



**Powerhouse Ventures Limited (PVL)**

**ROLE AND COMPOSITION OF THE BOARD**

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This document is designed to clearly set down the responsibilities of the Board of Directors of PVL (the Board) within the legislative framework and the Company's overall governance arrangements.

The major elements of the Board's role and composition fall into a number of areas of accountability, each of which is addressed below. Taken together, they provide a clear definition of the role and composition of the Board.

### **Corporate Objectives, Strategies and Policies**

The role of the Board is to:

- identify the broad objectives of the Company;
- contribute to, evaluate and approve strategies and policies which are directed towards achieving the Company's objectives;
- encourage the formulation and development of strategies, operational plans, policies and new business initiatives to be brought forward by Management for Board consideration;
- empower Management to implement the approved strategies, operational plans and new business initiatives;
- ensure corporate and operating policies, including policies relating to exposure to various risks, are in place that are appropriate for the business;
- ensure that an appropriate policy is in place for building and maintaining the capital base of the business and for the use of its cash resources; and,
- monitor the external environment, consider and respond to those factors which may affect the Company and identify ways in which external change can be used to enhance the business.

## **Corporate Plans, Budgets and Performance Monitoring**

The role of the Board is to:

- review and approve strategic plans and budgets, including the setting of appropriate key performance indicators (KPI's);
- monitor performance against the approved strategic plans, budgets and KPIs and take corrective action where necessary; and,
- ensure the establishment and implementation of a process for the identification, monitoring and mitigation of risk.

## **Internal Controls**

The role of the Board is to:

- ensure and monitor that an effective system of internal control is in place, including systems for:
  - short-term planning and budgeting;
  - performance reporting, both to Management and Board;
  - accounting and financial reporting;
  - internal audit;
  - adherence to the Company's corporate and operating policies; and,
  - monitoring compliance across the business with all applicable laws and regulations.
- ensure compliance with all corporate and operating policies through regular reports from Management;
- establish an Audit Committee to oversee the external and internal audit scope and processes and consider and review audit reports.

## **Chief Executive Officer and Senior Executive Positions**

The role of the Board is to:

- appoint the Managing Director/Chief Executive Officer, set their remuneration and monitor their performance annually;

- review and approve the Senior Executive structure of the Company, with recommendations brought forward by the Managing Director/Chief Executive Officer;
- review and approve the appointment and remuneration of the Senior Executives reporting to the Managing Director/Chief Executive Officer and monitor their performance annually;
- review and approve succession plans for the Managing Director/Chief Executive Officer and Senior Executives of the Company; and,
- review and approve major human resources initiatives and changes to the organisational structure.

### **Shareholders/Investors**

The role of the Board is to:

- review and approve the annual financial statements of the Company and any investment vehicles, to ensure that they are all in conformity with Accounting Standards and represent a true and fair view of the Company's results and financial position;
- recommend external auditors for appointment by shareholders, to ensure that the scope of the audits are adequate, to oversee the internal and external audit processes and to review audit reports;
- determine dividends payable;
- approve all investment statements/product disclosure statements/prospectuses issued by the Company and any amendments thereto;
- report to the shareholders and to the market on the affairs of the Company;
- demonstrate full and open disclosure in the Company's dealings with all stakeholders and to the wider community generally; and,
- authorise all significant public announcements by the Company.

### **Board Composition**

The composition of the Board is based on the following:

- The Board shall comprise Directors with a range of backgrounds and experience;
- The Board should always have a majority of Directors who are non-executive and are judged by the Board to be independent of judgement and character and free from material relationships with the Company and other entities and people that might influence or would be perceived by shareholders to influence such judgements;
- The Board should always have a majority of Directors who are judged to be Independent under the Company's Independent Directors Standards Policy and with reference to the Listing Rules where applicable, to ensure effectiveness for the promotion of shareholder interests and the governance of the Company;
- The qualifications for Directors of the Company are unquestioned honesty and integrity; a proven track record of creating value for shareholders; time available to undertake the responsibilities (Individual Board members should devote the necessary time to the tasks entrusted to them - all Directors need to consider the number and nature of their directorships and calls on their time from other commitments); an ability to apply strategic thought to matters in issue; a preparedness to question, challenge and critique; and, a willingness to understand and commit to the highest standards of governance of the Company;
- The Board will review the skills represented by Directors on the Board and determine whether the composition and mix of those skills remain appropriate to achieve the Company objectives;
- Non-executive Directors will be engaged through a letter of appointment;
- The Board will determine the level of remuneration paid to its members within any limits approved by shareholders;
- The Board considers that diversity includes differences that relate to gender, age, ethnicity, disability, sexual orientation and cultural background. It also includes differences in background and life experience, communication styles, interpersonal skills, education, functional expertise and problem solving skills;
- The Board will aim to maintain an appropriate mix of relevant skills, expertise and diversity. This enables it to discharge its responsibilities and deliver the Company objectives, as well as seek new ways of driving performance through innovation and entrepreneurship; and,
- Persons nominated as Independent Non-Executive Directors must be of sufficient stature and financial security to express independent views on any matter.

## **Board Effectiveness**

The role of the Board includes to:

- regularly review and assess its own performance;
- assess the balance of competencies of its members and identify new members of quality as required;
- establish appropriate Board Committees to assist the Board in the carrying out of its responsibilities and monitor the effectiveness of those Committees; and,
- ensure the Board has access to external advisors with appropriate skills and experience in all relevant areas of the law and in the business and financial affairs of the Company.

## Reference Legislation

The Company must comply with a broad range of legislation in conducting its activities. The principal legislation with which the Company must comply is listed below.

Financial Markets Conduct Act ("FMCA") 2013
Companies Act 1993
Limited Partnerships Act 2008
Financial Service Providers (Registration and Dispute Resolution) Act 2008
Anti-Money Laundering and Countering Financing of Terrorism Act 2009 ("AML/CFT")
Foreign Account Tax Compliance Act ("FATCA")
Privacy Act 1993
Takeovers Act 1993
Income Tax Act 2007, Goods and Services Tax Act 1985, Tax Administration Act 1994
Fair Trading Act 1986
Human Rights Act 1993 (discrimination on the basis of gender, age, disability or race; sexual harassment)
Employment Relations Act 2000
Holidays Act 2003
Health and Safety in Employment Act
NZX and ASX Listing Rules