

Charter of the Board of Directors

Issue Date: 19/03/10 • Version 1.00

1 Purpose

The Board of Gerard Lighting Group Limited (Gerard Lighting) has adopted this Charter to guide Board members and officers as to the role of the Board and the standards of conduct expected of Board members.

This Board Charter outlines the manner in which Gerard Lighting's powers and responsibilities will be exercised and discharged, adopting principles of good corporate governance that accord with corporate practice and applicable laws.

2 Role

The Board of Gerard lighting is ultimately responsible for the oversight and review of the management, operations and overall corporate governance of Gerard Lighting. The Board's responsibilities include:

- representing and serving the interests of shareholders, and ensuring shareholders are kept informed of Gerard Lighting's performance;
- reviewing and approving the strategic direction and policy of Gerard Lighting;
- establishing goals for Management and monitoring the achievement of these goals;
- appointing, reviewing and rewarding the Chief Executive Officer (CEO).

3 Board commitment

In carrying out its responsibilities and powers as set out in this Charter, the Board will, at all times, endeavor to recognise its overriding responsibility to:

- maintain good corporate governance standards;
- act honestly, fairly and diligently;
- act in accordance with laws and regulations;
- avoid or manage conflicts of interest;
- promote Gerard Lighting as a good corporate citizen;
- achieve and maintain community respect.

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4 Composition

It is intended that the composition of the Board of Gerard Lighting be determined in accordance with the following principles:

- The Board will consist of no less than 5 members, and no more than 8 members. The Board may increase these numbers where the Board considers additional expertise is required or when an outstanding candidate is identified.
- The Chair or Deputy Chair is the official spokesperson for the Board, unless the Board determines otherwise. This does not prevent another director chairing all or part of a meeting in the absence of the Chair or Deputy Chair.
- The Board considers that it should comprise a combination of executive and nonexecutive Directors so that the Board is structured in such a way that the Board:
 - (a) has a proper understanding of, and competence to deal with, the current and emerging issues of the business of the company; and
 - (b) can effectively review and challenge the performance of management and exercise independent judgment on relevant issues.

The Board will refer to the criteria for appointment of new directors set and reviewed by the Nomination and Remuneration Committee. Where appropriate, independent consultants are engaged to identify possible new candidates for the Board.

The Board will review the independence of each director in light of interests disclosed to the Board from time to time. The Board has adopted independence guidelines based on the matters set out at item 2.1 of the ASX Corporate Governance Principles and Recommendations.

Directors other than the managing director are subject to re-election by rotation at least every three years.

5 Responsibilities and function of the Board

The Board has the ultimate responsibility to set policy regarding the business and affairs of Gerard Lighting for the benefit of the shareholders and other stakeholders of the Group.

The responsibilities and functions of the Board include:

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- providing strategic direction for, and approving, Gerard Lighting's business strategies and objectives;
- monitoring part of functions delegated to the executive team, including the operational and financial position and performance of Gerard Lighting;
- monitoring the principal risks faced by Gerard Lighting and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks;
- approving Gerard Lighting's budgets and business plans, and monitoring the management of Gerard Lighting's capital, including the progress of any major capital expenditures, acquisitions or divestures;
- establishing procedures designed to take reasonable steps to provide assurance that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;
- adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
- approving, and reviewing from time to time, Gerard Lighting's internal compliance procedures, and taking all reasonable steps to ensure that the business of Gerard Lighting is conducted in an open and ethical manner.

For the purposes of the proper performance of their duties, directors are entitled to seek independent professional advice at the expense of Gerard Lighting, subject to approval of the Board.

The Company Secretary attends meetings of the Board as minute secretary. Senior executives will be invited to attend meetings (or parts of meetings) from time to time where the Board considers their involvement of assistance to the consideration of items of business before the Board.

6 Authority delegated to senior management

The Board retains the ultimate responsibility for the strategic direction and control of Gerard Lighting.

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The Board delegates management of Gerard Lighting's day-to-day management to the executive team under the leadership of the CEO, to deliver the strategic direction and goals determined by the Board. A key role of the Board, which is conducted at Board meetings, is to monitor the performance of senior management in this function.

In addition to the Board's oversight role, the CEO conducts a formal review at least once a year to assess the performance of senior management and reports back to the Board.

7 Board Committees

The Board from time to time establishes Committees to streamline the discharge of its responsibilities and, for each standing Committee, adopts a formal charter setting out the matters relevant to the composition, responsibilities and administration of such Committees.

The Board has, at the date of this Charter, established the:

- (a) Audit and Risk Committee; and
- (b) Nomination and Remuneration Committee.

The Board also delegates specific functions to ad hoc Committees on an 'as needs' basis. The powers delegated to these Committees are set out in Board resolutions.

The composition, role and performance of each Committee will be reviewed on an annual basis as part of the Board's performance assessment process.

8 Business Risk Management

Areas of significant business risk to Gerard Lighting are highlighted in the Business Plan presented to the Board by the CEO each year.

The Board reviews and approves the parameters under which such risks will be managed before adopting the Business Plan.

Arrangements put in place by the Board to monitor risk management include:

- regular reporting to the Board in respect of operations, the financial position of Gerard Lighting and new contracts;
- attendance and reports by the CEO of Gerard Lighting's main operating subsidiaries at Board Meetings on a regular basis;

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- presentations made to the Board or Committees of the Board throughout the year by appropriate members of Gerard Lighting's management team (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which are either in place or can be adopted to manage or mitigate the risk;
- any Director may request that operational projects be undertaken.

9 Administrative matters

The Board determines a schedule of meetings at the beginning of each year. Additional meetings are held as required to address specific issues.

All directors and other attendees at Board or Committee meetings are, as officers and/or fiduciaries, to keep all information presented to (whether written or oral) or discussed at Board meetings confidential.

10 Review

The Board of Gerard Lighting will, at least annually, review the membership and charters of the Board and its committees to determine their adequacy in the then current circumstances, and to determine that the Board's processes are adequate to ensure it is able to carry out its functions in the most effective manner. No changes to this Board Charter may be made without the approval of the Board.