
Board Charter and Corporate Governance Statement

Savcor Group Limited

ACN 127 734 196

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Introduction

The Board of Savcor Group Limited (**Savcor** or the **Company**) has adopted this Board Charter and Corporate Governance Statement (**Statement**), and each Director has undertaken to the Company to observe the requirements of this Statement. This Statement should be read in conjunction with the Company's Constitution.

The philosophy of the Board will be to adopt a best practice stance that is consistent with both the ASX Principles of Good Corporate Governance and Best Practice Recommendations and its own best interests.

Whilst the ASX Recommendations are not legally binding on the Company, the Company will be required to disclose the extent to which the Company's practices meet the best practice recommendations published by the ASX Corporate Governance Council during the relevant reporting period.

This Statement reflects the position Savcor will take on issues of corporate governance. Savcor's practice will be to regularly review its position and make the necessary changes where appropriate.

1 Board responsibilities and delegations

It is the role of the Board to direct, manage, promote and administer the Company while protecting the interests of the Company and its stakeholders. The Board is also responsible for the overall corporate governance of the Company. In performing this role the Board is mindful of its obligations as set out in the Corporations Act and in general law.

1.1 Authority of the Board

The Board has reserved the following matters, in addition to those required by law, for its decision:

- (a) composition of the Board itself, including the appointment and retirement of Directors;
- (b) appointment (and removal if necessary) of the Managing Director and ratifying the appointment or removal of the Chief Financial Officer, Senior Executives (being those persons who report directly to the Managing Director) and of the Company Secretary;
- (c) determining the conditions of service of the Managing Director and senior management and the performance monitoring procedures to apply to them;
- (d) in consultation with management, determining the Company's business strategy and key performance targets and then monitoring management's implementation of such strategy and achievement of such targets;
- (e) monitoring the Company's compliance with applicable laws, this Statement and generally accepted standards of corporate conduct and governance prevailing from time to time;
- (f) reviewing and overseeing the operation of systems of risk management and internal compliance and control, codes of ethics and conduct;
- (g) adopting the annual budget and monitoring the financial performance of the Company;

- (h) monitoring the conduct of the Company's compliance with applicable laws including environmental laws, occupational health and safety laws and regulations, the Corporations Act and the ASX Listing Rules;
- (i) overseeing of the Board Committees;
- (j) ensuring there is timely and effective reporting to shareholders; and
- (k) monitoring industry developments relevant to the Company's business.

These formal responsibilities will be reviewed regularly to determine whether changes are necessary or desirable. The Board reserves the right to expand the scope of its role beyond those matters listed above if the Board considers it necessary in the interests of the Company.

1.2 Delegations to management

- (a) Beyond those matters listed at 1.1 above, the Board has delegated responsibility and authority for the management, operation and administration of the Company and for the performance of the strategic plan to the Managing Director. This includes the power to delegate his responsibilities and authority to senior executives.
- (b) The Managing Director is responsible for keeping the Board fully informed as to the Company's performance and prospects, all matters necessary for the Board to discharge its functions and any other matter about which any Director properly requests information. In order to discharge its duties, the Board will have open access to members of the senior management team and reasonable access to all the Company's employees and contractors to discuss current and future business issues, risks and strategies.
- (c) The Chief Executive Officer of the Company is also the Managing Director. The Managing Director has a service contract setting out his or her duties, responsibilities, rights and the termination conditions of his or her employment.

Notwithstanding any delegation under this clause 1.2, the Board retains the ultimate accountability to the Company's shareholders in discharging its duties.

1.3 Board committees

To assist in the execution of its responsibilities, the Board has the authority to establish committees (and to delegate powers accordingly) to consider such matters that the Board may consider appropriate including by way of example only, audit matters, finance and business risks, remuneration and board nominations, and to establish a framework for the effective and efficient management of the Company.

2 Statement of Board composition

The Company's Constitution provides for a minimum of three Directors and a maximum of twelve Directors as determined from time to time, unless the Company in general meeting determines otherwise.

2.1 Principles

- (a) The composition of the Board is determined by the following principles:
 - (i) the Board will comprise members with an appropriate range of skills, expertise, experience and contacts relevant to the Company's business;
 - (ii) there will be at least three Directors;
 - (iii) the number of Directors may be increased where the Board considers that additional expertise is required in specific areas or when an outstanding candidate is identified;
 - (iv) a majority of the Board must be comprised of non-executive Directors;
 - (v) the Chairman of the Board must be an independent Director;
 - (vi) the office of the Chairman of the Board and the role of Managing Director must not be exercised by the same individual.

- (b) The Directors have adopted the following definition of independence:

"A Director is independent if that Director is non-executive and free of any business or other relationship that could materially interfere with - or could reasonably be perceived to materially interfere with - the exercise of their unfettered and independent judgement."

- (c) The Board will determine whether or not a Director is independent. In determining a Director's independence, the Board will consider whether the Director:
 - (i) is a substantial shareholder of the Company or an officer of, or otherwise directly associated with, a substantial shareholder of the Company. For this purpose, a "substantial shareholder" is a person with a substantial holding as defined in section 9 of the Corporations Act;
 - (ii) within the last three years has been employed in an executive capacity by the Company or another Company group member;
 - (iii) within the last three years has been a principal of a material professional adviser or a material consultant to the Company or another Company group member, or has been an employee of a material professional adviser or a material consultant to the Company or another Company group member materially associated with the service provided;
 - (iv) is a material supplier or customer of the Company or an other Company group member, or is an officer of or otherwise associated directly or indirectly with a material supplier or customer;
 - (v) has any material contractual relationship with the Company or another Company group member other than as a Director of the Company;
 - (vi) has served on the Board for a period which could reasonably be perceived to materially interfere with the Director's ability to act in the best interests of the Company;
 - (vii) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and

- (viii) has family ties or cross directorships that may compromise the Director's independence.
- (d) The Board will regularly assess the independence of each Director in the light of the interests disclosed by them. Each Director will disclose promptly to the Board all relevant information for this purpose. The independence of each Director will be disclosed in the Company's annual report. Where any Director ceases to be independent this will be disclosed promptly to the market.
- (e) Independent Directors are required to notify the Board promptly if they become aware of any factor which may affect their status as an independent Director.

2.2 Board composition

The Directors of the Company and their qualifications are set out in the Company's Annual and Half Yearly Reports, and on the Company's website.

2.3 Appointment and retirement

- (a) When a vacancy exists for a Board position for any reason, or where the Board considers that it would benefit from the services of a new member with particular skills, the Board will consider candidates identified and selected by the Nomination and Remuneration Committee (exercising its duties under Section 4) having regard to:
 - (i) the skills, expertise and experience of the candidates;
 - (ii) the desirability of those skills, expertise and experience when combined with those of the existing Directors; and
 - (iii) the perceived compatibility of the candidates with the Company and with the existing Directors.
- (b) The Board may elect any person as a Director and that person shall continue in office only until the next AGM where they must resign and are then eligible for election. Such Directors are not taken into account in determining the number of Directors to retire by rotation at the AGM.
- (c) The terms and conditions of the appointment of all new members of the Board must be specified in a letter of appointment to be signed by the Chairman with the authority of the Board. The letter of appointment may refer to the Constitution and to this document.
- (d) Under the Constitution at least one-third of all Directors (rounded down, if necessary, to the nearest whole number), being the Directors serving longest since last re-election, must retire at each AGM. Directors, excluding the Managing Director, must also retire if a third AGM falls during the period in which they have held office. Retiring Directors are eligible to be re-elected.
- (e) The Chairman is to be elected from the full Board from its members who are non-executive Directors.

2.4 Committees

- (a) The Board may establish committees to assist it in carrying out its function and for its effective and efficient performance and will adopt a charter for each committee established dealing with the scope of its responsibility and relevant administrative and procedural arrangements.

- (b) The following committees have been established and are subsisting at the date of this Statement:
 - (i) the Audit and Risk Committee; and
 - (ii) the Nomination and Remuneration Committee.
- (c) The committees established by the Board will support the Board's decision-making with reports, advice and recommendations on the matters for which they are responsible and by taking direct responsibility for their review and evaluation. The committees will also be designed to facilitate communication between the Board and senior management.
- (d) The Board may consider establishing further committees as its operations develop.
- (e) All committees of the Board must report only to the Board.

2.5 Training and advice

- (a) Directors are provided with access to continuing education in relation to the Company and its group members extending to its business, the industry in which it operates, and information generally required by them to discharge the responsibilities of their office.
- (b) Subject to prior approval from the Chairman, each Director has the right to seek independent legal or other professional advice at the Company's expense on all matters necessary for that Director to make fully informed and independent decisions. Prior approval from the Chairman may not be unreasonably withheld or delayed.

2.6 Meetings

- (a) The Board will normally meet at least 4 times per year.
- (b) Papers for Board and Committee meetings are to be circulated, wherever practical, at least 5 days before the relevant meeting.
- (c) Draft minutes of Board and Committee meetings (for consideration and approval at the next relevant meeting) are to be circulated to Directors promptly following each meeting.

2.7 Performance reviews

The Board is to annually review its overall performance as well as the performance of its committees, individual Directors and key executives. Further information about performance evaluation is provided in Section 5 of this Statement.

2.8 Responsibility for business risks

- (a) The Board has the final responsibility for the identification of significant business risks. This responsibility is fulfilled by the Audit and Risk Committee which reviews the process used by management to monitor and mitigate major risks affecting each business segment. The Committee is to report to the Board promptly following each of its meetings.
- (b) The Managing Director and Chief Financial Officer will each provide a statement to the Board with the annual and semi-annual reports to the effect that the Company's

risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

2.9 Access

The members of the Board and each Committee have the right of access to all employees of the Company.

3 Audit and Risk Committee charter

This Statement outlines the composition, structure and membership requirements of the Audit and Risk Committee and sets out the responsibilities and functions that will be performed by the Audit and Risk Committee.

3.1 Composition

- (a) The Audit and Risk Committee will be comprised of at least two Directors. A majority of the Audit and Risk Committee members must be non-executive Directors, and a majority of the Audit and Risk Committee members must also be independent Directors. The Chairman of the Audit and Risk Committee will be an independent, non-executive Director.
- (b) The Audit and Risk Committee members must be proposed by the Chairman of the Board and approved by the Board.
- (c) A quorum is constituted by two directors.
- (d) The composition of the Audit and Risk Committee will initially recognise that the key risks facing the Company are technical and operational as well as financial. The composition of the Audit and Risk Committee may change over time, reflecting changes in the Company's risk profile. Each member of the Audit and Risk Committee must be financially literate and have at least a reasonable working knowledge of a key area of the Company's business, financial risk and controls and at least one member must have relevant expertise in the presentation of financial statements.

3.2 Powers

The Audit and Risk Committee has an advisory role consistent with its purpose of assisting the Board in relation to the matters with which it is charged with responsibility, and does not have any power to commit the Board to any recommendation or decision made by it except:

- (a) for matters relating to the appointment, oversight, remuneration and replacement of the external auditors; and
- (b) where and to the extent that it has express delegated authority from the Board.

The Audit and Risk Committee has unrestricted access to management and to internal audit personnel as well as to the external auditors as it may consider appropriate for the proper performance of its function.

3.3 Meetings

The Audit and Risk Committee will normally meet at least three times a year to discuss and review financial issues and the financial statements. The internal and external auditors, members of management or other external advisers may be invited to attend where appropriate. The Audit and Risk Committee may meet more often if circumstances warrant and the internal or external auditors may request the Chairman convene additional meetings. The Audit and Risk Committee will report regularly to the Board about the committee's activities, issues and related recommendations.

3.4 Audit and Risk Committee functions – general

The overall role of the Audit and Risk Committee is to:

- (a) confirm the quality and reliability of the financial information prepared by the Company, working on behalf of the Board with the external auditor;
- (b) advise the Board and report on the status and management of the risks to the Company, to ensure that risks are identified, assessed and appropriately managed;
- (c) advise on internal controls and appropriate ethical standards for the management of the Company; and
- (d) review non-audit services provided by the external auditor to confirm they are consistent with maintaining external audit independence.

3.5 Audit and Risk Committee functions – specific

The Audit and Risk Committee has the following specific responsibilities with respect to the Audit, Risk Management and Financial Reporting functions delegated to it by the Board:

- (a) Financial reporting:
 - (i) reviewing significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
 - (ii) overseeing the periodic financial reporting process implemented by management and review the interim financial statements, annual financial statements and preliminary announcements prior to their public release to determine whether they are complete, reflect appropriate accounting principles, contain appropriate disclosure, and are consistent with the information known to the members of the Audit and Risk Committee;
 - (iii) ensuring accounting policies are applied consistently and any new accounting standards requirements relevant to the Company are applied appropriately;
 - (iv) paying particular attention to large, complex and/or unusual transactions such as business combinations, restructuring charges and measurement and recognition of financial instruments;
 - (v) focusing on judgmental areas of the financial statements, for example those involving revenue recognition, valuation of assets and liabilities, product or environmental liabilities and other commitments and contingencies;
 - (vi) obtaining regular updates from management and the Company's legal counsel regarding compliance matters which may have a material impact on the Company's reputation or financial statements;
 - (vii) reviewing management processes designed to support the Company's external reporting obligations;
 - (viii) making appropriate enquiries to satisfy itself that all regulatory compliance matters related to the business of the Company have been considered in the preparation of the financial statements;

- (ix) meeting with management and the external auditors to review the financial statements and the results of the audit; and
 - (x) ensuring that any significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practices have been discussed with the external auditor.
- (b) Financial verification:
- (i) the Managing Director and the Chief Financial Officer are required to state in writing to the Board on each relevant occasion that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results, are in accordance with relevant accounting standards and are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
 - (ii) the Managing Director and the Chief Financial Officer are required to state in writing to the Board that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.
- (c) Risk management:
- (i) approving management's overall risk management strategy for the Company and ensure the required actions are resourced appropriately;
 - (ii) ensuring that the Company identifies, reviews and regularly updates the profile of the principal strategic, operational and financial risks to which it is exposed and has assessed the appropriateness of the steps the Company has taken to manage these risk;
 - (iii) developing a risk profile describing the material risks facing the Company and review trends on the risk profile, reports on specific risks and the status of the risk management process;
 - (iv) monitoring performance of management in implementing risk management responses and internal control rectification activities and ensure that there are appropriate systems for identifying and monitoring risks in place and that these are operating as intended; and
 - (v) reviewing the effectiveness of the Company's implementation of the risk management system.
- (d) Internal control:
- (i) overseeing the processes used in producing financial statements;
 - (ii) evaluating the process the Company has in place for assessing the effectiveness and efficiency of internal controls, particularly those related to areas of significant risk;
 - (iii) assessing whether management has appropriate controls in place for unusual types of transactions and/or any particular transactions that may carry more than an acceptable degree of risk; and
 - (iv) monitoring implementation by management of any internal control recommendations made by the internal and external auditors and approved

by the Audit and Risk Committee, or any internal control policies required by the Board.

- (e) External audit:
 - (i) reviewing the external auditor's proposed strategy and audit approach for the current year in the light of the Company's circumstances and changes in regulatory and other requirements;
 - (ii) regularly reviewing with the external auditor any audit problems or difficulties the auditor encountered in the normal course of audit work including any restriction on audit scope or access to information;
 - (iii) liaising with the external auditor and ensure that the annual audit is conducted in an effective manner that is consistent with the Audit and Risk Committee members' information and knowledge and is adequate for shareholder needs;
 - (iv) reviewing external audit reports to ensure that, where significant deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by the Company;
 - (v) discussing with the external auditor the quality of accounting policies applied in the Company's financial reporting;
 - (vi) advising the Board on the appointment, independence, terms of engagement, performance and, if necessary, the termination/retirement of the external auditor;
 - (vii) ensuring the Company does not employ audit firm personnel in senior positions within 1 year of those personnel leaving the audit firm; and
 - (viii) reviewing all representation letters signed by management and ensure that the information provided is complete and appropriate.
- (f) Internal audit: Consider whether, and to what extent, a formal internal audit function is necessary or appropriate for the Company. If appropriate:
 - (i) reviewing and approving the internal audit plan, its scope and progress, and any significant changes to it, including any difficulties or restrictions on scope of activities, or significant disagreements with management;
 - (ii) confirming the appointment, promotion or dismissal of the head of internal audit (if a member of staff) or termination of any outsourced internal audit function;
 - (iii) reviewing the effectiveness of the internal audit function and ensure that it has appropriate standing within the Company.
 - (iv) ensuring significant findings and recommendations made by the internal auditor are received, discussed with a course of action agreed that this is implemented on a timely basis; and
 - (v) ensuring that the annual work plan of internal audit includes an analysis of the effectiveness of the Company's risk management, internal compliance and control system.
- (g) Selection and rotation of the external auditor:

- (i) the external auditors are selected according to criteria set by the Audit and Risk Committee which include most significantly:
 - (A) the lack of any current or past connection or association with the Company or with any member of senior management which could in any way impair, or be seen to carry with it any risk of impairing, the independent external view the external auditor is required to take in relation to the Company and the Company group;
 - (B) their general reputation for independence and probity and professional standing within the business community; and
 - (C) their knowledge of the industry within which the Company and the Company group operate.
- (ii) the Audit and Risk Committee has discretion to require rotation of the audit staff employed by the external audit partner, including the partner or other principal with overall responsibility for the engagement.

3.6 Services provided by external auditors

It is the policy of the Company that its external auditor:

- (a) must be independent of the Company and the Directors and senior executives. To ensure this, the Company will require a formal confirmation of independence from its external auditor on an annual basis; and
- (b) may not provide services to the Company that are perceived to be materially in conflict with the role of the external auditor.

Services which involve the external auditor acting in a managerial or decision-making capacity, or processing or originating transactions, are not appropriate. However the external auditor may be permitted to provide additional services, which are not perceived to be materially in conflict with the role of the auditor, if the Board has approved those additional services or they fall within the terms of any approved policy. Such additional services may include financial audits, audits or reviews undertaken for regulatory purposes, completion audits, tax compliance, advice on accounting standards and due diligence in certain acquisition or sale transactions.

4 Nomination and Remuneration Committee charter

This Statement outlines the composition, structure and membership requirements of the Nomination and Remuneration Committee and sets out the responsibilities and functions that will be performed by the Nomination and Remuneration Committee.

4.1 Composition

- (a) The Nomination and Remuneration Committee will be comprised of at least two Directors. The Chairman will be an independent, non-executive Director.
- (b) The Nomination and Remuneration Committee members must be proposed by the Chairman of the Board and approved by the Board.
- (c) A quorum is constituted by two directors.

4.2 Powers

The Nomination and Remuneration Committee has an advisory role, consistent with its purpose of assisting the Board in relation to the matters with which it is charged with responsibility, and does not have any power to commit the Board to any recommendation or decision made by it except where and to the extent that it has express delegated authority from the Board.

4.3 Meetings

The Nomination and Remuneration Committee will normally meet at least twice yearly, and may meet more often if circumstances warrant. Following each meeting, the Nomination and Remuneration Committee will report to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Committee that requires Board approval.

4.4 General functions

The overall role of the Nomination and Remuneration Committee is to:

- (a) review and make recommendations to the Board on remuneration packages and policies related to the Directors and senior executives;
- (b) ensure that the remuneration policies and practices are consistent with the Company's strategic goals and human resources objectives;
- (c) review and make recommendations in relation to the composition and performance of the Board and its Committees; and
- (d) ensure that adequate succession plans are in place (including for recruitment and appointment of Directors and Management).

The Nomination and Remuneration Committee may seek independent advice where it considers appropriate.

4.5 Senior executive remuneration and performance review function

The Nomination and Remuneration Committee has the following specific responsibilities with respect to the Senior Executive and Performance Review functions delegated to it by the Board:

- (a) Policies and structures:
 - (i) recommending remuneration policies and procedures for senior management to the Board;
 - (ii) recommending various remuneration structures and incentive performance schemes for senior management to the Board;
 - (iii) recommending various recruitment, retention and termination policies and procedures to the Board; and
 - (iv) reviewing the remuneration arrangements and policies applicable to the non-executive directors, the executive Directors, the members of each Committee and the Managing Director. In each case the members will make recommendations to the Board.
- (b) Monitoring and review:
 - (i) monitoring and reviewing the remuneration and incentive programmes established by the Board and making recommendations to the Board as to any desirable changes and any payments arising thereto; and
 - (ii) no Director shall be responsible for appraising their own performance or solely responsible for recommending their own level of remuneration for Board approval.

4.6 Board nominations function

The Nomination and Remuneration Committee has responsibility for the following Board Nomination functions:

- (a) developing suitable criteria (as regards experience, expertise, skills, qualifications, contacts or other qualities) for the selection and appointment of new Board members and for the selection, appointment and dismissal of the Managing Director and making recommendations from time to time as to changes that the Committee believes to be desirable in the size of the Board;
- (b) identifying individuals who, by virtue of their experience, expertise, skills, qualifications, contacts or other qualities, are suitable candidates for appointment to the Board or to any relevant management position;
- (c) recommending individuals for consideration by the Board as prospective Directors;
- (d) recommending Board members qualified to fill vacancies on any Committee of the Board;
- (e) developing and implementing a plan for identifying, assessing and enhancing Director competencies;
- (f) creating succession plans to maintain the appropriate balance of skills, expertise and experience on the Board; and

- (g) reviewing the overall performance of the Board using measurable and qualitative indicators.
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5 Performance evaluation

5.1 Responsibility of the Board

- (a) The Board regularly reviews its overall performance, as well as the performance of its committees, individual Directors and key executives.
- (b) The Board should be provided with information it needs to efficiently discharge its responsibilities by the relevant parties.
- (c) The performance of the Managing Director is reviewed annually by the Chairman and non-executive Directors. The performance of other key executives is reviewed annually by the Managing Director against predetermined goals and criteria and then is also reviewed by the Nomination and Remuneration Committee, and if required, the Board.

5.2 Performance review and evaluation

- (a) The Chairman determines the evaluation criteria and process, based on input from the Board and the Nomination and Remuneration Committee.
 - (b) If the performance of a member of the Board is unsatisfactory, that Director may be either counselled or asked to retire.
 - (c) The Board will, if appropriate, review its policies and procedures and its effectiveness generally, with the assistance of independent professional consultants at the Company's expense.
 - (d) The same general performance review procedures apply to the members of the Audit and Risk Committee and members of the Nomination and Remuneration Committee as apply to the Board, subject to the role of the Chairman being taken by the chairman of the respective committees.
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6 Remuneration

6.1 Executive remuneration

- (a) The Company's management remuneration is structured to promote superior performance by the Company. Management remuneration is regarded by the Company as a key tool in motivating executives and employees to achieve goals consistent with the Company's goals of long term corporate growth and success.
- (b) Details of remuneration of Directors and executives are disclosed in the Company's financial statements.

6.2 Non-Executive Director remuneration

- (a) Non-executive Directors are remunerated by way of set annual fees and do not participate in schemes designed for the remuneration of executives. They do not receive bonus payments and are not provided with retirement benefits other than statutory superannuation. Non-executive directors may be compensated for special exertions in connection with the affairs of the Company in addition to remuneration for their service as a Director of the Company.

- (b) The Company will fix an amount each year in general meeting for the purpose of non-executive director remuneration.

6.3 Equity related incentives

The Company may provide equity related incentive compensation such as share options to its senior executive employees, including its executive Directors. It may also provide limited equity related compensation to other employees and to non-executive Directors. Any equity related executive compensation must only be provided through a plan disclosed in the Prospectus or another scheme approved by Shareholders.

7 Recognition of stakeholders

The Company recognises that it must function within, and operate with a sense of responsibility to, the wider community as well as to shareholders. The Company believes that this sense of responsibility to its stakeholders is an essential part of its role within the broader community and represents good business sense and commercial practice.

The Company recognises special responsibility to residents, businesses and other organisations throughout Australia and the Company strives to keep these people and organisations properly informed and to consult with them about its activities.

As part of this broad responsibility the Company welcomes constructive feedback on its contribution to and role within the community at AGMs and via its website. The Company adopted a Code of Corporate Conduct as part of this broad responsibility.

8 Code of Corporate Conduct

8.1 Objective of code

This Code of Corporate Conduct gives the Directors and senior managers guidelines to be followed in performing their duties with a view to enabling them to achieve the highest possible standards in the discharge of their obligations and to assist them to achieve best practice in corporate governance.

8.2 Directors obligations

- (a) A Director has an obligation to comply at all times with the spirit and the principles of this Code of Corporate Conduct as well as the law.
- (b) The Board recognises that each Director and the Board collectively takes on important legal and ethical responsibilities, as well as a commitment to uphold the values of good corporate citizenship in both individual conduct and corporate actions. These responsibilities, and this commitment, are highlighted by this Code. Directors have considered this Code of Corporate Conduct and regard themselves as bound by it.

8.3 General duties of Directors

Directors must:

- (a) act in accordance with the law and in good faith in the best interests of the Company and for a proper purpose;
- (b) act in the interests of all shareholders and wherever possible avoid any actual or potential conflict of interest;
- (c) exercise reasonable care and diligence;
- (d) not make improper use of information; and
- (e) not make improper use of their position.

8.4 Personal interests and conflicts of interest of Directors

- (a) No Director may allow any personal interest, or the interest of any associated person, to prejudice his or her conduct in respect of any Board or Committee discussion or decision.
- (b) A Director must avoid to the extent reasonably possible (reasonableness to be judged from the Company's perspective) any conflict between the best interests of the Company and the Director's own personal interests or those of any third party. Every Director must, as soon as he/she becomes aware of them, make the Board aware of all actual or potential conflicts of interest that he/she may have.
- (c) A Director with a conflict of interest must refrain from voting on any related resolution. A Director who has any conflict of interest in a matter must not be present at a meeting of the Board while the matter is being considered without the express permission of the non-interested Directors. A personal interest may be either direct or indirect and may be either pecuniary or otherwise.

- (d) A Director will not be taken to have a conflict of interest only because the Director holds shares or other securities issued by the Company.
- (e) Papers relevant to any matter on which there is an actual or potential or perceived conflict of interest by a Director may at the Chairman's discretion not be provided to the Director concerned.

8.5 Improper use of information, property, position or opportunities by Directors

- (a) A Director must not make improper use of or take advantage of information, property, position or opportunities acquired as a Director.
- (b) Directors are prohibited from making improper use of or taking advantage of information, property, position or opportunities acquired by virtue of their position as a Director so as to gain, directly or indirectly, any personal advantage or any advantage for any other person, that may compete with or cause detriment to the Company or the Company group.

8.6 Directors and confidentiality

- (a) Directors must observe confidentiality regarding all Board matters and all confidential information received by a Director in the course of the exercise of their duties.
- (b) All information received by a Director in the course of fulfilling Board duties must be regarded as confidential and remains the property of the Company. Confidential information is not limited to information that may be regarded as price sensitive and extends to (by way of example only) information that might reasonably be considered of use or of interest to suppliers or competitors of the Company.
- (c) A Director may not disclose information, or knowingly allow information to be disclosed, to any other person unless that disclosure has been authorised by the Chairman or the Managing Director or is required by law to be disclosed.
- (d) All discussions and resolutions of the Board must likewise be treated as confidential and not disclosed, or allowed to be disclosed, as regards either content or substance, to persons who are not Directors except in cases where disclosure:
 - (i) has been authorised by the Chairman or the Managing Director; or
 - (ii) is required by law.
- (e) Authorisation by the Chairman or the Managing Director will be presumed where and to the extent that Board or Committee minutes convey, either expressly or implicitly, that it is intended that disclosure should be made to third parties.
- (f) Any Director in any doubt as to their obligations of confidentiality or in relation to any matter of disclosure should consult with the Chairman prior to making any disclosure. A Director may also seek independent advice in accordance with the Company's policy.

8.7 General duties of all employees

All managers and employees of the Company must:

- (a) actively promote the highest standards of ethics and integrity in carrying out their duties for the Company;

- (b) deal with the Company's customers, suppliers and competitors and each other with the highest level of honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates;
- (c) disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and which they believe could compromise in any way the reputation or performance of the Company; and
- (d) respect confidential information acquired in the course of the Company's business which is not in the public domain and not divulge such confidential information to any person unless specific authorisation is given for disclosure by the Managing Director or disclosure of the information is required by law,

8.8 Accounting, reporting and investigating

- (a) Each Director, manager and employee is responsible for reporting to the Chairman or the Company Secretary (who will advise the Chairman) any breaches, or possible or likely breaches, of this Code of Corporate Conduct that he/she commits or of which he/she becomes aware. The Chairman will promptly advise the Managing Director of any such notification unless the notification involves the Managing Director personally.
- (b) The Company Secretary and the Chairman each must notify promptly the Chairman of the Audit and Risk Committee of any report from a Director regarding any breach of this Code of Corporate Conduct reported by a Director or of which either the Company Secretary or the Chairman otherwise becomes aware.
- (c) The Chairman of the Audit and Risk Committee must:
 - (i) refer to the Committee for investigation any reported breach of this Code of Corporate Conduct; and
 - (ii) report to the Board any confirmed or probable breach of this Code of Corporate Conduct and recommend action for the Board to take in response to such breach.
- (d) If the Audit and Risk Committee considers a breach of this Code of Corporate Conduct involving a member of the Committee, that member must not be present while the matter, including any recommendations the Committee may make to the Board, is being considered by the Committee.
- (e) The Board shall determine whether or not any breach of this Code of Corporate Conduct has occurred. The Board will take into consideration any findings and recommendations of the Audit and Risk Committee.
- (f) A Director is entitled to address the Board in respect of any report made to the Board by the Audit and Risk Committee regarding a breach of this Code of Corporate Conduct by that Director but the Director must not be present during any Board deliberations concerning the matter including any action the Board may take in respect of a breach.

8.9 Company values

- (a) All Directors and management must comply and actively promote compliance with applicable laws and regulations and must not engage in conduct likely to bring the Company or a group member of the Company into disrepute.
- (b) The primary responsibility of the Directors and management is to the Company's shareholders as a whole. In addition Directors and management should, where

appropriate, have regard also for the interests of other stakeholders and must promote fair dealing by all employees with the Company's customer, suppliers, competitors and employees. In particular, the Directors and management recognise and respect:

- (i) the natural and social environment in which the Company carries on its activities;
 - (ii) the rights of individuals regarding privacy, private and confidential information; and
 - (iii) occupational health and safety issues relevant to the nature of the Company's business and activities.
- (c) Directors and management will co-operate fully in the implementation of Board decisions, including but not limited to decisions about which there may not have been unanimity amongst the Directors.
- (d) Directors and management will leave public comment on the affairs of the Company to the Chairman and/or the Managing Director, unless specifically authorised to the contrary by one of them or the Board, and in particular Directors will not discuss outside the Board any differences of opinion that may have occurred in the course of the Board reaching a decision.
- (e) Directors and management must protect and ensure efficient use of assets for legitimate business purposes.

Notwithstanding the other provisions of this Code of Corporate Conduct nothing in this Code of Corporate Conduct will prevent a Director or manager from exercising his/her legal rights or performing his/her legal obligations.

9 Securities Trading Policy

9.1 General

- (a) The Board has adopted this Securities Trading Policy (**Trading Policy**). Observance of the Trading Policy is mandatory for all Directors, Senior Executives and other persons covered by the Trading Policy.
- (b) The Board has adopted the following definition of "Securities" for the purposes of this policy:

Securities means;

- (i) any shares, preference shares, debentures, convertible notes, options or other securities issued by the Company; and
- (ii) any warrants, derivatives or other securities the price of which is principally determined by reference to the price of any securities issued by the Company;

and includes the securities of any other company for which a person to whom this Trading Policy applies has or might reasonably be expected to have Price-Sensitive Information (as defined below) by virtue of the person's position with the Company.

- (c) This policy does not apply to any acquisition of Securities as part of a new issue or dividend reinvestment plan where the issue is available pro rata to all holders of Securities of the relevant class and where acquisition will not be in breach of the inside information provisions of the Corporations Act.
- (d) This policy does not apply to any acquisition of Securities pursuant to an Employee Share Plan which conforms to ASX rules and/or is approved shareholders.

9.2 Price sensitive information

- (a) The Board has adopted the following definition of "Price-Sensitive Information" for the purposes of this Trading Policy:

Price-Sensitive Information is information concerning the Company's financial position, strategy or operations, which if made public, would be likely to have a material impact on the price of the Securities in question.

- (b) No person to whom this Trading Policy applies may buy or sell Securities whilst in possession of Price-Sensitive Information. Such transactions are prohibited, whether concluded personally or through a related party.

9.3 Prohibited transactions

- (a) Transactions in Securities by any person to whom this Trading Policy applies are prohibited during the following periods:
 - (i) from the period commencing 1 January of each year until the release of the annual results for the previous financial year;

- (ii) from the period commencing 1 July of each year until the release of the half-yearly results.
- (b) Persons to whom this policy applies are not to engage in short term trading of the Company's Securities.

9.4 Informing the company

- (a) Persons to whom this Trading Policy applies who have been involved in any such transactions in Securities, either personally or through a related party, must advise the Company Secretary in writing of the details of transactions within 5 days following each transaction.
- (b) The Company Secretary must maintain a register of Securities transactions for the purposes of this Trading Policy.

9.5 Persons covered by this code

This Trading Policy applies to all Directors and to all executives and employees nominated by the Board. Persons nominated are to be listed in a schedule prepared and maintained by the Company Secretary and include the following:

- (a) all Directors and all officers of the Company including the Managing Director;
- (b) key executives including the Chief Financial Officer and any Director of a subsidiary of the Company;
- (c) corporate and divisional accounting officers reporting directly to any of the above executives;
- (d) secretaries and assistants performing confidential work and reporting to any of the above positions; and
- (e) members of corporate staff who have access to Company financial results.

9.6 Families, and trusts and superannuation funds

- (a) Persons to whom this Trading Policy applies must not cause or permit any related party or entity over which they have control, including any dependent member of their family or a trust, superannuation fund, company or other entity over which they have control, to enter into any transaction in Securities in circumstances where they would have been prohibited from transactions in their own name.
- (b) Persons to whom this Trading Policy applies must, if they become aware of transaction(s) in Securities by a party or entity related to them, whether or not the person caused or permitted the relevant transaction(s), promptly notify the Company of those transactions(s).

9.7 Transactions in derivative products

The Company does not prohibit transactions by persons to whom this Trading Policy applies in derivative products based directly or indirectly on the Securities of the Company, but this Trading Policy applies to all such transactions by virtue of the definition of Securities set out in this Trading Policy.

9.8 Compliance and monitoring compliance

The Company will ensure this Trading Policy is effectively implemented. The Company will review regularly compliance with and effectiveness of this Trading Policy.

10 Continuous Disclosure Policy

10.1 Purpose of Continuous Disclosure Policy

- (a) The purpose of this Continuous Disclosure Policy is to ensure the Company complies with its continuous disclosure obligations under the ASX Listing Rules and that it develops vetting and authorisation policies and procedures which ensure the Company's announcements are made in a timely manner, are factual, do not omit material information and are expressed in clear and objective manner that allows investors to assess the impact of the information when making investment decisions.
- (b) While it is essential that all Directors and management take responsibility for implementing this Disclosure Policy, only the Company Secretary or anyone authorised by the Board can disclose such information.

10.2 Continuous disclosure obligations

Once the Company is aware of Price-Sensitive Information (as defined for the purposes of the Trading Policy) the Company must provide that information promptly to the market through the ASX Company Announcements Platform. Such announcements will be made as soon as reasonably practicable after learning of the required disclosure.

10.3 Continuous disclosure policy and procedures

- (a) Whenever a Director or executive officer is in possession of Price-Sensitive Information, that information must be communicated promptly to the Company Secretary in accordance with this Continuous Disclosure Policy.
- (b) There are limited circumstances where information may be Price-Sensitive Information, but it is not required to be disclosed by law. This may be:
 - (i) where the information is confidential and a reasonable person would not expect it to be disclosed;
 - (ii) where it would be a breach of law to disclose the information;
 - (iii) where the information relates to an incomplete proposal or negotiation;
 - (iv) where the information is insufficiently definite to warrant disclosure; or
 - (v) where the information is a trade secret.In any of these circumstances, the information must still be referred to the Company Secretary.
- (c) Where an executive officer is unsure whether the information requires disclosure, he or she should refer the information to the Company Secretary.
- (d) The Company Secretary will provide the information promptly to the Managing Director and the Chairman who will decide whether the information requires disclosure. If he/she considers it appropriate the Managing Director or Chairman may consult with other available Directors in making a decision. If disclosure is required the Company Secretary will make the necessary disclosure to the ASX. It

is preferable that the Directors be informed in advance of, but in any event at the same time as, disclosure to the ASX.

- (e) The Company Secretary must keep a record of all information disclosed to the ASX.
- (f) All Senior Executives and individuals reporting directly to them are to be made aware in writing of the detail of this Continuous Disclosure Policy, their obligations under it and the importance of compliance.
- (g) All individuals referred to in 10.3(f) above are to make their immediate subordinates aware of the requirements of this Continuous Disclosure Policy and the need for them to ensure management is aware of any information which may need to be disclosed to the market through the ASX.
- (h) Material information will be disclosed in the manner required under the Corporations Act and ASX Listing Rules and by broad dissemination so that as many investors as possible will have access to the information. This means the Company will make a formal announcement to the ASX and then release the information on its website, and if appropriate to news services and major media outlets immediately after the ASX has acknowledged receipt.
- (i) All material press releases to be issued by the Company or the Company group must be released to the ASX by the Company Secretary prior to release to the press, following approval by the Managing Director (or the Chairman, if the Managing Director is unavailable).

10.4 The company's website

The Company will ensure that this Statement (as amended from time to time), or a current summary of it approved by the Audit and Risk Committee, will be included in the Corporate Governance Section of the Company's website.

11 Shareholder Communications Policy

This Shareholder Communications Policy (the **Communications Policy**) operates in conjunction with, and should be read in light of, the Continuous Disclosure Policy.

11.1 Introduction

The Company seeks to keep all shareholders and potential shareholders up to date about the affairs of the Company and the businesses it operates. The Company will not communicate Price-Sensitive Information to an external party, except where that information has been disclosed to the market generally.

The Communications Policy covers three forms of communication to shareholders:

- (a) provision of written information;
- (b) electronic communication; and
- (c) access to Directors, management and advisers.

11.2 Provision of written information

- (a) The Company adheres to the continuous disclosure requirements in accordance with the ASX Listing Rules, and will release to the ASX all relevant information promptly as required by relevant Listing Rules and applicable law.
- (b) The Company's Annual Report is one of the key written communications available to shareholders each year. The Company designs its Annual Report to be informative and readily available.
- (c) The Company will include with major announcements on its financial results commentary which assists an investor to make an informed assessment of the Company's activities and results.

11.3 Electronic communications

- (a) The Company recognises the need to balance cost against the need to provide all shareholders with adequate access to relevant information and encourages shareholders to elect to receive communications electronically where feasible.
- (b) All relevant information released to the ASX is posted on the ASX Company Announcements website and will be posted on the Company's website as soon as practicable following receipt by the ASX.

11.4 Access to directors, managers and advisors

- (a) Shareholders are given the opportunity to ask questions of Directors at each Savcor AGM. The Company requests that the external auditors of the Company are in attendance at each AGM and are available to answer shareholder questions relating to the conduct of the audit and the audit report.
- (b) The only employees authorised to make any public statement on behalf of the Company are those who have the approval of the Managing Director. The Company requires any consultant or professional adviser engaged to undertake work on behalf of the Company to abide by this Communications Policy.

11.5 Selective and differential disclosure

- (a) The Company will not practice selective or differential disclosure. That is, the Company will not disclose information to selected individuals or groups (e.g. analysts or journalists) or in selected situations (e.g. analyst briefings), information which it would not be prepared to make available for general use at the same time.
- (b) The Company will not disclose material information verbally which has not been disclosed by formal release to the ASX.

11.6 Review of draft analyst reports and earnings statements

- (a) Any requests for the Company to review an analysts' financial model or draft research report should be directed to the Company Secretary. The Company Secretary may approve or reject that request in accordance with this policy. The Managing Director may, if they consider it appropriate, delegate a person to review the model or report, but all communications with the analyst must be conducted through the Managing Director or Company Secretary except to the extent expressly otherwise authorised.
- (b) When reviewing analysts' financial models or draft research report, the Company will review for factual content but will not, in doing this disclose to the analyst any information which has not previously been disclosed to the market.
- (c) When reviewing an analyst's conclusions, either general or financial, the Company may question assumptions that lead the analyst to draw conclusions but not the conclusions themselves.
- (d) The Company will make it clear to analysts that the Company's comments on factual information or assumptions in analyst's reports, and equally the Company's decision to withhold comments, do not constitute an explicit, implicit or tacit endorsement by the Company of the report in total or its conclusions.
- (e) The Company must not comment on estimates for the current year profit performance except with the prior approval of the Board.
- (f) The Company may from time to time distribute analyst reports inside the Company but no employee can distribute analyst reports to external parties without securing the permission of the Company Secretary and the Managing Director. The Company must not distribute analyst reports to external parties unless it explicitly advises the recipient that the provision of the report does not imply Company endorsement of the report. If appropriate, the Company Secretary may seek approval from the author's firm on permission for distribution and on the form of such advice.

11.7 Equity and access

The Company will respond to legitimate requests for information in the same manner, irrespective of whether the request comes from a small investor, a large investor, an analyst or the media. All requests for information from any investor or analyst should be directed to the Company Secretary. The Company Secretary may only respond after consulting with the Managing Director (or if he/she is unavailable, the Chairman), other than to request for inquiries of a routine nature. Any request from a journalist should be directed to the Managing Director.

11.8 One-to-one meetings

- (a) Only people authorised by the Board, the Chairman or the Managing Director may hold one-on-one meetings, interviews or discussions with journalists (whether on or off the record) or analysts.
- (b) In any one-on-one meetings (whether with journalists, analysts or otherwise), the Company will only discuss information that is in the public domain or information which may not be in the public domain but which is not Price-Sensitive (i.e. where subsequent formal disclosure is not required).

11.9 Communication blackout periods

To protect the Company against inadvertent disclosure of Price-Sensitive Information, the Company normally imposes a communication blackout period between the end of each financial reporting period and announcement of results to the market.

11.10 Open briefings

The Company may hold open briefings with institutional investors and/or stock broking analysts to discuss information that has been released to the market. Information provided at such open briefings will be placed promptly on the Company's website.

11.11 Responding to market rumours

- (a) Any request to clarify or comment on a market rumour must be referred to the Company Secretary or the Managing Director.
- (b) As a general policy, the Company will not comment on market rumours or speculation unless specifically required to do so in order to comply with its obligations under the ASX Listing Rules.

11.12 Correct and up-to-date Information

The Company will maintain the accuracy of all information that is made available to the market. This includes forward-looking statements, including earnings guidance. Accuracy will be maintained on a regular cycle consistent with the regularity with which the information is distributed (e.g. annually, half yearly, or quarterly).