



CEC GROUP LIMITED

ABN 84 010 025 831

**Nomination and Remuneration
Committee Charter**

Date: 4 June 2008

1 Introduction

The Nomination and Remuneration Committee's ("Committee) objective is to assist the Board of CEC Group Limited and its controlled entities ("CEC Group") in fulfilling its responsibilities to shareholders. The Committee fulfils the objective by ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of directors and remuneration arrangements are equitable and transparent.

The responsibilities of the Committee include:

- **Board Performance and Director Selection:**
 - assessing the skills and competencies required on the Board;
 - from time to time assessing the extent to which the required skills are represented on the Board;
 - establishing processes for the review of the performance of individual directors and the Board as a whole;
 - establishing processes for the identification of suitable candidates for appointment to the Board; and
 - recommending the appointment and removal of directors.
- **Remuneration:**

Making recommendations on:

- an executive remuneration and incentive policy;
- the remuneration of the chief executive officer, executive directors and all senior executives;
- an executive incentive plan;
- the remuneration of non-executive directors;
- recruitment, retention, performance measurement and termination policies and procedures for non-executive directors, the chief executive officer, executive directors and all senior executives; and
- the disclosure of remuneration in CEC Group's external reports.

The Committee makes recommendations to the board and does not have any power to commit the Board or management to the recommendations.

2 Nomination and Remuneration Committee

2.1 Composition

The committee will consist of three directors, a majority of which are non-executive directors. The Committee is to be chaired by an independent director.

2.1.1 Removal or resignation

If a member of the committee retires, is removed or resigns from the Board, that member ceases to be a member of the committee. The Board will appoint the successor.

2.1.2 Participation by Non Committee Members

The committee, if considered appropriate, may invite any management team members or other individuals to attend committee meetings.

2.1.3 Secretary

The company secretary will be the secretary of the committee.

2.2 Meetings

2.2.1 Frequency

The committee will meet as frequently as required but not less than three (3) times a year.

2.2.2 Calling meeting and notice

Any committee members or the secretary may call a meeting of the Committee. A notice of each meeting confirming the date, time, venue and agenda will be forwarded to each member of the committee together with relevant supporting papers.

2.2.3 Advice

The Committee has unlimited access to employees of CEC Group and appropriate external advisers. The Committee may meet with external advisers without management being present.

2.2.4 Report to the Board

The chairman of the Committee or delegate reports to the Board following each meeting.

2.2.5 Minutes

Minutes of proceedings and resolutions of committee meetings will be kept by the secretary. Minutes will be distributed to all committee members and the chairman of the Board, after the committee chairman has given the preliminary approval. The minutes of all NRC meetings will be tabled at subsequent meetings of the full board.

2.2.6 Quorum and voting

A quorum will comprise any two non-executive director committee members. In the absence of the Committee chairman or appointed delegate, the members will elect one of their number as chairman for that meeting. Each member will have one vote and the chairman of the Committee will not have a second or casting vote.

3 Duties and responsibilities

3.1 Board Performance and Director Selection

3.1.1 Current board

Skill requirements

The Committee will periodically assess the skills required to discharge the Board's duties, having regard to the strategic direction of CEC Group, and report the outcome of that assessment to the Board.

The Committee will, as and when it considers appropriate, but in any event whenever an existing non-executive director retires, assess the skills represented on the Board by the non-executive directors and determine whether those skills meet the required skills as identified.

Skill enhancement

The Committee will make recommendations to the chairman of the Board on means by which skill levels of existing non-executive directors can be enhanced.

3.1.2 New candidates

Candidate identification

Having regard to the skills required and the skills represented, the committee will implement a process for the identification of suitable candidates for appointment to the Board.

The committee will make recommendations to the Board on candidates it considers appropriate for appointment.

Re-nomination of retiring non-executive directors

The committee will inform the Board of the names of non-executive directors who are retiring in accordance with the provisions of the constitution and will make recommendations to the Board as to whether the Board should support the re-nomination of that retiring director.

3.1.3 Appointment of directors

Once the Board, after reviewing the recommendations provided by the committee, has decided to appoint a new candidate to non-executive director, CEC Group will provide the letter of appointment contained in **Annexure 1** to the new non-executive director.

3.1.4 Induction procedure

There are many issues, procedures and policies that a new non-executive director of CEC Group will need to be aware of and understand. To assist a new non-executive director in his or her induction, CEC Group will follow the New directors induction procedure set out in **Annexure 2**.

3.1.6 Evaluation process

A performance evaluation process applies to:

- the Board;
- board committees; and
- individual directors

The objective of this process is to add value to the contribution made by each director and the Board.

3.2 Remuneration

In order to fulfil its responsibilities to the Board, the Committee is to:

3.2.1 Executive remuneration policy

- review and make recommendations to the Board regarding CEC Group's policy for determining executive remuneration and any amendments to that policy proposed from time to time by management;
- review the on-going appropriateness and relevance of the executive remuneration policy;
- consider whether to seek shareholder approval of the executive remuneration policy; and

- oversee the implementation of the remuneration policy.

3.2.2 Executive directors and senior executives

- consider and make recommendations to the Board on the remuneration for the chief executive officer and any other executive director, (including base pay, incentive payments, equity awards, retirement rights, service contracts) and determine whether any shareholder approvals are required; and
- review and make recommendations to the Board regarding the proposed remuneration (including incentive awards, equity awards and service contracts) for senior executives.

3.2.3 Executive incentive plans

- review and make recommendations to the Board regarding the design of all executive incentive plans; and
- review and make recommendations to the Board regarding the total proposed payments from each executive incentive plan.

3.2.4 Non-executive director remuneration

- review and establish the level of remuneration for non-executive directors. The level of director remuneration is to be set so as to attract the best candidates for the Board while maintaining a level commensurate with boards of similar size and type; and
- where necessary recommend that the Board seek an increase in the amount of remuneration for non-executive directors approved by shareholders.

4 Disclosure

Consistent with the disclosure policy the Committee will review all public disclosures and statements concerning matters that are subject of this policy including disclosures in:

- ASX announcements;
- the annual report; and
- press releases.

The Committee is to ensure that any notice of meeting containing a resolution for the election of a director is appropriately framed and includes information that investors might reasonably need in order to make an informed decision about the relevant candidates.

5 Review

The Board will conduct an annual review of the Charter to ensure that the Charter remains consistent with the Board's objectives and responsibilities. The Board will need to approve any amendments to the Charter that stem from the review.

6 Publication of the Charter

A copy of this Charter is to be placed on CEC Group's website at www.cecgroup.com.au

ANNEXURE 1

Letter of appointment of director

[Date]

[Name]

[Address]

Dear [New Director]

Re: Appointment as an independent director of CEC Group Limited

I am delighted to confirm your appointment as an independent director of CEC Group Limited. I believe that given your background and experience you will contribute significantly to the operation of the Board of CEC Group.

The purpose of this letter is to set out the terms of your engagement as a director of CEC Group and to assist in your understanding of the operations of the company and the role and responsibilities of the Board.

Constitution

Your appointment as director is governed by the CEC Group constitution. Under the constitution your appointment will be for an initial term of 3 years. I encourage you to make yourself familiar with the constitution, in particular the rules relating to directors (rules 13 - 18). A copy of the constitution is included in the induction pack that accompanies this letter.

Role of directors and corporate governance

As a director, your duties and obligations are in accordance with the Corporations Act 2001 (Cth) and the CEC Group constitution. The principal duties are also set out in the Directors Code of Conduct. Additional information on the role of directors is set out in the Board Charter.

The directors are responsible for the stewardship of CEC Group. Corporate governance is regarded as a key priority, and to this end you are encouraged to become familiar with the formal policies and charters included in the induction pack that was forwarded to you on [Date].

Meetings

In general the Board meets monthly. From time to time Board meetings need to be convened on short notice. Additionally, a visit to the company's operations takes place every 12 months, or as needed.

Access to independent advice

If you believe that you require independent advice in relation to the performance of your duties as a director of CEC Group, in consultation and with the prior approval of the chairman, you have the right to seek legal and other professional advice. The costs reasonably incurred are reimbursable by CEC Group. On receipt of the advice, it may, at the discretion of the Chairman, be made available to the other directors.

Board committees

The Board has the following committees:

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

The Board will determine your committee appointments at the next Board meeting. Given your background and experience, the Board anticipates that the Audit and Risk Management Committee would benefit from your contribution.

Participation on boards of CEC Group subsidiary companies

CEC Group board members also serve as directors for CEC Group's subsidiary companies. Please refer to the company structure charts that were provided to you on [Date] for details of the subsidiary companies.

The business relating to subsidiary companies is generally incorporated into the business covered at the monthly CEC Group board meeting.

Director's fees

Directors are entitled to a base annual fee of {\$insert}, which includes your participation on board committees. The fee is payable in cash on a monthly basis.

The annual fee will be reviewed periodically by the Nomination and Remuneration Committee, subject to the provision of the Corporations Act, the constitution and the Listing Rules.

It is important to note that the amount of remuneration, including all monetary and non-monetary components and termination entitlements will be subject to disclosure obligations under the Corporations Act and the ASX Listing Rules.

Reimbursement of expenses

In addition to the annual fee, subject to the constitution and resolutions of shareholders, CEC Group will reimburse you for all reasonable expenses properly incurred by you in the performance of your duties in connection with the business of the Company.

If necessary, you will be issued with a corporate AMEX card for CEC Group related expenses. It is necessary that all invoices pertaining to the AMEX card be retained and provided to CEC Group on a monthly basis for accounting and GST purposes.

Other directorships and commitments

As a director of CEC Group you are not precluded from being appointed to other directorships, including to the boards of other publicly listed companies. These naturally, should be disclosed to the Company Secretary together with all related party interests.

I would appreciate your confirming your agreement with the above terms by signing the attached copy of this letter as soon as possible, and returning it to me.

Finally, I look forward to working with you towards building shareholder wealth in this great company.

Yours faithfully,
CEC GROUP LIMITED

ROBERT BORBIDG, AO
Chairman

ANNEXURE 2

New directors and executives induction procedure

This document sets out the induction procedure applicable to new non-executive directors

Step 1 Induction pack

Provide the director with an induction pack. The induction pack will include the following:

- CEC Group's constitution (including a summary of the key provisions);
- organisational structure diagram;
- Relevant CEC Group policies;
- Audit and Risk Management Committee Charter;
Board Charter;
Nomination and Remuneration Committee Charter;
Corporate code of conduct ;
Directors' code of conduct;
- Most recent annual financial reports;
- a copy of the last Board meeting package;

Step 2 Management presentations

Presentations on the different aspects of CEC Group's business be given by the following:

- chief executive officer;
- chief financial officer;
- chief operating officer
- marketing manager; and
- company secretary.

Step 3 Site visits

Provide the director a tour of CEC Group's the main operating sites.

Step 4 Ongoing access to information

Provide a briefing on contacts within CEC Group for information and what information is available.

Step 5 Further training

Identify need for and arrange any specific further training which may be required.