



# **Powerhouse Ventures Ltd (PVL)**

## **FIT AND PROPER POLICY**

## **APPLICATION**

This Policy applies to Powerhouse Ventures Ltd (PVL) and all subsidiaries.

## **RESPONSIBLE PERSON**

### **Who is a “Responsible Person” under this policy?**

All Directors and staff of PVL are deemed to be Responsible Persons. Members of the executive teams of PVL subsidiary companies are also deemed to be Responsible Persons.

PVL’s Auditor is also a Responsible Person.

Each candidate for a Responsible Person position and existing Responsible Persons must provide the Managing Director / Chief Executive Officer (“CEO”), Company Secretary or relevant Committee with all information and documentation that is reasonably requested for the purposes of determining whether the person is fit and proper.

## **POLICY OBJECTIVE**

The purpose of this document is to establish and describe PVL’s policies relating to the fitness and propriety of individuals who hold positions of responsibility. The Fit and Proper Policy is designed to assist in managing the risk that individuals who hold positions of responsibility are not fit and proper. In this way, reputational risk is mitigated and the interests of investors are best protected by the Company.

## **POLICY PARAMETERS**

This Policy forms part of PVL’s risk management system and as such relies on a number of other documents to give it effect.

## **RESPONSIBILITIES**

### **Board**

The Board is responsible for:

- reviewing and approving this Fit and Proper Policy;
- ensuring a Fit and Proper Officer is appointed;
- appointing the members of all Board Committees;
- ensuring an assessment of the skills and expertise required by PVL to carry on its business is undertaken and reviewed annually; and
- ensuring all members of the Board, Committees and the CEO comply with this Policy.

### **Chief Executive Officer (CEO)**

The CEO is responsible for conducting fit and proper assessments of any Senior Managers appointed. In this regard the CEO will be responsible for:

- ensuring staff meet the fit and proper criteria set out in this policy;
- determining in consultation with the Company Secretary the matters that will be considered before determining if a person is fit and proper to be a Senior Manager; and
- ensuring relevant regulators are notified in accordance with the requirements of this Policy.

### **Group Audit Committee (GAC)**

The GAC is responsible for conducting fit and proper assessments of PVL's auditors who are Responsible Persons. In this regard the GAC is responsible for ensuring:

- PVL's auditors meet the fit and proper criteria set out in this Fit and Proper Policy; and
- determining, from time to time, the matters that will be considered before determining if a person is fit and proper to be an auditor of PVL.

### **Group Corporate Governance and Nomination Committee (GCGNC)**

The GCGNC is responsible for:

- ensuring that the assessment of fitness and propriety of Responsible Persons are included in the compliance management regime for PVL;
- receiving reports on the currency and status of the Fit and Proper assessments of all Responsible Persons on an annual basis.
- the process for ensuring that PVL's Directors are appropriately trained and continue to be properly trained and maintaining records of such training;
- ensuring that only a person who meets the fit and proper criteria set out in this Fit and Proper Policy is appointed as the CEO;
- ensuring annual fit and proper assessments of the CEO are completed; and
- determining, from time to time, the matters that will be considered before determining if a person is fit and proper to be a CEO of PVL.

The GCGNC has the sole responsibility for determining and making appropriate recommendations to the Board regarding the fitness and propriety of persons who are seeking election or re-election as a Director. This responsibility also applies to the occasion when the Board resolves to appoint a director(s). The GCGNC is also charged with responsibility for determining the fitness and propriety of Directors holding office.

### **Fit and Proper Officer**

The Fit and Proper Officer at the direction of the CEO or the relevant Committee is responsible for:

- ensuring that the appropriate checks are carried out by PVL for each Responsible Person position;
- making submissions about any matters that are relevant to a particular Fit and Proper assessment including consideration of whether the Responsible Person is properly trained and continues to be properly trained;
- collecting information with respect to the matters that will be considered before determining if a person is fit and proper to hold a Responsible Person position;
- providing information in relation to a fit and proper assessment for a Responsible Person position;

- reporting on matters concerning the procedures for fit and proper assessments;
- ensuring that PVL takes reasonable steps to protect the information and documents collected for each fit and proper assessment;
- checking material qualifications and making submissions about any matters relevant to a particular Fit and Proper assessment;
- overseeing the process for ensuring PVL's Responsible Persons (including Directors) are appropriately trained and continue to be appropriately trained;
- preparing written reports for the annual fit and proper assessment detailing any deficiencies in skill or knowledge of a particular Responsible Person, after conferring with the Responsible Person; and
- maintain training records for each Responsible Person of PVL, including Directors.

For the purposes of this policy the Fit and Proper Officer is the Company Secretary of PVL, or Deputy Company Secretary as delegate.

## **PROCESS FOR ASSESSING FITNESS AND PROPRIETY**

Criteria to determine if a Person is fit and proper:

- the Person possesses the competence, character, diligence, honesty, integrity and judgment to perform the duties of the Responsible Person position;
- the Person is not legally disqualified and
  - has no conflict of interest in performing the duties of the Responsible Person position; or
  - if the person has a conflict of interest, it would be prudent to conclude that the conflict will not create a material risk that the person will fail to properly perform the duties of the Responsible Person position.

The additional criteria which must be met for an auditor to be fit and proper are that the person is an Financial Markets Authority registered company auditor and:

- has experience that is sufficiently relevant and recent to provide reasonable assurance that the person is familiar with current issues in the audit of PVL;
- is a member of a recognised professional body; and
- is ordinarily resident in New Zealand.

## **ASSESSMENT**

Responsible Persons associated with PVL are required to meet the “fit and proper” standards outlined in this policy.

### **Declarations**

A fit and proper declaration must be completed and signed either prior to employment or, subject to Company approval, within 90 days of employment.

Responsible Persons are required to reaffirm their fit and proper declaration annually. This will be integrated into performance management/professional development activities.

In signing the declaration, the Responsible Person acknowledges that PVL is authorised to complete external background checks which can include a bankruptcy check, police check, Financial Markets Authority check, reference check and/or credit history check.

### **Fitness assessment**

In making a determination about the fitness of a Responsible Person or a candidate for a Responsible Person position, the CEO or relevant Committee will give consideration to the following:

- the Person's competence and experience for the particular Responsible Person position, including whether there are reasonable grounds to believe that the Person possesses the necessary skills and expertise for the Responsible Person position;
- whether the Person is able to demonstrate they are competent for the position, by reference to attributes such as educational and technical qualifications, completion of any training or induction processes required for the position, knowledge, skills and experience as well as their performance in positions with PVL or otherwise relevant to the position in question;
- whether PVL has information available to it which indicates that the person has been involved in a breach of law, policy, or professional standards or any other activity which is relevant to the fitness of the person for the Responsible Person position; and
- an assessment of the responses provided in the Personal Information Statement and the Fit and Proper Declaration.

In determining whether the criteria for the fitness requirement have been met for a Responsible Person position, or a Person proposed to be a Responsible Person, the CEO or relevant Committee will have regard to the:

- information and submissions from the Fit and Proper Officer;
- information collected at commencement of employment/service;
- Fit and Proper Declaration;
- information and documentation provided by the Fit and Proper Officer, including an evaluation of the established criteria for assessing fitness;
- Responsible Person's (or Person proposed to be a Responsible Person) current curriculum vitae with appropriate detail on the person's qualifications and work experience;
- whether the Responsible Person is appropriately trained and continues to be appropriately trained;
- confirmation that the person has the skills and experience for the Responsible Person position and the Person is maintaining an appropriate training development plan; and
- any other information about the Person's fitness or competency that PVL should reasonably be aware of.

The process of review of meeting the fitness requirement will be undertaken on an ongoing basis with at least an annual desktop review to be undertaken by the Fit and Proper Officer.

## **Outcomes of Assessment**

Responsible Persons will be assessed as either 'Fit and Proper to hold the position' or 'Not Fit and Proper to hold the position'.

### *'Fit and Proper to hold the position'*

A Person assessed as 'Fit and Proper to hold the position' may hold the position for which they were assessed.

### *'Not Fit and Proper to hold the position'*

A Person assessed as not 'Fit and Proper to hold the position' may not be appointed to, or retain the position for which they were assessed. A Person so assessed will be advised of the situation and offered the opportunity to correct any incorrect information or perfect any inaccurate documentation. This must be achieved within 90 days, otherwise action to remove the Person from the position of responsibility will progress.

## **SKILLS**

The training, education, skills and expertise requirements for Responsible Person positions are to be recorded in the Position Descriptions for each position. These Position Descriptions will form part of the assessment criteria upon which the Fit and Proper assessment is based. Collectively these Position Descriptions represent PVL's Skills Inventory and must therefore contain all of the training, education, skills and expertise requirements necessary to carry on business. The CEO is responsible for ensuring Position Descriptions are documented for each Responsible Person position (excluding Directors). These documents are to be retained by the Fit and Proper Officer.

The Company Secretary is responsible for ensuring a Statement Role exists for Directors.

The CEO is responsible for ensuring a Skills Audit for Responsible Person positions is conducted annually to ensure PVL has the appropriate skills necessary for its business activities.

The Skills Audit will be conducted by reviewing the training, education, skills and expertise requirements for current business activities against PVL's workforce. Any gaps will be managed through training, re-alignment, recruitment or by using external consultants at the discretion of the CEO.

## **WHISTLEBLOWING**

In addition to PVL's Whistleblower Policy, the following also apply:

If a person believes that a Responsible Person does not meet the fit and proper criteria of PVL, that person may notify the relevant Board Committee, the CEO, or the Fit & Proper Officer of their belief. PVL encourages and consents to any person notifying the CEO, the relevant Committee or the Fit and Proper Officer of their belief that a Responsible Person does not meet PVL's fit and proper criteria.

The CEO must ensure that the provisions for whistleblowing in this Fit and Proper Policy are communicated to Directors and staff whom it is considered may have information relevant to an assessment of the fitness and propriety of a Responsible Person.

PVL will take all reasonable steps to ensure that no person making the whistleblowing disclosures, referred to above is, or is threatened with a detriment because of any notification, unless the disclosure or notification was not made in good faith.

## **PRIVACY**

In carrying out a fit and proper assessment, PVL may collect personal information (including sensitive information). If PVL does collect such information the person to whom the information applies may in accordance with the Privacy Act gain access to the information by contacting PVL at the address provided. If PVL does collect and hold personal information (including sensitive information) it will collect, hold and use the personal information (including sensitive information) only to:

- assess a person's fitness and propriety;
- comply with legislative and regulatory requirements;
- perform administrative functions including risk management, record keeping, archiving, staff training; and,
- managing PVL's rights and obligations under its licences.

## **REVIEW**

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

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## FIT AND PROPER DECLARATION

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Name: \_\_\_\_\_  
Date: \_\_\_\_\_  
Position held: \_\_\_\_\_  
Entity to which appointment relates: \_\_\_\_\_

The purpose of the following declaration is to identify any event that has occurred since the last such Statement that could potentially impact on your fitness and propriety to act as a responsible person or to qualify as a Director of PVL (if relevant).

Please respond to all questions then sign the declaration. Attach additional documentation if there is insufficient room to provide requested information – additional statements must be dated and signed.

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### 1. OFFENCES

Have you been convicted of any offence, including (but not limited to):

- (a) an offence involving management of corporations;
- (b) a breach or breaches of the Companies Act (NZ), Corporations Act (AU) or a similar law of a foreign country;
- (c) an offence against sections 11 and 12 (registration and dispute resolution requirements) or section 41 (false and misleading representations) of the Financial Service Providers (Registration and Dispute Resolution) Act 2008, or a similar law of a foreign country;
- (d) an offence under sections 217 to 266 of the Crimes Act 1961 or a similar law of a foreign country, within the past five years (including unlawful taking, blackmail, deceit, and forgery);
- (e) a conviction of a money laundering offence or an offence relating to the financing of terrorism;
- (f) a confiscation order under the Proceeds of Crime Act 1991, or a similar law of a foreign country; and/or
- (g) dishonesty?

**Yes/No** *[If Yes, please provide details of the conviction, including a description of the conduct for which you were convicted, when you were convicted, and the penalty imposed.]*

### 2. BANKRUPTCY

- (a) Are you or have you been bankrupt under New Zealand or foreign law?
- (b) Have you executed a deed or arrangement under the Bankruptcy Act (or a similar law of a foreign country)?
- (c) Have your creditors accepted a composition under the Bankruptcy Act (or a similar law of a foreign country)?

**Yes/No** *[If Yes, please provide details]*



### 3. MANAGEMENT

Have you been disqualified from management in New Zealand or overseas, for example:

- (a) has a court and/or the FMA or relevant governing body disqualified you from managing corporations;
- (b) are you prohibited from being a director or promoter of, or concerned in the management of, an incorporated or unincorporated body under the Companies Act 1993, the Securities Act 1978, the Securities Markets Act 1988, and/or the Takeovers Act 1993, or similar law of a foreign country;
- (c) are you subject to a management banning order under the Securities Act 1978, Securities Markets Act 1988, and/or the Takeovers Act 1993 or an order under the Credit Contracts and Consumer Finance Act 2003, or a similar law of a foreign country?

**Yes/No** [If Yes, please provide details of any disqualification, including a description of the conduct for which you were disqualified, when you were disqualified, where you were disqualified, and the period of your disqualification]

### 4. OVERALL COMPETENCY

- (a) Are you able to demonstrate that you are competent for the position, by reference to attributes such as educational and technical qualifications, completion of any training or induction processes required for the position, knowledge, skills and experience as well as performance in positions with the institution or the subsidiary or otherwise relevant to the position in question? **Yes / No**
- (b) Have you failed to discharge your responsibilities as a director or manager of, or a professional service provider to, a body corporate, statutory body, partnership, trust, or commercial or professional enterprise of any kind (entity) with diligence, honesty, integrity or judgment? **Yes / No**
- (c) Were you the subject of justifiable criticism, discipline, punishment, adverse findings, directions or orders, by a court, tribunal, official inquiry, regulatory agency, complaints handling body, dispute resolution body, or professional or industry body concerning your conduct in relation to: **Yes / No**
  - the management of an entity; or
  - commercial or professional activities?
- (d) Were you the subject of civil or criminal proceedings, or enforcement action, relating to: **Yes / No**
  - the management of an entity; or
  - commercial or professional activities,

that were determined adversely to you (including by you consenting to an order or direction, or giving an undertaking, not to engage in unlawful or improper conduct), and which reflected adversely on your competence, character, diligence, honesty, integrity or judgment?
- (e) Were you expelled or excluded from, or refused admission to, a professional or industry body, or a clearing house or exchange? **Yes / No**
- (f) Were you involved with the affairs of an entity that was expelled or excluded from, or refused admission to, a professional or industry body, or a clearing house or exchange, and engaged in conduct which caused or contributed to the entity's expulsion, exclusion or non-admission? **Yes / No**

- (g) Were you refused a licence or Authorisation relating to a commercial or professional activity, or had such a licence or Authorisation revoked? **Yes / No**
- (h) Were you involved with the affairs of an entity that was refused a licence or Authorisation relating to a commercial or professional activity, or had such a licence or Authorisation revoked, and engaged in conduct that caused or contributed to the refusal or revocation of the licence or Authorisation? **Yes / No**
- (i) Have you had your appointment terminated, or resigned or was asked to resign, from a position as director or manager of, or professional service provider to, an entity in circumstances which reflected adversely on your competence, character, diligence, honesty, integrity or judgement in discharging your responsibilities in the position? **Yes / No**
- (j) Have you seriously or persistently failed to manage your debts or financial affairs in accordance with your contractual or other legal obligations in circumstances where such failure caused loss to others? **Yes / No**
- (k) Were you, or did you act as, a director or manager of, or professional advisor to, an entity that: **Yes / No**
- was, or later came to be, insolvent;
  - was, or later came to be, under insolvency administration;
  - was, or later came to be, under statutory or judicial management; or
  - failed to repay, or otherwise failed to meet its financial obligations to, creditors or beneficiaries and engaged in unreasonable or unlawful conduct that caused or contributed to the insolvency, placement under insolvency administration or statutory or judicial management, or failure to repay or otherwise meet obligations to creditors or beneficiaries?
- (l) Have you contravened any regulatory requirement or professional standard relating to: **Yes / No**
- the management of an entity; or
  - commercial or professional activities?
- (m) Have you been unreasonably or improperly obstructive of, or misleading or untruthful in dealing with, a court, tribunal, official inquiry, regulator, complaints handling body, dispute resolution body, or professional or industry body? **Yes / No**
- (n) Have you breached a fiduciary obligation or other legal or professional obligation involving trust or conflict of interest or perpetrated or participated in negligent, deceitful or otherwise discreditable business or professional practices? **Yes / No**
- (o) Have you failed to comply with a fit and proper policy of another institution? **Yes / No**

*If you have answered Yes to any of the above questions, please provide further details.*

## **Declaration**

I declare that there is no further information (other than that provided in this declaration or any previous declarations) that may be relevant to your assessment of my fitness and propriety as a responsible person or eligible director (if relevant); and the answers given above, and any other information that I have given in connection with this declaration, is complete and accurate as at today's date.

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Signature