



Powerhouse Ventures Ltd (PVL)

**BOARD EVALUATION AND RENEWAL
POLICY**

PURPOSE

To detail Board Renewal and Evaluation processes to be utilised by PVL to drive efficient and effective Board processes that aim to maintain an energised, proactive and effective Board. This PVL Policy also applies to all other applicable PVL Companies.

RESPONSIBILITY

The Chairman, each Director and the Company Secretary of the Company has a duty to assist with the implementation of this Policy to ensure Board processes are effective and efficient, adding real value to the Company.

The Corporate Governance & Nomination Committee is responsible for strengthening the governance framework of the Company through an ongoing assessment of the composition and effectiveness of the Board as a whole. This includes developing and recommending to the Board effective processes for reviewing and assessing the performance of:

- (i) the Board as a whole;
- (ii) Board Committees; and
- (iii) the Chairman and each of the Directors.

This Policy is designed to assist with these processes.

BOARD PRINCIPLE RELEVANT TO APPOINTMENT OF DIRECTORS

Where it is proposed to appoint a new Director, the consideration of potential candidates shall take into account that the Board strives to achieve a balance of skills, tenure, experience, diversity and perspective amongst its Directors. Non-Executive Directors will retire once they have served a maximum of four 3-year terms after first being elected by shareholders unless invited by the Board to extend their tenure due to special circumstances.

BOARD RENEWAL AND SUCCESSION PLANNING

The Board authorises the Corporate Governance & Nomination Committee to:

- recommend to the Board from time to time, changes that the Committee believes to be desirable to the size and composition of the Board;
- recommend individuals for nomination as members of the Board;
- review and recommend the process for the election of the Chairman of the Board and, where appropriate recommend candidates to the Board and its Committees; and
- review on a regular and continuing basis succession planning for the Chairman of the Board and make recommendations to the Board as appropriate.

THE BOARD EVALUATION PROCESSES

The Board has chosen to adopt the following performance evaluation criteria to assist with:

- discharging Director accountability to shareholders;
- improving Director relationships with shareholders;
- improving Board harmony and dynamics;
- ensuring Board processes are effective and efficient;
- adding value to the Company;
- anticipating issues that may affect the Company in the future;
- assist with Board succession planning and skills assessment;
- formation of Board Committee membership; and
- induction and training requirements for new Board members.

The Company has chosen to adopt the following Board evaluation processes:

- annual individual Director Questionnaire developed by the Corporate Governance & Nomination Committee, approved by the Board and then distributed to Directors with results collated by the Company Secretary, for report to the Board;
- Chairman to hold one-on-one discussion with each member of the Board with the Chairman to report to the Board on the outcomes from this process;
- Board to assess annually whether existing directors need to undertake further professional development to deal with new and emerging business and governance issues.
- Corporate Governance & Nomination Committee to review the completed Board Skills Assessment matrix completed annually by Directors to assist the Board succession Planning process, also overseen by the Corporate Governance & Nomination Committee. This review is designed to assist with deliberations regarding the Board's performance as a whole; and
- undertake an external Board Performance Assessment process at least every three years.

The Chairman will have a pivotal role in the above Board assessment processes, including:

- setting the environment for a positive review;
- agreeing precise details of the process with Directors;
- facilitating debate;
- formulating the desired outcomes;
- actively participating;
- providing fair and candid feedback;
- follow-up of review recommendations; and
- informing shareholders in accordance with corporate governance guidelines.

The Board evaluation and renewal process is based on the following Policies:

- Role of the Board;
- Role of the Chairman;
- Role of Individual Directors;
- Role of the Managing Director /Chief Executive Officer; and
- Code of Conduct.

BOARD COMMITTEES

Each of the standing Committees conducts an annual Committee performance self-evaluation to review the performance against its Charter and goals set for the year. The suitability of the Charter and any areas for improvement are also assessed. The outcome of the performance self-evaluations, along with the plans and stated objectives for the new financial year, are submitted to the Corporate Governance & Nomination Committee (and, in the case of the Corporate Governance & Nomination Committee, to the Board) for discussion and approval.

MONITOR, REVIEW and REPORTING

The Corporate Governance & Nomination Committee will review annually adherence to this Policy and report to the Board in this regard.

It is expected that the Board Evaluation process will identify the key issues and any problems regarding the workings of the Board. At the conclusion of the process, the Chairman will report to the Board, either verbally or in writing, identifying the issues and making recommendations for change.

It is expected that the Board will agree which recommendations are to be implemented, when it is proposed to do so and who is to take responsibility for their implementation.

PVL will disclose details of its Board Evaluation processes in its Annual Report, including details of compliance attainment with the New Zealand Financial Markets Authority Corporate Governance Principles and Guidelines and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

References

- New Zealand Financial Markets Authority Corporate Governance Principles and Guidelines
- ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition)
- Governance Institute (Aust) – Assessing Board Performance course material
- Corporate Governance & Nomination Committee Charter
- Role of the Board

- Role of the Chairman
- Role of Individual Directors
- Role of the Managing Director / Chief Executive Officer
- Code of Conduct
- Fit and Proper Policy
- Director Induction Procedures

REVIEW

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