



# **Powerhouse Ventures Limited (PVL) PVL REMUNERATION PROCEDURES**

## **Preamble**

These Procedures apply to Powerhouse Ventures Limited (PVL) and all Subsidiaries. The Procedures do not apply to those subsidiaries that are treated as investee companies in accordance with Powerhouse's Investment Entity status under IFRS 10.

In the event that consensus is not reached to resolve a potential difference between these Remuneration Procedures and a pre-existing employment agreement, the pre-existing agreement will prevail.

The objective of PVL's Remuneration Procedures is to maintain behaviour that supports the sustained financial performance and security of the Group and to remunerate Executive and Management efforts which increase shareholder and stakeholder value.

The PVL Remuneration Procedures are based upon the sustainable financial security of PVL as evidenced by:

- appropriately balanced measures of performance;
- variable performance-based pay for Executives and staff involving short and long-term incentive plans;
- recognition and remuneration for strong performance;
- a considered balance between the capacity to pay and the need to pay to attract and retain capable staff at all levels;
- the exercise of Board discretion as an ultimate means to mitigate unintended consequences of variable pay and to preserve the interests of the shareholders; and
- short-term and long-term incentive performance criteria being structured within the overall risk management framework of the Company.

## **Remuneration of Key Management Personnel (KMP)**

KMP are defined as persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of the entity. As such, KMP comprise the Non-executive Directors, the Managing Director / Chief Executive Officer ("CEO") and Executives directly reporting to the CEO.

Remuneration packages for the CEO and Executives may be based on some or all of the following reward components, aimed at driving superior performance:

1. Fixed annual remuneration (FAR);
2. Cash based short term incentives (STI);
3. Equity based long term incentive (e.g. Performance Rights Scheme – PRS).

In aggregate, these rewards are referred to as the Total Remuneration.

Where the Company elects to appoint a CEO, the CEO's Total Remuneration is determined by the Board of PVL on the advice of the Human Resources and Remuneration Committee (HRRC). At its discretion, the HRRC will seek external advice on the appropriate level and structure of the CEO's Total Remuneration.

The remuneration packages of the other Executives are approved by the Board of PVL on the recommendations of the HRRC and the Chief Executive Officer.

The Total Remuneration of the CEO and Executive positions will be reviewed by the HRRC in July of each year, with any resultant increment to take effect from 1 July in that year.

From time to time, the Board may determine that the review will include an independent market-based assessment.

The Company's Non-executive Directors may receive only fees or equity-based long term incentives for their services. They are not entitled to receive any benefit on retirement or resignation. The shareholders approve a Non- executive Director fees cap in general meeting. This is currently set at NZ\$250,000 per annum.

Aggregate Non-executive Director fees must remain below the shareholder approved fees cap.

Non-executive Directors may receive additional fees for services provided to the Company upon prior approval of the full Board.

Any Board Committee Chairmen fees are taken into account when calculating the aggregate Non-executive Director remuneration which must remain lower than the shareholder approved fees cap.

In addition to fees, Non-Executive Directors are entitled to be reimbursed for expenses incurred in performing their duties as Directors.

### **Remuneration of Senior Managers and other employees**

Senior Managers comprise direct reports to members of the Executive. The remuneration packages of the Senior Managers are recommended by the relevant Executive, approved by the CEO and co-ordinated by the CFO. The CFO may seek external advice on the appropriate level and structure of Senior Manager remuneration to assist the Executive Team to determine appropriate market relative reward structures and amounts.

Any change to remuneration for any employee, or any remuneration package for a new employee, is to be approved by the relevant Executive.

## **Short Term Incentive (STI)**

From July 2022, PVL ceased to employ any employees and from November 2022, all Directors were and C level executives are remunerated with at risk unlisted options expiring December 2023.

## **Long Term Incentive Plan (–Unlisted Options)**

From November 2022 and for the 2021/2022 financial year, the PVL Board members and C level executives are remunerated with at risk unlisted options in lieu of receiving fees. These unlisted options are exercisable at \$0.11 on or before 31 December 2023, and are subject to certain milestones being achieved.

## **Basis of Employment**

The policy of the Company is to:

- engage the CEO and other Executives on indefinite open term contracts (i.e. no fixed term specified);
- provide for no-fault termination upon the giving of no more than 3 months' notice and no more than an additional 6 months' FAR as a severance payment.

All other staff are employed under modern contracts of employment which honour all legal requirements under the relevant laws (New Zealand or Australian as applicable).

Non-executive Directors are provided with a Letter of Appointment which details key terms of their employment. A copy of this letter is available on the Company's website.

## **Remuneration Governance**

The HRRC exercises governance supervision over the Remuneration Procedures on behalf of the PVL Board, as specified in the HRRC Charter.