

Corporate Governance Statement For the year ended 30 June 2018

Powerhouse Ventures Limited (“PVL”) listed on the Australian Stock Exchange on 12 October 2016.

The PVL Board is committed to upholding the highest levels of corporate governance. PVL has structured its corporate governance principles and policies with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) which came into effect on 1 July 2014 (“ASX Corporate Governance Principles”), to which the Board fully subscribes.

A description of PVL's main corporate governance practices is set out below. This Corporate Governance Statement is based on the implementation of the ASX Corporate Governance Principles during the year ended 30 June 2018 and was approved by the Board on 27 July 2018.

The Corporate Governance Statement can be found on PVL's website at <http://www.powerhouse-ventures.co.nz/investor-relations/corporate-governance>. A summary of the Recommendations provided within the ASX Corporate Governance Principles (“ASXR”) is included in the relevant footnotes.

Principle 1: Lay solid foundations for management and oversight

1.1 Roles and Responsibilities

(a) Roles and Responsibilities of the Board and Management¹

An overview of the roles of the Board and Management is set out in the document ‘Governance Framework’ on PVL's Corporate Governance page of its website. The division of responsibility between Board and Management is determined by the document ‘Role and Composition of the Board’ on PVL's website.

The Board is responsible for the overall corporate governance of the Company. The Board monitors the operational and financial position and performance of PVL and oversees its business strategy including approving the strategic goals. The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial return and sustaining the growth and success of the Company.

In conducting business, the Board's objective is to ensure that PVL is properly managed to protect and enhance shareholder interests and that the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for PVL's business and which are designed to promote the responsible management and conduct of the Company.

A full summary of the role and responsibilities of the Board is set out in the document 'Role and Composition of the Board'.

The Chief Executive Officer is responsible for the attainment of PVL's mission and business growth, profitability and service level objectives through leadership that inspires its people to efficiently and effectively execute strategic, tactical and action plans in accordance with the values that guide PVL's work.

A full summary of the CEO's role and responsibilities is set out in the document 'Role of the Managing Director / Chief Executive Officer' on PVL's Corporate Governance page of its website.

¹ ASXR 1.1: A listed entity should disclose the respective roles and responsibilities of its board and management

(b) Matters expressly reserved to the Board and those delegated to Management²

All matters not expressly reserved to the Board in the 'Role and Composition of the Board' document (on PVL's website) are delegated to the CEO (who may sub-delegate). Specific further Board approved delegations have also been delegated to the CEO with respect to capital and operating expenditure, investment approvals and operational risk management.

The CEO also oversees the implementation of strategies approved by the Board and provides centralised oversight of the activities of PVL to the Board.

The delegations are monitored through Board and Committee reporting arrangements and are subject to review by the Board or relevant Board Committee.

1.2 Checks and Information regarding Appointments and Elections³

The basis for appointing directors is set out in the 'Role and Composition of the Board' and 'Role and Skills of Individual Directors' documents on the PVL website.

Pre-employment checks also include:

- contacting referees;
- confirmation of the proposed director's identity (using the 100 point check system set out in the Australian Financial Transactions Reports Regulations); and
- a New Zealand and Australia criminal record and insolvency check.

A new director must also sign:

- a Declaration by Responsible Officer (including acknowledgement of policies and a fit and proper declaration);
- a New Zealand Companies Office Letter of Consent and Certificate; and
- a Letter Agreement with PVL (as required by rule 3.19B of the ASX Listing Rules).

A Director newly appointed under the casual vacancy provisions of PVL's Constitution must retire at the next Annual General Meeting (AGM) and will be eligible for election by shareholders at that AGM. All material information in PVL's possession relevant to a decision whether or not to elect a director is provided to shareholders at such an AGM.

The Chair undertakes an annual assessment of the performance of the CEO, senior executives and the non-executive directors and meets privately with each director to discuss this assessment. The CEO meets annually with senior management to discuss their performance. Feedback is also sought from other Directors.

1.3 Terms of Appointment⁴

The template Letter of Appointment used for Directors can be found on PVL's website. All other employees including senior management who are not executive directors, are subject to a written employment agreement setting out the terms of their appointment.

² ASXR 1.1: A listed entity should disclose those matters expressly reserved to the board and those delegated to management

³ ASXR 1.2: A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

⁴ ASXR 1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

1.4 Accountability of Company Secretary⁵

The Company Secretary reports to the Board through the Chair on all governance matters and all Directors have access to the Company Secretary.

1.5 Diversity⁶

PVL strives for diversity and equal employment opportunity. The Company's Diversity Policy (which can be found on the PVL website) sets out the measurable objectives for achieving gender diversity. PVL's assessment of these objectives and its progress in achieving them for each financial year can be found in PVL's Annual Reports.

At 30 June 2018 the respective proportions of men and women across PVL were as follows:

- Board: one female, three males;
- Senior Executive: two males (Chief Executive Officer and Chief Investment Officer);
- Total other PVL employees: five females, three males.

1.6 Board Evaluation⁷

PVL uses its 'Board Evaluation and Renewal Policy' to drive efficient and effective Board processes that aim to maintain an energised, proactive and effective Board. The policy sets out the process for Board evaluation.

In accordance with the Policy, the Chairman has held one-on-one discussion with each member of the Board and the Chairman has reported to the Board on the outcomes from this process during the financial year. The Chairman has commenced a process for Board renewal, with changes to be detailed to shareholders in the 2018 Annual General Meeting.

The Corporate Governance & Nomination Committee has reviewed on a number of occasions during the financial year the completed and updated Board Skills Assessment matrix, used by Directors to assist the Board succession planning process. These reviews have assisted with deliberations regarding the Board's performance as a whole.

The Board is yet to undertake an external Board Performance Assessment process, which is to occur at least every three years. The external review process is expected to be undertaken by the end of 2018.

⁵ ASXR 1.4: The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

⁶ ASXR 1.5: A listed entity should:

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- (b) disclose that policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and ... (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes)

⁷ ASXR 1.6: A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

1.7 Senior Executive Evaluation ⁸

All PVL employees, including Senior Executives are subject to annual review under the PVL Performance Review and Development Plan (PRDP).

The Board regularly reviews the performance of the Chief Executive Officer and each member of the Executive Team. Non-Executive Directors undertake these reviews without Management present, unless there is a need to discuss the performance directly with the Executive.

Principle 2: Structure the Board to Add Value

2.1 Nomination Committee ⁹

The Corporate Governance & Nomination Committee is chaired by an independent director and consists of three members, all of whom are independent directors. The members of the Committee at 30 June 2018 are:

- Russell Yardley (Chair);
- Rick Christie; and
- Di McCarthy.

Details of these Directors' attendance at the Committee meetings can be found in PVL's Annual Reports. The Charter of the Committee can be found on PVL's Corporate Governance page of its website.

2.2 Board Skills Matrix¹⁰

A table setting out the mix of skills and diversity that the Board is looking to achieve in its membership is set out in the document 'Non-Executive Director Skills and Experience Requirements' on PVL's Corporate Governance page of its website.

2.3 Board Composition ¹¹

Details of persons who held office during FY 2018 can be found in PVL's Annual Reports. The members of the Board at 30 June 2018 can be summarised follows:

Russell Yardley	Chair, Independent Director	Appointed 28 Feb 2017
Rick Christie	Independent Director	Appointed 10 Dec 2014
John Hunter	Independent Director	Appointed 27 Jun 2014
Di McCarthy	Independent Director	Appointed 10 Dec 2014

⁸ ASXR 1.7: A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

⁹ ASXR 2.1: The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director; and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.

¹⁰ ASXR 2.2: A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

¹¹ ASXR 2.3: A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.

2.4 Independent Directors ¹²

As can be seen from the information at 2.3 above, the Board consists solely of independent directors. In considering whether a Director is independent, the Board refers to PVL's 'Independent Director Standards' document (on PVL's website) which builds on the ASX Corporate Governance Principles.

2.5 Board Chair ¹³

The Chair of PVL at 30 June 2018 is Russell Yardley. Applying the principles set out in the 'Independent Director Standards' noted at 2.4 above, Mr Yardley is an independent director.

2.6 Director Induction and Professional Development ¹⁴

New Directors are provided with a 'Directors Induction Pack' which is used, in combination with an associated series of briefings, to provide a clear overview of the Company, its people and its business environment.

There are also a range of documents provided in a 'Directors Induction' folder on PVL's centralised online storage folder. The folder includes:

- Board Papers from 2014;
- governance documents including Board policies and PVL's Constitution;
- organisation charts and contact lists; and
- useful reading materials.

All Directors have access to Company records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required and may consult with other employees and seek additional information on request.

Directors are provided with relevant professional development materials as a part of Board and Committee papers and the Board Portal resource section. In addition, the Company has a budget allowance to enable Directors to partake in relevant professional development activities each year.

Principle 3: Act ethically and responsibly

3.1 Code of Conduct¹⁵

PVL has developed a Code of Conduct which has been approved by the Board and applies to all directors and employees. The Code of Conduct clarifies the principles, values, standards and rules of behaviour that guide the decisions, procedures, and systems of PVL in a way that contributes to the welfare of its key stakeholders and respects the rights of all affected by its operations. A copy of the Code can be found on PVL's website.

¹² ASXR 2.4: A majority of the board of a listed entity should be independent directors.

¹³ ASXR 2.5: The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

¹⁴ ASXR 2.6: A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

¹⁵ ASXR3.1: A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.

Principle 4: Safeguarding integrity in corporate reporting

4.1 Audit Committee ¹⁶

The Audit and Risk Committee oversees risk, is chaired by an independent director and consists of three members, all of whom are independent directors. The members of the Committee at 30 June 2018 are set out below.

Director	Relevant qualifications	Relevant experience
John Hunter (Chair)	BCom, post grad dip CSDP, CA, MinstD (NZ)	John's executive career encompasses extensive chief financial officer level experience as well as chief operating officer and general manager positions in New Zealand and Australia. John has specialised in managing fast-growing, post-seed companies to sector dominance or national significance whereafter he has often managed their listing on the NZX.
Russell Yardley	FAICD, FAIM	Russell has been a professional Non-Executive Director and Chairman for the past decade following a career in the informational technology and communications sector. His roles have included working as the National Treasurer of the Australian Information Industry Association. Russell is currently a member of the Victorian Government Purchasing Board.
Rick Christie	MSc (Hons) (Chemistry), CFIO, CRSNZ	Rick has extensive experience as a chief executive having worked in Australia and the UK, with executive responsibilities in the Middle East and Asia. He has held roles as Chair of NZX and ASX listed companies and was a member of the New Zealand Growth and Advisory Board and the New Zealand Prime Minister's Enterprise Council.

Details of these Directors' attendance at the Committee meetings can be found in PVL's Annual Reports. The Charter of the Committee can be found on PVL's Corporate Governance page of its website.

4.2 CEO / CFO declaration ¹⁷

Before the Board approves PVL's financial statements, PVL's Chief Executive Officer and Chief Financial Officer provide a letter of representation to the Board and provide a declaration that:

- in their opinion, PVL's financial records have been properly maintained;
- the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of PVL; and
- their opinion is formed on the basis of a sound system of risk management and internal control which is operating effectively.

¹⁶ ASXR 4.1: The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; (2) is chaired by an independent director, who is not the chair of the board, and disclose; (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings

¹⁷ ASXR 4.2: The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

4.3 Role of external auditor ¹⁸

Ernst & Young (“EY”) is PVL’s external auditor. John Hodge, an audit partner at EY, attended PVL’s AGM on 24 November 2017 on behalf of EY. An EY representative will be attending the Company’s next AGM in 2018 and will be available to answer shareholder questions relating to the audited statements for FY2018.

Principle 5: Make timely and balanced disclosure

5.1 Continuous Disclosure¹⁹

PVL is committed to the promotion of investor confidence by ensuring that trade in its securities takes place in an efficient, competitive and informed market. The Company recognises the importance of forthright communication as a key plank in building shareholder value and that to prosper and achieve growth the Company must (among other things) earn the trust of employees, customers, suppliers, the community and security holders by being forthright in its communications and consistently delivering on its commitments. PVL’s ‘Market Disclosure and Communications Policy’ (on PVL’s website) sets out PVL’s commitment to continuous disclosure.

Principle 6: Respect the rights of security holders

6.1 Website information ²⁰

PVL’s website www.powerhouse-ventures.co.nz provides information about itself and its governance.

6.2 Investor Relations Program ²¹

PVL’s website has an ‘Investor Relations’ page which includes all ASX announcements and PVL reports and presentations, as well as frequently asked questions and contact details..

6.3 Shareholder Meetings ²²

PVL’s Notice of Meeting for PVL’s Annual General Meetings (“AGM”) sets out the details for shareholders to vote in person, by proxy, or via an online facility managed by our share registry. The Notice also sets out resolutions to be considered and explanatory notes providing further information about any resolutions.

Shareholders are also able to ask questions of PVL representatives at each AGM.

6.4 Shareholder Communications ²³

Shareholders may elect to receive communications from PVL and our share registry electronically. PVL regularly asks shareholders if they wish to amend their election.

¹⁸ ASXR 4.3: A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

¹⁹ ASXR 5.1: A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it

²⁰ ASXR 6.1: A listed entity should provide information about itself and its governance to investors via its website.

²¹ ASXR 6.2: A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

²² ASXR 6.3: A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders

²³ ASXR 6.4: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Principle 7: Recognise and manage risk

7.1. Risk Committee ²⁴

The Audit and Risk Committee oversees risk, is chaired by an independent director, and consists of three members, all of whom are independent directors. The members of the Committee at 30 June 2018 are:

- John Hunter (Chairman);
- Russell Yardley; and
- Rick Christie.

Details of these Directors' attendance at the Committee's meetings can be found in PVL's Annual Reports. The Charter of the Committee can be found on PVL's Corporate Governance page of its website.

7.2 Risk Management Framework²⁵

PVL's Risk Management Framework is based on AS/NZS ISO Risk Management Principles and guidelines (the Standards) and provides the foundations and organisational arrangements audited by PVL in respect to risk management.

The Framework was reviewed in June 2018 and the latest version can be found on PVL's website within the 'Risk Management Policy and Framework'.

7.3 Internal Audit²⁶

PVL's 'Internal Audit Charter' can be found on its website. The Chief Financial Officer is accountable for all internal audit activities and reports directly to the Board through the Audit and Risk Committee. Operationally the CFO reports to the CEO on a day to day basis as required. The Internal Audit Charter sets out how the internal function is structured and what role it performs.

7.4 Economic, Environmental and Social Sustainability Risks ²⁷

PVL has reviewed its economic, environmental and social sustainability risks. These risks have been identified as unlikely to occur with a moderate risk rating given the catastrophic consequences if they did eventuate. To mitigate the risks identified, PVL has developed an action plan and regularly updates and reviews its internal risk register.

²⁴ ASXR 7.1: The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings

²⁵ ASXR 7.2: The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.

²⁶ ASXR 7.3: A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

²⁷ ASXR 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Principle 8: Remunerate Fairly & Responsibly

8.1 Remuneration Committee ²⁸

PVL's Human Resources & Remuneration Committee is chaired by an independent director and consists of three members, all of whom are independent non-executive directors. The members of the Committee at 30 June 2018 are:

- Di McCarthy (Chair);
- Russell Yardley; and
- John Hunter.

Details of these Directors' attendance at the Committee meetings can be found in PVL's Annual Reports. The Charter of the Committee can be found on PVL's Corporate Governance page of its website.

8.2 Remuneration Policy & Practices ²⁹

PVL's policies and practices regarding the remuneration of its directors and senior executives is set out in its 'Remuneration Policy' on PVL's website.

For employees of PVL, including senior executives, remuneration packages at 30 June 2018 were based on a combination of:

- fixed annual remuneration
- cash-based short term incentives; and
- equity-based long term incentive (performance rights scheme – PRS).

8.3 Equity-based remuneration Scheme ³⁰

As noted above, the remuneration package for PVL employees includes equity-based remuneration. PVL Directors and employees are encouraged to hold shares in PVL. It is important, however, that care is taken in the timing of any dealing in PVL's securities to avoid "insider trading". PVL's 'Share Trading Policy' therefore sets out when directors and employees are allowed to deal with PVL shares.

²⁸ ASXR 8.1 The board of a listed entity should have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director; and (3) disclose (a) the charter of the committee; (b) the members of the committee; and (c) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.

²⁹ ASXR 8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

³⁰ ASXR 8.3: A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.