

CAMPBELL BROTHERS LIMITED
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

The policies and practices developed and implemented by the Board over many years meet or exceed the revised Principles and Recommendations set out in ASX's Corporate Governance Council guidelines (ASX guidelines) which became effective from 1 January 2008.

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

Principle 1: Board and management

A summary of the Company's board charter is posted on the Company's website which sets out the role, powers and responsibilities of the Board.

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, Mr Greg Kilmister, to be 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; and
- the relevant director does not receive any segment of the Board papers or other documents in which there is any reference to the matter.

Previously, Mr Bruce Brown was deemed not to be an independent director. It has been more than three years since Mr Brown was appointed a non-executive director on 1 October 2005. He was the former Managing Director and Chief Executive of the Company, retiring effective 31 August 2005. Accordingly, he now meets the definition of an independent director as outlined in the ASX guidelines.

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

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

Nomination Committee

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.

Directors are not appointed for specific terms and are subject to rotational requirements for re-election. Criterion for continued office is effective contribution, which is regularly reviewed in the processes referred to above.

A summary of the role, rights and responsibilities of the Nomination Committee, as well as the committee's policy for appointment of directors, is available on the Company's website.

Board performance

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

The Board provides an appropriate induction program for new directors, permits directors to obtain independent professional advice, have access to the Company Secretary, decide on the appointment and removal of the Company Secretary, and has procedures for 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 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 exceed all the ASX 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.

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.

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.

Trading in company securities by directors, officers and employees

The Board has established written guidelines, set out in its Securities 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 Securities Trading Policy 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 include 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, at the time, is a client of the division.

The policy was updated in September 2008 to include provisions which prohibit directors and executives entering into any hedging arrangement in relation to any unvested securities of the Company as well as the requirement to disclose to the Board any securities in the Company that are held as security in a margin loan arrangement so as to assess whether the margin loan arrangement is material and requiring disclosure to the market.

The updated Securities Trading Policy is published on the Company's website.

Principle 4: Financial reporting

Certification of financial reports

The Managing Director and Group Finance Manager 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 Group Finance Manager 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 operating under written terms of reference approved by the Board which are reviewed annually.

The Audit and Compliance Committee comprises four independent non-executive directors with an independent chairman who is not also chairman of the Board. The names and qualifications of members of the Audit and Compliance Committee are set out in the Directors' Report and in the Annual Report. Other non-executive directors of the Board are entitled to be present at all meetings of the Committee. Meetings of the Committee are attended, by invitation, by the Managing Director, the Group Finance Manager, the Group Compliance & Risk 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 is set out in the Directors' Report.

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.

Auditor independence

The external auditor, KPMG, has declared its independence to the Board through its representations to the Committee and provision of its Lead Auditor's Independence Declaration to the Board, stating that there have been no contraventions of auditor independence requirements as set out in the Corporations Act or any auditors' professional code.

The Audit partner was rotated as from the audit period commencing 1 April 2008. The Audit and Compliance 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 Audit and Compliance Committee's terms of reference are available, along with other information suggested in the ASX guidelines, on the Company's website.

Principle 5: Material disclosure

The Company has established policies and procedures for timely disclosure of material information concerning the Company. This includes internal reporting procedures in place to ensure that any material price sensitive information is reported to the Company Secretary in a timely manner. 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 Securities Exchange (ASX) 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.

The directors have made disclosure that they have no material margin lending terms in relation to their holding of Company securities that could impact on the Company's share price.

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 published on the Company's website and distributed to shareholders where specifically requested;
- the half-year shareholders' report which is published on the Company's website and distributed to shareholders where specifically requested, 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 material 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 separate resolutions.

Availability of auditor at AGM

The senior engagement partner (or his representative) 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 and Risk 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 Group Compliance and Risk Manager reports in writing to the Board each month and 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

The Company has an established internal audit function under the control of the Group Compliance and Risk Manager. Internal audits are carried out in regular consultation with the external auditors but are independent of them.

The Group Finance Manager reports in writing and personally to each Board meeting, attends all meetings of the Audit and Compliance Committee and provides a written report to that Committee.

Certification of risk management controls

In conjunction with the certification of financial reports under Principle 4, the Managing Director and Group Finance Manager 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 statement from the Managing Director and Group Finance Manager is 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: Remuneration

The Remuneration Committee of the Board of Directors is responsible for reviewing and recommending compensation arrangements for the directors, the chief executive officer and the senior management team. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and management team. Executives, other than the non-executive directors, are given the opportunity to receive their base remuneration in the form of cash and non-cash benefits. To assist in achieving these objectives, the Company's remuneration policy links the nature and amount of executive directors' and senior executives' remuneration to the Company's financial and operational performance. All key senior executives have the opportunity to

qualify for participation in the Company's Short Term Incentive (STI) and Long Term Incentive (LTI) Plans which currently provide benefits where specified performance criteria are met.

Key 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. Names of members and their attendance at meetings of the Committee are set out in the Directors' Report.

A summary of the Committee's role, rights, responsibilities and membership requirements is 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 'Remuneration Report' 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 key executive of the Company and the consolidated entity having responsibility for its operational performance for the financial year are disclosed in the 'Remuneration Report' section of the Directors' Report. The current level of non-executive directors' fees is \$599,500 per annum (comprising \$550,000 fees plus Superannuation Guarantee of 9%), which was last approved by shareholders at the 2006 AGM. At the 2009 AGM, shareholders will be asked to adopt, as a non-binding vote, the Remuneration Report as contained in the Annual Report for the financial year ended 31 March 2009.

Directors' retirement benefits

There are no Directors' retirement benefits other than statutory superannuation. Details are set out in the 'Remuneration Report' section of the Directors' Report.

Share-based plans

The Remuneration Committee is responsible for reviewing recommendations with respect to issues or grants under the Company's share-based plans. Directors approve issues or grants under the plans only after being satisfied that this is in accordance with the terms of shareholders' approval.

Employee Share Plan

There were no new issues of shares under the plan during the year. There were no options granted during the year as the Board had previously resolved to cease the Option Plan.

Long Term Incentive Plan

Shareholders approved the Company's Long Term Incentive Plan (LTIP) at the 2008 AGM, effective for the initial three year period commencing 1 April 2008. Under the plan, key employees may be granted conditional performance rights to receive ordinary shares in the Company at no cost to the employees (or in limited cases, to receive cash-settled awards). During the year, there were 44,538 Performance Rights granted under the Company's LTIP, of which 7,388 Performance Rights were granted to the Managing Director, Mr Greg Kilmister in accordance with terms approved at the 2008 AGM.