

at play  
in our world



## CORPORATE GOVERNANCE

The Board of Directors have the overall responsibility for ensuring the Company is properly managed to enhance and protect shareholders' interests. The Directors take this responsibility seriously and to this end, the Board has in place what it believes to be appropriate corporate governance policies and practices.

The Board has undertaken to regularly review the corporate governance policies to ensure the Company's responsibilities and obligations are met.

### COMMITTEES

The Board has an Audit and Risk Committee and a Remuneration and Nomination Committee. The objectives, composition and responsibilities of each committee are set out in its charter. These charters are available on the Company's corporate and investor relations website [www.pumpkinpatch.biz](http://www.pumpkinpatch.biz)

#### AUDIT AND RISK COMMITTEE

The Committee provides assistance to the Board in fulfilling their oversight responsibility to shareholders, potential shareholders, the investment community, and others relating to:-

- the Company's financial statements and the financial reporting process
- the systems of internal accounting and financial controls
- the internal audit function
- the annual independent audit of the Company's financial statements, and
- the legal compliance and ethics programs as established by management and the Board.

The Committee comprises a minimum of three non-executive Directors, the majority of which must be independent directors. The current members of the Committee are David Jackson (Chair), Jane Freeman, and Sally Synnott.



### REMUNERATION AND NOMINATION COMMITTEE

The Committee provides assistance to the Board to ensure that the Company adopts remuneration policies that:-

- attract, retain and motivate high calibre executives and directors so as to encourage enhanced performance by the Company
- motivate directors and management to pursue the long-term growth and success of the Company within an appropriate control framework, and
- demonstrate a clear relationship between key executive performance and remuneration.

The committee comprises a minimum of three non-executive Directors, the majority of which must be independent directors. The current members of the Committee are Jane Freeman (Chair), Brent Impey, David Jackson, and Sally Synnott.

#### BOARD AND COMMITTEE MEETINGS HELD DURING THE YEAR

	Board Meetings	Audit, Compliance and Risk Management Committee	Remuneration and Nomination Committee
Chrissy Conyngham	10	-	-
Jane Freeman	9	1	3
Brent Impey <sup>(1)</sup>	9	-	-
David Jackson	9	2	3
Maurice Prendergast	10	-	-
Sally Synnott	9	2	3
Greg Muir <sup>(2)</sup>	2	-	-
<b>Total Meetings Held</b>	<b>10</b>	<b>2</b>	<b>3</b>

<sup>(1)</sup> Brent Impey was appointed to the Remuneration and Nomination Committee after 31 July 2011

<sup>(2)</sup> Greg Muir ceased being a Director in November 2010



## INDEPENDENT DIRECTORS

The Company considers that three of the current six Directors are independent directors, namely Jane Freeman, David Jackson and Brent Impey. The remaining three directors are deemed not to be independent due to disqualifying relationships as defined in NZX Listing Rules; Chrissy Conyngham and Maurice Prendergast due to being executives in the Company and Sally Synnott due to having a beneficial interest in securities held by a substantial security holder.

The Company notes that it has a minimum of two independent Directors as required by the NZX Listing Rules.

Having reviewed the composition of the Board, the Company considers the Directors hold an appropriate mix of skills, expertise, and independence.

## SHARE TRADING BY DIRECTORS AND OFFICERS

The Company has formal procedures Directors and Officers are required to follow when trading in Pumpkin Patch Limited shares. Directors and selected senior officers must notify and obtain the consent of the Remuneration and Nominations Committee prior to trading. Other officers and other selected employees deemed to be restricted persons must notify and obtain the consent of the Company Secretary prior to trading. Restricted persons cannot trade shares during two blackout periods. The first blackout period commences 1 January and ends the day after the Company publically releases its Half Year financial result. The second blackout period commences 1 July and ends the day after the Company publically releases its Full Year financial result.

A copy of this policy is available on the Company's website [www.pumpkinpatch.biz](http://www.pumpkinpatch.biz)



## CODE OF ETHICS

The Company has a formal Code of Conduct and Ethics Policy. This policy provides guidance to all Directors, managers, employees and contractors of Pumpkin Patch Limited and its subsidiaries on how it expects them to conduct themselves when undertaking business on behalf of the Pumpkin Patch Group.

A copy of this policy is available on the Company's website [www.pumpkinpatch.biz](http://www.pumpkinpatch.biz)

## SHAREHOLDER RELATIONS

The Company has a formal Shareholder Relations policy. The purpose of this Policy is to promote effective communication with shareholders and to encourage active participation at General Meetings.

A copy of this policy is available on the Company's website [www.pumpkinpatch.biz](http://www.pumpkinpatch.biz)

## CONTINUOUS DISCLOSURE POLICY

The Board has adopted a Market Disclosure Policy to provide a framework to assist the Company to meet its obligations under the NZX continuous disclosure rules. A copy of this policy is available on the Company's website [www.pumpkinpatch.biz](http://www.pumpkinpatch.biz)

In the period 1 August 2010 to 31 July 2011 the Company made the following disclosures to the market:

- 22 September 2010: release of the audited result for the full year ended 31 July 2010;
- 27 January 2011: Trading update & half year 2011 earnings guidance;
- 1 March 2011: Release of the unaudited result for the half year ended 31 January 2011;
- 4 March 2011: Pumpkin Patch Limited appoints Jane Freeman as Chairperson;
- 15 June 2011: Operational update.

The Company believes it has met its obligations under the NZX continuous disclosure rules.



## EXTERNAL AUDITOR INDEPENDENCE

To ensure the independence of the Company's external auditor is maintained the Board has agreed the external auditor should not provide any services not permitted under IFAC (International Federation of Accountants) auditor independence regulations. The Audit, Compliance and Risk Management Committee review services provided by the external auditor to ensure the company complies with this policy.

## RISK MANAGEMENT

The Company recognises that in order to achieve its business plans and strategic goals, there must be a thorough understanding across the Group of the risks that may affect the ability of the Group to achieve those plans and goals. Throughout all of its business operations the Group has in place processes and systems which are designed to identify, assess, monitor and manage risk.

The Board has ultimate responsibility for internal control and compliance across the Group.

Accordingly, the Board manages risk in the following ways:

- The Board of Directors has oversight of risk management initiatives, policies and practices and is assisted in this regard by the Audit & Risk Committee in identifying risks which may have a material impact on the Company's business;
- The Chief Executive Officer (CEO) and Senior Executives of the Group are responsible for designing and implementing risk management and internal control systems which identify material risks that the Group faces as well as managing risk across the Group, and are required to report to the Board through the CEO. This includes the identification, assessment, reduction, management and monitoring of risk, as well as identifying any material changes to the Group's risk profile. These are required to be reported to the Board at regular intervals;
- There is regular assessment by the Board of strategic risks affecting the Group's operations and the establishment of controls to reduce their impact. This includes maintaining all relevant registrations and approvals in relation to business operations. On a regular basis the Board also reviews the Group's internal controls and risk management practices to ensure that they are adequate and reflect the Group's risk profile;
- Risk assessments are conducted for all major work initiatives, where new projects are undertaken;



- There is periodic verification of risk controls at various levels across the Group's operations;
- The Group has established a range of policies and procedures aimed at assisting in the management of risk across the Group's operations;
- The Board satisfies itself that adequate external insurance cover is in place appropriate for the Group's size and risk profile;
- The Board satisfies itself that adequate Health, Safety and Environmental Protection Policies and hazard assessments are in place and monitors performance;
- The CEO and Chief Financial Officer also provide a declaration that the financial statements of the Group present a true and fair view, in all material respects of the Group's financial position and operating results. The CEO and Chief Financial Officer are able to make this declaration having regard to the Group's sound system of risk management and control.

The Board considers that the corporate governance principles followed by the Group do not materially differ from the NZX Corporate Governance Best Practice Code.

