

Peet Limited

ROLE OF MANAGING DIRECTOR

Incorporating

DELEGATION AUTHORITIES

and

**GENERAL POLICY GUIDELINES SET DOWN
BY THE BOARD**

Peet Limited (PEET)

ROLE OF MANAGING DIRECTOR (incorporating Delegation Authorities)

The responsibilities of the Board have been set down in a document with the title of "Board Charter". This document is reviewed periodically to ensure it accurately reflects current practice. The board delegates day-to-day responsibility for management to the managing director and senior executives, but remains responsible for overseeing the performance of the management team.

In order to ensure that responsibilities for day-to-day operations are clearly defined and operate efficiently and effectively, the board has delegated a range **of authorities to management through formal delegations**. These are described below.

These include an expenditure authority (subject to limits), and authority to enter into contracts and to engage staff.

For the sake of clarity, the "General Policy Guidelines Set Down By The Board" are included and extracts from the Board Charter, set out in the attachment, show the following:

- ◆ Role of the Chairman
- ◆ Guidelines For Separation Of Functions Between The Chairman And Managing Director
- ◆ The Board's specific responsibilities

Operating Expenditure Authority

Managing Director may formally approve any operating expenditure, providing it is within the general policy guidelines set down by the Board and where the total amount of the item concerned does not exceed \$250,000.

He/she may also formally approve any expenditure within budget, or where it does not cause a variation of greater than 5% from budget.

Capital Expenditure Authority (including Property Acquisitions)

Managing Director may formally approve any capital expenditure where the total amount of the item concerned does not exceed \$500,000.

He/ she may also formally approve any capital expenditure within budget, or where it does not cause a variation of greater than 5% from budget.

Authority to Enter into Contracts

Managing Director may formally approve and appoint External Service Providers to contracts up to a total, or annual value of \$250,000, providing the appointee is not a 'related party' (***as defined in the Corporations Act***).

He/ she may also formally approve any capital expenditure up to \$2,000,000 where it is part of an approved development programme and does not cause a variation of greater than 5% from that budget.

All contracts with a value exceeding this authority are to be referred to the Board, with a recommendation.

It is noted that the approval authority for appointments of External Service Providers (ESP) may be further delegated to senior officers.

This is currently as follows; however, such authority may be varied from time to time by the Managing Director.

- ***Project managers may appoint External Service Providers to contracts (under their own responsibility) up to a total, or annual value of \$10,000, providing the appointee is not a 'related party' (as defined in the Corporations Act).***
- ***Manager for Land Development, or State Operations Manager/s may appoint External Service Providers to contracts (under their own responsibility) up to a total, or annual value of \$50,000, providing the appointee is not a 'related party'.***

Authority to appoint staff

The Managing Director is empowered to engage any staff or contractors, full time or part time, casual or for a term, in order to carry out the responsibilities set out in his/her service agreement. The terms and conditions of such engagements are to be in accordance with the general policy guidelines set down by the board and the appointee is not a 'related party'.

GENERAL POLICY GUIDELINES SET DOWN BY THE BOARD

TRAVEL and ACCOMMODATION

All air travel by executive directors, senior staff and other staff will be paid for on the basis of economy class, unless special circumstances exist. These circumstances are as follows:

- If the staff member has a business critical meeting the same day or within 12 hours of arriving if the meeting is on the following day, then subject to Managing Directors approval business class travel to the meeting to apply.
- If a staff member is travelling with a director who is travelling business class then subject to Managing Directors approval may travel business class.
- The Managing Director & National Business Development Director may travel business class for trips with duration of more than two hours.
- It is noted the Managing Director has the option of upgrading on trips shorter than two hours to business class, upon payment of the difference between full economy and business class, as previously agreed.
- If a staff member is on a domestic flight greater than five hours and it is not for a conference or seminar then business class travel to apply upon MD approval.
- If a staff member is travelling overseas for duration of more than five hours then business class travel to apply upon approval by the MD provided it is not for travel to a conference or seminar.

All air travel by non-executive directors will be paid for on the basis of business class.

Where staff are travelling on a regular basis, Qantas Club membership to be paid by the Company.

Directors and officers may retain for their own personal use, any airline points earned and such points may be used to upgrade on any journey.

Accommodation will be frequently linked to the travel means. If it is not, then the suitability will be determined having regard to convenience, flexibility and cost (see below).

In the interests of obtaining the best price, travel and accommodation bookings will be normally centralised through the Executive Secretary, whom places the order with and obtains quotes from Integrated Tourism Services. The quotes will be for Qantas with the usual packaged (4 to 5 star) hotels.

In the event that Directors, or officers, wish to make their own arrangements, then re-imburement will on the basis of actual costs up to the maximum determined by the quotes provided by Integrated Tourism Services. This policy does not prevent a person wanting to upgrade, or add time for personal reasons, to pay the additional amount themselves.

Meal Costs and out of pocket expenses reasonably incurred by the employee, while away from their normal place of residence, will be reimbursed. The meaning of “reasonably incurred” will be the same as interpreted by the Australian Taxation Office (ATO), but normally as assessed by the Managing Director.

Risk Management - Where a large contingent of PEET officers are travelling together (ie, to the same event in another state), it is preferable for half the officers to take a different flight.

Appointments of staff

Although, the Managing Director is empowered to engage any staff or contractors in order to carry out his/her role, it will be a general policy guideline that the Board is to be consulted before the appointment of a person to any of the following categories:

- ◆ A “Senior Position”
- ◆ Any person / position likely to have regular direct contact with the Board, or a Committee of the Board
- ◆ Where a remuneration package is equivalent to more than \$150,000 per annum

A “Senior Position”, or one likely to have “regular direct contact with the Board” is likely to include an Executive Director, Deputy Chief Executive, Company Secretary, Chief Financial Officer, Legal Adviser, Internal Auditor, Compliance Manager, or special Consultants to the Board.

ATTACHMENTS

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.

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 its role 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 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.