



**Terms of Reference  
For  
Remuneration  
Committee**

**Methven Limited**

<b>Policy :</b>	<b>Approved By:</b>	<b>Date:</b>
<i>Remuneration Committee ToRs</i>	Board of Directors	<b>29Oct2008</b>

<b>Review Period :</b> Annually
<b>Sponsor :</b> CFO, Deidre Campbell

**Developed by:** Debby Butler, Governance in Practice ©

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**Committee Purpose** The Remuneration Committee of Methven Limited has been established to assist the Board of Directors to independently ensure that the Company adopts and complies with appropriate remuneration policies.

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**Committee Objectives**

1. To attract, retain and motivate high calibre executives and directors to encourage enhanced performance by the Company;
2. To ensure that the human resource needs of the Company are met;
3. To motivate directors and management to pursue the long term growth and success of the Company within an appropriate control framework;
4. To demonstrate a clear relationship between key executive performance and remuneration.

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**Definitions**

Term	Definition
Company	Methven Limited and its subsidiary companies together or individually as the context implies.
Board	The Board of Directors of Methven Ltd.
Company Officer	Director or employee of Methven or its subsidiaries.
CEO	CEO of the Methven Group and/or CEO or President of Methven Ltd. or a subsidiary
Committee	The Remuneration Committee
Executive	Senior management of Methven Ltd or its subsidiaries.

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**Composition** The members of the Committee, and the Chairman of the Committee are appointed and removed by the Board. The Chairman of the Committee will not be the same as the Chairman of the Board.

There are to be a minimum of three members, all of whom are to be non-executive directors, and the majority of whom will be independent.

All Directors of the Board, and the CEO are entitled to attend any meeting of the Remuneration Committee except where they are conflicted for personal reasons.

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**Meetings** A quorum of members of the Committee will be two members of the Committee, provided at least one is an independent director.

Members of the Committee may participate by way of telephone

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conference as long as all members participating can hear each other.

The Committee will meet at least two times per year having regard to when Director and Executive remuneration is due for review, in line with the Company's remuneration policies.

Reasonable notice of meetings and the business to be conducted are to be given to members of the Committee, the CEO, and all other members of the Board.

Any member of the Committee or the CEO may request a meeting of the Committee at any time if they consider it necessary.

The Committee may have in attendance at its meetings, members of management and any other persons or advisors as it considers necessary to provide appropriate information and advice.

The Company's constitution shall govern the regulation and proceedings at the Committee's meetings.

Minutes are to be kept for every meeting. The Board appoints a secretary for the Committee.

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## **Responsibilities**

The Committee, is responsible for:

1. Ensuring that effective remuneration management systems are in place and that they support the Company's objectives and strategies;
  2. Ensuring that the Company's remuneration policies and procedures comply with relevant legislation and the NZ Stock Exchange Listing Rules;
  3. Annual reviews to ensure the Company's remuneration practices are consistent with the Board's policies
  4. Reviewing and making recommendations to the Board on
    - a. Remuneration policies and practices of the Company
    - b. All components of the remuneration of the CEO, executive directors, and other senior executives as the Board may from time to time determine, including base salary, reimbursable expenses, bonuses, entitlements under employee incentive plans, Company share schemes and Company option schemes, and all other entitlements and benefits arising from their employment. The remuneration of senior executives who report directly to the CEO is subject to prior recommendation from the CEO;
    - c. Terms of employment contracts for CEO, executive directors and other senior executives;
    - d. Terms of the company's short and long term incentive plans, including any share and option schemes for Company Officers and Directors;
    - e. Terms of the company's superannuation and/or pension schemes;
    - f. All components of the remuneration of the non-executive directors, including base fees, supplemental fees for additional duties, reimbursable expenses, entitlements on retirement from or termination of board membership and all other benefits and entitlements arising from their directorships; and
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g. Other matters relating to remuneration issues as referred to it by the Board.

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**Authorities**

The Committee does not take action or make decisions on behalf of the Board unless specifically mandated by minuted resolution.

The Committee recommends to the Board all remuneration matters which require a decision.

The Committee is authorised by the Board, at the expense of the Company, to obtain outside information and advice and to consult with management and executive search consultants or outside advisers with relevant expertise, as it thinks necessary for carrying out its duties.

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**Reporting and  
Accountability**

After each meeting the Chairman of the Remuneration Committee will report the Committee's recommendations, findings and activities to the Board.

The minutes of Committee meetings will be circulated to members of the Board. Extracts of the minutes are made available to members of management and other Company Officers as the Board directs, in order for Company Officers to properly carry out their functions.

The Committee, the Board, and the CEO will review annually the Committee's performance against its objectives and responsibilities and against these Terms of Reference.

The Board will review annually these Terms of Reference.

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