



# PENGANA CAPITAL GROUP LIMITED

ABN 43 059 300 426

## AUDIT AND RISK COMMITTEE CHARTER

APPROVED BY THE BOARD: 21 FEBRUARY 2023

### PURPOSE

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

The purpose of the Audit and Risk Committee (“**ARC**”) is to assist and advise the Board in fulfilling its corporate governance and oversight responsibility in relation to the integrity of Pengana’s financial reporting and internal control structure and reviewing Pengana’s risk management systems, insurance arrangements and external audit functions.

The purpose of this Charter is to:

- clarify the roles and responsibilities of the Committee; and
- provide an overview of the structures and processes supporting the Committee.

### COMPOSITION AND MEETINGS

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The Committee is a committee of the Board of PCG and is structured so that it:

- consists of at least three Directors, the majority being independent Directors, and
- is chaired by an independent Director who is not the Chair of the Board.

Appointments and revocations of appointments to the Committee will be determined by the Board.

The Committee will report to the Board through its Chair.

In the absence of the Committee Chair, Committee members will elect an independent Director to act as Chair for that meeting.

Each member of the Committee will have one vote and questions will be decided by a majority of votes. In the case of an equality of votes, the Chair of the Committee will have a second or casting vote, provided more than two of the members present are entitled to vote.

Members of the Committee should be suitably qualified. At least one member of the Committee should have relevant accounting or financial experience.

Subject to the following paragraph below, unless otherwise determined by the Board of PCG, a quorum for a Committee meeting will be a majority of Committee members.

To the extent not inconsistent with this Charter, meetings of the Committee will be conducted in accordance with those provisions of the Constitution of PCG which relate to the proceedings of meetings of directors.

# ROLE OF THE COMMITTEE

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The responsibilities and duties of the Committee in meeting its purpose are as follows:

## **Financial reporting**

- Review the financial reporting, accounting and tax practices and policies of Pengana and assess their appropriateness.
- Review the integrity of Pengana's financial reports, statements and disclosures for recommendation to the Board for approval.
- Assess the effectiveness of Pengana's financial reporting systems and processes.
- Receive and review reports from management in relation to Pengana's compliance with taxation obligations, dealings with the ATO, and other matters as requested by the Committee or considered appropriate by management.

## **External Audit**

- Review the procedures for the selection and appointment of the external auditor.
- Review and recommend to the Board the terms of engagement and fees of the external auditors.
- Review the results of the audit plan and report to the Board as appropriate.
- Assess the performance and independence of external auditor.

## **Risk management and insurance**

- Assess the effectiveness of the risk management framework, including compliance and internal controls practices and policies.
- Review Pengana's risk management framework at least annually to satisfy itself that it continues to be sound and that Pengana is operating with due regard to the risk appetite set by the board
- Oversee and monitor Pengana's effectiveness in managing its key risks, governance and internal control processes.
- Monitoring management's performance against risk management framework, including whether it is operating within the risk appetite set by the Board.
- Receive reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks.
- Receive reports from management on material breaches of PCG's code of conduct, material incidents under PCG's whistle-blower policy and material breaches of PCG's anti-bribery and corruption policy.
- Make recommendations to the Board in relation to changes that should be made to Pengana's risk management framework and/or to the risk appetite set by the board.
- Reviewing any material incident involving fraud or a break-down of risk controls and the "lessons learned".
- Periodically assess the need for an internal control function.
- Review the selection and appointment of Pengana's insurance broker.
- Ensure that Pengana's insurance arrangements are adequate.

## **Governance**

- Annually, review the corporate governance section of the Annual Report relating to the Committee and its responsibilities.

## **General**

- Review and monitor Pengana's corporate standards of behaviour generally.
- Meet as frequently as required but at least twice each financial year.
- Minute the decisions of such meetings of the Committee and make such minute available to Pengana directors on request.

## SECRETARY AND AGENDA

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The Secretary of the Committee will be the Company Secretary or his/her designated representative.

The agenda of the Committee will be prepared by the Secretary in consultation with the Chief Executive Officer and the Chair of the Committee.

## POWERS AND ACCESS TO INFORMATION

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The Committee is authorised to perform activities within the scope of its responsibilities and duties set out in this Charter and make appropriate recommendations to the Board.

Directors which are not members of the Committee may attend any Committee meeting. Other non-committee members may attend meetings of the Committee with the unanimous consent of the Committee.

The Committee is authorised to engage external resources including consultants and specialists that it considers necessary to execute its functions.

Committee members are able to access any information they consider necessary to fulfil their responsibilities and to exercise independent judgement when making decisions. Members also have access to Pengana executives, staff and Pengana's auditors in order to seek explanations and information.

## REVIEW AND ASSESSMENT

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The Committee and the Board will review the performance of the Committee on a regular basis, including the performance of individual Committee members.

The Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.

The Committee will review this Charter every two years or as required, and make recommendations to the Board in relation to any proposed change to this Charter.

## DEFINITIONS

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In this Charter, unless the context otherwise indicates:

<b>Term</b>	<b>Definition</b>
Board	means the full board of directors of Pengana.
Chair	means the chair of the Board, as appointed by the Board.
Committee	means a committee established by the Board.
Company	means Pengana Capital Group Limited.
Company Secretary	means the company secretary of the Company from time to time.
Corporations Act	means the Corporations Act 2001 (Cth).
Constitution	means the constitution of the Company, as amended from time to time.
Designated Officer	means each Director, Officer, employee and contractor of the Company and their associates.
Director	means a member of the Board.
Independent Director	means a Director who has been determined by the Board to be independent in accordance with the requirements and recommendations of the Listing Rules.
Key Operating Subsidiaries	means a related body corporate as determined by the Board from time to time.
Laws	means all applicable laws in place in the relevant jurisdiction including but not limited to regulatory guides and the Listing Rules.
Listing Rules	means the listing rules of the market operated by the ASX Limited.
Pengana	means the Company and each of its related bodies corporate.
Related Bodies Corporate	has the meaning set out in the Corporations Act.