



Powerhouse Ventures Limited - PVL GOVERNANCE FRAMEWORK

THE GOVERNANCE FRAMEWORK

The following sets out the governance framework for PVL. While the Framework takes into account the ASX Corporate Governance Principles and Recommendations and the FMA Corporate Governance in New Zealand Principles and Guidelines, it provides a reference point only and the specific details are contained in the Constitution and the various Committee Charters and Policies. If a document is publicly available, it is published on www.powerhouse-ventures.co.nz. Further information will also be published in the Governance Statement in the PVL Annual Report.

PVL is expected to become an ASX and NZX dual Listed Company and to this end the Board of PVL has developed a Governance Framework whereby the appropriate Board Policies apply, in addition to a series of Governance Policies that explicitly detail the specific roles and functions of the Board and its sub-Committees.

PVL regularly reviews its governance framework.

GOVERNANCE STRUCTURE

Overview

The PVL Governance Structure is as follows:

- External Audit/ Internal Audit
- Board;
- Board Committees;
 - Audit & Risk;
 - Human Resources & Remuneration;
 - Corporate Governance & Nomination;
 - Portfolio Committee;
- Managing Director;
- Executive Team;
- Staff; and
- 4 Sector based Investment Advisory Committees.

The Board and each Committee has a charter setting out its responsibilities.

The PVL Board recognises and respects the independent/fiduciary roles of subsidiary and associate company Directors and Officers.

BOARD

The division of responsibility between Board and Management is determined by the Role and Composition of the Board document, where all matters not expressly reserved to the Board are delegated to the Managing Director/Chief Executive Officer (MD/CEO) (who may sub-delegate). In addition, specific Board approved delegations have been established with respect to capital and operating expenditure, investment approvals and operational risk management. The delegations are monitored through Board and Committee reporting arrangements. The delegations are subject to periodic review by the Board or relevant Board Committee.

Responsibilities of the Board include approving strategic and financial objectives and monitoring the implementation of the strategy and objectives of PVL. The Role and Composition of the Board document is supported by the following Board documents, policies and processes:

- Role of the Chairman;
- Role of Individual Directors;
- Role of the Managing Director/Chief Executive Officer;
- Independent Directors Standard Policy;
- Non-executive director appointment (refer Constitution);
- Board Evaluation & Renewal Policy (refer Constitution and Corporate Governance & Nomination Committee Charter);
- Fit and Proper Policy;
- Remuneration Policy;
- Code of Conduct; and,
- Diversity Policy.

BOARD COMMITTEES

The Board has adopted Charters for all Board Committees. The matters covered in the Charters and the accompanying Board Committee Standing Procedures include composition, quorum, attendees and access to information and review of rules, charter and performance. The following is an overview of the requirements in relation to composition and the Committee responsibilities:

Audit & Risk

Composed of

- at least 3 members;
- all Independent Directors; and
- an Independent Chairman, who is not Chairman of the Board

The role of the Committee is to provide assistance to the Board in relation to the following:

- external audit function;
- internal audit function;
- statutory financial reporting;
- internal control framework (including fraud control).
- establishment of the risk framework;
- risk appetite setting;
- risk identification and assessment;
- risk mitigation processes including insurance risk transfer;
- operational risk including regulatory compliance, business continuity and fraud risk;
- credit, liquidity and market risk;
- balance sheet / off-balance sheet and capital management risk;
- economic environment; and,
- regulatory oversight.

Human Resources & Remuneration

- at least 3 members.
- a majority of independent directors
- an independent chair.

The role of the Committee is to provide assistance to the Board in relation to the following:

- Board and Executive Remuneration Policy; and,
- key human resources policies.

Corporate Governance & Nomination

Composed of:

- at least 3 members;
- a majority of independent directors; and,
- an independent chairman.

The role of the Committee is to provide assistance to the Board in relation to the following:

- nomination processes;
- selected application of human resources policies as they relate to the Board; and,
- corporate governance framework.

Portfolio Committee

Composed of:

- at least 4 members (including the Chairman of each of the 4 sector based Investment Advisory Committees).

The role of the Committee is to provide assistance to the Board in relation to investment portfolio construction, monitoring and performance in the four technology sectors in which Powerhouse invests being:

- Cleantech and Engineering;
- Information and Communication Technologies;
- Agritech and Environmental; and
- Medical and Healthcare.

The Committee will also ensure portfolio construction and performance monitoring includes analysis and decisioning regarding the three venture stages in which Powerhouse invests being:

- Pre-seed;
- Seed; and
- Post-seed.

The Portfolio Committee, upon advice from the Investment Advisory Committees, will:

- review financial growth metrics for the portfolio as a whole, as well as for the relevant technology investment sectors;
- review the Powerhouse Investment Strategy; and
- provide advice to the Powerhouse Board and Executive regarding the longer-term investment strategy for the Portfolio as a whole.

MANAGEMENT

The Managing Director/Chief Executive Officer and Board has appointed an Executive Team that provides centralised oversight of the activities of PVL.

INVESTMENT ADVISORY COMMITTEES

Sector-based Advisory Committees are responsible for reviewing investment themes, directions and opportunities in their technology sector which include ICT, Agtech, Medical & Health Care, Cleantech and Engineering.

Each Investment Advisory Committee will be composed of:

- a Powerhouse Board member appointed as Chair;
- up to four members including the Chair and the Powerhouse Chief Operating Officer;
- additional experts as deemed necessary in consultation with the Executive Team.

The Advisory Committees will review overall Powerhouse investment strategy on a six-monthly basis, reporting back to the Board through the Portfolio Committee. They will combine their own technology and market knowledge with appropriate network contacts to recommend potential new start-up visions.

ETHICAL DECISION-MAKING AND REGULATORY COMPLIANCE

The PVL's cultural values provide a framework to guide interactions with key stakeholders. The values are:

- we are committed to building successful businesses;
- we value relationships;
- we embrace innovation and change and strive for growth in scale and value;
- we do what we say; and,
- we pursue and celebrate success.

There are a suite of policies that support ethical decision-making and regulatory compliance including but not limited to the following key policies:

- Code of Conduct;
- Share Trading Policy;
- Whistleblower Policy;
- Fraud and Corruption Control Policy; and
- Diversity Policy.

RISK MANAGEMENT

The Board is responsible for overseeing the establishment, implementation, review and monitoring of risk management systems and policies. It has established an integrated framework of policies and controls to identify, assess, monitor and manage risk.

The Managing Director/Chief Executive Officer and Executive Team are responsible for implementing the policies and controls.

Board Policy - is used to control and mitigate risk where necessary and appropriate and to direct the way in which PVL and its subsidiaries conduct their business.

Compliance System - Obligations arising from legislation, regulation, legal agreements, Board Policy and Risk Treatment Plans are assigned to a specific person together with a timeframe for action. An escalation process ensures overdue compliance matters are reported to the appropriate Manager/Executive and/or Board.

Internal Audit (IA) - is provided on a continuous basis by an external (outsourced) firm. An Internal Audit Plan is developed in conjunction with Management and the Audit & Risk Committee and based on risk profiles.

Risk Review Processes

Risk review processes in place in the PVL include:

- Risk Management processes being carried out continuously (with continuous re-documentation) to ensure controls and mitigations are appropriate for PVL's business activities;
- all key Board Policies being reviewed on a periodic basis to ensure they remain relevant;
- business procedures being reviewed and updated as required;
- the Compliance System being administered and maintained on a continual basis; and,
- the IA plan being reviewed annually.

The rolling Strategic Plan sets the overarching context for the entire Risk Management System.

FINANCIAL SAFEGUARDS

As discussed above, the Board has established an Audit & Risk Committee, with a charter setting out the responsibilities of the Committee.

The Audit & Risk Committee has oversight responsibility for the internal audit function and approves the internal audit strategic plan.

The Audit & Risk Committee also has oversight responsibility in relation to the external auditor. It recommends to the Board the policy in relation to auditor independence and approves the annual audit engagement terms.

The MD/CEO and CFO both provide annual signoffs to the Board in relation to financial matters.

The external member attends the Company's Annual General Meetings and is available to answer questions relevant to the audit from shareholders.

EXTERNAL COMMUNICATIONS

The Board has established a Market Disclosure and Communications Policy to regulate external communications.

REVIEW

The Board will periodically review this Policy to ensure it remains up-to-date and relevant.