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Board Charter

SAUNDERS INTERNATIONAL LIMITED
ABN 14 050 287 431



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Board Charter

1. INTRODUCTION

- 1.1 This Charter sets out the functions and responsibilities of the Board and management of the Company.

2. DEFINITIONS

- 2.1 In this Charter:

- (1) **Board** means the board of directors of the Company;
- (2) **CEO** means the Chief Executive Officer;
- (3) **CFO** means the Chief Financial Officer;
- (4) **Chair** means the chair of the Board;
- (5) **Charter** means this Board Charter;
- (6) **Constitution** means the Company's constitution; and
- (7) **Secretary** means the Company secretary.

3. RESPONSIBILITIES OF THE BOARD

- 3.1 The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include:

- (1) oversight of the Company, including its control and accountability systems;
- (2) oversight of the Occupation Health and Safety Policy and Performance of the Company, safety performance to be reviewed at each Board Meeting and at other occasions where appropriate.
- (3) appointing and removing the CEO (or equivalent), including approving remuneration of the CEO and the remuneration policy and succession plans for the CEO;
- (4) ratifying the appointment and, where appropriate, the removal of the CFO (or equivalent) and the Secretary;

- (5) input into the final approval of management's development of corporate strategy and performance objectives;
- (6) review and approval of the annual budget and business plans
- (7) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- (8) monitoring senior management's performance and implementation of strategy, ensuring appropriate resources are available and ensuring succession plans are in place.
- (9) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures; and
- (10) approving and monitoring financial and other reporting.
- (11) Ensuring the Company complies with its responsibilities under the Corporations Act, the ASX Listing Rules, the Company's Constitution and other relevant laws.
- (12) On an annual basis, the Board will conduct a review of its performance and effectiveness and will implement changes considered appropriate.

4. COMPOSITION OF THE BOARD

4.1 Size

The Board will be comprised of 4 directors. This number may be increased where it is highlighted that additional expertise is required in specific areas, or when an outstanding candidate is identified.

4.2 Independent directors

- (1) At least two of the directors of the Company will be independent, non-executive directors.
- (2) A director is independent and non-executive when he or she is not a member of management and when he or she:
 - (a) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with a substantial shareholder of the Company (as defined in section 9 of the *Corporations Act 2001*);
 - (b) has not, within the last 3 years, been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
 - (c) has not, within the last 3 years, been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;

- (d) is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;
- (e) has no material contractual relationship with the Company or another group member other than as a director of the Company;
- (f) has not served on the Board for a period 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
- (g) 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.

4.3 Expertise

- (1) The Board shall ensure that, collectively, it has the appropriate range of expertise to properly fulfil its responsibilities, including:
 - (a) accounting and finance;
 - (b) business;
 - (c) engineering and/or construction industry or related industry;
 - (d) CEO-level experience.
- (2) The Board shall review the range of expertise of its members on a regular basis and ensure that it has operational and technical expertise relevant to the operation of the Company.

5. APPOINTMENT OF DIRECTORS

5.1 Directors are appointed in accordance with the terms of the Constitution.

5.2 Subject to the number of directors allowed under the Constitution, a director may be appointed by an ordinary resolution of the Company in a general meeting. Where a director's position becomes vacant in between such elections, the Board will appoint a replacement director. Such a replacement director will only hold office until the next annual general meeting of the Company.

5.3 The terms and conditions of the appointment and retirement of members of the Board will be set out in a letter of appointment, which shall include the following matters:

- (1) the term of the appointment, subject to member approval;
- (2) time commitments envisaged;
- (3) the services and responsibilities of directors;
- (4) any special duties or arrangements attaching to the position;

- (5) circumstances in which an office of director becomes vacant;
- (6) expectations regarding involvement with committee work;
- (7) remuneration and expenses;
- (8) superannuation arrangements;
- (9) the requirement to disclose directors' interests and any matters which affect the director's independence;
- (10) trading policy governing dealings in securities (including any share qualifications) and related financial instruments by directors, including notification requirements;
- (11) induction, training arrangements;
- (12) indemnity and insurance arrangements;
- (13) confidentiality and rights of access to corporate information; and
- (14) a copy of the Constitution.

6. ALLOCATION OF RESPONSIBILITIES

6.1 Chair

- (1) The Board elects the Chair in accordance with the Constitution.
- (2) The position of Chair will be reviewed by the Board at the first Board meeting following the annual general meeting. The Chair authorises the expenses of all the other directors and the CEO.
- (3) The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function, and for the briefing of all directors in relation to issues arising at Board meetings.
- (4) The Chair's specific duties are to:
 - (a) chair board meetings. If the Chair is not present within 15 minutes after the time appointed for the holding of that meeting, a director chosen by a majority of directors present shall assume this role;
 - (b) establish the agenda for Board meetings in consultation with the CEO;
 - (c) ensure Board minutes properly reflect Board decisions;
 - (d) be the spokesperson for the Company at the annual general meeting;
 - (e) be the major point of contact between the Board and the CEO;
 - (f) be kept fully informed of current events by the CEO on all matters which may be of interest to directors;

- (g) regularly review with the CEO and such other senior officers as the CEO recommends, progress on important initiatives and significant issues facing the Company;
 - (h) provide mentoring for the CEO;
 - (i) chair the CEO evaluation process through the Board;
 - (j) commence the annual process of Board and director evaluation;
and
- (5) The Chair is not entitled to vote or participate in the deliberations on any matter in which he or she has a personal interest, unless there is compliance with the conflict of interest provisions under the Constitution.
- (6) The Chair may be removed from office in accordance with the Constitution.

6.2 Individual directors

In accordance with statutory requirements and in keeping with developments at common law, directors have the following responsibilities:

- (1) exercise their powers and discharge their duties in good faith and in the best interests of the Company;
- (2) use their powers of office for a proper purpose and not for personal advantage or for the benefit of another party;
- (3) use due care and diligence;
- (4) make a reasonable effort to become and remain familiar with the affairs of the Company;
- (5) attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and
- (6) commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Company, without placing undue reliance on other directors to fulfil these duties.

6.3 The CEO

- (1) The CEO is appointed by the Board.
- (2) The CEO is responsible for the ongoing management of the Company in accordance with the strategy, policies and programs approved by the Board.
- (3) The CEO's responsibilities include:
 - (a) ensuring a safe workplace for all employees, contractors and others involved with the operations of the Company;

- (b) ensuring a commitment by the management and supervision of the Company to the OHS System and Procedures and to continuous improvement of OHS outcomes.
 - (c) developing with the Board, a consensus for the Company's vision and direction;
 - (d) constructing, with the Company's management team, programs to implement this vision;
 - (e) negotiating the terms and conditions of appointment of senior executives for Board approval;
 - (f) appointing the senior management team;
 - (g) endorsing the terms and conditions of appointment of all other staff members;
 - (h) providing strong leadership to, and effective management of, the Company in order to:
 - (i) encourage co-operation and teamwork;
 - (ii) build and maintain staff morale at a high level; and
 - (iii) build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;
 - (i) ensuring a culture of compliance generally, and specifically in relation to environmental matters;
 - (j) carrying out the day-to-day management of the Company;
 - (k) forming other committees and working parties from time to time if necessary to assist in the orderly conduct and operation of the Company;
 - (l) keeping the Board informed, in a timely manner (as determined by the significance of the issue), of all the important issues and activities affecting the Company;
 - (m) ensuring that all personnel act with the highest degree of ethics and probity.
- (4) The Board formally delegates the power to the CEO to authorise all expenditures as approved in the budget, subject to:
- (a) all CEO remuneration, outside of normal monthly remuneration, being authorised by the Chair;
 - (b) all business related expenses paid to the CEO being authorised or ratified by the Chair;
 - (c) the appointment of individuals to specific management roles is the responsibility of the CEO, but the terms and conditions of appointment of individuals who report to the CEO must be approved by the Board.

6.4 Board Committees

In order to better manage its responsibilities, the Board will establish an Audit and Risk Management Committee and a Remuneration Committee within 3 months of listing on the ASX. Each committee will adopt a charter approved by the Board, setting out its responsibilities.

Each committee will comprise at least two non-executive Directors, at least one of whom is to be independent.

6.5 Secretary

- (1) The Secretary is generally responsible for carrying out the administrative and legislative requirements of the Board. The Secretary holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively.
- (2) The Secretary is appointed in accordance with the Constitution.
- (3) The specific tasks of the Secretary include:
 - (a) overseeing the Company's compliance program and ensuring all Company legislative obligations are met;
 - (b) ensuring that the agenda and briefing materials for Board meetings are prepared and forwarded to directors in a timely and effective manner;
 - (c) recording, maintaining and distributing the minutes of all Board and Board subcommittee meetings as required;
 - (d) preparing for and attending all general meetings of the Company and ensuring that the correct procedures are followed;
 - (e) recording, maintaining and distributing the minutes of all annual and extraordinary general meetings of the Company;
 - (f) meeting statutory reporting requirements in accordance with relevant legislation; and
 - (g) any other services the CEO or Chair may require.

7. CEO and CFO ASSURANCES

7.1 It is the responsibility of both the CEO (or equivalent) and the CFO (or equivalent) to provide written assurances to the Board that in all material respects:

- (1) the financial reports submitted to the Board present a true and fair view of the Company's financial condition and operational results; and
- (2) the Company's risk management and internal compliance and control system is operating efficiently and effectively.

8. CODES OF CONDUCT

8.1 Directors and Officers

- (1) To promote ethical and responsible decision-making, the Board must approve a Code of Conduct for Directors and Officers (the CEO (or equivalent), the CFO (or equivalent) and any other key executives) as to the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
- (2) The Code of Conduct for Directors and Officers shall deal with the following main areas:
 - (a) conflicts of interest;
 - (b) confidentiality;
 - (c) fair dealing;
 - (d) compliance with laws and regulations;
 - (e) corporate opportunities;
 - (f) protection and proper use of the Company's assets; and
 - (g) encouraging the reporting of unlawful, unethical behaviour.
- (3) Directors and the senior management team must comply with the Code of Conduct and demonstrate commitment to the Code and consistency in its execution. Adherence to the Code of Conduct must be periodically evaluated and intermediate action taken where necessary.

8.2 Code of conduct covering obligations to stakeholders

- (1) The Board must establish and disclose a code of conduct (**Code**) to guide compliance with legal and other obligations to legitimate stakeholders.
- (2) The Code should include:
 - (a) responsibilities to shareholders and the financial community generally;
 - (b) responsibilities to clients, customers and consumers;
 - (c) employment practices;
 - (d) obligations relative to fair trading and dealing;
 - (e) responsibilities to the individual;
 - (f) responsibilities to the community;
 - (g) how the Company complies with legislation affecting its operations; and
 - (h) how the Company monitors and ensures compliance with the Code.

9. POLICIES

9.1 Establish policies

The Board (or appropriate Board committee) is responsible for establishing policies relating to the following matters.

9.2 Delegation of authority

- (1) The Company's statement of delegated authority shall set out the Company's policy relevant to the delegation of authority to management to conduct the day-to-day management of the Company.
- (2) Directors have no individual authority to make representations or enter agreements on behalf of the Company unless such authority is expressly delegated by the Board.

- (3) Limits of Authority re Monetary Expenditure

The Company's Quality Procedure governing Purchasing includes a schedule which details the limits of monetary authority applicable to various positions within the Company.

- (4) Limits of Authority re Tenders and Contracts

The Company's Quality Procedure governing Contract Review includes monetary limits of authority for the submission of Tenders and the Acceptance of Contracts.

9.3 Securities Trading Policy

The Company must establish a Securities Trading Policy for Directors and Senior Managers.

The objective of the policy is to minimise the risk that Directors and Senior Managers might contravene the laws governing insider trading.

The policy will set out the constraints and notification procedures applicable to Directors and Senior Managers with respect to dealing in the securities of the Company.

9.4 Communication Strategy with Shareholders

The Company must establish a Communication Strategy to promote effective communication with Shareholders.

The objective is to ensure that all Shareholders are kept informed of all material developments affecting the Company's business. Information will be communicated to Shareholders through announcements to ASX, the Company's annual report, annual general meetings, half yearly and full year results, and the Company's website, www.saunders-international.com.au

9.5 Disclosure Policy

The Company must establish a Disclosure Policy.

The Company's Disclosure Policy is designed to ensure compliance with the ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.

The Disclosure Policy includes vetting and authorisation processes designed to ensure that Company information:

- is disclosed in a timely manner;
- is factual;
- does not omit material information; and
- is expressed in a clear and objective manner.