



CEC GROUP LIMITED
ABN 84 010 025 831

Board Charter

Date 28 November 2003

1 Role of the Board

The Board Charter sets out the principles for the operation of the board of directors ("Board") of CEC Group Limited ("Company") and to describe the functions of the Board and those functions delegated to management.

The Board has primary responsibility to shareholders for the welfare of the Company by guiding and monitoring its activities. The Board is required to ensure that the Company is properly managed and constantly improved to protect and enhance shareholder value within a framework of effective accountability.

The Board must at all times act honestly, fairly and diligently in all respects in accordance with the Company's constitution and the law applicable to the Company. Furthermore, the Board is to act at all times in accordance with all relevant Company policies.

Each of the directors, when representing the Company, must act in the best interests of shareholders of the Company and in the best interests of the Company as a whole.

2 Responsibilities of the Board

2.1 The Board is responsible for the affairs of the Company, including:

- Setting strategic objectives.
- Evaluating, approving and monitoring the strategic plans of the company.
- Evaluating, approving and monitoring the annual budgets, ensuring appropriate resources are available, including resources required to meet environmental and work place health and safety management plans.
- Approving and monitoring the progress of major expenditure programs, acquisitions, divestments and business operations.
- Approving and monitoring the issue of securities and establishment of debt facilities.

2.2 Executive management

- Monitoring and managing the performance of the chief executive officer. Consistent with the obligation to monitor the chief executive officer the Board has identified the role and responsibilities of the chief executive officer as described in **section 4.4** and **4.5**.

- Managing succession planning for the position of the chief executive officer.
- Ratifying the terms of appointment and removal of senior management.

2.3 Risk management

- Reviewing with management how the strategic environment is changing, what key business risks and opportunities are appearing, how they are being managed and what, if any, modifications in strategic direction should be adopted.
- Considering the extent and types of risk that is acceptable for the Company to bear.
- Approving and monitoring the Company's risk management system.
- Approving and monitoring compliance with the Company's internal control system.
- Monitoring the Company's operations in relation to, and compliance with relevant regulatory and contractual requirements.

2.4 Reporting

- Approving all half yearly and annual financial reports.
- Supervising the disclosure of any departures from the ASX best practice recommendations and any publicly available information about the Company's policies.
- The board has the responsibility to comply with the continuous disclosure of requirements in the ASX recommendations.

3 Structure of the Board

The majority of the directors should be independent provided suitable candidates are available. The Board is to comprise four (4) non-executive directors. Three (3) of the non-executive directors are considered by the Board to be independent, in accordance with the criteria in section 6.1, and will be of such size and competence necessary to understand properly and deal with the current and emerging issues applicable to the Company. The chairman has the casting vote accordingly as the chairman is an independent director the independent director effectively has the majority vote.

The directors will appoint as chairman of the Board, one of the non-executive independent directors.

The Board may appoint another of the non-executive independent directors as deputy chairman. In the absence of the chairman, the deputy chairman will act as chairman.

Each director is bound by all the Company charters, policies, and codes of conduct.

The Board and/or the committees have delegated carriage of the operation and management of the Company's business to the chief executive officer.

4 Statement of the division of authority between the chairman and chief executive officer

4.1 Objective

Consistent with its commitment to best practice corporate governance, the Company recognises the importance of the office of chairman and the office of chief executive officer of the Company.

The Company recognises that it is important that the chairman and the chief executive officer have defined roles in the organisation and function in accordance with clear functional lines.

4.2 Role of the chairman

Chairman selection is on the basis of relevant experience, skill and leadership abilities.

4.3 Specific duties of the chairman

The chairman is to:

- Chair board meetings;
- Approve the agenda for board meetings;
- Chair meetings of members, including the annual general meeting of the Company;
- Sit the Nomination and Remuneration Committee;
- Be the primary spokesperson for the Company at the annual general meeting;

- Be kept fully informed by the chief executive officer of all material matters which may be relevant to directors;
- Ensure directors are informed of all material matters;
- Provide guidance and mentoring to the chief executive officer;
- Chair the chief executive officer evaluation process through the Nomination and Remuneration Committee; and
- Ensure the annual process of Board evaluation is conducted.

4.4 Role and responsibilities of the chief executive officer

The chief executive officer has primary responsibility to the Board for the affairs of the Company.

The Board appoints the chief executive officer to manage the business on behalf of it and shareholders and must delegate sufficient powers to allow him to manage effectively. The chief executive officer must carry out the objectives of the Board in accordance with its instructions, and report to the Board all matters the chief executive officer considers to be material to the affairs of the Company.

4.5 Specific duties of the chief executive officer

The chief executive officer is to:

- Develop with the Board, implement and monitor the strategic and long term plans for the Company;
- Develop, implement and monitor the annual budget;
- Plan, implement and monitor all major capital expenditure, and all major corporate transactions including the issue of securities and establishment of debt facilities;
- Develop all financial reports, and all other material reporting and external communications by the Company, including material announcements and disclosures, in accordance with the Company's continuous disclosure policy.
- Manage the appointment of the chief financial officer, the company secretary and other senior management positions;
- Develop, implement and monitor the Company's risk management framework;

- Consult with the chairman and the company secretary in relation to establishing the agenda for Board meetings;
- In consultation with the chairman, approve all material ASX releases, and other investor and shareholder releases;
- Keep the chairman fully informed of all material matters which may be relevant to the Board;
- Provide strong leadership to, and effective management of, the Company in order to:
 - encourage cooperation and teamwork;
 - build and maintain staff morale at a high level;
 - build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;
- Ensure a safe workplace for all personnel;
- Ensure that the Company has regard to the interests of employees and customers of the Company, the community and environment in which the Company operates;
- The Chief Executive Officer is to state in writing (or equivalent) to the board 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; and
- The Chief Executive Officer and the Chief Financial Officer (or equivalent) will state to the board in writing that:
 - The statement given in accordance with the immediate above statement is founded on a 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 systems are operating efficiently and effectively in all material respects.

4.6 Limitations on delegated authority of the chief executive officer

The delegation of authority to the chief executive officer is subject to the limits set out in the expenditure approval policy.

5 Chief financial officer

The chief financial officer and senior finance officers influencing financial performance of the Company are to:

- conduct their duties at the highest level of honesty and integrity, recognising that integrity is the benchmark against which the chief financial officer must conduct all decision making;
- observe the rule and the spirit of the law and comply with any relevant ethical and technical standards;
- maintain the confidentiality of all information acquired in the course of conducting the role and not make improper use of, or disclose to third parties, any confidential information unless that disclosure has been authorised by the Board, or is required by law or by the ASX Listing Rules;
- observe the principles of independence, accuracy and integrity in dealings with the Board, board committees, internal and external auditors and other senior managers within the Company;
- disclose to the Board any actual or perceived conflicts of interest, whether of a direct or indirect nature of, which the chief financial officer becomes aware and which the chief financial officer reasonably believes may compromise the reputation or performance of the Company;
- maintain transparency in the preparation and delivery of financial information to both internal and external users;
- exercise diligence, skill and good faith in the preparation of financial information and ensure that such information is accurate, timely and represents a true and fair view of the financial performance and condition of the Company and complies with all relevant legislative requirements;
- maintain a sound system of internal controls to safeguard the Company's assets and to manage risk exposure through appropriate forms of risk control;
- observe and implement the principles of the Board Charter in a conscientious, consistent and rigorous manner;
- The Chief Financial Officer is to state in writing to the board the Company's financial reports and present a true and fair view, that all material aspects, of the Company's financial operating results and are in accordance with the relevant accounting standards; and

The Chief Financial Officer should state to the board in writing that:

- The statement given in accordance with the immediate above statement is founded on a 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 systems are operating efficiently and effectively in all material respects.

6 Independence of directors

6.1 Independence standard

The majority of the board shall be independent directors. The determination of independence shall be in accordance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

6.2 Disclosure of independence

Each independent director of the Company must regularly provide the Board all information regarding his or her interests that is relevant to his or her independence. Where the independent status of a director is lost, this must be immediately disclosed to the market.

6.3 Annual report disclosure

The Board must ensure that each annual report of the Company discloses:

- the names of directors who are considered by the Board to be independent;
- the Board's reasons for considering a director to be independent;
- any materiality thresholds that apply to the relationships that potentially could compromise director's independence; and
- the period of office of each director.

7 Conflicts of interest

As a general principle each director must bring an enquiring, open and independent mind to Board meetings, listen to the debate on each issue raised, consider the arguments for and against each motion and reach a decision that he or she believes, to be in the best interests of the Company as a whole free of any

actual or possible conflict of interest and consistent with the Directors' Code of Conduct.

If the Board determines that a director might be in a position where there is a reasonable possibility of conflict between his or her personal or business interests, the interests of any associated person, or his or her duties to any other company, on the one hand, and the interests of the Company or his or her duties to the Company, on the other hand, the Board will require that the director:

- fully and frankly informs the Board about the circumstances giving rise to the conflict; and
- abstains from voting on any motion relating to the matter and absenting himself or herself from all board deliberations relating to the matter including receipt of Board papers bearing on the matter.

If the Board resolves to permit a director to have any involvement in a matter involving possible circumstances of conflicting interests, the Board will minute full details of the basis of the determination and the nature of the conflict including a formal resolution concerning the matter.

If a director believes that he or she may have a conflict of interest or duty in relation to a particular matter, the director should immediately consult with the chairman. The company secretary will maintain a register of all possible conflict of interest situations.

8 Meetings

Unless otherwise agreed, the board will meet at least monthly. A board meeting can be convened under the constitution by any director. Three directors form a quorum.

Directors shall determine when board papers should be available, allowing for sufficient time for proper deliberation.

The chairman of the meeting should ensure the availability and, if necessary, the attendance at the relevant meeting, of any member of executive management responsible for a matter included as an agenda item at the relevant meeting.

The non-executive directors should arrange to meet at least once in each financial year to conduct a non-executive discussion of board and management issues.

Any urgent decision that cannot wait until the next board meeting can be dealt with by 'flying minute' as per the Company's constitution. All directors, approving

the action, must sign flying minutes. The collated copies of signed resolutions shall be the record of the decision until the next board meeting. At the board meeting immediately following the 'flying minute', the decision made shall be ratified and entered in the minute book. Where all directors do not sign a 'flying minute', the item is deferred to the next board meeting.

9 Board committees

The Board has established the following committees:

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

The committees are designed to consider specific matters and make recommendations to the Board. However, it is not intended that the committees restrict the ability of the Board to make an independent assessment of the recommendations, having regard to the Board's knowledge of the Company and the complexity of the structures and operations of the Company. The Board will consider the materials and recommendations presented to them and bring their own mind to bear on the issue using the skill and judgment they possess.

The Board will consider and approve the charters of the committees.

The Board will be entitled to receive copies of committee papers / minutes / agendas in respect of each committee and all non-executive directors may attend meetings of committees of which they are not members.

10 The Board and executive management

The Company maintains an open communication channel between the board and employees. Any director is free to communicate directly with employees of the Company however, in a manner, which preserves and maintains an effective chain of command and the confidentiality of the Board's deliberations.

11 Independent advice

A director of the Company, after consultation with the chairman, is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) at the Company's expense on any matter connected with the discharge of his or her responsibilities. The chairman may determine that any advice received by an individual director will be circulated to the remainder of the Board.

12 Remuneration

The level of non-executive director remuneration will be set by the Nomination and Remuneration Committee so as to attract the best candidates for the Board while maintaining a level commensurate with boards of similar size and type.

13 Board performance

The Board believes that regular assessment of the Board's effectiveness and the contribution of individual directors is essential to improve governance of the Company. Board performance is overseen by the Nomination and Remuneration Committee.

14 Access to Board charter

The Board Charter is available to each director of the Company, the senior management group and external auditors.

The Board Charter is available to other interested parties upon request, and upon the approval of the chairman.

15 Review of Board charter

The Board is to, at least once each financial year, review the Board Charter, and the charter of each of the committees, and make any amendments it determines are necessary or desirable.

Approved by the CEC Group Limited board on 28 November 2003.