

Board Charter

Directors as at Approval Date

Mr Brett S Johnson	Committee Chairman
Mr D B Keane	Managing Director
Mr B C Grubb	Committee Member
Mr M J Green	Committee Member
Mr B S Johnson	Committee Member

Last approval date	25 May 2004
Next review date	November 2004
Last approval date	21 December 2004
Next review date	November 2005

SCOTT CORPORATION LIMITED

BOARD CHARTER

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SCOTT CORPORATION LIMITED

BOARD CHARTER

1. INTRODUCTION

In carrying out its responsibilities and exercising its powers, the Board will at all times recognise its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of Scott Corporation Limited (the Company) as well as its shareholders, employees, customers and the community. It will promote and maintain an environment within the Company that will establish these principles as basic guidelines for all of its employees and representatives at all times.

2. SIZE AND COMPOSITION

The Company's constitution requires that the Board shall consist of between four and twelve Directors. It will not however be the intention of the Board however to increase its number beyond a maximum of six.

- ▲ A majority of Directors will be non-executive Directors
- ▲ At least one third of the non-executive Directors will be independent Directors. The criteria for independence are set out in section 4 below.
- ▲ The Chairman will be a non executive Director, elected by the full Board.
- ▲ The Managing Director will be an executive Director appointed by the full Board.

3. FUNCTIONS AND RESPONSIBILITIES

The functions and responsibilities of the Board are to:

- (a) Approve the strategic direction and financial objectives of the Company and its subsidiaries (the Group) and approve the annual strategic plan and the annual budget.
- (b) Monitor management's implementation of the strategic plan and the budget and the achievement of the Board's financial objectives.
- (c) Maintain and enhance the Company's strong stance on safety, the environment and other related issues.
- (d) Appoint and, where appropriate, remove the Managing Director and determine his or her conditions of employment, including remuneration.
- (e) Ratify the appointment of and, where appropriate, removal of the Chief Financial Officer and the Company Secretary.
- (f) Approve the remuneration and conditions of service of the Chief Financial Officer, Company Secretary and other senior executives reporting to the Managing Director.
- (g) Review and ratify systems of risk management and internal compliance and control.
- (h) Approve and monitor the progress of major capital expenditure projects and business acquisitions and divestments.

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- (i) Approve the issue of any shares, options, equity instruments or other securities of the Company.
- (j) Approve the Company's delegation of authority policy for commitment to new expenditure, execution of contracts, acquisition and divestment of businesses, capital expenditure, treasury arrangements and any other matters which the Company commits to in the normal course of conducting its business operations.
- (k) Approve expenditure and other matters for which the Company's delegation of authority policy requires Board approval.
- (l) Approve all half yearly and annual financial reports for issue to the regulatory authorities, shareholders and the financial markets.
- (m) Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure and to ensure accountability at a senior management level for that compliance.
- (n) Maintain a code of conduct to guide compliance with legal obligations to all stakeholders.
- (o) Maintain and review at least every 3 years the charters which govern the activities and responsibilities of the Board and its committees.
- (p) Monitor the activities and performance of Board committees.
- (q) Evaluate at least annually the performance of the Managing Director and the senior management team in achieving the strategies and budgets approved by the Board.
- (r) Undertake an annual review of the structure and performance of the Board and make decisions on new appointments to the Board.
- (s) Establish and monitor executive succession planning (in particular for the Managing Director and direct reports) and executive development activities.

4. BOARD INDEPENDENCE

A Director shall be regarded as independent if that Director is a non-executive Director and:

- (a) Is not a substantial shareholder of the Company, or otherwise associated directly or indirectly with a substantial shareholder of the Company.
- (b) Has not been employed in an executive capacity by the Company or one of its subsidiaries within the last three years, and did not become a Director within three years of being so employed.
- (c) Within the last three years, has not been a material professional adviser to the Company or one of its subsidiaries either as a principal, a material consultant or an employee materially associated with the service provided.
- (d) Is not a partner in or controlling shareholder or executive officer of a material supplier or customer of the Company or any of its subsidiaries, and is not otherwise associated directly or indirectly with such a supplier or customer.
- (e) Has no material contractual relationship with the Company or any of its subsidiaries other than as a Director of the Company.

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- (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.
- (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.

5. CHAIRMAN

The Chairman presides over Board and General meetings of the Company. He is responsible for ensuring that meetings are conducted competently and ethically and for providing effective leadership in formulating and monitoring the strategic direction of the Company.

The Chairman shall manage the conduct of Board meetings so as to provide Directors with the opportunity to gain a detailed understanding of issues affecting the Company's business operations, the Company's financial position and performance and any opportunities or challenges facing the Company.

The Chairman shall ensure that new Board members are well briefed and have access to information on all aspects of the Company's operations.

The Chairman shall be the primary counsellor to the Managing Director.

6. MEETINGS

The Board shall meet formally at least ten times per annum and whenever necessary to deal with urgent matters which arise between scheduled meetings.

The Board may invite senior officers of the Company to attend Board meetings to discuss matters within their areas of responsibility.

The non-executive Directors are encouraged to meet at least twice each year for private discussion of management issues or matters of a particularly sensitive nature.

Board papers shall be provided to Directors at least two days prior to the relevant meeting.

7. BOARD COMMITTEES

The Board may from time to time establish committees to assist it in carrying out its responsibilities and shall adopt charters setting out matters relevant to the composition, responsibilities and administration of such committees and other matters that the Board may consider appropriate.

The Board has established the following committees:

- Audit and Risk Management Committee
- Remuneration Committee

8. PERFORMANCE EVALUATION

The Board shall undertake an annual performance evaluation of itself that:

- (a) Compares the performance of the Board with the requirements of this charter
- (b) Establishes the goals and objectives of the Board for the next financial year

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(c) Effects any necessary improvements to the Board charter.

The performance evaluation shall be conducted in a manner determined as appropriate by the Board.

9. ACCESS AND ADVICE

Every Director has the right to seek independent professional advice where he considers it necessary to properly carry out his duties and responsibilities. Any costs incurred by a Director in consulting an independent expert shall be borne by the Company, subject to the prior approval of the Chairman. Such approval shall not be unreasonably withheld.

All Directors have complete access to information in the Company. They have the right to discuss any issue with individual staff members and to request their attendance at Board meetings to discuss specific agenda items.

10. TERM OF OFFICE

Directors must present themselves for periodic re-election in accordance with the constitution of the Company.

11. CHANGES TO THE CHARTER

The charters of the Board and each of its committees shall be reviewed at least every 3 years to ensure they are operating effectively.