

Adopted by the Board on 1 March 2004

Colorpak Limited

Corporate Governance Code

This Corporate Governance Code outlines the core principles of corporate governance to which Colorpak Limited (**Colorpak**) ascribes. The Board places great importance on the governance of Colorpak and this Corporate Governance Code reflects the Board's position. The Board intends that Colorpak should adopt and comply with best practice principles to address corporate governance issues. The Board is of the opinion that the development and implementation of best practice corporate governance is a performance enhancement opportunity, rather than just a compliance issue.

1 Role of the Board of Directors

The Board is responsible for the overall governance of Colorpak and its strategic direction. This includes the setting of goals, monitoring performance and ensuring Colorpak's internal control and reporting procedures are adequate, effective and ethical and that Colorpak's strategic direction provides value for its shareholders.

This is an active, not a passive responsibility and the Board has the responsibility to ensure that in good times as well as difficult times, management is capably executing its responsibilities. To this end, the Board's policy is that it must regularly monitor the effectiveness of management policies and decisions, including the execution of its strategies.

The Board has adopted a formal charter which sets out the roles and responsibilities of the Board.

In addition to fulfilling its obligations to generate rewards for shareholders who invest their capital in Colorpak, the Board has responsibilities to Colorpak's customers, employees, suppliers and to the welfare of the communities in which Colorpak operates.

2 Board Composition & Independence

As a matter of principle, a majority of the directors are and must be independent non-executive directors. In addition, the positions of Chairman and Managing Director are required to be held by separate persons. It is also Board policy that the position of Chairman of the Board is always to be filled by a non-executive director.

This approach ensures that there are sufficient number of non-executive directors to:

- bring an "independent" view to the Board's deliberations;
- help the Board (and the Chairman) provide Colorpak with effective leadership and ensure that Colorpak is competently run in its own best interests and consequently in the best interests of all stakeholders;
- foster the continuing effectiveness of the Managing Director and management.

Directors should use all reasonable endeavours to satisfy themselves that Colorpak's transactions are conducted in accordance with the law and the highest standards of propriety.

Recognising that the composition of the Board is subject to shareholder approval, Board policy is that, as a matter of principle, the Board should be comprised of directors with an appropriate range and mix of qualifications and specific expertise that will enable the Board to effectively function. The Nomination & Remuneration Committee sets and reviews the criteria for appointment of new directors. In addition, the Board conducts a formal review of its performance. Both these mechanisms act as a regular check on the composition of the Board and the appropriateness of the skills and expertise of the Board members for Colorpak.

Members of the senior executive may, at the invitation of the Board, attend Board meetings on a regular basis even though they are not members of the Board.

On matters of corporate governance, decisions are to be made by the non-executive/independent directors. In addition, the Managing Director does not participate in deliberations of the Board or a Board Committee when matters could affect his position.

Board policy is to meet best practice criteria in relation to the independence of non-executive directors. The Board recognises that various principles and factors are relevant in determining independence. It is intended that a sufficient number of non-executive directors be classed as independent directors, to satisfy the requirement that a majority of the board be constituted by a majority of independent non-executive directors, having regard to applicable best practice principles.

A non-executive director will be considered to be independent where the director:

- is not a substantial shareholder of Colorpak or an officer of or otherwise associated directly or indirectly with a substantial shareholder of Colorpak;
- has not within the last 3 years been employed in an executive capacity by Colorpak or another Group Company or been a director after ceasing to hold such employment;
- has not within the last 3 years been a principal or employee of a material professional adviser or a material consultant to Colorpak or another Group Company;
- is not a material supplier or customer of Colorpak or another Group Company or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with Colorpak or another Group Company other than as a director of Colorpak; and
- 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 Colorpak.

A director who is also an executive of Colorpak cannot be independent.

The Board has determined the following guidelines to determine materiality thresholds for the purposes of the definition of independence adopted by the Board:

- each situation is considered on a case by case basis;
- from a quantitative aspect the Board's view is, in line with relevant accounting standards, that an interest of more than 10% of the relevant base will prima facie be material and an interest of less than 5% of the relevant base will prima facie not be material. Interests of between 5% and 10% of the relevant base may be material, depending on the circumstances. In the context of each situation the Board determines the appropriate base to apply (for example, revenue, equity or expenses); and

- overriding the quantitative assessment is the qualitative assessment. Specifically, the Board considers whether there are any factors or considerations which may mean that the director's interest, business or relationship could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Colorpak.

3 Term of Office

All directors (except the Managing Director) are required to submit themselves for re-election at regular intervals and at least every three years.

Directors who reach the age of 70 prior to each year's annual general meeting, will be asked each year if they are prepared to commit to another year. When such director is prepared to re-commit, subject to the board considering that the director continues to contribute strongly and that no other succession or skills mix issues exist should the director be re-appointed, then the director will be encouraged to nominate for re-appointment for another year.

The Board does not believe it should establish a limit upon tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into Colorpak and its operations and therefore, an increasing contribution to the Board as a whole. The Board will continue to review the appropriateness of setting limits upon tenure. However, as an alternative, before a director is nominated for re-election at a shareholders' meeting, the Chairman consults with the rest of the Board and reviews the director's performance before the Board endorses his or her re-nomination.

In light of the time commitment required by appointment to the Board of Colorpak, non-executive directors other than the Chairman are asked to limit the number of other directorships to 5 for the duration of their appointment with Colorpak. The Chairman is asked to limit the number of directorships held to 2 for the duration of holding this position with Colorpak. It is also Board policy that non-executive directors consult with the Chairman and the Nomination & Remuneration Committee before accepting any outside appointments.

Each non-executive director is provided with a letter on their appointment to the Board, which sets out the terms and practical matters relevant to their appointment.

4 Conflicts and Declarations of Interests

The Corporations Act imposes obligations on directors in relation to disclosure of interests. Specifically, the Act provides that:

- a director who has a material personal interest in any matter that relates to the affairs of the company is required to give the other directors notice of the interest, except in certain circumstances specified in the Act. These include where the director is a member of the company and the interest is an interest in common with other members of the company;
- directors may choose to give standing notice about an interest to each of the other directors; and
- a director who has a material personal interest in a matter that is being considered at a directors' meeting must not:
 - be present while the matter is being considered at the meeting; or
 - vote on the matter.

As a matter of practice, the Board has developed the following protocol:

- (a) directors must disclose all interests and other directorships;
- (b) directors may choose to submit standing notices of interest to all Board members, or must disclose their interest in a matter being considered by the Board at that time;
- (c) directors must warn of potential conflict with duty to another company and ensure any change in circumstances is advised;
- (d) the Board will continually consider the application of the relevant provisions of the Corporations Act and, if the Chairman determines that a director's interest in a matter is sufficiently material, or would result in a conflict of interest arising, the director:
 - (1) will not receive Board Papers on the subject of interest, but will be advised that certain Board Papers have been excluded;
 - (2) cannot be present at the meeting when the matter is considered unless the other directors resolve that the director in question can stay; and
 - (3) cannot vote on the matter unless the other directors resolve that the director in question can vote; and
- (e) directors must obtain the company's consent before disclosing company information to another company or third party.

In accordance with the Listing Rules, each director is required to enter into an agreement with the company to provide details of his or her "relevant interest" in the company's securities on appointment, within 5 business days (or such lesser period as set out in the relevant agreement) of a change in the "relevant interest", and following retirement. Any change in a director's interest must be notified to the ASX within 5 business days by lodgement of Appendix 3Y.

Each director has a duty to avoid conflicts of interest, and, as noted above must notify the Board of any potential conflicts he or she may have, including any which may arise as a result of his or her duty to another company.

Each director has a duty to maintain the confidentiality of information he or she learns by virtue of his or her position as director. Disclosure of such information by the director should only be made after consultation with the Chairman or the Board.

5 Review of Board Performance

Every 12 to 18 months, the Board conducts a formal review of its performance.

The review includes:

- examination of the effectiveness and composition of the Board, including the required mix of skills, experience and other qualities which the non-executive directors should bring to the Board for it to function competently and efficiently;
- review of Colorpak's strategic direction and objectives;
- assessment of the Managing Director's performance by the non-executive directors;
- assessment of whether corporate governance practices are appropriate and reflect "good practice"; and
- assessment of whether the expectations of differing stakeholders have been met.

As part of this process the Chairman also:

- meets with the senior executive team to discuss with them their views of the Board's performance and level of involvement;
- discusses each individual director's contributions face-to-face as appropriate; and
- meets with the other non-executive directors without any management present (this is in addition to the consideration of the Managing Director's performance and remuneration which is conducted in the absence of the Managing Director).

Informal reviews of the Board's performance will be conducted as necessary. In addition, any director may suggest that the Board conduct a formal review earlier than the 12 to 18 month timeframe which generally applies.

6 Board Review of Management and Managing Director

An important function of the Board is to establish performance criteria for the Managing Director. The Board will formally conduct a performance review of the Managing Director at least annually, and will be advised on these matters by the Nomination & Remuneration Committee. The Managing Director does not participate in these deliberations.

7 Board Committees

Currently Colorpak has two Board Committees:

- the Audit & Risk Management Committee; and
- the Nomination & Remuneration Committee.

Each Committee has a formal Committee Charter which has been approved by the Board and which outlines the role and function of each Committee.

The members of each Committee annually review the role and function of each Committee and make appropriate recommendations for amendments to the Committee Charter to the Board.

The Board may establish such other committees as it determines appropriate. Board policy is that the terms of reference for any Board committee are agreed by the Board.

Each Board committee has a non-executive director as Chairman of the committee, and there is to be an appropriate balance between executive directors and non-executive directors on the committee.

As a matter of principle, committee members have access to the appropriate external and professional advice needed to assist the committee in fulfilling its role.

8 Board Operational Standards & Policies

Colorpak has a number of Board operational standards and policies including the following:

- ability for directors to obtain independent advice with the prior approval of the Chairman;
- formal induction and training programs for new directors, refresher programs for existing directors and educational sessions for directors on contemporary issues of relevance to Colorpak and its operations (including site visits);

- maintenance of an appropriate level of D&O insurance cover for Colorpak’s directors and other officers;
- Continuous Disclosure Policy detailing the procedures for assessing whether information must be disclosure to the ASX under the Listing Rules and who is authorised to make announcements to the ASX;
- Guidelines for Dealing in Securities which outline the prohibition against insider trading and specify the “windows” during which directors, executives and employees can deal in Colorpak’s securities;
- policy for notification of holdings of Company securities by directors which details the requirements and obligations of directors to notify the ASX of their holdings of Colorpak’s securities (as required by the ASX Listing Rules) – as outlined above;
- Conflicts of Interests Policy which outlines the principles governing notification of outside interests and procedures for identifying and dealing with conflicts of interests (as outlined above; and
- Code of Conduct which outlines the principles of ethics applicable to all employees to which Colorpak ascribes (as discussed below).

9 Ethical Standards & Code of Conduct

As a matter of Board policy, directors and management are expected to conduct themselves with the highest ethical standards. All directors and employees are expected to act with the integrity and objectivity, striving at all times to enhance the reputation and performance of the economic entity.

Colorpak aims to maintain the highest standard of ethical behaviour in ethical business dealings. In maintaining the ethical standards the company will:

- behave with integrity in all its dealings with customers, shareholders, government, employees, suppliers and the community;
- ensure that its actions comply with applicable laws and regulations and maintain harmonious relations with communities located near the company’s operations;
- maintain and implement policies that will enable the company’s employees to avoid situations where conflicts of interest could arise;
- not engage in any activity that could be construed to involve an improper inducement and achieve a working environment where:
 - equal opportunity is practiced;
 - harassment and other offensive behaviour is not tolerated;
 - the confidentiality of commercially sensitive information is protected; and
 - employees are encouraged to discuss concerns about ethical behaviour with their supervisor.

The Board is responsible for establishing compliance and evaluating the effectiveness of the company’s Code of Conduct.

10 Shareholder Communications

Colorpak aims to ensure that shareholders are well-informed of all major developments affecting the state of affairs of the company. To achieve this, the company has implemented the following procedures:

- Shareholders can gain access to information about the company, including media releases, key policies and the terms of reference of the company's Board Committees, through the company's website www.colorpak.com.au. The Annual Report and financial accounts will also be available on the company's website following the end of the company's first financial year as a listed company. Information is also communicated to shareholders via periodic mailouts.
- All relevant announcements made to the market and any related information are posted on the company's website as soon they have been released to the ASX.
- Colorpak encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and discussion of the company's strategy and goals. The company will also invite the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.