

For the year ended 31 March 2004

This statement outlines the main corporate governance practices in place and the extent to which the Company has followed the recommendations of the ASX Corporate Governance Council throughout the year, including recommendations made by the Implementation Review Group of the ASX issued on 31 March 2004, unless otherwise stated. In this statement the Council's document published on 31 March 2003 is referred to as "the guidelines".

This statement and information identified therein is available on the Company's website at www.campbell.com.au under the Corporate Governance section.

PRINCIPLE 1: BOARD AND MANAGEMENT

For many years the Board has developed and implemented policies and practices which ensure that the Company complies with the recommendations and principles set out in the guidelines, while recognising that in a dynamic company with a small board the relationships among directors, and particularly the relationship between the chairman and the chief executive officer, cannot be fully regulated and documented. During the year, the Board reviewed its policies and practices in this area and has published a summary of the revised board charter on the Company's website.

PRINCIPLE 2: BOARD STRUCTURE

During the financial year the Board comprised six non-executive directors (including the Chairman) and one executive director (the Managing Director). The names, skills and experience of the directors in office at the date of this Statement, and the period of office of each director, are set out in the Directors' Report and in the Annual Report.

Independent professional advice

Each director has the right, at the Company's expense, to seek independent professional advice in relation to the execution of Board responsibilities. Prior approval of the Chairman, which will not be unreasonably withheld, is required. Where appropriate, directors share such advice with the other directors.

Independence of directors

The Board considers that all directors, other than the Managing Director, are independent of management influence. The Board distinguishes between the concept of independence, and the issues of conflict of interest or material personal interests which may arise from time to time. Wherever there is an actual or potential conflict of interest or material personal interest, the Board's policies and procedures ensure that:

- > the interest is fully disclosed and the disclosure is recorded in the register of directors' interests and in the Board minutes
- > the relevant director is excluded from all considerations of the matter by the Board
- > the relevant director does not receive any segment of the Board papers or other documents in which there is any reference to the matter.

As the determination of independence remains a matter for the Board's judgement, the Board confirms that all directors meet the stated requirements for independence as recommended in the guidelines, except that:

- > one independent director, Mrs Nerolie Withnall, does not satisfy the requirement, in that, she was a principal of Minter Ellison Lawyers, the Company's primary provider of legal services, until 30 June 2001. The Board does not consider that this affects Mrs Withnall's independence as a director in relation to any matter other than the selection of legal advisers, and the nature and quality of legal services. In relation to these matters, the Managing Director has authority to make decisions without reference to the Board, and when any such matters are referred to the Board the procedures outlined above for dealing with conflicts of interest have always been followed and continue to be followed since Mrs Withnall's retirement from legal practice.
- > a number of directors have been in office for many years, as disclosed in the Annual Report. The Board does not consider that the independence of a director can be assessed by reference to an arbitrary and set period of time. The Company has diverse operations which have grown considerably over the past ten years and in the Board's view derives benefits from having long-serving directors with detailed knowledge of its history and experience of its operations in many fields and countries.
- > from time to time conflicts of interest may arise, particularly having regard to the diversity of the Company's operations. These are dealt with in accordance with the procedure outlined above for dealing with conflicts. They do not affect the capacity of the relevant director to act with independence in relation to all other matters.

The chairman of the Company is an independent non-executive director.

The roles of chairman and chief executive are exercised by separate individuals.

For the year ended 31 March 2004

PRINCIPLE 2: BOARD STRUCTURE *continued*

Nomination Committee

As Campbell Brothers Limited has a relatively small Board, the full Board is the Nomination Committee and regularly reviews Board membership. This includes an assessment of the necessary and desirable competencies of Board members, Board succession plans and an evaluation of the Board's performance, and consideration of appointments and removals.

When a Board vacancy occurs, the Nomination Committee identifies the particular skills, experience and expertise that will best complement Board effectiveness, and then undertakes a process to identify candidates who can meet those criteria.

In its deliberations, the Nomination Committee is particularly focused on the number and nature of other directorships, and availability of time to commit to the Company's affairs, of all present and potential directors.

The Company follows all of the recommendations in the guidelines and the ASX Listing Rules for the appointment of directors, although directors are not appointed for specific terms. Criterion for continued office is effective contribution which is regularly reviewed in the processes referred to above.

During the year, the Board revised its Nomination Committee charter following a review of its policies and procedures for selection and appointment of directors and review of performance. A summary of the role, rights and responsibilities of the Nomination Committee, as well as the committee's policy for appointment of directors, will be made available on the Company's website.

PRINCIPLE 3: ETHICAL STANDARDS

Code of Conduct

Through established practices and policies the Board supports the need for directors and employees to observe the highest standards of behaviour and business ethics. All directors, managers and employees are expected to act with integrity, striving at all times to enhance the reputation and performance of the Group. The Board's policies reflect all the guidelines.

Appropriate training programs on the Group's internal policies including workplace health and safety, environmental law compliance, trade practices legislation and affirmative action programs support this process.

A formal Code of Conduct which draws together all of the Company's existing policies has been reviewed and a summary of its main provisions is published on the Company's website.

Trading in company securities by directors, officers and employees

The Board has established written guidelines, set out in its Insider Trading Policy, that restrict dealings by directors and relevant employees in the Company's shares, and in shares in other companies related to the Company's operations.

The Insider Trading Policy complies with the guidelines. It identifies certain periods when, in the absence of knowledge of unpublished price-sensitive information, directors and relevant employees may buy or sell shares. These periods are the four weeks following the announcement of half year and full year results and following the Annual General Meeting.

To protect in particular the confidentiality of potentially price sensitive information about the clients of the laboratory services division of the Company all employees of that division are specifically prohibited from trading in the shares of a company which is a client of the division.

A summary of the main provisions of the Insider Trading Policy is published on the Company's website.

PRINCIPLE 4: FINANCIAL REPORTING

Certification of financial reports

The Managing Director and Chief Financial Officer state in writing to the Board each reporting period 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 and are in accordance with relevant accounting standards. The statements from the Managing Director and Chief Financial Officer are based on a formal sign off framework established throughout the Company and reviewed by the Audit and Compliance Committee as part of the six-monthly financial reporting process.

Audit and Compliance Committee

The Company has an established Audit and Compliance Committee (the Committee) operating under written terms of reference approved by the Board.

For the year ended 31 March 2004

PRINCIPLE 4: FINANCIAL REPORTING *continued***Audit and Compliance Committee** *continued*

The Committee comprises three independent non-executive members with an independent chairman who is not also chairman of the Board. This complies with the recommendation in the guidelines as well as Listing Rule 12.7 of ASX (including the proposed amendment relating to the top 300 companies). The names and qualifications of members of the Committee are set out in the Directors' Report and in the Annual Report. Meetings of the Committee are attended, by invitation, by the Managing Director, the Group Finance Manager/Company Secretary, the Group Compliance Manager, the engagement partner from the Company's external auditor and such other senior staff or professional people as may be appropriate from time to time. The number of meetings of the Committee held during the year are set out in the Directors' Report.

The Committee operates under formal terms of reference (Charter) approved by the Board which are reviewed annually.

The functions and responsibilities of the Committee under its Charter comply with the recommendation in the guidelines.

Minutes of all Committee meetings are provided to the Board and the Chairman of the Committee also reports to the Board after each Committee meeting. The form of the minutes and of the report comply with recommendations in the guidelines.

Auditor independence

The external auditor, KPMG, has declared its independence to the Board. The Audit partner was rotated as from the commencement of the 2003/04 audit i.e. 1 April 2003. The Committee has examined detailed material provided by the external auditor and by management and has satisfied itself that the standards for auditor independence and associated issues are fully complied with.

The Company complies with the reporting guidelines on Principle 4 in its annual report.

The Audit Committee's terms of reference are available, along with other information suggested in the recommendation, on the Company's website.

PRINCIPLE 5: MATERIAL DISCLOSURE

The Company has established policies and procedures which comply with the recommendation in the guidelines for timely disclosure of material information concerning the Company. These policies and procedures are regularly reviewed to ensure that the Company complies with its obligations at law and under the ASX Listing Rules.

The Company Secretary is responsible for communications with the Australian Stock Exchange including responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing information going to the ASX, shareholders and other interested parties. The matter of continuous disclosure is a permanent item on the agenda for all Board meetings and is specifically addressed by each director at those meetings.

The directors have obligations under a Disclosure of Interests and Transactions in Securities Agreement entered into with the Company to inform the Company of any securities trading in the Company.

All announcements made to the ASX by the Company are published on the Company's website.

A summary of the policies and procedures the Company has in place to ensure compliance with ASX Listing Rule disclosure requirements is published on the Company's website.

PRINCIPLE 6: SHAREHOLDER COMMUNICATION**Communications strategy**

The Company aims to keep shareholders informed of the Company's performance and all major developments in an ongoing manner. Information is communicated to shareholders through:

- > the annual report which is distributed to all shareholders (unless specifically requested otherwise);
- > the half-year shareholders' report which is distributed to all shareholders (unless specifically requested otherwise), containing summarised financial information and a review of the operations during the period since the annual report; and
- > other correspondence regarding matters impacting on shareholders as required.

All documents that are released publicly are made available on the Company's web site.

Shareholders are also encouraged to participate in the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategies and goals. Important issues are presented to shareholders as single resolutions.

Availability of auditor at AGM

The senior engagement partner of the Company's external auditor, KPMG, attends the Company's annual general meetings and is available to answer questions from shareholders about the audit. The Chairman advises the shareholders of this at the commencement of each annual general meeting.

PRINCIPLE 7: RISK MANAGEMENT**Oversight of the risk management function**

The Company places a high priority on risk management and identification throughout the Group's operations and regularly reviews its adequacy in this regard. Under the guidance of the Audit and Compliance Committee, a comprehensive risk control program has been developed which includes legislative compliance, property protection and health, safety and environment audits using risk assessors, self audits, engineering and professional advisers.

The Company has a qualified compliance manager who oversees the design and implementation of the risk control program, monitors performance and develops appropriate programs to enhance awareness and compliance. These programs include training for employees, using both internal and external experts. Regular review meetings are held with divisional general managers and senior personnel to provide guidance and strategies for implementation of risk mitigation measures in their businesses.

The compliance manager reports in writing to the Board each month and in writing personally to meetings of the Audit and Compliance Committee and supervises not only the six-monthly sign off process but also the follow up of any non-compliances or identified areas requiring further training or risk management.

Internal financial controls

In view of its size, its divisional structure with divisional accounting functions, and considering cost-effectiveness, the Company relies on its financial management team, led by the chief financial officer and the group financial controller, and under the control of the Managing Director, to perform internal audit functions. This is done with regular consultation with the external auditors but is independent of them.

The group financial controller reports in writing to each Board meeting.

The chief financial officer attends all Board meetings, and both he and the group financial controller attend all meetings of the Audit and Compliance Committee and provide written reports to that Committee.

Certification of risk management controls

In conjunction with the certification of financial reports under Principle 4, the Managing Director and Chief Financial Officer state in writing to the Board each reporting period that:

- > the statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
- > the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The statements from the Managing Director and Chief Financial Officer are based on a formal sign off framework established throughout the Company and reviewed by the Audit and Compliance Committee as part of the six-monthly financial reporting process.

A description of the Company's risk management policy and internal compliance and control system is available on the Company's website.

PRINCIPLE 8: BOARD PERFORMANCE

The Board undertakes an annual review of its performance together with an assessment of the Group's executive management in line with recommendations of the guidelines.

The Board provides induction programs for new directors in accordance with the recommendation and complies with all of the recommendations in relation to independent professional advice, access to the company secretary, the appointment and removal of the company secretary, and the provision of information, including requests for additional information. The company secretary attends all Board meetings.

Induction and training programs for key executives are designed and implemented under the supervision of the Managing Director.

PRINCIPLE 9: REMUNERATION

The Remuneration Committee of the Board of Directors is responsible for recommending and reviewing remuneration arrangements for the directors, the chief executive officer and the senior executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by the reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Officers, other than the non-executive directors, are given the opportunity to receive their base remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without increasing the total cost for the Company.

For the year ended 31 March 2004

PRINCIPLE 9: REMUNERATION *continued*

To assist in achieving these objectives, the Company's remuneration policy links the nature and amount of executive directors' and officers' remuneration to the Company's financial and operational performance. All key senior executives have the opportunity to qualify for participation in the Executive Performance Bonus Plan which currently provides benefits where specified criteria are met.

Executives are those who are directly accountable and responsible for the operational management and strategic direction of the Company and the consolidated entity.

Remuneration Committee

The Board has an established Remuneration Committee, comprising three non-executive directors. Their names and attendance at meetings of the Committee are set out in the Directors' Report. The Committee's composition and responsibilities comply with the recommendation outlined in the guidelines.

A summary of the Committee's role, rights, responsibilities and membership requirements are available on the Company's website.

Structure of remuneration

The structure of non-executive directors' remuneration and that of executives is set out in the relevant section of the Directors' Report.

Details of the nature and amount of each element of the remuneration of each director of the Company and each of the five executive officers of the Company and the consolidated entity receiving the highest remuneration for the financial year are disclosed in the relevant section of the Directors' Report.

Directors' retirement benefits

In accordance with the current terms of Directors' Retiring Allowance (DRA) agreements, allowances payable at the time of retirement of non-executive directors will be reduced by the amounts of any contributions made by the Company, on their behalf, to superannuation funds during their terms of office. These DRA agreements were approved by shareholders at the 1992 AGM before the introduction of statutory superannuation.

Under the terms of the DRA agreements, after fifteen years service, retiring non-executive directors receive, on a sliding scale, benefits up to a maximum of five times the average annual remuneration in the three years preceding retirement. Only two directors, Mr Rodney White and Mr Antony Love, qualify for the maximum benefit.

The Remuneration Committee is considering methods of abolition of these DRA agreements, in favour of alternative remuneration arrangements for non-executive directors which are more in line with current market trends, and in compliance with the guidelines. When a decision is made by the Board the matter will be taken to shareholders in general meeting for their consideration and approval.

Share and option plans

The Remuneration Committee is responsible for reviewing recommendations in respect to issues under the Company's share and option plans which were approved by shareholders at the 1996 AGM. Directors approve issues under the plans only after being satisfied that this is in accordance with the terms of shareholders' approval. Shares or options issued under the plans are set out in the relevant section of the Directors' Report. They form only a modest proportion of executives' remuneration. Non-executive directors are not eligible to participate in these plans.

PRINCIPLE 10: ACCOUNTABILITY

The Company has well-established policies, procedures and codes of conduct which seek to promote throughout the Company, and in the many countries in which it operates its businesses, a culture of compliance with legal requirements and ethical standards.

The Board recognises that managing "natural, human, social and other forms of capital" may also assist in creating value for shareholders. To this end the Board seeks, by the individual contributions of directors and by encouraging activities of its executives, to uphold community standards and to maintain good relations with community and government organisations. However the Board seeks to balance these considerations in order to ensure that the claims of "legitimate stakeholders" do not prejudice or diminish the legitimate expectations of shareholders. The Board does not support a process by which companies are regulated in their dealings in these areas, beyond the consideration of their programs to ensure compliance with legal and ethical standards.

As indicated under Principle 3, a Code of Conduct which draws together all of the Company's policies and codes has been established and a summary of its main provisions is available on the Company's website.