



PENGANA CAPITAL GROUP LIMITED

ABN 43 059 300 426

CORPORATE GOVERNANCE STATEMENT

APPROVED BY THE BOARD: 24 AUGUST 2023

Pengana Capital Group Limited (“**PCG**” or “**Pengana**”) is an ASX-listed investment management company.

The Pengana Board is committed to implementing and maintaining high standards of corporate governance. By corporate governance we mean the structures for accountability and the framework of rules, relationships, systems and processes within and by which authority is exercised and managed within Pengana. Accordingly, Pengana 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 the Company’s business and which are designed to promote the responsible management and conduct of the Company.

The Board recognises the importance of good corporate governance and is committed to the highest standard of corporate governance. Continual improvement in this area remains a focus point of the Board. The Board has completed a comprehensive review of its corporate governance policies and procedures during the year and will regularly review all policies and charters to ensure the Company continues to implement best practice governance.

The Pengana Board has approved this Corporate Governance Statement (Statement), which summarises Pengana’s corporate governance framework, practices and policies and complies with the fourth edition of the Australian Securities Exchange (ASX) Corporate Governance Council’s Corporate Governance Principles and Recommendations (ASX Principles) for the year ending 30 June 2023.

The ASX Corporate Governance Council has developed and released the ASX Principles for Australian listed entities in order to promote investor confidence and assist entities to meet stakeholder expectations. The ASX Principles are not prescriptions, but guidelines. Nonetheless, Pengana will conduct itself with respect to its operation of the Company in accordance with the ASX Principles. Pengana has developed the Company’s corporate governance policies and practices having regard to the ASX Principles.

The Company has adopted the ASX Principles, subject to exceptions noted below, primarily regarding ASX Principles relating to senior executives or management staff. The Company does not directly employ executives and other employees but rather they are employed by Pengana Capital Group Limited, the parent company of the investment manager, Pengana Investment Management Limited (Investment Manager).

Copies of the Company’s Corporate Governance documentation can be found on the Company’s [website](http://www.pengana.com), at www.pengana.com.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

RECOMMENDATION

- 1.1. A listed entity should have and disclose a board charter setting out:
- the respective roles and responsibilities of its Board and management; and
 - those matters expressly reserved to the Board and those delegated to management.

COMPLIANCE

Complies

COMMENT

The Board is constituted and empowered under the Company's constitution, the ASX Listing Rules and the Corporations Act. The Board has the responsibility for ensuring the Company is properly managed so as to protect and enhance Shareholders' interests in a manner which is consistent with the Company's responsibility to meet its obligations to all parties with which it interacts.

The key responsibilities of the Board include:

- demonstrating leadership;
- defining Pengana's purpose and setting its strategic objectives;
- approving Pengana's statement of values and code of conduct to underpin the desired culture within Pengana;
- approving major business initiatives, including strategic investments or business acquisitions or divestments or other significant corporate initiatives;
- appointing the Chair and the Lead Independent Director;
- appointing and replacing the Chief Executive Officer;
- approving the Chief Executive Officer's appointment of his/her direct reports, including the Chief Financial Officer and Company Secretary;
- monitoring the Chief Executive Officer's performance and setting key performance indicators following recommendations from the Remuneration Committee;
- reviewing succession plans for the Chief Executive Officer and other key management personnel;
- overseeing management in its implementation of Pengana's strategic objectives, instilling of the Pengana's values and performance generally;
- approving annual targets, operating budgets and major capital expenditure;
- Overseeing the integrity on Pengana's accounting and corporate reporting systems, including the external audit;
- overseeing Pengana's process for making timely and balanced disclosure of all material information concerning Pengana that a reasonable person would expect to have a material effect on the price or value of Pengana's securities;
- satisfying itself that Pengana has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the Board expects management to operate;
- satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board;
- whenever required, challenging management and holding it to account;
- satisfying itself that Pengana's remuneration policies are aligned with Pengana's purpose, values, strategic objectives and risk appetite; and
- monitoring the effectiveness of the Pengana's governance practices.

The Board has adopted a Charter that details the functions and responsibilities of the Board. A copy of the Charter is available in the corporate governance section of the Company's [website](#).

RECOMMENDATION

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.

COMPLIANCE

Complies

COMMENT

The Board is responsible for ensuring it is comprised of individuals who are best able to discharge the responsibilities of Directors having regard to the law and the best governance standards.

The Board's framework to assess whether a person has the appropriate skills, experience and knowledge to perform the role and act with the requisite character, diligence, honesty, integrity and judgement includes pre-appointment screening, annual skills reviews and performance assessments, and on-going disclosures of material and/or conflicting interests. Prior to appointing a director or putting forward a new candidate for election, appropriate screening checks are undertaken as to the person's character, experience, education, criminal history, bankruptcy history and any material directorships currently held by the candidate. The skills they bring to the board is considered in context of the Boards Skill Matrix. This information is provided to shareholders when a candidate is standing for election or re-election as a director.

When presenting a director for re-election, the Company provides shareholders with all material information in the Company's possession relevant to a decision whether or not to re-elect a director which also includes details of the term of office currently served by the director together with the director's independence status and whether the Board supports the re-election.

RECOMMENDATION

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

COMPLIANCE

Complies

COMMENT

The Company's Directors have been engaged pursuant to letters of appointment setting out the terms of their appointment and are in accordance with the Company's Constitution, the Corporations Act of 2001 and the ASX Listing Rules. The letter sets out remuneration, duties and responsibilities, the requirement to disclose certain information and interests including under the Securities Trading Policy

All senior executives of the Company are employed pursuant to detailed written agreements which set out the terms of their employment and addressing in particular the matters recommended by Principle 1.3 of the Corporate Governance Recommendations.

RECOMMENDATION

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.

COMPLIANCE

Complies

COMMENT

The Company Secretary is responsible for the operation and management of the Company's secretariat function. The Company Secretary is accountable to the Board, through the Chair, for all governance matters and the proper functioning of the board.

Each member of the Board has access to the Company Secretary. The appointment and removal of the Company Secretary is determined by the Chef Executive Officer.

RECOMMENDATION

1.5. A listed entity should:

- a. have and disclose a diversity policy;
- b. through its Board or a relevant committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally;
- c. disclose as at the end of each reporting period:
 - i. the measurable objectives set for that period to achieve gender diversity;
 - ii. the entity's progress towards achieving those objectives and
 - iii. either:
 1. the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or
 2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

COMPLIANCE

Does not comply

COMMENT

The Company has not developed a formal diversity policy and has not followed Recommendation 1.5. The Board has also not set measurable objectives for achieving gender diversity. The Company employs less than 100 staff and is not a "relevant employer" under the Workplace Gender Equality Act.

The Company recognises that diversity is a critical aspect of effective management of its people and their contributions to the success of the Company. This diversity is reflected in the differences in gender, race, age, culture, education, family or carer status, religion and disability which is found across the Company.

In respect of the Board, it is the aim of the Directors to ensure the Board is comprised of individuals that are best equipped to contribute to the success of the business and who can represent the interest of all shareholders, irrespective of gender. In respect of gender diversity, the proportion of women employees in the whole organisation, senior executive positions and on the Board as at 30 June 2023 date is detailed in the table below:

	NUMBER OF PERSONS	NUMBER OF WOMEN	PROPORTION OF WOMEN
Whole organization	58	19	33%
Senior executives	10	2	20%
NED Board	4	0	0%

RECOMMENDATION

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 for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

COMPLIANCE

Complies

COMMENT

The Board conducted a review of the performance of the Board, individual Directors and the Committees to which they were appointed in accordance with the process set out in the Board Charter.

The Board's performance is measured against both qualitative and quantitative indicators. The results of the evaluation process and a review of the Skills Matrix have been used as a tool to recognise areas of relative weakness for the purposes of Director recruitment. The Board ensures each Director has the necessary skills, experience and expertise, and the mix remains appropriate, for the Board to function effectively. As a result of these performance reviews, the Board may implement changes to improve the effectiveness of the Board and corporate governance structures. Independent professional advice may be sought as part of this process.

Directors' profiles setting out their skills, experience, expertise, period of office and other directorships of listed entities are disclosed in the Company's 2023 Annual Report and on the Company's [website](#).

The Company will report on whether the evaluation has taken place on an annual basis in the Company's Corporate Governance Statement and shall include, where appropriate, any insights it has gained from the evaluation and any governance changes it has made as a result.

During the 2023 financial year the Board of PCG undertook a formal Board performance evaluation. The skills and experience of nominees were considered in context of the skills and experience of current Board members.

RECOMMENDATION

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.

COMPLIANCE

Complies

COMMENT

The performance of senior executives is reviewed throughout the year by the Chief Executive Officer. These evaluations take into account criteria such as the achievement and performance towards the Company's objectives and (where appropriate) performance benchmarks and the achievement of individual performance objectives.

Generally, the Board monitors the Chief Executive Officer's performance and sets key performance indicators based on a recommendation from the Nomination and Remuneration Committee.

During the reporting period performance evaluations of the senior executives was undertaken by the Company in accordance with these processes.

2. STRUCTURE OF THE BOARD TO ADD VALUE

RECOMMENDATION

2.1. The Board of a listed entity should:

- a. have a nomination committee which:
 - i. has at least three members, a majority of whom are independent Directors; and
 - ii. is chaired by an independent director, and disclose:
 - iii. the charter of the committee;
 - iv. the members of the committee; and
 - v. 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; or
- b. if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

COMPLIANCE

Complies.

COMMENT

The Board has a Nominations and Remuneration Committee and a Nominations and Remuneration Committee Charter setting out the Committee's role and responsibilities, composition, structure, membership requirements and operation of the committee.

A copy of the Charter is available in the corporate governance section of the Company's [website](#).

During the reporting period the members of the Nominations and Remuneration Committee were:

- | | |
|------------------|---|
| • Jeremy Dunkel: | Committee Chairman, Non-executive, Independent Director |
| • Kevin Eley: | Non-executive Independent Director |
| • David Groves: | Non-executive Independent Director (to 1 April 2023) |
| • Brendan O'Dea | Non-executive Director (from 1 April 2023) |

The Nomination and Remuneration Committee met on 2 occasions during the reporting period.

RECOMMENDATION

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

COMPLIANCE

Complies

COMMENT

The Board has adopted a Board Skills Matrix which sets out the mix of skills and diversity that the Board currently has or is seeking to achieve in its membership.

The Board Skills Matrix sets out the broad skills that the Board believe are important for the Board as a whole to carry out the directors' duties. During the reporting period each Director individually undertook a self-assessment by completing a Board Skills Matrix. Results can be found in the Corporate Governance section of the Company's [website](http://www.pengana.com) at www.pengana.com.

	5
Finance/Investments	5
Accounting	5
Legal	-
Director experience: unlisted Experience as a board member for an unlisted entity.	5
Director experience: listed Experience as a board member for an Australian listed entity.	5
Executive leadership Senior executive (or higher) experience.	5
Strategic planning Track record in developing and implementing a successful strategy.	5
Financial acumen Senior executive (or higher) experience in financial accounting and reporting, corporate finance and internal controls.	5
Risk management Senior executive (or higher) experience in risk and internal controls.	5
Capital management Experience in capital management strategies.	5
Investment management Experience in investment management.	5
Distribution, sales and/or marketing Senior executive (or higher) experience in distribution, sales and/or marketing combined with an understanding of the Company's objective to create long term shareholder value.	1
Remuneration Board remuneration committee membership or senior executive experience in relation to remuneration.	5
Social responsibility and sustainability Experience in sustainability and environmental, corporate or social responsibility	1
-	-

The Board will also take account of the Board Skills Matrix in filling any Board vacancies.

RECOMMENDATION

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.

COMPLIANCE

Complies

COMMENT

At the date of this Statement, the Board is comprised of three independent Non-Executive Directors: Mr. Kevin Eley, Mr. David Groves and Mr. Jeremy Dunkel, one non-independent Director, Mr. Brendan O'Dea and the Managing Director and Chief Executive Officer, Mr. Russel Pillemer.

Details of the background, experience and professional skills of each Director are set out in the Director's Report section of the Company's Annual Report.

An independent Director is a Non-Executive Director that the Board considers to be independent of the Company in that he or she does not hold a substantial interest in the Company, and is free from any business or other relationship with the Company that could materially interfere with, or could reasonably be perceived to interfere with the exercise of Independent judgement and has not been employed in an executive capacity or been a material professional advisor in the last three years.

The Board has made its own assessment to determine the independence of each Director.

In addition, the Board gives consideration to tenure when considering independence. The Board believes that independence is evidenced by an ability to constructively challenge and independently contribute to the work of the Board. In addition, annually each Director attests as to their own independence.

Directors must disclose any material personal or family contract or relationship in accordance with the Corporations Act. Each director may from time to time have personal dealings with the Company. Some Directors are involved with other companies or professional firms that may from time to time have dealings with the Company. Details of offices held by directors with other organisations are set out in the Director's Report.

If a Director's independence status changes, this will be disclosed to the market in a timely manner.

RECOMMENDATION

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

COMPLIANCE

Complies

COMMENT

At the date of this Statement, the Board is comprised of five Directors of which three are independent non-executive Directors.

RECOMMENDATION

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.

COMPLIANCE

Complies

COMMENT

Independent Non-Executive Director Mr David Groves was appointed Chair of the Board on 1 April 2023.

RECOMMENDATION

2.6. A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

COMPLIANCE

Complies

COMMENT

A new director is offered an induction and training program about the Company, its policies and charters and the director's role and responsibilities. New directors also have the opportunity to meet with key management staff.

As part of its ongoing review of its own performance and skill set, the Board is committed to offering education and training to directors to ensure they remain fit and proper to act as directors with the requisite skills for the proper functioning of the Board.

3. INSTILL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

RECOMMENDATION

3.1. A listed entity should articulate and disclose its values

COMPLIANCE

Complies

COMMENT

The Company acknowledges the importance of values and pursues the Company's purpose and ethical and responsible investment objectives in a manner that is consistent with its values as outlined in the Company's Board Charter, Code of Conduct, Anti-Bribery Policy, Whistleblower Policy and its Responsible & Environmental, Social and Governance (ESG) Investment Policy.

All Directors and employees receive training on these policies as part of their induction. Pengana's purpose is to create and manage wealth for investors. To support this purpose, we have as our core corporate values:

- Do the right thing - Acting with integrity and honesty all the time
- Talk straight - Communicating openly and frankly with empathy and respect
- Make it happen - Taking the initiative and getting things done
- Smarter together - Supporting each other because we all play a part in success

RECOMMENDATION

3.2. 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.

COMPLIANCE

Complies

COMMENT

The Board has adopted a Code of Conduct which sets out the expectations placed on Directors, Officers and employees in their business dealings. A copy of the Code of Conduct is available in the corporate governance section of the Company's [website](#).

The Code of Conduct requires high standards of personal integrity and honesty in all dealings, a respect for the privacy of shareholders and others and observance of all relevant laws. Under the Code of Conduct the standards expected include:

- acting honestly, fairly and ethically in all business dealings;
- acting to prevent bribery and corruption;
- protecting assets, resource and information;
- working with others including showing proper courtesy, consideration and sensitivity in their dealings with clients and colleagues; and
- acting in the best interest of the Company's shareholders

All breaches are reviewed by executives and analysed for materiality and thematic or systemic issues. Material breaches of the Code of Conduct are reported to Audit and Risk Committee and/or the Board. Designated Officers are required to attest annually that they have read, understood and complied with the Code of Conduct.

RECOMMENDATION

3.3. A listed entity should:

- a. have and disclose a whistleblower policy; and
- b. ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

COMPLIANCE

Complies

COMMENT

The Company has adopted a Whistleblower Policy which outlines the Company's policy for reporting actual or suspected behaviours that breach the Company's values, policies or the law, without fear of reprisal or dismissal. The Whistleblower Policy is available on the Company's [website](#).

All incidents are reviewed by executives of the Investment Manager and analysed for materiality and thematic or systemic issues. Material incidents reported under the Whistleblower Policy are also reported to the Board. Designated Officers training are required to attest annually that they have read, understood and complied with the Whistleblower Policy.

RECOMMENDATION

3.4. A listed entity should:

- a. have and disclose an anti-bribery and corruption policy; and
- b. ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

COMPLIANCE

Complies

COMMENT

The Company has adopted an Anti-Bribery and Corruption Policy which sets out the Company's zero tolerance for any bribery or corruption in its business dealings. The Anti-Bribery and Corruption Policy is available on the Company's [website](#).

All incidents are reviewed by executives and analysed for materiality and thematic or systemic issues. Material incidents of bribery, corruption or fraud will be reported to the Board. Designated Officers are required to attest annually that they have read, understood and complied with the Anti-Bribery and Corruption Policy.

4. SAFEGUARD INTEGRITY IN CORPORATE REPORTING

RECOMMENDATION

4.1. The board of a listed entity should:

- a. have an audit committee which:
 - i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
 - ii. is chaired by an independent director, who is not the chair of the Board;
 - iii. and disclose:
 - iv. the charter of the committee;
 - v. the relevant qualifications and experience of the members of the committee; and
 - vi. 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; or
- b. if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

COMPLIANCE

Complies

COMMENT

The Board has established an Audit and Risk Committee (ARC) to provide assistance to the Board and has adopted a formal Charter for the ARC. The ARC operates under an approved charter. A copy of the ARC Charter is available in the corporate governance section of the Company's [website](#). The principal role of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibility in relation to PCG's financial reporting, internal control structure, risk management systems, insurance arrangements and external audit functions. The key responsibilities of the ARC are outlined in its Charter.

The ARC meets as frequently as required but at least twice during each financial year. During the reporting period the ARC met 4 times. Attendance at Committee meetings is recorded in the Director's report in the Company's Annual Report.

The ARC is comprised of a majority of Non-executive Independent Directors and its chair is Independent. The Chair of the Committee is not the Chair of the Board. For the reporting period the members of the ARC were:

- | | |
|------------------|--|
| • Kevin Eley: | Committee Chairman, Non-executive Independent Director (from 1 April 2023) |
| • David Groves: | Non-executive Independent Director |
| • Warwick Negus: | Non-executive, Non-independent Director (to 1 April 2023) |
| • Jeremy Dunkel: | Non-executive, Independent Director |

RECOMMENDATION

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.

COMPLIANCE

Complies

COMMENT

In addition to the role of the ARC in reviewing and reporting on the financial statements, prior to the financial statements for a financial year being presented to the Board for their approval, the CEO and CFO provide the Board with a declaration that, in their opinion, the financial records of the Company have been properly maintained in accordance with the Corporations Act 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 Company and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

RECOMMENDATION

4.3. A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

COMPLIANCE

Complies

COMMENT

The process the Company uses to verify the content of any periodic report not subject to audit or review by external auditors (including monthly funds under management announcement, Directors' Report, this Corporate Governance Statement and investor presentations) varies depending on the nature of the report, but typically includes:

- non-financial components of a market announcement are initially prepared by or under the supervision of the Company Secretary, based on matters as known to them and instructions from the Board or Executives with firsthand information as to the matters reported
- financial components of a market announcement are initially prepared by or under the supervision of the Chief Financial Officer
- Drafts market announcements receive comments from the Chief Financial Officer, Chief Operating Officer, Lawyer, Head of Distribution and/or Chief Risk Officer as appropriate
- individuals engaged in the preparation or commentary are professionals with duties to identify any material that is potentially misleading, having regard to their knowledge of the Company's activities and position
- Market announcements are subject to a rigorous internal review process coordinated by PCG's executives with signoffs confirming the announcement is accurate and not misleading and is supported by appropriate verification provided to the Company Secretary prior to release to the market.
- Market announcements not of a routine or administrative nature are reviewed and approved by the Board prior to release to the market.

5. MAKE TIMELY AND BALANCED DISCLOSURE

RECOMMENDATION

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

COMPLIANCE

Complies

COMMENT

The Board is committed to keeping its shareholders and the market fully informed of material developments that may have an impact on the Company or its share price.

The Company has adopted a Continuous Disclosure Policy. A copy of the Continuous Disclosure Policy is available in the corporate governance section of the Company's [website](#).

The Board is committed to:

- the promotion of investor confidence by ensuring that trading in Company shares takes place in an efficient, competitive and informed market;
- complying with the Company's disclosure obligations under the ASX Listing Rules and the Corporations Act; and
- ensuring the Company's stakeholders have the opportunity to access externally available information issued by the Company.

Announcements not of a routine or administrative nature are reviewed and approved by the Board prior to release to the market.

The Board is responsible for making decisions on what should be disclosed publicly under the ASX Listing Rules and the Company's market disclosure policy, and for developing and maintaining relevant guidelines. The Company Secretary is responsible for coordinating the disclosure of information to ASIC and ASX.

RECOMMENDATION

5.2. A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

COMPLIANCE

Complies

COMMENT

The Company uses various measure to ensure that it communicates effectively with its Board including an email alert system allowing members of the Board to receive a notification email following the lodgement of an ASX market announcement, along with a copy of the announcement.

RECOMMENDATION

5.3. A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

COMPLIANCE

Complies

COMMENT

The Company uses various measure to ensure that it communicates effectively with its shareholders including ensuring copies of presentation materials are available via the ASX Market Announcements Platform in advance of any a new and substantive investor or analyst presentation.

6. RESPECT THE RIGHTS OF SECURITY HOLDERS

RECOMMENDATION

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

COMPLIANCE

Complies

COMMENT

Information about the Company and its corporate governance can be found on the Company's [website](http://www.pengana.com), www.pengana.com.

The Company's [website](http://www.pengana.com) has dedicated sections containing the following information follows:

- ASX releases
- Board Members - the names, photographs and brief biographical information for each of its directors
- Share Registry details
- Dividend Schedule – including access to the Company's Dividend Reinvestment Plan
- Key Date and Events – including AGMs and Investor Presentations
- Financial Reports
- Corporate Governance section where all relevant corporate governance information can be accessed, including its board charter and the charters of each of its board committees
- News and Insights
- Reports and resources - copies of its annual directors' reports, financial statements and other corporate reports and copies of any materials distributed at investor or analyst presentations
- AGM portal - copies of notices of meetings of security holders and any accompanying documents

RECOMMENDATION

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

COMPLIANCE

Complies

COMMENT

The Company is committed to:

- complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act; and
- ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way through the annual and half yearly reports, Investor Presentations, ASX releases, general meetings and the Company's website.

The Company communicates with shareholders through its annual report, disclosures to the ASX, at the Annual General Meeting (AGM) and via the Company's [website](http://www.pengana.com). In addition, shareholders have the opportunity to elect to receive relevant documentation electronically from the Company, via the Company's Registry and can communicate with the Company via email.

Through various means of communication, the Company aims to provide shareholders with a clear and balanced understanding of the aims and objectives of the Company. Copies of all relevant corporate governance documents relating to the Company can be found in the corporate governance section of the Company's [website](http://www.pengana.com).

The Company Secretary oversees and coordinates the distribution of all information by the Company to the ASX.

All shareholders have the opportunity to attend the Annual General Meeting and ask questions.

RECOMMENDATION

6.3. A listed entity should disclose how it facilitates and encourage participation at meetings of security holders.

COMPLIANCE

Complies

COMMENT

The Board encourages full participation of shareholders at the Company's Annual General Meetings to ensure a high level of identification with the Company's governance, strategy and financial performance.

A notice of meeting will be accompanied by explanatory notes on the items of business and together they will seek to clearly and accurately explain the nature of the business of the meeting.

A copy of the Notice of Meeting will be placed on the Company's website. Shareholders are encouraged to attend the meeting, or if unable to attend, to vote on the resolutions proposed by appointing a proxy in the manner specified in the notes to the Notice of Meeting.

A shareholder may submit a question throughout the year via the investor relations section of the Company's website or to prior to the meeting by emailing the Company Secretary or via the AGM portal in the Company's website.

At each Annual General Meeting, the Chairman opens the floor for general question time and provides the shareholders with the opportunity to be heard and to ask questions of their Directors as they choose

The external auditor is also invited to attend each annual general meeting of shareholders and requested to make themselves available to answer any questions concerning the conduct, preparation and content of the auditor's report.

RECOMMENDATION

6.4. A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

COMPLIANCE

Complies

COMMENT

All resolutions at the 2022 Annual General Meeting held in October 2022 were decided by a poll.

RECOMMENDATION

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

COMPLIANCE

Complies

COMMENT

Shareholders have, and the Company actively encourages, the opportunity to elect to receive relevant documentation electronically from the Company and communicate with the Company via email.

In addition, the Company's Registry, Computershare Investor Services Pty Limited, provides the option for shareholders to receive and send communications electronically.

7. RECOGNISE AND MANAGE RISK

RECOMMENDATION

7.1. The board of a listed entity should:

- a. have a committee or committees to oversee risk, each of which:
 - i. has at least three members, a majority of whom are independent Directors; and
 - ii. is chaired by an independent director,
 - iii. and disclose:
 - iv. the charter of the committee;
 - v. the members of the committee; and
 - vi. 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; or
- b. if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

COMPLIANCE

Complies

COMMENT

The Board recognises the importance of prudent identification of and management of risk factors as part of its responsibility to the Company's shareholders and other significant stakeholders. Further, the Board recognises that effective management of risk is vital to the continued growth and success of the Company.

Due to the nature of the company's business, the Company and its shareholders are exposed to risk and uncertainty. The Company has established various corporate governance, compliance and risk systems to mitigate the risks, but the Company cannot guarantee that these safeguards and systems will be effective. Additionally, some risks are outside the control of the Company.

Due to the size of the Company and scale of operations of its business, the Company does not have a separate risk committee or an internal audit function but rather a combined Audit and Risk Committee (ARC).

The Risk Management Program has been designed to allow the Board to oversee the risk management process with assistance from management.

The Board, through the ARC, is responsible for:

- Assessing the effectiveness of the risk management framework, including compliance and internal controls practices and
- Overseeing and monitor the Company's effectiveness in managing its key risks, governance and internal control processes.

The Board has implemented risk management and compliance frameworks. These frameworks ensure that:

- emphasis is placed on maintaining a strong control environment;
- accountability and delegations of authority are clearly identified;
- risk profiles are in place and regularly reviewed and updated;
- timely and accurate reporting is provided; and
- compliance with the law, contractual obligations and internal policies is communicated and demonstrated.

Management executes the Board-approved strategy and manages the Company's operations within the Board-approved risk appetite. Management is responsible for identifying, monitoring, mitigating and reporting on risks.

The Board and the ARC receive regular reports from Management on financial matters, on compliance matters; on enterprise, operational, technology and cyber security risks, as well as receiving reports from PCG's external auditor.

In addition to the responsibilities above, the ARC has a role in safeguarding the integrity of the Company's financial reporting. See paragraph 4 above in relation to the composition of the ARC. Details of the Directors qualifications, the membership and attendance at ARC meetings are set out in the Directors Report.

RECOMMENDATION

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 that the entity is operating with due regard to the risk appetite set by the board; and
- b. disclose, in relation to each reporting period, whether such a review has taken place.

COMPLIANCE

Complies

COMMENT

The ARC conducts an annual review of assessment of risks and reviews the Company's Risk Management framework every two years, ensuring it continues to be adequate and that the Company is operating with consideration of the risk appetite set by the Board. The review is undertaken by the ARC with any changes recommended to the Board for adoption.

During the reporting period the ARC has considered and reported to the Board on a review of the Company's Risk Management Program and is satisfied that the framework remains sound and that the Company is operating with due regard to the risk appetite set by the Board.

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that their declaration under Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

RECOMMENDATION

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.

COMPLIANCE

Complies

COMMENT

The Company does not have an internal audit function.

The Company's main risk management framework aims to balance effective management of key risks with organisational constraints in the context of the Company's strategic goals and objectives.

An ARC has been established and reviews the internal control processes as necessary. See paragraph 4 above for further details in relation to the ARC.

RECOMMENDATION

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.

COMPLIANCE

Complies

COMMENT

The Company regularly evaluates its overall risk, including environmental and social sustainability risks. The key material risk that the Company has direct material exposure is cyber security risk. The Company may also have material indirect exposure to a number of environmental and social sustainability risks through the investment portfolios of the various investment strategies it manages.

The Board has delegated to Company's Audit and Risk Committee the responsibility for the assessment and oversight of the Company's Risk Management Framework.

The Company completes an Information Security Risk Assessment every two years and over the last two years it has significantly improved its technology infrastructure and network arrangements.

Although the Company falls below the annual revenue threshold for mandatory reporting, during the year the Company adopted a Modern Slavery Policy.

The Company's Risk Management Framework, through the Annual Risk Assessment, explicitly considers the extent to which Environmental, Social and Governance (ESG) risks are incorporated into the investment process of each of the investment strategies, and whether the Company is meeting ethical, environmental and social expectations of its stakeholders.

The Company has adopted a Sustainability and Responsible Investment Policy covering its product offering. The Company's Risk Team, including Pengana's Chief Investment Officer, provides oversight over each strategy's compliance with this policy and their respective ethical and ESG mandates.

Copies of the Company's Modern Slavery, the Company's Sustainability and Responsible Investment Policy and the ESG policies of the various investment strategies the Company manages can be found in the Company's [website](#).

8. REMUNERATE FAIRLY AND RESPONSIBLY

RECOMMENDATION

8.1. The Board of a listed entity should:

- a. have a remuneration committee which:
 - i. has at least three members, a majority of whom are independent Directors; and
 - ii. is chaired by an independent director,
 - iii. and disclose:
 - iv. the charter of the committee;
 - v. the members of the committee; and
 - vi. 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; or
- b. if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive

COMPLIANCE

Complies

COMMENT

The Board has a Nomination and Remuneration Committee. During the reporting period the members were:

- | | | |
|---|----------------|---|
| • | Jeremy Dunkel: | Committee Chairman, Non-executive, Independent Director |
| • | Kevin Eley: | Non-executive Independent Director |
| • | David Groves: | Non-executive Independent Director (to 1 April 2023) |
| • | Brendan O'Dea | Non-executive Director (from 1 April 2023) |

The Nomination and Remuneration Committee met on 2 occasions during the reporting period.

The Nomination and Remuneration committee has a Board approved Charter setting out its roles and responsibilities, composition, structure, membership requirements and operation. The Charter contains specific Board reporting requirements and a copy is available in the corporate governance section of the Company's [website](#).

RECOMMENDATION

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.

COMPLIANCE

Complies

COMMENT

Details of the remuneration practices and the level of remuneration paid to Directors and Key Management Personnel is set out in the Remuneration Report found in the Company's Annual Report.

RECOMMENDATION

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.

COMPLIANCE

Complies

COMMENT

The Company has an equity-based remuneration scheme. Participants in the equity-based remuneration scheme are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.