

# CORPORATE GOVERNANCE STATEMENT

Approved by the Board: 19 August 2024



**PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)**

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## CORPORATE GOVERNANCE STATEMENT

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Pengana International Equities Limited ('PIA') (ASX: PIA) is an ASX Listed Investment Company.

The PIA 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 PIA. Accordingly, PIA 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 on a continuing basis reviews and, where appropriate, enhances its corporate governance practices.

The PIA 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 2024.

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/pia), at [www.pengana.com/pia](http://www.pengana.com/pia)

# 1 LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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## RECOMMENDATION

- 1.1. A listed entity should have and disclose a board charter setting out:
- a. the respective roles and responsibilities of its Board and management; and
  - b. 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 2001 (Cth)*. 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 role of the Board is to provide leadership and strategic guidance for the Company.

The key responsibilities of the Board include:

- defining PIA's purpose and setting its strategic objectives;
- approving PIA's statement of values and code of conduct;
- appointing the chair;
- appointing and replacing the Managing Director and Company Secretary;
- determining and monitoring the capital management of the Company;
- appointing and monitoring the Company's investment manager and negotiating and approving the terms of the appointment;
- monitoring the performance and financial position of the Company;
- approving the interim and final financial statements and related reports and various other communications to the ASX and shareholders that the Board deems material;
- monitoring the performance of the Risk, Audit and Compliance Committee;
- selecting, appointing and terminating the external auditor (including associated recommendations to shareholders for approval) and evaluation of auditor's performance and ongoing independence;
- monitoring the effectiveness of the risk management practices the Company;
- the overall corporate governance of the Company;
- overseeing and approving the Company's remuneration policies and 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](#).

The Company has a board of directors but no employees.

The day-to-day Company management and the investment of the Company's funds is carried out by Pengana Investment Management Limited pursuant to an investment management agreement dated 29 January 2004 and as amended from time to time (Investment Management Agreement).

The division of responsibilities of the Company and the Investment Manager are set out in the Investment Management Agreement.

The Audit, Risk and Compliance Committee Charter provides details of responsibilities delegated to the Audit, Risk and Compliance Committee. The Audit, Risk and Compliance Committee assists the Board is fulfilling its responsibilities in relation to the Company's financial reporting, control structure, risk management and the external audit function.

## **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 nominating 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 nominees bring to the board are evaluated in the 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 are 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, where appropriate, the ASX Listing Rules.

## **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 accountable to the Board, through the Chair, for all governance matters and the proper functioning of the board.

Each Director has access to the Company Secretary.

The appointment and removal of the Company Secretary must be determined by the Board as a whole.

## **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:
    - A. 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
    - B. 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.

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.

The Board currently has 25% female representation. The Company is not a "relevant employer" under the Workplace Gender Equality Act.

## **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 reviews its performance in terms of Company objectives, Company results and the performance of the Investment Manager against the Investment Management Agreement. 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 2024 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 will include, where appropriate, any insights it has gained from the evaluation and any resulting governance changes.

During the 2024 financial year the Board of PIA 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**

Not applicable.

## **COMMENT**

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). The business of the Company is managed by the Board.

## **2 STRUCTURE OF THE BOARD TO ADD VALUE**

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### **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**

A nominations committee has not been formed under Recommendation 2.1.

Given the size of the Board (comprising three non-executive directors and a Managing Director), the Board as a whole considers the composition of the Board, the appointment of new Directors and has responsibility for succession and Board renewal.

The Board identifies suitable candidates to fill vacancies as they arise with consideration to the optimal mix of skills and independence. The Board maintains a Skills Matrix and periodically reviews the skills and experience of each director.

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).

## 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. The Board concluded that the experience, diversity and skills identified enable the Board to discharge its duties and responsibilities effectively. The mix of skills, experience and diversity represented on the Board as at 30 June 2024 is as follows:

Total number of Directors	4
Finance/Investments	4
Accounting	4
Legal	0
Other	1
<b>Director experience: listed investment company</b> Experience as a board member for an Australian listed investment company.	3
<b>Director experience: listed</b> Experience as a board member for an Australian listed entity.	3
<b>Director experience: unlisted</b> Experience as a board member for an unlisted entity.	4
<b>Executive leadership: listed investment company</b> Senior executive (or higher) experience for an Australian listed investment company.	2
<b>Executive leadership</b> Senior executive (or higher) experience.	4
<b>Strategic planning</b> Track record in developing and implementing a successful strategy.	4
<b>Financial acumen</b> Senior executive (or higher) experience in financial accounting and reporting, corporate finance and internal controls.	4
<b>Risk management</b> Senior executive (or higher) experience in risk and internal controls.	4
<b>Capital management</b> Experience in capital management strategies.	3
<b>Investment management</b> Experience in investment management.	4
<b>Distribution, sales and/or marketing</b> 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.	2
<b>Remuneration</b> Board remuneration committee membership or senior executive experience in relation to remuneration.	3
<b>Social responsibility and sustainability</b> Experience in sustainability and environmental, corporate or social responsibility	1
Female	1
Male	3

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 two independent Non-Executive Directors: Frank Gooch (Chairman) and Sandi Orleow, one non-independent Non-Executive Directors: David Groves and one non-independent Managing Director: Russel Pillemer. Mr. Groves has served on the Board of Pengana Capital Group Limited (PCG), the parent of the Company's investment manager since 5 April 2016 while Mr. Pillemer is the Chief Executive Officer of PCG.

The Chair of the Audit, Risk and Compliance Committee is independent.

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 gives consideration to tenure when considering independence and the tenure of each director is disclosed in the Directors Report.

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 independent 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**

Does not comply

## **COMMENT**

At the date of this Statement, the Board is comprised of two independent Non-Executive Directors: Frank Gooch (Chairman) and Sandi Orleow, one non-independent Non-Executive Directors: David Groves and one non-independent Managing Director: Russel Pillemer.

The Chair of the Board and the Chair of the Audit, Risk and Compliance Committee are independent.



#### **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**

The Company appointed Independent Non-Executive Director Mr. Frank Gooch as Chairman following the Company's Annual General Meeting in November 2017.

Mr. Russel Pillemer was appointed the Company's Managing Director in February 2019.

#### **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 their roles and responsibilities. New directors also have the opportunity of meeting with key management staff of the Investment Manager.

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 INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY**

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#### **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 of the Investment Manager receive training on these policies as part of their induction.

Responsible Investment and ESG are standing Board meeting agenda items.

## **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 Company has a board but no employees.

The Board has adopted a Code of Conduct which sets out the expectations placed on PIA Directors and Officers, and on employees and Officers of the Investment Manager (Designated Officer) in their business dealings. The Company's 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 of Designated Officers 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 of the Investment Manager and analysed for materiality and thematic or systemic issues. Material breaches of the Code of Conduct are reported to Audit, Risk and Compliance 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 of 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 of the Investment Manager 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**

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## **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; and disclose:
    - iii. the charter of the committee;
    - iv. the relevant qualifications and experience of the members of the committee; and
    - v. 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, Risk & Compliance Committee (ARCC).

The ARCC currently has three members: Sandi Orleow (Chair), David Groves and Frank Gooch. All members of the ARCC are Non-Executive Directors and the majority of members (including the Chair of the ARCC) are independent Directors.

The ARCC operates under an approved charter. A copy of the ARCC Charter is available in the corporate governance section of the Company's [website](#).

The ARCC has authority (within the scope of its responsibilities) to seek any information it requires from any employee of the Investment Manager and Administrator or external party. Members may also meet with auditors (internal and/or external) without Pengana management present and consult independent experts, where the ARCC considers it necessary to carry out its duties.

All matters determined by the ARCC are submitted to the full Board as recommendations for Board decisions. Additional requirements for specific reporting by the ARCC to the Board are addressed in the Charter.

The purpose of the ARCC is to assist the Board in fulfilling its responsibilities relating to the financial reporting and accounting practices of the Company. The key responsibilities of the ARCC are outlined in its Charter.

During the reporting period the ARCC met 4 times. Attendance records at ARCC meetings are provided in the Directors' Report section of the Company's Annual Report.

## **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**

The Chief Executive Officer and Chief Financial Officer of the Investment Manager (Pengana Investment Management Limited) report in writing to the Board that the financial statements of the Company for each half year and full year present a true and fair view, in all material respects of the Company's financial condition and are in accordance with accounting standards and that 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 the weekly Net Tangible Asset (NTA) announcements, monthly performance reports, 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 Investment Manager with firsthand information as to the matters reported
- financial components of a market announcement are initially prepared by or under the supervision of the Investment manager's Chief Operating Officer
- Drafts market announcements receive comments from the Investment Manager's 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 PIA's 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

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### RECOMMENDATION

- 5.1. A listed entity should:
- have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
  - disclose that policy or a summary of it

### COMPLIANCE

Complies

### COMMENT

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 2001 (Cth)*; 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 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

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### 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/pia), [www.pengana.com/pia](http://www.pengana.com/pia).

The Company's [website](http://www.pengana.com/pia) 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 2001 (Cth)*; 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 Secretary oversees and coordinates the distribution of all information by the Company to the ASX. The Investment Manager oversees and coordinates the distribution of information to shareholders, the media and the public.

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

The Investment Manager conducts regular Roadshows across Australia where investors have the opportunity to hear from and meet the Investment Manager.

**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.

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.

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.

**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

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### 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, 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 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

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 Risk and Compliance Committee (ARCC).

The Board, through the ARCC, is responsible for:

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

The Board, through the Investment Manager, 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.

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

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

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

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer of the Investment Manager 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**

7.2. 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 ARCC reviews the Company's risk management framework at least annually 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 ARCC with any changes recommended to the Board for adoption.

A review has taken place during the reporting period and the ARCC is satisfied that the framework remains sound and that PIA is operating with due regard to the risk appetite set by the Board.

## **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.

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

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

## **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. The Board considers that the Company has any direct material exposure to environmental and social sustainability risk, however, may have indirect exposure through its investments.

The Investment Manager has adopted a Responsible and Environmental, Social and Governance (ESG) Investment Policy, implemented by the Investment Team. The Investment Team applies an ESG Investment Framework, taking into consideration ESG factors and applying a number of ethical negative screens in their investment process.

A copy of the policy can be found in the Company's [website](#).

## **8 ALTERNATIVE TO RECOMMENDATIONS 8.1, 8.2 AND 8.3 FOR EXTERNALLY MANAGED LISTED ENTITIES**

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### **RECOMMENDATION**

8.1. An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager .

### **COMPLIANCE**

Complies

### **COMMENT**

The rates of the management and performance fees payable and actual management and performance fees paid to the Investment Manager in respect of the investment management services provided to the Company can be found in the Annual Reports of the Company on the Company's [website](http://www.pengana.com/pia) at [www.pengana.com/pia](http://www.pengana.com/pia).