

CO2 GROUP LIMITED

BOARD CHARTER

Responsibilities of the Board

The Board of Directors (“Board”) of CO2 Group Limited (“Company”) is responsible to shareholders for the overall management and performance of the Group. The main responsibilities include the following:

- Providing strategic direction and reviewing and approving strategic plans and initiatives;
- Reviewing and approving business plans and annual operating and capital expenditure budgets;
- Reviewing major business acquisitions and disposals and significant capital expenditure;
- Approving changes to the Group’s capital structure and formulating dividend policy;
- Overseeing and monitoring the operational and financial performance of the Group and the achievement of the strategic objectives and goals; and
- Overseeing and monitoring risk management processes, financial controls and compliance with policies and statutory requirements.

The Board has delegated some of the responsibilities to Board Committees which function in accordance with Charters approved by the Board.

The Board has retained day to day management of the businesses in the Group and the implementation of corporate strategies and policies.

Composition of the Board

Article 3.1 of the Company’s Constitution provides that the Board must comprise not less than three and no more than ten directors. The size of the Board will take account of the desired mix of skills and experience levels required to discharge its responsibilities.

The current Board has broad experience and expertise of three executive directors and two non-executive independent directors. The composition of the Board is not consistent with recommendation 2.1 of the Australian Stock Exchange Corporate Governance Council (“CGC”) in that a majority of the Board does not comprise independent directors. The size of the Company, its specialised non-complementary businesses and its geographic markets places a demand for a skills, knowledge and experience combination which is difficult to match without incurring unreasonable

cost. The Board holds the view that expanding the Board to comply with the form of recommendation 2.1 would not necessarily add value and that in the short-term, the cost outweighs the benefits.

Chairman of the Board

The Chairman is elected by the full Board. The Chairman's responsibilities include:

- Leadership of the Board;
- Setting the agenda for and managing the conduct of meetings;
- Ensuring that Board Committees are discharging their responsibilities; and
- Ensuring that the views of the Board are communicated to shareholders and to the public.

As the current Chairman is an executive director, the Company's practice is not consistent with recommendation 2.2 of CGC. The Chairman was appointed a director and chairman of the Company in 2001. He has been instrumental in changing the strategic direction of the Company and has an in-depth knowledge of the Group's businesses. For a Company of this size, it would be difficult to attract an independent Chairman of this calibre and experience.

Board Independence

The Board has two independent directors. An independent director has to be independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of his/her unfettered and independent judgement.

Directors are considered to be independent if they are non-executive directors and they:

- are not a substantial shareholder or an associate of a substantial shareholder;
- have not been employed in an executive capacity by the Company within the last 3 years;
- have not been a professional adviser or a consultant to the Company within the last 3 years;
- are not a material supplier or customer of the Company;
- have no material contractual relationship with the Company;
- have not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of the Company; and

- are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of the Company.

Nomination of Directors

Given the size of the current Board, the Board has decided there is no need to establish a Nomination Committee as recommended by CGC in recommendation 2.4. The objective of a Nomination Committee is to review the structure of the Board and to advise the Board regarding the selection and appointment of new directors.

The role of a Nomination Committee has been assumed by the full Board. Membership of the Board is reviewed on a continuous basis. The Board as a whole is responsible for establishing the criteria for Board membership, reviewing existing Board membership, succession planning and for nominating directors. The main criteria for the appointment of directors are expertise, experience and qualifications which will contribute to the competent and efficient operation of the Board.

Rotation of Directors

Article 3.6 of the Constitution provides that, excluding a Managing Director, one third of the Board and/or any directors who have been in office for 3 or more years must retire from office at each annual general meeting and may seek re-election. Directors can hold office for a term of 3 years or up to the third annual general meeting before having to retire and seek re-election.

Conflicts of Interest

Under the Corporations Act 2001, where a director has a material financial or personal interest in a matter being considered by the Board, that director must not be present at the meeting and must not vote on the matter.

Independent Advice

Directors may seek independent professional advice at the expense of the Company. Directors should notify the Chairman of the names of any professional advisers they propose to retain, and where appropriate, agree to make available to other directors details of the advice they receive.

Code of Conduct

Directors are required to comply with the Group's Code of Conduct. A copy of the Code has been posted on the Company's website at www.co2australia.com.au.

Share Trading

The Group has a share trading policy which provides that Directors should not engage in short term trading and must not purchase and sell shares and securities in the Company while in possession of information which, if generally available to the

public, would be likely materially to affect the price of the Company's shares and securities. Directors must notify the Company Secretary before making any purchase or sale of the Company's shares and securities.

Board Committees

The Board has established the following committees to assist with the discharge of its responsibilities:

Audit Committee,
Remuneration Committee.

Other committees may be established from time to time and will be subject to specific terms of reference.

Board Performance

The Chairperson reviews the performance of the Board and the performance of individual directors. The Board intends to implement a formal process for the review and appraisal of the overall performance of the Board and individual directors.

The performance of senior executives are reviewed by the Board.