



**FAIRFAX MEDIA LIMITED (“FAIRFAX”)
ACN 008 663 161
BOARD CHARTER**

[Last Amended: 21 August, 2009]

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1. Introduction

This charter sets out the principals of the operation of the Board of Directors (“Board”) of Fairfax.

In carrying out its responsibilities as set out in this Charter, the Board will at all times recognise its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of Fairfax’s shareholders, employees, customers, and the community.

2. Responsibilities

The Board of Directors is responsible for the long term growth and profitability of the corporate entity.

The Board has responsibility to:

- (a) set the strategic direction of the Group;
- (b) approve performance targets and monitor achievement of these targets;
- (c) provide overall policy guidance and ensure that policies and procedures for corporate governance and risk management are in place to seek to ensure that shareholder funds are prudently managed and that the Group complies with its regulatory obligations and ethical standards;
- (d) monitor compliance with policies and procedures;

- (e) determine the terms of employment and review the performance of the Chief Executive Officer;
- (f) set and monitor effective programmes of succession planning and key executive development for the Group;
- (g) approve acquisitions and disposals of assets or businesses and expenditure above set monetary limits;
- (h) approve the issue of securities, and entering into material finance arrangements, including loans or debt issues;

3. Powers

In addition to matters expressly required by law to be approved by the Board, powers specifically reserved for the Board are as follows:

- (a) appointment and tenure of the Chief Executive Officer and determination of his or her terms and conditions (including remuneration);
- (b) appointment and tenure of key direct reports to the Chief Executive Officer including the Chief Financial Officer, the General Counsel, Company Secretary, Internal Auditor and other senior editorial and commercial executives as the Board determines from time to time;
- (c) determination of matters in excess of discretions that are delegated to the Chief Executive Officer and senior management in relation to expenditure, capital management and loan raisings above established limits; and
- (d) approval of the Group strategic plans, at least annually;
- (e) approval of:
 - (i) the issue of any shares, options, equity instruments or other securities in Fairfax;
 - (ii) public statements which reflect significant issues of Fairfax policy, finance or strategy; and
 - (iii) any changes to the discretions delegated by the Board.

4. Board Membership

The Board must comprise a majority of independent directors who satisfy the criteria for independence as stated in Section 5 below.

The directors will appoint as Chairman of the Board one of the directors who satisfies the criteria for independence as stated in Section 5 below.

5. Independence

The Board will determine the independence of each director after taking into account the ASX Corporate Governance Principles and Recommendations from time to time.

Each Director must disclose to the Company (by notice to the Company Secretary or by declaration at a Board meeting for recording in the minutes) any circumstance which may be relevant to the independence criteria.

6. Meetings

Board and Committee papers will, where possible, be provided to directors at least four days prior to the relevant meeting/a reasonable time before the meeting to allow a Director time to consider the material.

The non-executive directors should meet at least twice each year for private discussion of management issues.

The Board will meet no less than six times per year and at other times as required.

7. Role of the Chairman

The Chairman will be appointed in accordance with the Constitution.

The Chairman is responsible for:

- (a) leadership to the Board;
- (b) ensuring that there is regular review of the performance of each Director and the Board as a whole;
- (c) ensuring the efficient and proper conduct of Board meetings; and
- (d) ensuring the compliance with the Board Charter.

The Chief Executive Officer may not be the Chairman of the Board.

8. Board Committees

The Board may from time to time establish Committees to assist it in carrying out its responsibilities, and may adopt Charters setting out matters relevant to the composition, responsibilities and administration of such Committees, and other matters that the Board may consider appropriate.

The Board shall as a minimum establish the following Committees, and shall adopt Charters setting out matters relevant to the composition, responsibilities and administration of those Committees:

- (a) an Audit and Risk Committee;
- (b) a Remuneration Committee; and
- (c) a Nominations Committee.

9. Board Assessment

The Board shall undertake an annual review to:

- (a) compare the performance of the Board with the requirements of its Charter;

- (b) set the goals and objectives of the Board for the upcoming year; and
- (c) effect any improvements to the Board or the Board Charter deemed necessary or desirable.

The review shall be conducted in such manner as the Board deems appropriate.

10. External Advice

Any Director may, with the consent of the Chairman, not to be unreasonably withheld, seek independent legal or other expert advice in relation to the affairs of the Company or the Director's duties at the Company's expense.

11. Trading in Company Securities

Directors must comply with the Fairfax Securities Trading Policy and must not trade directly or indirectly in Fairfax securities while in possession of unpublished price sensitive information.

Price sensitive information is information, usually about the Company or its intentions, which a reasonable person would expect to have a material effect on the price or value of Fairfax securities.

Notwithstanding the above, it is the responsibility of the individual Director to reasonably consider whether he or she is in possession of price sensitive information and when in doubt the Director should not trade thus minimising the possibility of a perception of improper trading.

A Director must notify the Company Secretary of any change in the Director's legal or beneficial interest in Company securities so as to ensure compliance with the disclosure requirements of ASX Listing Rules.