

METHVEN

ANNUAL REPORT





CORPORATE GOVERNANCE

ROLE OF THE BOARD

The Board of Directors sets the strategic direction of the company and is committed to managing the company in an ethical and professional manner, and in the best interests of the company and its shareholders.

KEY RESPONSIBILITIES OF THE BOARD INCLUDE:

- ◆ developing the strategic direction of Methven with the senior management team
- ◆ monitoring the performance of management and the overall financial performance of the company and the Methven Group
- ◆ monitoring Methven's regulatory and legislative compliance and risk management processes
- ◆ ensuring effective policies and procedures concerning disclosure to the market and shareholders.

FRAMEWORK

The Board and management are committed to continued development of the company's governance practices.

The Board continues to review and develop its policies and monitor developments to keep abreast of best practice corporate governance for the Methven Group of companies, including its subsidiaries.

The company's corporate governance framework includes the company's constitution, terms of reference for the Board's

Audit, Compliance and Risk Management Committee and Remuneration Committee, along with policies on ethics, delegated authorities, disclosure and communications, insider trading, risk management, environment, health and safety, and policies and procedures for employees. The Board supports directors obtaining independent, professional advice when required.

The Board believes that its corporate governance policies and procedures meet the New Zealand Exchange Corporate Governance Best Practice Code and supports the Principles of Corporate Governance as published by the New Zealand Securities Commission.

BOARD COMPOSITION

The Board comprises five directors, including three non executive directors and two executive directors. The Directors considered independent by Methven are Phil Lough (Chairman), Peter Stanes and as from the 29th May 2009, Richard Cutfield. The remaining Directors, Rick Fala and Gary Nel are deemed not to be independent.

The policy for appointment and retirement of directors is contained within the company's Constitution. Pursuant to the Constitution of the company, one-third of the directors retire by rotation at each Annual General Meeting. Richard Cutfield and Peter Stanes retire by rotation at the 2009 Annual General Meeting and, being eligible, offer themselves for re-election.



AUDIT, COMPLIANCE AND RISK MANAGEMENT COMMITTEE

The Audit, Compliance and Risk Management Committee comprises Peter Stanes (Chairman), Phil Lough, and Richard Cutfield. This committee assists the Board to fulfil its responsibilities in the areas of financial and risk management.

REMUNERATION COMMITTEE

The Remuneration Committee comprises, Richard Cutfield (Chairman), Phil Lough and Peter Stanes. This committee provides assistance to the Board to ensure that the company has remuneration and human resource policies that attract, retain and motivate high calibre and high performing executives and directors.

NOMINATION COMMITTEE

The Board believes that all board members should be involved in the selection and appointment process of new Board members, and, as suggested in the Corporate Governance Best Practice Code in Appendix 16 of the NZSX Listing Rules, a nomination committee is therefore not necessary for Methven.

SHARE TRADING BY DIRECTORS AND OFFICERS

The company has formal procedures that directors and officers must follow when trading Methven shares. They must notify and obtain the consent of the Board prior to any trading. All trading must be conducted within two prescribed trading windows. These periods commence from the date on which the annual result and half yearly results are announced and conclude on the following 31 August and 31 January respectively.

CONTINUOUS DISCLOSURE POLICY

The Board has adopted a policy to ensure that it meets its obligations under the NZX continuous disclosure rules.

BOARD AND COMMITTEE MEETINGS HELD DURING THE YEAR:

	BOARD MEETINGS	AUDIT, COMPLIANCE AND RISK MANAGEMENT COMMITTEE	REMUNERATION COMMITTEE
Phil Lough	13	6	3
Rick Fala	15		
Gary Nel	15		
Richard Cutfield	15	7	3
Peter Stanes	14	7	3
TOTAL MEETINGS HELD	15	7	3

