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Board Charter

For

Methven Ltd

The purpose of this Charter is to document in one place, the operations and guidelines governing the members of the Board of Directors for Methven Ltd.

Methven Ltd was incorporated on 12 February 2001 – Incorporation Number 1111463

Document	Approved Annually By:	Date:
Governance Charter for Methven Ltd	The Board of Methven Ltd <i>NB: Copy to be circulated to all Directors upon approval & renewal</i>	23 July 2010
Review Period :	Annually or at least two yearly	
Sponsor :	Chief Financial Officer	

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Purpose	The purpose of this Charter is to document in one place the corporate governance principles for Methven Ltd.
Review	This Charter is a living document and will be reviewed at least every two years by the Board.
Corporate Governance Philosophy	<p>The Board is governed primarily by its Constitution and company law, and operates under a collection of defining principles as set out in this Charter. Methven Ltd is incorporated under the Companies Act 1993 and is subject to this and other legislation including but not limited to Securities Markets Act 1988 and Financial Reporting Act 1993. Methven is listed on the NZX, and subject to any waivers granted by the NZX, Methven complies with the NZX Listing Rules.</p> <p>The Board is committed to upholding transparent, good practice governance. Methven adopts policies and practices which are fully compliant with the NZX Listing Rules and the Securities Commission’s Principles and Guidelines. The Board continually seeks out emerging governance best practice with the aim to ensure effective and efficient corporate oversight of the Company.</p> <p>Accountability & Delegation</p> <p>The Board is responsible, on behalf of the Shareholders, for the management of the organisation. It empowers the Group CEO and management to operate the day-to-day business of the organisation through the delegation of certain powers to the Group CEO and a comprehensive policy framework. Delegations and governance policies are monitored and reviewed regularly by the Board.</p> <p>The Board may delegate responsibility to any committee or individual director but the Board retains collective responsibility for all decisions.</p> <p>The Board is accountable to shareholders for the success and growth of the organisation, and for the generation of value for shareholders. It ensures that all activities established and approved by the Board are linked to, and support, the organisational purpose.</p> <p>Shareholder Relations</p> <p>The Board aims to keep investors updated in a balanced and timely manner on its performance, strategies and goals through investor</p>

reporting which includes Annual and Half Year reports, the Company's website and briefings at its Annual Meetings. The Board encourages investors to engage with the Company.

Stakeholder Interests

The Board takes time to consider the interests of all of its stakeholders and recognises that they all make an important contribution to the Company.

Code of Ethics

The Board has established a Code of Ethics which outlines its expectations for all Officers of Methven including Directors for professional behaviour and this includes guidance on conflicts of interest, conduct, gifts, confidentiality, corporate opportunity, legal compliance, and use of the Company's assets and information.

Conflicts of Interest

Methven's Conflict of Interest Policy provides guidance on identifying and dealing with interests to protect the reputation of all stakeholders. Directors declare all potential, real, or perceived conflict of interests to the Board, and disclose the nature, monetary value if possible, and the extent of the interest in the organisation's Interests Register. Where a conflict of interest exists the Director involved will not vote.

Confidentiality

Directors keep private and confidential all discussions and information provided to them in their role as Directors, and within the Board meeting forum, except as required by law or NZX Rules for Disclosure. Directors are careful to ensure that they comply with the Securities Markets Act 1988 in the protection of information which can be considered 'material information', and to comply with Methven's Insider Trading Policy.

Independence of Directors

The Board will have a majority of independent Directors. The Board annually, or when Director interests materially change, determines the independence of its Directors and releases this information to the market in compliance with the NZX Listing Rules.

Share Trading

Directors are entitled to hold shares in Methven, however all trading must be in accordance with Methven’s Insider Trading Policy. Directors must advise the Board and the NZX within five working days following completion of any trade.

Disclosure & Communications Policy

Either the Group CEO or the Chairman is the Spokesperson for Methven. Methven presents information in a manner which is consistent with the Board’s Disclosure and Communications Policy. The Board has processes in place which ensure that it meets its continuous disclosure obligations as per the NZX Listing Rules.

Commitment to Enhancing Performance

The Board commits to enhancing its performance by first, ensuring it has, or acquires, or develops the requisite skills and competencies on the Board; secondly, by obtaining regular industry and sector briefings, and thirdly by encouraging Directors to seek ongoing professional development for themselves.

The Board annually reviews its performance against its objectives, good practice, and this Charter.

Separation of Roles

The Board endorses the separation of the roles of Chairman and Group CEO given their differing governance and operational responsibilities, and therefore a director will not hold the simultaneous positions of Chairman and Group CEO.

Relationship with Management

The Board reviews its relationship with the Group CEO and management annually.

The Board is responsible for the sustainable success of the organisation and for achieving the organisation’s objectives and goals in a manner which builds value for shareholders. Responsibilities of the Board include to:

Strategy

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- Contribute to, review and adjust the strategic direction of the organisation.

Process

- Select a Chairman;
- If desired, select a Deputy Chairman;
- Identify suitable independent Directors to join the Board;
- Establish appropriate Committees and their terms of reference, select appropriate members and Chairs, and annually review the Committees' performance;
- Select a Company Secretary and ensure adequate minutes are kept;

Leadership

- Promoting ethical decision-making by the Company;
- Protecting and enhancing Methven's reputation;
- Providing counsel to the Group CEO;
- Ensuring that the Board retains appropriate skills and experience to meet the needs of the Company;
- Select, performance manage, and remove the Group CEO;
- Encourage and support the professional development of the Group CEO;
- Ensure that there is a management succession plan, and suitable executive support to the Group CEO;
- Monitor the CEO's performance against the Board's requirements, expectations and objectives;
- Overseeing the remuneration, development and succession planning for the Group CEO and senior management, and ensuring that appropriate human resource systems are in place;

Stakeholder Management

- Familiarise itself with issues of concern to the shareholders'
 - Respect the rights of, and communicate regularly with shareholders;
 - Familiarise itself with issues of concern to the organisation's wider stakeholders and take these into account when setting
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the organisation's direction and to ensure sustainability;

Company Performance

- Approve major investments and monitor the returns of these;
- Review and approve divestment decisions which the Board has determined should be referred to it;
- Challenge, review and approve the Company's key performance objectives, strategic and business plans, and financial budgets;
- Monitor management's performance against the objectives derived from the business plan;
- Determine dividends as appropriate;
- Review and approve material transactions, and those not in the ordinary course of the organisation's business and recommend those matters to Shareholders for approval;

Financial Management

- Set and monitor progress against financial objectives;
- Review and monitor financial reporting and capital management;
- Monitoring the financial solvency of the Company;
- Review and approve the organisation's annual financial statements and Annual Report ensuring they comply with relevant laws, regulations, and generally accepted accounting practices;

Risk Management

- Ensure that the organisation has effective risk management policies in place, and monitor these;
- Consider the risk profile annually, or more frequently if required, and monitor and take steps to mitigate against identified risks;
- Monitor the organisation's internal processes and functions and appoint (subject to shareholder approval) external auditors;
- Ensure the independence of the external auditors;

Policy

- Determine, approve, and review annually the Delegated Authorities and monitor management's compliance with these;
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- Review and approve high level governance policies which include the Ethics Policy, Risk Management Policy, Performance and Remuneration Policy, Treasury Policy, Environment Policy, Health & Safety Policy, Workplace Relations Policy, semi annual completion of Compliance Checklist and any other governance policies as identified by the Board from time to time;

Compliance

- Ensure that the Board and all employees and officers comply with the organisation's Constitution, relevant laws and regulations in all jurisdictions that the Company operates, best practice and relevant auditing and accounting principles, and organisation policy;
- Ensure that Methven continuously discloses applicable information to the market in a timely and clear manner; and
- Regularly review the Board's compliance with this Charter.

Role of the Chairman

The Chairman is to be a non-executive director appointed by the Board. The Board may appoint a Deputy Chairman if desired, and will set the Deputy Chairman's responsibilities at that time.

In addition to their duties as a Director of the organisation, the Chairman's duties include to:

Leadership

- Lead the Board and the Company with the highest ethical standards, and to expect no less from Directors or management;
- Ensure the efficient organisation and conduct of the Board;
- Promote, encourage and foster a collegial and open forum for debate;
- Promote and maintain respectful relations with management and ensure the independence of the Board from management;
- Foster a constructive governance culture and promote the integrity of, compliance with, and lead the implementation and review of this Charter;
- Chair Board and Shareholder meetings;
- Lead the induction of new Directors;
- Lead annual performance reviews of the Board and individual Directors;

Meetings and Information

- Convene Board and Shareholder meetings, ensuring that appropriate notice is given to all Directors;
- Prepare in consultation with the Board, the Group CEO, and Committees, the agendas for Board meetings;
- Define and manage the quality, quantity and timeliness of the flow of information between management and the Board, having regard for the key issues concerning the Board, and ensuring that the Board has sufficient time to review the information before discussion;
- Ensure that issues raised or information requested by any Director is responded to promptly and fully;
- Conduct the meetings of the Board in a well-planned manner to ensure the effective and efficient use of Board time and energy;
- Set a schedule of Board meetings in a manner which enables the flow of the business of Methven Ltd and to manage the Board Forward Work Programme so as not to impede the completion of statutory or procedural requirements;

Relationship with the CEO

- Provide the formal link between the Board and Group CEO;
- Establish a close but appropriate working relationship with, and meet with the Group CEO to discuss the Board's requirements and expectations;
- Lead the evaluation by the Board of the Group CEO's performance;

Administration

- Manage any requests by the Board for independent professional advice;
- Approve in consultation with the Board, the retention of consultants who report directly to the Board;
- Ensure that adequate minutes are taken for each meeting and are circulated to the Board in a timely fashion.

Diligence

- A Director is to act in good faith, honestly and ethically and in what the Director believes are the best interests of the
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Committees of the Board

organisation;

- Directors, when exercising powers or performing the duties of a Director, are to exercise care, diligence and skill;
- A Director is not to act in a manner which contravenes the Companies Act 1993, the Financial Reporting Act 1993, the company's Constitution, and other relevant documentation and legislation such as the NZX Listing Rules and the Securities Markets Act 1988;
- Directors are expected to support Board decisions outside the boardroom;
- Directors must keep confidential, all that which is not in the public domain;
- Directors are expected to make every effort to attend Board meetings, and to prepare sufficiently in order to participate fully in discussions;

Interests

- Prior to accepting appointment to the Board and then as they occur, Directors will disclose to the Board all of their business relationships, and declare any relationship which might, or might be perceived to compromise their ability to act independently.

The Board may establish committees for any purpose. Committees are formally constituted with Board-approved Terms of Reference, and these are reviewed regularly. Current standing committees include:

- a) Audit, Compliance & Risk Management Committee; and
- b) Remuneration Committee

Committees make recommendations to the Board and unless mandated by Board resolution or entered into that committee's terms of reference it may not make decisions on behalf of the Board. The Board is collectively responsible for all decisions made or recommended by committees of the Board.

The Board reviews the performance of each committee against their terms of reference, and reviews membership of such committees on an annual basis.

Ad Hoc Committees

<p>Board Composition</p>	<p>The Board may from time to time form an Ad-Hoc committee for a specific project or purpose. The Board will establish formal Terms of Reference for such committees, which are generally disbanded upon completion of that purpose. A post project review is conducted by the Board for any major project aided by an Ad-Hoc Committee.</p> <hr/> <p>Size and membership of the Board is between 3 and 9 Directors with at least two New Zealand resident Directors.</p> <p>The Board should comprise of a majority of independent Directors.</p> <p>Directors who are appointed to the Board by the Board shall retire at the next annual meeting and, if eligible, stand for election by the shareholders.</p> <p>The Board identifies Directors for their experience, skill and their ability to assist the organisation to carry out the Company’s objectives. The Board may obtain professional independent assistance to help with this process.</p>
<p>Role of the Group CEO</p>	<ul style="list-style-type: none"> ▪ The Group CEO is accountable to the collective Board. ▪ The Group CEO is a voting member of the Board if a director. ▪ The Group CEO or the Chairman will be the Spokesperson for the organisation. ▪ The Board expects the Group CEO and management to live the organisation’s values, and to comply with the organisation’s founding documents (Constitution), to operate within the law, and to comply with all delegations, company policies, and procedures as set by the Board. ▪ The Board expects the Group CEO to advise it immediately if a policy, or a regulation, law, or process has been breached by any person, or if the Company becomes involved in any legal action. ▪ The Group CEO is to act in the best interests of the organisation, and in line with the vision, mission and values and the strategic direction as set by the Board. ▪ The Group CEO is expected to recommend to the Board suitable and appropriate strategy, business plans, budgets, and delegations which fit with the day-to-day operations and objectives of the organisation. ▪ The Group CEO is expected to ensure that no practice or action

occurs within the organisation without taking into account the health, safety, environmental and political consequences and their effect on the long-term sustainable value of the organisation.

Board Meetings

- The Board meets at least 8 times per annum;
- A quorum for Board meetings is two directors, however the Board's policy is for a quorum of three directors of which two must be independent;
- Meetings may be held by audio or video conference;
- Notice of meetings is to be at least seven days or as agreed by the Board;
- Management may be invited to attend Board meetings;
- Meetings are to be recorded in the form of minutes by a Secretary as appointed from time to time by the Board;
- Resolutions of the Board, signed in writing by all Directors, are valid and effective as if they were passed at a meeting of the Board. Such resolutions may be signed separately on several documents in like form, or signed on one form and faxed, scanned and emailed or signed in person;
- An Annual Meeting is to be held not later than six months after the balance date of the Company at which Shareholders will consider and approve the annual accounts, the Annual Report, appoint and re-appoint the external auditor and to consider any other business before it including Director remuneration and appointment of Directors;
- Independent directors may convene a meeting without Executives present where a fundamental conflict exists.

Information to the Board

- The Board is entitled to receive information in a form and in a timely fashion to ensure that Directors have enough and the right information to be able to make robust decisions.
- As long as the Board makes proper enquiry, Directors are entitled to rely on the integrity of the information provided by the Company and its advisors unless there is reason not to.
- A Committee or a Director is able to suggest items for the

agenda.

- Directors are entitled to have access to management and the external auditors in order to seek explanation, in consultation with the Group CEO.
- Directors may not disclose company information to any other person, nor use such information except for the purposes of the company, or as required by law, or unless directed by the Board.

Induction

- Methven provides formal induction for new Directors.
- A letter of appointment outlining the Board's expectation of that Director and any particular terms of appointment are provided to new Directors.

Fees or Remuneration

- No remuneration may be paid to a director (for services as a director) unless the total remuneration pool from which payment is to be made has been authorised by an ordinary resolution of shareholders.
- The Board reviews, at least annually, the fees it will pay the Chairman and Directors having regard for the shareholder approved quantum, Directors' workload, the time commitment required, industry sector norms, the changing nature of the organisation and national fee trends.
- Methven will not pay retirement allowances to Directors.
- Directors will be remunerated in accordance with the Board's Performance and Remuneration Policy and in any case, will be fair and reasonable for the services provided.
- Methven indemnifies its Directors to the extent allowed by law, and provides Directors and Officers Insurance cover. Such provisions are disclosed in the Company's Interests Register.

Provision of Services by Directors

- Methven Ltd may use Directors to assist with special projects from time to time, in the normal course of their role as Directors.
 - Methven Ltd may from time to time request services from
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Directors which are outside their role as Directors.

- Having regard for any potential conflict of interest and the NZX Listing Rules in relation to a Director's independence, the Board may approve, for the purposes of a special assignment and where the specific expertise of a Director warrants it, engaging a non executive Director in a professional capacity as long as the engagement is approved by the Board.
- Directors will be remunerated for these services separately to any Board fees, and remuneration will be fair and reasonable for the services provided, and pre-approved by the Board. No Director may provide audit services to the Company. All professional services provided by Directors are disclosed in the Conflict of Interests Register and included as Related Party Transactions in the Company's Annual Report.

Expenses

- Directors will be reimbursed for actual and reasonable out-of-pocket expenses by Methven Ltd at the discretion of the Chairman and in line with the Company's Expenses Policy.
- Directors' expenses are approved by the Chairman and the Chairman's expenses are approved by the Chair of the Audit, Compliance and Risk Management Committee.
- The Group CEO's expenses may be approved by the Chairman of the Board, and at all times will be in accordance with Methven's Expenses Policy.

Independent Professional Advice

- The Board, a Committee or a Director has the right, with the approval of the Chairman if the Company is expected to pay, to obtain independent professional advice should it be necessary in order for them to complete their responsibilities in a diligent manner.
- Cost for this advice may be reimbursed by the organisation if the Board considers it appropriate and warranted, however prior approval must be granted by the Board in such cases.

Term of Office and Retirement

- The Company complies with the NZX Listing Rules and rotates termination of 1/3 of the Board each year, except for the Group

CEO who is entitled to a term of not more than 5 years. There is no maximum term for Directorship.

- Directors are required to provide the Board notice in writing to resign from their role.

Reporting Requirements

- The Group CFO will maintain the Directors Interests Register and annually submit to the Board for review.
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