

PEET LIMITED

BOARD CHARTER

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1 PURPOSE OF CHARTER

- 1.1 The Board charter sets out the role, composition and responsibilities of the Board of Peet Limited (Peet) within the governance structure of Peet and the other entities for which it has management responsibilities (the Peet Group).
- 1.2 The conduct of the Board is also governed by the Constitution of Peet.

2 MEMBERSHIP AND TERM

- 2.1 The Peet Constitution provides for a minimum of three directors and a maximum of fourteen directors. The Board has adopted a policy to have five directors; three non-executive directors and two executive directors, one of who is the Managing Director. The Board may review this requirement from time to time.
- 2.2 The ideal is to have the Board consist of a majority of independent non-executive directors; however, the Board has agreed to an interim policy that permits the Board to consist of three non-executive directors (one of whom is Chairman) and two executive directors. Two of the non-executive directors are deemed to be independent under the principles set out in paragraph 2.3. The non-executive Chairman is not independent but the Board strongly believes that due to the wealth of experience in Peet's business sector and knowledge of the Peet Group business that he brings to the Board, he is the most suitable person to occupy the position of Chairman.
- 2.3 An independent director is defined as a non-executive director and:
- (a) is not a substantial (as defined by Corporations Act) shareholder of the company or an officer of a substantial shareholder who has a financial interest in the substantial shareholder;
 - (b) within the last three years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment;
 - (c) within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided;
 - (d) is not a material supplier or customer of the company or other group member, or an officer of a material supplier or customer who has a financial interest in the material supplier or customer;
 - (e) has no material contractual relationship with the company or another group member other than as a director of the company;
 - (f) has not served on the Board for a period, which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company;
 - (g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

- 2.4 The Board has adopted AASB standard 1031 as a guide to determining levels of materiality. Materiality for those purposes is determined on both quantitative and qualitative bases.
- 2.5 An amount of over 5% of annual turnover of the Company or Group or 5% of the individual director's net worth is considered material for the purpose of determining independence. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact shareholders' understanding of the director's performance.
- 2.6 Membership of the Board shall be disclosed in the annual report including whether a director is independent or not independent. Loss or gain of independence will be disclosed as applicable.
- 2.7 The Board has not adopted a tenure policy.

3 RESPONSIBILITIES

- 3.1 The Board has delegated authority for the operations and administration of the Peet Group to the Managing Director.
- 3.2 The Board is responsible for promoting the success of the Peet Group in a way, which ensures that, the interests of shareholders and stakeholders are promoted and protected.
- 3.3 Specifically, the Board is responsible for:
- . setting strategic direction of the Peet Group and monitoring management's performance within that framework;
 - . ensuring there are adequate resources available to meet Peet Group objectives;
 - . appointing and removing the managing director/CEO and overseeing succession plans for the senior executive team;
 - . approving and monitoring financial reporting and capital management;
 - . approving and monitoring the progress of business objectives;
 - . ensuring that any necessary statutory licences (eg Australian Financial Services Licence) are held and compliance measures are maintained to ensure compliance with the law and licence/s;
 - . ensuring that adequate risk management procedures exist and are being used;
 - . ensuring that the Peet Group has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility; and
 - . ensuring that the Board is and remains appropriately skilled to meet the changing needs of the company.

4 CHAIRMAN

4.1 The Chairman is a non-executive director.

4.2 Should the Chairman be absent from a meeting, the members of the Board present at the meeting have authority to choose one of their number to chair that particular meeting.

5 SEPARATION OF FUNCTIONS BETWEEN THE CHAIRMAN AND MANAGING DIRECTOR

5.1 The roles of the Chairman and Managing Director are strictly separated.

5.2 The Chairman is responsible for:

- . leading the Board in its duties to the Peet Group;
- . ensuring there are processes and procedures in place to evaluate the performance of the Board, its committees and individual directors;
- . facilitating effective discussions at Board meetings; and
- . ensuring effective communication with shareholders.

5.3 The Managing Director is responsible for:

- . policy direction of the operations of the Peet Group;
- . the efficient and effective operation of the Peet Group;
- . ensuring directors are provided with accurate and clear information in a timely manner to promote effective decision-making by the Board; and
- . ensuring all material matters affecting the Peet Group are brought to the Board's attention.

6 RESTRICTION ON ACTIVITIES OF MANAGING DIRECTOR AND CHAIRMAN

6.1 The Managing Director may not sit on another board or have a material commercial association with any other non-related company, without the prior approval of the Board.

6.2 The Chairman may not sit on another board or have a material commercial association with any other non-related company, without the prior approval of the Board.

6.3 Peet values the experience and perspective brought to the board by board members who are involved with stakeholders of Peet. The involvement with other organisations is in no way perceived to diminish a director's ability to act as an independent director of Peet. The roles of Chairman of Peet and other directors on the board of Peet may be distinguished for the following reasons:

- . the Chairman is likely to be the person to whom customers or investors appeal if a matter has been dealt with at an executive level and the party still has concerns, which they wish to raise with Peet;

- . the Chairman is the member of the board who may be questioned on matters at annual general meetings and other public fora; and
- . the Chairman leads the Board in its selection, appointment and assessment of the Managing Director who has ultimate responsibility on all supervisory issues in Peet.

Accordingly the Chairman should be in a position of answering to stakeholders while maintaining a perception of impartiality.

7 SECRETARY

7.1 The Company Secretary will be the Secretary of the Board.

8 SCOPE

8.1 The activities of the Board are in relation to the Peet Group.

9 REPORTING

9.1 Proceedings of all meetings are minuted and signed by the Chairman or the chairman of the meeting.

9.2 Minutes of all Board meetings are circulated to directors and approved by the Board at the subsequent meeting.

10 REVIEW OF CHARTER

10.1 The Board will review this charter periodically to ensure it remains consistent with the Board's objectives and responsibilities.

11 PUBLICATION OF THE CHARTER

11.1 Key features of the charter are to be outlined in the annual report to shareholders.

11.2 A copy of the charter is available at www.peet.com.au.

11.3 The charter is to be made available to shareholders of the Peet Group upon request.

12 OTHER MATTERS

A number of operational matters relating to the Board such as meetings of directors, fees, "fit and proper" requirements, powers and duties of directors, share qualification, notification of interests, appointment and retirement, alternate directors, delegation and appointment of committees and election of directors are governed by the Constitution of Peet and are not reproduced here.