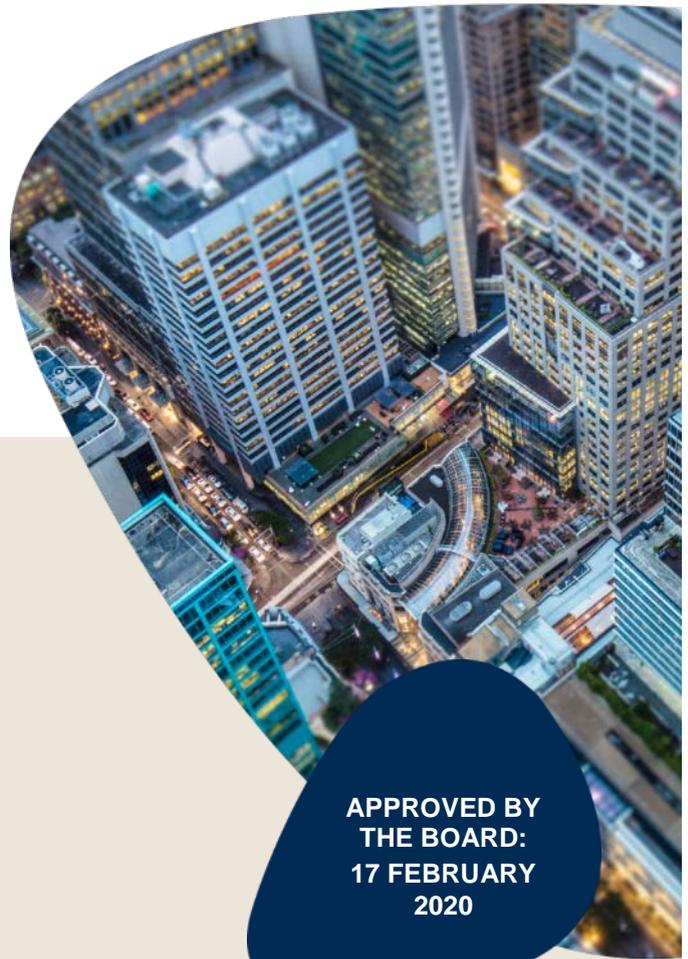




BOARD CHARTER



Pengana Capital Group Limited
ABN 43 059 300 426

APPROVED BY
THE BOARD:
17 FEBRUARY
2020

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BOARD CHARTER

1. PURPOSE

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

This Board Charter sets out the role, responsibilities, structure and processes of the Board of directors (**Board**) of PCG.

The purpose of this Charter is to:

- promote high standards of corporate governance across the Pengana Group;
- clarify the roles and responsibilities of the Board; and
- provide an overview of the structures and processes supporting the Board.

2. ROLE AND RESPONSIBILITIES

The role of the Board is to provide leadership and strategic guidance for the Pengana Group in addition to overseeing management's implementation of PCG's strategic initiatives and overall operations.

The Board is accountable to security holders for the performance of the Pengana Group's businesses.

The Board is responsible to Pengana's shareholders for the overall governance and performance of the Pengana Group. In performing its role, the Board aspires to excellence in governance standards.

This Charter operates in conjunction with the Constitution and relevant Laws.

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.

3. ROLE OF THE CHAIRMAN

The Board will appoint one of its members to be the Chairman in accordance with the Constitution.

The Chairman represents the Board to the shareholders and communicates the Board's position.

The Chairman is responsible for leading the Pengana Board. This includes:

- ensuring the Board's activities are organised and efficiently conducted, including facilitating the effective contribution of all directors;
- promoting constructive and respectful relations between directors and between the board and management;
- maintaining a regular dialogue and mentoring relationship with the Chief Executive Officer; and
- approving board agendas and ensuring that adequate time is available for discussion of all agenda items, including strategic issues.

If the Chairman is not independent, the Board will appoint a lead independent Director.

4. ROLE OF THE LEAD INDEPENDENT DIRECTOR

In situations where it is deemed that the Chairman is conflicted, the lead independent Director will, amongst other things:

- preside over meetings of Non-Executive Directors and, as appropriate, provide feedback to the Chairman;
- serve as point of contact for Board Members to raise issues not readily addressable to the Chairman by individual Board Members;
- act as a direct conduit to the Board for shareholders, employees, the public and other stakeholders regarding matters not readily addressable to the Chairman; and
- take the lead in ensuring that the Board carries out its responsibilities in circumstances where the Chairman is incapacitated or otherwise unable to act.

5. ROLE AND DELEGATION TO MANAGEMENT

The Chief Executive Officer is responsible for the management and operation of the Pengana Group. The Chief Executive Officer manages the Pengana Group in accordance with the strategy, plans, risk appetite and policies approved by the Pengana Board.

Management of the Pengana Group's day to day operations is undertaken by the Chief Executive Officer, subject to specified delegations of authority approved by the Board.

The senior executive team is responsible for implementing Pengana's strategic objectives and instilling and reinforcing its values, all while operating within the values, code of conduct, budget and risk appetite set by the Board.

The senior executive team is responsible for providing the Board with accurate, timely and clear information on Pengana's operations to enable the Board to perform its responsibilities. This is not just limited to information about the financial performance of Pengana, but also its compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct of Pengana. In particular, material breaches of Pengana's code of conduct, material incidents under Pengana's whistleblower policy and material breaches of Pengana's anti-bribery and corruption policy to be reported to the Board or the relevant committee of the Board.

Any matters or transactions outside the delegations of authority must be referred to the appropriate Pengana Group Board or Committee for approval.

6. THE ROLE OF THE BOARDS OF PENGANA GROUP ENTITIES

The role of the Pengana Group entities are the responsibilities prescribed by the relevant entity's constitution, the Corporations Act, legislation relevant to the activities of the entity and any applicable standards.

7. PENGANA BOARD'S SIZE AND COMPOSITION

In accordance with the Constitution, the Board will be comprised of executive and independent non-executive Directors, with a majority of non-executive Directors.

The size of the Board will be determined in accordance with PCG's Constitution.

The Board is responsible for:

- identifying and evaluating possible future directors to the Board and to Pengana Group entities;
- appointing Directors to fill casual vacancies on the Board;
- making recommendations to PCG's shareholders for the appointment or removal of Directors; and
- approving policies for appointments to the Boards of entities controlled by PCG.

Collectively, the Board members should have a broad range of financial, investment and other skills, experience and knowledge necessary to guide the business of the Pengana Group.

The Board will determine and regularly review the composition of the Board having regard to the optimum number and skill mix of Directors, subject to the limits imposed by the Constitution and the terms served by existing Non-Executive Directors.

Non-executive Directors will be engaged through a letter of appointment.

8. ROLE OF THE DIRECTORS

Directors are expected to attend and participate in Board meetings and meetings of Committees on which they serve. They are expected to review meeting materials before Board and Committee meetings. In addition, Directors are required to question, request information, raise any issue which is of concern to them and cast their vote on any resolution according to their own judgment.

Directors must keep Board and Committee information, discussions, deliberations and decisions that are not publicly known confidential.

Directors are required to comply with their common law and statutory duties when discharging their responsibilities as directors.

Directors are able to access any information they consider necessary to fulfil their responsibilities and to exercise independent judgement when making decisions. Directors also have access to senior executives and the auditors in order to seek explanations and information.

9. COMPANY SECRETARY

The Company Secretary is responsible for the co-ordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies, the ASX Limited and all statutory and other filings.

The Board will appoint at least one Company Secretary. Appointment and removal of a Company Secretary will be subject to Board approval.

All Directors shall have direct access to the Company Secretary.

10. BOARD MEETINGS

The Chairman is responsible, in consultation with the Chief Executive Officer and the Company Secretary, for the conduct of all Board meetings. This includes being satisfied that the agendas are comprehensive, that all agenda items are appropriate and that recommendations fit within the broad strategic direction set by the Board.

Members of executive management (**Group Executives**) are invited to attend all Board meetings and Group Executives are available to be contacted by Directors between meetings.

The Board will regularly meet without executive management (other than the Chief Executive Officer).

Non-executive Directors will regularly meet without Executive Directors or other management representatives present, including at the conclusion of each meeting.

11. BOARD COMMITTEES

The Board has established a number of Committees to assist the Board in exercising its authority and to consider certain matters.

There are currently two standing Committees:

- the Pengana Group Audit and Risk Committee, and
- the Pengana Group Nomination and Remuneration Committee.

The Board may establish ad hoc Committees from time to time to consider matters of special

importance or to exercise the delegated authority of the Board.

The Board will determine the charters of standing and ad hoc Committees, which will set out the roles and responsibilities of each Committee.

The Board will determine the membership and composition of Committees, having regard to workload, skills and experience, and any regulatory requirements.

12. BOARD OF SUBSIDIARY COMPANIES

To assist in discharging its responsibility for the overall governance and performance of the Pengana Group, the Board has adopted the following protocols with the boards of its key operating subsidiaries:

- The Board receives regular updates from executives responsible for the operations of the key operating subsidiary;
- The Board receives any significant findings arising out of the reports of the external auditor of the key operating subsidiary; and
- The Board receives minutes and matters arising from each meeting of the boards of each of the key operating subsidiary.

Certain key operating subsidiaries are subject to specific legislation and they, and their directors, may have statutory duties requiring them to take into account or give priority to the interests of investors. In such cases, the board of the subsidiary will act in accordance with those statutory duties and, subject to doing so, in the interests of Pengana.

Appointment and removal of key operating subsidiary directors

Appointment of directors to the boards and standing committees of the key operating subsidiaries are made subject to the approval of the Board.

Appointment of chairmen to the boards and standing committees of the key operating subsidiaries are made subject to the approval of the Board.

The Board of each key operating subsidiary must comprise of one or more Pengana executive.

The Board has regard to the needs (including the appropriate mix of skills and experience) of the particular board or committee and any regulatory requirements.

Remuneration of key operating subsidiary non-executive directors

The Board approves the remuneration of non-executive directors of key operating subsidiaries.

13. DIRECTOR INDEPENDENCE

The Board has adopted a definition of independence setting out the interests and relationships to be considered by the Board in assessing the independence of each Director.

The Board assesses independence of Directors upon appointment and annually through an attestation by each Director.

The Board collectively, and each Director individually, has the right (in connection with their duties and responsibilities) to seek independent professional advice at Pengana's expense, subject to the approval of the Chairman, or in the Chairman's absence, the Board. The Board will review the estimated costs for reasonableness but will not impede the seeking of advice whenever Directors, especially non-executive Directors, judge such advice necessary for them to discharge their responsibilities as Directors.

14. ALIGNMENT OF INTERESTS

The Board has adopted a Non-Executive Director Share Ownership Policy to assist in aligning the interests of Non-Executive Directors of PCG with the financial interests of PCG's shareholders.

Each Non-Executive Director must establish a level of Share ownership with a value equivalent to the Base Fee at the time of appointment. This requirement must be met by the date that is three years after the Director's appointment to the Board.

Once a Non-Executive Director has met the requirements of this policy, the Non-Executive Director must maintain the required minimum holding of Shares for as long as the Non-Executive Director is subject to the policy.

15. BOARD PERFORMANCE

The Board will undertake ongoing assessment and review of performance of the Board, its Committees and individual Directors annually.

16. ETHICAL STANDARDS

Board members are expected to observe the highest standards of ethical behaviour.

Pengana has developed a Code of Conduct that outlines the standards of personal and corporate behaviour that is required of Directors, of the Pengana Group. Directors are expected to act lawfully, in a professional manner and to observe high standards of personal integrity and display honesty and objectivity in their dealings.

17. CONFLICTS OF INTEREST

Directors are expected to be alert to and avoid any action, position or interest that conflicts with an interest of the Pengana Group, or gives the appearance of a conflict. In particular, Directors must:

- disclose to the Board any actual or potential conflicts of interest that may exist as soon as the situation arises;
- take necessary and reasonable steps to resolve or avoid any actual or potential conflict of interest, and
- comply with all relevant Laws in relation to disclosing interests and restrictions on participation and voting.

A Director that has a material personal interest in a matter that relates to the affairs of the Pengana Group must give the other Directors notice of such interest.

The Company Secretary will maintain a register of dealings in securities and declarations of interest by Directors and report them to the Board as necessary.

18. REVIEW OF CHARTERS

Board and Committee Charters will be reviewed every two years or as required.

19. DEFINITIONS

In this Charter, unless the context otherwise indicates:

TERM	DEFINITION
Board	means the full board of directors of the Company.
Committee	means a committee established by the Board.
Company	means Pengana Capital Group Limited.
Constitution	means the constitution of the Company, as amended from time to time.
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 Group	means the Company and each of its related bodies corporate.