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Corporate Governance Policy

SAI Global Limited
ABN 67 050 611 642

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1. Introduction

SAI Global Limited ('SAI Global') is a listed Company registered in New South Wales. The company was registered as a proprietary company wholly owned by Standards Australia International Limited ('Standards Australia') on 10 December 1990 commencing operations on 1 July 1991. The company adopted the current name and changed its status to a public company on 20 July 2002. The company was listed on the ASX on 17 December 2003.

2. Corporate Governance of SAI Global Limited

Corporate Governance is '*the system by which companies are directed and controlled*', and this Charter is to be read in conjunction with the Constitution and company policies.

3. Governance Roles

3.1 Board

The Board of Directors is responsible for guiding and monitoring the company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The principal responsibilities of the Board as a collective body are:

- To enhance shareholder value
- To review and approve the strategic direction of the company, as detailed from time to time in the long term corporate strategy and the annual business plan, which should be prepared in accord with the approved strategy and should include achievable and measurable targets and milestones.
- To monitor senior management's performance and implementation of strategy and to ensure that appropriate resources are available.
- To review and approve budgets and strategic operational targets and review performance against them, initiating corrective action where required.
- To establish and approve appropriate policies on key issues including risk management, external and internal compliance and control and codes of conduct, to review these policies as appropriate and to monitor adherence.
- To appoint and, when required, remove the Chief Executive Officer (CEO) and evaluate the CEO's ongoing performance against predetermined criteria.
- To ratify the appointment and, where appropriate, removal of the Chief Financial Officer (CFO) and Company Secretary.
- To review and approve the company's remuneration policy in order to ensure that executive remuneration is fair and reasonable and that its relationship to corporate and individual performance is well defined and appropriately balances the interests of shareholders and management.
- To review and approve the total emoluments of the CEO and direct reports.
- To review and approve succession plans for the CEO and direct reports.
- To review the structure and composition of the Board and Board Committees to ensure that the Board adds value and is of a size and composition to adequately discharge its responsibilities.
- To judiciously test management assertions by questioning and challenging them when appropriate and to require the Board be kept fully informed of operational and financial performance and strategic initiatives.

- To review and ratify systems of risk management and internal compliance and control, codes of conduct and legal compliance.
- To recommend the appointment of auditors and to oversee the audit process and review audit reports.
- To require and monitor systems for keeping key stakeholders informed in a timely and meaningful fashion, including financial reporting.

3.2 Directors

Directors are to act at all times with due care and diligence in discharging their duties and fiduciary responsibilities under the Corporations Act 2001. Directors decide what SAI Global matters are delegated to management and what controls are in place to oversee the operation of these delegated powers.

Non Executive Directors will retire in accordance with the Constitution.

3.3 Chairman

The Chairman will be elected by Directors in accordance with the Constitution and will be an independent non-executive director and independent of the role of CEO.

The Chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function, and for briefing of all Directors in relation to issues arising between Board meetings.

The Chairman should encourage the effective contribution of all Directors and promote constructive and respectful relations between Board members and between the Board and management.

The Chairman should be able to commit the time necessary to discharge the role effectively. In that context the number of other positions, and time commitment associated with them, should be taken into account.

The Board may appoint one of the Directors as Deputy Chairman, to act for the Chairman as required by the Constitution.

3.4 Chief Executive Officer (CEO)

The CEO is responsible to the Board for the leadership, management and performance of SAI Global. The CEO manages SAI Global in accordance with the strategy, plans and policies approved by the Board to achieve agreed goals. Responsibilities include:

- Taking and approving all and any actions and initiatives required to deliver SAI Global's strategy, mission, vision and operating plans as approved by the Board,
- Ensuring all risks are identified and managed and that there is a robust internal control system in place which ensure compliance with all relevant obligations of SAI Global set by authorities, [John Murray suggests "which meets or betters relevant requirements" as authorities' requirements may not be the highest attainable.]
- Maintaining, and developing as required, an effective management team, including ensuring the existence of viable succession plans,
- Ensuring that the Board is fully informed of the performance of the company and any other significant matters,
- Managing expenditures within approved authorities and budgets,
- Ensuring that all actions comply with SAI Global policies and standards in force from time to time, and
- Other responsibilities as delegated from time to time by the Board.

3.5 Company Secretary

The Company Secretary plays an important role in supporting the Board by monitoring that Board policy and procedures are followed, and coordinating the completion and dispatch of Board and Board Committee agenda and briefing materials in a timely manner. The Company Secretary is also responsible for briefing the Board on its requirements in respect of obligations set by various authorities, posting documents which the Directors should read on the website as soon as they are available, maintaining a set of current policies and ensuring that they are reviewed annually and maintaining a set of Board and Board Committee records.

The Company Secretary is, through the CEO, accountable to the Board, through the Chairman, on all governance matters.

4. Board Structure

4.1. Board Composition and Size

The Board of SAI Global will consist of a majority of Non-Executive Directors, the CEO and such other Executive Directors appointed from time to time, to serve on the board only while employed by the company. The majority of the Non-Executive Directors should be independent as defined by the ASX Corporate Governance Council.

The Directors determine the size of the Board, with reference to the Constitution, which provides that there will be a minimum of 3 and a maximum of 12 Directors unless otherwise determined at a General Meeting. Within this constraint, Directors may appoint additional Directors or appoint a Director to fill a casual vacancy arising.

4.2. Criteria for Board Membership

For Directors to be appointed by the Board, the Nomination Committee will consider the range of skills and experience required on the Board. Candidates will be recommended to the Board based on their expertise and knowledge and their potential contribution to SAI Global. Directors will be required to participate in a continuing education program.

A Director appointed by the Board to an additional position or a casual vacancy, will hold office until the next Annual General Meeting when the Director, being eligible, may nominate for election.

4.3. Tenure

Non-Executive Directors serve for a term of 3 years and those who retire at the Annual General Meeting having completed their term may be eligible for re-election. Nomination will be subject to assessed performance and three terms of 3 years is considered a reasonable maximum tenure.

4.4. Board Committees

To consider work and certain issues in more detail the Board can establish Board Committees, which then report back and advise the Board. Ad hoc Committees may be formed for specific tasks.

Committees have no power other than that specifically delegated by the Board. Each Committee has its own Charter approved by the Board. Directors are expected to make themselves available to serve on Committees as required. The CEO may attend Committee meetings by invitation.

Each Committee Chairman will be appointed by the Board and will report any matters of significance to the next Board meeting for approval or ratification. A copy of Committee minutes, or a written summary report, should be submitted to the Board for noting.

SAI Global has the following committees:

- **Audit and Risk Committee**
- **Remuneration Committee**
- **Nomination Committee**

The Company Secretary maintains Charters for each of the Committees which are reviewed annually and published on the company's website, as is this overall Corporate Governance Charter.

4.5. Subsidiary Companies' Governance

Subsidiary companies' governance will generally be by Executive Boards appointed by Directors in accordance with the Constitution and SAI Global policy.