

RISK MANAGEMENT POLICY STATEMENT

Policy Number: RMP04

1. INTRODUCTION

Peet Limited (“Peet”) is committed to delivering its strategic and operational objectives in accordance with the law and principles of good governance, and with high standards of honesty, integrity, fairness and objectivity.

Peet believes its corporate governance practices as a listed company are rigorous and of a high standard and is committed to adhering to the appropriate levels of governance, risk and compliance management in a way that is meaningful to the business and its stakeholders.

Peet has adopted an integrated approach to Governance, Risk and Compliance and in particular endeavours to comply with the following:

- ASX Principles of Good Corporate Governance
- AS 4360 *Risk Management*
- AS 3806 *Compliance Management*

Peet recognises that governance, risk and compliance management are intricately linked and are driven by, and fundamentally support, Peet’s strategy and operations in achievement of business objectives.

In doing so, it endeavours to create a culture within the organisation to play a critical role in achievement of business objectives.

The Peet framework for an integrated governance, risk and compliance management system has been developed by the senior executive team with assistance from a professional external consultancy firm. Internal policy documents illustrate the linkages between culture, strategy, operations and achievement of business objectives, and how these are underpinned by an understanding of risks and obligations, compliance to risk controls and obligation requirements; within an appropriate governance context.

2. PEET’S RESPONSIBILITIES TO SHAREHOLDERS AND THE BROADER FINANCIAL COMMUNITY

Peet recognises that it is obligated to achieve and deliver shareholder value through the sustainable and efficient operation of the company, sound reporting and risk management practices and exemplary compliance with the continuous disclosure regime. The mechanisms to achieve this include the risk management structures, the Audit and Risk Management Committee and the Board’s oversight of strategic and business objectives.

3. POLICY INTENT

Peet views effective good Corporate Governance as key to achieving and maintaining its operational and strategic objectives. This policy enables Peet to manage its risk management and legal compliance risks and assists it to conduct its activities and business lawfully and responsibly.

4. SCOPE

This policy applies to all business units and subsidiaries of Peet, and to all persons employed or engaged by Peet.

5. POLICY PROVISIONS

Peet is committed to the maintenance and continuous improvement of the Corporate Governance framework and processes, and to the development of a risk management and compliance culture throughout the organisation.

Peet allocates appropriate resources to the development, implementation and continuous improvement of its compliance program.

6. RISK SUPERVISION

The Peet Limited Board (the Board) is responsible for approving and reviewing the risk management strategy and policy.

The active identification of risks and implementation of mitigation measures is the responsibility of Management.

To assist the Board in discharging its responsibility in relation to risk management, the Board has delegated certain activities to the Audit & Risk Management Committee.

The responsibilities of this Committee are contained in the Committee's charter, which is available from the Corporate Governance section of the Company's website (www.peet.com.au)

The Board has also delegated authority to the Risk Management Operating Committee (RMOC) to enable the setting of certain risk management policies and procedures. The Senior Executives are operationally responsible for their own Business Units. However, coordination of day to day risk management matters, as part of the overall Corporate Governance, is under the control of the Company Secretary.

When considering the Audit and Risk Management Committee's review of financial reports, the Board receives a written statement, signed by the Managing Director and CEO, and the Chief Financial Officer, that the company's financial reports give a true and fair view, in all material respects, of the company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

Similarly, in reviewing risk management reports, in a separate written statement Management also confirm to the Board that the company's risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

7. RISK MANAGEMENT POLICIES

Peet maintains a comprehensive set of policies and procedures which form an integral part of our risk management framework, including policies and procedures, which cover:

- Financial approval limits
- Delegated approval authorities
- Facilities and asset management
- Market disclosure policies
- Listing rule disclosures
- Conflicts of interest
- Incident reporting
- Risk Referral
- Interest rate exposure management
- Occupational Safety and Health
- IT disaster recovery and business continuity
- Code of Conduct and Ethics
- Securities trading

8. MONITORING & MEASUREMENT

Controls are implemented to monitor the Corporate Governance obligations against the requirements.

The RMOC meet regularly and monitor reports from Business Units.

Behaviours that create and support good governance, including compliance are encouraged. Behaviours that compromise compliance will be investigated and dealt with as appropriate in the circumstances and in accordance with Human Resources Policies.

9. CONTINUOUS IMPROVEMENT

The Corporate Governance Policies, Procedures and Registers are reviewed on an ongoing basis by Management to ensure continuous improvement.

Brendan Gore
MANAGING DIRECTOR