

Perpetual Limited  
ABN 86 000 431 827

# CORPORATE RESPONSIBILITY & SUSTAINABILITY REPORT

August 2019

Perpetual 

## INTRODUCTION

### Our Commitment

Perpetual has a long-standing commitment to good corporate governance. At Perpetual, we take advantage of opportunities to build our social, environmental and financial performance in ways that reflect our core values and enhance business sustainability. Indeed, success in Perpetual's core businesses, the management of other people's money and the safekeeping of assets and securities, relies on this commitment.

We draw on our people's experience, knowledge and expertise in investing, governance, financial advice and trusteeship to contribute positively to our clients and the community. We focus on activities where we can add the most value to society while minimising our environmental impact.

We are committed to doing our part to enrich our community by:

- Having the highest standards of corporate governance and business probity.
- Investing responsibly and encouraging sustainable business practices.
- Contributing time and money to charities which we know have a track record of delivering on their promises.

In addition, the Board of Perpetual Limited (Board) considers that its practices comply, and have complied throughout the year, with the ASX's Corporate Governance Council's Revised Governance Principles and Recommendations (3<sup>rd</sup> edition) and is committed to transparent reporting on economic, environmental and social sustainability risks including how the Group is mitigating these risks in pursuit of sustainable business performance.

### The Corporate Responsibility & Sustainability Report

This Corporate Responsibility & Sustainability Report includes an overview of Perpetual's Sustainability philosophy, the material risks that have been identified using the Perpetual Risk Management Framework and relevant information about the associated strategies implemented to mitigate these risks. This Corporate Responsibility & Sustainability Report also includes:

- An overview of Perpetual's philosophy as it relates to corporate governance and how Perpetual complies with the ASX Corporate Governance Principles and Recommendations, 3<sup>rd</sup> edition (ASX Principles).
- Perpetual's approach to mitigating Environmental, Social and Governance (ESG) risks identified as material within the Perpetual Risk Appetite Statement (RAS), which is part of Perpetual's Risk Management Framework. This includes social sustainability, human capital and community risks.
- Perpetual's approach to responsible investing.
- A summary of governance structures at Perpetual.

This Corporate Responsibility & Sustainability Report has been approved by the Board and is current as at 20 August 2019, except where otherwise indicated. Copies or summaries of the Company documents referred to in the appendix of this Corporate Responsibility & Sustainability Report can be found on Perpetual's website at [www.perpetual.com.au/Corporate-Governance](http://www.perpetual.com.au/Corporate-Governance).

*Protecting and growing the wealth of our clients is what Perpetual has been entrusted to do for generations. It's the notion of enduring prosperity that connects the pride we have in our past to the belief and excitement we have for the future. Being responsible underpins everything we do. We take action to foster a client focused, ethical and socially responsible culture by welcoming community feedback, observing and acting on regulatory changes, and by encouraging diversity of thought from our people. I am proud of our achievements to date and commit to always look for ways to continually improve.*

*Rob Adams: CEO and Managing Director*

In this Corporate Responsibility & Sustainability Report, Perpetual Limited is referred to variously as Perpetual, Perpetual Group, The Group, Company.

# 1. HIGHLIGHTS – A YEAR IN REVIEW

*A long-standing commitment to sustainable business practices, responsible investment and good governance.*

## PEOPLE

- We know purpose-led organisations generate greater growth, attract and retain the best people and deliver better outcomes for the communities they work in. To this end, we are in the process of finalising a collective organisational purpose that will inform our strategic decision making and will connect our people and business to an aspirational reason for being.
- We understand an engaged workforce will help us to deliver sustainable business results. Employee engagement levels rose in FY18 to their highest in more than a decade. In a time of industry and internal change, we have maintained our highest ever score in FY19 with employee engagement remaining stable at 73% and in the top quartile of all Australian and New Zealand organisations according to Aon Hewitt research.
- Perpetual has continued to positively progress its gender equality strategy. We are proud that we were recognised by the Workplace Gender Equality Agency as an Employer of Choice for Gender Equality for the second consecutive year. In FY19, women in leadership roles increased to 36.9% (from 35% in FY18), our target is 40% by 2020.
- We acknowledge the importance of preparing our people and business for the future and have designed a long-term strategy that will support the development of priority capabilities in our workforce to adapt to change and support sustainable growth in the coming years.
- Over recent years, the reputation of the financial services industry has been challenged – in this context we are proud of our position in the market given how much our employees, our clients and stakeholders associate our brand with trust. We have refreshed our brand promise – a clear principle and standard: “Trust is earned”. By seeking to earn trust every day through every action, we look to deliver value for our people, clients and the communities in which we work.

## COMMUNITY

- Our focus on strengthening relationships with Aboriginal and Torres Strait Islander peoples and organisations continues through the execution of our Stretch Reconciliation Action Plan. It is demonstrated, in part, by our meaningful celebrations of National Reconciliation Week and NAIDOC, and our continued partnership with Jawun through the Indigenous Corporate Partnerships Program.
- In partnership with the Stanford University Center on Philanthropy and Civil Society, Perpetual continues to raise awareness among not-for profit organisations of the risks, challenges and opportunities of operating in rapidly-changing times. Well over 600 not-for-profit organisations and philanthropists have accessed workshops and seminars over the period of our on-going partnership, exploring digital data governance, philanthropy best practice and the role of philanthropy in a modern democracy. We continue to engage leaders in the charitable sector in our partnership, hosting groups to Stanford each year to enhance their capacity to tackle society’s toughest challenges.
- The Perpetual Foundation turns 21 in 2019 and has grown to more than \$260 million. The Foundation is a vehicle for individuals wishing to leave a community legacy and supports the provision of non-profit research, training, governance workshops and organisational development.
- The Perpetual Ethical SRI Credit Fund launched in June 2018, investing in a diverse range of income generating, ethical and socially responsible assets. To determine suitability for our SRI Funds, Perpetual Investments evaluates companies on a range of criteria – environmental, social, governance, ethical issues and labour standards. In 2018, our Ethical SRI process was enhanced to now exclude

companies that derive a material proportion of their revenue from all types of fossil fuels (previously only coal seam gas), genetic engineering, cosmetic products that have been tested on animals, and pornography. The SRI Screen was also enhanced by broadening the definition of negative corporate governance behaviour, to capture more instances of corporate misconduct when evaluating businesses.

## ENVIRONMENT

- Perpetual discloses its management of carbon and climate risks to the Carbon Disclosure Project annually. The long-term trend in our Scope 1 and 2 greenhouse gas emissions is declining. Our voluntary disclosure raises company-wide awareness to act on climate change, enhancing the long-term sustainability and profitability of Perpetual and better equipping ourselves for future regulatory or policy changes. In the last reporting period (2018), our CDP rating increased from a D rating, to a C rating.
- To play our part in protecting the environment and reducing the amount of plastic reaching landfill or the oceans, we have phased out the use of plastic bottles (approximately 8,800 plastic bottles per year) on the client facing floor in our Sydney head office. In addition, we no longer print and mail our investors Managed Investment Scheme Annual Reports for Perpetual funds (saving ~320,000 pages of paper per year).
- As an active, responsible investor, Perpetual plays a key role in highlighting the importance of environmentally sustainable and socially responsible business practices. As a signatory to the United Nations Principles of Responsible Investment and a member of the responsible Investment Association Australasia, Perpetual is committed to responsible investment practices.

## GOVERNANCE

- We continue to comply with all ASX principles. Perpetual also commits to giving all shareholders timely and equal access to information concerning the company through its Continuous Disclosure Policy.
- Perpetual's Board continues to be comprised of a majority of non-executive independent directors.
- Our Board comprised 29% female Non-Executive Directors in FY19.
- Perpetual's Code of Conduct, which draws from, and expands on, Perpetual's values, applies to all directors, executives and employees and is designed to assist them in making ethical business decisions.

## 2. OUR PHILOSOPHY AND APPROACH

Perpetual is committed to ensuring its business practices have a positive effect on its people and society more broadly. We know that sustainable business success depends on the engagement of our people and positive contribution to our community. Our approach is built on five focus areas as shown in Table 1 below:

**Table 1: Sustainability focus areas**

FOCUS AREA	DESCRIPTION	SECTION
Our Business	<ul style="list-style-type: none"><li>• Responsible and Sustainable Business Practices.</li><li>• Social Sustainability Risks and Strategies.</li></ul>	3
Our People	Building an engaged and diverse workforce, helping our people thrive personally and professionally and preparing our people for the future.	4
The Community	Seeking to make a positive impact on local and broader communities through philanthropic activity, engagement with charity groups and strengthening relationships with Aboriginal and Torres Strait Islander peoples.	5
The Environment	Reducing the environmental impact of our operations.	6
Governance	Having the highest standards of corporate governance and business probity.	7

# 3. OUR BUSINESS



## 3.1 RESPONSIBLE & SUSTAINABLE BUSINESS PRACTICES

The table below provides an overview of some of the approaches Perpetual adopts to ensure responsible and sustainable business practices, particularly as it relates to investment practices:

Table 2: Approaches to responsible and sustainable business practices	
STRATEGY	DESCRIPTION
Perpetual Investments' Long - Term Investment Approach	<p>Perpetual's Equity asset managers are 'value' managers who focus on quality. Initial investment criteria include:</p> <ul style="list-style-type: none"> <li>• The strength of the company's balance sheet;</li> <li>• Whether the company can demonstrate a recurring earnings stream;</li> <li>• The quality of the business; and</li> <li>• The soundness of Board and management running the company.</li> </ul> <p>As part of our investment approach we hold corporate Australia to high standards and encourage behaviour that is in the long-term interests of shareholders.</p>
Perpetual Private's Long - Term Investment Approach	<p>Perpetual Private seeks to first protect and then grow the wealth of our clients.</p> <p>Our approach to investing is based around the following key principles:</p> <ul style="list-style-type: none"> <li>• We are prudent;</li> <li>• We take a long-term approach to investing;</li> <li>• We aim to protect our client's wealth by minimising downside risk;</li> <li>• We believe quality investments will yield benefits in the long-run and our recommendations are based on this foundation;</li> <li>• We diversify across asset classes, industry sectors and individual investments; and</li> <li>• We are responsive to client needs and provide long-term strategic investment advice.</li> </ul>
Political Donations	Perpetual does not make political donations.
Premiums4Good initiative	Perpetual participates in the Premiums4Good (P4G) initiative organised by QBE Insurance, our providers of directors' and officers' liability, crime and professional

**Table 2: Approaches to responsible and sustainable business practices**

STRATEGY	DESCRIPTION
	indemnity insurance. Under P4G, 25% of our insurance premiums are invested in socially responsible investments, such as Social Impact Bonds, Green Bonds or investments into projects with social benefits.

Perpetual is comprised of three distinct revenue businesses which include; Investment Management, Wealth Management and Corporate Trustee. Each business has a distinct market to review and mitigate areas of social importance related risks.

## PURPOSE-LED ORGANISATIONS

We know purpose-led organisations generate greater growth, attract and retain the best people and deliver better outcomes for the communities we work in. To this end, we are finalising a collective aspirational organisational purpose that we will inform our strategic decision making and mobilise our people and business behind an aspirational reason for being.

## INVESTING RESPONSIBLY

### MEMBER OF THE RESPONSIBLE INVESTMENT ASSOCIATION AUSTRALASIA (RIAA)

Perpetual Investments is a member of the RIAA, which is the industry body representing responsible investors throughout Australasia, with the aim of promoting responsible investment to accelerate its uptake and deepen its impact. RIAA's overarching goal is to see more capital being invested more responsibly. RIAA champions responsible investing and a sustainable financial system in Australia and New Zealand and is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.

### SIGNATORIES TO THE PRINCIPLES OF RESPONSIBLE INVESTMENT (PRI)

Perpetual Investments and Perpetual Private are signatories to the United Nations-supported PRI, representing a commitment to take environmental, social and governance (ESG) factors into account in our investment decision-making and ownership practices. The PRI is about institutional investors encouraging sustainable business practices, which is aligned to Perpetual's long-term view.

### PERPETUAL INVESTMENTS

Perpetual Investments has a long-standing commitment to responsible investment, becoming a signatory to the United Nations-supported Principles for Responsible Investment (PRI) in 2009. General information related to our responsible investment approach can be found on our [website](#). This includes the specific policies below:

- Responsible Investment Policy – consideration of ESG factors are incorporated into investment analysis and decision making and ownership practices.
- Corporate Governance and Proxy Voting Policy – our corporate governance principles and the corporate engagement and voting activities we undertake in respect of the companies in which we invest.
- Principles of Internal Governance and Asset Stewardship – our organisational and investment approach, internal governance and asset stewardship.

## ETHICAL AND SOCIALLY RESPONSIBLE INVESTING

### **Perpetual Wholesale Ethical SRI Fund**

The Fund aims to provide our investors with long term capital growth and income through investment in quality shares of ethical and socially responsible companies.

Perpetual's investment approach seeks to identify those companies that represent the best investment quality and are appropriately priced. In Perpetual's Wholesale Ethical SRI Fund, additional screening applies to identify companies that satisfy our range of ethical and socially responsible investment criteria. Our ethical screen excludes companies that derive a material proportion of their revenue from: alcohol, fossil fuels (upstream), gambling, uranium and nuclear, tobacco, armaments, genetic engineering, pornography and animal cruelty (cosmetic testing). The socially responsible screen eliminates companies that score negatively following an assessment on how their business practices impact society and the environment.

Perpetual's Wholesale Ethical SRI Fund was awarded the Money Management/Lonsec Fund Manager of the Year – Responsible Investments Category for 2014 and 2016.

### **Perpetual Ethical SRI Credit Fund**

The Fund aims to provide regular income and consistent returns by investing in a diverse range of income generating, ethical and socially responsible assets.

Perpetual evaluates issuers that meet the investment approach on a range of environmental, social, governance, ethical issues and labour standards to determine their suitability for inclusion/retention in, or divestment from the portfolio of this Fund.

Our ethical screen excludes issuers that derive a material proportion of their revenue from: alcohol, fossil fuels (upstream), gambling, uranium and nuclear, tobacco, armaments, genetic engineering, pornography and animal cruelty (cosmetic testing). The socially responsible screen eliminates issuers that score negatively following an assessment on how their business practices impact society and the environment.

Sovereign issuers (governments) are analysed on environmental, social and governance factors, based on scoring utilising research from external specialists. This may include but is not limited to considering any unethical practices such as corruption, rule of law and political instability of the sovereign.

## PERPETUAL PRIVATE

Perpetual Private believes that if the investment management industry can help promote more sustainable economic growth, this should translate into higher and more consistent investment returns. The objective of the Perpetual Private Responsible Investment Policy is to set out the Perpetual Private approach and an overview for considering ESG factors in our investment decision-making and ownership practices. Perpetual Private assesses all investments against ESG criteria as part of their commitment to UN PRI.

This policy specifically incorporates the product structures, entities and investment portfolios applicable to the Perpetual Private business. More information can be found on our [Website](#).

After becoming a PRI signatory in July 2017, Perpetual Private launched a Responsible Direct Equities Model Portfolio and Managed Funds Model Portfolio to allow clients to reflect a strict Responsible Investment focus in their investment portfolios.

In 2018, Perpetual Private received approval to commence making Impact Investments within the Alternatives allocation of the Perpetual Charitable Endowment Fund. Over time, investments will be added to the portfolio which seek to achieve a social outcome alongside delivering a market-rate of return.

## PERPETUAL CORPORATE TRUST

Perpetual Corporate Trust's Investment Management team (the "Investment Management team") has adopted a positive and proactive approach to ESG considerations and believe that ESG factors can have a material impact on the fund returns. The Investment Management team takes ESG factors into account as part of its analysis, due diligence on assets, and monitoring of investments, and discussions with investors, asset managers, joint venture partners and other pertinent stakeholders as part of the investment and decision-making process. More information can be found on our [Website](#).

## PRINCIPLES OF ASSET STEWARDSHIP

Perpetual's investment management businesses have developed and published a 'Principles of Internal Governance and Asset Stewardship' which outlines their purpose and values as an investment manager.

We support the approach encouraged by the Financial Services Council (FSC Standard 23) in providing clients with transparency on internal governance and stewardship principles. More information on each of these documents can be found on our public site:

- [Perpetual Investments](#)
- [Perpetual Corporate Trust](#)

## CLIMATE CHANGE

We are committed to integrating the consideration of material ESG issues into investment analysis and decision making. This includes the impact of long-term issues, including climate change, on our investments.

We will continue to monitor developments relating to climate change reporting (in particular, the Task Force on Climate-related Financial Disclosures) and align over time as appropriate.

## MODERN SLAVERY

Perpetual is currently assessing the requirements to publish a statement relating to the risks of modern slavery in its operations and supply chain.

## TAX TRANSPARENCY CODE

Perpetual is committed to being transparent about our tax affairs. We have voluntarily adopted the Tax Transparency Code and have produced this [Tax Report](#) for the year ended 30 June 2019. In addition to the disclosures made in Note 1-4 Income taxes in the consolidated financial statements of Perpetual Limited and its controlled entities for the year ended 30 June 2019, the report details the tax payments made by Perpetual to the Australian (Federal and State) tax authorities during the year and also provides information on our tax strategy and governance policy.

## CYBER SECURITY

Perpetual takes cyber security risk, and the responsibility of protecting its clients' and organisational data, seriously and has highlighted it as a key operational risk in the Risk Appetite Statement.

We manage this risk through our ISO 27000 aligned information security framework and a dedicated internal security team together with specialist third party security vendors.

Perpetual has an ongoing investment program to ensure that our cyber security management practices address the changing threat landscape.

## 3.2 SOCIAL SUSTAINABILITY RISKS & STRATEGIES

Perpetual's Risk Management Framework identifies the Corporate Social Responsibility/Sustainability risks outlined in table 3. Perpetual considers that the risks set out below are material and, if not managed effectively, could affect our ability to manage our human capital and/or community reputation and in turn diminish shareholder value.

This section includes each identified risk (indicating the relevant social sustainability risk area) and provides an overview of the strategies and controls developed and implemented to manage identified risks.

### SOCIAL SUSTAINABILITY RISKS

The following table outlines the material risks related to social sustainability identified using Perpetual's Risk Management framework.

Table 3: Risks and strategies related to our people and community				
RISK	SOCIAL SUSTAINABILITY RISK AREA		RISK DESCRIPTION/ IMPACT	STRATEGIES AND CONTROLS TO MANAGE RISK
	People (internal)	Community (external)		
Employee Engagement	✓		Strategies & approaches fail to adequately support the organisation's engagement goals which in turn affects successful execution of strategy	<ul style="list-style-type: none"> <li>• Capability and Learning Strategy developed to identify and develop the skills required for the future</li> <li>• Employee engagement surveys, analysis and focused, co-ordinated action planning to respond to drivers that improve and sustain engagement</li> <li>• Competitive remuneration and benefits arrangements; for example, wellbeing programs and the introduction of superannuation continuance on the unpaid portion of parental leave (up to a total of 12 months)</li> <li>• Flexible working practices and culture. For more information see Section 4</li> <li>• Perpetual is in the process of finalising an organisational purpose to connect our people to an aspirational reason for being</li> </ul>
Diversity and Inclusion	✓	✓	<p>Failure to achieve business strategy by not creating an inclusive environment or leveraging the diverse viewpoints of our employees in decision making, products and services</p> <p>Failure to achieve diversity targets resulting in potential damage to the brand and missed strategic objectives</p> <p>Lack of genuine commitment to diversity</p>	<ul style="list-style-type: none"> <li>• Diversity and Inclusion Policy</li> <li>• CEO, Executive and broad business representation on the Diversity Council, including the appointment of Group Executive (Perpetual Investments) as D&amp;I Sponsor</li> <li>• Flexible working practices and culture (recent engagement survey reported 86% of our people reported that Perpetual promotes a culture where flexibility is embraced and promoted). See Section 4 for more information.</li> <li>• Focus on gender equality (ongoing system reviews, culture and capability activities, awareness campaigns and targets to support the target increase in women in senior leadership)</li> <li>• Diversity initiatives to support the development of female talent, for example Inspiring Women's Forum and Women in Banking and Finance mentoring</li> <li>• Cultural diversity programs as reflected in our "Stretch" Reconciliation Action Plan (2016 – 2019) See Section 4 for more information.</li> </ul>

**Table 3: Risks and strategies related to our people and community**

RISK	SOCIAL SUSTAINABILITY RISK AREA		RISK DESCRIPTION/ IMPACT	STRATEGIES AND CONTROLS TO MANAGE RISK
	People (internal)	Community (external)		
Succession Planning	✓		<p>Lack of robust succession planning for critical roles</p> <p>Knowledge transfer</p> <p>Failure to identify and retain key talent</p>	<ul style="list-style-type: none"> <li>Formal talent and succession planning in place</li> <li>Half yearly review of critical roles and succession readiness, including external talent</li> <li>Talent planning reporting provided to Board &amp; People and Remuneration Committee (PARC)</li> <li>Retention strategies in place for key personnel</li> </ul>
Attraction and retention of talent	✓	✓	Inability to attract and retain skilled and experienced employees	<ul style="list-style-type: none"> <li>Transparency of performance management</li> <li>Remuneration and employee benefits plan offerings</li> <li>Perpetual's employment brand in the market</li> <li>Succession planning</li> <li>Targeted talent identification coupled with individualised development programs and retention strategies</li> <li>Employee referral program</li> <li>Capability and Learning Strategy to support employee development</li> <li>Perpetual is in the process of finalising an aspirational organisational purpose</li> </ul>
Workplace Health and Safety	✓	✓	<p>WHS is not integrated into the business leading to unsafe work practices and risk to our employees</p> <p>Non-compliance with legislation</p>	<ul style="list-style-type: none"> <li>Integrated WHS Governance Framework</li> <li>Oversight of WHS performance by PARC</li> <li>Defined WHS Safety Strategy and Performance goals</li> <li>WHS Training Programs</li> <li>Focus on employee wellbeing through integrated health, wealth and lifestyle benefits. See Section 4 for more information</li> <li>Emergency Planning Committee</li> <li>Insurance and assistance packages</li> </ul>
Social Licence to Operate	✓	✓	The risk arising from employees and the Board acting unlawfully, unethically and not in a socially responsible manner and the level of acceptance internal and external stakeholders, our customers and the community have for these issues	<ul style="list-style-type: none"> <li>Instilling a culture that acts lawfully, ethically and in a socially responsible manner</li> <li>Effective Governance Framework. See Section 7 for more information</li> <li>Focus on client and community expectations</li> <li>Adherence to Perpetual's Code of Conduct and other policies. See Section 7 for more information</li> <li>Established Compliance Framework for the maintenance of Perpetual's AFSLs</li> <li>Monthly reports are provided to Leadership Teams and the Audit, Risk and Compliance Committee (ARCC) on what regulatory and legislative changes are occurring. These identify the actions and internal parties responsible for addressing the changes</li> </ul>

**Table 3: Risks and strategies related to our people and community**

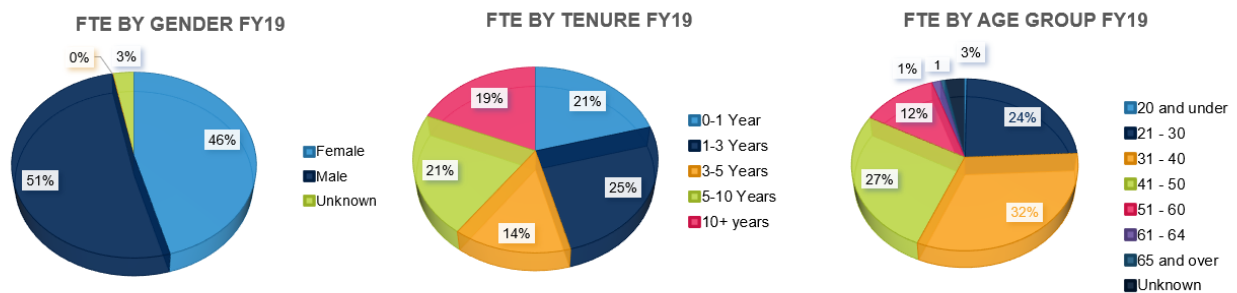
RISK	SOCIAL SUSTAINABILITY RISK AREA		RISK DESCRIPTION/ IMPACT	STRATEGIES AND CONTROLS TO MANAGE RISK
	People (internal)	Community (external)		
Reputation	✓	✓	The risk arising from negative perception on the part of both existing and prospective customers, employees, counterparties, shareholders, investors, regulators or other stakeholders that can adversely affect Perpetual's ability to maintain existing, or establish new business relationships and operations	<ul style="list-style-type: none"> <li>• Social licence strategies above will help build trust with our clients and strengthen our brand. Continued focus on embedding our refreshed Brand promise (Trust is Earned) will also further strengthen our trusted reputation (see page 14 for more information).</li> <li>• Stretch Reconciliation Action Plan (2016 – 2019). See Section 4 for more information</li> <li>• Perpetual Employee Giving program. See Section 5 for more information</li> <li>• Corporate support for other causes including funding and employee volunteering (for example, Wayside Chapel, Mirabel and Starlight Foundation)</li> <li>• Perpetual's IMPACT Philanthropy model. See Section 5 for more information</li> <li>• Not for Profit Capability Building. See Section 5 for more information</li> </ul>

## 4. OUR PEOPLE

### A. EMPLOYEE PROFILE

#### OUR EMPLOYEE PROFILE AS AT 30 JUNE 2019

On 30 June 2019, Perpetual's FTE was 960 (permanent and contingent FTE). The following graphs illustrate the overall composition of our workforce.



#### TURNOVER

Perpetual's annual voluntary turnover figure for FY19, was 15% (2 percent above the FIRG 2018 benchmark for voluntary turnover which was 13%). Total turnover for FY19 was 17% (1 percent below the FIRG 2018 benchmark for total turnover which was 18%).

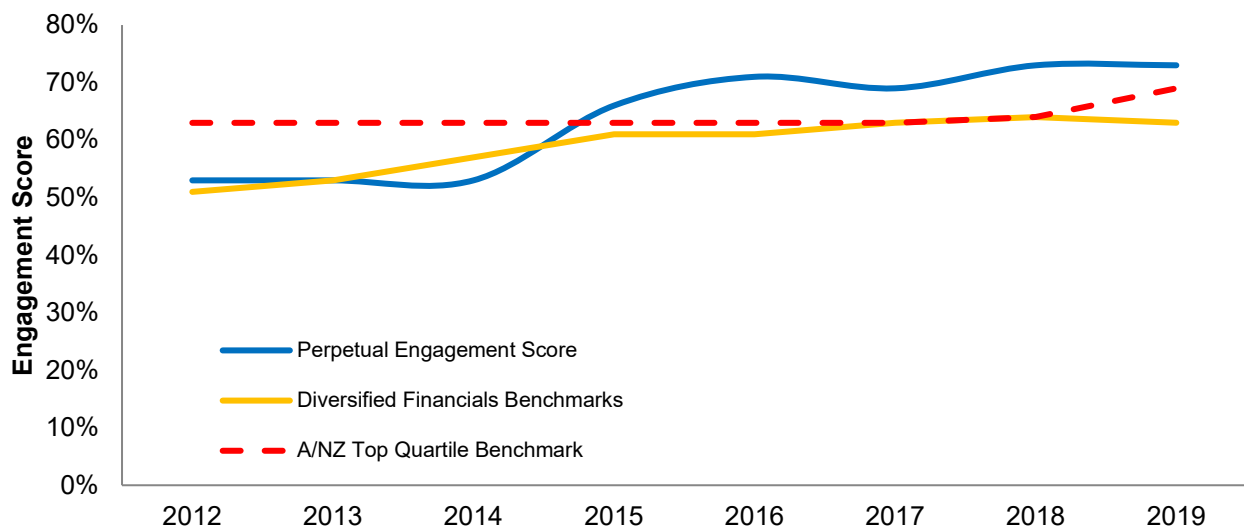
## 4.2 ENGAGEMENT

We understand that an engaged workforce will help us to deliver sustainable business results. Employee engagement is assessed annually, with the results and insights used as an input into refining our people strategy and priority areas of focus. Achieving our employee engagement targets is a key performance indicator for senior management and an explicit strategic goal as reflected in company and divisional measures of success.

In 2019 we achieved an engagement result of 73%. This remains above the ANZ top quartile benchmark (69%) according to Aon research (see Chart 1). Consistent and sustained achievement of top quartile engagement places us in a strong position to realise a positive impact of engagement on our business results and create a great place to work for our people.

According to Aon, companies in the top quartile of engagement results deliver 4% higher total shareholder return, 4% higher sales growth and 2% higher operating margin than companies with 'average' engagement results. We are also committed to differentiating our employee experience against our competitors to ensure we attract and retain the best people.

**Chart 1: Employee Engagement 2005-2019**



The Aon Diversified Financial Services Benchmark covers providers of a diverse range of financial services companies with significantly diversified holdings across three or more sectors, and providers of specialised financial services. The ANZ (Australia and New Zealand) Top Quartile Benchmark covers all organisations measured by AON.

## OUR PEOPLE PROMISE: GREAT PEOPLE, MEANINGFUL WORK

Making Perpetual a great place to work is a key focus for us at Perpetual. We anchor our approach to creating a great employee experience in our People Promise – our commitment to our people to provide a work environment that is characterised by “Great People, Meaningful Work”. Our People Promise, and everything we do at Perpetual, is underpinned by our values of Integrity, Partnership and Excellence.



## 4.3 FLEXIBILITY

Perpetual believes that by embedding flexibility as a way of working, we will create and sustain a diverse and inclusive environment. At Perpetual we empower our people with substantial control over where, when and how they work. We believe all roles can be performed flexibly and if not, we ask "why not?".

The focus during the past 12 months has been on embedding flexibility as the way we work at Perpetual. In our most recent employee engagement survey, **86%** of our people reported that Perpetual promotes a culture where flexibility is embraced and promoted and **93%** of our people reported that they have the flexibility they need to balance their work and caring responsibilities.

Our commitment to workplace flexibility underpins both the cultural diversity and gender equality priorities of our Diversity & Inclusion Strategy. It ensures our people can successfully balance their community, social and family commitments while contributing meaningfully to work. We see our strength in and commitment to flexibility as a key differentiator in attracting and retaining the best people and in building a diverse workforce to deliver sustainable outcomes for our people, clients and shareholders.

## 4.4 DIVERSITY AND INCLUSION

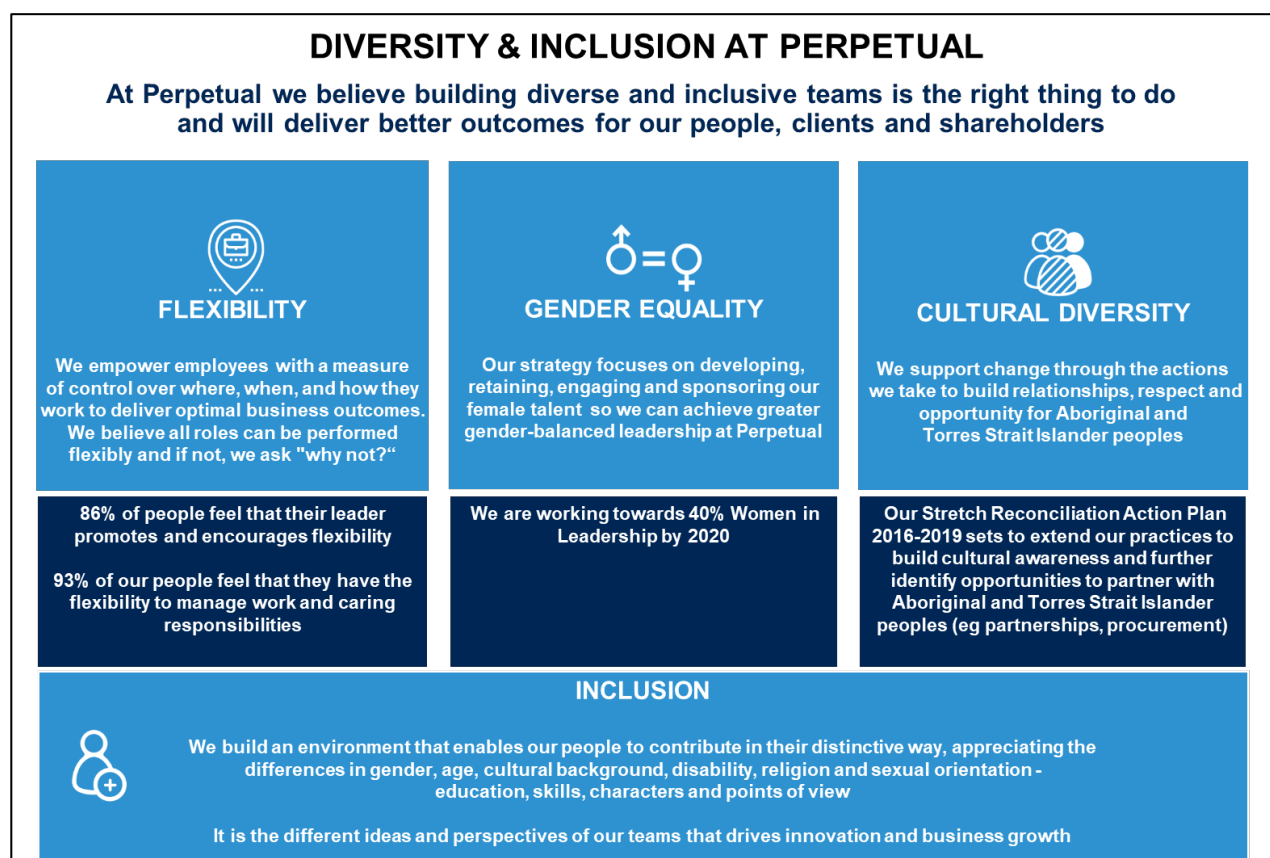
Perpetual has a long-standing commitment to diversity and inclusion and recognises the value of attracting and retaining employees with different backgrounds, knowledge, experiences and abilities. Perpetual strongly believes that promoting diversity results in tangible improvements to the bottom line through the benefits of diversity of thought and better decision making. These improvements ultimately deliver better results for our clients, people, shareholders and the communities in which we operate. All these factors assist Perpetual to preserve shareholder value for the long term and to effectively manage risk.





*Embracing diversity is essential for understanding our markets and our clients, and for fostering innovation in our teams. At Perpetual we see diversity as a key enabler to achieving our business goals and we are proud of the progress we have made to date. We have been acknowledged by the Workplace Gender Equality Agency as an Employer of Choice for Gender Equality for the second year running and continue to focus on increasing women in senior leadership roles. Our culture promotes and embraces flexibility and 93% of our people told us in a recent employee engagement survey they have the flexibility they need to manage work and other responsibilities. Personally, I feel proud of everything we have done at Perpetual and remain committed to furthering our progress.*

Rob Adams – CEO and Managing Director

## POLICY AND STRATEGY GOVERNANCE

- The Perpetual Limited Board approves the annual Diversity and Inclusion (D&I) strategy which is developed and executed by the Diversity Council. The Diversity Council is chaired by the Managing Director & CEO, sponsored by the Group Executive of Perpetual Investments and has member representation from each of the business units.
- Perpetual's People and Remuneration Committee (PARC) oversees the Diversity Policy and D&I Strategy and reviews and reports to the Perpetual Board on progress made against diversity-related targets.
- The Board reviews the D&I Strategy at least annually, including the objectives set for achieving gender equality (women in senior leadership roles) and progress toward achieving them.
- The Board approves any amendments to the Diversity Policy. More information on Perpetual's policy on Diversity and Inclusion can be found at [www.perpetual.com.au/Diversity](http://www.perpetual.com.au/Diversity).



 <b>FLEXIBILITY</b>	 <b>GENDER EQUALITY</b>	 <b>CULTURAL DIVERSITY</b>	 <b>INCLUSION</b>
<b>Employees empowered with control over where, when, and how they deliver optimal business outcomes</b>	<b>Building gender balanced leadership for Perpetual to deliver better business results</b>	<b>Building relationships, respect and opportunity for Aboriginal and Torres Strait Islander peoples</b>	<b>Enabling our people to contribute in their distinctive way and recognising diversity of thought</b>
<ul style="list-style-type: none"> <li>✓ 86% of people feel that their leader promotes and encourages flexibility</li> <li>✓ 93% of our people feel that they have the flexibility to manage work and caring responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>✓ 97% of our people believe that sex-based harassment is not tolerated at Perpetual</li> <li>✓ We are working towards a 40% Women in Leadership target by 2020.</li> <li>✓ 83% of our people support Perpetual's focus on increasing women in leadership</li> <li>✓ Achieved 50% gender balance in SLT high potential cohort</li> <li>✓ Named WGEA Employer of Choice for Gender Equality</li> <li>✓ Gender Pay Gap review and actions complete</li> <li>✓ Continued targeted female talent development– Women in Banking and Finance mentoring for Success</li> <li>✓ Held Women in Asset Management Lunch for female Analysts and Fund Managers</li> </ul>	<ul style="list-style-type: none"> <li>✓ Hosted 100% Human at Work Australasian Gathering - Michael Combs from Career Trackers spoke on indigenous leadership</li> <li>✓ Continued commitment to Jawun: 5 secondees in 2019</li> <li>✓ Progress towards delivery of Stretch RAP (2016-2019)</li> <li>✓ Celebrated National Reconciliation Week and Harmony day</li> <li>✓ Commitment to education and celebration of NAIDOC week</li> </ul>	<ul style="list-style-type: none"> <li>✓ Celebration of Perpetual's 'Pride Day'</li> <li>✓ Continuation of our Diversity and Inclusion Council</li> </ul>

*I am a passionate supporter of equality in all its forms and recently became a signatory to the Freedom to Love Letter. Freedom to Love is a global campaign, highlighting how laws in many countries prohibit people from being with the person they love. The Freedom to Love movement is gaining momentum and has already resulted in harsh laws for gay relationships being withdrawn. I am proud to support the campaign which shows how people speaking out can make a difference.*

Rob Adams – CEO and Managing Director

## GENDER EQUALITY

Perpetual has continued to positively progress its gender equality strategy and is proud to be recognised by the Workplace Gender Equality Agency as an Employer of Choice for Gender Equality for the second consecutive year.

The primary focus of the Gender Equality strategy has been to increase the representation of women at senior levels of the organisation. To support change, we take a multi-pronged approach that includes building a gender diverse talent pipeline, continued enhancement of our talent acquisition processes, our annual gender pay-gap analysis, inclusive leadership development, mentoring programs, networking and development forums and knowledge sharing opportunities available to female employees.

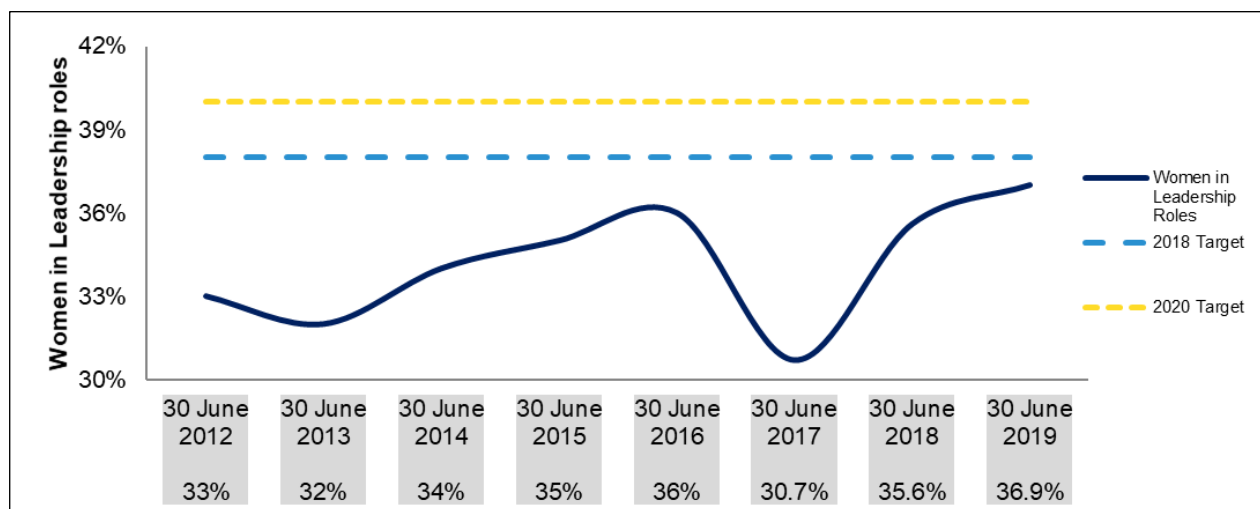
To support gender equality, we monitor the gender pay gap annually. Perpetual has closed all like-for-like pay gaps and have reviewed and maintained this position since September 2015. Perpetual monitors its organisational gender pay gap performance and benchmarks this against peer organisations.

## WOMEN IN LEADERSHIP

To accelerate change, Perpetual has a business target to increase representation of women in its senior leader cohort to 38% by 2019 and 40% by 2020. Senior leaders are held accountable for achieving these goals as part of the annual divisional scorecard process. In the past 12 months we have seen an uplift of women in leadership roles (to 36.9%). Chart 2 shows trend data from the past 7 years.

Perpetual has also committed to a goal of 40% female representation on the Perpetual Board by 2024.

**Chart 2: Percentage of women in leadership roles 2012-2019**



The table below outlines the current gender composition of the most senior roles at Perpetual.

**Table 4: Workplace gender equality in Leadership**

CATEGORY	NUMBER OF FEMALE EMPLOYEES (2019)	NUMBER OF MALE EMPLOYEES (2019)
Chief Executive Officer (CEO)	0	1
Key Management Personnel (KMP – defined as one reporting level below CEO & excluding Non-Executive Directors)	3	4
Other Executives / General Managers (generally, 1 to 2 reporting levels in management hierarchy below CEO)	11	17
Senior Managers (generally 2 to 3 reporting levels in management hierarchy below CEO)	24	44
<b>Total</b>	<b>38</b>	<b>66</b>

**Note** as at 30 June 2019: 29% of the Perpetual Board members are female, and 50% of the Perpetual Group's employee population is female.

## DOMESTIC AND FAMILY ABUSE

At Perpetual we are committed to providing a safe and supportive environment, where all employees can thrive professionally and reach their potential. We recognise that our employees' ability to be their best self at work can sometimes be impacted by events that occur outside the workplace.

Perpetual has a formal policy to support employees who are affected by domestic and family abuse (D&FA). We know that workplaces can play a positive role by providing a safe and supportive environment for employees who are experiencing domestic and family abuse.

## A FOCUS ON CULTURAL DIVERSITY

In 2019, the Cultural Diversity pillar of the Diversity & Inclusion Strategy remains focussed on strengthening Perpetual's relationship with Aboriginal and Torres Strait Islander peoples and increasing employee awareness of Indigenous culture and community. Key focus areas in 2019 include:

- Implementation of the Perpetual Reconciliation Action Plan (RAP)
- Meaningful celebrations of National Reconciliation Week and NAIDOC Week
- Continued relationship with Jawun

We consider having a RAP as financially material to corporate fiduciaries who deliver services to Aboriginal and Torres Strait Islander community clients. We recognise that culture is significant to our communities and clients and that a clear approach to building cultural capability among our employees is a crucial part of building trusted relationship and ensuring value creation for our clients. We view our RAP as integral to building knowledge and understanding of culture which will enhance long-term, sustainable value creation.

## OUR COMMITMENT TO RECONCILIATION

Perpetual launched its 'Stretch' RAP in partnership with Reconciliation Australia in 2016, and we continue to deliver our 'Stretch' RAP in support of our Diversity & Inclusion Strategy. The focus of our 'Stretch' RAP is to turn good intentions into actions and promote change through building relationships, respect and opportunities for Aboriginal and Torres Strait Islander peoples. We have an ongoing program of activity and events that look to build cultural awareness and long-lasting relationships with the Aboriginal and Torres Strait Islander communities.

“At Perpetual we are proud to have a Reconciliation Action Plan (RAP), which outlines our commitment to Aboriginal and Torres Strait Islander peoples and organisations. The plan aligns to our long-term vision of making a sustainable difference through the development of positive and long-term financial outcomes. After launching our inaugural RAP back in 2013, our Stretch RAP sees us continue to enhance our existing relationships and foster new ones, while increasing the cultural awareness of our employees.”

*David Lane, Group Executive Perpetual Investments (Sponsor for the Diversity Council)*

Perpetual continues its commitment to Jawun (the Indigenous Corporate Partnerships Program). Since 2013, four employees each year have participated in the Jawun Program (Cape York), working with Aboriginal and Torres Strait Islander organisations.

“I had an amazing opportunity to work directly with Noel Pearson on a project supporting Indigenous children’s secondary education. I enjoyed the experience of working in a not-for-profit and now have a deeper understanding and appreciation of the issues that remote communities face. I left Cape York feeling enriched with new knowledge (more than I could give back) and the important work in Cape York will forever be close to my heart.”

*Perpetual Jawun Secondee (2019)*

## SUPPORTING THE NEXT GENERATION

In late 2018, Perpetual awarded 17 scholarships to Indigenous business leaders to attend a preparation workshop for the Australian Institute of Company Directors (AICD) Company Directors course. The workshop was held in Perth in May 2019.

The scholarships were made possible via The Norman H Johns Trust and E B Myer Charity Fund, which is managed by Perpetual. The Australian Scholarships Foundation facilitated the application process.

The diverse group of recipients are outstanding leaders of their organisations and communities. The workshop built on their capability to deliver good governance as Board Members.

There was 100% completion rate and participants reported a 98% satisfaction rate.

## ENCOURAGING BUSINESS GROWTH

Perpetual holds positions on the Business Council of Australia (BCA) – Business Indigenous Network and contributes to the BCA’s supplier diversity forum. We currently engage with 9 Aboriginal and Torres Strait Islander suppliers for a wide range of goods and services including teleconferencing, stationery supplies, graphic design services, legal services, cultural awareness training and technology equipment.

## ULURU STATEMENT FROM THE HEART

Perpetual, as a member of Philanthropy Australia, is a signatory to an open letter in support of the Uluru Statement From The Heart. We recognise the Uluru Statement as a historic mandate for change and understand that all Australians have a great responsibility to walk alongside our first Australians in the call for constitutional reform and truth-telling about the history and impact of colonisation.

## SUPPLY NATION

Perpetual has partnered with Supply Nation, Australia’s official Indigenous business membership body, since 2015. Supply Nation was founded in 2009 and serves the purpose of connecting government and corporate Australia with Indigenous-owned businesses, with the key aim to support job creation and economic development of Indigenous Australians.

As a member of Supply Nation, Perpetual has access to Indigenous-owned businesses that provide requisite goods and services. Perpetual currently sources products and services from Supply Nation accredited businesses; such as office supplies, teleconferencing services, first aid training services, and consultancy services. Perpetual's relationship with and commitment to Supply Nation forms part of Perpetual's RAP.

## 4.5 EMPLOYEE BENEFITS

At Perpetual we are passionate about protecting and growing the wealth of all Australians and positioning them for financial security in retirement. We are especially pleased to provide enhanced benefits to our employees to help them reach this critical lifestyle goal. A great suite of benefits is also important in attracting and retaining the best talent.

### HEALTH, WEALTH AND LIFESTYLE

Some of our employee benefits are outlined below.

 <p><b>WEALTH</b></p>	<p>Employee share grant plan Targeted superannuation increase to 12% by 2020 Superannuation on parental leave Free financial health check Discounted financial advice</p>	<p>Employee banking offer Salary continuance insurance Death and TPD insurance Salary packaging Talent Referral Incentive Plan Investment employee offers</p>
 <p><b>HEALTH</b></p>	<p>Employee health checks Flu vaccinations HCF Corporate health plans</p>	<p>Mental health program Employee assistance programs Healthy workplace snacks</p>
 <p><b>LIFESTYLE</b></p>	<p>Contribution leave Purchased leave Flexible working Shopping and lifestyle discounts</p>	<p>Education assistance Paid parental leave Parental return to work bonus Sabbatical leave</p>

Enhancing our employee benefits portfolio has remained a priority over the past twelve months. We strive to improve the wellbeing of our employees through our range of Wealth, Health and Lifestyle benefits.

Recent enhancements to employee benefits include the following:

- Over recent years, Perpetual has been increasing employer superannuation by 0.5% increments applied annually. Effective 1 September 2019, all employees receive 12% employer superannuation contributions (subject to caps), which is above the current general superannuation guarantee.
- Extending superannuation benefits to employees on unpaid parental leave. All eligible employees on parental leave receive superannuation payments on the unpaid portion of their parental leave, up to a maximum of 40 weeks. These initiatives are helping our employees to build stronger superannuation balances and providing greater support for primary carers who have traditionally lower superannuation balances.
- Increasing employee share ownership, through the One Perpetual employee share program with grants of up to \$1,000 of Perpetual shares being made to eligible employees in September each year (subject to business performance).
- Partnering with Macquarie Bank to provide attractive personal banking products for employees. The offer includes discounts on home loans, no fee credit cards, transaction accounts with fee-free access to any ATM in Australia, and competitive savings accounts.



## 5. COMMUNITY

As a widely recognised and respected financial services organisation, Perpetual is one of Australia's largest wealth managers, an expert adviser and partner to successful individuals, families and businesses, and a leading provider of corporate trustee services.

Founded as the Perpetual Trustee Company in 1886, Perpetual has been an Australian listed company for the past half century. The strong reputation and position of trust we have built with our clients and the broader community is a key asset of Perpetual. Indeed, we believe the issue of trust will only increase in importance to our business and broader industry over time.

A strong brand is paramount to attracting and retaining the best people – and to enable us to protect and grow the wealth of our clients.

Our refreshed brand promise is a clear principle and standard – “Trust is earned”. By seeking to earn trust every day through every action, we look to deliver value for our people, clients and the communities in which we work.

Over recent years, the reputation of the financial services industry has been challenged – in this climate, we're proud of our position in the market given how much our employees, our clients and stakeholders associate our brand with trust.

Our recent employee engagement survey results told us that 84% of our people are proud to be a part of Perpetual, 85% believe we have an excellent reputation in the community, 85% believe we seek to earn trust every day.

In addition to delivering successful results for our clients in our three core businesses (Perpetual Investments, Perpetual Private and Perpetual Corporate Trust), we believe we can safeguard and grow our brand by fulfilling our broader obligations as a corporate citizen through a number of the initiatives outlined within this document.

As a corporate leader, we recognise our social and economic responsibility to create opportunities for greater economic participation by all Australians. We have continued to focus on strengthening our relationships with our clients and community.

## 5.1 EMPLOYEE GIVING

The Perpetual Giving program encourages employees to donate to our recognised partner charities that align to their personal preferences, in a tax-effective way, with all donations being matched dollar-for-dollar by Perpetual.

Our recognised partner charities sit across a range of social sectors including health, education and social welfare.

Perpetual also encourages employees to support causes that they are personally passionate about. Throughout the year employees engage in fundraisers supported and financially matched by Perpetual.

The amounts raised by the employee giving program over the past 5 years are set out in Table 5.

**Table 5: Perpetual Employee Giving 2015-2019**

		<i>June 2015</i>	<i>June 2016</i>	<i>June 2017</i>	<i>June 2018</i>	<i>June 2019</i>
Giving	\$'000s	196	200	234	193	<b>182</b>

In FY20 Perpetual will be reviewing the Employee Giving program.

## 5.2 EMPLOYEE VOLUNTEERING

In addition to monetary donations, Perpetual's Employee Giving program also encourages employees to volunteer their time to charitable causes.

Perpetual employees are passionate about volunteering and a breadth of volunteering activities and charitable events took place across the organisation during the year.

## 5.3 THE PERPETUAL FOUNDATION

In 1998, the Perpetual Foundation (the Foundation) was established, to provide a way for our business, employees and clients to contribute to improving the lives of others through philanthropy. The Foundation is structured in a way that enables clients to establish an endowment with a specific name to support charities or causes they are passionate about. It is also a suitable vehicle for individuals wishing to leave a legacy for the community via their estate.

The Perpetual Foundation has an Advisory Committee which includes independent representatives. This Committee has oversight of the Foundation's investment, distribution and fundraising approaches.

Within the Foundation is a Trustees Endowment which aims to support capacity building across the non-profit sector. The Perpetual Foundation Trustees Endowment supports the provision of non-profit research, training, governance workshops and organisational development to help improve the impact of organisations working for the benefit of the community.

## **20 years of giving**

In 1998 we established the Perpetual Foundation to bring together the generosity of donors with our resources and expertise in managing and investing charitable funds.

The Perpetual Foundation was established with approximately \$380,000 and has now reached over \$260 million. In FY13 the Foundation reached its first major milestone of \$100 million and in 2017 surpassed \$200 million.

The Perpetual Foundation Trustee's Endowment was established under the then Managing Director, Graham Bradley. It has now reached over \$3 million and has made a positive impact on the community over the years with the grants it has provided building capability amongst the non-profit sector.

## **Sponsor of University of Sydney Bachelor of Accounting Co-Operative Education Program**

Perpetual Limited has been a sponsor of the University of Technology Sydney Bachelor of Accounting Co-operative Education Program since 2007.

Perpetual sponsors a scholarship in each annual intake of the program. This provide, two interns (a 1<sup>st</sup> year and a 3<sup>rd</sup> year student) with the opportunity to spend 6 months with Perpetual's Group Finance team for full-time work training.

On completion of the program students are eligible to apply for graduate roles with the program's sponsor organisations and, over the years, Perpetual has been fortunate to recruit a number of former interns into graduate roles.

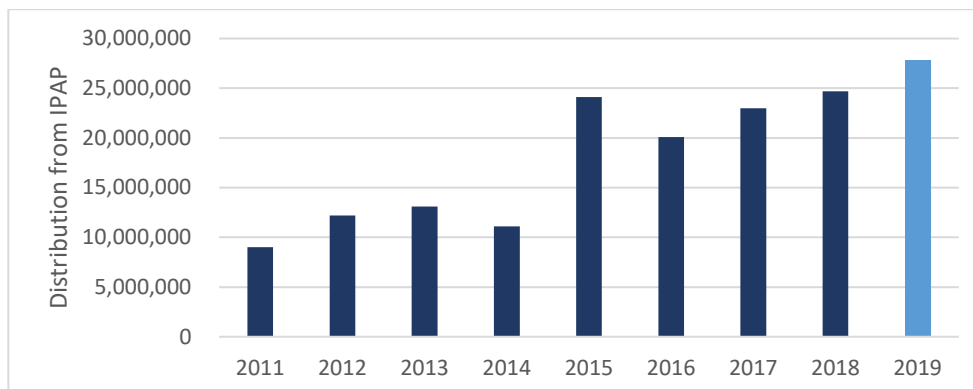
Most of the interns who have been recruited as graduates are still employed, in a variety of different roles, with Perpetual.

## 5.4 IMPACT PHILANTHROPY

Philanthropy is an intrinsic part of Perpetual's heritage. Creating impact has long been the central theme in our approach to working with philanthropists and partnering with the Not-For-Profit (NFP) sector.

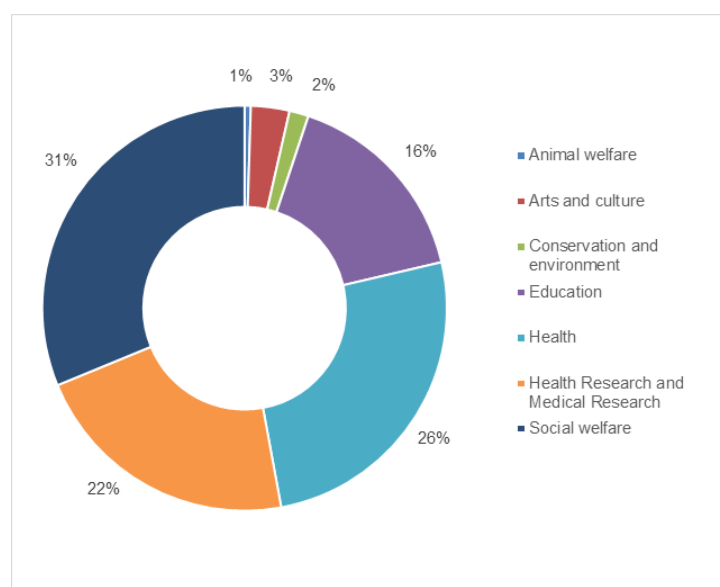
As one of Australia's largest managers of philanthropic funds, we manage approximately 1,000 charitable trusts, private ancillary funds and endowment funds on behalf of our clients, which support medical, social, environmental, religious, cultural and educational causes.

**Chart 3: Impact Philanthropy Application Program (IPAP) Funding 2011-2019 from Perpetual Clients**



Perpetual's IMPACT Philanthropy model is designed to ensure our clients' charitable investments deliver maximum benefit for communities. It combines a strategic approach to philanthropy with sustained support for NFPs that can demonstrate leadership, capability, clarity of strategy and are outcomes focused. Perpetual's support also involves ongoing investment in the NFP sector through commissioning research, providing capacity building initiatives and providing advice on financial governance.

**Chart 4: Perpetual Impact Philanthropy Funding by Sector 2019**



We are committed to assisting individuals and families in their philanthropic endeavours and recognise that to do so, we need a strong and responsive NFP sector. Each year, with the support of our philanthropic clients, Perpetual provides funding for capacity building for the NFP sector. In 2016 Perpetual embarked on a global partnership with Stanford University's Center on Philanthropy and Civil Society (Stanford PACS), to raise awareness of the risks, challenges and opportunities associated with operating in the digital age and help equip NFPs to face the challenges and take advantage of the opportunities.

This is particularly important for NFPs given the rapid pace at which our digital world is evolving and the issues it opens up for NFPs – such as new ways of fundraising, data sharing, security of donor data and implications for how NFPs carry out services to the communities/causes they assist.

Since 2016 more than 600 NFP organisational representatives and philanthropists have accessed workshops and public seminars exploring issues around digital data governance, best practice in philanthropy and the role of philanthropy in a modern democracy.

The partnership with Stanford PACS continues in 2019 where NFPs and philanthropists will again have access to Stanford PACS global experts, tools and resources.

## 5.5 NOT FOR PROFIT

We often speak to our clients about finding and investing in great non-profits who are well governed, have excellent strategy and a commitment to outcomes. Quality leadership is at the heart of good governance and strategy. As part of our partnership with Stanford PACS we invite 10 NFP CEOs a year to join us in San Francisco, USA, for a week to explore the themes of tackling complex social problems. Leveraging our PACS partnership, the CEOs attend the Non-profit Management Institute with other leaders from across North American and Europe.

## 5.6 NATIVE TITLE

Perpetual Private prides itself on working with Aboriginal and Torres Strait Islander communities who have attained native title. Perpetual Private acts in a commercial capacity as the trustee and/or investment manager for client communities to ensure the sustainability and impact of funding in the short, medium and long term.

### **STORY: 100% Human at Work Gathering**

In October 2018, Perpetual was proud to sponsor and host the annual 100% Human At Work Australasian Network Gathering. 100 delegates were in attendance (from the private, public and not-for-profit sectors) to work together on shaping a better future of work for all. The event focussed on a number of key issues facing workplaces today including inclusion, the impact of technology and AI on the future of jobs and radically changing workplace practices.

100% Human at Work, is a network of organisations who are committed to thinking differently about the way we work.

We believe the time has come for business to start thinking of people as human beings and not as resources. Moving away from maximizing profits and profitability to focus on how we can help people achieve their highest potential and purpose – which will naturally positively impact the bottom line.

(Source: 100% Human at Work website)

Perpetual has been involved with 100% Human at Work since 2016. In 2017 we hosted the inaugural Australasian network gathering and several think-tanks to bring together like-minded organisations to share learnings and take action.

The global 100% Human Network, expands across the UK, USA, Australia and Africa. Its vision is to mobilise 1 million companies to sign up to work towards becoming a 100% Human company and share their learnings and experiments with others along the way.

For more information about 100% Human at Work, refer to [100% Human at Work](#) and [The B-Team](#).



## 6. ENVIRONMENT

### 6.1 CLIMATE CHANGE

We recognise that it is our responsibility to protect the environment through ensuring the sustainable use and disposal of resources. We strive to do so by carefully managing our value chain and ensuring efficient consumption of resources. We are undertaking an evolutionary approach to understanding and managing environmental risks and challenges. Our materiality-based approach to environmental risks in our investment portfolios is detailed in Section 3.

At Perpetual we acknowledge:

- The long-standing scientific research and background of Climate Change in both the natural cycles and the exponential acceleration resulting from anthropogenic causes; and,
- That Climate Change poses a direct threat to the stability of the global economy, politics and population.

Perpetual will continue to assess its approach to climate change and adapt and evolve environmental strategies accordingly.

## 6.2 INVESTING RESPONSIBLY

### MEMBER OF THE INVESTOR GROUP ON CLIMATE CHANGE (IGCC)

Perpetual Investments is a member of the IGCC. The IGCC was established in 2005 and represents institutional investors with combined funds under management of over \$1 trillion, and others in the investment community interested in the impact of climate change on investments. The IGCC aims to ensure that the risks and opportunities associated with climate change are incorporated into investment decisions for the ultimate benefit of individual investors.

## 6.3 EMISSIONS DATA AND INITIATIVES

### CARBON DISCLOSURE PROJECT

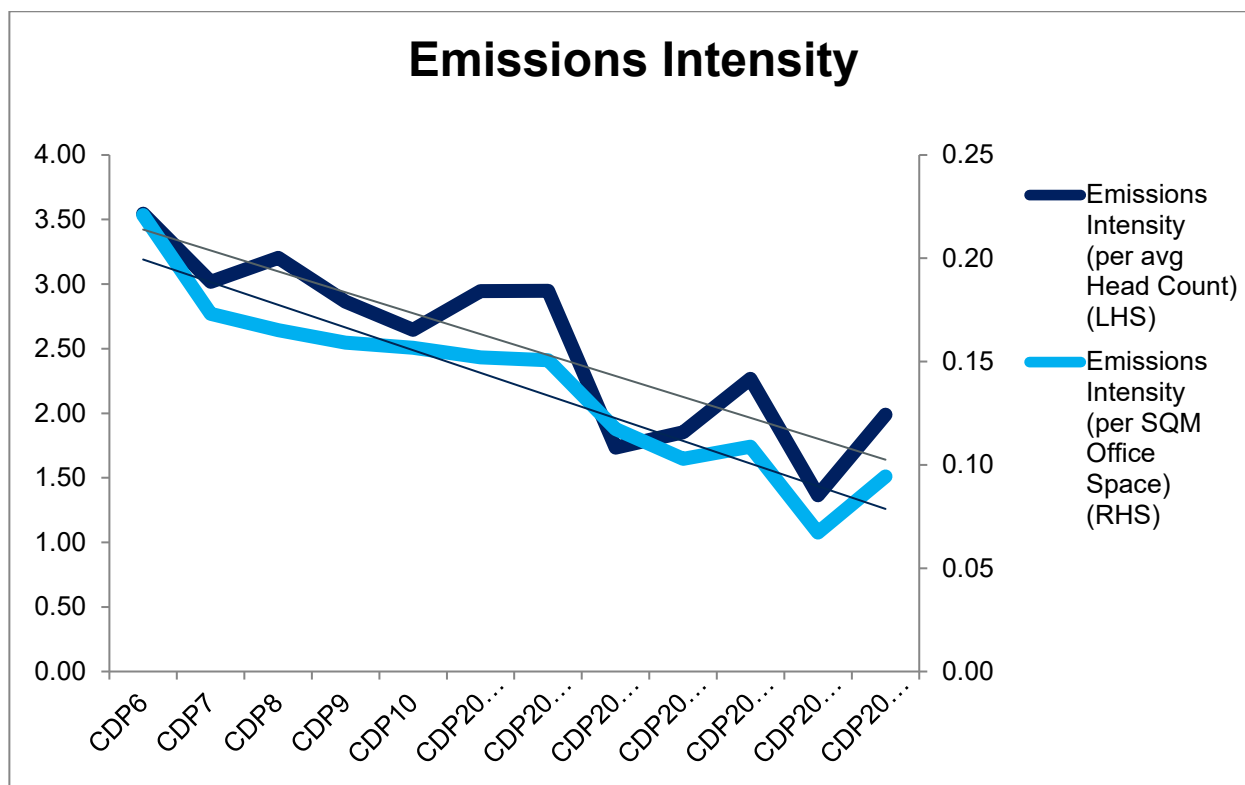
Perpetual continues to disclose management of carbon and climate risks to the Carbon Disclosure Project (CDP) on an annual basis. We recognise that by voluntarily disclosing this information we are raising company awareness to act on climate change, enhancing the long-term sustainability and profitability of Perpetual and better equipping ourselves to respond to any regulatory or policy changes in the future.

Perpetual achieved an increased rating of C in the 2018 CDP Reporting process (from D in the previous period), a recognition of our continued focus on reducing our impact on the environment.

### EMISSIONS TRENDS

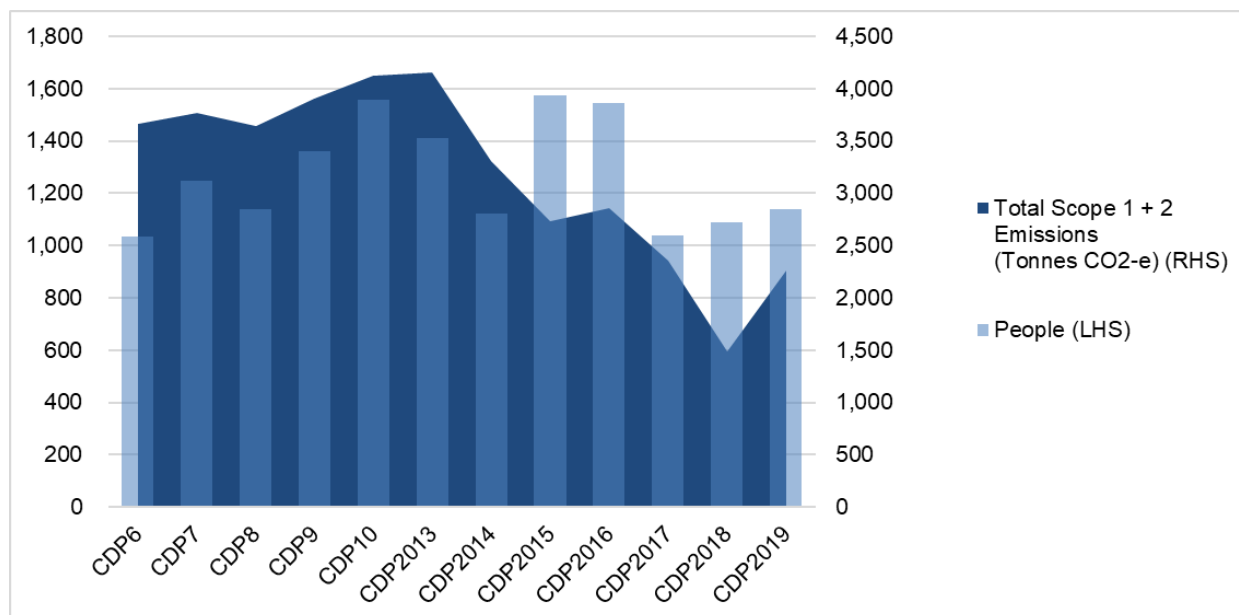
Although Perpetual has not formally committed to targets relating to reducing environmental impact (at this time), Perpetual has seen a reduction over time in emissions intensity and Total Scope 1 and 2 emissions (see Charts 5 and 6). These charts do not factor in the footprint of Perpetual's investment portfolios.

**Chart 5: Emissions intensity of average headcount and square metres (SQM) of office space 2006-2019**



## EMISSIONS REDUCTION AT COMPANY LEVEL

**Chart 6: Scope 1 + 2 Emissions reduction (Tonnes CO<sub>2</sub>-e) 2006-2019**



Source: Perpetual CDP analysis and responses. Total gross global Scope 1 and 2 emissions figures and uncertainty ranges quoted above can be found within Perpetual's annual CDP response Section CC8.5 - for more information see <https://www.cdp.net/en/companies>. No third-party verification or assurance applies to emissions data.

While Perpetual reports a slight increase in emissions for 2018, the long-term trend is for our emissions to continue to decline. We believe that emissions increases in this reporting year are due to higher electricity usage, in part influenced by factors including:

- Increased amount of technology equipment and associated usage (e.g. computer screens and other hardware, device charging, etc)
- Increased insourcing of energy intensive events (for example, hospitality) that were previously outsourced
- Increased number of people working out-of-core-hours work patterns

We will continue to work on a variety of initiatives to reduce electricity usage (for example, we have retrofitted our 123 Pitt St tenancy with LED luminaries) and will continue to work on creating awareness of how our people can reduce electricity usage.

## EMISSIONS REDUCTION AT INDIVIDUAL LEVEL

Perpetual will continue to monitor its operating environment to identify material environmental risks. If material environmental risks are identified in line with Perpetual's Risk Management Framework, we will address these risks with appropriate management strategies.

## INITIATIVES

### PRACTICES THAT REDUCE ENVIRONMENTAL IMPACT

#### GOING PAPERLESS

We are encouraging employees to move towards a paperless workplace environment. To achieve this, we have several 'Going Paperless' initiatives across the business. These include; ensuring meeting rooms have projectors, moving to automated digital work processes and providing all employees with laptops, allowing Skype for Business interaction with interstate colleagues and reducing the unnecessary printing of documents and wastage. As a result, we have seen an estimated 8% drop in paper usage between FY17 and FY18.

#### OTHER INITIATIVES

- To play our part in protecting the environment and reducing the amount of plastic reaching landfill or the oceans, we are phasing out the use of plastic bottles on the client facing floor in our head office (Sydney). As a result, we will no longer use approximately 8,800 plastic bottles per year. These are replaced by an inhouse carbonated tap and reusable glass bottles.
- Perpetual have been recycling batteries since 2009, having changed battery recycling suppliers in mid-2017. In 2018, 19 kilograms of single use and rechargeable batteries have been recycled, avoiding land mass disposal.
- From FY19, Perpetual Investments will no longer print or mail to investors Managed Investment Scheme Annual Reports for Perpetual Funds saving ~320,000 pages of paper per year.

## PERPETUAL INVESTMENTS

### INCREASING SCRUTINY OF FOSSIL FUELS

Perpetual Investments evaluates companies and issuers that meet their investment approach on a range of environmental, social, governance, ethical issues and labour standards to determine their suitability for inclusion/retention in, or divestment from the portfolio of our Ethical SRI Funds.

Our ethical screen (for Ethical SRI Funds) excludes companies and issuers that derive a material proportion of their revenue from: alcohol, fossil fuels (upstream), gambling, nuclear energy, tobacco and weapons/armaments sectors, genetic engineering, pornography, animal cruelty (cosmetic testing). The socially responsible screen eliminates issuers that score negatively following an assessment on how their business practices impact society and the environment.

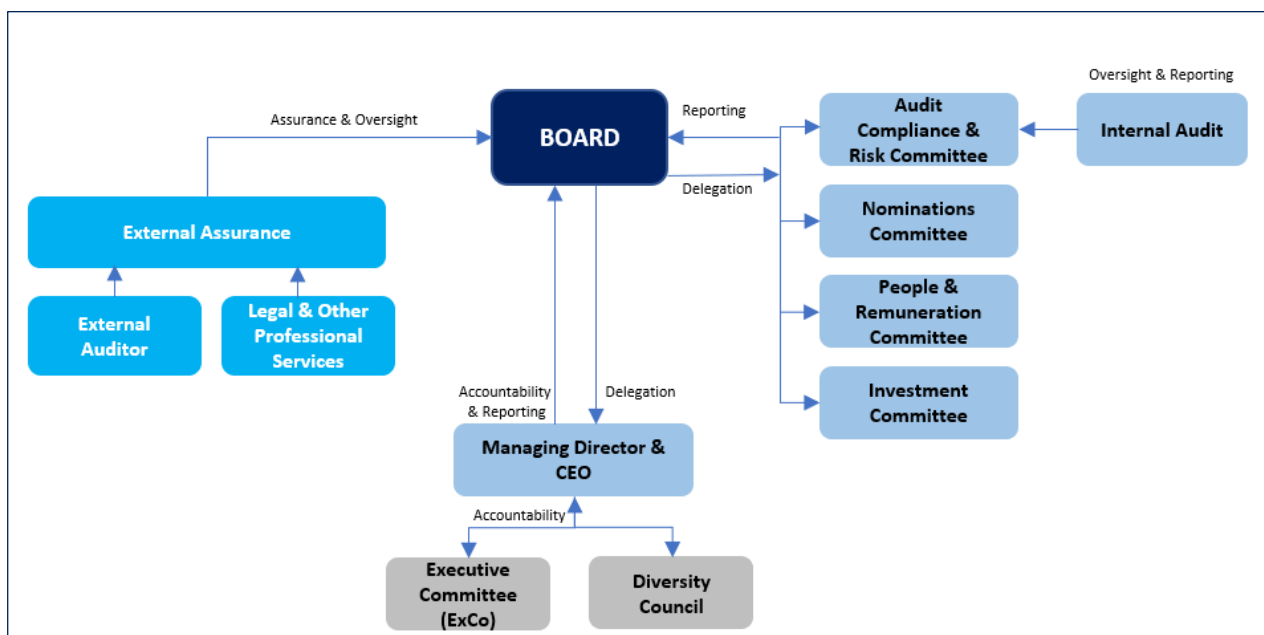
In 2018, Perpetual Investment's Ethical SRI process was enhanced to exclude companies that derive a material proportion of their revenue from all types of fossil fuels (previously only coal seam gas). We believe the enhancements reflect more broadly, the expectations of Responsible Investors.

# 7. GOVERNANCE

## 7.1 FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### ROLES AND RESPONSIBILITIES OF BOARD AND MANAGEMENT

Perpetual's governance framework during the 2019 financial year can be represented as follows:



The Board has its own Board Charter which sets out the functions and responsibilities reserved to the Board and delegations made to management. The Board delegates day-to-day responsibility for the management and operation of the Company to the Managing Director and CEO but remains responsible for overseeing management's performance. The Managing Director and CEO may make further delegations within the parameters specified by the Board but is accountable for the exercise of delegated powers.

The Board's specific responsibilities include:

- setting the values and standards of conduct and service for Perpetual and its wholly owned subsidiaries (together Group);
- demonstrating leadership and defining the Group's purpose;
- monitoring that management has an appropriate framework in place to identify and effectively manage all aspects of enterprise risk (including financial and non-financial risk)
- monitoring business performance and the Group's financial position including oversight of its taxation policies and tax risk management framework;
- monitoring the activities of the Group's licensed and regulated subsidiaries and overseeing the integrity of internal audit;
- monitoring the Group's workplace, health and safety framework;
- setting the Group's direction, strategies and financial objectives and monitoring management's implementation of these;
- setting the Group's approach to corporate governance and diversity and monitoring implementation of these;
- satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board and whenever required, challenging management and holding it to account;
- approving the Group's statement of values and Code of Conduct and monitoring management's instilling of the Group's values;
- ensuring that the necessary financial, IT and human resources are in place for the Group to meet its objectives;
- ensuring that the performance of the Board, its standing committees and management is regularly assessed and monitored;
- ensuring remuneration outcomes are aligned to Perpetual's long term financial soundness, purpose, values, strategic objectives and risk appetite;
- overseeing the integrity of financial accounts and reporting and the preparation of the Group's financial statements;
- monitoring the Company's continuous disclosure obligations, reviewing and approving price sensitive announcements to the ASX;
- monitoring management's investment performance, strategies and processes;
- monitoring the Group's compliance management framework and oversight of compliance with regulatory, prudential, legal and ethical standards;
- appointing the Managing Director and CEO and reviewing the performance of the Managing Director and CEO and his direct reports, including remuneration and succession planning and
- approving the appointment and replacement of the company secretary.

The Board Charter is reviewed periodically and was recently reviewed in May 2019 to ensure the balance of responsibilities remains appropriate to Perpetual. The Board Charter can be found at

[www.perpetual.com.au/Corporate-Governance](http://www.perpetual.com.au/Corporate-Governance)

A key component of the Board's governance structure is the delegation of certain responsibilities to its four Board Committees, being the Audit, Compliance and Risk Committee, Nominations Committee, People and Remuneration Committee and Investment Committee. Each Committee has a Terms of Reference.

All Committees, except the Nominations Committee, meet at least quarterly, and more frequently if required. All directors have a standing invitation to attend any of the Committee meetings.

Aside from the Nominations Committee, the Managing Director and CEO is invited to all attend all Committee meetings except where matters relating to his own remuneration and performance are discussed. Committee members regularly confer without management present and the Chairman presides over these sessions.

## PERPETUAL'S SUBSIDIARY BOARDS

The Boards of Perpetual's subsidiaries are generally made up of Executive Directors. The composition of Perpetual's subsidiary boards is subject to a Group Policy.

There are a number of subsidiary boards which are composed of a majority, or entirely, of Non-Executive Directors. These boards include:

- Perpetual Superannuation Limited, which carries out Perpetual's superannuation activities;
- Queensland Trustees Pty Limited, which acts as trustee for Perpetual's employee share plans; and
- The Trust Company (Sydney Airport) Limited, which is the responsible entity of the Sydney Airport Trust 1, a trust whose units are stapled to shares in Sydney Airport Limited, the company that owns a lease to operate Sydney Airport.
- Except for two subsidiary boards, the Nominations Committee approves the appointment of any Non-Executive Director to a subsidiary board.

Perpetual's corporate governance framework applies to all wholly owned subsidiaries. Subsidiary boards are a key component of Perpetual's Risk Management Framework.

## INDEMNITY OF DIRECTORS AND OFFICERS

Perpetual has entered into deeds to indemnify directors and officers of the Perpetual Group, to the extent permissible by law, from all liabilities incurred as directors or officers. Liabilities to the Perpetual Group, and liabilities that arise out of conduct that was not in good faith, are not covered by the indemnities.

In addition, Perpetual has directors' and officers' insurance against claims Perpetual may be liable to pay under these indemnities. This policy insures directors and officers directly. Each year prior to renewal of the insurance cover, a benchmarking exercise is conducted to determine if any changes are required to the amount of cover.

## ACCESS TO INDEPENDENT ADVICE AND INFORMATION

Perpetual has a formal policy allowing the Board or an individual Director to seek independent professional advice at the Perpetual Group's expense, provided that the Director has obtained the prior approval of the Chairman, or if the relevant Director is the Chairman, the prior approval of a majority of Perpetual's Non-Executive Directors.

All Directors have unrestricted access to Company records and information.

## ELECTION AND SELECTION OF NEW DIRECTORS

Under Perpetual's Constitution, all Directors who have been in office without re-election for three years since their last appointment must retire and seek re-election at the Company's annual general meeting (AGM). In addition, any Director appointed to fill a casual vacancy must stand for election at the AGM. In each case, Perpetual provides shareholders with information in relation to a Director's biographical details, qualifications, skills and experience, as well as details of any other directorships or material interests that they hold. The Board

also provides its recommendation in relation to any proposed re-election in the accompanying information sent with the relevant notice of meeting.

The Nominations Committee is responsible for administering Perpetual's policy on the appointment of directors, which sets out the selection process and criteria for identifying candidates to fill Board vacancies. The policy is disclosed in full on our website at [www.perpetual.com.au/Role-of-Board](http://www.perpetual.com.au/Role-of-Board). The Nominations Committee also takes diversity considerations into account when recommending any new appointment to the Board. Section 4 of this document provides more information in respect of Perpetual's approach to diversity.

If a Board vacancy arises, the Nominations Committee will conduct a search in accordance with the policy and the Board will appoint the most suitable candidate, having regard to the recommendation of the Nominations Committee. External consultants may be engaged to assist with the identification of appropriate candidates. Prospective candidates are subject to appropriate and prudent background checks.

## SERVICE AGREEMENTS

Upon appointment, new Directors receive a detailed service agreement which sets out the terms of their appointment, including the required time commitment, remuneration arrangements including superannuation, the requirement to disclose material interests and the requirement to comply with key company policies including Perpetual's Code of Conduct. Senior Executives also receive contracts of employment that set out their terms of employment, including rights and obligations in respect of the termination of their employment and the circumstances in which summary termination may occur.

## COMPANY SECRETARY

The Company Secretary is appointed by the Board and is also the General Counsel. The Company Secretary attends Board and Board Committee meetings and is responsible for providing the Board with advice on corporate governance issues. The Company Secretary is responsible for the operation of the company secretariat function and is accountable to the Board through the Chairman on all matters to do with the proper functioning of the Board.

During the period the Board had access to the services and advice of Eleanor Padman, the Company Secretary.

Details of the experience and qualifications of Eleanor Padman are set out in the 2019 Directors' Report.

## DIVERSITY POLICY

To find out more about Perpetual's diversity strategy, please refer to Section 4, Our People. Perpetual's policies, initiatives and targets are detailed in this section. A breakdown of Perpetual's Women in Leadership as at 30 June 2019 can also be found in this section.

## REVIEW OF BOARD AND DIRECTOR PERFORMANCE

The Board undertakes ongoing self-assessment as well as a formal annual review of the performance of the Board, individual Directors and its committees. As part of this process in FY19:

- Directors were provided with questions to consider on the board's performance and the Chairman met with each director to discuss;
- In relation to the Chairman, a nominated Director took responsibility to obtain and collate feedback from other Directors; and
- The Chairman then led a discussion to identify areas for improvement and to implement action items.

The review process aims to ensure that individual Directors continue to contribute effectively to the Board's performance and that the Board as a whole, and its committees, continue to function effectively.

## REVIEW OF SENIOR EXECUTIVE PERFORMANCE

Each year, the People and Remuneration Committee oversee the performance review process for the Managing Director and CEO and Group Executives. The Group Executives report directly to the Managing Director and CEO.

The Managing Director and CEO's performance objectives are set by the Board at the beginning of each financial year. At the end of the financial year, the Chairman of the Board reviews the Managing Director and CEO's performance against his goals with input from all Board members.

The Managing Director and CEO sets performance objectives for each Group Executive at the beginning of each financial year. The Board's People and Remuneration Committee reviews the performance objectives set for the Group Executives. The Managing Director and CEO carries out the performance review of each Group Executive against their objectives with input from appropriate stakeholders including Board members.

## 7.2 STRUCTURE THE BOARD TO ADD VALUE

### NOMINATIONS COMMITTEE

Perpetual's Nominations Committee is comprised of four members, being the Chairman of the Perpetual Board and the chairpersons of each of the Audit, Risk and Compliance Committee, People and Remuneration Committee and Investment Committee. Its current members are Mr Tony D'Aloisio, Ms Sylvia Falzon, Mr Ian Hammond and Mr Craig Ueland, all of whom Perpetual regards as independent Non-Executive Directors.

The Committee's role is to review and recommend to the Board:

- Non-Executive nominees for appointment to the Board or a subsidiary company board or subsidiary committee (including re-election of existing Board members) and the terms of invitation to potential new directors, including length of tenure;
- The terms of the invitation to potential directors of Perpetual or a subsidiary board or subsidiary committee including period of office;
- the formal evaluation of the Perpetual Board's performance and the program of Director education;
- the size and structure of the Perpetual Board to ensure that it comprises appropriately qualified and experienced people;
- the composition of the Perpetual board against best practice corporate governance criteria including independence;
- Board succession planning; and
- a shortlist of candidates for the role of Managing Director.

Details of the number of meetings held by the Nominations Committee and attendance by committee members is set out in Perpetual's 2019 Directors' Report. Further information in relation to the Nominations Committee and a full copy of its terms of reference can be found at [www.perpetual.com.au/Board-Composition](http://www.perpetual.com.au/Board-Composition).

### BOARD SKILLS MATRIX

As noted above, the Nominations Committee is responsible for reviewing the size and structure of the Board. The aim is to ensure that the Board comprises an appropriate balance of skills, diversity, experience and independence in order to enhance Board performance and maximise value for shareholders.

In terms of skills and experience, the Board values the following attributes:

- a strong understanding of funds management;
- a demonstrated high level of commercial acumen and ASX listed experience;
- the ability to act as a steward of the organisation, setting the tone and steering the organisation forward;

- a good understanding of current corporate governance and risk management requirements and experience in applying sound risk management approaches to drive outcomes;
- experience in strategic planning and organisational change leadership;
- broad corporate experience delivering results with a particular focus on people, culture and performance;
- experience in mergers and acquisitions and growth strategies domestically and internationally;
- experience in ASX remuneration practices; and
- an understanding of technology, including identifying and enabling opportunities to improve outcomes through technology solutions.

The mix of skills, experience and diversity represented on the Board as at 30 June 2019 is shown in Table 6. The Board considers that this level of skills and experience is appropriate for Perpetual's needs.

**Table 6: Skills and Background**

NAME	SKILLS AND BACKGROUND	APPOINTED	ELECTED/RE-ELECTED	GENERAL CONSISTENCY WITH SOUGHT AFTER SKILLS
Mr A D'Aloisio AM	<p>Held CEO, Chairman and NED roles. Experience relevant to Perpetual as a NED:</p> <ul style="list-style-type: none"> <li>Financial markets including wealth and funds management and ASX and trustee services</li> <li>Strategic planning and execution including change management and M&amp;A</li> <li>Public company governance and regulation (including fiduciaries) of financial markets</li> <li>Executive performance and culture and diversity</li> </ul>	13 December 2016	2 November 2017	✓
Mr P Bullock AO	<p>Held Senior Executive, CEO, Managing Director and NED roles. Experience relevant to Perpetual as a NED:</p> <ul style="list-style-type: none"> <li>Broad experience in the leverage and deployment of technology-based solutions within organisations</li> <li>Demonstrated capability in managing large and complex organisations</li> <li>Long term focus on talent development including strong support for diversity within the workforce</li> <li>Provided advice to Government in the areas of skills development and education</li> <li>Significant experience and understanding of marketing, sales and distribution primarily in technology-based products and services in A/NZ and Asia</li> </ul>	1 June 2010	26 October 2010 31 October 2013 3 November 2016	✓
Ms S Falzon	<p>Held Senior Executive and NED roles. Experience relevant to Perpetual as a NED:</p> <ul style="list-style-type: none"> <li>Financial services industry including institutional and retail businesses</li> <li>Funds management in international and domestic markets</li> <li>Development of asset management businesses</li> <li>Marketing, sales and distribution strategy development</li> <li>Risk and compliance</li> <li>Mergers &amp; Acquisitions</li> <li>Public Company Governance</li> </ul>	20 November 2012	31 October 2013 3 November 2016	✓

Table 6: Skills and Background

NAME	BACKGROUND	APPOINTED	ELECTED/RE-ELECTED	GENERAL CONSISTENCY WITH SOUGHT AFTER SKILLS
Ms N Fox	<p>Held Managing Director and NED roles. Experience relevant to Perpetual as a NED:</p> <ul style="list-style-type: none"> <li>Financial markets and products, including securitisation, in US, Asian and Australian markets</li> <li>Development of financial services businesses</li> <li>Regulatory frameworks, risk management and governance</li> </ul>	28 September 2015	5 November 2015 1 November 2018	✓
Mr I Hammond	<p>Held Lead Partner and NED roles. Experience relevant to Perpetual as a NED:</p> <ul style="list-style-type: none"> <li>Accounting and auditing of financial institutions</li> <li>Accounting industry regulatory body memberships in Australia and internationally</li> <li>Financial reporting, risk management and risk assessment frameworks and governance</li> </ul>	24 March 2015	5 November 2015 1 November 2018	✓
Mr C Ueland	<p>Held CEO, CFO, COO and NED roles. Experience relevant to Perpetual as a NED:</p> <ul style="list-style-type: none"> <li>Global financial markets</li> <li>International and domestic investment management industry, including multi-manager investing</li> <li>Leadership development</li> <li>Corporate strategy development and execution</li> </ul>	25 September 2012	1 November 2012 3 November 2015 1 November 2018	✓
Mr R Adams	<ul style="list-style-type: none"> <li>Executive leadership and management skills</li> <li>Asset management/Investments experience</li> <li>Experience and knowledge of Information Technology</li> <li>Experience and knowledge of M&amp;A and transactions</li> <li>Experience and knowledge of sales and distribution</li> <li>International experience</li> </ul>	24 September 2018	Not applicable	✓

## INDEPENDENCE AND LENGTH OF SERVICE OF DIRECTORS

The Board considers all Non-Executive Directors to be Independent Directors, including the Company's Chairman.

In assessing the independence of each Director, the Board adopts the factors relevant to considering Director independence contained in Box 2.3 of the 3<sup>rd</sup> Edition of the ASX Principles. Consistent with the emphasis on 'substance over form' advocated by the ASX Principles, Perpetual takes a qualitative approach to materiality rather than setting strict quantitative thresholds and considers each Director's individual circumstances on its merits.

The independence of each Director is formally reviewed annually and at any time when a change occurs that may affect a Director's independence. Non-Executive Directors also formally advise the Company Secretary of any relevant information and update the Company Secretary if their circumstances change at any time. To refresh the composition of the Board, Directors agree not to seek re-election after three terms of three years unless the Board requests them to do so. The nine-year principle does not displace shareholders' rights to vote on the appointment and removal of Directors, as set out in the ASX Listing Rules and the Corporations Act.

The length of service of each member of the current Board is as follows:

Table 7: Length of Service		
Board member	Date of appointment	Length of Service
Mr T D'Aloisio AM	13 December 2016	2.5 years
Mr P Bullock AO	1 June 2010	9 years
Ms S Falzon	20 November 2012	6.5 years
Ms N Fox	28 September 2015	4 years
Mr I Hammond	24 March 2015	4 years
Mr C Ueland	25 September 2012	7 years
Mr R Adams	24 September 2018	1 year

At each Board meeting, a standing declaration of interests register is tabled. The register notes holdings in Perpetual managed funds and any external directorships. It is the Board's view that no Directors currently have any interests, positions, associations or relationships that materially affect their ability to exercise independent judgement in the interests of Perpetual shareholders. Of note:

- Mr Tony D'Aloisio is Director and Chairman of IRESS Ltd, an ASX listed software company specialising in the development of software systems and services for financial markets and wealth management. IRESS Limited provides services to Perpetual which are not considered material in nature or quantity. The Board does not consider that Mr D'Aloisio's role at IRESS Limited affects his ability to act in the best interests of Perpetual.
- Ms Nancy Fox is also a Director and Chairman of Perpetual Equity Investment Company Limited (PIC), an ASX listed investment company. PIC is a separate legal entity and Perpetual Investment Management Limited, a subsidiary of Perpetual, provides services to PIC at arm's length. The Board does not consider that Ms Fox's role at PIC affects her independence.
- Mr Ian Hammond receives post-termination benefits from his former employer, PricewaterhouseCoopers (PwC). PwC has been appointed as Perpetual's remuneration consultant and occasionally provides consulting services to Perpetual, which are not considered material in nature or quantity. The Board does not believe that this appointment of PwC affects the independence of Mr Hammond.

From time to time, funds managed by the Perpetual Group may take holdings, including substantial holdings, in securities of listed entities. Perpetual Directors may also serve as Non-Executive Directors on the Boards of these entities. This factor alone is not considered to impact a Director's independence as investment decisions are not made by the Board of Perpetual but by Perpetual's asset management team in accordance with client or fund investment mandates.

In the 2019 financial year, no Director disclosed a material personal interest in any contract entered into by any member of the Perpetual Group other than the remuneration paid to the Directors as outlined in the Annual Report and the deeds of indemnity described above.

## MAJORITY OF INDEPENDENT DIRECTORS

The composition of the Board is guided by the Company's Constitution and the Board Charter which requires that the Board shall be comprised of a majority of independent Non-Executive Directors. During the 2019 financial year, the Board comprised seven Directors, six of whom were independent Non-Executives, and the Managing Director and CEO.

During the year, the composition of the Board underwent one change, namely that Mr Rob Adams was appointed Managing Director and CEO on 24 September 2018 subsequent to Mr Geoff Lloyd stepping down as the Managing Director and CEO on 30 June 2018.

## INDEPENDENT CHAIRMAN

During the 2019 financial year, the roles of Chairman and Managing Director and CEO were held by separate Directors. The Chairman is an independent Non-Executive Director and responsible for leadership of the Board and ensuring that it performs its role and functions. The Chairman is also responsible for facilitating the effective contribution of Directors by ensuring that each Director fully participates in Board activities.

## INDUCTION OF NEW DIRECTORS

All new Directors participate in a comprehensive induction program designed to familiarise them with Perpetual's business, strategy, operations, Group Executives and Senior Management Team.

Directors receive regular updates on changes in the regulatory environment affecting Perpetual and the financial services industry. Directors are also encouraged to continue their education by attending relevant conferences and seminars.

# 7.3 ETHICAL AND RESPONSIBLE DECISION MAKING

## CODE OF CONDUCT

Perpetual has a Code of Conduct which draws from and expands on Perpetual's Values. The Code of Conduct applies to all Directors, executives, employees, contractors and representatives and sets out the way Perpetual expects employees to do business. The Code of Conduct underpins Perpetual's culture.

The Code of Conduct is based on the following principles:

- conducting business in accordance with the highest ethical standards;
- showing genuine care and sensitivities to others;
- giving the best possible service to our clients;
- promoting an effective risk culture, in particular one that creates an environment of risk awareness and responsiveness;
- upholding the spirit as well as the letter of the law;

- to safeguard confidential information and not to inappropriately use or disclose confidential information;
- managing conflicts of interests;
- maintaining a fair and safe work environment;
- commitment to clear, open and transparent communications with external parties;
- continuing good corporate governance and delivering shareholder value; and
- protecting those who report wrongdoing.

Additional policies deal with a range of issues such as the obligation to maintain client confidentiality and to protect confidential information, the need to make full and timely disclosure of any price sensitive information and to provide a safe workplace for employees, which is free from discrimination.

Compliance with Perpetual's Code of Conduct is mandatory for all employees. A breach is considered to be a serious matter that may impact an employee's performance and reward outcomes and may result in disciplinary action, including dismissal.

A full copy of Perpetual's Code of Conduct can be found at [www.perpetual.com.au/Code-of-Conduct](http://www.perpetual.com.au/Code-of-Conduct).

Perpetual's General Manager, Risk & Internal Audit and the General Manager, Legal, Compliance and Company Secretariat are the contact officers for Perpetual's Code of Conduct and are available to all employees for a confidential discussion in relation to Code of Conduct matters. All new Perpetual employees are required to familiarise themselves with the Code of Conduct as part of their induction training requirements.

Perpetual also has a Whistleblowing Policy to protect Directors, Executives, employees, contractors and suppliers who report misconduct, including:

- conduct that breaches any law, regulation, regulatory licence or code that applies to Perpetual;
- fraud, corrupt practices or unethical behaviour;
- bribery;
- unethical behaviour which breaches Perpetual's Code of Conduct or policies;
- inappropriate accounting, control or audit activity; including the irregular use of Perpetual or client monies; and
- any other conduct which could cause loss to, or be detrimental to the interests or reputation of, Perpetual or its clients.

As part of Perpetual's Whistleblowing Policy, a third party has been engaged to provide an independent and confidential hotline for whistleblowers who prefer to raise their concern with an external organisation.

## 7.4 INTEGRITY IN FINANCIAL REPORTING

### AUDIT, RISK AND COMPLIANCE COMMITTEE

The Audit, Risk and Compliance Committee's members are appointed by the Board. During the 2019 financial year, the Committee had four members, all independent Non-Executive Directors being Mr Ian Hammond (Chairman), Mr Philip Bullock, Ms Nancy Fox and Mr Craig Ueland.

The Committee's purpose is to assist the Board to carry out the following functions more efficiently:

- oversight of the integrity of the Group's statutory financial reports and statements, reporting systems and the preparation of the Group's financial statements, including external audit;
- monitoring that management has an appropriate framework in place (for both financial and non-financial risk) to identify and effectively manage risk and that management ensures that the Group operates within the risk appetite set by the Board;

- make recommendations to the Board in relation to changes that should be made to the Group's risk management framework or to the risk appetite set by the Board;
- make recommendations to the People and Remuneration Committee in relation to the risk management overlay to be considered as part of the Group's performance and reward framework;
- monitoring that management has an appropriate compliance management framework in place to ensure compliance with regulatory, prudential, legal and ethical standards;
- monitoring the activities of the Group's licensed and regulated subsidiaries and overseeing the integrity of internal audit;
- reviewing compliance with internal risk and compliance guidelines, policies and procedures; and
- monitoring trends on the state of risk culture and satisfying itself that the Group's risk management framework deals adequately with emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change.

All members of the Committee (of which there must be at least three) are required to be financially literate. At least one member must have accounting or finance related expertise. Members are also required to have an understanding of the financial services industry in which Perpetual operates. The Chairman of the Committee cannot be the Chairman of the Board.

Details of the number of meetings held by the Audit, Risk and Compliance Committee and attendance by committee members is set out in Perpetual's 2019 Directors' Report. Further information in relation to the Audit, Risk and Compliance Committee and a full copy of its terms of reference can be found at [www.perpetual.com.au/Board-Composition](http://www.perpetual.com.au/Board-Composition).

## SENIOR EXECUTIVE ASSURANCE

The Board has adopted policies designed to ensure that Perpetual's financial reports:

- are true and fair;
- meet high standards of disclosure and audit integrity; and
- when read with Perpetual's other reports to shareholders, provide all material information necessary to understand Perpetual's financial performance and position.

In accordance with section 295A of the Corporations Act for each half and full year financial period the Managing Director and Chief Financial Officer provide the Board with a written declaration that, in their respective opinions:

- the financial records of the Company have been properly maintained in accordance with section 286 of the Corporations Act; and
- the financial statements and notes comply with the accounting standards and present a true and fair view of the Company's financial condition and performance.

To underpin the integrity of Perpetual's financial reporting and Risk Management Framework, it is also Perpetual's practice for the Managing Director and Chief Financial Officer to state to the Board in writing that, in their respective opinions:

- the statements made regarding the integrity of the financial statements are founded on a sound system of risk management and internal compliance and control systems which implement the policies adopted by the Board of Directors;
- the risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating effectively and efficiently, in all material respects, based on the Risk Management Framework adopted by the Company; and
- the Company's material business risks (including non-financial risks) are being managed effectively.

The statements referred to above are supported by written statements from senior management, detailed financial analysis and Perpetual's Risk Management Framework. The Chief Financial Officer is present when the Board considers financial matters.

In relation to financial reporting for the half-year end 31 December 2018, the Board received the declarations and statements referred to above. For the financial reporting for the full-year end 30 June 2019, the declarations received by the Board were from the Managing Director and CEO, and the Chief Financial Officer.

## EXTERNAL AUDITORS

The Perpetual Group's full year financial reports are subject to an annual audit by an independent, professional auditor, who also reviews the Group's half yearly financial statements.

The Audit Risk and Compliance Committee oversee this process on behalf of the Board, in accordance with its Terms of Reference.

During the 2019 financial year, the Group's external auditor was KPMG. The lead audit partner is Mr Martin McGrath and the engagement partner is Mr Brendan Twining.

The Group's external auditor attends each meeting of the Audit, Risk and Compliance Committee and it is the Committee's policy to meet with the auditor for part of these meetings without management present. The Committee Chairman meets with the audit partner at least once every quarter, also in the absence of management. The auditor attends the Board meetings at which the annual and half yearly financial reports are adopted and at these meetings the Non-Executive Directors have an opportunity to meet with the auditor without management present.

## EXTERNAL AUDITOR INDEPENDENCE

The Board has policies in place relating to the independence of Perpetual's external auditor. These policies include:

- an annual review of the external audit firm's fees and performance, as well as the independence of the external audit firm, the results of which are reported to the Audit, Risk and Compliance Committee and the Board;
- the lead audit partner on each Perpetual audit must be rotated at least every five years, with a two-year gap before a partner may be reappointed;
- former audit partners and audit firm employees involved in Perpetual's audit cannot become Directors or employees of Perpetual Group companies for at least two years; and
- the external audit firm is prohibited from providing non-audit services that may materially conflict with its ability to exercise objective and impartial judgment on issues that may arise within Perpetual's audit, such as:
  - Book-keeping or other services related to the accounting records or financial statements;
  - Financial information systems design and implementation;
  - Valuation or appraisal services in relation to matters that are material to the audit;
  - Actuarial services;
  - Outsourced internal audit services;
  - Management functions, including acting as an employee and secondment arrangements, where the secondees perform any decision-making, supervisory or ongoing monitoring functions;
  - Human resource and recruitment services;
  - Broker-Dealer, investment adviser or investment banking services;
  - Legal services;

- Providing expert opinion or other expert service for the purpose of advocating the interests of Perpetual, a consolidated entity or a fund in litigation or in regulatory or administrative proceedings or investigations;
- The marketing, planning or opining on the tax treatment of potential transactions; and
- Tax services to a person in a financial reporting oversight role.

During the 2019 financial year, the greater part of fees paid to KPMG for work other than the audit of the Group's statutory accounts was for audit services provided in relation to the investment funds for which Perpetual companies act as the responsible entity, manager or trustee. It is the Board's view that these services are consistent with KPMG's appointment as auditor and are not services of a kind that might impair their impartial judgement in relation to the Perpetual Group's audit.

## 7.5 CONTINUOUS DISCLOSURE

Perpetual is committed to giving all shareholders timely and equal access to information. Perpetual has a Continuous Disclosure Policy to ensure compliance with its continuous disclosure obligations, a copy of which can be found at [www.perpetual.com.au/Market-and-Share-Dealings](http://www.perpetual.com.au/Market-and-Share-Dealings).

The Board has appointed a Continuous Disclosure Committee to assist it in meeting its continuous disclosure obligations, the current members of which are the Managing Director and CEO, Chief Financial Officer and Company Secretary. The Board considers its disclosure obligations as a standing item at each scheduled Board meeting. Perpetual also ensures that all senior management give regular sign-offs as to whether there are matters that require disclosure to the ASX.

## 7.6 RESPECTING THE RIGHTS OF SHAREHOLDERS

### PUBLICATION OF INFORMATION

The Board remains committed to ensuring that investors and investment market participants are fully informed of material matters concerning Perpetual's strategy, financial performance and governance. The Board seeks to communicate effectively and regularly with investors and investment market participants to ensure they are fully informed of the Company's strategy, financial performance, prospects and governance using various mediums, including, electronic communication, webcasts and keeping the website updated in a timely manner.

Perpetual's website includes copies of announcements lodged with the ASX by Perpetual. In addition, advance notification of scheduled analyst briefings is provided to shareholders and the briefings are webcast. These can be found on the Company's website along with media releases, briefings and annual reports for the last five years.

The Board is committed to giving all shareholders timely and equal access to information to enable them to exercise their rights as investors effectively.

Perpetual publishes "Upcoming Events" on its website which sets out important dates relevant to shareholders (for example, the date Perpetual releases its half and full year results and the date of its AGM). Shareholders can submit their email addresses if they wish to receive a reminder of these dates.

Shareholder communications, including invitations for the AGM are sent out via their nominated means of communication (electronically or in the mail).

### INVESTOR RELATIONS PROGRAM

Perpetual's investor relations program is designed to engage with its key stakeholders including retail shareholders, institutional investors (domestically and internationally), buy-side and sell-side research analysts and individual investors. The program includes scheduled engagements following the release of its half and full

year results, as well as other engagements including presenting at/or attending industry conferences, strategy and operational updates.

The Board understands the importance of these interactions as it allows the Company to clearly articulate its strategy and receive feedback from investors and the investment markets on its strategy, financial performance and reporting, and governance. Key information released and available via the shareholder centre include:

- the Operating and Financial Review and Financial Statements for the Half and Full Year Results;
- the Annual Report;
- the Chairman's and Managing Director and CEO's addresses to the AGM;
- market briefings and other significant information;
- presentations made at relevant investment bank and industry conferences; and
- ASX announcements.

A webcast of these events, as well as presentations to shareholders and investment market participants, are made available on the website and lodged with the ASX.

## SHAREHOLDER ENGAGEMENT AT THE AGM

The Board promotes shareholder engagement and encourages their participation at Perpetual's AGM. Engagement is facilitated by:

- distributing a copy of the annual report and the notice of meeting to shareholders directly to shareholders via their nominated means of communication (including by electronic means);
- enabling the use of online proxy voting for shareholders who are unable to attend; and
- encouraging shareholders to submit written questions in advance of the AGM either by returning the question form provided with the notice of AGM or through an online facility that enables shareholders to submit questions via their investor centre log-in. The Chairman seeks to address as many of the more frequently raised topics as possible in his AGM address.

The formal addresses at the AGM are webcast for those shareholders who are unable to be present. A representative of the external auditor, KPMG, attends the AGM for the purpose of answering shareholder questions about the audit report and audit process.

## ELECTRONIC COMMUNICATIONS

Perpetual has a continuing commitment to electronic communications with shareholders and stakeholders generally including via its website. Shareholders may elect to receive information from the Company's share registry electronically and all collective communications with shareholders are published on the Company's website. Electronic on-line proxy voting is also made available for shareholders.

## 7.7 RECOGNISING AND MANAGING RISK

### RISK MANAGEMENT

The Audit, Risk and Compliance Committee is responsible for overseeing and managing risk.

During 2019 a new Chief Risk Officer (CRO) role was created at the Group Executive level reporting directly to the Managing Director and CEO. Ms Sam Mosse was appointed to this role. The CRO is responsible for overseeing risk from a management perspective.

In addition, the Board is assisted in monitoring the effectiveness of Perpetual's investment governance framework in relation to investment activities the Perpetual Group performs for its clients by the Investment

Committee. The Committee has no management role and has no involvement in investment decisions which is the responsibility of Perpetual's Asset Management Team.

All members of the Investment Committee (of which there must be at least three) are independent Non-Executive Directors. The Chairman of the Committee cannot be the Chairman of the Board. During the 2019 financial year, the Committee's members were Mr Craig Ueland (Chairman), Ms Sylvia Falzon and Mr Ian Hammond.

Details of the number of meetings held by the Investment Committee and attendance by committee members is set out in Perpetual's 2019 Directors' Report. Further information in relation to the Investment Committee and a full copy of its terms of reference can be found at [www.perpetual.com.au/Board-Composition](http://www.perpetual.com.au/Board-Composition).

## ANNUAL REVIEW OF RISK MANAGEMENT FRAMEWORK

The Board and the Group Executive seek to ensure that the Group's Risk Management Framework remains consistent with industry best practice. The Risk Management Framework was reviewed, updated and approved by the Audit, Risk and Compliance Committee during the 2019 financial year. The Framework consists of programs and policies which are designed to address specific risk categories - strategic, financial, operational, outsourcing, investment, reputation, people and compliance, legal and conduct risk. Programs supporting the Framework are regularly reviewed to confirm their appropriateness.

Perpetual's Risk Appetite Statement (RAS) seeks to define the amount of risk the Board is willing to take in the pursuit of its strategic vision and objectives. An annual review of the RAS takes place to consider the current strategic direction of the Company, referenced against the indicators and measures set out in the RAS.

The Board is committed to effective risk management and all Group Executives are accountable for managing risk within their area of responsibility. They are also required to manage risk as part of their business objectives with risk management integrated across business processes.

The Risk Management Framework is underpinned by the "Three Lines of Defence" model. This model sees the first line, being business unit management, accountable for the day to day identification and management of risks. The Group Risk function represents the second line and consists of risk management professionals who provide the framework, tools, advice and assistance to enable management to effectively identify, assess and manage risk and is responsible for overseeing first line activities. Internal Audit provides independent assurance, representing the third line, and reports to the Audit Risk and Compliance Committee.

## INTERNAL CONTROLS FRAMEWORK

Consistent with the Three Lines of Defence model, management is responsible for developing and implementing appropriate controls to manage their risks and processes. A Risk and Control Self-Assessment (RCSA) Program is in place to identify business risks and mitigating controls and test the effectiveness of these controls on at least an annual basis, or more regularly where appropriate. This RCSA Program is subject to Group Risk oversight.

Perpetual also has an internal audit function. The Head of Internal Audit reports to the Audit, Risk and Compliance Committee, and administratively to the General Manager, Risk & Internal Audit and is independent from the external auditor. Internal Audit provides independent assurance over the effectiveness of Perpetual's risk management, internal control, and governance processes.

The Internal Audit team does not make management decisions or engage in other activities which could be perceived as compromising its independence.

Each of the Chief Financial Officer, Chief Risk Officer, Head of Internal Audit and General Manager Legal, Compliance and Company Secretariat has the right to, and do, meet with the Audit Risk and Compliance Committee, or its Chairman, without other management present.

## ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

Perpetual's approach to addressing material economic, environmental and social sustainability risks, including the Company's approach to risk management strategies, social sustainability initiatives and targets are detailed within this document and can be found in the following sections:

- Section 3 – Our Business;
- Section 4 – Our People;
- Section 5 – Community; and
- Section 6 – Environment.

## 7.8 REMUNERATE FAIRLY AND RESPONSIBLY

### PEOPLE AND REMUNERATION COMMITTEE

The People and Remuneration Committee's role is to assist the Board:

- to monitor that management has in place and carries out appropriate human resources management policies and practices and complies with workplace health and safety regulations;
- ensure that the Group has the necessary human resources in place to meet its objectives;
- monitor that management has a workplace, health and safety framework in place and satisfy itself that the framework is effective;
- set the Group's approach to diversity and inclusion and corporate social responsibility;
- review and recommend to the board for approval non-executive remuneration policies and practices;
- to review and recommend to the Board for approval executive remuneration policies and practices; and
- to review succession and career plans for key roles.

In addition, the Committee has been delegated authority by the board of Perpetual Superannuation Limited to assist with the implementation and oversight of remuneration policies and practices in accordance with Superannuation Prudential Standard 510 – Governance (SPS 510).

The Committee is authorised to directly engage external remuneration advisers and, after obtaining their advice as and when appropriate, the Committee recommends remuneration for Non-Executive Directors, the Managing Director and CEO, the Group Executives and other senior managers, to the Board.

All members of the Committee (of which there must be at least three) are independent Non-Executive Directors. The Chairman of the Committee cannot be the Chairman of the Board. During the 2019 financial year, the Committee's members were Ms Sylvia Falzon (Chairman), Mr Philip Bullock and Ms Nancy Fox.

Details of the number of meetings held by the People and Remuneration Committee and attendance by committee members is set out in Perpetual's 2019 Directors' Report. Further information in relation to the People and Remuneration Committee and a full copy of its terms of reference can be found at [www.perpetual.com.au/Board-Composition](http://www.perpetual.com.au/Board-Composition).

### DIRECTOR AND EXECUTIVE DIRECTOR REMUNERATION

Remuneration arrangements, policies and practices for non-executive and executive remuneration are set out in the Remuneration Report, found in Perpetual's 2019 Director's Report.

Non-Executive Directors do not receive performance-related remuneration and are not entitled to receive performance shares, rights or options over Perpetual shares.

Non-Executive Directors are not entitled to receive any retirement benefits, other than superannuation, in accordance with Perpetual's statutory superannuation obligations.

## AT RISK REMUNERATION

Perpetual has a Securities Trading Policy which sets out the obligations of Directors and employees of the Company when trading in Perpetual securities. The Board considers it desirable that Directors and employees of Perpetual hold securities in the Company and that doing so aligns their interest with other shareholders.

The Securities Trading Policy prohibits Directors and employees from entering into hedging arrangements in relation to Perpetual securities or entering into financial products aimed at limiting the economic risk of holding Perpetual securities. Perpetual employees and Directors are also prohibited from entering into or facilitating margin loans in relation to Perpetual securities. Directors and employees are required to obtain pre-trade approval before trading in Perpetual shares.

A full copy of Perpetual's Securities Trading Policy can be found at [www.perpetual.com.au/Market-and-Share-Dealings](http://www.perpetual.com.au/Market-and-Share-Dealings).

Shareholders who wish to know more about Perpetual's corporate policies are invited and encouraged to review our website [www.perpetual.com.au](http://www.perpetual.com.au) or to contact us by email at [info@perpetual.com.au](mailto:info@perpetual.com.au). Comments and suggestions from shareholders are welcome.

## APPENDICES

### SUMMARY OF ASX PRINCIPLES COMPLIANCE

Table 8: Summary of ASX Principles Compliance 3 <sup>rd</sup> Edition		
	ASX PRINCIPLES	COMPLY/NON-COMPLY
1	Lay solid foundations for management and oversight	
1.1	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) the respective roles and responsibilities of its board and management; and</li> <li>(b) those matters expressly reserved to the board and those delegated to management.</li> </ul>	Comply
1.2	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>(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.</li> </ul>	Comply
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Comply
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.	Comply
1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>(b) disclose that policy or a summary of it; and</li> <li>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: <ul style="list-style-type: none"> <li>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>(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.</li> </ul> </li> </ul>	Comply
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Comply

Table 8: Summary of ASX Principles Compliance 3 <sup>rd</sup> Edition		
ASX PRINCIPLES		COMPLY/NON-COMPLY
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.	Comply
2	Structure the board to add value	
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) 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;	Comply
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Comply
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.	Comply
2.4	A majority of the board of a listed entity should be independent directors.	Comply
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.	Comply
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Comply
3	Act ethically and responsibly	
3.1	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.	Comply
4	Safeguard integrity in corporate reporting	

Table 8: Summary of ASX Principles Compliance 3 <sup>rd</sup> Edition		
	ASX PRINCIPLES	COMPLY/NON-COMPLY
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) 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;</p>	Comply
4.2	<p>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.</p>	Comply
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Comply
5	Make timely and balanced disclosure	
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Comply
6	Respect the rights of security holders	
6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Comply
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Comply
6.3	<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Comply
6.4	<p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Comply
7	Recognise and manage risk	
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p>	Comply

Table 8: Summary of ASX Principles Compliance 3 <sup>rd</sup> Edition		
	ASX PRINCIPLES	COMPLY/NON-COMPLY
	<ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) 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;</li> </ul>	
7.2	<p>The board or a committee of the board should:</p> <ul style="list-style-type: none"> <li>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>(b) disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	Comply
7.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) if it has an internal audit function, how the function is structured and what role it performs;</li> </ul>	Comply
7.4	<p>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.</p>	Comply
8	Remunerate fairly and responsibly	
8.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a remuneration committee which: <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) 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;</li> </ul> </li> </ul>	Comply
8.2	<p>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.</p>	Comply
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	Comply

## RELEVANT DOCUMENTS

Copies or summaries of the Company documents outlined in the table below can be found on Perpetual's website at [www.perpetual.com.au/Corporate-Governance](http://www.perpetual.com.au/Corporate-Governance)

Table 9: Relevant documents	
GOVERNANCE STRUCTURE	SUPPORTING DOCUMENTS
<b>Governance - General</b>	Code of Conduct Continuous Disclosure Policy Securities Trading Policy
<b>Board of Directors</b>	Company Constitution Board Charter Policy on the Appointment of Directors Board Tenure and Performance Policy
<b>Board Committee</b>	Audit Risk and Compliance Committee Terms of Reference Nominations Committee Terms of Reference Investment Committee Terms of Reference People and Remuneration Committee Terms of Reference
<b>Performance evaluation and remuneration</b>	Board Charter Board Tenure and Performance Policy People and Remuneration Committee Terms of Reference
<b>Risk Management and Internal Control</b>	Board Charter Audit Risk and Compliance Committee Terms of Reference Risk Management Framework

## **NEW SOUTH WALES**

Angel Place

Level 18, 123 Pitt Street

Sydney NSW 2000

## **AUSTRALIAN CAPITAL TERRITORY**

Level 6, 10 Rudd Street

Canberra ACT 2601

## **VICTORIA**

Level 28 & 29, Rialto South Tower

525 Collins Street

Melbourne VIC 3000

## **SOUTH AUSTRALIA**

Level 11, 101 Grenfell Street

Adelaide SA 5000

## **WESTERN AUSTRALIA**

Exchange Tower

Level 29, 2 The Esplanade

Perth WA 6000