

# BOARD CHARTER



Pengana Investment Management Limited

ABN 69 063 081 612, AFSL 219 462

**11 FEBRUARY  
2019**

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# BOARD CHARTER

## 1 PURPOSE

Pengana Investment Management Limited ('PIML' or 'the Responsible Entity') is the responsible entity for the Pengana Private Equity Trust (ASX: PE1) ('Trust' or 'PE1'), a registered managed investment scheme, and is the investment manager for Pengana International Equities Limited (ASX: PIA) ('PIA'), a listed investment company. Both PE1 and PIA are listed on the Australian Securities Exchange ('ASX').

PIML is a wholly owned subsidiary of Pengana Capital Group Limited (ASX: PCG) ('Pengana' or 'PCG'). PIML is the holder of an Australian Financial Securities Licence (AFSL Licence: 219 462) ('AFSL').

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

The purpose of this Charter is to:

- promote high standards of corporate governance;
- 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 Board is primarily responsible for ensuring that both PIML and the Trust are properly managed and have appropriate corporate governance structures to:

- ensure the creation and protection of shareholder (in relation to PIML) and unitholder (in relation to the Trust) value; and
- recognise the legitimate interests of stakeholders (of both PIML and the Trust).

In performing its role, the Board aspires to excellence in governance standards.

### 2.1 PIML

The key responsibilities of the Board include:

- Monitoring and assessing the performance of PIML and ensuring that its actions are consistent with Pengana Group's corporate strategy.
- Monitoring and reviewing the performance of the Board itself.
- Ensuring the Board is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance.
- Ensuring compliance with PIML's Constitution and with the continuous disclosure requirements of the Listing Rules and the Corporations Act.

## **2.2 Listed investment company**

The key responsibilities of the Board, in relation to listed investment companies of which PIML acts as investment manager for, include:

- Ensuring compliance with the Investment Management Agreement including that appropriate control, monitoring and reporting mechanisms are in place.
- Ensure that Shareholders and the market are kept fully informed with timely and relevant information regarding PIML's role as the Investment Manager.

## **2.3 Listed investment trust**

The key responsibilities of the Board, in relation to listed investment trusts of which PIML acts as responsible entity for, include:

- Monitoring the Trust's performance.
- Reviewing and overseeing the risk management framework, ensuring that the significant risks facing the Trust are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with.
- Monitoring and appraising financial performance including the approval of annual and half year financial reports and liaising with the Trust's auditors.
- PIML is responsible for preparing the declaration pursuant to Section 295A of the Corporations Act. Accordingly, the Board of PIML will ensure that PIML has put in place sound systems of risk management and internal controls and ensure that the systems are operating effectively in all material respects in relation to financial reporting risks.
- Ensure that Unitholders and the market are kept fully informed with timely and relevant information which is in accordance with the continuous disclosure provisions outlined in PIML's Continuous Disclosure Policy.
- Monitoring and reviewing service providers.
- Ensuring compliance with the Trust's Constitution and with the continuous disclosure requirements of the Listing Rules and the Corporations Act.
- Communicating with and protecting the rights and interests of all Unitholders.

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

## **3 ROLE OF THE CHAIRMAN**

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

The Chairman represents the Board to the unitholders of the Trust and communicates the Board's position.

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

- ensuring the Board's activities are organised and efficiently conducted, and
- maintaining a regular dialogue with Pengana and PCL.

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 unitholders of the Trust, 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 DELEGATIONS**

### **5.1 Relationship to the board of Pengana**

To assist in discharging its responsibility for the overall governance and performance of the Pengana Group, the Board of Pengana Capital Group Limited ('Pengana Board') has adopted the following protocols with the boards of its key operating subsidiaries, including PIML:

- The Pengana Board receives regular updates from executives responsible for the operations of the key operating subsidiary
- The Pengana Board receives minutes and matters arising from each meeting of the boards of each of the key operating subsidiary

#### **5.1.1 Appointment and removal of PIML directors**

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

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

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

#### **5.1.2 Appointment and removal of PIML directors**

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

### **5.2 Delegations**

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

Any matters or transactions outside the delegations of authority must be referred to the PIML Board for approval.

## **6 BOARD SIZE AND COMPOSITION**

In accordance with PIML's Constitution, the Board shall be comprised of a minimum of 3 directors.

Collectively, the Board must be comprised of members with expertise, experience and skill relevant to the business of PIML. The Board will regularly review the composition of the Board having regard to the optimum number and skill mix of Directors, subject to the limits imposed by PIML's Constitution and the terms served by existing Non-Executive Directors.

The Board will determine the number of independent directors (if any) it considers appropriate based on the size, nature and complexity of the PIML's business at any given time.

Directors will be appointed and removed in accordance with the Corporations Act and PIML's Constitution and subject to approval of the Pengana Board.

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

## **7 ROLE OF DIRECTORS**

Directors are expected to attend and participate in Board meetings. They are expected to review meeting materials before Board 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 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.

## **8 COMPANY SECRETARY**

The Company Secretary is responsible for the co-ordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies, ASX 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 approval of the Pengana Board.

All Directors shall have direct access to the Company Secretary.

## **9 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 are available to be contacted by Directors between meetings.

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

## **10 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 PIML'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.

## **11 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, Officers and employees 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.

## **12 CONFLICTS OF INTEREST**

Directors are expected to be alert to and avoid any action, position or interest that conflicts with an interest of PIML 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.

Pengana has developed a Conflicts of Interest Policy that procedures for the identification, assessment, evaluation and, if required, controlling of conflicts of interest.

## **13 REVIEW AND ASSESSMENT**

The Charter will be reviewed and updated from time to time to ensure that it remains relevant, current and compliant with all applicable laws, and guidance notes.

## 14 DEFINITIONS

### 14.1 Definitions

The Charter will be reviewed and updated from time to time to ensure that it remains relevant, current and compliant with all applicable laws, and guidance notes.

TERM	DEFINITION
<b>ASX</b>	means ASX Limited ABN 98 008 624 691 or, as the context requires, the securities market conducted by ASX.
<b>ASX Listing Rules</b>	means the listing rules of the ASX Limited.
<b>Board</b>	means the full board of directors of Pengana Investment Management Limited.
<b>Chairman</b>	means the chair of the Board, as appointed by the Board.
<b>Company Secretary</b>	means the company secretary of Pengana Investment Management Limited from time to time.
<b>Constitution</b>	means the constitution of Pengana Private Equity Trust, as amended from time to time.
<b>Designated Officer</b>	means each Director, Officer, employee and contractor of Pengana Capital Group Limited, of Pengana Investment Management Limited, of Pengana Capital Limited, and their associates.
<b>Director</b>	means a member of the Board of Pengana Capital Group Limited, of Pengana Investment Management Limited or of Pengana Capital Limited.
<b>Independent Director</b>	means a Director who has been determined by the Board to be independent in accordance with the requirements and recommendations of the ASX Listing Rules.
<b>Laws</b>	means all applicable laws in place in the relevant jurisdiction including but not limited to regulatory guides and the ASX Listing Rules.
<b>Officer</b>	has the meaning set out in the Corporations Act.
<b>Pengana Board</b>	means the full board of directors of Pengana Capital Group Limited.
<b>Pengana Group</b>	means Pengana Capital Group Limited ABN 43 059 300 426 and each of its related bodies corporate.
<b>Responsible Entity</b>	means Pengana Investment Management Limited ABN 69 063 081 612.

### 14.2 Interpretations

- a) Words importing gender include the masculine, feminine and neuter genders and the singular includes the plural and vice versa.
- b) Headings are included for convenience only and will not affect the construction or interpretation of the Charter.