



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 (KPIs);
- 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 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.
- The Board must disclose the relevant qualifications and experience of each Board Member.
- 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 composition of the Board is to be reviewed regularly against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.
- In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.
- Where practical, the majority of the Board should be comprised of non-executive Directors. Where practical, at least 50% of the Board should be independent. The Board must disclose the independence of each Director as determined by the Board.
- An independent Director is a director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally.
- In considering whether a Director is independent, the Board should consider the definition of what constitutes independence as detailed in Box 2.3 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition as set out in Annexure A (Independence Tests).
- Where a Director has an interest, position, association or relationship of the type described in the Independence Tests, but the Board is of the opinion that it does not compromise the independence of the Director, the Company must disclose the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion.
- Directors must disclose their interests, positions, associations or relationships. The independence of the Directors should be regularly assessed by the Board in light of the interests disclosed by them.
- Directors are expected to bring their independent views and judgement to the Board and must declare immediately to the Board any potential or active conflicts of interest.
- No member of the Board (other than a Managing Director) may serve for more than three years or past the third annual general meeting following their appointment, whichever is the longer, without being re-elected by the shareholders.

- The Board must disclose the length of service of each Director in its Annual Report.
- Prior to the Board proposing re-election of non-executive Directors, their performance will be evaluated by the Nomination Committee to ensure that they continue to contribute effectively to the Board.
- 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;
- 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
- If a Director is appointed to the Board who does not speak English (Non-English Speaking Director), in order to ensure the Non-English Speaking Director understands and can contribute to discussions at board meetings and shareholder meetings and can understand and discharge their obligations in relation to key corporate documents, the Board will:

(a) ensure that the Non-English Speaking Director is provided with written translations of all key corporate documents (include the Company's constitution, any prospectus or product disclosure statement, corporate reports and continuous disclosure announcements) and relevant Board documentation including proposed resolutions and accompanying documentation; and

(b) where appropriate, engage the services of an authorised translator to attend board meetings and shareholder meetings with the Non-English Speaking Director.

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 at Work Act 2015
ASX Listing Rules