

**HERITAGE BRANDS LIMITED (FORMERLY SODA BRANDS LIMITED) ABN: 91 081 149 635 AND
CONTROLLED ENTITIES**

CORPORATE GOVERNANCE STATEMENT

The Board of Heritage Brands Limited (Formerly Soda Brands Limited) (the Company) is committed to maintaining the highest standards of corporate governance. Corporate governance is about having a set of values that underpin the Company's everyday activities and values that ensure fair dealing, transparency of actions and protect the interests of stakeholders.

The Company has been guided by the principles of corporate governance promoted by the National Stock Exchange of Australia (NSX). This statement outlines the main corporate governance practices followed by the Company, which take into account the operational requirements of the Company. The Company's corporate governance framework includes a Board Charter and various policies, which are reviewed each year.

Role of the Board

The Board's primary role is the overall operation and stewardship of the Company for the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for setting the overall strategic direction, financial objectives and operational goals of the Company and monitoring management's implementation of these. The Board is also responsible for overseeing succession planning for directors and senior management, determining remuneration for senior management and for directors (within shareholder approved limits), identifying and managing risk, monitoring the integrity of internal control and management information systems and approving and monitoring financial and other reporting.

The Board has delegated responsibility for the day to day operations and administration of the Company to the senior management team and these responsibilities are delineated by formal delegated authority. These responsibilities are reviewed against appropriate performance indices and updated at regular intervals including annual salary reviews and setting of the Company's key milestones.

Board size and composition

The Board determines its size and composition, subject to the limits imposed by the Company's Constitution, which requires a minimum of three and a maximum of ten directors. From time to time the Board may review the appropriate number of directors and may resolve to appoint additional directors who possess skills that will add value of the Board. New appointments are to be ratified by the members at the next Annual General Meeting.

Role of Chairman

The Chairman, who is elected by the Board, presides over Board meetings and General Meetings of the Company. The Chairman's responsibilities include providing effective leadership and ensuring effective performance of the Board and any committees and representing the views of the board to governments, the public etc. The Chairman is a non-executive director.

Board meetings

Board meetings are held in accordance with a calendar agreed to by Board members. The Chairman or any Director may convene additional meetings if required. The Chairman establishes meeting agendas to ensure adequate coverage of financial, strategic and major risk areas throughout the year.

Access to information and advice

All Directors have unrestricted access to Company's records and information. The Board collectively, and each Director individually, has the right to seek independent professional advice at the Company's expense to help them carry out their responsibilities. The Chairman's prior approval is required, and it may not be unreasonably withheld and, in its absence, Board approval must be sought before committing to independent professional advice.

Committees

Functions that are commonly delegated to committees are performed by specific members of the Board and the CEO. In addition there are specific committees as follows:

- Audit Committee
- Remuneration Committee

Each of the above has a Chairman and meets when necessary

Risk Management

Approach to risk management

Taking and managing risk are central to business and to building shareholder value. Company's approach is to identify, assess and control the risks which affect its business. The intention is to enable risks to be balanced against appropriate rewards. The risk management approach links the Company's vision and values, objectives and strategies, and procedures and training.

Risk management roles and responsibilities

The Board is responsible for approving and reviewing Company's risk management strategy and policy. The CEO is responsible for implementing the Board-approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

Financial reporting

The Board receives regular reports about the financial condition and operational results of the Company. The Chief Financial Officer periodically provides formal statements to the Board that in all material respects:

- the Company's financial statements present a true and fair view of Company's financial condition and operational results and
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

Internal audit

There is no internal audit department. The assessment of the control system is undertaken by the CEO, the COO and the Board. The Audit committee will assist in the review of the Internal Control System

Conflict of interest

Any Director who has a conflict of interest must notify each other Director of this conflict prior to, or at the latest, at the first Board meeting subsequent to becoming aware of the conflict. Any services provided by Directors or transactions involving entities related to Directors must be on arms length terms and approved by the board.

Code of conduct

Company is in the process of developing a Code of Conduct which deals with, amongst other areas, conflict of interest, personal gains and gifts, confidentiality, compliance with the law and policies and the work environment. Once adopted, all Directors and employees will be bound by the Code of Conduct.

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Trading in Company securities

The Board has adopted a Securities Dealing Policy, which applies to all Directors and employees. The policy specifies the periods during which the purchase and sale of the securities may not occur and sets out a notification procedure concerning transactions.

Communication with shareholders

The Board has adopted a Continuous Disclosure Policy and has implemented a procedure to ensure the prompt release to the NSX of price sensitive information. Shareholder newsletters are sent to shareholders at times deemed appropriate by the Board.

All Board members and the external auditor attend the Annual General Meeting and are available to answer questions. Notice of the AGM, and related papers, is sent to all Shareholders at least 28 days before the meeting. Resolutions are proposed on each substantially separate issue, including in relation to the Annual Accounts and the Directors' Remuneration Report.