

Board Charter

Adopted by the Board on 23 February 2004 and
Amended by the Board on 26 July 2005

The Board of Pacific Brands Limited (Pacific Brands) has adopted this Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, adopting principles of good corporate governance that accord with best practice and applicable laws, including the requirements of the Corporations Act and the ASX Listing Rules.

1. Background

The Board of Pacific Brands is ultimately responsible for the oversight and review of the management, administration and overall governance of Pacific Brands, including:

- The protection of shareholders' interests;
- Authorising policies and overseeing the strategic direction of Pacific Brands;
- Establishing goals for management and monitoring the achievement of these goals; and
- Engaging, reviewing and replacing the Chief Executive Officer.

2. Key Board responsibilities

In carrying out its responsibilities and powers as set out in this Charter, the Board will at all times 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 Pacific Brands as a good corporate citizen; and
- Achieve and maintain community respect.

3. Composition

It is intended that the composition of the Board of Pacific Brands be determined using the following principles:

- The Constitution provides for a minimum of 6 directors, which may be increased by the Board to a maximum of 10 directors where the Board considers additional expertise is required or when an outstanding candidate is identified;
- The Chair should be an independent non-executive director. This does not prevent another director chairing all or a part of a meeting in the absence of the Chair;
- The Chair is the official spokesperson for the Board, unless the Board determines otherwise; and
- The Board should comprise a majority of independent non-executive directors.
- Directors should not hold office beyond a maximum period of 9 years, except in exceptional circumstances as determined by the Board.

The Board considers that it should comprise directors with an appropriate range and mix of qualifications and specific expertise that will enable the Board to effectively function. The Board will refer to the criteria for appointment of new directors set and reviewed by the Nomination and Remuneration Committee.

The Board only considers directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with - or could reasonably be perceived to interfere with - the exercise of their unfettered and independent judgement. The Board has adopted a definition of independence based on that set out in the Investment & Financial Services Association Limited (IFSA) Blue Book (December 2002). The Board will review the independence of each director in light of interests disclosed to the Board from time to time.

4. Role

4.1 Board

The Board has ultimate responsibility to set policy regarding the business and affairs of Pacific Brands for the benefit of the shareholders and other stakeholders of Pacific Brands. The Board is accountable to shareholders for the performance of the Group.

In particular, the following are regarded as the key responsibilities and functions of the Board:

(a) Senior appointments

- The appointment, delegation of authority to, and review of performance of, the Chief Executive Officer;
- The appointment and review of performance of other executive directors;
- Ratification of the organisation chart for senior management.

(b) Board and senior management

- Approval of the terms of appointment of senior management – ie the CEO and direct reports;
- To evaluate and reward senior management (including determining their remuneration and incentive policies);
- Ensuring executive and Board succession planning;
- Assessment of the organisation's and of the Chief Executive Officer's performance;
- Assessment of Board performance;
- Ensuring that there is continuing education and information provided to directors regarding:
 - the Company's various businesses; and
 - the role of the Board and its functions and obligations;
- Other corporate governance issues.
- Assess the performance of individual directors prior to their standing for re-election.

(c) Business Strategy

- Approval of budgets and the strategic plan;
- Evaluating the performance of the Company against strategies and business plans in order to:
 - monitor the performance of functions delegated to management; and
 - assess the suitability of the Company's overall strategies, business plans and resource allocation;

- Approval of the capital and operating expenditure budget and any alterations to it;
- Approval of significant mergers, acquisitions and divestitures of members of the Group;
- Approval of significant leases or purchase of buildings; and
- Approval of capital expenditure, operating expenditure and major transactions not included in the budget or outside the ordinary course of business.

(d) Relations with members

- To oversee relations with members by monitoring communications to shareholders and the ASX, including monitoring:
- Arrangements for the annual general meeting and other members' meetings (if any);
- Matters relating to reports as required by law; and
- Disclosures made under the ASX continuous disclosure requirements.

(e) Financial matters

- Approval of annual accounts and directors' reports;
- Approval of accounting policies;
- Approval of the internal and external audit plan;
- Approval of any question of borrowing or giving security over asset; and
- Acceptance of audit reports including management letters.

(f) Miscellaneous

- Approval of use of Company seal or execution without seal; and
- Approval of donations and sponsorships above approved limits.

4.2 Delegation to management

As indicated above, the Board has retained ultimate responsibility for the strategic direction and control of the Group.

The Board delegates management of Pacific Brands' resources to the executive team under the leadership of the Chief Executive Officer, to deliver the strategic direction and goals determined by the Board. A key function of the Board is to monitor the performance of senior management in this function.

The CEO conducts a formal review each year assessing the performance of senior management and reports back to the Board.

4.3 Delegation to 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, Business Risk and Compliance 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.

5. Administrative matters

The Board determines a schedule of meetings at the beginning of each year. It is Pacific Brands' practice that one or more of these meetings coincide with site visits, in order to continue the education and information provided to directors regarding Pacific Brands' various businesses.

Additional meetings are held as required to address specific issues.

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.

All minutes of the Committee are signed by the Chair as a true and correct record and are then to be entered into the minute book and will be open for inspection by any director. All directors and other attendees at Board meetings are, as officers and/or fiduciaries, required to keep all information presented to (whether written or oral) or discussed at Board meetings confidential.

6. Review

The Board of Pacific Brands will, at least once in each year, review the membership and charters of the Board 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.