).

Of the Severity 2 product security events that occurred, half were related to transport. This vulnerability continues to be an area of focus and is being addressed through several mechanisms, including enhancing product traceability.

ADVANCED DETONATOR SECURITY WITH WEBGEN™

Our wireless blasting system WebGen™ offers a step change improvement in detonator security compared to electric detonators. Wireless technology provides an additional level of security by requiring four 64-bit encryption codes and a specific voltage for initiation. To prevent tampering, any attempt to initiate with the wrong voltage can destroy the detonator's internal systems, rendering it unusable. The WebGen™ system also requires a specific transmission system and antenna which are not available for consumer purchase.



Product traceability through 'Track and Trace' technology

Track and trace technology enables a product's status to be captured through the value chain and to retrospectively identify and verify its path. We are currently rolling out the technology across all discrete manufacturing sites as a priority to enable our product to be tracked with speed and recovered in the event of loss or theft. This further enhances our product stewardship approach and enables us to provide greater reassurance to stakeholders in our management of security risks.

FY2022 Priorities

- Continuing implementation of track and trace technology.
- Develop and implement a security training program for the Group Standard on Security.

CYBER SECURITY

Cyber security procedures and controls are in place to protect our global information network and limit the potential likelihood and impact of a cyber risk event. Our cyber security strategy is focused on controls to prevent, detect, respond, or recover from attacks that could result in critical services outages or loss of production and business services.

In FY2021, we continued to mature our cyber security controls to drive three key outcomes:

- extend cyber security into customer and manufacturing systems;
- detect and respond rapidly to malicious software or intruders in our network, focusing on ransomware; and
- increase data security, safeguarding our own and our customers data.

Assuring and improving controls across our business activities

We undertook several activities to assess the efficacy of existing controls and identify opportunities for improvement across our business activities. This included:

- commencing a project to audit and upgrade security of our manufacturing networks;
- maturing our supply chain assurance process and continuing to engage with our material and high-risk third-party service providers to understand their cyber security approach and address control gaps; and
- continued verification and testing of customer products through security assessments.

Our cyber security posture is tested with crisis simulations, penetration testing and by using external cyber professionals to perform 'ethical' hacking exercises.

Increasing security to support our new way of working

In response to COVID-19 restrictions around the world, our corporate office teams transitioned to working from home arrangements. To ensure our network was protected and secure, we enhanced and extended multi-factor authentication to verify the legitimacy of all employees and contractors with IT systems access and updated device security to decrease ransomware risk by improving detection and response controls.

These measures were supported through an enhanced security awareness program for employees and contractors, including standard training on security controls for everyone with IT system access, and tailored training through, for example, phishing email simulations.

We continue to evolve legacy network and security architectures toward a unified networking and security service that increases scalability, agility and security in a user and application environment that is highly distributed and mobile across the Internet.

We will continue to enhance our key cyber security controls in FY2022.

ETHICAL BUSINESS CONDUCT

How we conduct business

Our Code of Business Conduct (Our Code) brings our values to life and sets out our expectations for the way we work. This includes compliance with relevant laws and regulations, requirements specific to Orica, and additional company policies, standards, and procedures. This year, we commenced a review of Our Code; with an updated version to be released in FY2022.

The way we work is governed by Our Code. All employees and contractors who are subject to the requirements of Our Code complete mandatory training upon joining Orica and complete refresher training every two years.

There are consequences for breaching Our Code and we encourage people to speak up where they suspect a breach.

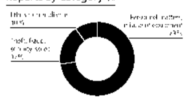
Reporting issues and grievances

Incidents or concerns involving a breach of Our Code or work-related grievances can be raised through multiple channels, including our independent, confidential Speak-up service, where reports can be made via telephone or website, or raised through management, human resources or other internal channels. Reports can be made at any time and in multiple languages using the Speak-up service hotline. Reporters have the option to remain anonymous.

Our Whistleblower Policy outlines our commitment to ensuring the identity of reporters remains confidential and they are not subject to detrimental conduct as a result of making a report. This provides protection for reporters and creates an environment where people feel safe and encouraged to report breaches of Our Code, including unethical, illegal, or improper behaviour.

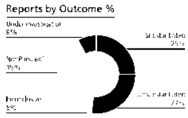
In FY2021, 73 per cent of cases reported related to workplace and personnel grievances.

Reports by Category %



When concerns are raised through our available mechanisms, a review process is undertaken, and a response is determined according to the framework in our Group procedure. In FY2021, 25 per cent of reports were substantiated. Where allegations were substantiated, appropriate action was taken to remedy and prevent re-occurrence, including termination of contract where required.

Reports by Outcome %



Ethics and Compliance program

Compliance against our high standards of ethical business conduct is supported through our Ethics and Compliance program. This establishes clear requirements and controls around key compliance risks, including anti-corruption, anti-bribery, trade sanctions and competition (anti-trust) laws.

Benchmarking our program to promote continuous improvement

We aim to continuously improve our Ethics and Compliance approach. This year, we engaged an independent third-party, the Ethisphere Institute, to benchmark our Ethics and Compliance program against international best practice. An improvement program has been developed in response to the assessment results, with implementation to commence in FY2022.

Creating deeper awareness of the Ethics and Compliance program

Increasing internal awareness of our key compliance risks and the role of our Ethics and Compliance program in managing these was a key focus in FY2021. We undertook several activities to achieve this including:

- hosting an 'Ethics and Compliance Day', where regional business and regional Ethics and Compliance team members facilitated a variety of activities to increase knowledge of topical issues and our approach to compliance; and
- enhancing our online registration portal and supporting processes for how we report, assess, and monitor gifts, entertainment, sponsorships and donations. The new portal promotes greater accessibility and ease of use, automating and streamlining the approval process across the organisation.

FY2022 Priorities

- Update and rollout of our refreshed Code of Business Conduct and associated training.
- Revising our Ethics and Compliance Group Standard and rollout of associated training.
- Enhancing our existing Ethics and Compliance program as identified in the benchmarking activity.

TAX TRANSPARENCY

Tax transparency is a critical element of ethical business behaviour. We are committed to complying with all relevant taxation laws in a responsible manner, with all taxes properly due, accounted for and paid. A tax standard and relevant procedures are in place to ensure our tax compliance obligations are managed.

Our effective tax rate before individually significant items is 32.0 per cent, which is in line with FY2020.

For more information, refer to our *FY2021 Tax Transparency Report*.

HUMAN RIGHTS

We are committed to respecting and upholding the human rights of our people, and those who may be impacted by our operations and business activities. Our approach to respecting human rights is guided by internationally recognised standards and embedded within our Charter, Our Code, risk management approach and organisational policies.

Rights of Indigenous Peoples and their cultural heritage

In May 2020, rock shelters at Juukan Gorge, a significant cultural heritage site for the Traditional Owners in Western Australia's Pilbara region, were destroyed through blasting activities. Their destruction was a substantial loss for First Nations Peoples cultural heritage and Australian history.

Following this event and acknowledging the risks that our own operations, products and services pose to cultural heritage sites, we engaged a third party to perform an assessment of our current approach to engaging with First Nations Peoples and cultural heritage management. Our current state was benchmarked against the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and external stakeholder expectations.

The assessment identified opportunities to reduce risk related to the protection of cultural heritage and more meaningfully engage with our First Nations communities through the enhancement of our governance structure, development of clear policies, practices, and systems, and increasing our cultural competency.

A roadmap to enhance our approach to First Nations engagement will commence in FY2022.

Empowering our employees to protect cultural heritage

In addition to safety, we empowered our employees to stop work at mine sites if they held other concerns about a blast, including the risk of cultural heritage impact. This signals a step change for how we approach our responsibility when it comes to cultural heritage protection.

We continue to work collaboratively with our customers to protect cultural heritage in Australia and internationally.

Maturing our approach to managing modern slavery risks

In FY2021, we performed a modern slavery gap analysis to identify opportunities for improvement in our existing modern slavery risk management approach across our operations and supply chain. While the gap analysis recognised progress made to date, including the development and piloting of a supply chain Modern Slavery Risk Management Plan and tools, it also identified opportunities for enhancing our governance, policy, process, and systems. The resulting recommendations have been developed into a future roadmap and implementation plan, which will be rolled out from FY2022.

For more information on our approach to managing modern slavery risks and the activities undertaken throughout the year, refer to our *FY2021 Modern Slavery Statement*.

BOARD FOCUS

Our Board and Board Committees are collectively focused on safety and corporate responsibility in all aspects of the business. Some examples that demonstrate this commitment include promoting a positive health and safety culture, oversight of product security risk and controls, monitoring our cyber security resilience, and the approval of commitments around modern slavery and tax transparency.

1 Reports received through the Speak Up service may not be pursued where they do not raise issues of sufficient substance to warrant investigation, do not provide sufficient information to undertake an investigation, or are a repeat of an existing allegation which is already subject to investigation.

People and capabilities

The capabilities of our talented workforce are key to our competitive advantage. We are committed to creating a workplace and culture where our people are energised by the work they do, empowered to achieve their full potential, and inspired to have a positive impact on others.

GOVERNANCE

We are guided by our Code of Business Conduct, which applies to anyone who works for, or on behalf of, Orica and sets out our expectations for the way we work. This includes our values, compliance with relevant laws and regulations, and requirements specific to Orica.

Our Human Resources (HR) Group Standard provides the minimum requirements and expectations to manage human resources activities across the Group, and our processes are enabled through our globally integrated HR system, Success Factors.

Our Board Human Resources and Compensation Committee monitors progress against key strategic objectives within remuneration, culture, diversity and talent development.

REFLECTING ON A DIFFICULT YEAR

This year has been difficult for our teams who continue to deal with the ongoing disruption caused by the pandemic. Cost pressures also necessitated a targeted reduction in our workforce. As we have said farewell to some of our colleagues, we are cognisant of the impact of internal restructuring on our employees.

The safety, health and wellbeing of our people has been our number one priority. We are proud of our teams, who have demonstrated incredible resilience, and commitment to our purpose and upholding our values, even in the most challenging circumstances. For more information on how we supported our people, refer to *Physical and Mental Health in the Workplace* on page 43.

Several of our initiatives, including our leadership and development programs and employee engagement survey, were paused during FY2021 as we prioritised other critical business activities. We have used this time to reset. As part of the broader business strategy refresh, we reshaped our people priorities to reflect the short and long-term business priorities and to equip our workforce with the skills, competencies and attributes needed to enable our future success.

CHANGES TO OUR EXECUTIVE COMMITTEE

Since Sanjeev Gandhi's appointment to Chief Executive Officer in April 2021, our Executive Committee has undergone some changes, which include both lateral moves and internal promotions.

- German Morales, previously President – Latin America, was appointed President – Australia Pacific, and Asia.
- James Bonnor, previously President – North America, was appointed President – Europe, Middle East, and Africa.
- Leah Barlow, previously Vice President Global Manufacturing, was appointed to the newly created role of Senior Vice President Discrete Manufacturing and Supply Chain, with responsibility for Orica's Initiating Systems and Packaged Explosives plants and global supply chain.
- Brian Gillespie, previously CEO GroundProbe, was appointed President – Latin America.
- James Crough, previously Vice President Finance APA, was appointed President – North America.

Earlier in the year, Jennifer Haviland joined the Executive Committee as Chief People Officer, having previously held the role of Vice President Risk and Assurance.

We are proud to promote the internal mobility and career development of our people, which demonstrates the strength of our talent engine. Our focus on talent and career management will continue to support cross-business moves, deepening our success on management into the organisation and the development of key talent through mentorship.

PEOPLE AND CULTURE STRATEGY REDEFINED: FOUR KEY PRIORITIES

Our People and Culture strategy has been reshaped to strengthen our core capabilities within an efficient operating structure and foster a performance-driven culture by equipping our people with the skills, attributes and competencies needed to deliver our business strategy and vision.

The refreshed priorities reflect our focus on becoming a more agile organisation with a reduced cost base, optimising technology investment and directing our resources to scalable and flexible programs and solutions that reach across our employees and empower them to shape their careers at Orica.

We have defined four strategic people priorities:

– **Building talent and career management:** a renewed emphasis on strengthening our talent engine to ensure identification of key talent, skills, and capabilities to deliver on Orica's growth engines.

– **Engaging our People and enabling a performance culture:** we want to inspire and connect our people with our renewed purpose and vision. This means refocusing on employee engagement, culture, and our employee value proposition.

– **Developing our core capabilities:** we will focus on defining and deploying a capability uplift program with core capabilities required to support our strategy including digital and technology, commercial capability, and leadership.

– **Delivering standardised and simplified processes:** as SAP stabilises, we are shifting focus to realising the efficiencies it offers. Various initiatives are underway aimed at global standardisation and simplifying the way we work.

ORGANISATION-WIDE LISTENING TO EMPLOYEE VOICE AND EXPERIENCE IN FY2022

While an enterprise-wide engagement survey was not conducted in FY2021, a number of targeted pulse surveys were deployed along with gathering of insights and feedback from focus groups to inform our refreshed purpose, vision, and strategy. The strategy refresh included a company-wide survey to understand what motivates and inspires our employees, and what we can do to support our future success. The importance of good leadership and people development opportunities (promoting from within and leadership training) came through strongly.

We will continue listening to employees in FY2022, deploying an enterprise-wide survey supplemented with pulse surveys.

ENABLING AN INCLUSIVE CULTURE

In FY2021, we employed 13,374 people across 49 countries, representing over 90 nationalities and bringing together a diverse range of backgrounds, experiences, and skill sets.

We are committed to enabling an inclusive work environment, where our differences are valued and our people feel respected, connected, and engaged. Fostering a positive and inclusive culture supports the growth of a sustainable pipeline of diverse talent and ensures we have the right culture and environment to develop and retain a diverse employee population.

Our Diversity and Inclusion Policy can be found in the *Governance* section of the Orica website. This outlines our vision, commitment, and approach.

Despite our global footprint, cultural diversity at a senior leadership level declined from 48.0 per cent to 40.4 per cent in the number of senior leadership roles held by people who identify their nationality as other than Australian or New Zealander. The same measure, applied to our total workforce, remained in line with last year at 82.7 per cent (FY2020: 81.0 per cent).

Women as a percentage of senior leadership decreased from 30.9 per cent in FY2020 to 28.3 per cent[1] due to the organisational restructures where more functional management layers were removed, which have a greater female representation. Female representation on our Board remained at 37.5 per cent (three of our eight Directors), exceeding our target of ≥30 per cent.

Progress towards our FY2024 diversity objectives is driven by the commitment of our senior leaders. Each Executive Committee member is setting internal targets and actions for FY2022 to further the attraction, development and retention of key talent including their commitments towards our diversity and inclusion objectives.

MEASURING WHAT MATTERS

We have evolved our suite of metrics for FY2022 to reflect our progress to date and to build on commitments for the future. We will extend our focus from gender and cultural diversity across senior leadership to measure gender balance in the wider workforce. We will also measure sense of belonging and inclusion by our people in the workplace.

Gender representation across the senior leadership population will be measured with a slightly tightened definition, reflecting our most influential population of decision-makers. A target for gender representation in the workforce will be introduced for FY2022 and beyond, along with the measurement of inclusion in the workplace in the form of an Inclusion Index.

A full scorecard for FY2021, and FY2022 targets, are included in our ***FY2021 Sustainability Supplement***.

BOARD FOCUS

Our Human Resources and Compensation Committee oversees human resource strategy and policy, as well as Director and Executive remuneration frameworks. Our People and Culture strategy was refreshed during the year and has been reshaped to reflect our short and long-term business priorities, and to focus on the key enablers to improve organisational culture.

For further detail on our remuneration policies and focus areas for the FY2021 financial year, refer to the Remuneration Report on page 86.

1. *Due to the expanded definition of senior leaders from FY2021, the metric for Women in Senior Leadership, reported in our FY2020 Sustainability Report as 25 per cent, has been adjusted to 30.9 per cent for FY2020.*

Climate and the natural environment

We continue to demonstrate strong environmental stewardship across our value chain. From decarbonising our own operations to innovating sustainable customer solutions – we are working toward our own sustainability goals and supporting those of our customers.

OUR PATHWAY

Ambition to achieve net zero emissions by 2050[1]	At least 40% Scope 1 and Scope 2 emissions reduction target by 2030, from 2019 levels	13% achieved towards 2030 target	\$45M assigned for further decarbonisation over next 5 years

CLIMATE RESILIENT ECONOMIC GROWTH

This year, we published our first *Climate Action Report* in response to investors looking for more comprehensive information on our climate performance. The report details our FY2021 progress and is aligned to the recommendations of the TCFD.

We are deploying Orica's financial assets and capability to position the business for a low-carbon economy. We are focused on investing for long-term sustainable earnings and growth, and to deliver increased returns to shareholders.

This year, solid progress has been made across each area of focus in our strategy for climate action.

OUR STRATEGY FOR CLIMATE ACTION

STRATEGIC PILLARS

EMBED CLIMATE IN OUR STRATEGIC DECISION-MAKING:
Integrate consideration of climate change into our governance, risk management, and strategic and financial planning processes

ACCELERATE DECARBONISATION:
Reduce Orica's GHG emissions in the decade to 2030

CATALYSE CLIMATE ACTION:
Mobilise our people, collaborate and help customers respond to climate change, foster innovation and technology, and advocate responsibly on climate

Guiding Principles

A transition to a net zero emissions economy is required to limit global warming in line with the goals of the Paris Agreement[2]	The path to a net zero emissions economy must represent a 'just transition' and encourage sustainable development[3]	Commodities, raw materials and technology are fundamental to the low-carbon transition	Transparency and disclosure drive individual and collective business performance

1. *Covers our global Scope 1 and Scope 2 GHG emissions under our direct control, and material Scope 3 GHG emission sources. Material means the GHG emissions embodied in purchased ammonia and ammonium nitrate included in the Scope 3 reporting category of purchased goods and services. These contribute around two-thirds of Orica's Scope 3 emissions footprint.*
2. *Net zero emissions: net zero emissions are achieved when human-induced emissions to the atmosphere are balanced by natural removals over a specified period. The Paris Agreement recognises the need to achieve net zero emissions by the second half of this century.*
3. *[illegible] economic development, adaptation, poverty and reducing social inequity.*

EMBEDDING CLIMATE IN OUR STRATEGIC DECISION-MAKING

Our approach to climate governance continues to strengthen with the integration of climate-related risks and opportunities into our business, strategic and financial planning.

Climate governance

This year, we further strengthened the links between executive remuneration and climate change.

Short-term incentive compensation of the CEO and Executive Committee members includes a climate change metric with a 10 per cent weighting. Performance is measured on progress towards achieving our target to reduce Scope 1 and Scope 2 operational emissions by at least 40 per cent by 2030 from 2019 levels.

The remuneration of our Executive Committee members will also be measured against additional sustainability metrics as part of the strategic component of their respective scorecards. More detail is included in our Remuneration Report on page 86.

Integrating climate risk and opportunity

We test our business strategy against a range of plausible future climate scenarios. Our scenario analysis is designed to challenge our strategic thinking and help identify short and long-term responses to mitigate climate risks and capture new opportunities.

In FY2021, we made important changes to our approach, including updating our Paris-aligned Scenario 1 to a 1.5°C pathway. We undertook a series of activities to further integrate climate risk into our strategic and financial planning, including:

- using the outcomes of our scenario analysis to drive risk and opportunity awareness and management across the business;
- developing additional climate change risk registers to better understand, integrate and manage our climate risks and opportunities at a regional level; and
- strengthening our assessments of the physical impacts of climate change on our major global assets and operating regions.

We have outlined our approach to climate risk management, outcomes, and responses to scenario planning in our *FY2021 Climate Action Report.*

ACCELERATING DECARBONISATION

We developed an evidence-based decarbonisation roadmap last year to underpin our 2030 target. Work continued this year to understand longer-term technological and economic pathways towards decarbonisation in 2050 and to complete a full Scope 3 emissions inventory.

Progress against targets

Our global operational Scope 1 and Scope 2 emissions for FY2021 were 1.9 $MtCO_2$-e, a 10 per cent decrease from FY2020.

Scope 1 emissions decreased by 12 per cent from FY2020, driven primarily by updates to emissions accounting methodology, contributing 53 per cent of the overall decrease. Lower production due to China trade tensions and improvement in emissions abatement performance also contributed to the decrease.

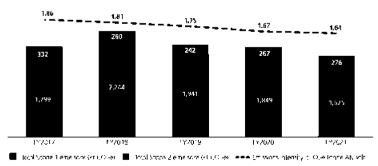
Scope 2 emissions increased 3.5 per cent from FY2020. While we continue to implement a range of energy efficiency initiatives, changes in grid electricity intensity factors in Alberta, Canada have contributed to the observed increase since FY2019.

Last year, we set a target to reduce operational Scope 1 and 2 GHG emissions by at least 40 per cent by 2030, from 2019 levels. We remain on track to meet this target having reduced operational emissions 13 per cent[4] since the FY2019 base year.

Our global GHG emissions intensity (Scope 1, Scope 2, Scope 3) was 1.64 tCO_2-e per tonne of AN sold. We are on track to remain below our FY2022 target (1.7 tCO_2-e per tonne of AN sold). With a full Scope 3 emissions inventory completed in FY2021, we will review and consider future targets encompassing Scope 3 emissions sources during the year ahead.

Global Scope 1, 2 and 3 GHG emissions were 8.9 $MtCO_2$-e. This represents an eight per cent increase from FY2020 primarily due to accounting for additional Scope 3 emission sources and assessing our full value chain emissions boundary for the first time.

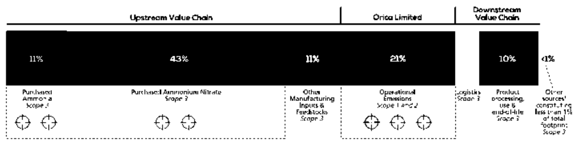
Global GHG emissions and emissions intensity per tonne of AN sold



Note: FY2019 – FY2020 [illegible]

4 [illegible]

ORICA GREENHOUSE GAS EMISSIONS ALONG THE VALUE CHAIN



Scope 1 and 2 target: [illegible]

Emissions Intensity Target: [illegible]

Net Zero Ambition: [illegible]

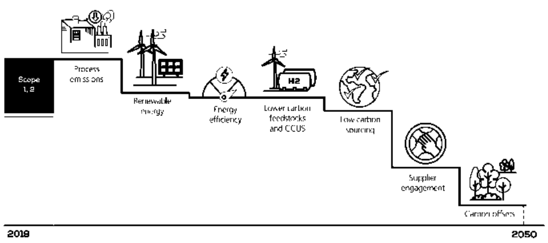
Long term decarbonisation

Building on our 2030 target, this year we set an ambition to achieve net zero emissions by 2050. Our net zero emissions ambition covers our global Scope 1 and Scope 2 emissions under our direct control, and material[2] Scope 3 emission sources. We will engage with our suppliers to support progress towards technological solutions for decarbonisation.

Initiatives outlined in Orica's 2050 Net Zero Emissions Roadmap:

- Sourcing lower emissions intensive ammonia and ammonium nitrate products
- Switching to lower carbon feedstocks and CCUS
- Engaging suppliers and setting procurement standards
- Reducing nitrous oxide process emissions
- Sourcing renewable energy and increasing energy efficiency

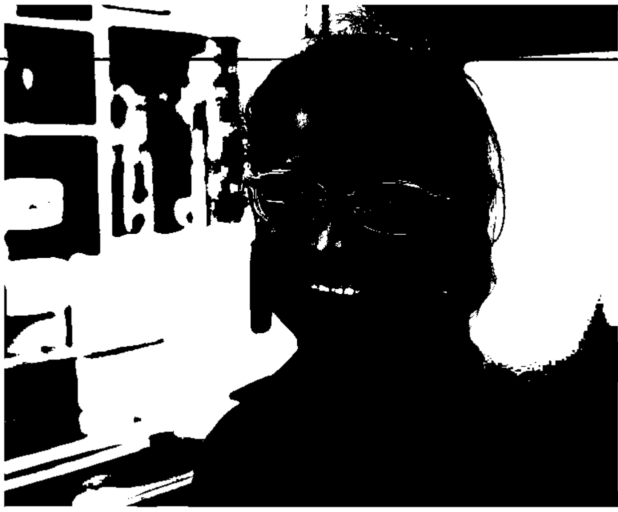
OUR ROADMAP TO ACHIEVE NET ZERO EMISSIONS BY 2050[3]

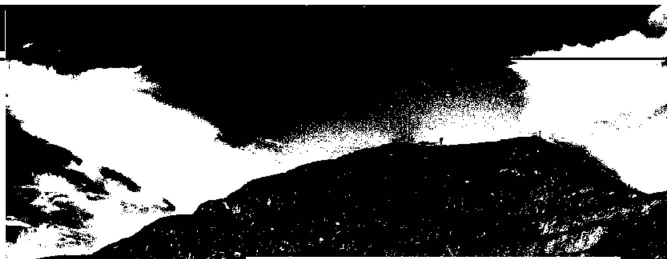


1 Other assessed upstream and downstream FY2021 Scope 3 emissions including waste generated in operations, business travel, employee commuting and investments.

2 Material means the GHG emissions of our direct ammonia and ammonium nitrate suppliers included in the Scope 3 reporting category of purchased goods and services. These comprise around two-thirds of Orica's Scope 3 emissions footprint.

3 Covers our global Scope 1 and Scope 2 emissions under Orica's direct control and material Scope 3 emission sources. Material means the greenhouse gas (GHG) emissions embodied in purchased ammonia and ammonium nitrate included in the Scope 3 reporting category of purchased goods and services. [illegible] technologies operating at commercial scale.

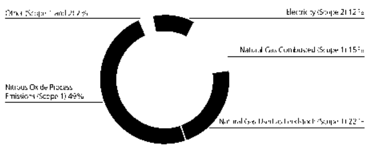




Reducing our operational emissions

The primary GHG emissions associated with our operations are nitrous oxide, arising from the production of nitric acid (a precursor to AN), and carbon dioxide emissions from ammonia manufacture. In FY2021, these emission sources accounted for 71 per cent of our global emissions with electricity use contributing a further 12 per cent.

Global operational GHG emissions (Scope 1 and 2 by source)



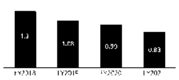
A continued focus on nitrous oxide

At our nine nitric acid plants, we are focused on mitigating our nitrous oxide process emissions by deploying the best available catalytic technology. Tertiary abatement catalyst can eliminate up to 95 per cent of nitrous oxide emissions compared to unabated levels.

In FY2021, tertiary abatement catalyst was installed at our Carseland plant in Canada, and we announced the Kooragang Island Decarbonisation Project in partnership with the New South Wales (NSW) Government and Clean Energy Finance Corporation in Australia.

We delivered a fourth consecutive year of declining nitrous oxide intensity. Our nitrous oxide emissions intensity has reduced by 36 per cent since FY2018.

Global nitric acid emissions intensity (tCO_2-e per tonne of nitric acid produced)



KOORAGANG ISLAND DECARBONISATION PROJECT

This year, we announced plans to install an Australian first tertiary abatement technology, EnviNOx® at our Kooragang Island manufacturing plant. The NSW Government will contribute $13.06 million towards the project, together with the Clean Energy Finance Corporation financing Orica's $24 million investment.

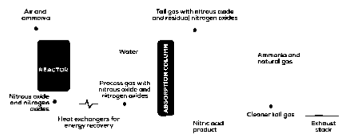
The technology will be installed across three nitric acid processing plants used in the production of ammonium nitrate at Kooragang Island from October 2022.

This important partnership is estimated to abate at least 0.57 $MtCO_2$-e of nitrous oxide emissions annually. This represents a 48 per cent decrease in the site's greenhouse gas emissions and is expected to deliver a cumulative emissions reduction of at least 4.7 $MtCO_2$-e by 2030 based on forecast production[1].

The project can make a significant contribution to achieving the NSW target to reduce GHG emissions by 50 per cent by 2030 and is estimated to abate 11 per cent of all chemical industrial process emissions in Australia[2].

Together with environmental outcomes, the project will deliver certainty for our domestic manufacturing operations and contribute to the local economy. Almost half of the $37 million project will be spent with local NSW suppliers. This builds on Orica's history of supporting local socio-economic development, with two-thirds of suppliers[3] to the site being located either in the Hunter Valley (38 per cent) or across NSW (28 per cent).

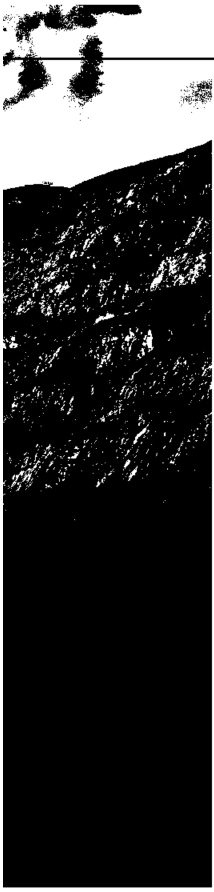
Orica has enjoyed the support of the NSW Government for over 50 years, and the project only strengthens our confidence to keep investing and supporting the regional economy and Hunter area into the future.



1 *While emissions are set to be [illegible] reduced from 2022, progress against our targets will not be immediately apparent and likely to be non-linear. Further explanation is provided in our FY2021 Climate Action Report.*

2 *Grattan Institute, 2021, Towards net zero – practical policies to reduce industrial emissions, report number 10-2021, August 2021. Appendix 3, Non-energy industrial processes from the chemical industry represent 5.1 $MtCO_2$-e/year in FY2019.*

3 *Orica, Kooragang Island economic effects analysis, 2020*



Hard-to-abate GHG emissions

Industrial process CO_2 emissions are our second largest source of operational emissions accounting for 22 per cent of our Scope 1 and 2 inventory. Industrial CO_2 is produced because of the natural gas-based production of hydrogen as an ammonia feedstock (Kooragang Island, NSW) and in our cyanide plant (Gladstone, QLD).

While our medium-term decarbonisation strategy focuses primarily on nitrous oxide and electricity emissions, we continue to explore options to reduce industrial CO_2 emissions including alternative methods to obtain hydrogen and carbon capture utilisation and storage (CCUS) technologies. We are a founding participant in the Australian Industry Energy Transitions Initiative (ETI) to work together with other industry leaders in hard-to-abate sectors on shared challenges to accelerate decarbonisation. Switching from the dominant steam methane reforming process to renewable electrolysis for hydrogen production is a promising opportunity to eliminate these emissions over the long term, and is a goal shared by many of our peers, suppliers, and customers.

Progress depends on the cost-effective supply of large quantities of renewable electricity, and the extent and speed of cost reductions for electrolysers. The ETI finds that renewable electrolysis is expected to be the lowest-cost form of hydrogen production by 2040[1].

Coupling CCUS with steam methane reforming could address a large share of CO_2 emissions, however, there are currently no oil or gas producing areas near Kooragang Island, Newcastle, suitable for permanent carbon dioxide storage and geo-sequestration. As a result, pursuing carbon capture and storage (CCS) from Newcastle would incur significant infrastructure and transport cost to other suitable areas.

We are supporting a carbon capture and utilisation (CCU) mobile demonstration plant which is being designed and commissioned by MCi at our Kooragang Island facility (see case study on page 58).

During the year, we led a market process and now better understand the risks and opportunities presented by new electrolysis technology and renewable ammonia market opportunities. An internal manufacturing study for early-stage adoption of hydrogen produced via renewable electrolysis was also completed to understand the safety case, barriers and changes required to manufacturing equipment to facilitate adoption.

1 *Butler, C, Maxwell, R, Graham, P & Hayward, J 2021, Australian Industry Energy Transitions Initiative Phase 1 Technical Report, ClimateWorks, Australia https://energytransitionsinitiative.org*

MINERAL CARBONATION INTERNATIONAL ATTRACTING PUBLIC AND PRIVATE CAPITAL

In FY2021, MCi, a start-up backed by Orica, secured a $14.6 million Australian Government grant. The cleantech company has developed a scalable carbon platform technology that converts industrial CO_2 emissions into valuable materials for construction, industrial and consumer markets. The innovative technology aligns with our goals of catalysing climate action and optimising resource use through circularity. The MCi collaboration also provides us with an avenue to explore CCUS as a means to address our own industrial CO_2 waste stream, which represents 22 per cent of our Scope 1 and 2 inventory.

The grant – one of the largest to be issued from the Australian Government's CCUS Fund – will help fund construction of a mineral carbonation mobile demonstration plant at our Kooragang Island site. The plant will have access to around 250 thousand tonnes of CO_2 emissions from our manufacturing operations and will contribute to the decarbonisation of our operations.

"This CCUS grant will fast-track MCi's plans to help the hard-to-abate industries towards the transition to net zero. The steel, cement, aluminium, mining, and chemical industries need technologies that help with the transition. This is a key focus not only in Australia, but also in the worldwide race to zero emissions."

– CEO Marcus Dawe

In addition to the Australian Government grant, MCi also attracted its first private investor, ITOCHU, the Japanese corporate giant. ITOCHU will help MCi achieve early commercialisation by looking to leverage its networks in Japan to facilitate further demonstration plants and through collaboration on carbon utilisation technology.

Scope 3 emissions

Global Scope 3 GHG emissions was 7.0 $MtCO_2$-e, an increase of 15 per cent compared to FY2020. This was primarily due to improvements in methodology associated with completing our full Scope 3 emissions inventory.

Scope 3 emissions associated with the sourcing of ammonia and ammonium nitrate from third parties (as reported for FY2020), increased by 12 per cent on FY2020. This was primarily due to increased volumes following the acquisition of Exsa in April 2020.

Our net zero emissions ambition covers Scope 3 emissions from purchased ammonia and ammonium nitrate. Around two-thirds of our ammonia and almost half of our ammonium nitrate is sourced from global suppliers with emissions reduction targets or operations in countries with net zero emissions targets.

While we share a commitment to reduce emissions with our strategic suppliers, we have key levers at our disposal to further reduce indirect emissions:

- Engage with our suppliers to collect more accurate emissions data and influence the most material suppliers to set their own emissions reduction targets;
- Embed GHG emissions considerations into the supplier selection process over the long-term, as supply chains align on targets and commitments; and
- Evolution in future product and service design and procurement policies.

The contribution of these longer-term drivers will depend on technology maturity, deployment, and commercialisation. Effective global climate policy and financial incentives will also be required.

CATALYSING CLIMATE ACTION

Innovating sustainable solutions

To further catalyse climate action and amplify our impact, we are designing sustainable solutions for our customers and supporting research and development of low-carbon technologies.

Our suite of products and services are increasingly focused on digitisation, automation, and increased use of data to optimise blasting and minimise downstream processing. By increasing the precision of the blasting process, we can help our customers achieve better recovery rates and reduced energy per tonne (see Design for Outcome case study on page 64).

We are investigating alternate options for hydrogen production through the Australian Industry Energy Transitions Initiative (ETI), alongside other industry leaders in hard-to-abate sectors.

Our Research and Innovation team has developed a Clean Technology Roadmap. This includes several commercial-in-confidence initiatives being pursued to progress early technological development of decarbonised explosives.

Looking ahead, we will build on the growing employee appetite to support our climate change agenda by creating opportunities for local teams to catalyse employee action into the future.

Responsible advocacy

Our stakeholders expect strong governance and transparency as they pertain to the climate lobbying positions of the membership organisations we belong to.

We believe industry plays an important role in helping formulate effective policy frameworks, standards, and practices to facilitate a low-carbon economy. We are members of a range of business and industry associations around the world.

This year, we continued to review our key industry associations to identify any material differences between the climate change and energy positions we hold, and those held by our relevant industry associations. We discontinued our membership with the International Fertilizer Association given Orica's small contribution across the global fertiliser value chain. This decision was driven by cost reduction initiatives rather than any misalignment on climate change positions.

Where misalignments have been identified, we are engaging with associations to understand, clarify, or confirm their position. In doing so, we consider the significance of the issue, and the scope Orica has, to influence from within. An important consideration is that divergence on some issues like climate change may be outweighed by the overall benefits of membership.

If misalignment cannot be addressed through constructive engagement, Orica would further assess whether the membership should continue. Further details are outlined in our *FY2021 Climate Action Report.*

FY2022 PRIORITIES

- Maintaining emissions reduction momentum by implementing the Kooragang Island Decarbonisation Project.
- Implement year three of our TCFD Roadmap.

STEWARDING NATURAL RESOURCES

Strengthening our approach to managing environmental risks

Managing environmental risks, and preventing loss of product events, continue to be the primary objectives of our environmental strategy.

We took a number of actions to improve our approach to managing environmental risks. We are adopting the MHM framework to manage our material environmental risks. This includes defining key controls and ensuring verification protocols are in place to systematically mitigate adverse environmental impacts.

Our Global Environmental Steering Committee was established this year to oversee the identification and management of material environmental risks and develop programs to increase environmental awareness and communications. The Committee will augment the current regional approach to environmental management with a broader, company-wide lens.

Our continued focus on spill prevention and response has seen a 50 per cent reduction in environmental Severity 1–[1] events, and a 40 per cent reduction in loss of containment events from FY2020. We achieved our zero Severity 3–[2] environmental event target.

There were no significant events with severity 2[3] or greater.

Optimising resource use through circularity

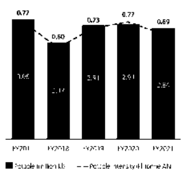
We continually look for opportunities to reduce our environmental footprint through the optimal use of resources and materials. This includes opportunities for increased circularity in our supply chains by maximising the use of recycled water and researching new methods to reuse and recycle key waste types.

We source water from potable, surface, groundwater and recycled water sources.

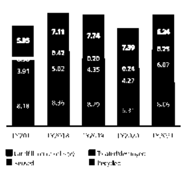
This year our total water consumption fell 3 per cent to 2.84 million Kilolitres (kL) and we increased our use of recycled water to 78 per cent from 76 per cent last year.

While our potable water intensity fell by 10 per cent to 0.69 kl per tonne of AN sold, we did not meet our target of 0.67 kl per tonne of AN sold. This was due to fluctuating supply of recycled water at our Kooragang Island site.

Potable water consumption and intensity



Gross waste disposal by destination (kT)



CYCLO™: RECYCLING USED OIL FOR EXPLOSIVES

This year we launched Cyclo™, an innovative service to create value from waste. The process combines our emulsifier technology with used oil processing technology, to transform mine site used oil for application in explosives.

Cyclo™ is an example of our strategic focus on optimised resource use through circularity. While used oil/diesel blends have been utilised in process fuels for more than 15 years, the technique requires tight quality control and regular testing when used to manufacture emulsions. As a result, it has only been feasible at sites with access to external laboratory services. In order to service a broader range of customers, we partnered with CreatEnergy to develop a stand-alone, onsite solution which treats used oil to the quality required for emulsion manufacture.

Cyclo™ can reduce total explosives fuel costs by 30 per cent and diesel consumption for the manufacture of bulk explosives by 50 per cent. The process reduces the volume of diesel required to be delivered to our customers' operations and eliminates a used oil waste stream that needs to be removed. This reduces truck movements through local communities and the associated logistical challenges and risks, particularly for remote operations.

We progressed efforts to minimise waste and maximise diversion from landfill. Building on a review of waste data in FY2020, we commenced a company-wide assessment of waste types and sites to target our actions where they will have the most impact.

1. *Severity 1 events are minor, [illegible] environmental effects. [illegible] clean-up is less than $120,000.*
2. *Severity 3 environmental events [illegible] environmental damage, with some impairment of ecosystem [illegible] that will recover after [illegible].*
3. *Severity 2 environmental events [illegible] effect that is reversible after clean-up.*

This information will enable a focus on avoidance and reduction at key waste sites and guide our research into alternative uses for waste.

This year our waste performance was impacted by one-off events associated with a remediation project in Huachipa, Peru and site divesture and demolition works in Minden, Australia.

Both projects generated waste types that had to be disposed to landfill contributing to an 8 per cent increase in total waste disposed to 20.6 Kilotonnes (kT) and a decrease in the proportion of waste diverted from landfill to 61.3 per cent.

As a result, we did not meet our FY2021 target of less than 19 kT total wasted disposed.

FY2022 Priorities

- Pilot environmental major Key Control Verifications focused on spill prevention, clean up and impervious surfaces with secondary containment.
- Deep dive on waste improvement opportunities for top 10 waste producing sites.

ENVIRONMENTAL REMEDIATION

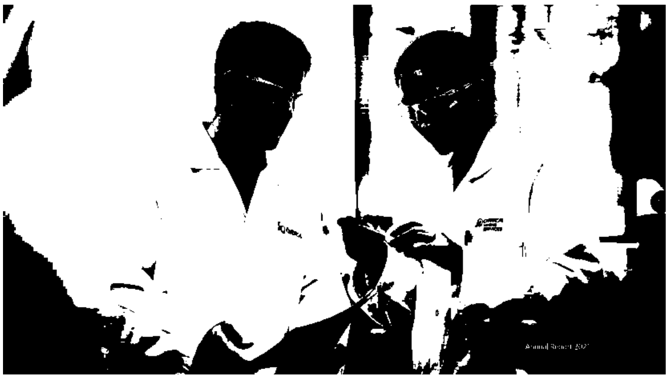
We are applying technology to restore natural systems and resources where we have historically impacted soil and/or groundwater.

From physical and chemical techniques to plant-based methods, we seek opportunities to innovate and collaborate on our remediation goals by leveraging knowledge and skills from around the world.

While our major remediation projects are associated with legacy issues at our former chemical manufacturing sites, they can also arise from ongoing manufacturing activities. Our core team of remediation experts are responsible for progressing our complex, ongoing chemical remediation projects and providing technical advice to regional SHES teams where necessary.

Divestment of remediated land

Our aim is to remediate land to reduce risks to human health and the environment and to allow divestment and adaptive land reuse. This year, we made two significant divestments in Australia at Villawood and Botany totalling $140 million.



Our Performance

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major Key Control

The divestments mark the completion of multi-decade remediation programs tailored to site-specific requirements. Both sites have been restored to a standard suitable for commercial or industrial use with a warehouse facility and carpark approved for the Botany site. We have retained small parcels of land at each location to ensure access for our groundwater monitoring and remediation obligations and commitments.

Yarraville remediation completed

An in-situ thermal remediation system that was delayed in FY2020 due to COVID-19 has been completed and 12,600 m³ of soil and groundwater treated. In an Australian first, the technology was deployed to treat contamination at the legacy chemical manufacturing site through a system of heating and gas/vapour extraction. After operating for 174 days, the system safely and efficiently removed 14,000 kg of organic contaminants. Soil validation samples presented to the Environmental Protection Agency (EPA) and Environmental Auditor confirmed all treatment targets had been met and the EPA supported shut down of the system at the end of May 2021. Planning is advanced for the deployment of the same technology on an adjoining block of land in FY2022, which would complete the remediation works set out in the Clean Up Plan for the Yarraville site.

Fifth export shipment of HCB waste delayed due to COVID-19

Our program for the safe destruction of the hexachlorobenzene (HCB) stockpile in New South Wales, Australia continues to progress. Last financial year 2,700 tonnes of the waste were exported from Australia for destruction in Europe.

Orica has received approval for up to 3,050 tonnes of HCB waste to be exported for destruction offshore with a shipment expected to depart in FY2022 as we continue to work toward eliminating this long-term legacy safely and responsibly.

ADDRESSING CONTAMINATION THROUGH PHYTOREMEDIATION

We continue to seek innovative, effective ways to address historical contamination issues at our sites. One method is phytoremediation, an environmentally friendly, sustainable technology harnessing the capability of plants to 'clean up' a variety of soil and water contaminants such as explosives, hydrocarbons, and heavy metals by degrading, storing, or immobilising the contaminants as they grow.

Brownsburg (Canada) phytoremediation progressing

Building on work in FY2020, our partnership with University of Montreal's Institut de Recherche en Biologie Végétale (IRBV) to pilot an experimental program that uses trees and bacteria to remediate soil contamination, is progressing. The site is mainly contaminated with polychlorinated biphenyls (PCBs) and trace metal elements and has been planted with fast growing species known to be effective for phytoremediation. Through this process PCBs are degraded into harmless substances while trace elements are accumulated and removed to specialist waste centres when the plants are harvested. This approach requires less initial investment, minimal maintenance once the process commences, and offers a range of co-benefits including increased biodiversity, greenhouse gas capture, improved soil function and improved aesthetics. Over the coming growing seasons, the IRBV and Orica team will monitor plant performance and changes in soil contamination.

Using indigenous plant species to fight historical contamination in Gomia (India)

In Gomia, surface water contains elevated concentrations of contaminants such as nitrate, lead and perchlorate. Our teams, with the support of the University of Kalyana, Calcutta University, and a local service provider, have planted indigenous plant species, mainly reeds and grasses, in contaminated areas. These plants consume and absorb contaminants as they grow, with some contaminants, such as nitrate, even promoting growth. Once grown, these plants can be harvested with lead and other contaminants safely removed from surface water.

More than 50,000 seedlings were selected and planted in late July and early August 2021 as part of this large-scale phytoremediation project. These plants will be harvested four months after initial planting with health and growth monitored closely. Our current crop is thriving under challenging conditions and growth has been promising. Once collected, the biomass will be tested to measure contaminants present, and to understand the effectiveness of the mechanism.

BOARD FOCUS

Our Safety and Sustainability Committee assists the Board in its oversight of strategy and policy, compliance and risk, and performance and reporting on all safety and sustainability related matters, including climate risk, and the environment. During the year, the Committee's focus included:

- Climate and environmental performance, including progress against targets;
- Reviewing the adequacy of environmental risk management, assurance, and improvement strategies;
- Endorsing our ambition for net zero emissions by 2050, following a detailed assessment of Orica's long-term decarbonisation opportunities;
- Considering outcomes of climate scenario planning and analysis, incorporating a range of global warming futures; and
- Approved climate-related and sustainability disclosures in Orica's annual reporting suite.

FY2022 Priorities

Our focus in FY2022 is on progressing our remediation programs, including:

- Export shipment of Hexachlorobenzene Waste from Botany (Australia);
- Completion of soil remediation works at Deer Park (Australia);
- Implementation of the second phase of in-situ thermal remediation at Yarraville (Australia), and
- Phytoremediation of soils at Brownburg (Canada) and sediments and surface water at Gomia (India).

Community and relationships

Strong and collaborative relationships with our customers, suppliers, host communities, industry and government partners create shared and enduring value.

Through partnerships fostered across our global and regional operations and technology centres, we are developing innovative solutions to safely meet the needs of our customers and communities, deliver commercial value and address critical environmental and social sustainability issues across our value chain.

CUSTOMERS

This year was characterised by ongoing disruption. We continued to provide our customers with critical support ensuring security of supply while our remote and automated technology solutions portfolio expanded to enable the safe delivery of services. We enhanced our value proposition by investing in technology to help accelerate our customers' performance and sustainability ambitions.

Improved customer satisfaction

Our Voice of Customers (VoC) program independently and consistently captures customer feedback across our operations, with over 800 customers providing insights in FY2021. The main metric to measure customer loyalty and satisfaction is our NPS, which improved for the fourth consecutive year. Customers recognised three key areas where we delivered outstanding performance:

- Value through **technology and innovation**, improved productivity and safety outcomes of our technology solutions and new technologies;
- Outstanding **product quality**: continuous improvement in quality, reliability, precision, and durability of our products in response to customer feedback, and
- Superior **service quality**, responsive, timely service and support.

Our FY2021 NPS increased slightly, with an overall improvement of 57.6 per cent in customer satisfaction since the inception of our VoC program in 2017.

DESIGN FOR OUTCOME AT ROY HILL

At Roy Hill mine in Western Australia's Pilbara region, our Design for Outcome (DfO) solution was deployed to improve mining productivity and increase mining profit. DfO is an artificial intelligence (AI) machine learning based technology that learns from operational data to associate rock and ore properties to applied blasting energy and resultant outcomes.

The technology's predictive algorithm domains the geology in each drill hole and matches explosives energy to each domain, producing tailored hole-by-hole blast designs and generating automated loading rules for blast charging.

This technology is supported by our smart explosives delivery systems (MMU™). The MMU™ retrieves automated loading rules from the cloud to facilitate accurate explosives charging in line with the loading rules generated by the algorithm, with minimal interaction by the operator. This reduces the variability in blast performance, removing overcharging and redeploying explosives energy to under-blasted areas.

An additional feature was also implemented to measure reduction in CO_2-e emissions associated with lower explosives consumption. Now, with each DfO blast, Scope 1 and 3 emissions are aggregated, enabling more precise reporting of emissions reduction outcomes.

The system will be expanded to further increase productivity, optimise ore fragmentation, and increase performance in the crushing and processing circuits downstream in the value chain.

DELIVERING OUR FULL PRODUCT AND SERVICE SUITE FOR GLENCORE ZINC AND COPPER OPERATIONS IN AUSTRALIA

Every day, our customers rely on our people, technology, and products to deliver successful outcomes.

In November 2020, we signed a five-year contract with Glencore for explosive technology and services across their Australian copper and zinc operations, a total of six sites across three states. This delivers our full suite of technology and blasting services, including WebGen™, our wireless initiating system, BlastIQ™, our digital blast optimisation suite of products and Bulkmaster™ 7, our smart explosives delivery system.

The contract recognises the strength of our people and delivery model to manage the risk of transition, our focus on providing outstanding levels of customer service and our innovative technology solutions. It also demonstrates the depth of knowledge of our customers and their operations.

Since Glencore first trialled our WebGen™ alpha system at Ernest Henry Mine (EHM) in 2016, we have been working to understand their needs and key business drivers. After WebGen™ was adopted at EHM in 2018, we ran a technical forum giving Glencore an opportunity to review our full technology suite. It also allowed our technical experts to review Glencore's mining techniques and propose changes to mining methods to deliver improved safety and productivity outcomes and make optimal use of our cutting-edge technology.

Our relationship with Glencore, from management and site teams to functional experts, was critical to successfully mobilising simultaneously across Queensland, New South Wales, and the Northern Territory. With downtime at Glencore measured in minutes, we managed the transition with no disruption to operations and no downtime, achieved by running our spare assets in parallel to the incumbent plant.

Our ability to mobilise in a short timeframe demonstrates the strength and commitment of our people, with cross-functional teams working together to deliver excellent outcomes for our customers. This included: talent teams who managed recruitment and onboarding of all new employees; engineering teams who set up temporary and permanent facilities and managed transport of equipment to site; technical engineers and product specialists who provided technical support for new technologies at site; and safety teams who ensured best practice safety standards were implemented and people were protected. Our teams continue to support Glencore in delivering on their productivity and sustainability goals.

AT 20-YEARS YOUNG, GROUNDPROBE CONTINUES TO ADD INNOVATIVE TECHNOLOGIES TO OUR PRODUCT PORTFOLIO

"At GroundProbe, our aim is to keep people, assets and communities safe through better risk management. The RGR-Velox is the ultimate assistant in reactive safety monitoring."

– David Noon, CEO GroundProbe

In October 2021, our geohazard monitoring business celebrated 20 years of moving people from harm's way. GroundProbe boasts the industry's broadest range of geotechnical monitoring technologies and services and continually strives to design and develop new solutions to best meet customer needs.

This year, RGR-Velox, a reactive monitoring, and alarming system that complements GroundProbe's predictive monitoring technologies, was added to the product suite. RGR-Velox tracks geohazards once they have commenced, i.e., where an existing fleet of slope stability radars and lasers detect imminent mine or tailings dam collapses.

The military grade technology can provide evolving details from the scene every 0.25 seconds issuing customised alarms tailored to specific site needs including sirens, text message, lights and/or pager alerts.

This hazard monitoring technology helps our customers ensure the safety of their teams by removing people from harm and equipping them to understand adverse events in real time and move quickly to minimise impacts.

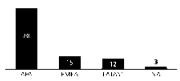
COMMUNITY

FY2021 marked the transition of our community program, with the completion of some corporate partnerships and the implementation of our revised Community Impact and Investment Framework to build safe, resilient and thriving communities.

Our community investment totalled $2.4 million in FY2021. Our contributions this year reflected a more even distribution across regions, better aligned to our operational footprint, with 30 per cent of our contributions outside the Asia Pacific region compared to only 12 per cent in FY2020.

Community investment by year ($m)

Community investment by region (%)



The Orica Impact Fund

The Orica Impact Fund (OIF) was launched this year, replacing our previous community partnerships program, with $1 million in grants made available annually to fund selected community projects and programs. The OIF is part of our revised Community Investment and Impact Framework, enhancing our existing regional community investment activity, and targeting strategic investments in our communities of operation to drive long-term benefits and positive social and environmental impact.

This year, we received 30 funding applications requesting between $10,000 and $100,000 per year (up to a maximum of 3 years). Each application was assessed against a range of criteria, including impact, need and capability of the delivery partner. Of these, 24 initiatives seeking to drive positive impact in education, equality, environment, and wellbeing were approved for funding, including initiatives in Australia, Canada, India, Indonesia, the Philippines, Peru, South Africa, Sweden, and the USA. Some of these OIF funded initiatives are described below.

Creating opportunities for women in STEM

We are passionate about driving gender equality in STEM and equipping the next generation of women with the tools and training required for success in a technology-driven world. In Indonesia, female students account for only two per cent of the total number of students in STEM-based vocational high schools.

The innovative digital learning program is designed to increase digital literacy for young female students. In partnership with Yayasan Cinta Anak Bangsa (YCAB) Foundation and funded by the OIF for three years, the program will provide 100 high school science teachers and 7,000 students with training. Students will have access to a gamified, interactive digital learning platform, with core objectives of igniting their passion for technology and encouraging them to consider STEM-based career pathways.

A stepping-stone to a bigger vision

In Sweden, our manufacturing facility is located in the picturesque town of Gyttorp. The town is small, with limited job opportunities, activities, and amenities available, and many locals opt to travel outside the town for leisure time.

With our community partners, Kottabergets vänner, the goal is to drive local economic development in the town by creating opportunities for tourism. Initially, the project will transform deforested land into a mountain bike trail, attracting cyclists from the local community and from across Sweden and developing an alternate industry in the region.

While it may take some years to fully realise the benefits, the project embodies our approach of creating long-term, shared value community partnerships.

Education in focus

Creating long-term positive impact includes investing in the next generation. In FY2020, community investment in education initiatives formed our second highest category of contribution, outside of emergency relief funding. Once again, many of our initiatives, through the OIF and our site-led social investment programs focus on education. We proudly support community-based organisations and non-profit organisations around the world as they build pathways for disadvantaged students, encourage equality in STEM education, and develop future change-makers.

SUPPORTING OUR COMMUNITIES THROUGH COVID-19

Many of our communities continue to feel the effects of COVID-19, particularly with the rapid spread of the Delta variant. Among the hardest hit areas were our sites in Gomia (India), Bontang (Indonesia), and Lurin (Peru) where health systems and infrastructures have been overwhelmed.

With our teams on the ground consulting directly with community leaders and organisations about areas of critical need, we provided emergency funding to procure vital medical equipment and services, including personal protective equipment, transportation services, provision of oxygen and medicine supply.

Collaborating with business community partners in Lurin, Peru

In Lurin, Peru, the high demand for oxygen to treat COVID-19 patients coupled with low supply resulted in a shortage of medical oxygen. In early 2021, local council and religious leaders began working with locally based companies, requesting assistance to fund and source an oxygen plant for Lurin and surrounding communities.

With the request prioritised for approval internally, our onsite, group sustainability and supply chain teams immediately commenced the search for an oxygen plant. With high demand, these were difficult to find, however, a call to a local manufacturer yielded the last oxygen plant available within the region.

With four partners in Lurin's business community, we helped fund the purchase of the oxygen plant enabling medical oxygen to be produced locally, providing vital treatment to those suffering the physical impacts of COVID-19 in Lurin and the surrounding community.

Expanding education opportunities for remote and regional students in Australia

The Smith Family is Australia's largest education charity, supporting disadvantaged children through learning support and mentoring programs to equip them to succeed in school. In 2018, we partnered with the Smith Family to bring their Learning for Life program to Gladstone, Queensland, for the first time. The program recognises the challenges students from disadvantaged backgrounds face as they move through the school system, and provides support in the form of financial assistance, connections to local learning opportunities, and access to Smith Family educational programs.

This year, we broadened our support by working with the charity to facilitate the Work Inspirations program. This connects students with businesses, building their career aspirations by showcasing opportunities available post-education. Over three days, 13 Orica employees hosted 19 students for a 'day in the life at Orica' highlighting potential career pathways.

In FY2021, we signed a new Memorandum of Understanding (MoU) with the Smith Family to extend our support for the Learning for Life program in Gladstone by a further two years. Our volunteer team at Yarwun will welcome more students in FY2022.

Empowering the next generation of STEM champions

With the demand for STEM skill sets growing, we continue to seek community and education partners who are working to spark the interest and passion of students looking to pursue a career in STEM.

Through our partnership with the Academy of Technology and Engineering (ATSE) in Australia, we support the Science and Technology Education Leveraging Relevance (STELR) project. This program aims to address low participation rates in STEM subjects at a high school level by engaging students through learning modules to investigate and solve real-world science and technology problems.

In FY2021, Orica supported the establishment of a STELR education program aimed at developing a new generation of Australian sustainability leaders. The education program included developing a new on-line sustainable housing module, challenging students to consider what it would take to build a low energy home. Through this exercise, students learn about the different types of heat transfers and the thermal properties of matter. This is particularly relevant to the Australian context, where sustainable building design is an important tool used to withstand the country's harsh weather conditions, reduce building waste, and lower the greenhouse gas emissions associated with building and powering a home.

FY2022 Priorities

Our enhanced materiality process in FY2021 has given us a better insight to what is material to our stakeholders and shapes our priorities for FY2022, which include:

– Enhancing our approach to First Nations engagement and cultural heritage protection;
– Continued efforts to meaningfully respond to the impacts of COVID-19 (and other emergencies and disasters) on our local communities; and
– Maintaining community investment spend towards achieving our target (at least $15 million by FY2025).

SUPPLIERS

Our suppliers are a critical part of our value chain and ensure we maintain a secure service for our customers. We work with our suppliers to mitigate sustainability impacts and promote sustainable practices across our value chain.

In FY2021, we procured products and services from 8,500 suppliers in 53 countries around the world, with a total procurement spend of $2.9 billion. The reduction of our supply base from FY2020 is a result of active consolidation of spend through our strategic sourcing programme targeted at optimising cost, improving security of supply of quality products and services, and developing supplier relationships that are strategically aligned with our objectives.

Minimising Supply Chain Disruption Risks

COVID-19 continued to impact global supply chains throughout FY2021, with increasing freight costs, container shortages, lack of space on vessels and low levels of reliability of vessel schedules resulting in transportation and shipping challenges. Despite this, Orica's unique global network allowed us to achieve continuity of supply and minimise freight impacts, while maintaining vessel standards and product quality. This was achieved through:

– Maintaining an agile internal chartering desk responsible for adjusting shipping modes as required to maintain security of supply to customers.

– Assessing each trade and associated product deliveries to ensure alignment and optimisation of manufacturing and supply chain operations.
– Reducing the number of vessel sailings by leveraging economies of scale.

Developing our first Responsible Sourcing Statement

As part of our commitment to creating a more sustainable, inclusive, and resilient value chain, we developed our first Responsible Sourcing Statement. The statement enhances the principles outlined in our Code of Business Conduct and details our expectations of suppliers on ethical business practices, human and labour rights, and social and environmental impacts.

Modern slavery response

Last year, we performed a risk assessment on our supply chain to identify goods and services with a high potential risk of modern slavery. We have now commenced activities to mitigate those risks. This includes tools developed for use through the source-to-contract process to better understand modern slavery risks prior to engaging a supplier.

The tools were part of a pilot program on Modern Slavery Risk Management. The results of the pilot have been incorporated into a comprehensive modern slavery gap analysis of our response to managing modern slavery risks throughout our supply chain to provide recommendations for improvement. These recommendations have now been incorporated into our Modern Slavery roadmap and will be implemented over the next three years.

For more information, refer to our *FY2021 Modern Slavery Statement.*

Working towards a decarbonised supply chain

To meet our ambition to achieve net zero emissions by 2050[1], we are prioritising and addressing the most material emission sources in our upstream supply chain. As new and emerging technologies scale and become commercial, we will partner with suppliers to source lower emissions intensity AN and ammonia products. The purchase of these products currently accounts for approximately 70 per cent of our total Scope 3 emissions.

We continue to directly engage our strategic suppliers, to better understand their activities in managing emissions, identify pathways for future collaboration, and work together towards technological solutions for decarbonisation.

Responsible sourcing of palm oil

Our purchased bulk palm oil product is sustainably certified, meeting the criteria set out by the Roundtable on Sustainable Palm Oil (RSPO). This not-for-profit organisation draws membership from across the palm oil industry, from producers, processors and manufacturers to retailers, and its certification criteria is the most widely accepted standard for certified sustainable palm oil. Our product meets the 'segregated' certification criteria and is sourced from a variety of certified sources.

We concluded a concept study into the removal of palm oil from emulsions, resulting in the complete removal of palm oil from an emulsion utilised in underground blasting. We continue to investigate the removal of palm oil from other products, ensuring that where substitutions are made, the total environmental impact is reduced.

1. Covers our global Scope 1 & Scope 2 em[illegible] under our direct control, and material Scope 3 em[illegible] sources. [illegible] means the GHG em[illegible] embodied in purchased ammonia and ammonium n[illegible] included in the Scope 3 reporting category of purcha[illegible] goods [illegible] services. These comprise around two-thirds of Orica's Scope 3 emissions footprint.

FY2022 Priorities

- Publish our Responsible Sourcing Statement, supporting our efforts to build a more sustainable and transparent supply chain.
- Continue engagement with our strategic suppliers to explore possible pathways for future collaboration to jointly de-carbonise our supply chain.

PARTNERSHIPS

We know collaboration makes us better. That applies to how we work together as a team, and with our customers, industry bodies, Non-Government Organisations (NGO), and research and educational institutions. Our work with external partners delivers a range of commercial, environmental, and social benefits.

We continue to seek out partnerships with innovative, values-aligned organisations, recognising that together, we can achieve better people and sustainability outcomes.

BOARD FOCUS

During the year, the Board added 'societal expectations' as a new strategic risk, in response to growing community expectations on issues such as cultural heritage protection and the socio-economic development of host communities.

ORICA AND EPIROC DELIVER WORLD'S FIRST FULLY MECHANISED EXPLOSIVES CHARGING PROTOTYPE

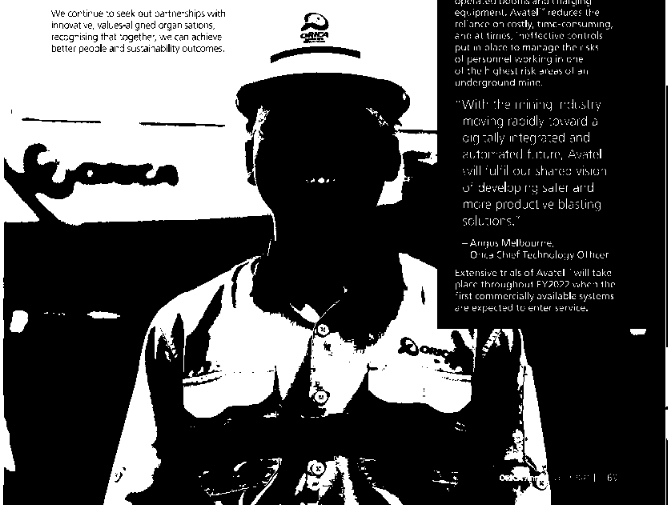
Our partnership with Epiroc has developed a semi-automated explosives delivery system to keep people out of harm's way. The innovative Avatel™ system combines Epiroc's industry leading underground equipment design expertise with our fully wireless breakthrough initiation system WebGen™.

The solution provides an operator in a ballistics-proofed cabin safe access to load explosives into pre-drilled holes using remotely operated booms and charging equipment. Avatel™ reduces the reliance on costly, time-consuming, and at times, ineffective controls put in place to manage the risks of personnel working in one of the highest risk areas of an underground mine.

"With the mining industry moving rapidly toward a digitally integrated and automated future, Avatel will fulfil our shared vision of developing safer and more productive blasting solutions."

– Angus Melbourne, Orica Chief Technology Officer

Extensive trials of Avatel™ will take place throughout FY2022 when the first commercially available systems are expected to enter service.



Board of Directors

MALCOLM BROOMHEAD AO
BE, MBA
Malcolm Broomhead AO was appointed Chairman of Orica Limited as of 1 January 2016 and has been a Non-executive Director since December 2015. He is Chairman of the Nominations Committee. He is a Director of BHP Group Limited and Plc and a former Chairman of Asciano Limited. He is also a Director of the Walter and Eliza Hall Institute and Council Member of Opportunity International Australia.

SANJEEV GANDHI
BEng, MBA
Sanjeev Gandhi was appointed Managing Director and Chief Executive Officer in April 2021, after previously holding the role of Group Executive and President, Australia Pacific and Asia. He is a former Executive Director of DAX listed German Chemical company BASF SE. During his 26-year career with BASF, he held several senior marketing, commercial and business leadership roles including Head of Asia Pacific and Head of Global Chemicals Segment (Intermediates & Petrochemicals).

JOHN BEEVERS
BEng, MBus, MAICD
John Beevers was appointed Non-executive Director in February 2020, after previously holding the role of Managing Director and Chief Executive Officer of GroundProbe, and various executive roles within the Orica Group including Group General Manager of Chemical Services and Chief Executive Officer of Orica Mining Services. He is a member of the Safety and Sustainability Committee, the Innovation and Technology Committee and the Nominations Committee. He is also a Non-executive Director of Syrah Resources Limited and former Director of QUT Bluebox, the commercialisation arm of the Queensland University of Technology.

BOON SWAN FOO
BA, MBA
Boon Swan Foo was appointed Non-executive Director in May 2013 and is a member of the Innovation and Technology Committee, Board Audit and Risk Committee and the Nominations Committee. He is Chairman and Non-executive Director of SGX-ST-listed Global Investments Limited, Chairman of Azimuth Investment Management Private Limited, and Chairman of Singapore Consortium Investment Management Limited. He is an external Director of China Baowu Steel Group Corporation Ltd, and Senior Advisor to Temasek International Pte Ltd. Previously, he was an external Director of China Huadian Corporation Ltd and a Non-executive Director of Singbridge Holdings Pte Ltd, Singbridge International Singapore Pte Ltd and Sino-Singapore Guangzhou Knowledge City Investment and Development Company.

MAXINE BRENNER
BA, LLB
Maxine Brenner was appointed Non-executive Director in April 2013. She is Chairman of the Human Resources and Compensation Committee, member of the Board Audit and Risk Committee and the Nominations Committee. She is a Director of Origin Energy Limited, Qantas Airways Limited and Woolworths Group Limited and former Director of Growthpoint Properties Australia Limited, Neverfail Australia Ltd, Treasury Corporation of NSW and Federal Airports Corporation. She is also the former Managing Director of Investment Banking at Investec Bank (Australia) Ltd and a former member of the Takeovers Panel.

DENISE GIBSON
BA, MBA
Denise Gibson was appointed Non-executive Director in January 2018 and is Chairman of the Innovation and Technology Committee and member of the Human Resources and Compensation Committee and the Nominations Committee. She is co-founder and Chairman of Ice Mobility, Director of Aerial Technologies Inc., NASDAQ-listed VOXX International Corporation, a director of the Consumer Technology Association and Chairman Emeritus of the Consumer Technology Association Foundation, both not-for-profit organisations. She is the founder and former CEO of Brightstar US.

KAREN MOSES
BEc, DipEd, FAICD
Karen Moses was appointed Non-executive Director in July 2016. She is Chairman of the Safety and Sustainability Committee, and member of the Human Resources and Compensation Committee and the Nominations Committee. She is a Director of Boral Limited, Charter Hall Group, Snowy Hydro Limited, Sydney Symphony Limited, and Munich Re Tax Regional Limited and a Fellow of the Senate of Sydney University. She is also a former Director of Sydney Dance Company, SAS Trustee Corporation, Australia Pacific LNG Pty Limited, Origin Energy Limited, Contact Energy Limited, Energia Andina S.A., Australian Energy Market Operator Ltd, VENCorp and Energy and Water Ombudsman (Victoria) Limited.

GENE TILBROOK
BSc, MBA, FAICD
Gene Tilbrook has been a Non-executive Director since August 2013. He is Chair of the Board Audit and Risk Committee and member of the Safety and Sustainability Committee and the Nominations Committee. He is also a Non-executive Director of Woodside Petroleum, and former Director of Aurizon Holdings, Fletcher Building Limited, GPT Group, and former Executive Director of Wesfarmers Limited.

Company Secretaries

KIRSTEN ANDERSON LLEWELLYN
LLB, BA, LLM, FGIA

ERIN O'CONNOR
LLB (Hons), BCom, FGIA

Governance

Sound corporate governance has never been more important.

Responsible business behaviours and processes, and transparency, are critical to maintain the trust of our stakeholders, particularly as we navigate the challenges presented by our external operating environment.

ROLE OF OUR BOARD

The Board oversees the business and affairs of the Group. They set our strategic direction, oversee performance and risk management, and provide leadership and direction on workforce culture and values. There are five Board Committees: The Board Audit and Risk Committee, the Nominations Committee, the Human Resources and Compensation Committee, the Innovation and Technology Committee, and the Safety and Sustainability Committee (formerly the Safety, Health, Environment, Community and Security Committee). Each Committee has its own Terms of Reference which sets out its roles and responsibilities. They are available in the *Board, Executive & Committees* section of our website.

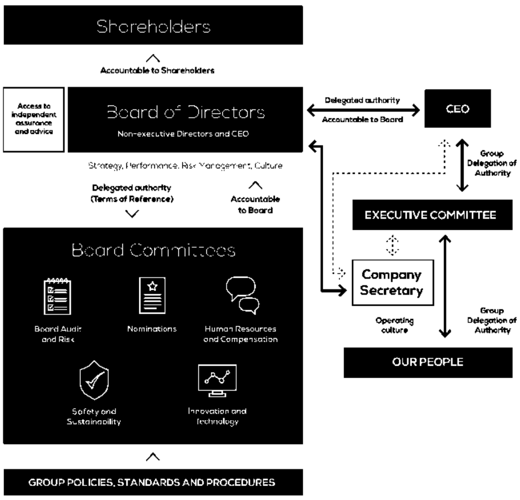
Day-to-day responsibility for managing the Group is delegated to our Managing Director and CEO, who operates within delegated authority limits determined by our Board.

Our Board is committed to conducting business ethically and to the highest standards of corporate governance. This is a pre-requisite to maintaining stakeholder confidence. Good corporate governance creates value by ensuring the interests of management are aligned with our stakeholders, cultivating a company culture of integrity, and facilitating better decision-making through clearly defined roles and responsibilities, and robust processes.

To align our approach with best practice, we periodically review and update our corporate governance documents and practices. Our FY2021 governance arrangements comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) (ASX Principles and Recommendations).

For further details on Orica's corporate governance framework see our ***FY2021 Corporate Governance Statement.***

CORPORATE GOVERNANCE FRAMEWORK



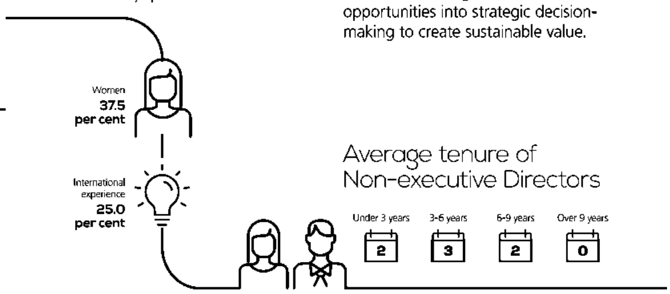
Board composition and succession planning

FY2021 CEO SUCCESSION

The Board, through the Nominations Committee, has in place a CEO succession planning framework with time-based checkpoints to monitor progress. The framework also utilises a dual-track process of 'shadow tracking' external candidates, facilitated by an external consultant, whilst continuing to monitor the development of internal candidates. This process culminated in the appointment of Sanjeev Gandhi as Managing Director and CEO on 1 April 2021 and enabled a smooth transition from Alberto Calderon.

Delegated responsibility for Board composition and succession planning rests with our Nominations Committee. In considering potential candidates for appointment to the Board, the Committee complete a thorough review of the skills, experience, and competencies of candidates in relation to the Board's current and future skill and experience requirements, as well as diversity considerations. In November 2021, the Committee approved Safety and Sustainability as an additional skill category. This reflects the importance of integrating material sustainability and climate change risks and opportunities into strategic decision-making to create sustainable value.

Diversity profile



A summary of the collective skills held by our Board

LEADERSHIP

Board, CEO or Senior Executive experience in major organisations, enterprises, or listed companies in Australia or overseas.

MINING

Experience, knowledge, and expertise in the Australian or the international resources sector and/or related operations.

GLOBAL PERSPECTIVE

Experience in international markets with exposure to a range of political, cultural, regulatory, and business environments.

TECHNOLOGY TRENDS AND INNOVATION

Experience, knowledge, and expertise in the development and commercial application of new and emerging technology and cyber security.

FINANCIAL ACUMEN

Financial knowledge or related financial management or accounting qualifications and experience, including understanding the financial statements.

MERGERS AND ACQUISITIONS

Experience in merger and acquisition transactions involving complex issues.

GOVERNANCE AND LEGAL

Experience and knowledge in governance issues (including the legal, compliance, environmental and regulatory environment applicable to the Australian or international resources sector).

SAFETY AND SUSTAINABILITY*

* *To be incorporated in FY2022*

Professional development

Orica has in place a Non-executive Director Business Understanding Program which delivers ongoing learning for Directors to deepen their understanding of our business and operations, and to ensure they are able to make fully informed decisions on Orica's strategic direction. The Program is delivered through a combination of site visits, business briefings, deep-dive education sessions at the Board and Committee level, and one-on-one discussions with management, as appropriate. While the COVID-19 pandemic necessitated that some of the planned initiatives were deferred to FY2022, the Board participated in multiple sessions over the year.

Risk

Managing risk through uncertain times

Risk management is fundamental to informing and executing our strategic direction in support of value creation for our stakeholders. We take a proactive approach to identify and capitalise on opportunities, whilst managing risks appropriately, which goes hand in hand with operating a safe and responsible business.

Our risk management approach is designed to focus on the key existing and emerging risks that could significantly impact the delivery of our strategy and vision, as described on page 12, or meeting the expectations of our stakeholders (refer page 24).

We continuously evolve our risk management system by monitoring performance and strengthening our processes, data and systems that support the effective management of risks across the organisation.

OUR RISK APPROACH AND GOVERNANCE STRUCTURE

We focus on the ongoing identification, management, and communication of risks by consistently applying the principles of the International Organization for Standardization's Risk Management Guideline, ISO 31000.2018 across our business.

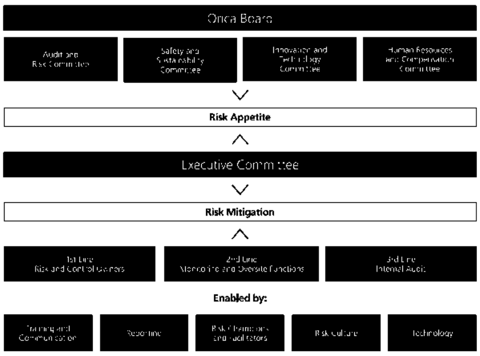
Board

The Board has overall responsibility for making sure we manage risks in line with our approved risk appetite settings and are maintaining our internal control systems. It regularly reviews, either directly or through its committees, how our risk management processes are performing across the business.

The Board Audit and Risk Committee has oversight of the effectiveness of the Group's risk management framework and processes.

Executive Committee

The Executive Committee owns our material risks and is responsible for interrogating the effectiveness of risk mitigation strategies and for monitoring our performance against the approved risk appetite settings.



1 Risk and control owners are responsible for identifying, monitoring, and managing risks across Orica. They are typically senior employees who own risks aligned to their operational accountabilities across our regions, manufacturing locations and group functions.

2 Our group functions provide expertise, support, monitoring and challenge on risk-related matters to our first line. For example, our SHES team provides assurance and support to improve our operational control environment.

Three lines of defence

We follow the principals of the 'three lines' model.

3 Our internal audit function provides independent assurance to management, and the Board, that our risk management processes are operating effectively. We use a combination of in-house and external specialist resources.

Risk appetite framework

We enhanced our risk management system in FY2021 by defining risk appetite statements for the material risk categories of our business.

Risk appetite statements, settings and risk limits are important to set the boundaries for the decisions we make, ensuring we understand how to remain within the risk appetite set by the Board, while establishing clear triggers for action in the event of change.

Consistent performance against our risk appetite settings and risk limits is paramount. We achieve this by maintaining the right culture, control environment and processes to operationalise them within the business, integrate them into key decision-making, and monitor performance against.

Each risk appetite statement is allocated one of five settings ranging from zero, where there is very low appetite for an event outside of the defined risk limits, to active where we are willing to take more risk in the pursuit of our strategic objectives.

RISK APPETITE STATEMENTS AND SETTINGS

a qualitative view on how willing the Board is to assume risk for each material risk category after considering our control environment, strategy, business environment and the risk/reward trade-off.

KEY RISK INDICATORS AND RISK LIMITS

a defined set of quantitative indicators and risk limits (guardrails) to execute decisions and manage business performance. Exceeding risk limits will act as a trigger for management and/or Board action.

WE HAVE DEFINED RISK APPETITE STATEMENTS, SETTINGS, AND LIMITS ACROSS THE MATERIAL RISK CATEGORIES OF OUR BUSINESS

STRATEGIC STRATEGIC GROWTH | STRATEGIC MARKETING & TECHNOLOGY | CLIMATE CHANGE*

OPERATIONAL SAFETY & HEALTH | ENVIRONMENT | SECURITY | PEOPLE

INFORMATION TECHNOLOGY CYBER SECURITY | INFORMATION SECURITY | IT GOVERNANCE

FINANCE FINANCIAL PERFORMANCE | TAX

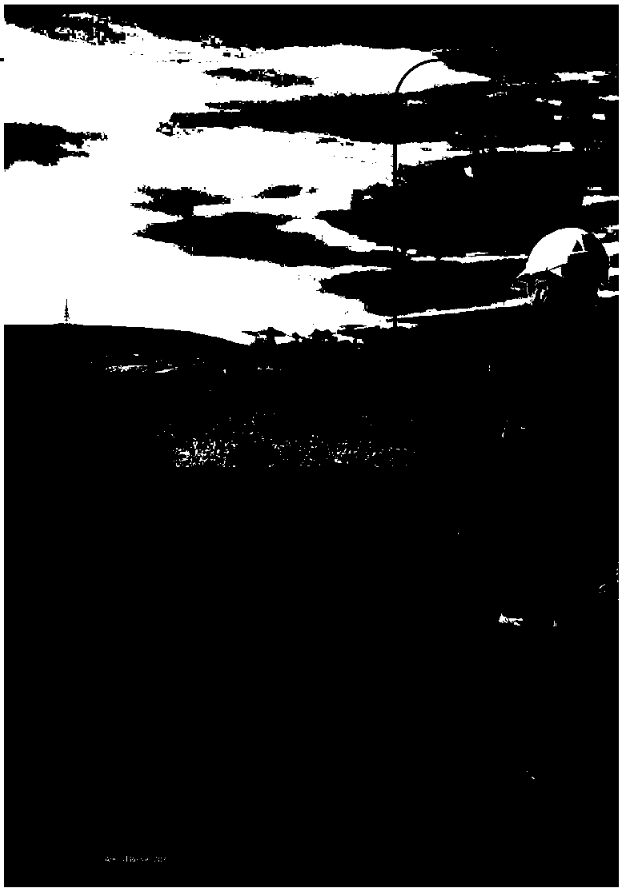
COMPLIANCE ETHICS & COMPLIANCE

* [illegible] FY2022.

Material risks and opportunities

Link to our material themes	Risk	Risk category	How we are responding	Key opportunities
	Macro-economic factors: commodity demand Uncertain economic growth outlook and material fluctuations in commodity demand	Strategic	We maintain a globally diverse customer base across numerous markets and employ leading macro-economic indicators to inform our strategic planning. We use strategic risk indicators (our 'signposts') to monitor the macro-economic environment as it relates to our business and have conducted deep dives into future-facing commodities growth opportunities.	Positioning our portfolio towards higher growth commodities, including future-facing commodities.
	Political and Regulatory Uncertain geopolitical dynamics and regulatory change	Strategic	We actively monitor the political situation around our operations. We consider our key suppliers through maintaining a globally diverse customer base and supply chain with a focus on critical materials. We engage regularly with key stakeholders including governments and suppliers to remain fully informed, which enables us to respond quickly to comply with the latest regulations, economic sanctions, and trade rulings.	Rapid and efficient responses to change enabled by our scale and geographic diversity.
	Climate change Consequences and opportunities presented by low-carbon economic transition and physical impacts of a changing climate.	Strategic	In line with our ambition to achieve net zero emissions by 2050, we are embedding climate risk into strategic and financial planning, accelerating decarbonisation, and catalysing action across the value chain. This is illustrated with our Kooragang Island Decarbonisation Project announcement and installation of low-emissions technology at Carseland, Canada in FY2021. We have progressed physical climate risk assessments at our key operating locations to better understand our exposure to the impacts of high, moderate, and low climate change scenarios.	There is an opportunity to participate in carbon markets. We can enhance competitiveness by offering customers lower carbon AN products. Our aim is also to be a first mover to gain advantage and secure public financial support and incentives.
	Increasing society and investor expectations (emerging risk) Failure to respond to shifts in societal and investor expectations leads to threats to our ability to achieve our objectives and meet stakeholder expectations.	Strategic	We continue to listen and engage. We actively communicate our strategy with our stakeholders to demonstrate the steps we are taking to reduce our environmental impact, strengthen our governance and consider our social strategy. Our materiality process has been strengthened to reflect these considerations and we have reviewed our First Nations and cultural heritage processes in response to increased regulatory, customer and societal expectations following the Juukan Gorge incident in the Pilbara, Australia.	Continuing to lift our ESG ambition and action to create competitive differentiation.
	Customer and technology disruption Rising adoption of new technology and fast paced competitor development	Information and technology	We continue to develop and invest in our core products, as well as new applications to enhance our performance and safety outcomes. Our research and innovation teams continued to develop our strategy with regards to new technology and monitoring disruptive technology and business model trends.	Technological advancement brings opportunities to further support our customers in their growth and productivity goals.
	Cyber security A compromise to the confidentiality, availability and/or integrity of our critical technology services and data.	Information and technology	We continuously review and strengthen our Information Technology (IT) security controls as part of our cyber security strategy. We have upgraded the separation between our IT and Operational Technology (OT) networks to better protect our key systems and information and enhanced our security operations centre functionality to improve capture and analysis of malicious attacks. We train our teams to raise awareness of security threats and invest in systems and technologies to protect our data and network access.	

Link to our material themes	Risk	Risk category	How we are responding	Key opportunities
	Ethical business practices and good governance Our global presence means there are numerous laws and regulations that we must comply with including competition, modern slavery, anti-bribery, and corruption requirements.	Ethics and compliance	We have extensive compliance controls in place including country entry procedures and customer and vendor sanction screening. We train our people to do the right thing and provide an independent 'Speak-Up' service. This year we carried out reviews of our high-risk business partners and joint venture partners to ensure compliance with Orica Ethics and Compliance requirements. Learnings helped us strengthen our screening processes and due diligence systems.	
	Safety, health, environment, and security Material SHES risks that impact our people, communities, and the environment.	Operational	The prevention of harm is our number one priority. Our key controls include compliance protocols, audit and inspection programs, plant and equipment design standards, and asset maintenance programs. Our MHM Program defines key safety controls and establishes rigorous verification protocols. If harm were to occur, we have stringent first response and emergency response management plans in place across all our operations. Our teams have recently focused on utilising our Enablon risk management system to standardise our change management system, improved our asset maintenance strategies to reduce our risk of loss of toxic materials and trialled systems to monitor key risk indicators for vehicle incidents.	We take the opportunity to lead from the front by improving industry safety standards in developing nations and regions.
	COVID-19 pandemic Failure to prepare and respond to significant disruptive factors caused by the COVID-19 pandemic because of inadequate development or execution of our response plans impacting our ability to maintain our supply chain, support our people and meet our financial targets, as well as reputational and regulatory obligations.	Operational	The COVID-19 pandemic impacts multiple areas of our business, therefore our response to this risk involves a comprehensive plan, to support the safety of our people and customers, and to ensure continuity of our operations. The plan is continually monitored and adjusted, with core priorities established in support of protecting our people, maintaining reliable operations and supply chains, supporting our most impacted communities, and monitoring the impact on our cash flow and debt facilities from any disruption.	Technology and connectivity are driving mobility and collaboration in workplaces, creating further opportunities for knowledge sharing, cross-business deployments, and process efficiencies.
	Supply chain disruption Interruption to the integrity and/or continuity of our supply chain.	Operational	By utilising our global supply chain of manufacturing plants, supply alliances, and joint ventures we are committed to ensuring a safe and secure supply for our customers. Each of our supply partners undergo risk assessments, and our assets have management and preventative maintenance programs in place. We have detailed planning and forecasting to predict ongoing demand and build redundancy into our supply chains to reduce reliance on key suppliers where we can.	Improved supply chain efficiency by making the most optimum use of our resources and relationships.
	Product Quality A poor-quality product or service impacting performance against required outcomes.	Operational	Our quality improvement framework is focused on ensuring our products meet our customers' needs in a reliable manner. We have in place new product testing and trials as well as global procurement standards to maintain high product quality and assurance processes. We monitor the performance of all our sites against clear performance metrics, and if required enact improvement programs where required.	



Directors' Report

The Directors of Orica Limited ('the Company' or 'Orica') present the Annual Report of the Company and its controlled entities (collectively 'the Group') for the year ended 30 September 2021 and the Auditor's Report thereon.

DIRECTORS

The Directors of the Company during the financial year and up to the date of this report are:

M W Broomhead, Chairman
A Calderon, Managing Director and Chief Executive Officer ('CEO') (resigned 1 April 2021)
S Gandhi, Managing Director and Chief Executive Officer ('CEO') (appointed 1 April 2021)
M N Brenner
Boon S F
D W Gibson
K A Moses
G T Tilbrook
J R Beevers

E O'Connor and K Anderson Llewellyn are each Company Secretary of Orica Limited.

Particulars of Directors' and Company Secretary qualifications, experience and special responsibilities are detailed in the Annual Report.

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the directors of the Company during the financial year are listed below:

Director	Scheduled Board Meetings[1]		Ad-hoc Board Meetings[1][2]		Audit and Risk Committee[1]		Human Resources & Compensation Committee[1]		Nominations Committee[1]		Safety & Sustainability Committee[1]		Innovation & Technology Committee[1]	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
M W Broomhead[3]	11	11	2	2	–	–	–	–	5	5	–	–	–	–
J R Beevers	11	11	2	1	–	–	–	–	5	5	5	5	3	3
M N Brenner	11	11	2	1	7	7	7	7	5	5	–	–	–	–
S Gandhi[4][5]	4	4	1	1	–	–	–	–	–	–	–	–	–	–
D W Gibson	11	10	2	1	–	–	7	7	5	5	–	–	3	3
K A Moses	11	11	2	1	–	–	7	7	5	5	5	5	–	–
Boon SF	11	11	2	2	7	7	–	–	5	5	–	–	3	3
G T Tilbrook	11	11	2	2	7	7	–	–	5	5	5	5	–	–
Former														
A Calderon[4][6]	7	7	1	1	–	–	–	–	–	–	–	–	–	–

(1) Shows the number of meetings held and attended by each Director during the period the Director was a member of the Board or Committee.
(2) Ad-hoc board meetings were held on 26 March 2021 and 29 September 2021.
(3) The Chairman of the Orica Board attends all Board Committee meetings as an 'ex officio' member of that Committee.
(4) The Managing Director and CEO attends Committee meetings on an 'as needs' basis.
(5) Mr S Gandhi was appointed to the Orica Board on 1 April 2021.
(6) Mr A Calderon retired from the Orica Board effective 1 April 2021

In addition, 8 'Board Briefings' were held during the year and do not appear on the attendance register.

DIRECTORS' INTERESTS IN SHARE CAPITAL

The relevant interest of each Director in the share capital of the Company is disclosed in the Remuneration Report.

PRINCIPAL ACTIVITIES

The principal activities of the Group in the course of the financial year were the manufacture and distribution of commercial blasting systems including technical services and solutions, mining and tunnelling support systems to the mining and infrastructure markets, and various chemical products and services.

Directors' Report (continued)

LIKELY DEVELOPMENTS

Likely developments in the operations of the Group and the expected results of those operations are covered generally in the review of operations and financial performance of the Group in the Annual Report.

REVIEW AND RESULTS OF OPERATIONS

A review of the operations of the Group during the financial year and of the results of those operations is contained in the Annual Report.

CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the year ended 30 September 2021.

DIVIDENDS

Dividends paid or declared since the end of the previous financial year were:	$m
Final dividend declared at the rate of 16.5 cents per share on ordinary shares, unfranked, paid 15 January 2021	66.9
Interim dividend declared at the rate of 7.5 cents per share on ordinary shares, unfranked, paid 9 July 2021	30.6
Total dividends paid	97.5

Since the end of the financial year, the Directors have declared a final dividend to be paid at the rate of 16.5 cents per share on ordinary shares. This dividend will be unfranked.

EVENTS SUBSEQUENT TO BALANCE DATE

Acquisition of business

On 29 October 2021, the Group entered a contract to acquire 100% of the shares of RIG Technologies International Pty Ltd and Resources Innovation Group Pty Ltd, based in Western Australia, who design and build downhole measurement technology. The purchase price comprises $12 million upfront and potential earn out payments based on the achievement of revenue targets over the next five years. The financial effect of this transaction is not included in the financial statements for the year ended 30 September 2021 and will be recognised in the FY2022 financial statements.

Dividends

On 10 November 2021, the Directors declared a final dividend of 16.5 cents per ordinary share payable on 22 December 2021. The financial effect of this dividend is not included in the Annual Report for the year ended 30 September 2021 and will be recognised in the FY2022 Annual Report.

The Directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2021, that has affected or may affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years, which has not been covered in this report.

ENVIRONMENTAL REGULATIONS

Orica seeks to be compliant with applicable environmental laws and regulatory permissions relevant to its operations. Where instances of non-compliance occur, Orica's procedures require that relevant governmental authorities are notified in accordance with statutory requirements and internal investigations are conducted to determine the cause of the non-compliance to ensure the risk of recurrence is minimised.

The Company has committed major investments, both in terms of capital and resources, to improve its environmental performance at key sites in addition to its general maintenance program. The Company is working closely and co-operatively with regulators and government agencies in relation to these initiatives, as well as enhancing community engagement and consultation.

More specific details about Orica's sustainability initiatives and performance, including safety, health and environment, can be found on the Orica website www.orica.com/sustainability.

Directors' Report (continued)

INDEMNIFICATION OF OFFICERS

The Company's Constitution requires the Company to indemnify any person who is, or has been, an officer of the Company, including the Directors, the Secretaries and other Executive officers, against liabilities incurred whilst acting in good faith as such officers to the extent permitted by law.

In accordance with the Company's Constitution, the Company has entered into a Deed of Access, Indemnity and Insurance with each of the Company's Directors and, in certain instances, specific indemnities have been provided. No Director or officer of the Company has received benefits under an indemnity from the Company during or since the end of the year.

The Company has paid a premium in respect of a contract insuring officers of the Company and of its controlled entities, against a liability for costs and expenses incurred by them in defending civil or criminal proceedings involving them as such officers, with some exceptions. The insurance contract prohibits disclosure of the nature of the liability insured against and the amount of the premium paid.

NON-AUDIT SERVICES

During the year, KPMG, the Company's auditor, performed certain other services in addition to its audit responsibilities.

The Board is satisfied that the provision of non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor's independence as set out in *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

A copy of the lead auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is contained on page 106 of the Annual Report and forms part of this Directors' Report.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are disclosed in note 21 to the Annual Report.

Remuneration Report

Cover Letter (unaudited) to the Remuneration Report

Dear Shareholders,

On behalf of the Board, I am pleased to present Orica's FY2021 Remuneration Report, for which we seek your support at our Annual General Meeting.

PERFORMANCE ALIGNMENT AND KEY DECISIONS DURING FY2021

The 2021 financial year has been challenging for Orica with the COVID-19 pandemic, trade tensions and foreign exchange continuing to impact volume and margins across our business. With the impact of COVID-19 more prolonged than previously anticipated, we have remained focused on the safety and wellbeing of our people and are also making good progress towards becoming a more sustainable organisation. We have seen significant change at an executive leadership level and our commitment to talent development and succession planning in recent years resulted in all new Executive Committee members being drawn from internal candidates.

Given our financial performance, the following key decisions were made during the year:

- On appointment of Sanjeev Gandhi as Managing Director and Chief Executive Officer (CEO), the Board took the opportunity to reshape the CEO remuneration package. In addition to decreasing fixed annual remuneration (FAR) compared to the previous incumbent, a substantial portion of the CEO's FAR is now provided in equity which ensures immediate and ongoing alignment with the shareholder experience. We also addressed feedback from our investors and decreased the CEO's maximum short-term incentive (STI) opportunity from 200% to 150%, and the long-term incentive (LTI) grant opportunity from 215% to 200%.
- No remuneration increases were received by Executives who remained in the same role during FY2021. For those individuals whose role changed as part of the reshaping of our Executive Committee, their fixed annual remuneration was set lower than the prior incumbent.
- Board fees did not change in FY2021 and will remain at the same level for FY2022. In addition, Malcolm Broomhead elected to forfeit his Board Chair fees from 1 June to 30 September 2021 in support of our cost reduction focus in the second half of FY2021.

OUTCOMES UNDER ORICA INCENTIVE PLANS

The average Executive STI scorecard outcome was 56.7% driven by positive safety and environmental performance, and progress during FY2021 against key strategic objectives. As in prior years, we consider the non-financial components of the Executive STI scorecards to be of the utmost importance to running a safe and sustainable business. However, given financial performance over FY2021, the Board exercised its discretion not to award any payments under the Executive STI plan to the CEO or other Executives so as to better align with the shareholder experience.

The FY2018 LTI award (1 October 2017 to 30 September 2020) did not vest following testing in November 2020, with average Return on Net Assets (RONA) performance below the required threshold.

EXECUTIVE REMUNERATION IN FY2022

As foreshadowed last year, during FY2021 the Board undertook a formal review of our Executive Remuneration Framework, engaging with shareholders and other stakeholders as part of this process to better understand their view of our current framework and practices. In addition to the revised CEO remuneration structure on Sanjeev Gandhi's appointment, two key changes will be made to our incentive plans from FY2022.

Relative Total Shareholder Return (rTSR) introduced into the LTI

The LTI previously included an rTSR metric. This, along with Return on Capital (ROC), was replaced in 2018 with the current RONA metric to better support the implementation of our transformation program. Last year, we committed to reviewing the LTI metrics as part of the Executive Remuneration Framework review, resulting in a decision to introduce rTSR to complement RONA as a second equally weighted metric. The Board believes that RONA remains the most appropriate internal financial metric given the need for improved operating and capital efficiency, however, we recognise our investors are seeking more direct shareholder alignment through the current recovery phase.

Focusing on sustainability

Recognising the importance of monitoring the environmental impact of our operations, in FY2021 we introduced Loss of Containment (LOC) as an environmental metric within our STI scorecard. For FY2022, the renamed 'Safety and Sustainability' component of our STI scorecard will include a greenhouse gas emissions-based metric in addition to LOC. The new metric is aligned with our stated objective to reduce Scope 1 and 2 operational emissions by at least 40% by FY2030. To ensure sufficient weighting on each STI metric we have focused our safety performance on the Serious Injury Case Rate (SICR) which will have a higher weighting for FY2022 and the High Potential Incident (HPI) Injury Ratio will be removed from our scorecard. HPIs will continue to be closely monitored internally as a leading indicator to focus on sustained performance. We have also adjusted the weighting of metrics within the financial component of the STI scorecard. Detail on our FY2022 CEO STI scorecard, including weightings, is shown in Section 2.6.

We appreciate your ongoing support and I look forward to engaging with you again in FY2022.

Yours faithfully,

Maxine Brenner
Chairman, Human Resources and Compensation Committee

EXECUTIVE SUMMARY

FY2021 Remuneration Strategy and outcomes linked to business priorities and performance

At Orica, remuneration is linked to the drivers of our business strategy, helping create long-term success for shareholders. The at-risk components of remuneration are tied to measures that reflect operating and capital efficiencies in both the short and long-term. Strategic drivers are reflected in STI and LTI performance measures ensuring Executive incentives are linked to actual performance.

OBJECTIVE: COMPETITIVE REMUNERATION THAT ALIGNS EXECUTIVES WITH THE LONG-TERM SUCCESS OF ORICA AND ITS SHAREHOLDERS

BOARD PRIORITIES	**Strong alignment** with shareholder returns	**Fit for purpose,** aligned to business strategy and driving desired business behaviours	**Simple and transparent**	**Globally competitive,** enabling Orica to attract and retain the best talent

COMPONENT	FIXED ANNUAL REMUNERATION (FAR)	SHORT-TERM INCENTIVE (STI)	LONG-TERM INCENTIVE (LTI)
PURPOSE AND LINK TO STRATEGY	Provide competitive base pay to attract and retain the skills needed to manage a complex global business. We target remuneration at the median of an ASX listed comparator group comprising companies of similar size, operations and global business complexity. The new CFO receives a portion of FAR in equity to ensure immediate and ongoing alignment with our shareholders.	Drive performance aligned to [illegible] strategy and underpinning long-term value creation. [illegible]: – [illegible]; – minimising the impact of our operations on the environment; – driving sustainable productivity improvement and efficient capital allocation [illegible]; – key strategic priorities including operating efficiency, innovation and technology, and adjacency growth. Deferred component provides long-term shareholder alignment over an additional three-year time horizon post-vesting.	Drive long-term value creation for shareholders by encouraging an owner's mindset and [illegible] that supports sustainable performance. The LTI design: – reinforces a focus on sustainable productivity improvement and efficient capital allocation during the three-year vesting period; and – provides long-term shareholder alignment over a five-year time horizon.
POLICY MIX (AT TARGET) Cash / Equity	Current CEO: 20.6% / 4.4%; Other Executives: 35.7%; Former CEO: 24.1%	Current CEO: 12.5% / [illegible]; Other Executives: 14.3% / 7.1%; Former CEO: 12.0% / [illegible]	Current CEO: [illegible]; Other Executives: 42.9%; Former CEO: [illegible]
DELIVERY	Base salary, superannuation (or pension equivalent) and allowances (per local market practice). For the new CEO, 17.6% of FAR is delivered as fixed securities that vest monthly, but are subject to restrictions until the CEO's minimum shareholding guideline is met.	Portion as cash payment (50% for CEO; 66.7% for other Executives). Portion in deferred [illegible] three-year holding lock (50% for CEO; 33.3% for other Executives).	Performance rights vesting after three years subject to performance hurdles with a further two-year holding lock. The LTI is granted at face value, based on the volume weighted average price (VWAP) of Orica shares during the five trading days following the full year results announcement.
KEY CHANGES DURING FY2021	Introduction of fixed equity for the new CEO along with increasing the minimum shareholding guideline from 100% to 150% of FAR and reducing the timeframe to meet the guideline from six to five years. Our benchmarking comparator group has been revised to better reflect our market capitalisation and operations including the removal of size outliers.	New CEO's maximum STI opportunity reduced from 200% to 150% of FAR. FY2021 scorecard changes: – key control verifications (KCV) and close-out of critical actions replaced by [illegible] Ratio; – new [illegible] environmental metric; and – new Cash Generation Efficiency [illegible] financial metric.	New CEO's LTI grant reduced from 215% to 200% of FAR (for FY2021 the new CEO received only the Executive LTI grant of 120% of FAR).
FY2021 REMUNERATION OUTCOMES	No increases for Executives who remained in the same role following the organisational structure changes. New CEO and Executive pay set lower than the prior incumbent in all instances reflecting our market capitalisation, financial performance and investor feedback on CEO remuneration quantum.	Given our financial performance over FY2021, no payments were made under the Executive STI plan. Deferred shares allocated under the FY2018, FY2019 and FY2020 awards remain in a holding lock and have therefore seen their values [illegible] aligned with our share price.	The FY2018 LTI tested in November 2020 did not vest with three-year average RONA below the required threshold.

Contents

Remuneration Report (continued)

SECTION 1. KEY MANAGEMENT PERSONNEL

1.1 Executive Key Management Personnel

The table below lists the Executives of the Company who, together with the Non-Executive Directors, were defined as Key Management Personnel (KMP) under Australian Accounting Standards for FY2021. For the purpose of this Remuneration Report, references to Executives are to the Executive KMP and other Executive Committee members with the same remuneration arrangements as the Executive KMP.

In addition to appointing a new Managing Director and CEO, several changes were made to our Executive KMP during FY2021, including the transition of individuals into new roles and the creation of a new Chief Technology Officer position with accountability for our customer-facing technology and innovation agenda. As a result of changes to the manufacturing structure, the Chief Manufacturing Officer position has also ceased to exist, and a new Senior Vice President Discrete Manufacturing and Supply role was created that is not considered to be KMP.

Name	Role in FY2021	Commencement date in role	Country of residence
Executive Director			
Sanjeev Gandhi	Managing Director and CEO	1 April 2021	Australia
	President – Australia Pacific & Asia	20 July 2020	Australia
Executive KMP			
Christopher Davis	Chief Financial Officer	1 October 2018	Australia
James Bonnor	President – Europe, Middle East and Africa	1 July 2021	United Kingdom
	President – North America	1 October 2015	United States
Brian Gillespie [2]	President – Latin America	3 May 2021	Australia
Angus Melbourne	Chief Technology Officer	1 April 2021	Australia
	Chief Commercial Officer	1 October 2016	Australia
Germán Morales [2]	President – Australia Pacific & Asia	1 April 2021	Australia
	President – Latin America & Supply	1 September 2018	Chile
Former Executive KMP			
Alberto Calderon [3]	Managing Director and CEO	19 May 2015	Australia
Daryl Cuzzubbo [4]	Chief Manufacturing Officer	7 October 2019	Australia
Thomas Schutte [5]	President – Europe, Middle East and Africa	1 October 2017	United Kingdom

(1) James Bonnor continued to act in the President – North America role until James Crough's appointment as President – North America on 1 October 2021.

(2) Germán Morales continued in the President – Latin America role until his relocation to Australia in May 2021. During April 2021, he acted in both this role and as President – Australia Pacific & Asia before Brian Gillespie assumed the role of President – Latin America on 3 May 2021. Brian Gillespie will relocate to Chile pending COVID-19 related travel restrictions easing.

(3) Alberto Calderon ceased to be KMP on 31 March 2021. His entitlements on termination are included at section 2.5.

(4) Daryl Cuzzubbo ceased to be KMP on 31 March 2021 as part of a mutually agreed separation from Orica. He retained a pro-rata entitlement to the FY2021 STI and a pro-rata portion of the FY2021, FY2020 and FY2019 LTI awards (all pro-rated based on time served over the relevant performance period), noting that no FY2021 STI payment will be received. Mr Cuzzubbo's FY2020, FY2019 and FY2018 STI deferred shares remain on foot and subject to the original disposal restrictions, aside from a portion of shares released to cover a tax liability on cessation. As part of the separation agreement, Mr Cuzzubbo also received a severance payment of 26 weeks' fixed annual remuneration in accordance with his contractual entitlements.

(5) Thomas Schutte ceased to be KMP on 30 June 2021 but remained in employment with Orica until his retirement on 30 September 2021 to support the transition of the President – Europe, Middle East and Africa role during a period of significant change. He retained a pro-rata entitlement to the FY2021 STI and a pro-rata portion of the FY2021, FY2020 and FY2019 LTI awards (all pro-rated based on time served over the relevant performance period), noting that no FY2021 STI payment will be received. Mr Schutte's FY2020, FY2019 and FY2018 STI deferred shares remain on foot and subject to the original disposal restrictions.

Executive Committee member qualifications, experience and responsibilities are detailed on pages 28–29 of this Report.

Remuneration Report (continued)

1.2 Non-Executive Directors Key Management Personnel

The Non-Executive Directors who held office during FY2021 are set out below. These Directors have oversight of the strategic direction of the Company but have no direct involvement in the day-to-day management of our business.

Name	Role in FY2021	Commencement date in role	Country of residence
Current Directors			
Malcolm Broomhead	Non-Executive Director, Chairman	1 December 2015	Australia
John Beevers	Non-Executive Director	1 February 2020	Australia
Maxine Brenner	Non-Executive Director	8 April 2013	Australia
Boon Swan Foo	Non-Executive Director	6 May 2019	Singapore
Denise Gibson	Non-Executive Director	1 January 2018	United States
Karen Moses	Non-Executive Director	1 July 2016	Australia
Gene Tilbrook	Non-Executive Director	14 August 2013	Australia

SECTION 2. KEY STAKEHOLDER QUESTIONS

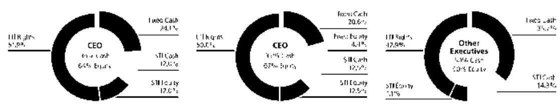
2.1 How is Executive remuneration structured?

Our Executive Remuneration Framework is weighted towards variable (at-risk) remuneration to align with the interests of our shareholders and drive performance against short-term and long-term business objectives.

Assuming target STI and the face value of LTI granted to Executives, the current policy remuneration mix is:

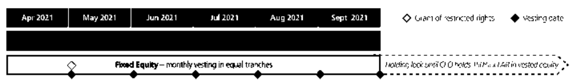
- CEO: 75.0% variable based on performance, 62.5% of which is delivered as deferred shares or performance rights, and
- **Other Executives**: 64.3% variable based on performance, 50.0% of which is delivered as deferred shares or performance rights.

Previous Mix **Current Mix**



2.2 What is the new CEO's fixed equity component?

As Sanjeev Gandhi was appointed as CEO within 12 months of joining Orica, the Board considered it important to deliver a portion of his FAR in the form of Orica equity to ensure immediate and ongoing alignment with shareholders. The fixed equity component is equal to 17.6% of total FAR and is granted in the form of restricted rights which vest monthly in alignment with the payment of fixed cash. For FY2021, a pro-rata grant was made post-half-year results as outlined below.



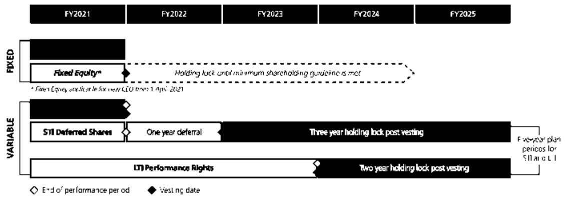
For FY2021, the actual number of restricted rights granted was determined based on the VWAP of Orica shares over the five days up to and including the effective date of appointment. For the FY2022 grant, the VWAP period will be the five days following full-year financial results, consistent with the approach for the allocation of equity under the deferred STI and LTI plans. Vested Rights are exercisable for a five-year period from grant, with the underlying shares subject to a holding lock until the CEO exceeds his minimum shareholding requirement, except where the sale of shares is required to meet tax obligations.

In setting the new CEO remuneration package and in recognition of the new fixed equity component, the minimum shareholding requirement was increased from 100% to 150% of FAR and the time period allowed to reach this holding was reduced from six to five years from appointment. Further information on the CEO's fixed equity is detailed in Section 3.1.

Remuneration Report (continued)

2.3 When is remuneration earned and received?

Remuneration is structured to reward Executives progressively across different timeframes with an emphasis on alignment with shareholders through extended holding locks and a five-year effective holding period. The diagram below illustrates the period over which FY2021 remuneration is earned and delivered, and when holding locks are lifted.



2.4 How much were Executive KMP paid in FY2021?

The table below presents the remuneration paid to, or vested for, Executive KMP in FY2021.

	Fixed pay[1] $000	STI to be paid in cash[2] $000	Total cash payment $000	Equity awards vested during year[3] $000	Other[4] $000	Total remuneration received $000
Executive KMP						
Sanjeev Gandhi	1,200.0	–	1,200.0	141.7	25.9	1,367.6
Christopher Davis	875.0	–	875.0	130.4	2.6	1,008.0
James Bonnor	871.8	–	871.8	100.0	548.5	1,520.3
Brian Gillespie	241.7	–	241.7	–	6.6	248.3
Angus Melbourne	919.8	–	919.8	148.2	4.9	1,072.9
Germán Morales	784.0	–	784.0	133.2	415.2	1,332.4
Former Executive KMP						
Alberto Calderon	900.0	–	900.0	685.1	7.1	1,592.2
Darryl Cuzzubbo	437.5	–	437.5	113.4	439.4	990.3
Thomas Schutte	822.4	–	822.4	181.4	5.0	1,008.8
Total	**7,052.2**	**–**	**7,052.2**	**1,633.4**	**1,455.1**	**10,140.7**

(1) Fixed Pay includes actual base pay received and superannuation (or equivalent pension) contributions for each individual's applicable KMP period. Refer footnote 7 in section 6.1 for detail on payments received by Alberto Calderon and Thomas Schutte from the dates they ceased to be KMP and when they formally ceased employment with Orica.

(2) No payments were made under the FY2021 Executive STI plan. Brian Gillespie will receive a payment of $21,866 relating to the period 1 October 2020 to 2 May 2021 when he held the non-Executive role of CEO GroundProbe and participated in the Orica Incentive Plan. From Mr Gillespie's appointment as President – Latin America on 3 May 2021, his Orica Incentive Plan participation was replaced by a pro-rata opportunity under the Executive STI plan and he therefore did not receive any payments relating to the Executive KMP role.

(3) Relates to the face value of equity awards (using the share price at the vesting date) that vested during FY2021, including deferred shares from FY2019 that vested in December 2020, but remain subject to holding locks until December 2023. For select overseas executives or Australian-based executives who ceased employment during FY2021 and where a tax liability arose at vesting or cessation, a portion of the deferred shares were released from restriction to settle the taxes due. No shares were acquired under the LTI as the FY2018 LTI did not vest. For Sanjeev Gandhi, the amount also includes vested fixed equity and the first tranche of a sign-on award that was granted on commencement of employment and vested on 31 March 2021.

(4) Includes the cash value of relocation assistance, the cost of meeting tax filing obligations associated with international assignments, and other benefits and allowances provided (where applicable). Movements in annual leave and long-service leave balances have not been shown. For Darryl Cuzzubbo, this figure includes a contractual severance payment. Refer footnote 4 in section 1.1 for details.

For more information, refer to section 6.1 – FY2021 Executive KMP remuneration table prepared in accordance with the accounting standards.

Remuneration Report (continued)

2.5 What were the termination arrangements for the former CEO?

Alberto Calderon ceased as CEO on 31 March 2021 however he remained in employment with Orica from 1 April to 31 May 2021 to support the transition of the CEO role to Sanjeev Gandhi. While contractually entitled to receive a separation payment equivalent to six months' salary, it was mutually agreed this payment would not be made. On termination, he forfeited any entitlement to the FY2021 STI and all unvested equity awards (including the FY2020 STI deferred shares and FY2021, FY2020 and FY2019 LTI awards) lapsed. The FY2019 and FY2018 STI deferred shares, which vested prior to termination in December 2019 and December 2020 respectively, remain on foot and subject to the original disposal restrictions aside from a portion of shares that were released to cover a tax liability on termination.

2.6 What were the outcomes of the Executive Remuneration Framework review?

As flagged in our FY2020 Remuneration Report, the Board undertook a formal review of our Executive Remuneration Framework during FY2021, with a focus on ensuring the framework supports our business strategy, aligns with shareholders' interests, enables us to attract, engage and retain talent, and motivates our people to deliver their best performance.

Following the 2020 AGM and throughout the review process, we engaged with investors and proxy advisors to understand their views. The new CEO remuneration framework took into account the feedback received on quantum, structure and shareholder alignment. We also recognise that direct alignment of executive remuneration with share price is critical over the near term and for this reason, rTSR will be introduced as a second measure (in addition to RONA), linking 50% of the CEO and other Executives' LTI outcomes to our share price performance.

In relation to the STI, we have shown our commitment to reducing the impact of our business on the environment through the introduction of the Loss of Containment metric in FY2021. In further support of this and aligned with our stated 2030 emissions reduction objective, the revised Safety and Sustainability component of FY2022 STI scorecards will include a new greenhouse gas (GHG) emissions metric. With Serious Injury Case Rate the primary safety metric, the weighting on this metric has also been increased. For other Executives, the Strategic component of their FY2022 STI scorecard will include an additional sustainability-based metric aligned to their specific role within the organisation. The financial metrics remain as per the prior year, however, the weighting on EBIT and RONA will increase in recognition of the importance of improving earnings performance in FY2022.

FY2022 CEO Scorecard

Measure	Metric	Weighting (at target)
Safety and Sustainability	Serious Injury Case Rate	10.0%
	Loss of Containment	5.0%
	Global Scope 1 and 2 GHG emissions[1]	10.0%
Financial	EBIT	30.0%
	RONA	30.0%
	Cash Generation Efficiency	15.0%

(1) Scope 1 and 2 refers to emissions under Orica's operational control, measured in accordance with the GHG Protocol and National Greenhouse and Energy Reporting (NGER) Measurement Determination.

SECTION 3. EXECUTIVE REMUNERATION

3.1 Executive Remuneration Framework

The following table outlines the FY2021 Executive Remuneration Framework.

Remuneration Positioning	
Market position	Median for FAR and between Median and 75th percentile for total remuneration where outstanding performance is delivered.
Comparators	**Primary comparator group** – 13 ASX listed companies similar in size, operations and complexity to Orica, with reference to market capitalisation, revenue, industry and the extent of international operations. The primary comparator group was last reviewed as at 30 June 2021 and comprised the following companies: Amcor Limited, Ansell Limited, BlueScope Steel Limited, Brambles Limited, Incitec Pivot Limited, James Hardie Industries Plc, Newcrest Mining Limited, Oil Search Limited, Orora Limited, Sims Limited, South 32 Limited, Woodside Petroleum Limited and Worley Parsons Limited. **Secondary comparator group (reference)** – ASX listed companies with market capitalisation between 50% and 200% of Orica's 12-month average market capitalisation, as at 30 June of the relevant financial year. Where appropriate, particularly for roles located outside of Australia, additional sector or local industry specific data is taken into consideration in benchmarking Executive remuneration.
FAR (Cash)	
Payment vehicle	Cash salary, superannuation (or pension equivalent) and allowances (per local market practice).

Remuneration Report (continued)

FAR (Equity)	
Payment vehicle	Restricted rights (each vested right providing a 1:1 entitlement to Orica shares).
Opportunity (face value)	CEO: 17.6% of Total FAR, equivalent to $300,000 per annum for FY2021 (pro-rata FY2021 face value from 1 April 2021 appointment of $150,000). The actual number of restricted rights issued was determined by dividing FAR (Equity) opportunity by the five-day VWAP of Orica shares, up to and including 1 April 2021 ($14.15).
Vesting period	1 April 2021 to 30 September 2021.
Vesting schedule	Vests in equal monthly tranches subject to continued employment until the end of the relevant month.
Exercise period	Between vesting and five-years from grant.
Holding locks	Shares allocated following exercise of vested rights will be subject to a holding lock until the CEO's minimum shareholding requirement (150% x FAR) has been met.
Cessation of employment	Unvested rights lapse on cessation, subject to Board discretion to determine otherwise. Vested rights are retained with no holding locks attached to the underlying shares.
Change of control	Board discretion to determine an appropriate treatment.
Access to dividends	Entitlement to dividend equivalent payments in relation to vested rights.

STI	
Changes in FY2021	Changes to FY2021 STI metrics. Key Control Verifications and Close out of Critical Actions replaced with High Potential Incident Injury Ratio; new Loss of Containment metric; new Cash Generation Efficiency metric which reduced the weighting on EBIT and RONA. Reduction in maximum STI opportunity for the CEO from 200% to 150% of FAR.
Payment vehicle	Cash and deferred shares.
Opportunity	Current CEO: 0 to 150% of FAR; 100% at target. Former CEO: 0 to 200% of FAR; 100% at target. Other Executives: 0 to 120% of FAR; 60% at target. For Executives based outside of Australia, opportunities are typically referenced to base salary only.
Performance Measures	CEO: Safety, Health & Environment (25%); Financials (75%) comprising EBIT, RONA and CGE[1]. Other Executives: Safety, Health & Environment (18%); Financials (60%); Strategic priorities (22%). For each measure, levels for threshold, target and maximum are set. Below threshold, no incentive is paid. Above threshold, straight-line vesting applies between threshold and target, and between target and maximum. For Regional Presidents, safety measures are solely based on Regional performance and financial metrics are evenly weighted between Group and Regional outcomes. While not specifically included as an STI metric for the CEO, the Board continues to measure progress against Orica's corporate plan, organisational health baselines, key people metrics and in strengthening business conduct and compliance frameworks. The determination of final performance outcomes for all Executives includes input from Board Committee Chairs and senior functional leaders (e.g., finance and safety).
Deferred STI	CEO: 50% of STI into deferred shares which vest after one-year and are subject to risk of forfeiture. Other Executives: one-third of STI into deferred shares which vest after one-year and are subject to risk of forfeiture. The number of deferred shares granted is calculated using the five-day VWAP immediately after the announcement of our annual results.

Holding lock	Following the one-year vesting period, vested deferred shares are subject to a further three-year holding lock during which time Executives are restricted from trading in shares. Disposal restrictions may be lifted where an Executive is required to fund personal tax obligations arising on vesting (typically applies to non-Australian based Executives) or cessation (applicable for Australian-based Executives).
Cessation of employment	Unvested deferred shares lapse on resignation or termination for cause. In other circumstances, being good leaver events, unvested shares may be retained subject to the original vesting period and holding lock. Vested deferred shares: retained on cessation, subject to the original holding lock. The Board retains discretion to determine a different treatment on cessation if considered appropriate in the circumstances.
Change of control	Board discretion to determine an appropriate treatment.
Access to dividends	During both the deferral and holding lock periods, Executives are entitled to accumulate dividends.

Remuneration Report (continued)

LTI	
Changes in FY2021	Reduction in LTI opportunity for the CEO from 215% to 200% of FAR (applicable from FY2022 LTI).
Payment vehicle	Performance rights (each vested right providing a 1:1 entitlement to Orica shares).
Opportunity (face value)	Former CEO: 215% of FAR grant at face value. Other Executives (including current CEO): 120% of FAR grant at face value. For Executives based outside of Australia, opportunities are typically referenced to base salary only. The actual number of performance rights issued to each Executive was determined by dividing their respective grant values by the five-day VWAP of Orica shares following the announcement of our FY2020 annual results ($16.99).
Performance period	Performance is measured over three financial years (FY2021, FY2022 and FY2023).
Performance measure	RONA[2] – calculated as annual EBIT/rolling 12-month Net Operating Assets (calculated on an average basis over three financial years).
Targets and vesting schedule	The FY2021 vesting schedule for the RONA performance measure is as follows

Average RONA over 3 years	% of Rights vesting
Below 11.0%	No vesting
At 11.0%	30% of rights vest
Between 11.0% and 11.7%	Straight line vesting between 30% and 60% of rights vest
At 11.7%	60% of rights vest
Between 11.7% and 12.6%	Straight line vesting between 60% and 100% of rights vest
At or above 12.6%	100% of rights vest

The FY2021 LTI RONA targets reflected the Board's expectations in late 2020 for returns through the current industry/market cycle, our corporate plan and transformation program, and long-term growth expectations. As with prior LTI grants, to achieve target or above-target vesting, EBIT growth must be significantly above the Board's view of underlying explosives market growth.

Holding locks	Following the three-year performance period, vested performance rights are converted into shares and are subject to a further two-year holding lock during which time Executives are restricted from dealing in those shares. The holding lock is designed to support an owner's mindset and provide alignment with shareholders. Disposal restrictions may be lifted where an Executive is required to fund personal tax obligations arising from the vesting of performance share rights (typically applies to non-Australian based Executives).
Cessation of employment	Unvested rights lapse on resignation or termination for cause. In other circumstances, being good leaver events, a pro-rata portion of rights (based on service period) is retained subject to the original vesting period and holding lock. Vested rights are retained on cessation, subject to the original holding lock. The Board retains discretion to determine a different treatment on cessation if considered appropriate in the circumstances.
Change of control	Board discretion to determine an appropriate treatment.
Access to dividends	Executives are not entitled to receive dividends on unvested performance rights during the three-year performance period. Once vested, Executives are entitled to receive dividends during the two-year holding lock.

(1) For STI purposes, EBIT is defined as earnings from Continuing Operations before interest, tax and individually significant items; RONA is defined as EBIT/Net operating assets. Net operating assets is defined as rolling 12-month average assets including net property, plant and equipment, intangibles at NBV, current and non-current investments in associates at current carrying value, trade working capital, non-trade working capital excluding environmental provisions; CGE is defined as Net cash from operating activities (incorporating movement in 12-month average trade working capital; excluding cash outlays related to growth capital or other investments, non-trade working capital, and payments to and from shareholders and debt, but including sustaining capital)/Earnings Before Interest, Taxes, Depreciation and Amortisation.

(2) For LTI purposes, RONA is defined as EBIT/Net operating assets. Net operating assets is defined as rolling 12-month average assets including net property, plant and equipment, intangibles at NBV, current and non-current investments in associates at current carrying value, trade working capital, non-trade working capital excluding environmental provisions. EBIT is defined as earnings from Continuing Operations before interest, tax and individually significant items.

The Board has an overriding discretion to adjust final outcomes under the terms of both the STI and LTI plans to ensure executive reward outcomes are reflective of our overall performance and aligned to shareholder expectations.

Remuneration Report (continued)

3.2 Short-term incentive outcomes – link to performance

Consistent with the prior year, progress made during FY2021 against each safety, health and environment, financial and strategic metric has been assessed as part of each Executive's performance review.

Based on this performance assessment, the CEO FY2021 STI scorecard outcome was 38.8% of Target. FY2021 outcomes against the STI metrics within the FY2021 CEO scorecard are summarised below.

Other Executive KMP FY2021 STI scorecard outcomes would have delivered payments between 51.7% and 62.6% of target. The scorecard outcomes were predominantly driven by safety and environmental performance, and delivery of strategic priorities. These priorities were determined and approved by the Board at the commencement of FY2021 based on their role and included enhancing Orica's development and use of technology, and operating efficiency.

Notwithstanding the importance of ensuring an ongoing focus on safety, sustainability and long-term strategic activities, considering the degree to which our FY2021 annual financial results were below expectations, the Board has exercised discretion not to make any payments under the FY2021 Executive STI plan to the CEO or other Executives. The Board's decision also took into account the shareholder experience over the financial year.

			2021 performance				
			Threshold	Target	Max		
Measure	Target	Weighting (at target)	50%	100%	150%	Weighted Outcome (%)	Performance commentary
Safety, Health & Environment	**Rewards a continuous focus on safe and reliable operations measured through a combination of lagging and leading indicators**						
SICR[1]	0.139	8.33%				0.0%	New HPI Injury Ratio led to a significant increase in reported HPIs compared to FY2020 and has driven the desired behavioural change across the business. A similar focus on LOC events also led to a positive outcome in the first year of the metric.
High Potential Incident Injury Ratio[2]	25.4	8.33%				9.0%	
Loss of Containment	65	8.33%				12.5%	SICR was slightly higher than FY2020 but remained below the FY2019 outcome and our strong focus on preventing serious injuries remains.
Financials	**Rewards improvements to earnings, enhanced returns from invested capital, developing enabling technology and adjacency growth, optimising capital allocation and reallocation**						
EBIT[4]	$641.1	25.0%				0.0%	EBIT outcome was below threshold predominantly due to a poor first half of FY2021 that was adversely impacted by FX, China trade tensions and the COVID impact in Latin America, EMEA and Asia.
RONA[4]	11.4%	25.0%				0.0%	RONA outcome was similarly below threshold due to EBIT performance.
CGE[4]	55.1%	25.0%				17.3%	CGE outcomes were impacted by lower earnings but the strong focus on trade working capital and capital expenditure discipline resulted in continued balance sheet resilience despite weaker earnings.
Board discretion	**The Board exercised discretion to reduce the CEO scorecard outcome of 38.8% to nil in recognition of FY2021 financial performance and the shareholder experience.**						
Overall STI outcome					**% of Target**	**0.0%**	
					% of Maximum	**0.0%**	

(1) SICR measures the total number of Severity 3 and Severity 4 injuries and illnesses per 200,000 hours worked by an employee/contractor. Excludes non-work-related injury/illness and occupational disease or illness that are attributable to chronic exposure to harmful agents over an extended period.

(2) HPI Injury Ratio measures the total number of incidents or near misses that could result in a Severity 4 injury or illness (high potential incidents), divided by the number of high potential incidents that result in a Severity 1 or greater.

(3) LOC measures the total number of uncontrolled releases of material from a primary containment that results in a Severity 1 or greater environmental impact on water or soil.

(4) Refer section 3.1 for the definitions of EBIT, RONA and CGE for FY2021 STI purposes.

Remuneration Report (continued)

3.3 Long-term incentive outcome

The table below summarises the LTI Plan awards tested in the current financial year together with awards that remain unvested.

Plan	Grant	Performance period	Performance measures applicable to award	Outcome
LTIP	FY2018	FY2018 – FY2020	RONA (100%)	No vesting
LTIP	FY2019	FY2019 – FY2021	RONA (100%)	Not yet tested
LTIP	FY2020	FY2020 – FY2022	RONA (100%)	Not yet tested
LTIP	FY2021	FY2021 – FY2023	RONA (100%)	Not yet tested

FY2018 grant

The FY2018 grant was tested in November 2020 but did not vest as three-year average RONA was below the required threshold.

In determining the average RONA outcome, the Board applied discretion to adjust EBIT and Net Operating Assets (the inputs used to calculate RONA) to remove the acquisition year impact of the GroundProbe (FY2018) and Exsa (FY2020) transactions, and to remove the impact of the IFRS-16 leasing standards changes. Net Operating Assets was also adjusted to ensure management were not advantaged from impairments to Minova, IT and other assets and the write down of defective assets at Burrup (which were all added back). Overall, management were neither advantaged nor disadvantaged by the adjustments made and they did not change the vesting outcome.

	Final outcome	Vesting position	% Rights vesting
RONA (3-year average)	12.1%	Below threshold of 13.7%	0%

FY2019 grant

The FY2019-21 LTIP will be tested in November 2021. It is not anticipated that the minimum RONA performance threshold will be met.

3.4 Equity granted in FY2021

The table below presents the equity granted at face value to Executive KMP during FY2021.

	FY2021 LTI[1] $000	FY2020 Deferred shares[2] $000	Other[3] $000	Total $000
Executives (KMP)				
Sanjeev Gandhi	1,200.0	–	150.0	1,350.0
Christopher Davis	1,050.0	116.8	–	1,166.8
James Bonnor	1,022.9	100.3	–	1,123.2
Angus Melbourne	1,103.8	102.4	–	1,206.2
Germán Morales	820.7	89.7	–	910.4
Former Executive KMP				
Alberto Calderon[4]				
Daryl Cuzzubbo[5]	175.0	144.5	–	319.5
Thomas Schutte[5]	317.1	82.6	–	399.7
Total	**5,689.5**	**636.3**	**150.0**	**6,475.7**

(1) Due to vest in November 2023 subject to satisfaction of performance conditions and then subject to a two-year holding lock.

(2) Not subject to any further vesting conditions except continued employment for duration of deferral period and then subject to a three-year holding lock.

(3) Relates to Sanjeev Gandhi's FY2021 fixed equity grant which vests in equal monthly tranches (refer Section 4.1 for details).

(4) Alberto Calderon forfeited the full FY2021 LTI award and all FY2020 deferred shares on termination.

(5) Daryl Cuzzubbo and Thomas Schutte each forfeited a pro-rata portion of their FY2021 LTI award on termination.

Remuneration Report (continued)

3.5 Overview of business performance – five-year comparison

The table below summarises key indicators of the performance of the Company, relevant shareholder returns over the past five financial years, and the impact on STI vesting outcomes. This demonstrates how our incentive awards align with our performance.

Financial year ended 30 September	2017	2018	2019	2020[1]	2021
Profit/(loss) from operations ($m)	635.1	242.8	468.8	320.6	(27.3)
Individually significant items ($m)[1]	–	375.3	195.9	293.1	453.9
EBIT ($m)[2]	635.1	618.1	664.7	613.7	426.6
Dividends per ordinary share (cents)	51.5	51.5	55.0	33.0	24.0
Closing share price ($ as at 30 September)[4]	19.77	17.03	22.54	15.43	13.79
Three-month average share price (1 July to 30 September) each year	20.12	17.31	21.36	17.05	12.83
EPS growth (%)[3]	(1.7)	(16.6)	14.2	(22.8)	(32.3)
NPAT ($m)[3]	386.2	324.2	371.9	299.1	208.4
External Sales ($m)	5,039.2	5,373.8	5,878.0	5,611.3	5,682.2
Cumulative TSR (%)[5]	46.52	29.44	64.28	34.15	2.57
Average STI received as % of maximum opportunity for Executives[6]	60.0	23.0	53.3	29.2	0.0

(1) FY2020 Profit/(loss) from operations, Individually significant items, EBIT, EPS growth, NPAT and External sales have been restated to align with the figures presented in the financial statements.

(2) This figure is before interest, tax and non-controlling interest.

(3) Before individually significant items.

(4) The closing share price for financial year 2016 (as at 30 September 2016) was $15.20.

(5) Cumulative TSR has been calculated using the same start date for each period measured (1 October 2016). In calculating the cumulative TSR, three-month average share prices (1 July to 30 September for each year) have been used.

(6) Refers to awards received under the Executive STI plan.

3.6 Service agreements

Remuneration and other terms of employment for Executives are formalised in service agreements. The terms and conditions of employment of each Executive reflect market conditions at the time of their contract negotiation on appointment or subsequently. The material terms of the employment contracts for the current Executive KMP are summarised in the table below and subject to applicable law.

Contractual Term	Application	Conditions
Duration of contract	All Executive KMP	Permanent full-time employment contract until notice given by either party.
Notice period to be provided by Executive	All Executive KMP	Six months.
Notice period to be provided by Orica	MD & CEO	Six months. Orica may elect to make payment in lieu of notice. In the event of Orica terminating the service agreement, the MD & CEO will be entitled to receive a termination payment of six months' salary (less any payment in lieu of notice). Should the MD & CEO's service agreement be terminated by mutual agreement, six months' salary is payable (in which case no notice is required to be given).
	Other Executive KMP	Executives have either a 13 week or 26-week notice period. Executives are entitled to be paid an amount equal to 26 weeks' FAR on termination (52 weeks in the case of James Bonnor).
Post-employment restraints	All Executive KMP	Each Executive has also agreed to restraints and non-solicitation undertakings as part of their service agreements, which will apply upon cessation of their employment to protect the legitimate business interests of Orica.

Remuneration Report (continued)

SECTION 4. NON-EXECUTIVE DIRECTOR ARRANGEMENTS

4.1 Overview

Fees for Non-Executive Directors (Directors) are set by reference to

– the individual's responsibilities and time commitment attaching to the role of Director and Committee membership;

– the Company's existing remuneration policies and survey data sourced from external specialists, and

– fees paid by comparable companies and the level of remuneration required to attract and retain Directors of the appropriate calibre.

To preserve their independence, Directors do not receive any form of performance-based pay.

The current aggregate fee pool for Directors of $2,750,000 was approved by shareholders at our 2019 Annual General Meeting. The Company pays both superannuation and Committee fees to the Directors from this pool. Committee fees are not paid to the Chairman of the Board.

4.2 Fees and other benefits

The table below sets out the elements of Directors' fees and other benefits applicable for the full FY2021, noting that between 1 June 2021 and 30 September 2021, no fees were paid to the Chairman of the Board.

Fees/benefits	Description	2021 $	Included in shareholder approved cap
Board fees	**Main Board**		
	Chairman – Malcolm Broomhead	510,000	Yes
	Members – all Non-Executive Directors	177,000	
Committee fees	**Board Audit and Risk Committee**		
	Chairman – Gene Tilbrook	45,000	
	Members – Maxine Brenner, Boon Swan Foo	22,500	
	Human Resources and Compensation Committee		
	Chairman – Maxine Brenner	45,000	
	Members – Denise Gibson, Karen Moses	22,500	Yes
	Innovation and Technology Committee		
	Chairman – Denise Gibson	45,000	
	Members – John Beevers, Boon Swan Foo	22,500	
	Safety & Sustainability Committee		
	Chairman – Karen Moses	45,000	
	Members – John Beevers, Gene Tilbrook	22,500	
Superannuation	Superannuation contributions are made on behalf of the Directors at a rate of 10.0% from 1 July 2021 (9.5% prior to 1 July 2021) being the current superannuation guarantee contribution rate subject to a cap at the Maximum Contributions Base.		Yes
Other fees/benefits	Directors receive a travel allowance based on the hours travelled to a Board meeting. The allowance paid is $3,000 per meeting for travel between three and 10 hours, or $6,000 if travel time exceeds 10 hours. Directors are also entitled to be paid additional fees for extra services or special exertions. No travel allowances were received for FY2021.		No

Remuneration Report (continued)

SECTION 5. REMUNERATION GOVERNANCE

5.1 Responsibility for setting remuneration

The HR&C (the Committee) is delegated responsibility by the Board for reviewing and making recommendations on our remuneration policies, including policies governing the remuneration of Executives.

Activities of the Committee are governed by its Terms of Reference, which are available on our website at www.orica.com. Among other responsibilities, the Committee assists the Board in its oversight of:

(a) remuneration policy for Executives;

(b) level and structure of remuneration for Senior Executives, including STI and LTI plans;

(c) the Company's compliance with applicable legal and regulatory requirements in respect of remuneration matters; and

(d) approval of the allocation of shares and awards under Orica's equity programs.

5.2 Use of remuneration advisors during the year

No remuneration recommendations were received from remuneration advisors as defined under the *Corporations Act 2001*.

5.3 Securities dealing policy and Malus

Securities dealing

All Executives are required to comply with our Securities Dealing Policy at all times and in respect of all Orica shares held, including any defined employee share plans. Trading is subject to pre-clearance and is not permitted during designated blackout periods unless there are exceptional circumstances. Executives are prohibited from using any Orica shares as collateral in any margin loan or derivative arrangement.

Malus

Orica's Malus Standard allows the Board to require any Executive to forfeit in full or in part, any unvested LTI or deferred STI award as a result of:

- a material misstatement in financial results;
- behaviour that brings Orica into disrepute or has the potential to do so;
- serious misconduct, and
- any other circumstance, which the Board has determined in good faith.

In considering whether any adjustment is necessary in respect of any or all participants, the Board may take into account the individual's level of responsibility, accountability or influence over the action or inaction, the quantum of the actual loss or damage, any impact on our financial soundness or reputational standing, the extent to which any internal policies, external regulations and/or risk management requirements were breached, and any other relevant matters.

5.4 Executive and Director share ownership

The Board considers that an important foundation of our Executive Remuneration Framework is that each Executive and Director accumulate and hold a significant number of Orica shares to align their interests as long-term investors.

Executives

The Executive Minimum Shareholding Guideline requires each Executive to accumulate a minimum vested equity holding in Orica over a fixed time period from their appointment. During FY2021, the CEO requirement was increased to 150% of FAR (from 100%) with the time period decreased to five years from appointment (from six years). The requirement for other Executives was unchanged from FY2020 at 50% of FAR over six years from appointment (by 31 December 2022 for Executives employed prior to 1 January 2015, the effective date of the guideline). Under the current Executive Remuneration Framework, at target performance and vesting, Executives would exceed these guidelines.

Non-Executive Directors

To create alignment between Directors and shareholders, Directors are required to hold (or have a benefit in) shares in the Company equivalent in value to at least one year's base fees. Such holdings must be acquired over a reasonable time using personal funds.

Remuneration Report (continued)

The table below sets out the number of shares held directly and indirectly by Directors and Executive KMP employed as at 30 September 2021:

	Balance at 1 October 2020	Acquired[1]	Disposed	Balance at 30 September 2021	Minimum Shareholding Required[2]	Date Minimum Shareholding Required to be met[3]
Executive KMP						
Sanjeev Gandhi[4]	–	40,735	–	40,735	184,917	31 March 2026
Christopher Davis	23,255	21,251	–	44,506	31,726	30 September 2024
James Bonnor	31,190	3,426	–	34,616	31,678	31 December 2022
Brian Gillespie[5]	–	–	–	–	21,030	30 April 2027
Angus Melbourne	46,707	9,189	–	55,896	33,350	31 December 2022
Germán Morales	15,000	8,170	–	23,170	32,632	31 August 2024
Former Executive KMP						
Alberto Calderon[6]	228,329	50,127	–	278,456	–	–
Daryl Cuzzubbo[6]	63,015	6,956	–	69,971	–	–
Thomas Schutte[6]	60,659	5,883	–	66,542	–	–
Directors						
Malcolm Broomhead	37,984	–	–	37,984	36,983	
John Beevers	7,727	7,073	–	14,800	12,835	
Maxine Brenner	9,539	–	–	9,539	12,835	
Boon Swan Foo	–	–	–	–	12,835	
Denise Gibson	3,000	10,000	–	13,000	12,835	
Karen Moses	11,000	–	–	11,000	12,835	
Gene Tilbrook	14,070	–	–	14,070	12,835	

(1) Shares acquired include FY2019 STI deferred shares that have vested but remain subject to holding locks and shares acquired through the Dividend Reinvestment Plan (DRP).

(2) Calculated using the Orica closing share price on 30 September 2021.

(3) Directors are required to acquire a shareholding of at least one year's base fees over a reasonable time.

(4) Includes 10,600 vested rights granted under the CEO's fixed equity arrangement as these are no longer subject to forfeiture and can be converted into ordinary shares with nil consideration.

(5) Opening balance on commencement as KMP.

(6) Closing balance on cessation of employment.

SECTION 6. KMP STATUTORY DISCLOSURES

6.1 Executive KMP remuneration

Details of the nature and amount of each element of remuneration of Executive KMP are set out in the table below. Remuneration outcomes presented in these tables are calculated with reference to the Corporations Act 2001 and relevant Australian Accounting Standards for FY2021 rather than the basis of take-home pay.

	Short-term employee benefits				Post-employment benefits				
	Base (Fixed) Pay $000	Cash STI Payment[1] $000	Other Benefits[2] $000	Other Long-Term Benefits[3] $000	Super-annuation Benefits $000	Termin-ation Benefits $000	Total excl. SBP* Expense $000	SBP Expense [4][5] $000	Total $000
Current Executive KMP									
Sanjeev Gandhi									
2021	**1,200.0**	–	**96.6**	–	–	–	**1,296.6**	**701.5**	**1,998.1**
2020	205.1	–	206.7				411.8	154.4	566.2
Christopher Davis									
2021	**852.8**	–	**48.2**	**14.0**	**22.2**	–	**937.2**	**58.4**	**995.6**
2020	835.1	233.6	(38.0)	21.5	21.7	–	1,073.4	(52.4)	1,021.0
James Bonnor									
2021	**849.6**	–	**636.6**	**11.3**	**22.2**	–	**1,519.7**	**50.2**	**1,569.9**
2020	919.3	200.6	305.2	22.4	21.2	–	1,468.7	(77.3)	1,391.4

Remuneration Report (continued)

	Short-term employee benefits				Post-employment benefits				
	Base (Fixed) Pay $000	Cash STI Payment[1] $000	Other Benefits[2] $000	Other Long-Term Benefits[3] $000	Superannuation Benefits $000	Termination Benefits $000	Total excl. SBP* Expense $000	SBP Expense [4,5] $000	Total $000
Brian Gillespie									
2021	**232.2**	**–**	**26.3**	**–**	**9.5**	**–**	**268.0**	**–**	**268.0**
Angus Melbourne[6]									
2021	**897.6**	**–**	**46.2**	**–**	**22.2**	**–**	**966.0**	**51.2**	**1,017.2**
2020	917.1	204.9	100.3	–	21.2	–	1,243.5	(66.2)	1,177.3
Germán Morales[6]									
2021	**756.8**	**–**	**435.1**	**–**	**27.2**	**–**	**1,219.1**	**44.8**	**1,263.9**
2020	668.0	179.3	56.6	–	40.1	–	944.0	102.3	1,046.3
Total Current Executive KMP									
2021	**4,789.0**	**–**	**1,289.0**	**25.3**	**103.3**	**–**	**6,206.6**	**906.1**	**7,112.7**
2020	3,544.6	818.4	630.8	43.9	103.7	–	5,141.4	60.8	5,202.2
Former Executive KMP									
Alberto Calderon[7]									
2021	**889.2**	**–**	**75.2**	**14.8**	**10.8**	**–**	**990.0**	**–**	**990.0**
2020	1,778.8	406.7	(86.6)	29.6	21.2	–	2,149.7	(111.3)	2,038.4
Darryl Cuzzubbo									
2021	**426.7**	**–**	**28.0**	**–**	**10.8**	**437.5**	**903.0**	**72.3**	**975.3**
2020	853.8	289.1	(2.1)	–	21.2	–	1,162.0	(51.5)	1,110.5
Carlos Duarte									
2020	17.3	–	–	–	–	–	17.3	(228.7)	(211.4)
Thomas Schutte[6,7]									
2021	**798.4**	**–**	**11.1**	**–**	**24.0**	**–**	**833.5**	**41.3**	**874.8**
2020	1,078.7	165.3	24.8	–	33.0	–	1,301.8	(78.4)	1,223.4
Total									
2021	**6,903.3**	**–**	**1,403.3**	**40.1**	**148.9**	**437.5**	**8,933.1**	**1,019.7**	**9,952.8**
2020	7,273.2	1,679.5	566.9	73.5	179.1	–	9,772.2	(409.1)	9,363.1

* Share-based payment (SBP).

(1) Cash STI Payment includes payments relating to FY2021 performance accrued but not paid until FY2022. No payments were made under the FY2021 Executive STI plan. Brian Gillespie will receive a payment of $21,866 relating to the period 1 October 2020 to 2 May 2021 when he held the non-Executive role of CFO GroundProbe and participated in the Orica Incentive Plan. From Mr Gillespie's appointment as President – Latin America on 3 May 2021, his Orica Incentive Plan participation was replaced by a pro-rata opportunity under the Executive STI plan and he therefore did not receive any payments relating to the Executive KMP role.

(2) These benefits include car parking, medical and insurance costs and movements in annual leave accrual (inclusive of any applicable fringe benefits tax). For overseas based Executives other benefits also include relocation costs, assignment-related expenses and allowances including reimbursement of accommodation, health insurance and taxation services, and mandatory payments in the overseas location. A negative balance may appear where the leave accrual has decreased from the prior year.

(3) This benefit includes the movement in long service leave accrual.

(4) This includes the value calculated under AASB 2 *Share-based Payment* to Executives which vests over three years. Value only accrues to the Executive when performance conditions have been met. The share-based payment expense represents the amount required under Accounting Standards to be expensed during the year in respect of current and past long-term incentive allocations to Executives. These amounts are therefore not amounts received by Executives during the year nor may they be payable to the Executive at any other time if performance hurdles are not met. The mechanism which determines whether long-term incentives vest in the future is described in Section 3.1. Where a negative SBP expense is shown, this represents a write-back of a previous share-based payment accrual based on a revised estimate of performance conditions being met.

(5) Under AASB 2 *Share-based Payment*, STI paid to Executives as deferred equity is accounted for as a share-based payment and expensed over two years. Accordingly, 50% of the value of the FY2020 deferred equity has been included in the Executives share-based payment expense in FY2020 with the remainder included in FY2021. No deferred equity has or will be awarded in respect of FY2021 performance.

(6) For overseas based Executives, salary reported is based on the salary figure in overseas currency converted at the average foreign exchange rate for the year.

(7) Alberto Calderon, former Managing Director and CEO, ceased to be a KMP on 31 March 2021. During a transition period from 1 April 2021 to 31 May 2021 when he remained employed with Orica to support the transition to Sanjeev Gandhi, he received contractual base salary and superannuation of $300,000 in addition to the amounts shown in the above table. While contractually entitled to receive a separation payment, it was mutually agreed that no payment would be made (refer section 2.5 for further details of the termination arrangements). Thomas Schutte, former President – Europe, Middle East and Africa, ceased to be a KMP on 30 June 2021 and following the transition of his role to James Bonnor, retired from Orica on 30 September 2021. In addition to the amounts shown in the above table, during the period from 1 July 2021 to 30 September 2021, Mr Schutte continued to receive his contractual base salary (equivalent to $766,170), pension contributions and employment benefits.

Remuneration Report (continued)

6.2 Summary of awards held under Orica's Executive equity arrangements

Details of LTIP performance rights, CEO restricted rights, sign-on rights and deferred shares awarded under the STI plan are set out in the table below:

For the year ended 30 September 2021	Grant date	Granted during FY2021	Vested	Lapsed	Balance at year end	Fair value of instruments at grant date $	Value of equity instruments included in compensation for the year $
Current Executive KMP							
Sanjeev Gandhi							
FY2021 Fixed Equity rights[1]	24 May 21	10,600	10,600	–	–	150,000	150,000
FY2021 LTIP Performance rights	3 Feb 21	70,629	–	–	70,629	949,960	–
Sign-on rights[2]	20 July 20	–	30,135	–	15,045	749,988	551,473
Christopher Davis							
FY2021 LTIP Performance rights	3 Feb 21	61,801	–	–	61,801	831,223	–
FY2020 LTIP Performance rights	10 Jan 20	–	–	–	44,112	851,803	–
FY2019 LTIP Performance rights	11 Jan 19	–	–	–	52,892	778,041	–
FY2020 STI Deferred shares	8 Dec 20	6,874	–	–	6,874	116,796	58,398
FY2019 STI Deferred shares[3]	3 Dec 19	–	7,998	–	–	190,400	–
James Bonnor							
FY2021 LTIP Performance rights	3 Feb 21	60,206	–	–	60,206	809,771	–
FY2020 LTIP Performance rights	10 Jan 20	–	–	–	46,160	891,350	–
FY2019 LTIP Performance rights	11 Jan 19	–	–	–	52,863	777,615	–
FY2018 LTIP Performance rights	5 Jan 18	–	–	51,529	–	811,582	–
FY2020 STI Deferred shares	8 Dec 20	5,903	–	–	5,903	100,301	50,151
FY2019 STI Deferred shares	3 Dec 19	–	6,133	–	–	146,005	–
Angus Melbourne							
FY2021 LTIP Performance rights	3 Feb 21	64,965	–	–	64,965	873,779	–
FY2020 LTIP Performance rights	10 Jan 20	–	–	–	46,370	895,405	–
FY2019 LTIP Performance rights	11 Jan 19	–	–	–	59,237	871,376	–
FY2018 LTIP Performance rights	5 Jan 18	–	–	57,742	–	909,437	–
FY2020 STI Deferred shares	8 Dec 20	6,029	–	–	6,029	102,435	51,218
FY2019 STI Deferred shares[4]	3 Dec 19	–	9,091	–	–	216,414	–
Germán Morales							
FY2021 LTIP Performance rights	3 Feb 21	48,306	–	–	48,306	649,716	–
FY2020 LTIP Performance rights	10 Jan 20				32,759	632,576	–
FY2019 LTIP Performance rights	11 Jan 19	–	–	–	43,110	634,148	–
FY2020 STI Deferred shares	8 Dec 20	5,276			5,276	89,655	44,828
FY2019 STI Deferred shares	3 Dec 19	–	8,170	–	–	194,491	–

Remuneration Report (continued)

For the year ended 30 September 2021	Grant date	Granted during FY2021	Vested	Lapsed	Balance at year end	Fair value of instruments at grant date $	Value of equity instruments included in compensation for the year $
Former Executive KMP							
Alberto Calderon							
FY2021 LTIP Performance rights	3 Feb 21	227,781	–	227,781	–	3,063,654	–
FY2020 LTIP Performance rights	10 Jan 20	–	–	162,584	–	3,139,497	–
FY2019 LTIP Performance rights	11 Jan 19	–	–	213,223	–	3,136,510	–
FY2018 LTIP Performance rights	5 Jan 18	–	–	207,841	–	3,273,496	–
FY2020 STI Deferred shares	8 Dec 20	23,938	–	23,938	–	406,710	–
FY2019 STI Deferred shares (3)	3 Dec 19	–	42,033	–	–	1,000,518	–
Darryl Cuzzubbo							
FY2021 LTIP Performance rights	3 Feb 21	61,801	–	51,500	10,301	831,223	–
FY2020 LTIP Performance rights	10 Jan 20	–	–	22,056	22,056	851,803	–
FY2019 LTIP Performance rights	11 Jan 19	–	–	9,009	45,047	795,164	–
FY2018 LTIP Performance rights	5 Jan 18	–	–	52,691	–	829,883	–
FY2020 STI Deferred shares	8 Dec 20	8,507	3,999	–	4,508	144,535	72,268
FY2019 STI Deferred shares (3)	3 Dec 19	–	6,956	–	–	165,591	–
Thomas Schutte							
FY2021 LTIP Performance rights	3 Feb 21	74,652	–	55,989	18,663	1,004,069	–
FY2020 LTIP Performance rights	10 Jan 20	–	–	22,758	31,860	1,054,674	–
FY2019 LTIP Performance rights	11 Jan 19	–	–	5,469	60,155	965,329	–
FY2018 LTIP Performance rights	5 Jan 18	–	–	63,967	–	1,007,480	–
FY2020 STI Deferred shares	8 Dec 20	4,864	–	–	4,864	82,640	41,320
FY2019 STI Deferred shares (3)	3 Dec 19	–	11,131	–	–	264,960	–

(1) A grant of restricted rights was made to Sanjeev Gandhi in relation to his FY2021 fixed equity component of remuneration. Five of the six tranches vested during FY2021 in relation to service from 1 April to 31 August 2021 with the remaining tranche vesting on 1 October 2021 in relation to service from 1 September to 30 September 2021.

(2) A grant of sign-on rights was made to Sanjeev Gandhi following his commencement of employment with Orica. Tranche 1 (66.67% of the rights) vested on 31 March 2021 with Tranche 2 (33.33% of the rights) to vest on 31 December 2021 subject to Mr Gandhi remaining employed with Orica on the vesting date.

(3) The FY2019 deferred shares vested on 2 December 2020. Per the terms and conditions of grant, the vested shares remain subject to disposal restrictions via a holding lock for a further three years following vesting which prevents Executives from selling the vested shares during this period. In certain overseas locations where a tax charge to participants arose at vesting, Executives were permitted to sell sufficient shares to cover the tax liability with the remaining shares subject to the holding lock. Certain Executives who ceased employment during FY2021 were also permitted to sell sufficient shares to cover the tax liability arising as a result of cessation.

Remuneration Report (continued)

The total number of rights and the fair value of rights issued under the LTI are:

Grant date	Vesting date	Number of rights issued	Number of rights held at 30 September 2021	Number of rights held at 30 September 2020	Number of participants at 30 September 2021	Number of participants at 30 September 2020	Fair value of rights at grant date $
30 Jul 21 (1)	30 Nov 23	36,834	36,834	–	4	–	535,566
3 Feb 21	30 Nov 23	1,226,741	1,065,573	–	306	–	17,836,814
3 Feb 21 (2)	30 Nov 23	776,085	440,815	–	9	–	10,438,343
10 Jan 20	30 Nov 22	939,811	754,443	886,806	292	317	19,623,254
10 Jan 20 (2)	30 Nov 22	507,595	267,429	474,827	7	8	9,801,689
08 Aug 19 (1)	30 Nov 21	71,078	50,991	54,830	15	15	1,256,097
11 Jan 19	30 Nov 21	1,139,030	853,515	1,001,594	278	300	18,110,577
11 Jan 19 (2)	30 Nov 21	782,122	414,436	681,806	10	11	11,440,237
20 July 18	30 Nov 20	117,150	–	86,906	–	17	1,995,065
5 Jan 18 (2)	30 Nov 20	1,751,427	–	1,331,560	–	268	28,911,209

The assumptions underlying the rights valuations are:

Grant date	Price of Orica Shares at grant date $	Expected volatility in share price %	Dividends expected on shares %	Risk free interest rate %	Fair value per right RONA(2) $
30 Jul 21 (1)	12.39	22.5	3.00	0.11	14.54
3 Feb 21	15.79	22.5	3.00	0.11	14.54
3 Feb 21 (2)	15.79	22.5	3.00	0.11	13.45
10 Jan 20	22.71	20.0	3.00	0.79	20.88
10 Jan 20 (2)	22.71	20.0	3.00	0.79	19.31
08 Aug 19 (1)	22.51	25.0	3.00	1.81	15.90
11 Jan 19	17.30	25.0	3.00	1.81	15.90
11 Jan 19 (2)	17.30	25.0	3.00	1.81	14.71
20 July 18	17.93	25.0	3.00	2.07	17.03
5 Jan 18	18.53	25.0	3.00	2.07	17.03
5 Jan 18 (2)	18.53	25.0	3.00	2.07	15.75

(1) A supplementary LTI offer was made in July 2018, August 2019 and July 2021 to selected senior management other than Executives who joined Orica after the grant date of the main offer in January 2018, January 2019 and February 2021. No supplementary offer was made in 2020. The terms and conditions of the supplementary offer are the same as the main offer.

(2) Under the Executive LTI plan, performance rights granted are subject to a single performance condition, RONA with a two-year holding lock applying to shares acquired following vesting. A discount to the fair value has been made to reflect lack of marketability during this period.

Remuneration Report (continued)

6.3 Non-Executive Director remuneration

Details of Non-Executive Directors' remuneration are set out in the following table:

	Short-term employee benefits			Post-employment benefits	
	Directors fees $000	Committee fees $000	Other benefits[1] $000	Superannuation $000	Total $000
Current Directors					
Malcolm Broomhead, Chairman[2]					
2021	**340.0**	**–**	**0.6**	**16.3**	**356.9**
2020	510.0	–	6.3	21.2	537.5
John Beevers[3]					
2021	**177.0**	**45.0**	**–**	**21.8**	**243.8**
2020	118.0	30.0	6.0	14.2	168.2
Maxine Brenner					
2021	**177.0**	**67.5**	**–**	**22.2**	**266.7**
2020	175.3	67.5	6.0	21.2	270.0
Denise Gibson[4]					
2021	**177.0**	**67.5**	**–**	**22.2**	**266.7**
2020	175.3	67.5	15.0	21.2	279.0
Boon Swan Foo					
2021	**177.0**	**45.0**	**–**	**21.8**	**243.8**
2020	175.3	45.0	6.0	21.2	247.5
Karen Moses[4]					
2021	**193.3**	**67.5**	**–**	**5.9**	**266.7**
2020	191.0	67.5	6.0	5.2	269.7
Gene Tilbrook					
2021	**177.0**	**67.5**	**–**	**22.2**	**266.7**
2020	175.3	67.5	15.0	21.2	279.0
Former Directors					
Lim Chee Onn[5]					
2020	14.2	3.8	–	1.7	19.7
Total Directors					
2021	**1,418.3**	**360.0**	**0.6**	**132.4**	**1,911.3**
2020	1,534.4	348.8	60.3	127.1	2,070.6

(1) These benefits include travel allowances and car parking benefits.
(2) Malcolm Broomhead forfeited his FY2021 Board Chairman fees from 1 June 2021 to 30 September 2021.
(3) John Beevers was appointed as a Non-Executive Director on 1 February 2020.
(4) Karen Moses elected not to receive superannuation contributions from Orica from 1 January 2020 to 30 June 2021. Superannuation contributions were received in accordance with statutory requirements from 1 July 2021 to 30 September 2021. Other benefits in 2020 for Karen Moses and Denise Gibson were reversed in the prior year Remuneration Report and have been corrected in the above table.
(5) Lim Chee Onn ceased to be a Director on 31 October 2019. Remuneration data has been included for comparative purposes only.

Rounding

The amounts shown in this report and in the financial statements have been rounded off, except where otherwise stated, to the nearest tenth of a million dollars, the Company being in a class specified in the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016.

The Directors' Report is signed on behalf of the Board in accordance with a resolution of the Directors of Orica Limited.

M W Broomhead
Chairman

S Gandhi
Managing Director and Chief Executive Officer

Dated at Melbourne 10 November 2021

Lead Auditor's Independence

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Orica Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Orica Limited for the financial year ended 30 September 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Penny Stragalinos
Partner
Melbourne
10 November 2021

Income Statement

For the year ended 30 September

	Notes	Consolidated 2021 $m	Restated[1][2] 2020 $m
Continuing operations			
Sales revenue	**(1b)**	**5,207.9**	**5,143.0**
Other income	**(1d)**	**45.7**	**15.5**
Raw materials and inventories		(2,449.8)	(2,221.8)
Employee benefits expense		(1,111.2)	(1,130.3)
Depreciation and amortisation expense[1]	(1b)	(358.1)	(320.7)
Purchased services and other expenses[1]		(510.3)	(479.4)
Outgoing freight		(304.6)	(277.8)
Repairs and maintenance		(149.4)	(171.3)
Impairment expense	(1e)	(480.0)	(63.4)
Operating model restructuring	(1e)	(45.6)	(23.0)
Significant environmental provision expense	(1e)	(39.3)	–
Gain on sale of Botany site	(1e)	71.6	–
Gain on sale of Villawood site	(1e)	40.8	–
Software as a service (SaaS) expense	(1e)	–	(122.7)
Initiating systems network optimisation	(1e)	–	(80.1)
Share of net profit of equity accounted investees	(13)	34.4	35.7
Total		(5,301.5)	(4,854.8)
(Loss)/profit from operations		**(47.9)**	**303.7**
Net financing costs			
Financial income	(3b)	1.0	2.0
Financial expenses[1]	(3b)	(106.3)	(161.0)
Net financing costs	**(3b)**	**(105.3)**	**(159.0)**
(Loss)/profit before income tax expense from continuing operations		**(153.2)**	**144.7**
Income tax expense[1]	(11)	(25.3)	(65.0)
(Loss)/profit after tax from continuing operations		**(178.5)**	**79.7**
Discontinued operations			
Profit after tax from discontinued operations	(15)	14.6	11.8
Net (loss)/profit for the year		**(163.9)**	**91.5**
Net (loss)/profit for the year attributable to:			
Shareholders of Orica Limited[1]		(173.8)	82.3
Non-controlling interests		9.9	9.2
Net (loss)/profit for the year		**(163.9)**	**91.5**
		cents	**cents**
Earnings per share attributable to ordinary shareholders of Orica Limited:			
From continuing operations:			
Basic earnings per share	(2)	(46.3)	18.8
Diluted earnings per share	(2)	(46.3)	18.7
Total attributable to ordinary shareholders of Orica Limited			
Basic earnings per share	(2)	(42.7)	20.8
Diluted earnings per share	(2)	(42.7)	20.7

(1) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.

(2) Restated to disclose Minova as a discontinued operation. Refer to note 15.

The Income Statement is to be read in conjunction with the accompanying notes to the financial statements.

Statement of Comprehensive Income

For the year ended 30 September

	Notes	Consolidated 2021 $m	Restated[1] 2020 $m
Net (loss)/profit for the year		**(163.9)**	**91.5**
Other comprehensive income			
Items that may be reclassified subsequently to income statement:			
Exchange differences on translation of foreign operations			
Exchange gain/(loss) on translation of foreign operations, net of tax	(11c)	3.7	(357.8)
Net gain on hedge of net investments in foreign subsidiaries, net of tax	(11c)	2.5	43.8
Net exchange differences on translation of foreign operations		**6.2**	**(314.0)**
Sundry items:			
Net gain/(loss) on cash flow hedges, net of tax	(11c)	5.4	(6.0)
Items that will not be reclassified subsequently to income statement:			
Net actuarial gain/(loss) on defined benefit obligations, net of tax	(11c)	54.9	(8.2)
Other comprehensive income/(loss) for the year		**66.5**	**(328.2)**
Total comprehensive loss for the year		**(97.4)**	**(236.7)**
Attributable to:			
Shareholders of Orica Limited		(105.1)	(234.3)
Non-controlling interests		7.7	(2.4)
Total comprehensive loss for the year		**(97.4)**	**(236.7)**

(1) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.

The Statement of Comprehensive Income is to be read in conjunction with the accompanying notes to the financial statements.

Balance Sheet

As at

	Notes	Consolidated 30 September 2021 $m	Restated[1][2] 30 September 2020 $m	Restated[2] 1 October 2019 $m
Current assets				
Cash and cash equivalents		551.0	920.5	412.6
Trade receivables	(5)	678.2	837.7	681.6
Other receivables		112.1	139.1	84.2
Inventories	(5)	635.8	610.0	587.5
Assets held for sale	(15)	298.2	–	–
Other assets		116.3	156.7	69.9
Total current assets		**2,391.6**	**2,664.0**	**1,835.8**
Non-current assets				
Other receivables		33.8	46.3	63.0
Equity accounted investees	(13)	290.4	301.6	301.3
Property, plant and equipment [2]	(7)	3,040.2	3,267.0	3,135.3
Intangible assets[1][2]	(8)	1,150.4	1,440.3	1,483.0
Deferred tax assets[2]	(11d)	400.2	409.4	385.6
Other assets		59.1	74.9	187.5
Total non-current assets		**4,974.1**	**5,539.5**	**5,555.7**
Total assets		**7,365.7**	**8,203.5**	**7,391.5**
Current liabilities				
Trade payables	(5)	876.5	739.7	863.2
Other payables		287.5	426.3	412.6
Interest bearing liabilities	(3a)	61.4	682.4	60.9
Provisions	(6)	223.1	225.2	193.1
Liabilities held for sale	(15)	137.8	–	–
Other liabilities		82.5	95.8	115.0
Total current liabilities		**1,668.8**	**2,169.4**	**1,644.8**
Non-current liabilities				
Other payables		8.8	11.6	7.1
Interest bearing liabilities	(3a)	2,261.8	2,357.3	2,226.0
Provisions	(6)	533.7	639.4	586.2
Deferred tax liabilities[2]	(11d)	39.6	42.0	73.4
Other liabilities		60.6	43.4	–
Total non-current liabilities		**2,904.5**	**3,093.7**	**2,892.7**
Total liabilities		**4,573.3**	**5,263.1**	**4,537.5**
Net assets		**2,792.4**	**2,940.4**	**2,854.0**
Equity				
Ordinary shares	(4a)	2,686.1	2,659.1	2,138.0
Reserves		(647.2)	(670.3)	(363.5)
Retained earnings[2]		687.4	903.8	1,022.3
Total equity attributable to ordinary shareholders of Orica Limited		**2,726.3**	**2,892.6**	**2,796.8**
Non-controlling interests[1]		66.1	47.8	57.2
Total equity		**2,792.4**	**2,940.4**	**2,854.0**

(1) Restated for purchase price allocation adjustments for the Exsa S.A. business acquisition. Refer to note 14 for further details.

(2) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.

The Balance Sheet is to be read in conjunction with the accompanying notes to the financial statements.

Statement of Changes in Equity

For the year ended 30 September

	Ordinary shares $m	Retained earnings[1] $m	Foreign currency translation reserve $m	Cash flow hedge reserve $m	Other reserves $m	Total $m	Non-controlling interests[2] $m	Total equity $m
2020								
Balance at 1 October 2019	2,138.0	1,193.7	(225.3)	(16.0)	(122.2)	2,968.2	57.2	3,025.4
IFRIC Agenda Decision on Configuration or Customisation Costs in a Cloud Computing Arrangement[1]	–	(158.6)	–	–	–	(158.6)	–	(158.6)
AASB 16 transitional adjustment	–	(2.6)	–	–	–	(2.6)	–	(2.6)
IFRIC 23 transitional adjustment	–	(10.2)	–	–	–	(10.2)	–	(10.2)
Adjusted balance at 1 October 2019	**2,138.0**	**1,022.3**	**(225.3)**	**(16.0)**	**(122.2)**	**2,796.8**	**57.2**	**2,854.0**
Net profit for the year[1]	–	82.3	–	–	–	82.3	9.2	91.5
Other comprehensive (loss)/income	–	(8.2)	(302.4)	(6.0)	–	(316.6)	(11.6)	(328.2)
Total comprehensive income/(loss) for the year	**–**	**74.1**	**(302.4)**	**(6.0)**	**–**	**(234.3)**	**(2.4)**	**(236.7)**
Transactions with owners, recorded directly in equity								
Total changes in contributed equity (note 4)	521.1	–	–	–	–	521.1	–	521.1
Share-based payments expense	–	–	–	–	1.6	1.6	–	1.6
Acquisition of subsidiaries with non-controlling interests[2]	–	–	–	–	–	–	3.9	3.9
Dividends/distributions (note 4c)	–	(192.6)	–	–	–	(192.6)	–	(192.6)
Dividends declared/paid to non-controlling interests	–	–	–	–	–	–	(10.9)	(10.9)
Balance at the end of the year	**2,659.1**	**903.8**	**(527.7)**	**(22.0)**	**(120.6)**	**2,892.6**	**47.8**	**2,940.4**
2021								
Balance at 1 October 2020	2,659.1	903.8	(527.7)	(22.0)	(120.6)	2,892.6	47.8	2,940.4
Net (loss)/profit for the year	–	(173.8)				(173.8)	9.9	(163.9)
Other comprehensive income/(loss)	–	54.9	8.4	5.4	–	68.7	(2.2)	66.5
Total comprehensive income/(loss) for the year	**–**	**(118.9)**	**8.4**	**5.4**	**–**	**(105.1)**	**7.7**	**(97.4)**
Transactions with owners, recorded directly in equity								
Total changes in contributed equity (note 4)	27.0					27.0	20.6	47.6
Share-based payments expense					9.9	9.9		9.9
Share-based payments settlement	–	–	–	–	(0.6)	(0.6)	–	(0.6)
Acquisition of subsidiaries with non-controlling interests	–	–	–	–	–	–	(2.8)	(2.8)
Dividends/distributions (note 4c)	–	(97.5)	–	–	–	(97.5)	–	(97.5)
Dividends declared/paid to non-controlling interests							(7.2)	(7.2)
Balance at the end of the year	**2,686.1**	**687.4**	**(519.3)**	**(16.6)**	**(111.3)**	**2,726.3**	**66.1**	**2,792.4**

(1) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee (IFRIC) agenda decision this year. Refer to note 24 for further details.

(2) Restated for purchase price allocation adjustments for the Exsa S.A. business acquisition. Refer to note 14 for further details.

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes to the financial statements.

Statement of Cash Flows

For the year ended 30 September

		Consolidated	
	Notes	2021 $m Inflows/ (Outflows)	Restated[1] 2020 $m Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		6,477.0	6,057.9
Payments to suppliers and employees		(5,596.2)	(5,733.3)
Interest received		1.1	2.4
Borrowing costs		(114.2)	(109.1)
Dividends received		17.5	23.0
Other operating income received		32.2	18.2
Net income taxes paid		(148.5)	(114.4)
Net cash flows from operating activities	**(3c)**	**618.9**	**144.7**
Cash flows from investing activities			
Payments for property, plant and equipment		(305.4)	(311.3)
Payments for intangibles[1]		(17.8)	(80.1)
Proceeds from sale of property, plant and equipment		152.4	8.4
Payments for purchase of businesses/controlled entities	(14)	(25.1)	(153.9)
Proceeds from sale of investments		–	9.2
Net cash flows used in investing activities		**(195.9)**	**(527.7)**
Cash flows from financing activities			
Proceeds from borrowings		2,330.8	2,948.3
Repayment of borrowings		(2,939.7)	(2,266.1)
Dividends paid – Orica ordinary shares	(4c)	(72.4)	(179.4)
Dividends paid – non-controlling interests		(7.2)	(11.3)
Principal portion of lease payments		(60.8)	(61.0)
Proceeds from issue of ordinary shares, net of costs		0.7	505.4
Net cash flows (used in)/from financing activities		**(748.6)**	**935.9**
Net (decrease)/increase in cash held		**(325.6)**	**552.9**
Cash at the beginning of the period		920.5	412.6
Effects of exchange rate changes on cash		(1.2)	(45.0)
Cash at the end of the period		**593.7**	**920.5**

(1) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee (IFRIC) agenda decision this year. Refer to note 24 for further details.

The Statement of Cash Flows is to be read in conjunction with the accompanying notes to the financial statements. The statement above includes discontinued operations, refer to note 15 for further details.

Notes to the Financial Statements

Notes to the Financial Statements (continued)

For the year ended 30 September

ABOUT THIS REPORT

Basis of preparation

This is a general purpose Financial Report which has been prepared by a for-profit entity in accordance with the requirements of applicable Australian Accounting Standards and the *Corporations Act 2001* and complies with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board.

It has been prepared on a historical cost basis, except for derivative financial instruments, superannuation commitments and investments in financial assets which have been measured at fair value.

The financial statements are presented in Australian dollars with all amounts rounded off, except where otherwise stated, to the nearest tenth of a million dollars, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016.

Orica's Directors have included information in this report that they deem to be material and relevant to the understanding of the consolidated financial statements. Where appropriate, comparative information has been reclassified to conform to changes in presentation and to enhance comparability.

Disclosure may be considered material and relevant if the dollar amount is significant due to size or nature, or the information is important to understand the:

- Group's current year results,
- impact of significant changes in Orica's business, or
- aspects of the Group's operations that are important to future performance.

Except as described in note 24, the financial statements have been prepared using consistent accounting policies in line with those of the previous financial year and corresponding interim reporting period.

Significant accounting policies that apply to the overall financial statements

Foreign currencies

Functional and Presentation Currency

The Company's functional and presentation currency is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and Balances

Transactions in currencies other than the functional currency of the Company or entity concerned are recorded using the exchange rate on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies at the balance date are retranslated at closing exchange rates. Non-monetary assets are not retranslated unless they are carried at fair value. Gains and losses arising on the retranslation of monetary assets and liabilities are included in the income statement, except where the application of hedge accounting requires inclusion in other comprehensive income (refer to note 10).

Consolidation of Group Entities

On consolidation, assets and liabilities of foreign operations are translated into Australian dollars at the closing rate at balance date. The results of foreign operations are translated into Australian dollars at average exchange rates for the period where these do not materially differ from rates applicable on the date of the transaction. Foreign exchange differences arising on the retranslation of foreign operations are recognised directly in a separate component of equity.

Critical accounting judgements and estimates

Application of the Group accounting policies requires management to make judgements, and to apply estimates and assumptions to future events. The areas involving a higher degree of judgement or complexity, and which are material to the report, are highlighted in the following notes:

Note 3 Net debt

Note 5 Working capital

Note 6 Provisions

Note 7 Property, plant and equipment

Note 8 Intangible assets

Note 9 Impairment testing of assets

Note 11 Taxation

Note 14 Businesses and non-controlling interests acquired

Note 19 Defined benefit obligations

Note 20 Contingent liabilities

Notes to the Financial Statements – Section A. Financial performance

For the year ended 30 September

SECTION A. FINANCIAL PERFORMANCE

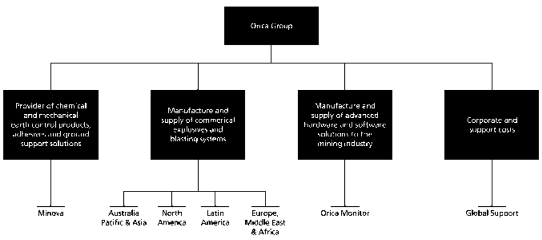
A key element of the Group's strategy is to create sustainable shareholder value. This section highlights the results and performance of the Group for the year ended 30 September 2021.

1. SEGMENT REPORT

(a) Identification and description of segments

Orica's reportable segments are based on the internal management structure as reported to the Group's Chief Operating Decision Maker (the Group's Managing Director and CEO).

During the financial year the Group committed to a plan to sell the Minova business. On 30 September 2021, the assets and liabilities of the business have been classified as held for sale and it is considered a discontinued operation.



Notes to the Financial Statements – Section A. Financial performance (continued)

For the year ended 30 September

1. SEGMENT REPORT (continued)

(b) Reportable segments

2021 $m	Australia Pacific & Asia	North America	Latin America	Europe, Middle East & Africa	Orica Monitor	Global Support	Eliminations	Total Continuing Operations	Discontinued Operations	Eliminations	Consolidated
Revenue											
External sales	2,105.9	1,229.6	956.5	801.4	114.5	–	–	5,207.9	474.3	–	5,682.2
Inter-segment sales	131.5	104.0	31.8	25.8	1.8	–	(294.9)	–	0.1	(0.1)	–
Total sales revenue	2,237.4	1,333.6	988.3	827.2	116.3	–	(294.9)	5,207.9	474.4	(0.1)	5,682.2
Other income (refer to note 1d)[1]	21.6	8.9	13.3	3.8	1.0	(2.9)	–	45.7	0.7	–	46.4
Total revenue and other income	2,259.0	1,342.5	1,001.6	831.0	117.3	(2.9)	(294.9)	5,253.6	475.1	(0.1)	5,728.6
Results before individually significant items											
Profit/(loss) before financing costs and income tax	279.7	107.9	28.9	25.0	30.7	(67.6)	–	404.6	22.0	–	426.6
Financial income											1.1
Financial expenses											(106.7)
Profit before income tax expense											**321.0**
Income tax expense											(102.7)
Profit after income tax expense											**218.3**
Less: Profit attributable to non-controlling interests											(9.9)
Profit after income tax expense before individually significant items attributable to shareholders of Orica Limited											**208.4**
Individually significant items (refer to note 1e)											
Gross individually significant items	(330.9)	(9.4)	(4.3)	(165.6)	–	57.7	–	(452.5)	(1.4)	–	(453.9)
Tax on individually significant items	44.6	2.6	1.2	0.7	–	22.0	–	71.3	0.4	–	71.7
Net individually significant items attributable to non-controlling interests											–
Individually significant items attributable to shareholders of Orica Limited											**(382.2)**
Profit for the year attributable to shareholders of Orica Limited											**(173.8)**
Segment assets	3,291.8	1,216.4	1,015.8	786.2	277.5	479.8	–	7,067.5	298.2	–	7,365.7
Segment liabilities	1,000.7	318.1	362.5	231.9	60.4	2,461.9	–	4,435.5	137.8	–	4,573.3
Equity accounted investees	83.9	202.4	–	2.7	–	1.4	–	290.4			290.4
Acquisitions of PPE and intangibles (excluding right of use assets)	130.8	70.9	32.5	31.9	8.4	36.3	–	310.8	12.5	–	323.3
Impairment of PPE	159.6							159.6			159.6
Impairment of intangibles	158.1	–	–	162.3	–	–	–	320.4	–	–	320.4
Depreciation and amortisation	174.2	61.0	44.4	31.1	12.9	34.5	–	358.1	11.7	–	369.8
Share of net profit/(loss) of equity accounted investees	6.4	24.6	2.2	1.2	–	–	–	34.4	–	–	34.4

(1) Includes foreign currency gains/(losses) in various reportable segments.

Notes to the Financial Statements – Section A. Financial performance (continued)

For the year ended 30 September

1. SEGMENT REPORT (continued)

2020 $m	Australia Pacific & Asia	North America	Latin America	Europe, Middle East & Africa	Orica Monitor	Global Support	Elimin-ations	Total Conti-nuing Oper-ations	Discon-tinued Oper-ations	Elimin-ations	Consol-idated
Revenue											
External sales	2,050.6	1,260.0	855.6	882.8	94.0	–	–	5,143.0	468.3	–	5,611.3
Inter-segment sales	143.3	216.4	40.0	29.6	4.4	635.8	(1,069.5)	–	2.4	(2.4)	–
Total sales revenue	2,193.9	1,476.4	895.6	912.4	98.4	635.8	(1,069.5)	5,143.0	470.7	(2.4)	5,611.3
Other income (refer to note 1d)[1]	5.1	7.1	3.3	(2.0)	1.9	0.1	–	15.5	1.3	–	16.8
Total revenue and other income	2,199.0	1,483.5	898.9	910.4	100.3	635.9	(1,069.5)	5,158.5	472.0	(2.4)	5,628.1
Results before individually significant items											
Profit/(loss) before financing costs and income tax[2]	373.4	165.3	38.4	64.2	20.3	(68.7)	–	592.9	20.8	–	613.7
Financial income											2.4
Financial expenses[1]											(161.4)
Profit before income tax expense											454.7
Income tax expense											(146.4)
Profit after income tax expense											308.3
Less: Profit attributable to non-controlling interests											(9.2)
Profit after income tax expense before individually significant items attributable to shareholders of Orica Limited											**299.1**
Individually significant items (refer to note 1e)											
Gross individually significant items[2]	(9.1)	(25.6)	(29.8)	(35.3)	(0.6)	(188.8)	–	(289.2)	(3.9)	–	(293.1)
Tax on individually significant items[2]	2.6	6.7	8.4	1.3	0.1	56.1	–	75.2	1.1	–	76.3
Net individually significant items attributable to non-controlling interests											–
Individually significant items attributable to shareholders of Orica Limited											**(216.8)**
Profit for the year attributable to shareholders of Orica Limited											**82.3**
Segment assets[2]	3,436.5	1,250.8	852.3	780.1	257.5	1,484.0	–	8,061.2	142.3	–	8,203.5
Segment liabilities[2]	857.9	380.4	443.4	281.0	62.0	3,154.9	–	5,179.6	83.5	–	5,263.1
Equity accounted investees	76.9	193.8	13.6	2.4	–	14.9	–	301.6			301.6
Acquisitions of PPE and intangibles	199.1	52.5	16.9	32.7	14.3	50.9	–	366.4	12.0	–	378.4
Impairment of PPE	1.0	10.6	4.7	16.8				33.1			33.1
Impairment of intangibles	–	–	–	2.1	–	61.3	–	63.4	–	–	63.4
Depreciation and amortisation[2]	148.6	70.4	34.0	32.1	12.8	22.8	–	320.7	11.4	–	332.1
Share of net profit/(loss) of equity accounted investees	3.6	29.3	2.9	1.1	–	(1.2)	–	35.7	–	–	35.7

(1) Includes foreign currency gains/(losses) in various reportable segments.

(2) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee (IFRIC) agenda decision this year. Refer to note 24 for further details.

Notes to the Financial Statements – Section A. Financial performance (continued)

For the year ended 30 September

1. SEGMENT REPORT (continued)

	Consolidated 2021 $m	Consolidated 2020 $m
(c) Disaggregation of revenue (by commodity/industry)		
Gold	1,107.0	1,099.8
Copper	991.3	893.8
Thermal Coal	864.0	900.0
Quarry and Construction	816.5	731.0
Iron Ore	433.2	410.1
Coking Coal	352.0	350.0
Orica Monitor	114.5	94.0
Other	529.4	664.3
Minova (Discontinued operations)	474.3	468.3
Total disaggregated revenue	**5,682.2**	**5,611.3**

	Consolidated 2021			Consolidated 2020		
	Continuing $m	Discontinued $m	Consolidated $m	Continuing $m	Discontinued $m	Consolidated $m
(d) Other income						
Other income	34.0	0.1	34.1	18.2	–	18.2
Net foreign currency gains/(losses)	2.4	(0.8)	1.6	(6.7)	0.2	(6.5)
Net gain/(loss) on sale of property, plant and equipment	9.3	1.4	10.7	(0.2)	1.1	0.9
Profit from sale of investments	–	–	–	4.2	–	4.2
Total other income	**45.7**	**0.7**	**46.4**	**15.5**	**1.3**	**16.8**

Notes to the Financial Statements – Section A. Financial performance (continued)

For the year ended 30 September

1. SEGMENT REPORT (continued)

	Consolidated					
	2021			Restated 2020		
	Gross $m	Tax $m	Net $m	Gross $m	Tax $m	Net $m
(e) Individually significant items						
Profit after income tax includes the following individually significant items of expense:						
Significant items from continuing operations						
Impairment expense [1]	(480.0)	41.0	(439.0)	(63.4)	18.7	(44.7)
Operating model restructuring expense [2]	(45.6)	12.8	(32.8)	(23.0)	6.6	(16.4)
Significant enviromental provision expense [3]	(39.3)	11.8	(27.5)	–	–	–
Gain on sale of Botany site [4]	71.6	-	71.6	–	–	–
Gain on sale of Villawood site [5]	40.8	5.7	46.5	–	–	–
Software as a service (SaaS) expense [6]	–	–	–	(122.7)	36.9	(85.8)
Initiating systems network optimisation	–	–	–	(80.1)	13.0	(67.1)
Individually significant items from continuing operations	(452.5)	71.3	(381.2)	(289.2)	75.2	(214.0)
Significant items from discontinued operations						
Operating model restructuring expense [2]	(1.4)	0.4	(1.0)	(3.9)	1.1	(2.8)
Individually significant items from discontinued operations	(1.4)	0.4	(1.0)	(3.9)	1.1	(2.8)
Individually significant items attributable to shareholders of Orica	**(453.9)**	**71.7**	**(382.2)**	**(293.1)**	**76.3**	**(216.8)**

(1) Refer to note 9.

(2) As part of the global restructuring project, redundancy costs were recognised across the Group.

(3) Refer to note 6.

(4) Orica sold Lot 9 at Botany in New South Wales.

(5) Orica sold a legacy site in Villawood.

(6) Refer to note 24.

Notes to the Financial Statements – Section A. Financial performance (continued)

For the year ended 30 September

1. SEGMENT REPORT (continued)

(f) Geographical segments

The presentation of geographical revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Consolidated		Consolidated	
	Revenue		Non-current assets[1]	
	2021 $m	2020 $m	2021 $m	Restated[2] 2020 $m
Australia	1,656.6	1,608.3	2,004.1	3,037.7
United States of America	695.3	888.6	377.6	390.7
Other [3]	3,330.3	3,114.4	1,627.7	1,972.7
Consolidated	**5,682.2**	**5,611.3**	**4,609.4**	**5,401.1**

(1) Excluding financial derivatives (included within other assets) and deferred tax assets.

(2) Restated for purchase price allocation adjustments for the Exsa S.A. business acquisition. Refer to note 14 for further details.

(3) Other than Australia and the United States of America, sales to other countries are individually less than 10% of the Group's total revenues.

Recognition and measurement

Revenue is recognised when, or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the consideration includes a variable amount (net of trade discounts and volume rebates), the Group estimates the amount of consideration to which it will be entitled. The majority of the Group's operations are conducted under Master Service Agreements which require customers to place orders for goods or services on a periodic basis. The performance obligations are identified at the point that the customer places the order.

Supply of products and provision of services

Revenue is derived from contractual agreements for either:

– the supply of products; or

– the supply of products and the provision of services.

Contracts for the supply of products are one performance obligation; and contracts for the supply of products and services include one or two separate performance obligations depending on whether the customer can benefit from the products independently of the services.

Product revenue is recognised when the goods are delivered to the contracted point of delivery as this is the point at which the customer gains control of the product and the performance obligation is satisfied by the Group.

Service revenue is recognised over time as the customer simultaneously receives and consumes the benefits of the Group's performance. Where products and services are combined into one single performance obligation, revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance.

Contracts to provide a designated output

The provision of goods and services in contracts that provide a designated quantity of output results in the identification of a single performance obligation to deliver an integrated service to the customer. Revenue from this performance obligation is recognised over time as the customer simultaneously receives and consumes the benefits of the Group's performance.

Notes to the Financial Statements – Section A. Financial performance (continued)

For the year ended 30 September

2. EARNINGS PER SHARE (EPS)

	Consolidated 2021 $m	Consolidated Restated 2020 $m
(i) As reported in the income statement		
Earnings used in the calculation of basic EPS attributable to ordinary shareholders of Orica Limited		
(Loss)/Profit after tax from continuing operations	(178.5)	79.7
Profit after tax for from discontinued operations	14.6	11.8
Less: Net profit for the year attributable to non-controlling interests	9.9	9.2
Total	**(173.8)**	**82.3**
	Number of shares	
Weighted average number of shares used in the calculation:		
Number for basic earnings per share	**406,755,512**	**395,620,418**
Effect of dilutive share options and rights	**-**	**1,489,532**
Number for diluted earnings per share	**406,755,512**	**397,109,950**
The weighted average number of options and rights that have not been included in the calculation of diluted earnings per share	4,199,023	3,044,873
	Cents per share	**Cents per share**
From continuing operations		
Basic earnings per share	(46.3)	18.8
Diluted earnings per share	(46.3)	18.7
Total attributable to ordinary shareholders of Orica Limited		
Basic earnings per share	(42.7)	20.8
Diluted earnings per share	(42.7)	20.7

Notes to the Financial Statements – Section A. Financial performance (continued)

For the year ended 30 September

2. EARNINGS PER SHARE (EPS) (continued)

	Consolidated 2021 $m	Consolidated Restated 2020 $m
(ii) Adjusted for individually significant items		
Earnings used in the calculation of basic EPS adjusted for individually significant items attributable to ordinary shareholders of Orica Limited		
(Loss)/profit after tax from continuing operations	(178.5)	79.7
Profit after tax for from discontinued operations	14.6	11.8
Less: Net profit for the year attributable to non-controlling interests	9.9	9.2
Adjusted for individually significant items from continuing operations (refer to note 1e)	381.2	214.0
Adjusted for individually significant items from discontinued operations (refer to note 1e)	1.0	2.8
Total adjusted	**208.4**	**299.1**
	Cents per share	**Cents per share**
From continuing operations before individually significant items		
Basic earnings per share [1]	47.4	71.9
Diluted earnings per share [1,2]	47.3	71.6
Total attributable to ordinary shareholders of Orica Limited before individually significant items		
Basic earnings per share [1]	51.2	75.6
Diluted earnings per share [1,2]	51.1	75.3

(1) Earnings per share before individually significant items is a non-IFRS measure. Management excludes individually significant items from the calculation in order to enhance the comparability from year-to-year and provide investors with further clarity in order to assess the underlying performance of operations.

(2) Diluted earnings per share before individually significant items has been calculated using dilutive share options and rights of 693,451. These share options and rights are dilutive to earnings per share before individually significant items but not dilutive to statutory loss per share.

Notes to the Financial Statements – Section B. Capital management

For the year ended 30 September

SECTION B. CAPITAL MANAGEMENT

Orica's objectives when managing capital (net debt and total equity) are to safeguard the Group's ability to continue as a going concern and to ensure that the capital structure enhances, protects and balances financial flexibility against minimising the cost of capital. This section outlines the principal capital management initiatives that have been undertaken, current year drivers of the Group's cash flows, as well as the key operating assets used and liabilities incurred to support financial performance.

3. NET DEBT AND NET FINANCING COSTS

In order to maintain an appropriate capital structure, the Group may adjust the amount of dividends paid to shareholders, utilise a dividend reinvestment plan, return capital to shareholders such as a share buy-back or issue new equity, in addition to incurring an appropriate level of borrowings. Currently, Orica maintains a dividend payout ratio policy and expects the total payout ratio to be in the range of 40%–70% of underlying earnings. It is also expected that the total dividend paid each year will be weighted towards the final dividend.

Orica monitors debt capacity against a number of key credit metrics aligned to debt covenants, principally the gearing ratio (net debt excluding lease liabilities divided by net debt excluding lease liabilities plus equity) and the interest cover ratio (EBIT excluding individually significant items, divided by net financing costs excluding lease interest). These ratios, together with performance measure criteria determined by Standard & Poor's, are targeted in support of the maintenance of an investment grade credit rating, which enables access to borrowings from a range of sources. Standard & Poor's key measures include Funds from Operations (FFO)/Debt and Debt/EBITDA. Of note, Standard & Poor's rating methodology adjusts Orica's net debt to incorporate post-retirement benefit obligations, asset retirement obligations (i.e. environmental and decommissioning provisions) and leases. Orica's debt covenants are exclusive of these items.

The Group's current target for gearing is 30%–40% and interest cover is 5 times or greater. Ratios may move outside of these target ranges for relatively short periods of time after major acquisitions or other significant transactions.

In addition, the gearing and interest cover ratios are monitored to ensure an adequate buffer against covenant levels applicable to the various financing facilities.

	Consolidated	
The gearing ratio is calculated as follows:	**2021 $m**	**Restated 2020 $m**
Interest bearing liabilities excluding lease liabilities – continuing operations (refer to note 3a)	2,072.4	2,741.0
Interest bearing liabilities excluding lease liabilities – held-for-sale (refer to note 3a)	0.3	–
less cash and cash equivalents – continuing operations	(551.0)	(920.5)
less cash and cash equivalents – held-for-sale	(42.7)	–
Total net debt	**1,479.0**	**1,820.5**
Total equity	2,792.4	2,940.4
Total net debt and equity	4,271.4	4,760.9
Gearing ratio (%)	**34.6%**	**38.2%**
The interest ratio is calculated as follows:		
EBIT (excluding individually significant items – refer to note 1b)	426.6	613.7
Net financing costs excluding lease interest (note 3b)	**93.3**	**146.4**
Interest cover ratio (times)	**4.6**	**4.2**

Notes to the Financial Statements – Section B. Capital management (continued)

For the year ended 30 September

3. NET DEBT AND NET FINANCING COSTS (continued)

(a) Interest bearing liabilities

Current	**Opening Balance $m**	**Held-for-sale $m**	**Non-cash movements $m**	**Net cash movements $m**	**Closing Balance $m**
Unsecured					
Private Placement debt [1]	469.5	–	(0.3)	(469.2)	–
Bank loans [1]	145.5	–	(10.1)	(135.1)	0.3
Bank overdraft	2.4	–	–	(0.3)	2.1
Other loans	–	–	0.5	0.5	1.0
Lease liabilities	65.0	(3.1)	69.2	(73.1)	58.0
Total	**682.4**	**(3.1)**	**59.3**	**(677.2)**	**61.4**
Non-current					
Unsecured					
Private Placement debt [1]	2,118.5	–	(49.7)	–	2,068.8
Bank loans	4.6	–	(0.8)	(3.8)	–
Other loans	0.5	(0.3)	0.9	(0.9)	0.2
Lease liabilities	233.7	(6.5)	(34.4)	–	192.8
Total	**2,357.3**	**(6.8)**	**(84.0)**	**(4.7)**	**2,261.8**
Total	**3,039.7**	**(9.9)**	**(24.7)**	**(681.9)**	**2,323.2**

(1) Orica Limited provides guarantees on certain facilities, refer to note 16 for further details.

During the current and prior year, there were no defaults or breaches of covenants on any loans.

	Consolidated	
	2021 $m	**Restated[2][3] 2020 $m**
(b) Net financing costs		
Finance income		
Interest income	1.1	2.4
Total finance income (note 15)	1.1	**2.4**
Finance costs		
Interest expense	99.1	100.6
Lease interest expense from continuing operations	12.0	12.3
Lease interest expense from discontinued operations	0.3	0.3
(Gain)/loss on discounting of provisions	(4.7) [1]	48.2
Total finance costs (note 15)	**106.7**	**161.4**
Net financing costs	**(105.6)**	**(159.0)**
Net financing costs excluding lease interest	**(93.3)**	**(146.4)**

(1) Primarily due to the change in the discount rate applied to measure the Botany groundwater provision.

(2) Restated for a change in Orica's accounting for cross currency swap interest income and interest expense netted in interest expense, previously reported on a gross basis.

(3) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision this year. Refer to note 24 for further details.

Notes to the Financial Statements – Section B. Capital management (continued)

For the year ended 30 September

3. NET DEBT AND NET FINANCING COSTS (continued)

		Consolidated	
	Notes	2021 $m	Restated[1] 2020 $m
(c) Notes to the statement of cash flows			
Reconciliation of profit/(loss) after income tax to net cash flows from operating activities			
(Loss)/profit after income tax expense		(163.9)	91.5
Adjusted for the following items:			
Depreciation and amortisation	(1b)	369.8	332.1
Net gain on sale of property, plant and equipment	(1d)(1e)	(123.1)	(0.9)
Impairment of intangibles	(8)	320.4	63.4
Impairment of property, plant and equipment	(7)	159.6	33.1
Impairment of inventories		(1.3)	(3.3)
Net profit on sale of investments		-	(4.2)
Share based payments expense		9.9	5.3
Share of equity accounted investees net profit after adding back dividends received		(16.9)	(12.7)
Discounting of provisions		(4.7)	48.2
Other		(2.8)	4.2
Changes in working capital and provisions excluding the effects of acquisitions and disposals of businesses/controlled entities			
decrease/(increase) in trade and other receivables		112.5	(147.4)
(increase)/decrease in inventories		(83.1)	33.1
(increase)/decrease in net deferred taxes		(18.0)	89.2
(decrease) in payables and provisions		126.9	(390.1)
(decrease)/increase in income taxes payable		(66.4)	3.2
Net cash flows from operating activities		**618.9**	**144.7**

(1) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee (IFRIC) agenda decision this year. Refer to note 24 for further details.

Recognition and Measurement

Cash and cash equivalents

Cash includes cash at bank, cash on hand and deposits at call.

Interest bearing liabilities, excluding lease liabilities

Interest bearing liabilities are initially recognised net of transaction costs. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the liabilities on an effective interest basis, unless they are liabilities designated in a fair value relationship in which case they continue to be measured at fair value (refer to note 10).

Financing costs

Borrowing costs are expensed as incurred unless they relate to qualifying assets where interest on funds are capitalised. Interest income and interest expense relating to interest rate swaps and cross currency interest rate swaps are presented on a net basis.

Lease liabilities

The Group recognises all lease liabilities and corresponding right of use assets, with the exception of short-term (12 months or less) and low-value leases, on the balance sheet. Lease liabilities are recorded at the present value of fixed payments, variable lease payments that depend on an index or rate, amounts payable under residual value guarantees and extension options expected to be exercised. Where a lease contains an extension option which the Group can exercise without negotiation, lease payments for the extension period are included in the liability if the Group is reasonably certain that it will exercise the option. Variable lease payments not dependent on an index or rate are excluded from the liability. Lease payments are discounted at the incremental borrowing rate of the lessee unless the rate implicit in the lease can be readily determined.

Lease liabilities are remeasured when there is a change in future lease payments resulting from a change in an index or rate, or a change in the assessed lease term. A corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount has been reduced to zero.

Notes to the Financial Statements – Section B. Capital management (continued)

For the year ended 30 September

3. NET DEBT AND NET FINANCING COSTS (continued)

The Group applied judgement to determine the incremental borrowing rates as well as the lease term for some lease contracts that include extension or termination options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognised.

The Group recognises depreciation of the right of use assets and interest on the lease liabilities in the income statement over the lease term. Repayments of lease liabilities are separated into a principal portion (presented within financing activities) and interest portion (presented within operating activities) in the cash flow statement.

Expenses relating to short-term and low-value leases of $38.2 million (2020 $31.7 million) and variable lease payments not included in lease liabilities of $52.7 million (2020 $115.9 million) have been recognised in the income statement. Total cash outflow for leases was $164.0 million (2020 $221.2 million).

Critical accounting judgements and estimates

- Determination of the discount rate to use
- Determination of whether it is reasonably certain that an extension or termination option will be exercised

4. CONTRIBUTED EQUITY AND RESERVES

(a) Contributed equity

Movements in issued and fully paid shares of Orica since 1 October 2019 were as follows:

Details	Date	Number of shares	Issue price $	$m
Ordinary shares				
Opening balance of shares issued	1-Oct-19	380,576,621		2,138.0
Shares issued under the Orica dividend reinvestment plan	13-Dec-19	376,806	23.62	8.9
Shares issued under the Institutional Share Placement, net of costs	25-Feb-20	23,596,036	21.19	487.4
Shares issued under Share Purchase Plan	24-Mar-20	1,085,837	15.93	17.3
Shares issued under the Orica dividend reinvestment plan	8-Jul-20	243,515	17.51	4.3
Deferred shares issued to settle Short-Term Incentive				2.5
Shares issued under the Orica GEESP plan[1]				0.7
Balance at the end of the year	**30-Sep-20**	**405,878,815**		**2,659.1**
Shares issued under the Orica dividend reinvestment plan	15-Jan-21	1,044,048	15.99	16.7
Shares issued under the Orica dividend reinvestment plan	9-Jul-21	590,200	14.19	8.4
Deferred shares issued to settle Short-Term Incentive				1.2
Shares issued under the Orica GEESP plan[1]				0.7
Balance at the end of the year	**30-Sep-21**	**407,513,063**		**2,686.1**

(1) General Employee Exempt Share Plan (GEESP)

(b) Reserves

Recognition and Measurement

Foreign currency translation reserve

Records the foreign currency differences arising from the translation of foreign operations. The relevant portion of the reserve is recognised in the income statement when the foreign operation is disposed of.

Cash flow hedge reserve

Represents the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Other reserves

Other reserves represents share based payments reserves and equity reserves arising from the purchase of non-controlling interests.

Notes to the Financial Statements – Section B. Capital management (continued)

For the year ended 30 September

4. CONTRIBUTED EQUITY AND RESERVES (continued)

(c) Dividends

	Consolidated 2021 $m	Consolidated 2020 $m
Dividends paid or declared in respect of the year ended 30 September were:		
Ordinary shares		
interim dividend of 16.5 cents per share, unfranked, paid 8 July 2020		67.0
interim dividend of 7.5 cents per share, unfranked, paid 9 July 2021	30.6	
final dividend of 33.0 cents per share, 15.2% franked at 30%, paid 13 December 2019		125.6
final dividend of 16.5 cents per share, unfranked, paid 15 January 2021	66.9	
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan (DRP) during the year were as follows:		
paid in cash	72.4	179.4
DRP – satisfied by issue of shares	25.1	13.2

Since the end of the financial year, the Directors declared the following dividend:

Final dividend on ordinary shares of 16.5 cents per share, unfranked, payable 22 December 2021.

The financial effect of the final dividend on ordinary shares has not been brought to account in the financial statements for the year ended 30 September 2021 – however will be recognised in the 2022 financial statements.

Franking credits

Franking credits available at the 30% corporate tax rate after allowing for tax payable in respect of the current year's profit or loss and the payment of the final dividend for 2021 are nil (2020 nil).

Notes to the Financial Statements – Section C. Operating assets and liabilities

For the year ended 30 September

SECTION C. OPERATING ASSETS AND LIABILITIES

This section highlights current year drivers of the Group's operating and investing cash flows, as well as the key operating assets used and liabilities incurred to support delivering financial performance.

5. WORKING CAPITAL

(a) Trade working capital

Trade working capital includes inventories, receivables and payables that arise from normal trading conditions. The Group continuously looks to improve working capital efficiency in order to maximise operating cash flow.

	Consolidated 2021 $m	Consolidated 2020 $m
Inventories (i)	635.8	610.0
Trade receivables (ii)	678.2	837.7
Trade payables (iii)	(876.5)	(739.7)
Trade working capital	**437.5**	**708.0**

(i) Inventories

The classification of inventories is detailed below:

	Consolidated 2021 $m	Consolidated 2020 $m
Raw materials	223.2	219.8
Work in progress	0.1	2.3
Finished goods	412.5	387.9
	635.8	**610.0**

Recognition and Measurement

Inventories are measured at the lower of cost and net realisable value. Cost is based on a first-in first-out or weighted average basis. For manufactured goods, cost includes direct material and fixed overheads based on normal operating capacity. Inventories have been shown net of provision for impairment of $38.3 million (2020 $45.7 million).

(ii) Trade receivables

The ageing of trade receivables and allowance for impairment is detailed below:

	Consolidated 2021 Gross $m	Consolidated 2021 Allowance $m	Consolidated 2020 Gross $m	Consolidated 2020 Allowance $m
Not past due	611.9	–	750.7	–
Past due 0 – 30 days	65.6	–	78.5	–
Past due 31 – 120 days	20.6	(19.9)	37.3	(28.8)
Past 120 days	48.7	(48.7)	47.1	(47.1)
	746.8	**(68.6)**	**913.6**	**(75.9)**

Recognition and Measurement

The collectability of trade and other receivables is assessed continuously, specific allowances are made for any doubtful trade and other receivables based on a review of all outstanding amounts at year end. The expected impairment loss calculation for trade receivables considers both quantitative information from historic credit losses as well as qualitative information on different customer/debtor profiles and segments. The net carrying amount of trade and other receivables approximates their fair values. A risk assessment process is used for all accounts, with a stop credit process in place for most long overdue accounts.

Notes to the Financial Statements – Section C. Operating assets and liabilities (continued)

For the year ended 30 September

5. WORKING CAPITAL (continued)

(iii) Trade payables

Recognition and Measurement

Trade and other payables are recognised when the Group is required to make future payments as a result of the purchase of goods or as services provided prior to the end of the reporting period. The carrying amount of trade payables approximates their fair values due to their short-term nature.

(b) Non-trade working capital

Non-trade working capital includes all other receivables and payables not related to the purchase of goods and is recognised net of provisions for impairment of $28.0 million (2020 $20.9 million).

Critical accounting judgements and estimates

In the course of normal trading activities, management uses its judgement in establishing the carrying value of various elements of working capital – principally inventory and accounts receivable. Provisions are established for obsolete or slow moving inventories. Actual expenses in future periods may be different from the provisions established and any such differences would impact future earnings of the Group.

COVID-19

Whilst the impact of COVID-19 has been considered, it did not have a material impact on the expected impairment loss on the closing receivables balance for the Group.

6. PROVISIONS

	Consolidated	
	2021 $m	**2020 $m**
Current		
Employee entitlements	105.6	103.3
Environmental and decommissioning [1]	84.3	92.8
Restructuring	13.7	13.6
Other	19.5	15.5
	223.1	**225.2**
Non-current		
Employee entitlements	16.5	19.4
Retirement benefit obligations (see note 19b)	209.1	313.6
Environmental and decommissioning [2]	299.3	296.1
Restructuring	0.3	0.2
Other	8.5	10.1
	533.7	**639.4**

(1) Payments of $43.4m (2020 $48.2m) were made during the year in relation to environmental and decommissioning provisions.

(2) Provisions of $34.5m (2020 $43.5m) have been capitalised as part of the carrying value of land.

Notes to the Financial Statements – Section C. Operating assets and liabilities (continued)

For the year ended 30 September

6. PROVISIONS (continued)

The total environmental and decommissioning provision comprises:

	Consolidated	
	2021 $m	**2020 $m**
Botany Groundwater remediation	211.9	201.3
Botany (HCB) waste	29.4	31.3
Burrup decommissioning	44.2	56.5
Initiating systems network optimisation	27.0	27.9
Deer Park remediation	12.2	17.0
Yarraville remediation	15.7	19.3
Other provisions	43.2	35.6
Total	**383.6**	**388.9**

Recognition and Measurement

Employee Entitlements

A liability for employee entitlements is recognised for the amount expected to be paid where the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and that obligation can be reliably measured.

Decommissioning

In certain circumstances, the Group has an obligation to dismantle and remove an asset and to restore the site on which it is located. The present value of the estimated costs of dismantling and removing the asset and restoring the site on which it is located are recognised as a depreciable asset with a corresponding provision being raised where a legal or constructive obligation exists.

At each reporting date, the liability is remeasured in line with changes in discount rates, timing and estimated cash flows. Any changes in the liability are added to or deducted from the related asset, other than the unwinding of the discount which is recognised as a finance cost.

Environmental

Estimated costs for the remediation of soil, groundwater and untreated waste are recognised when there is a legal or constructive obligation to remediate and the associated costs can be reliably estimated.

Where the cost relates to land held for resale then, to the extent that the expected realisation exceeds both the book value of the land and the estimated cost of remediation, the cost is capitalised as part of the carrying value of that land, otherwise it is expensed.

The amount of provision reflects the best estimate of the expenditure required to settle the obligation having regard to a range of potential scenarios, input from subject matter experts on appropriate remediation techniques and relevant technological advances.

Notes to the Financial Statements – Section C. Operating assets and liabilities (continued)

For the year ended 30 September

6. PROVISIONS (continued)

Critical accounting judgements and estimates

Botany groundwater remediation

Orica's historical operations at the Botany Industrial Park resulted in contamination of the soil and groundwater. Due to the complex nature of the chemicals involved and its distribution e.g. Dense Non-Aqueous Phase Liquid (DNAPL), the lack of known practical remediation approaches and the unknown scale of the contamination, a practical solution to completely remediate the contamination has not been found. Orica continues to work in close cooperation with the New South Wales (NSW) Environmental Protection Authority (EPA) to address the contamination.

Orica has a current obligation to contain and mitigate the effects of the contamination on the groundwater at the site. Orica and the NSW EPA entered into a Voluntary Management Proposal to contain groundwater contamination while an effective remediation approach to the DNAPL source contamination is identified.

The findings from the 2018 review of costs and operational duration of the Groundwater Treatment Plant (GTP) indicated that the cessation of groundwater extraction using the GTP is possible within an 18-year timeframe. The review considered existing remediation technologies which would augment the existing 'pump and treat' methodology, with the expectation that the operating costs of the GTP would reduce. This assumption had been included as a future cost saving within the provision calculation.

One of these remediation technologies has been piloted, however the performance of the trials to date has been limited by lower biological activity than expected. It is considered unlikely that results will improve, therefore the assumption of the future cost saving has been removed from the provision calculation. This has resulted in an increase to the environmental provision which has been reflected in the Financial Statements with the expense included as a significant item.

Provisions for other sites

For other sites where Orica has recognised a provision for environmental remediation, judgement is required in determining the future expenditure required to settle the obligation due to uncertainties in the assumptions regarding the nature or extent of the contamination, the application of relevant laws or regulations and the information available at certain locations where Orica no longer controls the site. Changes in these assumptions may impact future reported results. Subject to those factors, but taking into consideration experience gained to date regarding environmental matters of a similar nature, Orica believes the provision balances are appropriate based on currently available information. However, considering the uncertainties noted above the costs incurred in future periods may be greater than or less than the amounts provided.

Contingent environmental liabilities

Botany – remediation of source contamination

Specifically related to the remediation of DNAPL source contamination a reliable estimate of the costs to complete remediation is not possible given the lack of proven remediation techniques that can be effectively deployed at the site and uncertainty of the scale of the DNAPL contamination. This position was confirmed during the year when management held a strategy workshop with both remediation experts and the NSW EPA to review developments in applicable technology, the level of assessed contamination and whether alternate remediation approaches could be implemented.

Other sites

In respect of historical and current operations, certain sites owned or used by the Group may require future remediation actions.

Sites with significant uncertainties relating to the following are disclosed as contingent liabilities:

- Sites where contamination is known or likely to exist, however the impact cannot be reliably measured due to uncertainties related to the extent of Orica's remediation obligations or the remediation techniques that may be utilised, or
- Sites where known contamination exists but does not pose a current threat to human health or the environment, therefore no regulatory or formal remediation action is probable.

Any costs associated with these matters are expensed as incurred.

Notes to the Financial Statements – Section C. Operating assets and liabilities (continued)

For the year ended 30 September

7. PROPERTY, PLANT AND EQUIPMENT

	Owned assets		Leased assets		
Consolidated	Land, buildings and improvements $m	Machinery, plant and equipment $m	Land, buildings and improvements $m	Machinery, plant and equipment $m	Total $m
2020					
Cost[1]	761.1	5,283.2	193.8	167.5	6,405.6
Accumulated impairment losses	–	(192.3)	–	–	(192.3)
Accumulated depreciation	(333.7)	(2,542.0)	(25.9)	(44.7)	(2,946.3)
Total carrying value	**427.4**	**2,548.9**	**167.9**	**122.8**	**3,267.0**
Movement					
Carrying amount at the beginning of the year[1]	472.7	2,412.5	–	–	2,885.2
Transition adjustment to AASB 16	–	–	140.1	110.0	250.1
Additions[2]	16.1	310.2	25.4	57.4	409.1
Additions through acquisitions of entities[2] (see note 14)	38.9	129.6	32.4	2.3	203.2
Disposals	–	(6.0)	–	–	(6.0)
Transfers between property, plant & equipment assets	(64.4)	64.4	–	–	–
Depreciation expense[1]	(28.7)	(210.9)	(25.9)	(44.7)	(310.2)
Impairment expense (see note 9)	–	(33.1)	–	–	(33.1)
Foreign currency exchange differences	(7.2)	(117.8)	(4.1)	(2.2)	(131.3)
Carrying amount at the end of the year	**427.4**	**2,548.9**	**167.9**	**122.8**	**3,267.0**
2021					
Cost	962.4	5,083.9	208.8	174.3	6,429.4
Accumulated impairment losses	(57.7)	(296.7)	–	–	(354.4)
Accumulated depreciation	(386.7)	(2,498.7)	(77.2)	(72.2)	(3,034.8)
Total carrying value	**518.0**	**2,288.5**	**131.6**	**102.1**	**3,040.2**
Movement					
Carrying amount at the beginning of the year	427.4	2,548.9	167.9	122.8	3,267.0
Additions	33.0	292.5	4.0	30.8	360.3
Additions through acquisitions of entities (see note 14)	–	2.0			2.0
Disposals	(7.3)	(13.6)	(6.8)	(0.2)	(27.9)
Transfers between property, plant & equipment assets[3]	169.1	(169.1)			
Depreciation expense	(29.1)	(231.9)	(29.2)	(42.3)	(332.5)
Impairment expense (see note 9)	(57.7)	(101.9)	–	–	(159.6)
Transfer to assets held for sale	(16.4)	(39.6)	(4.0)	(6.9)	(66.9)
Foreign currency exchange differences	(1.0)	1.2	(0.3)	(2.1)	(2.2)
Carrying amount at the end of the year	**518.0**	**2,288.5**	**131.6**	**102.1**	**3,040.2**

(1) Restated for the retrospective application of a change in Orica's accounting policy on AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee (IFRIC) agenda decision this year. Refer to note 24 for further details.

(2) Restated for purchase price allocation adjustments for the Exsa S.A. business acquisition. Refer to note 14 for further details.

(3) Reclassification on commissioning of the Burrup ammonium nitrate (TAN) plant.

Individually significant items

An impairment of the Yara Pilbara Nitrates (Burrup) plant was recognised in the current year resulting in an impairment to property, plant and equipment of $159.6 million. Refer to note 9 for further details.

Capital expenditure commitments

Capital expenditure on property, plant and equipment and business acquisitions contracted but not provided for and payable no later than one year was $60.9 million (2020 $77.1 million) and later than one but less than five years was $14.6 million (2020 $3.1 million).

Notes to the Financial Statements – Section C. Operating assets and liabilities (continued)

For the year ended 30 September

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Recognition and Measurement

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item and includes capitalised interest (refer to note 3). Subsequent costs are capitalised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The right of use asset at initial recognition reflects the lease liability adjusted for any lease payments made before the commencement date plus any make good obligations and initial direct costs incurred (refer to note 3). The leases recognised by the Group under AASB 16 predominantly relate to property leases including offices and storage as well as plant & equipment leases including vehicles and rail cars.

Critical accounting judgements and estimates

Management reviews the appropriateness of useful lives of assets at least annually, any changes to useful lives may affect prospective depreciation rates and asset carrying values. Depreciation is recorded on a straight line basis using the following useful lives.

	Owned assets	Right of use assets – leased
Land	Indefinite	1 to 70 years
Buildings and improvements	25 to 40 years	1 to 20 years
Machinery, plant and equipment	3 to 40 years	1 to 15 years

8. INTANGIBLE ASSETS

Consolidated	Goodwill $m	Patents, trademarks and rights $m	Software $m	Other $m	Total $m
2020 (restated)					
Cost	2,662.4	210.7	268.7	182.0	3,323.8
Accumulated impairment losses	(1,475.9)	–	(97.7)	–	(1,573.6)
Accumulated amortisation[1]	–	(127.4)	(77.4)	(105.1)	(309.9)
Net carrying amount	**1,186.5**	**83.3**	**93.6**	**76.9**	**1,440.3**
Movement					
Carrying amount at the beginning of the year[2]	1,194.2	63.9	160.0	64.9	1,483.0
Additions[1]	–	–	24.5	18.2	42.7
Additions through acquisitions of entities[2] (see note 14)	38.4	28.6	–	13.9	80.9
Amortisation expense[1]	–	(6.0)	(2.3)	(13.6)	(21.9)
Impairment expense	–	–	(63.4)	–	(63.4)
Foreign currency exchange differences	(46.1)	(3.2)	(25.2)	(6.5)	(81.0)
Carrying amount at the end of the year	**1,186.5**	**83.3**	**93.6**	**76.9**	**1,440.3**
2021					
Cost	1,230.6	158.7	278.6	157.3	1,825.2
Accumulated impairment losses	(333.9)	–	(114.4)	–	(448.3)
Accumulated amortisation	–	(94.4)	(64.9)	(67.2)	(226.5)
Net carrying amount	**896.7**	**64.3**	**99.3**	**90.1**	**1,150.4**
Movement					
Carrying amount at the beginning of the year	1,186.5	83.3	93.6	76.9	1,440.3
Additions		11.4	18.3	0.9	30.6
Additions through acquisitions of entities (see note 14)	–	20.3	–	–	20.3
Amortisation expense		(16.6)	(19.8)	(0.9)	(37.3)
Impairment expense	(320.4)	–	–	–	(320.4)
Transfer to assets held for sale	–	(17.0)	(0.6)	–	(17.6)
Foreign currency exchange differences	30.6	(17.1)	7.8	13.2	34.5
Carrying amount at the end of the year	**896.7**	**64.3**	**99.3**	**90.1**	**1,150.4**

(1) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible assets*, following an International Financial Reporting Interpretations Committee (IFRIC) agenda decision this year. Refer to note 24 for further details.

(2) Restated for purchase price allocation adjustments for the Exsa S.A. business acquisition. Refer to note 14 for further details.

Notes to the Financial Statements – Section C. Operating assets and liabilities (continued)

For the year ended 30 September

8. INTANGIBLE ASSETS (continued)

Individually significant items

The $122.7 million spend on the SAP project in 2020 that was retrospectively expensed following the IFRIC agenda decision on implementation costs relating to Software as a Service platforms has been separately disclosed as a significant item.

An impairment expense was recognised against goodwill in the segments EMEA ($162.4 million) and Pilbara ($158.0 million) in 2021. Refer to note 9 for further detail

Recognition and Measurement

Unidentifiable intangibles – Goodwill

Where the fair value of the consideration paid for a business acquisition exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is treated as goodwill. Goodwill is not amortised but the recoverable amount is tested for impairment at least annually.

Identifiable intangibles

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. Identifiable intangible assets with a finite life are amortised on a straight line basis over their expected useful life to the Group, being up to thirty years. Expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits of the specific asset to which it relates and which the Group controls (therefore excluding Software as a Service). All other expenditure is expensed as incurred.

Critical accounting judgements and estimates

Management reviews the appropriateness of useful lives of assets at least annually, any changes to useful lives may affect prospective amortisation rates and asset carry values.

9. IMPAIRMENT TESTING OF ASSETS

Recognition and Measurement

Methodology

Formal impairment tests are carried out annually for goodwill. In addition, formal impairment tests for all assets are performed when there is an indication of impairment. The Group conducts an internal review of asset values at each reporting period, which is used as a source of information to assess for any indications of impairment. External factors, such as changes in expected future prices, costs and other market factors, are also monitored to assess for indications of impairment. If any such indication exists, an estimate of the asset's recoverable amount is calculated.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the income statement to reduce the carrying amount in the balance sheet to its recoverable amount. The recoverable amount is determined using the higher of value in use or fair value less costs to dispose. Value in use is the present value of the estimated future cash flows. Value in use is determined by applying assumptions specific to the Group's continued use and does not consider future development. The value in use calculations use cash flow projections based on actual operating results, the operating budgets and cash flow forecasts approved by the Board of Directors and a terminal value calculated with reference to long term growth rates. Fair value less costs to dispose is the value that would be received in exchange for an asset in an orderly transaction.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups and referred to as cash-generating units (CGU). CGUs are the smallest identifiable group of assets, liabilities and associated goodwill that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets with each CGU being no larger than a segment. CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The test of goodwill and its impairment is undertaken at the segment level, except for the Pilbara CGU, a subcomponent of the Australia Pacific & Asia segment, which contains goodwill related to the establishment of the joint operation with Yara International ASA Group.

The estimated capital outflows required to meet the Group's commitment to reduce scope 1 and 2 emissions by at least 40% by 2030 have been included in the testing. As part of the Group's Task Force on Climate-related Financial Disclosures (TCFD) reporting, scenario analysis was performed over climate change risk, which we consider within our impairment modelling. As the Group's TCFD reporting plans develop and quantitative analysis is performed, financial implications will continue to be considered and built into future cash flow assumptions used within impairment modelling.

Notes to the Financial Statements – Section C. Operating assets and liabilities (continued)

For the year ended 30 September

8. IMPAIRMENT TESTING OF ASSETS (continued)

Key assumptions

	Post-tax discount rates 2021 %	Weighted average post-tax discount rates 2021 %	Terminal growth rates 2021 %	Weighted average terminal growth rate 2021 %	Goodwill 2021 $m
Australia Pacific & Asia	8.4–11.8	9.2	2.3–6.5	3.0	408.6
Pilbara	8.1	8.1	1.2	1.2	–
North America	7.8	7.8	1.6	1.6	162.9
Latin America	7.8–13.3	8.9	1.4–5.0	3.1	161.5
Europe, Middle East & Africa	8.3–21.5	14.1	1.1–6.5	3.8	48.6
Orica Monitor	8.4	8.4	2.5	2.5	115.1
Total					**896.7**

	Post-tax discount rates 2020 %	Weighted average post-tax discount rates 2020 %	Terminal growth rates 2020 %	Weighted average terminal growth rate 2020 %	Goodwill 2020 $m
Australia Pacific & Asia	7.1–13.4	10.3	0.5–7.3	3.9	552.9
North America	7.5	7.5	1.6	1.6	155.8
Latin America	8.1–13.8	8.9	2.3–5.5	3.6	158.9
Europe, Middle East & Africa	6.8–18.0	9.6	1.2–11.5	3.6	203.8
Orica Monitor	7.4–9.0	8.9	2.0–2.6	2.6	115.1
Total					**1,186.5**

Critical accounting judgements and estimates

2021

Pilbara

The Group owns a 50% interest of Yara Pilbara Nitrates Pty Ltd (YPN), with the remaining shares being held by subsidiaries in the Yara International ASA group. YPN owns and operates a 330,000 tonnes per annum industrial grade technical ammonium nitrate plant on the Burrup Peninsula (Western Australia). For accounting purposes YPN is a joint operation and Orica recognises its share of any jointly held or incurred assets, liabilities, revenues, and expenses in the consolidated financial statements along with goodwill related to the establishment of the joint operation and capitalised interest.

The Group's asset base in the Pilbara consists of the TAN plant, the equity accounted investee Orica Mining Services Pilbara Pty Ltd and the Pippingarra emulsion plant. Following a review of product movement and cashflows post the commissioning of the TAN plant on 1 October 2020, management have concluded that the Pilbara is a separate CGU. The recoverable amount for the plant and other assets in the region are below their carrying value and therefore an impairment has been recognised against goodwill of $158.0 million and property, plant and equipment of $159.6 million.

Any variation in the key assumptions of the cash flows would result in a change in the assessed value in use. If the impact of the change had a negative impact, it could, in the absence of other factors, require a further impairment to property, plant & equipment. The key assumptions underlying the value in use calculations are as follows:

- EBIT growth of $24 million within five years primarily due to volume and price growth.
- A terminal growth of 1.2%.
- A post-tax discount rate of 8.1%.

Notes to the Financial Statements – Section C. Operating assets and liabilities (continued)

For the year ended 30 September

8. IMPAIRMENT TESTING OF ASSETS (continued)

Critical accounting judgements and estimates (continued)

2021 (continued)

EMEA

EMEA has been severely impacted by COVID-19, with numerous sites suspending operations and customer project delays in the Nordics and Middle East. The latest forecasts project that recovery in the region will be slower than previously anticipated, particularly in Europe. As a result, the goodwill in the segment has been impaired by $162.4 million.

Any variation in the key assumptions of the cash flows would result in a change in the assessed value in use. If the impact of the change had a negative impact, it could, in the absence of other factors require a further impairment to goodwill. The key assumptions underlying the value in use calculations are as follows:

- Growth in EBIT to $79 million within five years primarily due to easing of COVID-19 impacts, new technology and growth in Africa and the CIS.
- A weighted average terminal growth in line with local country economic forecasts of 3.8%.
- A weighted average post-tax discount rate of 14.1%

LATAM

Based on the latest projected cash flows of the Group, the carrying value of the Latin America segment is approximately equal to its value in use. The value in use calculations are sensitive to earnings forecasts, changes in discount rates and terminal growth rates.

Any variation in the key assumptions of the cash flows would result in a change in the assessed value in use. If the impact of the change had a negative impact, it could, in the absence of other factors require an impairment to goodwill. The key assumptions underlying the value in use calculations are as follows

Growth in EBIT to $87 million within five years. This is reliant on achieving future growth in earnings primarily due to easing of COVID-19 impacts, securing new or expanded contracts and delivery of value added services.

- A weighted average terminal growth in line with local country economic forecasts of 3.1%.
- A weighted average post-tax discount rate of 8.9%.

COVID-19

The Group continues to actively monitor the impact of the COVID-19 pandemic, including the impact on economic activity and financial reporting. Significant judgement is required in determining the following key assumptions used to calculate the value in use, which has been updated to reflect uncertainty and the current risk environment.

- Revenue growth
- Foreign exchange rates
- Discount rates
- Future cash flows

The potential impact of COVID-19 has been considered in formulating these assumptions.

Ultimately due to the ongoing uncertainty as to the extent and duration of COVID-19 restrictions and the overall impact on economic activity, actual results may materially differ from the Group's internal assumptions. This may result in reassessment of indicators of impairment for the Group's assets in future reporting periods.

2020

Intangible Assets

As part of the impairment review and the transition to the new SAP operating system, Orica identified $63.4 million of historic IT assets that would no longer be utilised by the business.

Property, plant and equipment

The Group is undertaking a global project to rationalise its product portfolio, simplify and reduce its different technologies, and enable the optimisation of the initiating system (IS) plant network. This project is expected to result in a substantial increase in the IS plant network's utilisation by 2024.

As part of these plans, the Minden, Hallowell and Tappen plants will cease production, with further rationalisation of other manufacturing facilities planned.

This has resulted in an impairment charge of $33.1 million. In calculating the impairment charge management has used a value in use model to forecast the remaining cashflows to be generated by these plants before they cease production.

Notes to the Financial Statements – Section D. Managing financial risks

For the year ended 30 September

SECTION D. MANAGING FINANCIAL RISKS

Orica's Review of Operations and Financial Performance highlights funding and other treasury matters as material business risks that could adversely affect the achievement of future business performance.

This section discusses the principal market and other financial risks that the Group is exposed to and the risk management program, which seeks to mitigate these risks and reduce the volatility of Orica's financial performance.

10. FINANCIAL RISK MANAGEMENT

Financial risk factors

Financial risk management is carried out centrally by the Group's treasury function under policies approved by the Board.

The Group's principal financial risks are associated with:

- interest rate risk (note 10a);
- foreign exchange risk (note 10b);
- commodity price risk (note 10c);
- credit risk (note 10d); and
- liquidity risk (note 10e).

(a) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Group is primarily exposed to interest rate risk on outstanding interest bearing liabilities. Non-derivative interest bearing assets are predominantly short-term liquid assets. Interest bearing liabilities issued at fixed rates expose the Group to a fair value interest rate risk while borrowings issued at a variable rate give rise to a cash flow interest rate risk.

Interest rate risk on long-term interest bearing liabilities is managed by adjusting the ratio of fixed interest debt to variable interest debt. This is managed within policies determined by the Board via the use of interest rate swaps and cross currency interest rate swaps. As at September 2021, fixed rate borrowings after the impact of interest rate swaps and cross currency swaps were $1,268.5 million (2020 $1,462.7 million), representing a fixed/floating split of 61% and 39% respectively (2020 53% and 47%).

Interest rate sensitivity

A 10% movement in interest rates without management intervention would have a $4.1 million (2020 $5.0 million) impact on profit before tax and a $2.9 million (2020 $3.5 million) impact on shareholders' equity.

(b) Foreign exchange risk

i) Foreign exchange risk – transactional

Foreign exchange risk refers to the risk that the value of a financial commitment, recognised asset, liability or cash flow will fluctuate due to changes in foreign currency rates.

The Group is exposed to foreign exchange risk due to foreign currency borrowings and sales and/or purchases denominated, either directly or indirectly, in currencies other than the functional currencies of the Group's subsidiaries.

Foreign exchange risk on foreign currency borrowings is managed using cross currency swaps and forward foreign exchange contracts. As at September 2021, the notional balance of derivative contracts hedging foreign currency debt was $1,003.4 million (2020 $1,477.1 million)

In regard to foreign currency risk relating to sales and purchases, the Group may hedge up to 100% of committed exposures utilising a declining percentage over time methodology. Only exposures that can be forecast to a high probability are hedged. Transactions can be hedged for up to five years. The derivative instruments used for hedging purchase and sale exposures are bought vanilla option contracts and forward exchange contracts. Forward exchange contracts may be used only under Board policy for committed exposures and anticipated exposures expected to occur within 12 months. Bought vanilla option contracts may be used for all exposures. These contracts are designated as cash flow hedges and are recognised at their fair value. At reporting date, Orica held foreign exchange contracts with a net asset value of $4.9 million (2020 net asset of $6.8 million).

Notes to the Financial Statements – Section D. Managing financial risks (continued)

For the year ended 30 September

10. FINANCIAL RISK MANAGEMENT (continued)

Foreign exchange sensitivity

The table below shows the Group's main exposure to foreign currency transactional risk (Australian dollar equivalent) and the effect on profit or loss and equity had exchange rates been 10% higher or lower than the year end rate with all other variables held constant.

The analysis takes into account all underlying exposures and related hedges but not the impact of any management actions that might take place if these events occurred.

	2021		2020	
	USD $m	**EUR $m**	**USD $m**	**EUR $m**
Cash and cash equivalents	182.4	13.4	123.4	18.5
Trade and other receivables	232.0	17.7	186.2	18.2
Trade and other payables	(302.1)	(16.5)	(173.0)	(11.3)
Interest bearing liabilities	(1,342.1)	(61.5)	(1,765.5)	(62.2)
Net derivatives	1,390.6	66.8	1,858.3	51.7
Net exposure	**160.8**	**19.9**	**229.4**	**14.9**
Effect on profit/(loss) before tax				
If exchange rates were 10% lower	5.5	1.0	8.8	1.3
If exchange rates were 10% higher	(4.5)	(0.8)	(7.2)	(1.0)
Increase/(decrease) in equity				
If exchange rates were 10% lower	12.5	1.5	17.8	1.2
If exchange rates were 10% higher	(10.2)	(1.3)	(14.6)	(0.9)

ii) Foreign currency risk – translational

Foreign currency earnings translation risk arises primarily as a result of earnings generated by foreign operations with functional currencies of CAD, USD, MXN, PEN, RUB and KZT being translated into AUD. Derivative contracts to hedge earnings exposures do not qualify for hedge accounting under Australian Accounting Standards. Board approved policy allows hedging of this exposure in order to reduce the volatility of full year earnings resulting from changes in exchange rates. At reporting date, Orica held no derivative contracts to hedge earnings exposures (2020 nil).

Net investment in foreign operations

Hedging of foreign investment exposures is undertaken primarily through originating debt in the functional currency of the foreign operation, or by raising debt in a different currency and swapping the debt to the currency of the foreign operation using derivative financial instruments. The remaining translation exposure is managed, where considered appropriate, using forward foreign exchange contracts, or cross currency interest rate swaps. As at reporting date, 37.0% of the Group's net investment in foreign operations was hedged (Restated 2020 36.2%).

(c) Commodity price risk

Commodity price risk refers to the risk that Orica's profit or loss or equity will fluctuate due to changes in commodity prices.

Natural gas or ammonia are the primary feedstocks in Orica's production process. Orica manages its contract portfolio so that on a mass balance basis it seeks to maintain a low risk position across the contract cycle such that material input cost variations are passed through to customers in price variations through rise and fall adjustments contained in all significant contracts.

The Group may enter into derivative contracts to hedge commodity price risk that is not eliminated via contractual or other commercial arrangements. At reporting date, Orica held no commodity derivative contracts (2020 nil).

(d) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to meet their obligations under a contract or arrangement. The Group is exposed to credit risk from trade and other receivables and financial instrument contracts.

The creditworthiness of customers is reviewed prior to granting credit, using trade references and credit reference agencies. Credit limits are established and monitored for each customer, and these limits represent the highest level of exposure that a customer can reach. Trade credit insurance is purchased when required.

The Group manages bank counterparty risk by ensuring that actual and potential exposure is monitored daily against counterparty credit limits, which have been assigned based on counterparty credit ratings. The Group does not hold any credit derivatives to offset its credit exposures.

Notes to the Financial Statements – Section D. Managing financial risks (continued)

For the year ended 30 September

10. FINANCIAL RISK MANAGEMENT (continued)

Orica's maximum exposure to credit risk as at 30 September is the carrying amount, net of impairment, of the financial assets as detailed in the table below:

Financial assets	2021 $m	2020 $m
Cash and cash equivalents	593.7	920.5
Derivative assets	56.9	152.2
Trade and other receivables	894.1	1,023.1
Total	**1,544.7**	**2,095.8**

(e) Liquidity risk

Liquidity risk arises from the possibility that there will be insufficient funds available to make payment as and when required.

The Group manages this risk via:

- maintaining an adequate level of undrawn committed facilities in various currencies that can be drawn upon at short notice;
- using instruments that are readily tradeable in the financial markets;
- monitoring duration of long-term debt;
- spreading, to the extent practicable, the maturity dates of long-term debt facilities; and
- comprehensively analysing all forecast inflows and outflows that relate to financial assets and liabilities.

Facilities available and the amounts drawn and undrawn are as follows:

	2021 $m	2020 $m
Unsecured bank overdraft facilities		
Unsecured bank overdraft facilities available	58.4	67.7
Amount of facilities undrawn	56.3	65.3
Committed standby and loan facilities		
Committed standby and loan facilities available	3,561.1	4,256.0
Amount of facilities unused	1,486.3	1,510.0

The bank overdrafts are payable on demand and are subject to an annual review. The repayment dates of the committed standby and loan facilities range from 25 October 2022 to 25 October 2030 (2020 25 October 2020 to 25 October 2030).

The contractual maturity of the Group's financial liabilities including estimated interest payments as at 30 September are shown in the table below. The amounts shown represent the future undiscounted principal and interest cash flows and therefore differ from the carrying amount on the balance sheet:

2021	1 year or less $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Contractual cash flows $m	Carrying amount $m
Non derivative financial liabilities						
Interest bearing liabilities, excluding lease liabilities	90.3	692.8	383.9	1,396.5	2,563.5	2,072.7
Lease liabilities	67.6	56.3	87.4	120.4	331.7	260.4
Trade and other payables	1,254.2	8.8	–	–	1,263.0	1,263.0
Derivative financial liabilities						
Inflows	(157.6)	(18.6)	(55.1)	(622.3)	(853.6)	–
Outflows	162.7	21.4	75.4	676.0	935.5	65.7
Total	**1,417.2**	**760.7**	**491.6**	**1,570.6**	**4,240.1**	**3,661.8**

Notes to the Financial Statements – Section D. Managing financial risks (continued)

For the year ended 30 September

10. FINANCIAL RISK MANAGEMENT (continued)

2020	1 year or less $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Contractual cash flows $m	Carrying amount $m
Non derivative financial liabilities						
Interest bearing liabilities, excluding lease liabilities	718.7	93.7	900.8	1,574.9	3,288.1	2,741.0
Lease liabilities	71.1	59.4	109.0	138.2	377.7	298.7
Trade and other payables	1,166.0	11.6	–	–	1,177.6	1,177.6
Derivative financial liabilities						
Inflows	(335.0)	(19.0)	(55.4)	(643.7)	(1,053.1)	–
Outflows	340.0	20.9	64.3	688.0	1,113.2	47.1
Total	**1,960.8**	**166.6**	**1,018.7**	**1,757.4**	**4,903.5**	**4,264.4**

Fair value measurement

The balance sheet includes financial assets and financial liabilities that are measured at fair value. These fair values are categorised into hierarchy levels that are representative of the inputs used in measuring the fair value.

Valuation method	Level 1 – uses quoted prices for identical instruments in active markets.
	Level 2 – uses inputs for the asset or liability other than quoted prices that are observable either directly or indirectly.
	Level 3 – uses valuation techniques where one or more significant inputs are based on unobservable market data.

At reporting date, other assets and other liabilities on the balance sheet included derivatives carried at fair value and categorised as Level 2 as the inputs are observable. There has been no movement between levels since prior year.

Valuation techniques include, where applicable, reference to prices quoted in active markets, discounted cash flow analysis, fair value of recent arm's length transactions involving the same instruments or other instruments that are substantially the same, and option pricing models. Changes in default probabilities are included in the valuation of derivatives using credit and debit valuation adjustments.

The fair values of forward exchange contracts are calculated by reference to forward exchange market rates for contracts with similar maturity profiles at the time of valuation.

The fair values of cross currency interest rate swaps and interest rate swaps and other financial liabilities measured at fair value are determined using valuation techniques which utilise data from observable markets. Assumptions are based on market conditions existing at each balance date. The fair value is calculated as the present value of the estimated future cash flows using an appropriate market-based yield curve, which is independently derived and representative of Orica's cost of borrowings.

Derivative financial instruments	2021 Current $m	2021 Non-Current $m	2020 Current $m	2020 Non-Current $m
Derivative assets				
Designated as a hedge of interest bearing liabilities	–	48.9	67.0	70.4
Other	8.0	–	14.8	–
Total	**8.0**	**48.9**	**81.8**	**70.4**
Derivative liabilities				
Designated as a hedge of interest bearing liabilities	–	(60.6)	–	(43.4)
Other	(5.1)	–	(3.7)	–
Total	**(5.1)**	**(60.6)**	**(3.7)**	**(43.4)**

Financial assets and liabilities carried at amortised cost

The fair value of cash and cash equivalents, trade and other receivables (note 5) and trade and other payables (note 5) approximates their carrying amount due to their short maturity.

Interest bearing liabilities excluding lease liabilities have a carrying amount of $2,072.7 million including discontinued operations (note 15) (2020 $2,741.0 million). The carrying amount of bank and other loans which are primarily short-term in nature approximates fair value. Private Placement debt which is primarily long-term in nature has a carrying amount of $2,068.8 million (2020 $2,587.9 million) and a fair value of $2,122.2 million (2020 $2,696.3 million). Fair value of Private Placement debt is determined as the present value of future contracted cash flows discounted using standard valuation techniques at applicable market yields having regard to timing of cash flows.

Notes to the Financial Statements – Section D. Managing financial risks (continued)

For the year ended 30 September

10. FINANCIAL RISK MANAGEMENT (continued)

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet where Orica currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. No financial assets or liabilities are currently held under netting arrangements.

Orica has entered into derivative transactions under International Swaps and Derivatives Association ('ISDA') master agreements that do not meet the criteria for offsetting but allow for the related amounts to be set-off in certain circumstances, such as the event of default. As Orica does not presently have a legally enforceable right of set-off, derivatives are presented on a gross basis on the balance sheet.

Derivatives and hedge accounting

The Group uses derivatives and other financial instruments to hedge its exposure to currency, interest rate and commodity price risk exposures arising from operational, financing and investing activities. Where applicable, these instruments are formally designated in hedge relationships as defined by AASB 9. To qualify for hedge accounting the Group formally designates and documents details of the hedge, risk management objective and strategy for entering into the arrangement and methodology used for measuring effectiveness.

Hedge accounting relationships are categorised according to the nature of the risks being hedged:

Hedge type	Description
Fair value hedge	Hedges the change in fair value of recognised assets and liabilities.
Cash flow hedge	Hedges the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability or highly probable forecast transaction.
Net investment hedge	Hedges the foreign currency translation exposure of the net assets of foreign operations.

Critical terms of hedging instruments and hedged items are transacted to match on a 1:1 ratio by notional values. Matching critical terms enables economic offset thereafter to be determined qualitatively.

Hedge ineffectiveness arises primarily from the counterparties' and the Group's own credit risk which is included in the fair value of the derivative hedge instrument but not the hedge item. During the current and prior financial years, there was no material impact on profit or loss resulting from Hedge ineffectiveness.

AASB 9 also allows certain costs of hedging to be deferred in equity. Gains or losses associated with 'currency basis' cost of hedging are deferred in the cash flow hedge reserve as they are not material for separate disclosure. The amounts are systematically released to the income statement to align with the hedged exposure.

The London Interbank Offered Rate (LIBOR) is expected to be replaced by alternative risk-free rates (ARR) as part of inter-bank offer rate (IBOR) reform. IBOR reform impacts Orica's interest rate swaps, which reference 3-month US LIBOR. At 30 September 2021, the notional value of hedging instruments that reference 3-month US LIBOR is US$170m and Orica has not transitioned any of its existing interest rate swaps to ARR's. It is anticipated that 3-month LIBOR will continue to be published until June 2023 and Orica's interest rate swaps will only transition to ARR once US LIBOR publication ceases. Orica is in the process of developing action plans to ensure a smooth transition to ARR.

Effects of hedge accounting on financial position and performance

Fair value and cash flow hedges

The table below shows the carrying amounts of the Group's Private Placement debt and the derivatives which are designated in fair value and/or cash flow hedge relationships to hedge them.

- The carrying amount of the Private Placement debt includes foreign exchange remeasurements to year end rates and fair value adjustments when included in a fair value hedge;
- The breakdown of the hedging derivatives includes remeasurement of foreign currency notional values at year end rates, fair value movements due to interest rate risk, foreign currency cash flows designated into cash flow hedges, costs of hedging recognised in other comprehensive income and ineffectiveness recognised in the income statement; and
- Hedged value represents the carrying amount of the Private Placement debt adjusted for the carrying amount of the designated derivatives.

Notes to the Financial Statements – Section D. Managing financial risks (continued)

For the year ended 30 September

10. FINANCIAL RISK MANAGEMENT (continued)

2021	Carrying amount $m	Fair value of derivatives [1] Foreign exchange notional @ spot $m	Fair value interest rate risk $m	Balance in cash flow hedge reserve [3] $m	Recognised in income statement [2] $m	Total carrying amount liability/(asset) $m	Hedged value $m
Private Placement debt	2,068.8	(2.3)	(9.1)	23.4	(0.3)	11.7	2,080.5
2020							
Private Placement debt	2,587.9	(75.2)	(51.2)	31.7	0.7	(94.0)	2,493.9

(1) Individual derivative transactions may be included in more than one hedge type designation.
(2) Amounts recognised in the income statement are presented within financing costs.
(3) Includes cost of hedging as defined by AASB 9 of $5.8 million (2020 $8.1 million).

Net investment hedges

As at 30 September, hedging instruments designated in a net investment hedge consisted primarily of foreign currency debt and had a carrying amount of $909.7 million (2020 $906.5 million). During the period movements in the hedging instruments of $3.5 million loss (2020 $62.6 million gain) were recognised in the foreign currency translation reserve, with no ineffectiveness (2020 nil) recognised in the income statement.

Derivatives and hedge accounting – significant accounting policies

Valuation: Derivatives are measured at fair value at inception, and subsequently remeasured to fair value at each reporting date.

	Fair value hedges	Cash flow hedges	Net investment hedges
Gains or losses on fair value movements of the financial instrument	Recognised in the income statement, together with gains or losses in relation to the hedged item attributable to the risk being hedged.	The effective portion is recognised in other comprehensive income. The ineffective portion is recognised immediately in the income statement.	The effective portion is recognised in the foreign currency translation reserve in equity. The ineffective portion is recognised immediately in the income statement.
Discontinuation of hedge accounting	The cumulative gain or loss that has been recorded to the carrying amount of the hedged item is amortised to the income statement using the effective interest method.	When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity. If the forecast transaction is no longer forecast to occur, the cumulative gain or loss is transferred immediately to the income statement.	Amounts remain deferred in the foreign currency translation reserve and are subsequently recognised in the income statement in the event of disposal of the foreign operation.

Derivatives not in a designated hedge arrangement

Financial instruments that do not qualify for hedge accounting but remain economically effective, are accounted for as trading instruments. These instruments are classified as current and are stated at fair value, with any resultant gain or loss recognised in the income statement. The Group policy is to not hold or issue financial instruments for speculative purposes.

Notes to the Financial Statements – Section E. Taxation

For the year ended 30 September

SECTION E. TAXATION

This section outlines the taxes paid by Orica and the impact tax has on the financial statements.

Orica has operations in more than 50 countries, with customers in more than 100 countries. In 2021, Orica paid $219.7 million (2020 $175.6 million) globally in corporate taxes and payroll taxes. Orica collected and remitted $127.1 million (2020 $122.1 million) globally in GST/VAT.

As Orica operates in a number of countries around the world, it is subject to local tax rules in each of those countries. Orica's tax rate is sensitive to the geographic mix of profits earned in different countries with different tax rates, as tax will be due in the country where the profits are earned. Many of the jurisdictions Orica has operations in have headline tax rates lower than 30%.

11. TAXATION

(a) Income tax expense recognised in the income statement

	Consolidated					
	2021			2020		
	Continuing $m	Discontinued $m	Consolidated $m	Continuing $m	Discontinued $m	Consolidated $m
Current tax expense						
Current year	68.9	5.5	74.4	107.4	5.1	112.5
Deferred tax	(46.5)	–	(46.5)	(43.9)	–	(43.9)
Under provided in prior years	2.9	0.2	3.1	1.5	–	1.5
Total income tax expense in income statement	**25.3**	**5.7**	**31.0**	**65.0**	**5.1**	**70.1**
(b) Reconciliation of income tax expense to prima facie tax payable						
Income tax expense attributable to profit before individually significant items						
Profit from operations before individually significant items	299.3	21.7	321.0	433.9	20.8	454.7
Prima facie income tax expense calculated at 30% on profit	89.8	6.5	96.3	130.2	6.2	136.4
Tax effect of items which (decrease)/increase tax expense:						
variation in tax rates of foreign controlled entities	(2.0)	(1.4)	(3.4)	(11.3)	(1.3)	(12.6)
tax under provided in prior years	2.9	0.2	3.1	1.5	–	1.5
recognition of previously unbooked temporary differences	(19.4)	–	(19.4)	(16.6)	–	(16.6)
non creditable withholding taxes	7.1	–	7.1	12.3	–	12.3
non allowable interest deductions	13.2	2.1	15.3	20.6	1.3	21.9
non allowable share based payments	2.2	0.2	2.4	1.4	0.2	1.6
recognition of tax losses	(2.0)	0.1	(1.9)	(3.5)	–	(3.5)
sundry items	4.8	(1.6)	3.2	5.6	(0.2)	5.4
Income tax expense attributable to profit before individually significant items	**96.6**	**6.1**	**102.7**	**140.2**	**6.2**	**146.4**

Notes to the Financial Statements – Section E. Taxation (continued)

For the year ended 30 September

11. TAXATION (continued)

	Consolidated					
	2021			2020		
	Continuing $m	Discontinued $m	Consolidated $m	Continuing $m	Discontinued $m	Consolidated $m
Income tax (benefit)/expense attributable to individually significant items						
Loss from individually significant items	(452.5)	(1.4)	(453.9)	(289.2)	(3.9)	(293.1)
Prima facie income tax expense calculated at 30% on individually significant items	(135.8)	(0.4)	(136.2)	(86.8)	(1.2)	(88.0)
Tax effect of items which (decrease)/increase tax expense:						
utilisation of capital losses for gain on sale of land	(39.5)	–	(39.5)	–	–	–
impairment	103.0	–	103.0	–	–	–
variation in tax rates of foreign controlled entities	–	–	–	2.5	0.1	2.6
non allowable initiating systems network optimisation expense	–	–	–	8.1	–	8.1
non allowable operating model restructuring expense	1.0	–	1.0	1.0	–	1.0
Income tax benefit attributable to loss on individually significant items	**(71.3)**	**(0.4)**	**(71.7)**	**(75.2)**	**(1.1)**	**(76.3)**
Income tax expense reported in the income statement	**25.3**	**5.7**	**31.0**	**65.0**	**5.1**	**70.1**

(c) Income tax recognised in Equity

	Consolidated					
	2021			2020		
	$m	$m	$m	$m	$m	$m
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Net gain/(loss) on hedge of net investments in foreign subsidiaries	3.6	(1.1)	2.5	62.6	(18.8)	43.8
Cash flow hedges						
– Effective portion of changes in fair value	6.6	(2.0)	4.6	(16.5)	4.9	(11.6)
– Transferred to income statement	1.1	(0.3)	0.8	7.9	(2.3)	5.6
Exchange gain/(loss) on translation of foreign operations	9.3	(5.6)	3.7	(397.8)	40.0	(357.8)
Net actuarial gain/(loss) on defined benefit obligations	75.4	(20.5)	54.9	(12.1)	3.9	(8.2)
Recognised in comprehensive income	**96.0**	**(29.5)**	**66.5**	**(355.9)**	**27.7**	**(328.2)**
Deductible share issue costs	–	–	–	(6.0)	1.8	(4.2)
Total recognised in equity	**96.0**	**(29.5)**	**66.5**	**(361.9)**	**29.5**	**(332.4)**

Notes to the Financial Statements – Section E. Taxation (continued)

For the year ended 30 September

11. TAXATION (continued)

(d) Recognised deferred tax assets and liabilities

	Consolidated			
	Balance Sheet		Income Statement	
	2021 $m	Restated[(1)(2)] 2020 $m	2021 $m	2020 $m
Deferred tax assets				
Trade and other receivables	28.1	16.2	(12.5)	(6.8)
Inventories	19.5	25.2	(6.1)	(3.6)
Property, plant and equipment [(1)]	17.2	55.2	(14.6)	6.3
Intangible assets [(2)]	64.4	101.8	29.8	(36.9)
Trade and other payables	41.0	50.7	8.8	(9.4)
Interest bearing liabilities	11.3	39.8	22.6	20.3
Provision for employee entitlements	28.1	30.8	1.7	(2.2)
Provision for retirement benefit obligations	40.3	64.9	0.4	2.7
Provisions for environmental and decommissioning	98.5	87.6	(11.1)	3.8
Provisions for other	3.3	19.3	15.7	13.2
Tax losses	134.9	118.8	(17.5)	(17.7)
Other items	5.3	6.7	0.7	0.8
Deferred tax assets	**491.9**	**617.0**		
Less set-off against deferred tax liabilities	(91.7)	(207.6)		
Net deferred tax assets	**400.2**	**409.4**		
Deferred tax liabilities				
Inventories	–	10.8	–	4.5
Property, plant and equipment [(1)]	99.0	193.1	(57.1)	(19.7)
Intangible assets [(2)]	24.5	27.2	2.0	(8.6)
Other items	7.8	18.5	(9.3)	9.4
Deferred tax liabilities	**131.3**	**249.6**		
Less set-off against deferred tax assets	(91.7)	(207.6)		
Net deferred tax liabilities	**39.6**	**42.0**		
Deferred tax expense			**(46.5)**	**(43.9)**

(1) Restated for purchase price allocation adjustments for the Exsa S.A. business acquisition. Refer to note 14 for further details.

(2) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee (IFRIC) agenda decision this year. Refer to note 24 for further details.

	Consolidated	
	2021 $m	2020 $m
Tax losses not booked	74.5	66.6
Capital losses not booked	44.3	79.5
Temporary differences not booked	97.8	122.9

Tax losses not booked expire between 2021 and 2031.

Notes to the Financial Statements – Section E. Taxation (continued)

For the year ended 30 September

11. TAXATION (continued)

Recognition and Measurement

Income tax on the profit or loss for the year comprises current and deferred tax and is recognised in the income statement.

Current tax is the expected tax payable on the taxable income for the year using tax rates applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax balances are determined by calculating temporary differences based on the carrying amounts of assets and liabilities for financial reporting purposes and their amounts for taxation purposes. Where amounts are recognised directly in equity the corresponding tax impact is also recognised directly in equity.

The amount of deferred tax provided will be based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

A deferred tax asset will be recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets will be reduced to the extent it is no longer probable that the related tax benefit will be realised.

Tax consolidation

Orica Limited is the parent entity in the tax consolidated group comprising all wholly-owned Australian entities.

Due to the existence of a tax sharing agreement between the entities in the tax consolidated group, the parent entity recognises the tax effects of its own transactions and the current tax liabilities and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the subsidiary entities.

Critical accounting judgements and estimates

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. These include transfer pricing, indirect taxes and transaction-related issues. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

The Group recognises liabilities for tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provision in the period in which such determination is made.

In addition, deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

Assumptions are also made about the application of income tax legislation. These assumptions are subject to risk and uncertainty and there is a possibility that changes in circumstances or differences in opinions will alter outcomes which may impact the amount of deferred tax assets and deferred tax liabilities recorded on the balance sheet and the amount of tax losses and timing differences not yet recognised. In these circumstances, the carrying amount of deferred tax assets and liabilities may change, resulting in an impact on the earnings of the Group.

Contingent tax liabilities

In the normal course of business, contingent liabilities may arise from tax investigations or legal proceedings. Where management are of the view that potential liabilities have a low probability of crystallising or it is not possible to quantify them reliably, they are not provided for and are disclosed as contingent liabilities.

Consistent with other companies of the size and diversity of Orica, the Group is the subject of ongoing information requests, investigations and audit activities by tax and regulatory authorities in jurisdictions in which Orica operates. Orica co-operates fully with the tax and regulatory authorities. It is possible that Orica may incur fines and/or other penalties as a consequence of these investigations and audits.

(i) Brazilian Tax Action

The Brazilian Taxation Authority (BTA) is claiming unpaid taxes, interest and penalties of approximately $25 million for the 1997 financial year relating to an alleged understatement of income based on an audit of production records. Orica believes BTA has misinterpreted those production records and recently received a favourable decision from the Brazilian Civil Court in relation to an excise dispute based on the same factual matter. This decision should support the income tax dispute.

ICI plc, the vendor of the business to Orica, has been notified to preserve Orica's rights under the tax indemnity obtained upon acquisition of the business which provides indemnity for amounts exceeding certain limits. The BTA has been granted a bank guarantee of up to approximately $25 million.

Notes to the Financial Statements – Section F. Group structure

For the year ended 30 September

SECTION F. GROUP STRUCTURE

Orica has a diverse spread of global operations, which includes controlled entities incorporated in over 50 countries, as well as entering strategic partnering arrangements with certain third parties. This section highlights the Group structure including Orica's controlled entities, as well as those where Orica holds less than 100% interest.

12. INVESTMENTS IN CONTROLLED ENTITIES

Recognition and Measurement

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Company (the parent entity) and its subsidiaries as defined in AASB 10 *Consolidated Financial Statements*.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

When the Group relinquishes control over a subsidiary, it derecognises its share of net assets. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control until such time as the Company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances, transactions and unrealised profits arising within the Group are eliminated in full.

Refer to note 23 for the list of investments in controlled entities.

13. EQUITY ACCOUNTED INVESTEES AND JOINT OPERATIONS

(a) Investments accounted for using the equity method

The table below shows material investments (based on carrying values). All other investments are included in "Individually immaterial".

			Ownership		Profit/(loss) for the year		Consolidated Carrying value	
Name	**Principal activity**	**Balance date**	**2021 %**	**2020 %**	**2021 $m**	**2020 $m**	**2021 $m**	**2020 $m**
Nelson Brothers, LLC [1]	Manufacture and sale of explosives	30-Sep	50.0	50.0	8.3	6.0	40.7	38.7
Nelson Brothers Mining Services LLC [1]	Sale of explosives	30-Sep	50.0	50.0	7.0	8.6	34.3	32.8
Poly Orica Management Co., Ltd [2]	Manufacture and sale of explosives	31-Dec	49.0	49.0	4.7	3.7	74.5	70.2
Southwest Energy LLC [1]	Sale of explosives	30-Sep	50.0	50.0	9.3	14.8	126.8	121.6
Individually immaterial	Various				5.6	2.6	14.1	38.3
					34.4	**35.7**	**290.4**	**301.6**

(1) Entities are incorporated in USA

(2) Entity is incorporated in China

All equity accounted investees disclosed in the table above are classified as joint ventures.

Notes to the Financial Statements – Section F. Group structure (continued)

For the year ended 30 September

13. EQUITY ACCOUNTED INVESTEES AND JOINT OPERATIONS (continued)

The following table summarises the financial information of significant equity accounted investees as included in their own financial statements.

Equity Accounted Investees

2021 Name	**Nelson Brothers, LLC $m**	**Nelson Brothers Mining Services LLC $m**	**Poly Orica Management Co., Ltd $m**	**Southwest Energy LLC $m**
Balance Sheet				
Current assets	69.4	24.8	96.3	77.6
Non-current assets	70.7	14.7	81.9	99.0
Current liabilities	(64.1)	(25.8)	(18.4)	(26.9)
Non-current liabilities	(19.7)	(1.2)	(3.1)	(10.9)
Net assets (100%)	56.3	12.5	156.7	138.8
Group's share of net assets	**28.2**	**6.3**	**76.8**	**69.4**
Income Statement				
Revenue	273.3	139.3	101.7	275.4
Net profit	16.5	14.3	9.8	18.9
Total profit and comprehensive income (100%)	16.5	14.3	9.8	18.9
Group's share of total comprehensive income	8.3	7.2	4.8	9.5
Translation and other adjustments	–	(0.2)	(0.6)	(0.2)
Included in the Group's income statement	8.3	7.0	4.2	9.3
Dividends received by the Group	7.8	5.9	–	2.4

2020 Name	**Nelson Brothers, LLC $m**	**Nelson Brothers Mining Services LLC $m**	**Poly Orica Management Co., Ltd $m**	**Southwest Energy LLC $m**
Balance Sheet				
Current assets	59.1	29.5	82.7	82.6
Non-current assets	72.6	17.3	79.0	76.1
Current liabilities	(50.2)	(32.2)	(16.7)	(21.2)
Non-current liabilities	(29.0)	(1.7)	(2.0)	(6.9)
Net assets (100%)	52.5	12.9	143.0	130.6
Group's share of net assets	26.3	6.5	70.1	65.3
Income Statement				
Revenue	246.9	156.5	103.3	261.5
Net profit	10.5	15.9	8.8	25.5
Total profit and comprehensive income (100%)	10.5	15.9	8.8	25.5
Group's share of total comprehensive income	5.3	8.0	4.3	12.8
Translation and other adjustments	0.7	0.6	(0.6)	2.0
Included in the Group's income statement	6.0	8.6	3.7	14.8
Dividends received by the Group	6.3	8.9	–	7.8

(b) Joint operations

The Group owns 50% interest of Yara Pilbara Nitrates Pty Ltd, with the remaining shares held by subsidiaries in the Yara International ASA Group.

Notes to the Financial Statements – Section F. Group structure (continued)

For the year ended 30 September

13. EQUITY ACCOUNTED INVESTEES AND JOINT OPERATIONS (continued)

(c) Transactions with equity accounted investees

Transactions during the year with equity accounted investees were:

	2021 $m	2020 $m
Sales of goods to equity accounted investees	316.3	447.8
Purchase of goods from equity accounted investees	107.2	105.9
Dividend income received from equity accounted investees	17.5	23.0

(d) Transactions with related parties

All transactions with other related parties are made on normal commercial terms and conditions and in the ordinary course of business.

Recognition and Measurement

Investments accounted for using the equity method

The Group's interests in investments accounted for using the equity method comprise interests in associates and joint ventures.

An associate exists where Orica holds an interest in the equity of an entity, generally of between 20% and 50%, and is able to significantly influence the decisions of the entity. A joint venture is an arrangement in which the Group has joint control

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Orica recognises its share of any jointly held or incurred assets, liabilities, revenue and expenses in the consolidated financial statements under applicable headings.

14. BUSINESSES AND NON-CONTROLLING INTERESTS ACQUIRED

Consolidated – 2021

Acquisitions of business and controlled entities

Business combinations are accounted for under the acquisition method when control is transferred to the Group, in accordance with AASB 3 *Business Combinations*. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. The transaction costs are expensed in the income statement.

As part of Orica's technology development strategy, the Group acquired the shares of Hopper Industrial Group and assets from OreControl Blasting Consultants LLC and OrePro Holdings LLC for total consideration of $22.3 million. No Goodwill was recognised on these transactions.

Since 1 October 2020, the Group has acquired an additional 1.9% of Exsa, for the consideration of $2.8 million. The ownership at 30 September 2021 is 98.7%.

Consolidated – 2020 (restated)

Accounting standards permit a measurement period of up to one year during which acquisition accounting can be finalised following the acquisition date. The Group have finalised the accounting of the Exsa S.A. ("Exsa") acquisition which occurred on 30 April 2020, resulting in an adjustment to the fair values below and a corresponding increase in goodwill.

	Exsa S.A. $m
Goodwill as at 30 September 2020	6.3
Adjustments to fair value of net assets	
property, plant and equipment	36.2
provision for deferred tax	(3.3)
non-controlling interest	(1.0)
Goodwill as at 30 September 2020 (restated)	**38.2**

Notes to the Financial Statements – Section F. Group structure (continued)

For the year ended 30 September

15. BUSINESSES DISPOSED AND DISCONTINUED OPERATIONS

Businesses disposed – 2021

In September 2021 the Group disposed of Arboleda S.A. and its investment in the equity accounted investee Ulaex S.A.

	Arboleda S.A. $m
Consideration	18.1
Disposal costs	(0.5)
Net consideration	**17.6**
Carrying value of net assets of businesses/controlled entities disposed	
Equity accounted investee	15.9
Trade and other receivables	1.7
	17.6
Profit on sale of business/controlled entities	**–**

Businesses disposed – 2020

The Group has not disposed of any businesses or entities in the year to 30 September 2020.

Discontinued operations

During the financial year the Group committed to a plan to sell the Minova business. On 30 September 2021, the assets of the business have been classified as held for sale and it is considered a discontinued operation.

The results of the business and the detail of the operating assets and liabilities held for sale are presented below:

	Minova
	2021 $m
Assets held for sale	
Property, plant and equipment	66.9
Intangibles	17.6
Cash and cash equivalents	42.7
Inventories	58.6
Trade receivables	67.2
Other receivables	2.8
Deferred tax asset	30.2
Other assets	12.2
Assets held for sale	**298.2**
Liabilities held for sale	
Trade payables	70.2
Other payables	20.0
Interest-bearing liabilities	9.9
Provisions	32.2
Other liabilities	–
Deferred tax liability	5.5
Liabilities held for sale	**137.8**

	Minova	
	2021 $m	2020 $m
Cash flows from/(used in) discontinued operations		
Net cash from operating activities	16.9	17.3
Net cash used in investing activities	(9.6)	(10.7)
Net cash used in financing activities	(2.7)	(2.8)
Net cash flows for the year	**4.6**	**3.8**

Notes to the Financial Statements – Section F. Group structure (continued)

For the year ended 30 September

15. BUSINESSES DISPOSED AND DISCONTINUED OPERATIONS (continued)

	Continuing 2021 $m	Discontinued 2021 $m	Consolidated 2021 $m	Continuing 2020 $m	Discontinued 2020 $m	Consolidated 2020 $m
Sales revenue	**5,207.9**	**474.3**	**5,682.2**	**5,143.0**	**468.3**	**5,611.3**
Other income [1]	**45.7**	**0.7**	**46.4**	**15.5**	**1.3**	**16.8**
Raw materials and inventories	(2,449.8)	(294.0)	(2,743.8)	(2,221.8)	(291.1)	(2,512.9)
Employee benefits expense	(1,111.2)	(95.7)	(1,206.9)	(1,130.3)	(111.5)	(1,241.8)
Depreciation and amortisation expense [2]	(358.1)	(11.7)	(369.8)	(320.7)	(11.4)	(332.1)
Purchased services and other expenses [2]	(510.3)	(31.4)	(541.7)	(479.4)	(14.8)	(494.2)
Outgoing freight	(304.6)	(12.9)	(317.5)	(277.8)	(12.8)	(290.6)
Repairs and maintenance	(149.4)	(7.3)	(156.7)	(171.3)	(7.2)	(178.5)
Impairment expense	(480.0)	–	(480.0)	(63.4)	–	(63.4)
Operating model restructuring	(45.6)	(1.4)	(47.0)	(23.0)	(3.9)	(26.9)
Significant environmental provision expense	(39.3)	–	(39.3)	–	–	–
Gain on sale of Botony site	71.6	–	71.6	–	–	–
Gain on sale of Villawood site	40.8	–	40.8	–	–	–
Software as a service (SaaS) expense [2]	–	–	–	(122.7)	–	(122.7)
Initiating systems network optimisation	–	–	–	(80.1)	–	(80.1)
Share of net profit of equity accounted investees	34.4	–	34.4	35.7	–	35.7
Total	(5,301.5)	(454.4)	(5,755.9)	(4,854.8)	(452.7)	(5,307.5)
(Loss)/profit from operations	**(47.9)**	**20.6**	**(27.3)**	**303.7**	**16.9**	**320.6**
Net financing costs						
Financial income	1.0	0.1	1.1	2.0	0.4	2.4
Financial expenses [2]	(106.3)	(0.4)	(106.7)	(161.0)	(0.4)	(161.4)
Net financing costs	**(105.3)**	**(0.3)**	**(105.6)**	**(159.0)**	**–**	**(159.0)**
(Loss)/profit before income tax expense	**(153.2)**	**20.3**	**(132.9)**	**144.7**	**16.9**	**161.6**
Income tax (expense)/benefit [2]	(25.3)	(5.7)	(31.0)	(65.0)	(5.1)	(70.1)
(Loss)/profit after tax	**(178.5)**	**14.6**	**(163.9)**	**79.7**	**11.8**	**91.5**
Net (loss)/profit for the year attributable to:						
Shareholders of Orica Limited	(188.6)	14.8	(173.8)	74.3	8.0	82.3
Non-controlling interests	10.1	(0.2)	9.9	5.4	3.8	9.2
Net (loss)/profit for the year	**(178.5)**	**14.6**	**(163.9)**	**79.7**	**11.8**	**91.5**

(1) Discontinued operations other income includes foreign exchange gain of $0.8 million (2020 $0.1 million loss).

(2) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee (IFRIC) agenda decision this year. Refer to note 24 for further details.

	Continuing 2021 cents	Discontinued 2021 cents	Consolidated 2021 cents	Continuing 2020 cents	Discontinued 2020 cents	Consolidated 2020 cents
Earnings per share attributable to ordinary shareholders of Orica Limited:						
Basic earnings per share	(46.3)	3.6	(42.7)	18.8	2.0	20.8
Diluted earnings per share	(46.3)	3.6	(42.7)	18.7	2.0	20.7

Notes to the Financial Statements – Section F. Group structure (continued)

For the year ended 30 September

15. BUSINESSES DISPOSED AND DISCONTINUED OPERATIONS (continued)

Reconciliation of net profit for the year

	Continuing 2021 $m	Discontinued 2021 $m	Consolidated 2021 $m	Continuing 2020 $m	Discontinued 2020 $m	Consolidated 2020 $m
Before individually significant items						
Profit from operations	404.6	22.0	426.6	592.9	20.8	613.7
Net financing costs	(105.3)	(0.3)	(105.6)	(159.0)	–	(159.0)
Profit before income tax expense	299.3	21.7	321.0	433.9	20.8	454.7
Income tax (expense)/benefit	(96.6)	(6.1)	(102.7)	(140.2)	(6.2)	(146.4)
Profit after tax before non-controlling interests	**202.7**	**15.6**	**218.3**	**293.7**	**14.6**	**308.3**
Non-controlling interests	(10.1)	0.2	(9.9)	(5.4)	(3.8)	(9.2)
Profit after tax before individually significant items	**192.6**	**15.8**	**208.4**	**288.3**	**10.8**	**299.1**
Individually significant items						
Loss before income tax expense	(452.5)	(1.4)	(453.9)	(289.2)	(3.9)	(293.1)
Income tax benefit	71.3	0.4	71.7	75.2	1.1	76.3
Loss after tax before non-controlling interests	**(381.2)**	**(1.0)**	**(382.2)**	**(214.0)**	**(2.8)**	**(216.8)**
Non-controlling interests	–	–	–	–	–	–
Loss after tax from individually significant items	**(381.2)**	**(1.0)**	**(382.2)**	**(214.0)**	**(2.8)**	**(216.8)**
Net (loss)/profit after tax						
Net (loss)/profit before income tax expense	(153.2)	20.3	(132.9)	144.7	16.9	161.6
Income tax (expense)/benefit	(25.3)	(5.7)	(31.0)	(65.0)	(5.1)	(70.1)
(Loss)/profit after tax before non-controlling interests	**(178.5)**	**14.6**	**(163.9)**	**79.7**	**11.8**	**91.5**
Non-controlling interests	(10.1)	0.2	(9.9)	(5.4)	(3.8)	(9.2)
Net (loss)/profit after tax	**(188.6)**	**14.8**	**(173.8)**	**74.3**	**8.0**	**82.3**
Net (loss)/profit for the year attributable to:						
Shareholders of Orica Limited	(188.6)	14.8	(173.8)	74.3	8.0	82.3
Non-controlling interests	10.1	(0.2)	9.9	5.4	3.8	9.2
Net (loss)/profit for the year	**(178.5)**	**14.6**	**(163.9)**	**79.7**	**11.8**	**91.5**

Recognition and Measurement

A discontinued operation is a component of the Group where the operations and cash flows can be clearly distinguished from the rest of the Group. It represents a separate major line of operations and is part of a single co-ordinated plan to dispose of a separate major line of operation or business.

Classification as a discontinued operation occurs at the earlier of disposal date or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative income statement and statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Notes to the Financial Statements – Section F. Group structure (continued)

For the year ended 30 September

16. PARENT COMPANY DISCLOSURE – ORICA LIMITED

	Company	
	2021 $m	2020 $m
Total current assets	1,805.6	1,479.6
Total assets	3,367.8	3,045.8
Total current liabilities	174.7	170.1
Total liabilities	176.1	171.6
Equity		
Ordinary shares	2,686.1	2,659.1
Retained earnings	505.6	215.1
Total equity attributable to ordinary shareholders of Orica Limited	**3,191.7**	**2,874.2**
Net profit and total comprehensive income for the year	**387.9**	**414.7**

The Company did not have any contractual commitments for the acquisition of property, plant or equipment in the current or previous years.

Contingent liabilities and contingent assets

Under the terms of a Deed of Cross Guarantee entered into under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, each wholly owned subsidiary which is a party to the Deed has covenanted with the Trustee of the Deed to guarantee the payment of any debts of the other companies which are party to the Deed which might arise on the winding up of those companies. A consolidated balance sheet and income statement for this closed group is shown in note 17.

Orica Limited guaranteed senior notes issued in the US Private Placement market in 2010, 2013, 2017 and 2020. The notes have maturities between calendar years 2022 and 2030 (2020: 2020 and 2030). Orica Limited has also provided guarantees for committed bank facilities.

17. DEED OF CROSS GUARANTEE

The parent entity, Orica Limited, and certain subsidiaries are subject to a Deed of Cross Guarantee (Deed) under which each company guarantees the debts of the others.

The parties to the Deed are

- Initiating Explosives Systems Pty Ltd
- Orica Australia Pty Ltd
- Orica Investments Pty Ltd
- Orica Explosives Holdings Pty Ltd
- Orica Explosives Holdings No 2 Pty Ltd
- Orica Explosives Technology Pty Ltd
- Orica IC Assets Pty Ltd

By entering into the Deed, the wholly owned subsidiaries have been relieved from the requirement to prepare a financial report and Directors' report under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

Notes to the Financial Statements – Section F. Group structure (continued)

For the year ended 30 September

17. DEED OF CROSS GUARANTEE (continued)

A consolidated income statement and consolidated balance sheet are shown below.

Summarised Balance Sheet	2021 $m	2020 $m
Current assets		
Cash and cash equivalents	9.9	0.6
Trade and other receivables	298.3	363.2
Inventories	151.8	141.5
Other assets [1]	17.4	20.4
Total current assets	**477.4**	**525.7**
Non-current assets		
Trade and other receivables	2.0	2.3
Equity accounted investees	11.1	21.8
Other financial assets	7,015.6	7,099.0
Property, plant and equipment	1,272.7	1,321.2
Intangible assets [3]	168.5	161.6
Deferred tax assets [3]	188.9	184.4
Total non-current assets	**8,658.8**	**8,790.3**
Total assets	**9,136.2**	**9,316.0**
Current liabilities		
Trade and other payables	280.0	290.7
Interest bearing liabilities	16.6	15.5
Current tax liabilities	28.9	62.3
Provisions	128.4	138.2
Total current liabilities	**453.9**	**506.7**
Non-current liabilities		
Trade and other payables	1.8	1.7
Interest bearing liabilities	4,540.9	4,458.4
Provisions	322.4	339.8
Total non-current liabilities	**4,865.1**	**4,799.9**
Total liabilities	**5,319.0**	**5,306.6**
Net assets	**3,817.2**	**4,009.4**
Equity		
Ordinary shares	2,686.1	2,659.1
Reserves	681.6	678.0
Retained earnings [3]	449.5	672.3
Total equity	**3,817.2**	**4,009.4**
Summarised Income Statement and retained profits		
(Loss)/profit before income tax expense [2,3]	(156.8)	918.1
Income tax benefit/(expense) [3]	12.4	(96.2)
Profit from operations	**(144.4)**	**821.9**
Retained profits at the beginning of the year [3]	672.3	53.9
Actuarial losses recognised directly in equity	19.1	(10.9)
Ordinary dividends – interim	(30.6)	(67.0)
Ordinary dividends – final	(66.9)	(125.6)
Retained profits at the end of the year	**449.5**	**672.3**

(1) Other assets include net tax receivables with Group entities outside the Deed of Cross Guarantee.

(2) Loss before income tax primarily due to the impairment of the investment in Yara Pilbara Nitrates Pty Ltd.

(3) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee (IFRIC) agenda decision this year. Refer to note 24 for further details.

Notes to the Financial Statements – Section G. Reward and recognition

For the year ended 30 September

SECTION G. REWARD AND RECOGNITION

Orica operates in more than 50 countries and has more than 13,000 employees. This section provides insights into the reward and recognition of employees, in addition to the employee benefits expense and employee provisions disclosed in the income statement and note 6 respectively.

This section should be read in conjunction with the Remuneration Report, contained within the Directors' Report, which provides specific details on the setting of remuneration for Key Management Personnel.

18. EMPLOYEE SHARE PLANS AND REMUNERATION

The following plans have options or rights ("instruments") over Orica shares outstanding at 30 September 2020 and 30 September 2021:

The Long-Term Incentive Plan (LTIP)
Refer to Remuneration Report.

Sign-on Rights
For a select group of senior managers who join Orica post allocation of an LTIP grant (and who generally have forgone at-risk remuneration from their previous employer) rights may be allocated at the discretion of the Orica Board.

Recognition and Measurement

The issued instruments are measured at fair value based on valuations prepared by PwC. The fair value is recognised in the income statement over the period that employees become entitled to the instruments.

Key Management Personnel compensation summary

As deemed under AASB 124 *Related Parties Disclosures*, Key Management Personnel (KMP) include each of the Directors, both Executive and Non-Executive, and those members of the Executive Committee who have authority and responsibility for planning, directing and controlling the activities of Orica.

A summary of the KMP compensation is set out in the following table:

	Consolidated	
	2021 $000	2020 $000
Short-term employee benefits	10,085.5	11,463.1
Other long-term benefits	40.1	73.5
Post employment benefits	281.3	306.2
Share based payments	1,019.7	(409.1)
Termination benefits	437.5	–
	11,864.1	**11,433.7**

Information regarding individual Directors and Executives compensation and some equity instrument disclosures as permitted by *Corporations Regulations 2M.3.03* are provided in the Remuneration Report.

19. DEFINED BENEFIT OBLIGATIONS

Recognition and Measurement

Contributions to defined contribution superannuation funds are recognised in the income statement in the year in which the expense is incurred.

For each defined benefit scheme, the cost of providing retirement benefits is expensed in the income statement so as to recognise current and past service costs, interest cost on net liabilities, and the effect of any curtailments or settlements. Actuarial gains and losses are recognised in other comprehensive income. The Group's net liabilities in respect of defined benefit pension plans is the present value of the future benefit employees have earned, less the fair value of any plan assets.

(a) Defined benefit pension plans

The Group participates in several Australian and overseas defined benefit post-employment plans that provide benefits to employees upon retirement. Plan funding is carried out in accordance with the requirements of trust deeds and the advice of actuaries. Information within these financial statements has been prepared by the local plan external actuaries. Orica were assisted by Willis Towers Watson to consolidate those results globally. During the year, the Group made employer contributions of $30.7 million (2020 $27.3 million) to defined benefit plans. The Group's external actuaries have forecast total employer contributions and benefit payments to defined benefit plans of $26.8 million for 2022.

Notes to the Financial Statements – Section G. Reward and recognition (continued)

For the year ended 30 September

19. DEFINED BENEFIT OBLIGATIONS (continued)

(b)(i) Balance Sheet amounts

The amounts recognised in the balance sheet are determined as follows:

	2021 $m	2020 $m
Present value of the funded defined benefit obligations	735.4	750.8
Present value of unfunded defined benefit obligations	128.1	131.9
Fair value of defined benefit plan assets	(631.4)	(569.2)
Deficit	232.1	313.5
Restrictions on assets recognised	1.9	0.1
Net liability in the balance sheet	234.0	313.6
Amounts in the balance sheet:		
Liabilities	238.0	314.0
Assets	(4.0)	(0.4)
Net liability recognised in balance sheet at end of the year	**234.0**	**313.6**
Comprised of:		
Net liabilities of continuing operations	209.1	313.6
Net liabilities held for sale	24.9	–
Net liability recognised in balance sheet at end of the year	**234.0**	**313.6**

(b)(ii) Amounts recognised in the Income Statement

The amounts recognised in the income statement are as follows:

	2021 $m	2020 $m
Current service cost	16.5	17.2
Interest cost on net defined benefit liabilities	6.3	6.3
Losses from immediate recognition	(0.5)	0.4
Past service cost	1.0	0.2
Total included in employee benefits expense	**23.3**	**24.1**
Comprised of:		
Continuing operations	22.6	23.3
Discontinued operations	0.7	0.8
Total included in employee benefits expense	**23.3**	**24.1**

Notes to the Financial Statements – Section G. Reward and recognition (continued)

For the year ended 30 September

18. DEFINED BENEFIT OBLIGATIONS (continued)

(b)(iii) Amounts included in the Statement of Other Comprehensive Income

	2021 $m	2020 $m
Actuarial gains/(losses) on defined benefit obligations:		
Due to changes in demographic assumptions	(10.6)	(12.9)
Due to changes in financial assumptions	45.8	(8.2)
Due to experience adjustments	(7.8)	11.5
Total	27.4	(9.6)
Return on plan assets greater than discount rate	49.8	(2.5)
Change in irrecoverable surplus other than interest	(1.8)	–
Total gains/(losses) recognised via the Statement of Other Comprehensive Income	75.4	(12.1)
Tax (expense)/benefit on total losses recognised via the Statement of Other Comprehensive Income	(20.5)	3.9
Total gains/(losses) after tax recognised via the Statement of Other Comprehensive Income	**54.9**	**(8.2)**
Comprised of:		
Continuing operations	53.0	(7.9)
Discontinued operations	1.9	(0.3)
Total gains/(losses) after tax recognised via the Statement of Other Comprehensive Income	**54.9**	**(8.2)**

(b)(iv) Reconciliations

	2021 $m	2020 $m
Reconciliation of present value of the defined benefit obligations:		
Balance at the beginning of the year	882.7	894.6
Current service cost	16.5	17.2
Interest cost	20.3	21.9
Actuarial losses	(27.9)	9.6
Contributions by plan participants	0.9	1.0
Benefits paid	(43.5)	(42.8)
Settlements/curtailments	1.0	0.1
Exchange differences on foreign funds	13.5	(18.9)
Balance at the end of the year	**863.5**	**882.7**
Comprised of:		
Continuing operations	810.6	882.7
Held for sale	52.9	–
Balance at the end of the year	**863.5**	**882.7**

Notes to the Financial Statements – Section G. Reward and recognition (continued)

For the year ended 30 September

18. DEFINED BENEFIT OBLIGATIONS (continued)

	2021 $m	2020 $m
Reconciliation of the fair value of the plan assets.		
Balance at the beginning of the year	569.2	587.2
Interest income on plan asset	14.0	15.6
Return on plan assets greater than discount rate	49.8	(2.5)
Contributions by plan participants	0.9	1.0
Contributions by employer	30.7	27.3
Benefits paid	(43.5)	(42.8)
Exchange differences on foreign funds	10.3	(16.6)
Balance at the end of the year	**631.4**	**569.2**
Comprised of:		
Continuing operations	603.4	569.2
Held for sale	28.0	–
Balance at the end of the year	**631.4**	**569.2**

The fair value of plan assets does not include any amounts relating to the Group's own financial instruments, property occupied by, or other assets used by, the Group.

	2021 $m	2020 $m
Comprising		
Quoted in active markets:		
Equities	227.5	197.9
Debt securities	242.2	214.9
Property	9.4	11.1
Other quoted securities	92.3	87.9
Other:		
Property	30.1	25.5
Insurance contracts	4.9	4.6
Cash and cash equivalents	25.0	27.3
	631.4	**569.2**

The principal assumptions applied in determining the present value of defined benefit obligations and their bases were as follows:

- Rates of increase in pensionable remuneration, pensions in payment and healthcare costs: historical experience and management's long-term future expectations;
- Discount rates: prevailing long-term high quality bond yields, chosen to match the currency and duration of the relevant obligation, and
- Mortality rates: the local actuaries' designated mortality rates for the individual plans concerned.

Notes to the Financial Statements – Section G. Reward and recognition (continued)

For the year ended 30 September

19. DEFINED BENEFIT OBLIGATIONS (continued)

The weighted averages for these assumptions and related sensitivity information are presented below. Sensitivity information indicates by how much the defined benefit obligations would increase or decrease if a given assumption were to increase or decrease with no change in other assumptions.

	Weighted average of assumptions used p.a.		Change in assumptions	
	2021	2020	+1% p.a. $m	–1% p.a. $m
Rate of increase in pensionable remuneration	2.99%	2.75%	24.5	(20.7)
Rate of increase in pension payments	2.36%	2.22%	27.4	(22.7)
Discount rate for pension plans	2.74%	2.37%	(104.4)	129.6

The expected age at death for persons aged 65 is 87.1 years for men and 89.6 years for women at 30 September 2021. A change of one year in the expected age of death would result in an $22.1 million movement in the defined benefit obligation at 30 September 2021.

Critical accounting judgements and estimates

The defined benefit obligation costs are assessed in accordance with the advice of independent qualified actuaries but require the exercise of judgement in relation to assumptions for future salary and superannuation increases, long-term price inflation and bond rates. While management believes the assumptions used are appropriate, a change in the assumptions used may impact the earnings and equity of the Group.

Notes to the Financial Statements – Section H. Other

For the year ended 30 September

SECTION H. OTHER

This section includes additional financial information that is required by Australian Accounting Standards and which management considers to be relevant information for shareholders.

20. CONTINGENT LIABILITIES

Contingent liabilities relating to environmental uncertainties are disclosed in note 6 and those relating to taxation in note 11. All others are disclosed below.

(a) Guarantees, indemnities and warranties

– The Group has entered into various long-term supply contracts. For some contracts, minimum charges are payable regardless of the level of operations, but the levels of operations are expected to remain above those that would trigger minimum payments.

– There are guarantees relating to certain leases of property, plant and equipment and other agreements arising in the ordinary course of business.

– Contracts of sale covering companies and assets which were divested during the current and prior years include commercial warranties and indemnities to the purchasers.

(b) Legal, claims and other

There are a number of legal claims and exposures which arise from the ordinary course of business. There is significant uncertainty as to whether a future liability will arise in respect of these items. The amount of liability, if any, which may arise cannot be reliably measured at this time.

Critical accounting judgements and estimates

Where management are of the view that potential liabilities that arise in the normal course of business have a low probability of crystallising or it is not possible to quantify them reliably, they are not provided for and are disclosed as contingent liabilities.

Legal proceedings

The outcome of currently pending and future legal, judicial, regulatory, administrative and other proceedings of a litigious nature ("Proceedings") cannot be predicted with certainty. Proceedings can raise complex legal issues and are subject to many uncertainties including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each Proceeding is brought and differences in applicable law. Thus, an adverse decision in Proceedings could result in additional costs that are not covered, either wholly or partially, under insurance policies and that could significantly impact the business and results of operations of the Group. Therefore, it is possible that the financial position, results of operations or cash flows of the Group could be materially affected by an unfavourable outcome of those Proceedings. Proceedings are evaluated on a case-by-case basis considering the available information, including that from legal counsel, to assess potential outcomes.

Warranties and Indemnities

In the course of acquisitions and disposals of businesses and assets, Orica routinely negotiates warranties and indemnities across a range of commercial issues and risks, including environmental risks associated with real property. Management uses the information available and exercises judgement in the overall context of these transactions, in determining the scope and extent of these warranties and indemnities. In assessing Orica's financial position, management relies on warranties and indemnities received, and considers potential exposures on warranties and indemnities provided. It is possible that the financial position, results of operations and cash flows of the Group could be materially affected if circumstances arise where warranties and indemnities received are not honoured, or for those provided, circumstances change adversely.

Notes to the Financial Statements – Section H. Other (continued)

For the year ended 30 September

21. AUDITOR'S REMUNERATION

	Consolidated 2021 $000	Consolidated 2020 $000
Total remuneration received, or due and receivable, by the auditors for:		
Audit services		
Auditor of the Company – KPMG Australia		
– Audit and review of financial reports	3,967	4,781
Auditor of the Company – overseas KPMG firms		
– Audit and review of financial reports [1]	1,915	1,839
	5,882	**6,620**
Other services		
Auditor of the Company – KPMG Australia		
– advisory services in relation to integrated reporting and sustainability	351	31
– advisory services in relation to compliance reporting	306	–
– other services	118	27
	775	**58**
	6,657	**6,678**

(1) Fees paid or payable for overseas subsidiaries' local statutory requirements.

From time to time, KPMG, the auditor of Orica, provides other services to the Group, which are subject to strict corporate governance procedures adopted by the Company which encompass the selection of service providers and the setting of their remuneration.

22. EVENTS SUBSEQUENT TO BALANCE DATE

Acquisition of business

On 29 October 2021, the Group entered a contract to acquire 100% of the shares of RIG Technologies International Pty Ltd and Resources Innovation Group Pty Ltd, based in Western Australia, who design and build downhole measurement technology. The purchase price comprises $12 million upfront and potential earn out payments based on the achievement of revenue targets over the next five years. The financial effect of this transaction is not included in the financial statements for the year ended 30 September 2021 and will be recognised in the FY2022 financial statements.

Dividends

On 15 November 2021, the Directors declared a final dividend of 16.5 cents per ordinary share payable on 22 December 2021. The financial effect of this dividend is not included in the financial statements for the year ended 30 September 2021 and will be recognised in the FY2022 financial statements.

The Directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2021, that has affected or may affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years, which has not been covered in these financial statements.

Notes to the Financial Statements – Section H. Other (continued)

For the year ended 30 September

23. LIST OF CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities held during 2020 and 2021 (non-controlling interests shareholding disclosed if not 100% owned)

Name of Entity	Place of incorporation if other than Australia
Company	
Orica Limited	
Controlled Entities	
Alaska Pacific Powder Company [1]	USA
Altona Properties Pty Ltd [1] – 37.4%	
Aminova International Limited	Hong Kong
Ammonium Nitrate Development and Production Limited – 9.3%	Thailand
Anbao Insurance Pte Ltd	Singapore
Arboleda S.A	Panama
ASA Organizacion Industrial S.A. de C.V.	Mexico
Barbara Limited	UK
Beijing Ruichy Minova Synthetic Material Company Limited	China
BST Manufacturing, Inc.	USA
CJSC (ZAO) Carbo-Zakk – 6.25%	Russia
Controladora DNS de RL de CV	Mexico
Dansel Business Corporation	Panama
Dyno Nobel VH Company LLC – 49%	USA
Emirates Explosives LLC – 35%	United Arab Emirates
Explosivos de Mexico S.A. de C.V.	Mexico
Explosivos Mexicanos S.A. de C.V.	Mexico
Exsa Chile SpA – 1.3%	Chile
Exsa Colombia S.A.S. – 1.3%	Colombia
Exsa S.A. – 1.3%	Peru
Fortune Properties (Alrode) (Pty) Limited	South Africa
GeoNitro Limited – 69.4%	Georgia
GP FinCo Pty Limited [1]	
GP HoldCo Pty Limited	
GroundProbe Australasia Pty Ltd [4]	
GroundProbe Colombia S.A.S.	Colombia
GroundProbe do Brasil	Brazil
GroundProbe International Pty Ltd [4]	
GroundProbe North America LLC	USA
GroundProbe Peru S.A.C.	Peru
GroundProbe Pty Ltd [4]	
GroundProbe South Africa (Proprietary) Ltd	South Africa
GroundProbe South America SA	Chile
GroundProbe Technologies Pty Ltd [4]	
GroundProbe (Nanjing) Mining Technology Co. Ltd	China
Hallowell Manufacturing LLC	USA
Holding EXSA S.A.C. – 1.3%	Peru
Hopper Industrial Group Pty Ltd [4]	

Name of Entity	Place of incorporation if other than Australia
Indian Explosives Private Limited	India
Initiating Explosives Systems Pty Ltd	
International Blasting Services Inc – 1.3%	Panama
JSC "Orica CIS"	Russia
Minova Africa (Pty) Ltd – 26%	South Africa
Minova Africa Holdings (Pty) Limited	South Africa
Minova Arnall Sp. z o.o.	Poland
Minova Australia Pty Ltd [1]	
Minova Bohemia s.r.o.	Czech Republic
Minova CarboTech GmbH	Germany
Minova Codiv S.L.	Spain
Minova Ekochem S.A.	Poland
Minova Holding GmbH	Germany
Minova Holding Inc	USA
Minova International Limited	UK
Minova Kazakhstan Limited Liability Partnership	Kazakhstan
Minova Ksante Sp. z o.o.	Poland
Minova MAI GmbH	Austria
Minova Mexico S.A. de C.V.	Mexico
Minova MineTek Private Limited	India
Minova Mining Services SA	Chile
Minova Nordic AB	Sweden
Minova Runaya Private Limited – 49%	India
Minova USA Inc	USA
Minova Weldgrip Limited	UK
Mintun 1 Limited	UK
Mintun 2 Limited	UK
Mintun 3 Limited	UK
Mintun 4 Limited	UK
Nitro Asia Company Inc. – 41.6%	Philippines
Nitro Consult AB	Sweden
Nitro Consult AS	Norway
Nitroamonia de Mexico S.A de C.V.	Mexico
NMR Services Australia Pty Ltd [4,5]	
Nobel Industrier AS	Norway
Nutnim 1 Limited	UK
Nutnim 2 Limited	UK
OOO Minova	Russia
Orica-CCM Energy Systems Sdn Bhd – 45%	Malaysia
Orica-GM Holdings Limited – 49%	UK
Orica Africa Holdings Limited	UK
Orica Africa (Proprietary) Ltd	South Africa
Orica Argentina S.A.I.C.	Argentina

Notes to the Financial Statements – Section H. Other (continued)

For the year ended 30 September

23. LIST OF CONTROLLED ENTITIES (continued)

Name of Entity	Place of incorporation if other than Australia
Orica Australia Pty Ltd	
Orica Belgium S.A.	Belgium
Orica Blast & Quarry Surveys Limited – 25%	UK
Orica Bolivia S.A.	Bolivia
Orica Brasil Ltda	Brazil
Orica Burkina Faso SARL	Burkina Faso
Orica Caledonie SAS	New Caledonia
Orica Canada Inc	Canada
Orica Canada Investments ULC	Canada
Orica Cargo, S.A.	Panama
Orica Centroamerica S.A.	Costa Rica
Orica Chile Distribution S.A.	Chile
Orica Chile S.A.	Chile
Orica Colombia S.A.S.	Colombia
Orica Cote D'Ivoire	Ivory Coast
Orica Denmark A/S	Denmark
Orica Dominicana S.A.	Dominican Republic
Orica DRC SARL	Democratic Republic of Congo
Orica Eesti OU – 35%	Estonia
Orica Europe FT Pty Ltd	
Orica Europe GmbH & Co KG	Germany
Orica Europe Verwaltungs GmbH	Germany
Orica Explosives Holdings Pty Ltd	
Orica Explosives Holdings No 2 Pty Ltd	
Orica Explosives Holdings No 3 Pty Ltd	
Orica Explosives Research Pty Ltd	
Orica Explosives Technology Pty Ltd	
Orica Explosivos Industriales, S.A.	Spain
Orica Finance Limited	
Orica Finance Trust	
Orica Finland OY	Finland
Orica Ghana Limited	Ghana
Orica Grace US Holdings Inc.	USA
Orica Holdings Pty Ltd	
Orica Ibéria, S.A.	Portugal
Orica IC Assets Holdings Limited Partnership	
Orica IC Assets Pty Ltd	
Orica International IP Holdings Inc.	USA
Orica International Pte Ltd	Singapore
Orica Investments (Indonesia) Pty Limited	
Orica Investments (NZ) Limited	NZ
Orica Investments (Thailand) Pty Limited	
Orica Investments Pty Ltd	
Orica Japan Co. Ltd	Japan
Orica Kazakhstan Joint Stock Company	Kazakhstan
Orica Logistics Canada Inc.	Canada
Orica Logistics LLC	Russia
Orica Long Term Equity Incentive Plan Trust	
Orica Malaysia Sdn Bhd	Malaysia
Orica Mali SARL	Republic of Mali
Orica Mauritania SARL	Mauritania
Orica Med Bulgaria AD – 40%	Bulgaria
Orica Mining Services (Namibia) (Proprietary) Limited	Namibia
Orica Mining Services (Hong Kong) Ltd	Hong Kong
Orica Mining Services DRC SASU	Democratic Republic of Congo
Orica Mining Services Peru S.A.	Peru
Orica Mining Services Portugal S.A.	Portugal
Orica Mining Services (Thailand) Limited	Thailand
Orica Mongolia LLC – 51%	Mongolia
Orica Mountain West Inc.	USA
Orica Mozambique Limitada	Mozambique
Orica New Zealand Limited	NZ
Orica New Zealand Superfunds Securities Limited	NZ
Orica Nitrates Philippines Inc – 4%	Philippines
Orica Nitro Patlayici Maddeler Sanayi ve Ticaret Anonim Sirketi – 49%	Turkey
Orica Nitrogen LLC	USA
Orica Nominees Pty Ltd	
Orica Norway AS	Norway
Orica Panama S.A.	Panama
Orica Philippines Inc – 5.5%	Philippines
Orica Portugal, S.G.P.S., S.A.	Portugal
Orica Securities (UK) Limited	UK
Orica Senegal SARL	Senegal
Orica Share Plan Pty Limited	
Orica Singapore Pte Ltd	Singapore
Orica Soluciones de Voladuras S.A.C.	Peru
Orica South Africa (Pty) Ltd – 26.5%	South Africa
Orica St. Petersburg LLC	Russia
Orica Sweden AB	Sweden
Orica Sweden Holdings AB	Sweden
Orica Tanzania Limited	Tanzania
Orica UK Limited	UK
Orica US Finance LLC	USA
Orica US Holdings General Partnership	USA
Orica USA Inc.	USA
Orica U.S. Services Inc.	USA
Orica Venezuela C.A. – 49%	Venezuela
Orica Zambia Limited	Zambia
OriCare Canada Inc.	Canada
Oricorp Comercial S.A. de C.V.	Mexico

Notes to the Financial Statements – Section H. Other (continued)

For the year ended 30 September

23. LIST OF CONTROLLED ENTITIES (continued)

Name of Entity	Place of incorporation if other than Australia
Oricorp Mexico S.A. de C.V.	Mexico
Penlon Proprietary Limited	
Project Grace	UK
Project Grace Holdings	UK
Project Grace Incorporated	USA
Promec International Pty Ltd	
PT GroundProbe Indonesia	Indonesia
PT Kalimantan Mining Services	Indonesia
PT Kaltim Nitrate Indonesia – 10%	Indonesia
PT Orica Mining Services	Indonesia
Ruijade International Limited	Hong Kong
Surtech Systems Pty Ltd	
White Lightning Holdings, Inc	Philippines

(a) Merged in 2021.
(b) No separate statutory accounts are required to be prepared in Australia.
(c) Divested in 2021.
(d) Amalgamated in 2021.
(e) Liquidated in 2021.
(f) Acquired in 2021 as part of the Hopper Industrial Group acquisition; refer to Note 14.

24. NEW ACCOUNTING POLICIES AND ACCOUNTING STANDARDS

Changes in accounting policies

The Group assessed and applied a number of new and revised accounting standards issued by the Australian Accounting Standards Board (AASB) which were required to be applied from 1 October 2020. Except as described below, the accounting policies applied by the Group in its financial statements are the same as those applied by the Group in its financial statements for the year ended 30 September 2020.

(i) New and amended accounting standards and interpretations adopted

Effective from 1 October 2020 the Group adopted the following new accounting standards.

AASB 2019-3 *Amendments to Australia Accounting Standards – Interest Rate Benchmark Reform (Phase 1)*

The interest rate benchmark reform results in the replacement of Interbank Offered Rates (IBORs) with Alternative Reference Rates (ARRs), which is expected to occur from 1 January 2022.

The amendments in AASB 2019-3, which are effective from 1 October 2020, modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty caused by the interest rate benchmark reform.

The amendments are relevant to the Group given that it applies hedge accounting to its interest rate exposures, however the Group's hedge profile and approach to the transition minimises any material uncertainty caused by the reform.

IFRIC Agenda Decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (SaaS)

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision relating to the application of IAS 38 Intangible Assets to Configuration or customisation costs in a cloud computing arrangement. Based on the IFRIC decision, Orica considers costs incurred in relation to the configuration and customisation of Software as a Service (SaaS) platforms do not meet the criteria for recognition as an intangible asset, as the supplier of the software and not Orica, controls the software. As a result, these costs should be expensed as incurred.

Under Orica's previous accounting policy, costs relating to cloud computing arrangements (including the 4S Project costs) were capitalised as intangible assets and amortised on a straight-line basis over the length of time the benefits were expected to be received. Orica has updated its accounting policy to comply with the IFRIC agenda decision, and applied AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to reflect this change in its financial statements.

Notes to the Financial Statements – Section H. Other (continued)

For the year ended 30 September

24. NEW ACCOUNTING POLICIES AND ACCOUNTING STANDARDS (continued)

The impact of this change on the financial statements for the year ended 30 September 2020 is presented in the following tables.

Balance Sheet

	Consolidated		
Extract	**Pre-adjustment $m**	**Increase/ (decrease) $m**	**Post-adjustment $m**
Assets			
Non-current assets			
Property, plant and equipment	3,280.1	(13.1)	3,267.0
Intangible assets	1,776.3	(336.0)	1,440.3
Net deferred tax assets	263.1	104.3	367.4
Total non-current assets	**5,784.3**	**(244.8)**	**5,539.5**
Total assets	**8,448.3**	**(244.8)**	**8,203.5**
Net assets	**3,185.2**	**(244.8)**	**2,940.4**
Equity			
Equity attributable to ordinary shareholders of Orica Limited			
Retained earnings	1,148.6	(244.8)	903.8
Total equity attributable to ordinary shareholders of Orica Limited	**3,137.4**	**(244.8)**	**2,892.6**
Total equity	**3,185.2**	**(244.8)**	**2,940.4**

Income Statement

	Consolidated		
Extract	**Pre-adjustment $m**	**Increase/ (decrease) $m**	**Post-adjustment $m**
Expenses			
Depreciation and amortisation expense	(339.9)	19.2	(320.7)
Purchased services and other expenses	(469.4)	(10.0)	(479.4)
Software as a Service (SaaS) expense	–	(122.7)	(122.7)
Total expenses	**(4,741.3)**	**(113.5)**	**(4,854.8)**
Profit from operations	**417.2**	**(113.5)**	**303.7**
Financing costs			
Financial expenses	(151.6)	(9.4)	(161.0)
Net financing costs	**(149.6)**	**(9.4)**	**(159.0)**
Profit before income tax expense	**267.6**	**(122.9)**	**144.7**
Income tax expense	(101.9)	36.9	(65.0)
Net profit for the year	**165.7**	**(86.0)**	**79.7**
Net profit for the year attributable to:			
Shareholders of Orica Limited	160.3	(86.0)	74.3
Non-controlling interests	5.4	–	5.4
Net profit for the year	**165.7**	**(86.0)**	**79.7**
Earnings per share attributable to ordinary shareholders of Orica Limited (in cents):			
Basic earnings per share	**40.5**	**(21.7)**	**18.8**
Diluted earnings per share	**40.4**	**(21.7)**	**18.7**

Notes to the Financial Statements – Section H. Other (continued)

For the year ended 30 September

24. NEW ACCOUNTING POLICIES AND ACCOUNTING STANDARDS (continued)

Statement of Comprehensive Income

	Consolidated		
Extract	**Pre-adjustment $m**	**Increase/ (decrease) $m**	**Post-adjustment $m**
Net profit for the year	**177.5**	**(86.0)**	**91.5**
Total comprehensive loss for the year	**(150.7)**	**(86.0)**	**(236.7)**

Statement of Changes in Equity

	Consolidated		
Extract	**Pre-adjustment $m**	**Increase/ (decrease) $m**	**Post-adjustment $m**
Retained earnings			
Adjusted balance as at 1 October 2019	1,180.9	(158.6)	1,022.3
Net profit for the year	**168.3**	**(86.0)**	**82.3**
Total comprehensive income/(loss) for the year	**160.1**	**(86.0)**	**74.1**
Balance at the end of the year	**1,148.4**	**(244.6)**	**903.8**
Total equity			
Adjusted balance as at 1 October 2019	3,012.6	(158.6)	2,854.0
Net profit for the year	**177.5**	**(86.0)**	**91.5**
Total comprehensive loss for the year	**(150.7)**	**(86.0)**	**(236.7)**
Balance at the end of the year	**3,185.0**	**(244.6)**	**2,940.4**

Notes to the Financial Statements – Section H. Other (continued)

For the year ended 30 September

24. NEW ACCOUNTING POLICIES AND ACCOUNTING STANDARDS (continued)

Statement of Cash Flows

Extract	Consolidated Pre-adjustment $m	Increase/ (decrease) $m	Post- adjustment $m
Cash flows from operating activities			
Payments to suppliers and employees	(5,600.6)	(132.7)	(5,733.3)
Net cash flows from operating activities	**277.4**	**(132.7)**	**144.7**
Cash flows from investing activities			
Payments for property, plant and equipment	(321.3)	10.0	(311.3)
Payments for intangibles	(202.8)	122.7	(80.1)
Net cash flows from investing activities	**(660.4)**	**132.7**	**(527.7)**

Opening Balance Sheet

Extract	Consolidated Pre-adjustment $m	Increase/ (decrease) $m	Post- adjustment $m
Assets			
Non-current assets			
Property, plant and equipment	3,149.7	(14.4)	3,135.3
Intangible assets	1,694.6	(211.6)	1,483.0
Net deferred tax assets	244.8	67.4	312.2
Total non-current assets	**5,714.3**	**(158.6)**	**5,555.7**
Total assets	**7,550.1**	**(158.6)**	**7,391.5**
Net assets	**3,012.6**	**(158.6)**	**2,854.0**
Equity			
Equity attributable to ordinary shareholders of Orica Limited			
Retained earnings	1,180.9	(158.6)	1,022.3
Total equity attributable to ordinary shareholders of Orica Limited	**2,955.4**	**(158.6)**	**2,796.8**
Total equity	**3,012.6**	**(158.6)**	**2,854.0**

A number of other new standards are effective from 1 October 2020, but they do not have a material impact on the Group's Annual Report.

(ii) New and amended accounting standards and interpretations issued but not yet effective

There are no new standards or interpretations that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Directors' Declaration

We, Malcolm William Broomhead and Sanjeev Gandhi, being Directors of Orica Limited, do hereby state in accordance with a resolution of the Directors that in the opinion of the Directors,

(a) the consolidated financial statements and notes, set out on pages 107 to 167, and the Remuneration Report in the Directors' Report, set out on pages 87 to 105, are in accordance with the *Corporations Act 2001*, including

  (i) giving a true and fair view of the financial position of the Group as at 30 September 2021 and of its performance for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

There are reasonable grounds to believe that the Company and the controlled entities identified in note 17 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those controlled entities pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer for the financial year ended 30 September 2021.

The Directors draw attention to "About this report" on page 114 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

M W Broomhead
Chairman

S Gandhi
Managing Director and Chief Executive Officer

Dated at Melbourne 10 November 2021

Independent Auditor's Report

KPMG

Independent Auditor's Report

To the shareholders of Orica Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Orica Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 September 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated balance sheet as at 30 September 2021
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of Orica Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Impairment of property, plant and equipment and intangible assets
- Environmental and decommissioning provisions and contingent liability disclosures

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

KPMG

Impairment of property, plant and equipment ($159.6 million) and intangible assets ($320.4 million)

Refer to Note 9 to the Financial Report

The key audit matter	How the matter was addressed in our audit
A key audit matter was the Group's annual testing of the recoverability of property, plant and equipment and intangible assets given the size of the balances and the higher estimation uncertainty associated with the business disruption impact of the COVID-19 global pandemic. Certain conditions impacting the Group, particularly with respect to the Pilbara and EMEA CGUs, increased the judgement applied by us when evaluating the evidence available. We focused on the significant forward looking assumptions the Group applied in the value in use models, including: • *Forecast operating cash flows:* the Group has experienced continued business disruption in the current year as a result of COVID-19. These conditions, and the uncertainty of their continuation, increase the possibility of assets being impaired and the risk of inaccurate forecasts or a significantly wider range of possible outcomes for us to consider. We focused on the expected rate of recovery for the Group and the Group's future business plans when assessing the feasibility of the Group's forecast cashflows. • *Terminal growth rates:* in addition to the uncertainties described above, the Group's models are highly sensitive to changes in terminal growth rates. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy. • *Discount rates:* these are complicated in nature and vary according to the conditions and environment the specific Cash Generating Units (CGUs) are subject to from time to time, and the approach to incorporating risks into the cash flows or discount rates.	Our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the annual impairment test against the requirements of the accounting standards. • We assessed the integrity of the value in use model used, including the accuracy of the underlying calculation formulas. • We tested key controls in the Group's valuation process, such as Board approval of budgets and review and approval of the impairment assessment, including cash flow forecasts, by examining the review and approval of information by the Board. • We assessed the appropriateness of the change in the identification of CGUs during the year, and the allocation of goodwill and other net assets, with reference to the Group's current operating structure and internal monitoring process. • We compared the forecast cash flows contained in the value in use model to the future business plans approved by the Board, reflecting the expected rate of recovery for the Group from the impacts of COVID-19. • We compared the Group's cumulative value in use calculation to the Group's market capitalisation to inform our evaluation of the current forecasts incorporated in the models. • We assessed the accuracy of previous Group cash flow forecasts for the respective CGUs to inform our evaluation of current forecasts incorporated in the models. • We assessed the scope, competence and objectivity of the Group's external expert engaged to assist with the determination of the discount rate for the respective CGUs. • Working with our valuation specialists, we independently developed a discount rate range for each CGU, using publicly available market data for comparable entities, adjusted for risk factors specific to the Group and the industry it operates in. We compared the discount rates applied by the Group for each CGU to our acceptable range. • Working with our valuation specialists, we assessed the reasonableness of forecast cash flows by comparing the implicit earnings and asset multiples from the models to corresponding multiples of comparable entities.

Independent Auditor's Report (continued)

KPMG

Impairment of property, plant and equipment ($159.6 million) and intangible assets ($320.4 million) (continued)	
Refer to Note 9 to the Financial Report	
The key audit matter (continued)	**How the matter was addressed in our audit (continued)**
Pilbara CGU As described in Note 9 to the financial statements, following a review of operations post commissioning of the TAN plant on 1 October 2020, the Group has concluded that the Pilbara region is a separate CGU. Following the change in CGU, the Group reassessed the recoverable amount of the Pilbara CGU using a value in use discounted cash flow model. This model identified that the carrying value exceeded the recoverable amount resulting in an impairment charge against goodwill and property, plant and equipment of $317.6 million (pre tax). This increased our audit effort in this area. *EMEA CGU* As described in Note 9 to the financial statements, the performance of the EMEA business was impacted by COVID-19 and the latest forecasts project that recovery in the region will be slower than previously anticipated. Accordingly, the Group reassessed the recoverable amount of the EMEA CGU using a value in use discounted cash flow model. This model identified that the carrying value exceeded the recoverable amount resulting in an impairment charge against goodwill of $162.4 million (pre tax). This increased our audit effort in this area. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	• We considered the sensitivity of the models by varying key assumptions such as forecast operating cash flows, terminal growth rates and discount rates, within a reasonably possible range, to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures. • We challenged the Group's significant forecast cash flow and terminal growth rate assumptions in light of the impacts of COVID-19 and the expected rate of recovery in specific regions. We used our knowledge of the Group's operations, their past performance and our industry experience to evaluate the feasibility of these plans. We also compared forecast growth rates to authoritative published studies of industry trends and expectations, considering differences for the Group's operations. • We recalculated the impairment charge relating to the Pilbara and EMEA CGUs against the recorded amount disclosed. • We assessed the disclosures in the financial report using our understanding of the matter obtained from our testing and against the requirements of the accounting standards.

Independent Auditor's Report (continued)

KPMG

Environmental and decommissioning provisions ($383.6m) and contingent liability disclosures	
Refer to Note 6 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The estimation of environmental remediation and decommissioning provisions is considered a key audit matter due to the: • Inherent complexity associated with the Group's estimation of remediation costs, particularly for potential contamination of ground beneath established structures and long term legacy matters and in gathering persuasive audit evidence thereon. • Internal restructuring activities undertaken by the Group, including the scheduled closure of certain manufacturing sites which give rise to heightened focus on the nature, timing and amount of decommissioning costs that are expected to be incurred. The complexity in estimating the Group's environmental and decommissioning provisions is influenced by: • The inherent challenges experienced by the Group in precisely determining the size and location of potential contamination beneath established structures. • Current and potential future environmental and regulatory requirements and the impact on completeness of remediation activities within the provision estimate, including the activities which will be acceptable to regulators. • The expected environmental remediation strategy and availability of any known techniques to remediate source contamination, in particular for treatment of Dense Non-Aqueous Phase Liquid source areas at Botany, New South Wales. • Historical experience, and its use as a reasonable predictor when evaluating forecast costs. • The expected timing of the expenditure given the long term nature of these exposures.	Our procedures included: • We tested key controls relating to the completeness, size and location of the Group's identification of areas which contain contamination and the related recognition and measurement of provisions, including the Group's review and authorisation of cost estimates. • We tested the accuracy of historical remediation provisions by comparing to actual expenditure. We used this knowledge to challenge the Group's current cost estimates and to inform our further procedures. • We made enquiries of various personnel regarding the Group's strategy for remediating certain source contamination. • We read correspondence with regulatory authorities to understand their views about acceptable remediation techniques and compared this with the assumptions made in the Group's provision models. • We obtained the Group's quotations for remediation activities, as well as other internal and external underlying documentation for the Group's determination of required future activities, their timing and associated cost estimates. We compared them to the nature and quantum of cost contained in the provision balance. • We assessed the scope, competence and objectivity of the Group's internal and external experts engaged to assist in the determination of strategies to remediate contamination and the costing of remediation activities. • We checked consistency of the Group's internal and external experts' assumptions to other underlying internal documentation considered and tested by us. • We challenged the Group where provisions were unable to be made for source contamination, in particular for treatment of Dense Non-Aqueous Phase Liquid source areas at Botany, New South Wales, in relation to the existence of information which would enable a reliable estimate of the provision to be made. We compared this to our understanding of the matter and the criteria in the accounting standards for recording a provision. • We tested the mathematical accuracy of the Group's provision models. • We assessed the Group's disclosures using our knowledge of the business and the requirements of the accounting standards. In particular, we focused on the disclosure of uncertainties associated with the provision or exposure.

Independent Auditor's Report (continued)

KPMG

Other Information

Other Information is financial and non-financial information in Orica Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error, and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Independent Auditor's Report (continued)

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Orica Limited for the year ended 30 September 2021 complies with *Section 300A* of the *Corporations Act 2001.*

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001.*

Our responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 30 September 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards.*

KPMG

KPMG

Penny Stragalinos

Partner

Melbourne

10 November 2021

Five Year Financial Statistics

For the year ended 30 September

Orica consolidated ($m)[1]	2021	Restated[2] 2020	Restated[2][3] 2019	2018	2017
Profit & Loss					
Sales	5,682.2	5,611.3	5,878.0	5,373.8	5,039.2
Earnings before depreciation, amortisation, net borrowing costs and tax	796.4	945.8	941.1	885.0	896.3
Depreciation and amortisation (excluding goodwill)	(369.8)	(332.1)	(276.4)	(266.9)	(261.2)
Earnings before net borrowing costs and tax (EBIT) before individually significant items	426.6	613.7	664.7	618.1	635.1
Net borrowing costs	(105.6)	(159.0)	(109.7)	(121.3)	(71.7)
Individually significant items before tax	(453.9)	(293.1)	(195.9)	(375.3)	–
Taxation expense	(31.0)	(70.1)	(108.6)	(156.0)	(164.0)
Non-controlling interests	(9.9)	(9.2)	(5.4)	(13.6)	(13.2)
(Loss)/profit after tax and individually significant items	(173.8)	82.3	245.1	(48.1)	386.2
Individually significant items after tax attributable to members of Orica Limited	(382.2)	(216.8)	(126.8)	(372.3)	–
Profit after tax before individually significant items net of tax	208.4	299.1	371.9	324.2	386.2
Dividends/distributions	97.5	192.6	203.0	181.2	197.1
Financial Position					
Current assets	2,391.6	2,664.0	1,835.8	1,960.3	1,784.8
Property, plant and equipment	3,040.2	3,267.0	2,885.2	2,866.2	2,741.5
Equity accounted investees	290.4	301.6	301.3	213.3	184.6
Intangibles	1,150.4	1,440.3	1,483.0	1,697.9	1,577.1
Other non-current assets	493.1	530.6	635.1	426.7	497.2
Total assets	**7,365.7**	**8,203.5**	**7,140.4**	**7,164.4**	**6,785.2**
Current borrowings and payables	1,225.4	1,848.4	1,336.7	1,357.2	1,084.1
Current provisions and other liabilities	443.4	321.0	297.9	254.2	213.2
Non-current borrowings and payables	2,270.6	2,368.9	1,979.4	2,010.7	1,937.4
Non-current provisions and other liabilities	633.9	724.8	659.6	574.3	587.0
Total liabilities	**4,573.3**	**5,263.1**	**4,273.6**	**4,196.4**	**3,821.7**
Net assets	**2,792.4**	**2,940.4**	**2,866.8**	**2,968.0**	**2,963.5**
Equity attributable to ordinary shareholders of Orica Limited	2,726.3	2,892.6	2,809.6	2,903.2	2,962.3
Equity attributable to non-controlling interests	66.1	47.8	57.2	64.8	1.2
Total shareholders' equity	**2,792.4**	**2,940.4**	**2,866.8**	**2,968.0**	**2,963.5**

(1) Results include continuing and discontinued operations for the consolidated Group.

(2) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee (IFRIC) agenda decision this year. Restated only 2019 financial year balance sheet. Refer to note 24 for further details. Only the balance sheet has been restated for 2019.

(3) Balances are as at 30 September 2019. The Group adopted AASB 16 *Leases* and IFRIC Interpretation 23 Uncertainty over income tax Treatments on 1 October 2019.

Five Year Financial Statistics (continued)

For the year ended 30 September

Orica consolidated[1]	2021	Restated[2] 2020	Restated[2][3] 2019	2018	2017
Number of ordinary shares on issue at year end (millions)	407.5	405.9	380.6	379.2	377.0
Weighted average number of ordinary shares on issue (millions)	406.8	395.6	380.0	378.2	376.2
Basic earnings per ordinary share					
– before individually significant items (cents)	51.2	75.6	97.9	85.7	102.7
– including individually significant items (cents)	(42.7)	20.8	64.5	(12.7)	102.7
Dividends per ordinary share (cents)	24.0	33.0	55.0	51.5	51.5
Dividend franking (percent)	–	–	9.1	–	5.8
Dividend yield – based on year end share price (percent)	1.7	2.1	2.4	3.0	2.6
Closing share price range – High	$17.61	$24.27	$22.97	$21.37	$21.03
Low	$11.17	$13.25	$16.31	$16.34	$15.57
Year end	$13.79	$15.43	$22.54	$17.03	$19.77
Stockmarket capitalisation at year end ($m)	5,619.6	6,262.7	8,578.2	6,548.0	7,454.1
Net tangible assets per share ($)	3.82	3.58	3.49	3.18	3.67
Ratios					
Profit margin – earnings before net borrowing costs and tax/sales (percent)	7.5	10.9	11.3	11.5	12.6
Net debt (excluding lease liabilities) (millions)	1,479.0	1,820.5	1,620.6	1,648.3	1,440.9
Gearing (net debt/net debt plus equity excluding lease liabilities) (percent)	34.6	38.2	36.1	35.7	32.7
Interest cover (EBIT/net borrowing costs excluding lease interest) (times)	4.6	4.2	6.1	5.1	8.9
Net capital expenditure on plant and equipment (Cash Flow) ($m)	(153.0)	(302.9)	(226.0)	(153.0)	(210.7)
Net cash flow from (acquisitions)/sale of businesses/controlled entities ($m)	(25.1)	(153.9)	(14.0)	(252.8)	9.5
Return on average shareholders' funds					
– before individually significant items (percent)	7.4	10.5	13.0	11.1	13.4
– including individually significant items (percent)	(6.2)	2.9	8.6	(1.6)	13.4

(1) Results include continuing and discontinued operations for the consolidated Group.

(2) Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee (IFRIC) agenda decision this year. Refer to note 24 for further details. Only the balance sheet has been restated for 2019.

(3) Balances are as at 30 September 2019. The Group adopted AASB 16 *Leases* and IFRIC Interpretation 23 Uncertainty over income tax Treatments on 1 October 2019.

Shareholders' Statistics

As at 14 October 2021

DISTRIBUTION OF ORDINARY SHAREHOLDERS AND SHAREHOLDINGS

Size of holding	Number of holders		Number of shares	
1–1,000	24,030	63.34	9,603,971	2.36
1,001–5,000	11,986	31.59	25,503,733	6.26
5,001–10,000	1,292	3.41	8,967,801	2.20
10,001–100,000	590	1.56	11,291,582	2.77
100,001 and over	41	0.11	352,146,012	86.41
Total	**37,939**	**100.00**	**407,513,099**	**100.00**

Included in the above total are 743 shareholders holding less than a marketable parcel of 34 shares.

The holdings of the 20 largest holders of fully paid ordinary shares represent 85.02% of that class of shares.

TWENTY LARGEST ORDINARY FULLY PAID SHAREHOLDERS

	Shares	% of total
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	154,011,233	37.79
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	117,853,953	28.92
CITICORP NOMINEES PTY LIMITED	27,169,759	6.67
NATIONAL NOMINEES LIMITED	15,381,718	3.77
BNP PARIBAS NOMS PTY LTD <DRP>	5,862,127	1.44
BNP PARIBAS NOMS PTY LTD <AGENCY LENDING DRP A/C>	4,741,514	1.16
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	3,942,235	0.97
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	3,688,636	0.91
ARGO INVESTMENTS LIMITED	2,555,364	0.63
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	2,225,773	0.55
MUTUAL TRUST PTY LTD	1,501,643	0.37
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED A/C 2	1,498,553	0.37
THE SENIOR MASTER OF THE SUPREME COURT <COMMON FUND NO 3>	1,465,707	0.36
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,192,663	0.29
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	739,104	0.18
BROADGATE INVESTMENTS PTY LTD	711,574	0.17
CARLTON HOTEL LIMITED	541,764	0.13
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	505,944	0.12
SANDHURST TRUSTEES LTD <SISF A/C>	440,200	0.11
BNP PARIBAS NOMS(NZ) LTD <DRP>	436,918	0.11
Total	**346,466,382**	**85.02**

REGISTER OF SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders in the company, and the number of fully paid ordinary shares in which each has an interest, as disclosed in substantial shareholder notices to the Company on the respective dates, are as follows:

4 October 2021	Cooper Investors Pty Limited	29,114,814	7.15%
11 August 2021	AustralianSuper Pty Ltd	53,395,098	13.10%
3 March 2021	Harris Associates L.P.	38,619,486	9.49%
31 July 2020	BlackRock Group	25,052,218	6.17%
19 March 2020	Vanguard Group	24,400,327	6.03%

VOTING RIGHTS

Voting rights as governed by the Constitution of the Company provide that each ordinary shareholder present in person or by proxy at a meeting shall have

(a) on a show of hands, one vote only; and

(b) on a poll, one vote for every fully paid ordinary share held.

Glossary

1.5°C world	The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C.
2D	Two dimensional.
3D	Three dimensional
4D™	Bulk explosives technology
AN	Ammonium nitrate.
Assets	Assets are a set of one or more geographically proximate operations (including open-cut mines, underground mines, and onshore and offshore oil and gas production and production facilities). Assets include our operated and non-operated assets.
ASIC (Australian Securities and Investments Commission)	The Australian Government agency that enforces laws relating to companies, securities, financial services, and credit in order to protect consumers, investors, and creditors.
ASX (Australian Securities Exchange)	ASX is a multi-asset class vertically integrated exchange group that functions as a market operator, clearing house and payments system facilitator. It oversees compliance with its operating rules, promotes standards of corporate governance among Australia's listed companies and helps educate retail investors.
Avatel™	Semi-automated explosives delivery system.
Biomass	Total mass of all living material in a specific area, habitat, or region.
BIP (Botany Industrial Park)	The BIP is situated in Sydney, New South Wales (NSW), Australia. It is occupied by three companies, Orica, Qenos and Huntsman, that have manufacturing facilities or operations onsite.
BlastIQ™	Digital blast optimisation suite of products.
Bulkmaster™ 7	Smart explosives delivery system.
CCUS	Carbon capture, utilisation, and storage.
CO_2-e	Carbon dioxide equivalent.
CRC ORE	Cooperative Research Centre for Optimising Resource Extraction.
CTC (Carbon tetrachloride)	Also known as tetrachloromethane. A chlorinated hydrocarbon manufactured at the former solvents plant at the BIP until closure in 1991.
Cyclo™	Containerised, automated used-oil recycling service that enables the manufacture of quality ammonium nitrate emulsions (ANE) directly at the customer's site using oil recycled from mine equipment. Cyclo™ enables the responsible treatment of used oils, reduces the need for diesel in explosives substantially and reduces environmental risks such as loss of containment from offsite transportation and reduces the number of diesel and used oil truck movements on-site and across local communities
Environmental, social, and corporate governance (ESG)	ESG criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments.
EPA (Environmental Protection Agency)	(Environmental Protection Agency) The EPA is a government regulator working to protect the environment through regulation of pollution and waste.
ETI	Australian Industry Energy Transitions Initiative.
FRAGTrack™	State-of-the-art fragmentation measurement tool designed to provide rapid insights into the outcome of Orica's blasting process.
Future-facing commodities	Includes nickel, lithium minerals, cobalt, zinc, potash, phosphate rock.
GJ	Gigajoule.
Grade or Quality	Any physical or chemical measurement of the characteristics of the material of interest in samples or product.
GRI (Global Reporting Initiative)	GRI works with businesses and governments to understand and communicate their impact on critical sustainability issues.
Groundwater	Groundwater is the general term for water in underground water bodies known as aquifers. The Botany Sands Aquifer flows slowly from Centennial Park to Botany Bay.
GWP (global warming potential)	A factor describing the amount of heat one unit of a greenhouse gas will absorb over a given time period (usually 100 years) relative to the heat absorbed one unit of CO_2 over the same time period.
H_2 (Hydrogen)	Manufactured at Orica Botany and used for production of hydrochloric acid (HCl).
HCB (Hexachlorobenzene)	A by-product from manufacture of CTC and PCE at the former Solvents Plant. This waste is stored on BIP in licensed storage depots whilst a destruction solution is identified.
IPCC (Intergovernmental Panel on Climate Change)	IPCC is the United Nations body for assessing the science related to climate change.

Glossary (continued)

Kl	Kilolitres.
kt	Kilotonnes.
m^2	Square meter.
Material	In Integrated Reporting, a matter is material if it could substantively affect the organisation's ability to create value in the short, medium or long term. The process of determining materiality is entity specific and based on industry and other factors, as well as multistakeholder perspectives.
MMU™	Mobile Manufacturing Unit.
Mt	Million tonnes.
$MtCO_2$-e	Million tonnes of carbon dioxide equivalent.
Net zero	Net zero refers to a state in which the greenhouse gases (as defined in this Glossary) going into the atmosphere are balanced by removal out of the atmosphere.
OREPro™ 3D	OREPro™ 3D is a commercial solution that optimises ore control in 3D.
ORETrack™	Traces rock material from a blast right through to the plant.
Paris Agreement	The Paris Agreement is an agreement between countries party to the United Nations Framework Convention on Climate Change (UNFCC) to strengthen efforts to combat climate change and adapt to its effects, with enhanced support to assist developing countries to do so.
Paris Agreement goals	The central objective of the Paris Agreement is its long-term temperature goal to hold global average temperature increase to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.
Paris aligned	Aligned to the Paris Agreement goals.
PCE (Perchloroethylene)	Also known as tetrachloroethene – dry cleaning fluid. A chlorinated hydrocarbon manufactured at the former Solvents Plant at the BIP until closure in 1991.
Power purchase agreement (PPA)	A type of contract that allows a consumer, typically large industrial or commercial entities, to form an agreement with a specific energy generating unit. The contract itself specifies the commercial terms including delivery, price, payment, etc. In many markets, these contracts secure a long-term stream of revenue for an energy project. In order for the consumer to say they are buying the electricity of the specific generator, attributes shall be contractually transferred to the consumer with the electricity.
RGR-Velox	Doppler radar for reactive geohazard monitoring.
RHINO™	RHINO™ is an autonomous drill string-mounted geophysical sensor that measures rock elastic moduli while drilling.
Scope 1 greenhouse gas emissions	Scope 1 greenhouse gas emissions are direct emissions from operations that are owned or controlled by the reporting company. For Orica, these are primarily emissions from industrial manufacturing processes and natural gas feedstocks.
Scope 2 greenhouse gas emissions	Scope 2 greenhouse gas emissions are indirect emissions from the generation of purchased or acquired electricity, steam, heat or cooling that is consumed by operations that are owned or controlled by the reporting company. Orica's Scope 2 emissions have been calculated using the location-based method using supplier specific emissions factors.
Scope 3 greenhouse gas emissions	Scope 3 greenhouse gas emissions are all other indirect emissions (not included in Scope 1 or Scope 2) that occur in the value chain. For Orica, these are primarily emissions resulting from purchased goods and services which account for around two-thirds of our global Scope 3 GHG emissions.
SHOTPlus™	Range of blast design and modelling software.
Social investment	Social investment is our voluntary contribution towards projects or donations with the primary purpose of contributing to the resilience of the communities where we operate and the environment, aligned with our broader business priorities. Orica's target is to contribute $15 million dollars to host communities by FY2025.
STELR project	Science and Technology Education Leveraging Relevance.
Supply chains	A sub-set of our value chain, referring to the companies products and services provided to Orica enabling supply to customers through inputs to manufacturing, movement of product, to enable Orica in operations and provisions of services on site.
tCO_2-e	Tonne of carbon dioxide equivalent.
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples.
Value Chain	Our value chain includes our suppliers, our operations, our partnerships, technology for our customers. Our supply chain (described above) is a subset of this.
WebGen™ 200	WebGen™ 200 harnesses digital technology to allow advanced features including digital inventory management, delay adjustments before blasting, an improved user interface and increased quality assurance.

Corporate directory

INVESTOR INFORMATION

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STOCK EXCHANGE LISTINGS

Orica's shares are listed on the Australian Securities Exchange (ASX) and are traded under the listing code ORI.

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2022 FINANCIAL CALENDAR

Half Year Profit and Interim Dividend Announced	**12 May 2022**
Books Close for 2022 Interim Ordinary Dividend	1 June 2022
Last date to participate in Dividend Reinvestment Plan	2 June 2022
Interim Ordinary Dividend Paid	8 July 2022
Full Year Profit and Final Dividend Announced	**9 November 2022**
Books Close for 2022 Final Ordinary Dividend	21 November 2022
Last date to participate in Dividend Reinvestment Plan	22 November 2022
Full Year Ordinary Dividend Paid	22 December 2022

The above dates are subject to change. Any changes will be notified through an announcement to the ASX.

ANNUAL GENERAL MEETING

The Annual General Meeting of Orica Limited will be held virtually (online) at **https://meetings.linkgroup.com/ORI21**, on Thursday, 16 December 2021 at 10.30am (AEDT).

WEBSITE

To view the FY2021 corporate reporting suite, company information, news announcements, financial reports, historical information, and information on Orica visit the company website at www.orica.com.

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