



**NOTICE OF ANNUAL
GENERAL MEETING 2020**

On 15 October 2020 at 10am

Dear Shareholders

It is my pleasure to invite you to attend the 2020 annual general meeting (**AGM**) of Perpetual Limited (**Perpetual** or **Company**). This year, the AGM will be held as a virtual meeting at 10am (Sydney time) on Thursday, 15 October 2020.

Enclosed is a copy of the Notice of Meeting which includes information for shareholders and explanatory notes. This may also be accessed on our website at www.perpetual.com.au/About/Shareholders together with Perpetual's 2020 financial results.

Important notes regarding participation in virtual AGM

In response to Government restrictions and the potential health risks arising from the COVID-19 pandemic, the Company's AGM will be held online this year. There will not be a physical meeting but shareholders and proxyholders can participate in the AGM through an online platform that will allow them to view the AGM and ask questions and vote in real time during the meeting. Further information on how to participate virtually is set out in the Notice of Meeting and Online Platform Guide. The Online Platform Guide has been lodged with the ASX and posted on Perpetual's website at www.perpetual.com.au/About/Shareholders.

If you are unable to attend online, you may appoint a proxy to attend and vote on your behalf, either by accessing our share registry's website at www.linkmarketservices.com.au and following the prompts, or by following the instructions in the proxy form. Proxy appointments must be received by 10am (Sydney time) on Tuesday, 13 October 2020.

Even if you plan to attend the AGM online, we encourage you to submit a directed proxy vote so that your vote will be counted if for any reason you cannot attend (for example, if there is an issue with your internet connection on the day of the meeting).

We also invite you to submit questions to the Company or auditor in advance of the meeting online at www.linkmarketservices.com.au or by using the shareholder question form that has been lodged on the ASX and posted on Perpetual's website at www.perpetual.com.au/About/Shareholders. Questions submitted this way must be received by no later than 5pm (Sydney time) on Thursday, 8 October 2020.

If it becomes necessary for the Company to give further updates about the AGM, information will be lodged with the ASX and posted on the Company's website.

Items for deliberation at the AGM

The items for deliberation at this year's AGM are:

- the consideration of our financial and statutory reports for FY20
- the adoption of Perpetual's Remuneration Report for FY20
- the re-appointment of Mr Tony D'Aloisio as a Non-executive Director
- confirmation of the appointment of Ms Fiona Trafford-Walker as a new Non-executive Director
- the approval of the 2020 variable incentive equity grant for the Managing Director and CEO

The Board recommends that Shareholders vote in favour of all items of business.

I look forward to welcoming you to the 2020 AGM.



Tony D'Aloisio AM
Chairman

10 September 2020



NOTICE OF ANNUAL GENERAL MEETING

Perpetual's AGM will be held as a virtual meeting on Thursday, 15 October 2020, commencing at 10am (Sydney time). Shareholders and proxyholders can register, view and participate in the meeting at <https://agmlive.link/PPT20>.

Online registration will open at 9.30am. To register, shareholders will need to log in through a compatible web browser using a computer, tablet or mobile device with an internet connection. Please refer to the Online Platform Guide for further details.

The enclosed "Information for Shareholders" and "Explanatory Memorandum" contains further information about the matters to be considered at the AGM and form part of this Notice of Annual General Meeting.

FINANCIAL AND STATUTORY REPORTS

To receive and consider the financial statements, the reports of the Directors and of the auditor for the financial year ended 30 June 2020.

RESOLUTION 1: Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"To adopt the Remuneration Report for the financial year ended 30 June 2020."

In accordance with section 250R of the Corporations Act 2001 (Cth) (**Corporations Act**), the vote on resolution 1 will be advisory only.

Voting exclusion for resolution 1:

The Company will disregard any votes cast on resolution 1:

- by or on behalf of a member of the Company's key management personnel (**KMP**) named in the Company's 2020 Remuneration Report or their closely related parties, regardless of the capacity in which the vote is cast; or
- as proxy by a person who is a member of the KMP on the date of the AGM or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on resolution 1:

- in accordance with a direction on the proxy form; or
- in the absence of a direction on the proxy form, by the Chairman of the AGM, in accordance with an express authorisation to exercise undirected proxies.

RESOLUTION 2: Re-appointment of Mr Tony D'Aloisio

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Tony D'Aloisio, retiring as a Director of the Company in accordance with clause 20.9.1 of the Company's Constitution and who has consented to stand for re-appointment, be re-appointed as a Director of the Company in accordance with clause 20.9.3 of the Company's Constitution."

RESOLUTION 3:

Re-appointment of Ms Fiona Trafford-Walker

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Ms Fiona Trafford-Walker, having been appointed as a Director of the Company in accordance with clause 20.9.2 of the Company's Constitution and who has consented to stand for appointment, be re-appointed as a Director of the Company in accordance with clauses 20.9.3 and 20.2.2 of the Company's Constitution."

RESOLUTION 4:

Approval of the 2020 variable incentive equity grant for the Managing Director and CEO

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That approval is given for all purposes, including ASX Listing Rule 10.14, for the issue of 43,875 performance rights to Mr Rob Adams as his variable incentive equity grant for the performance period ending 30 June 2020 on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting exclusion for resolution 4:

The Company will disregard any votes on resolution 4:

- cast in favour of the resolution by or on behalf of Mr Rob Adams (being the only Director of the Company eligible for participation in the employee incentive scheme in respect of which Shareholder approval is sought) and his associates (as defined in the ASX Listing Rules), regardless of the capacity in which the vote is cast; or
- cast as proxy by a person who is a member of the KMP on the date of the AGM or their closely related parties,

unless the vote is cast on resolution 4:

- as proxy or attorney for a person entitled to vote on the resolution in accordance with a direction given to the proxy or attorney to vote on the resolution in that way; or
- by the Chairman of the AGM as proxy for a person entitled to vote on the resolution, in accordance with an express authorisation to exercise undirected proxies as the Chairman decides; or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

By Order of the Board



Sylvie Dimarco
Company Secretary
10 September 2020

INFORMATION FOR SHAREHOLDERS

WHO MAY VOTE

Pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* the Company has determined that persons whose names are set out in the register of Shareholders of the Company as at 7pm (Sydney time) on Tuesday, 13 October 2020 are entitled to vote at the meeting convened by this notice.

VOTING BY POLL

The Chairman will put resolutions 1 to 4 to a poll at the AGM. Voting results on the resolutions that are put to the meeting (including the relevant proxy votes) will be announced to the ASX as soon as practicable after the AGM.

APPOINTMENT OF PROXIES

A Shareholder who is entitled to vote at the meeting has a right to appoint up to two proxies to attend and vote for the Shareholder at the AGM. A proxy need not be a Shareholder.

Where a Shareholder appoints two proxies, the appointment may specify the proportion or number of votes which each proxy may exercise. Fractions of votes will be disregarded. If the appointment does not specify the proportion or number of the Shareholders' votes each proxy may exercise, then each proxy may exercise half those votes.

A proxy may decide whether or not to vote on any proposed resolution, except where required by law or the Company's Constitution to vote. If the Shareholder appointing the proxy:

- directs the proxy how to vote on a proposed resolution, then the proxy may vote on that resolution only in the way directed; or
- does not direct the proxy how to vote on a proposed resolution, then the proxy may vote on that resolution as the proxy thinks fit, subject to any voting exclusions that apply to the proxy; or
- directs the proxy to abstain, the proxy must not vote on the Shareholder's behalf and any vote will not be counted.

If you appoint someone as a proxy (other than the Chairman of the AGM) and direct them how to vote, the Chairman of the AGM must cast those votes on your behalf on a poll in accordance with your directions if your proxy does not do so.

If you appoint the Chairman of the AGM as your proxy (or if he is appointed by default) and no direction is provided in relation to a resolution, you will be expressly authorising the Chairman to exercise your proxy as the Chairman sees fit in relation to that resolution. This includes resolution 1 (the Remuneration Report) and resolution 4 (CEO Variable Incentive Equity Grant) even though the resolutions are connected directly or indirectly with the remuneration of the Company's KMP.

If you appoint a Director (other than the Chairman of the AGM) or another member of the Company's KMP or their closely related parties as your proxy, you must specify how they should vote on resolutions 1 and 4 by completing the "For", "Against" or "Abstain" boxes on the proxy form. If you do not, your proxy will not be able to exercise your vote for these resolutions.

UNDIRECTED PROXIES

The Chairman of the AGM intends to vote all available proxies in favour of all resolutions.

LODGEMENT OF PROXIES

To be valid, a proxy form must be completed and received by the Company by 10am (Sydney time) on Tuesday, 13 October 2020 (**Proxy Deadline**). Proxies may be lodged as follows:

- to the Company's share registrar by:
 - hand delivery at Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138
 - by lodging the proxy appointment online at www.linkmarketservices.com.au. To use the online proxy appointment facility, you will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN), or you can access the facility using your postcode and the personalised link sent to you by email if you have registered for electronic communications from the Company
 - by post to Perpetual Limited C/- Link Market Services Limited, Locked Bag A14, Sydney South, NSW, 1235
 - fax to +61 2 9287 0309
- or to the Company's registered office by:
 - hand delivery or post to Level 18, Angel Place, 123 Pitt Street, Sydney, NSW, 2000
 - fax to +61 2 8256 1461

BODY CORPORATE REPRESENTATIVE

A Shareholder who is a body corporate and who is entitled to vote at the AGM, or a proxy who is a body corporate and who is appointed by a Shareholder who is entitled to vote at the AGM, may appoint a person to act as its representative at the AGM by providing that person with:

- a letter or certificate, executed in accordance with the body corporate's constitution, authorising the person as a representative; or
- a copy of the resolution, certified by the secretary or a director of the body corporate, appointing the representative and setting out any restrictions on the representative's powers.

Body corporate representatives should lodge this documentation with the Company's share registry no later than 48 hours prior to the AGM, unless it has been previously given to the Company.

INFORMATION FOR SHAREHOLDERS

SHAREHOLDER QUESTIONS

The Company is offering a facility for Shareholders to submit written questions in advance of the AGM.

To submit a written question, please complete and return the shareholder question form that has been lodged on the ASX and posted on Perpetual's website at www.perpetual.com.au/About/Shareholders, or submit the question online through the share registrar's website, in accordance with the instructions on the form. Questions must be received by the Company's share registrar by no later than 5pm (Sydney time) on Thursday, 8 October 2020.

Questions should relate to matters that are relevant to the business of the AGM, as outlined in this Notice of Meeting and the attached Explanatory Memorandum.

Questions that are relevant to:

- the contents of the auditor's report; or
- the conduct of the audit of the Company's financial report;

may be addressed to the Company's auditor.

Questions will be collated, and, during the AGM, the Chairman will seek to address as many of the more frequently raised topics as possible and, where appropriate, will give a representative of KPMG, the Company's auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the AGM to address all topics raised. Please note that individual responses will not be sent to Shareholders.

PARTICIPATING ONLINE

Shareholders and proxyholders can watch, ask questions, make comments and vote in real time during the AGM through an online facility at <https://agmlive.link/PPT20>.

To register, shareholders will need their shareholder number and postcode. Proxyholders will need their proxy number which will be provided by Link Market Services following lodgement of the proxy appointment and no later than 24 hours prior to the meeting. Online participants should register at least 30 minutes before the AGM.

Further information can be found in the Online Platform Guide, which has been lodged with the ASX and posted on Perpetual's website.

In addition, the AGM, including the addresses of the Chairman and CEO, will be available for viewing by visitors via live webcast. Any slides will also be available on the Company's website. For information about how to access the webcast of the AGM please go to www.perpetual.com.au/About/Shareholders.

TECHNICAL DIFFICULTIES

Significant planning and testing has been undertaken and the online technology being used by the Company has been successfully used by other companies. However, unforeseen technical difficulties may still arise during the course of the AGM. The Chairman has discretion as to whether and how the meeting should proceed if a technical difficulty arises. In exercising his discretion, the Chairman will have regard to the number of Shareholders impacted and the extent to which participation in the business of the meeting is affected. Where he considers it appropriate, the Chairman may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.

As previously noted, Shareholders are encouraged to lodge a proxy by 10am (Sydney time) on Tuesday, 13 October 2020 even if they plan to attend the meeting online.

EXPLANATORY MEMORANDUM

FINANCIAL AND STATUTORY REPORTS

The financial report and the reports of the Directors and of the auditor for the financial year ended 30 June 2020 will be put before the AGM, as required by section 317 of the Corporations Act. The Corporations Act does not require a formal resolution of Shareholders on these reports.

These reports are contained within the Company's 2020 Annual Report which is available on the Company's website at www.perpetual.com.au/About/Shareholders.

During this item of business, Shareholders will be given a reasonable opportunity to ask questions about, and make comments on, those reports and the business and management of the Company.

Please see "Information for Shareholders" in relation to any questions that Shareholders would like to put to the Company's auditors.

RESOLUTION 1:

Adoption of the Remuneration Report

Shareholders are asked to adopt the Company's Remuneration Report for the financial year ended 30 June 2020. The Remuneration Report provides information relating to:

- the Board's policy in relation to the remuneration paid to KMP;
- the relationship between remuneration and the Company's performance, including information about performance measures applicable to variable incentives; and
- details of the remuneration paid to KMP for the financial year ended 30 June 2020.

The Company's approach to remuneration was explained in the letter prefacing the Remuneration Report from the Chairman of the Company's People and Remuneration Committee as follows:

"Dear Shareholder,

On behalf of your Board, it is my pleasure to present our Remuneration Report for the financial year ended 30 June 2020 (FY20). Our Remuneration Report provides our shareholders and other stakeholders with a thorough and transparent explanation of how FY20 remuneration outcomes for our Key Management Personnel (KMP) align with our recent performance and long-term objectives.

This fiscal year has been challenging for Perpetual and while we have made good progress in many areas of our business, our financial performance has been impacted in the second half of the fiscal year by the economic effects of the COVID-19 pandemic and declining global investment markets. As shareholders would expect, these factors have impacted the Variable Incentive outcomes for KMP in FY20.

As outlined in the performance section of this report (Sections 6 and 7), Perpetual uses a balanced scorecard to focus the organisation on short, medium and long-term strategic priorities. This approach has served the business well and continues to do so. The overall weighting of financial performance in the FY20 scorecard is split 55% to financial performance measures and 45% to other strategically important non-financial measures. While some financial targets have not been met in FY20, targets have been met in other important non-financial measures, which all contribute to the medium to long-term performance of the business. We believe that the agreed non-financial measures included in the scorecard are key lead indicators of future business value accretion.

Despite the challenges presented in FY20, management has put in place strategic initiatives to position the business for the future, including the acquisition of Trillium Asset Management, an operating model review and implementation which has delivered substantial expense reductions and record technology investment. Further, we capitalised on continued disruption within the advice industry, with twenty new financial advisers joining Perpetual Private. The Perpetual Corporate Trust business has also continued to grow revenues across all lines of business.

COVID-19 has presented a number of risks and opportunities to the business in FY20. On balance, our management team responded remarkably well to the disruptive risks of COVID-19 by mobilising our workforce quickly, ensuring that all parts of the business continued to operate smoothly in a remote work environment, enhancing internal and client communications and quickly gaining the confidence of both employees and clients (as validated by positive employee sentiment results and record client Net Promoter Score outcomes).

Given a meaningful proportion of Perpetual's revenues are linked to equity and other capital market performance, COVID-19 has had a negative impact on financial performance in FY20. While this was an unforeseeable event, it has not resulted in any change to financial targets being made by the Board for the current performance year.

When performance is assessed overall for the year, the Board has determined that Variable Incentive awards should be allocated in respect of FY20. The range of Variable Incentive awarded to current KMP is between 37% and 69% of total target Variable Incentive targets, with an average outcome of 53%. The Board is mindful that NPAT for FY20 is 22% below target, and therefore to align shareholder returns and KMP Variable Incentive remuneration, Variable Incentive outcomes for FY20 will be awarded in Hurdled Equity only. Delivering awards solely in the form of Hurdled Equity means that both shareholders and executives will benefit through share price recovery. Conversely, if long term share price growth is not delivered, the equity will be forfeited.

In addition, effective 1 July 2020, the CEO and Managing Director (CEO) will take a 20% reduction to fixed pay for a period of six months and other Group Executives will take a pay reduction of 10% over the same period. The Board will also take a similar reduction in its fees with the Chairman taking a 20% reduction for a period of six months and directors will take a base fee reduction of 10% over the same period.

EXPLANATORY MEMORANDUM

Finally, on behalf of the Board I would like to acknowledge and thank the many people in our organisation for their daily contribution to delivering quality client outcomes demonstrated by another year of exceptional client advocacy results – particularly in the context of a difficult year given the many impacts and challenges presented by COVID-19.”

Under the Corporations Act, the vote on this resolution is advisory only and does not bind the Board or the Company. However, the Company values its Shareholders’ feedback.

A voting exclusion applies to this resolution, as set out earlier in the Notice of Meeting.

The Board unanimously recommends that Shareholders vote in favour of resolution 1. The Chairman of the AGM intends to vote all available proxies in favour of resolution 1.

RESOLUTION 2:

Re-appointment of Mr Tony D’Aloisio

Mr Tony D’Aloisio was appointed as a Director of Perpetual Limited in December 2016 and stood for re-appointment at the 2017 Annual General Meeting. He now stands for re-appointment. The Board considers Mr Tony D’Aloisio to be an independent Director.

Prior to joining Perpetual, Mr Tony D’Aloisio has served in both executive and non-executive roles in commercial and government enterprises and held roles of Chief Executive, Chairman and Board member in local and international organisations involved in financial markets and professional services. Mr Tony D’Aloisio was appointed a Commissioner for the Australian Securities and Investments Commission (ASIC) in 2006 and Chairman in 2007 for a four-year term. He was Chairman of the (International) Joint Forum of the Basel Committee on banking supervision from 2009-2011. Prior to joining ASIC he was CEO and MD at the ASX from 2004-2006. Mr Tony D’Aloisio was Chief Executive Partner at Mallesons Stephen Jaques between 1992-2004, having first joined the firm in 1977.

Among other non-executive positions, he is currently Chairman of IRESS Limited, Director of Aikenhead Centre for Medical Discovery Ltd and President of the European Capital Markets Cooperative Research Centre. Until 31 August 2017, Mr Tony D’Aloisio was a Board member of PPB Advisory.

Mr Tony D’Aloisio became Chairman of Perpetual Limited on 31 May 2017 and is also Chairman of Perpetual’s Nominations Committee.

The Directors (with Mr Tony D’Aloisio abstaining) unanimously support the re-appointment of Mr Tony D’Aloisio to the Board and recommend that Shareholders vote in favour of Resolution 2.

RESOLUTION 3:

Re-appointment of Ms Fiona Trafford-Walker

Ms Fiona Trafford-Walker was appointed as a Director of Perpetual Limited on 9 December 2019 and now stands for re-appointment by Shareholders for the first time. The Board considers Ms Trafford-Walker to be an independent Director.

Ms Trafford-Walker is an experienced ASX200 Non-executive Director, with over 25 years of executive and business management experience within the investment industry. Ms Trafford-Walker was the managing director of Frontier Advisors from 2000-2011 and its Director of Consulting from 2011 to 2017. She has a strong knowledge of global asset management across a range of asset classes. Ms Trafford-Walker currently serves as a Non-executive Director for Victorian Funds Management Corporation (the investment specialist for the Victorian Government with around \$60 billion in funds under management), Prospa Group Ltd (Australia’s leading provider of small business loans) and Link Administration Holdings (a market leading provider of technology enabled administration solutions). Ms Trafford-Walker chairs the Risk and Audit Committee for Prospa Group Ltd and Audit Committee for Link Administration Holdings. Ms Trafford-Walker is also a member of the Investment Committee for the Walter and Eliza Hall Institute.

Ms Trafford-Walker is a member of Perpetual’s People and Remuneration Committee and the Investment Committee.

Appropriate background checks were completed before Ms Trafford-Walker was appointed to the Board.

Ms Trafford-Walker is a Director of Link Group which provides share registry and other related services to Perpetual however Ms Trafford-Walker has no role or visibility of the appointment process for Perpetual’s share registry vendor. The Board does not consider that Ms Trafford-Walker’s directorship with Link Group affects her independence.

The Directors (with Ms Trafford-Walker abstaining) unanimously support the appointment of Ms Trafford-Walker to the Board and recommend that shareholders vote in favour of resolution 3. The Chairman of the AGM intends to vote all available proxies in favour of resolution 3.

EXPLANATORY MEMORANDUM

RESOLUTION 4:

Approval of the 2020 LTI variable incentive equity grant for the Managing Director and CEO

ASX Listing Rule 10.14 permits the Company to issue securities to a Director under an employee incentive scheme if that Director's participation in the employee incentive scheme has been approved by shareholders. Accordingly, this resolution is being put to Shareholders to seek approval for a grant of 43,875 performance rights to be made to the Managing Director and Chief Executive Officer, Mr Rob Adams in accordance with the Company's Variable Incentive Plan and Mr Adams' contract of employment.

The variable incentive equity grant approved at the 2019 AGM comprised share rights (which vest on a specified date) and performance rights (which vest on a specific date subject to performance conditions). As described below, the Variable Incentive outcome for FY20 will be awarded in hurdled performance rights only.

Background

Mr Adams was appointed Managing Director and CEO on 24 September 2018. A summary of the main terms and conditions of Mr Adams' employment was announced to the market on 11 May 2018.

Mr Adams' Remuneration

There are two components to Mr Adams' remuneration.

Fixed remuneration

The fixed remuneration component is \$1,302,776 per annum, inclusive of cash salary and superannuation. As announced to the market on 16 July 2020, to seek efficiencies in response to the impact of COVID-19, Mr Adams' fixed remuneration will be reduced by 20% for the six-month period from 1 July 2020 to 31 December 2020. Fixed remuneration is reviewed annually.

Variable incentive

Mr Adams participates in the Variable Incentive Plan. Under this plan, he is awarded an incentive (less applicable taxes and superannuation) based on the Board's holistic assessment of the CEO's performance, which includes an assessment against an agreed scorecard as well as risk and behavioural performance.

The CEO's FY20 Variable Incentive outcome was determined with a 70% weighting placed on Company performance and a 30% weighting on individual contribution over the course of the performance year. The Board has considered the individual contribution of Mr Adams for FY20 with reference to progress against key strategic priorities agreed at the commencement of the performance year. While key financial targets were not met, the CEO had a number of achievements which are highlighted below:

- Delivery of a number of key initiatives that reposition Perpetual for future growth (e.g. Trillium acquisition and the execution of an organisation-wide operating model review);
- Key appointments to support the distribution strategy with Adam Quaife joining as the Global Head of Distribution and Chuck Thompson to lead distribution in the United States, while completing his leadership team with the appointment of Amanda Gazal as COO; and

- Throughout a difficult financial year, the CEO has earned and continues to earn strong support from employees, clients and investors (as validated by employee sentiment surveys and client NPS surveys).

The Board has determined to award the CEO an overall incentive outcome of 60% of target in respect of FY20, equating to an outcome of \$1,366,732. To reflect the challenging financial performance for Perpetual in FY20, the CEO's FY20 award will be delivered exclusively in the form of hurdled equity (i.e. performance rights) as described below. This means that no awards will be made under the cash or unhurdled equity component of the Variable Incentive Plan. Given the outcome is not delivered across the three elements of the Variable Incentive Plan and solely in hurdled equity, the fair value of this award is significantly lower.

The CEO's total Variable Incentive award will be delivered as performance rights as follows, subject to shareholder approval:

- half of the performance rights will vest on 1 September 2023 subject to a three-year Compound Annual Growth Rate (CAGR) absolute Total Shareholder Return (TSR) hurdle and convert into restricted shares for an additional 12-month period; and
- the remaining half of the performance rights will vest on 1 September 2024 subject to a four-year CAGR absolute TSR hurdle and convert into unrestricted shares.

Any restricted shares received on conversion of performance rights will be eligible to receive dividends and will be released from restrictions on 1 September 2024. Performance rights are not eligible to receive dividends.

The absolute three and four-year CAGR TSR performance hurdles will be aligned to the following achievement scale:

COMPOUND ANNUAL GROWTH IN TSR	PERCENTAGE OF RELEVANT TRANCHE OF PERFORMANCE RIGHTS THAT VEST
Less than 7% per annum	0%
7% to 10% per annum	Straight-line vesting from 50% to 100%
10% or above per annum	100%

The number of performance rights for which shareholder approval is sought for FY20 performance was determined by dividing \$1,366,732 by the face value of a Perpetual share, calculated using the five day Volume Weighted Average Price leading up to and including 1 September 2020, this being \$31.15.

At Perpetual, risk is a key component of the performance framework. The Board will have discretion to adjust or clawback vested and unvested equity based on risk behaviour, and will have additional malus and clawback powers under the terms of the grant.

EXPLANATORY MEMORANDUM

Treatment of performance rights on cessation of employment

If Mr Adams ceases employment with the Company due to resignation by Mr Adams or summary dismissal by Perpetual, all Mr Adams' unvested performance rights will lapse. Restricted shares are retained on resignation (subject to the original conditions and restriction period) but are forfeited in the case of summary dismissal.

Should termination occur:

- due to termination by the Company with notice;
- redundancy;
- retirement (subject to Board approval);
- by Mr Adams because of illness or injury; or
- by mutual agreement between the Company and Mr Adams,

unvested performance rights and restricted shares will be retained with vesting conditions and restriction periods continuing to apply, unless the Board determines otherwise.

If termination occurs due to Mr Adams' death, all unvested performance rights and restricted shares will immediately vest and be released, subject to Board approval.

Other Board discretions under Variable Incentive Plan

The Board has discretion to make changes under the Variable Incentive Plan. For example, the Board has discretion to:

- determine that all or a specified number of Mr Adams' unvested performance rights vest, or restricted shares become unrestricted, in various change of control circumstances, having regard to all the relevant circumstances;
- exercise malus and clawback powers; and
- amend or add to the terms of the Variable Incentive Plan.

The Company's Remuneration Report for the financial year ended 30 June 2020 contains further details about the Variable Incentive Plan.

If shareholders do not approve the grant to the Managing Director and CEO

The equity component of the Variable Incentive is a very important part of the CEO's total remuneration package. If shareholder approval is not obtained, the Board will consider alternative arrangements to appropriately remunerate and incentivise the CEO. This alternative incentive will be equivalent in value to the equity Mr Adams would have received had shareholder approval been obtained and will be subject to the same vesting periods, performance hurdles and, so far as is possible, other terms and conditions.

Other Information provided in accordance with the ASX Listing Rules

Performance rights are granted to the CEO as part of the CEO's variable remuneration. The CEO is not required to pay any cash consideration to receive performance rights or restricted shares on vesting of performance rights.

Perpetual grants the award in the form of performance rights because they create share price alignment between Mr Adams and shareholders but do not provide Mr Adams with the full benefits of share ownership (such as dividend and voting rights) unless the rights vest.

10,551 share rights and 10,551 performance rights have previously been issued to Mr Adams under the Variable Incentive Plan (at no cost to him).

No loans will be provided in relation to the grant.

If approval is given for the purposes of ASX Listing Rule 10.14 the performance rights will be issued no later than 12 months after the 2020 AGM.

Details of any performance rights issued under the Variable Incentive Plan will be published in Perpetual's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of rights under the Variable Incentive Plan after this resolution is approved and who are not named in this Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

Listing Rule 10.15.4 requires this Notice of Meeting to include details (including the amount) of Mr Adams' current total remuneration:

Total Fixed Remuneration (including superannuation)	\$1,302,776 ¹
Variable Incentive cash	\$500,000 (at target) ²
Variable Incentive share rights (unhurdled equity)	\$888,943 (at target) ²
Variable Incentive performance rights (hurdled equity)	\$888,943 (at target) ²

1 Mr Adams' fixed remuneration will be reduced by 20% for the six-month period from 1 July 2020 to 31 December 2020.

2 The Variable Incentive at maximum is 175% of the target award.

A voting exclusion applies to this resolution, as set out earlier in the Notice of Meeting.

The Directors (with Mr Adams abstaining) unanimously recommend that Shareholders vote in favour of resolution 4. The Chairman of the AGM intends to vote all available proxies in favour of resolution 4.



NEW SOUTH WALES

Angel Place
Level 18, 123 Pitt Street
Sydney NSW 2000

QUEENSLAND

Central Plaza 1
Level 15, 345 Queen Street
Brisbane QLD 4000

AUSTRALIAN CAPITAL TERRITORY

Level 6, 10 Rudd Street
Canberra ACT 2601

VICTORIA

Level 28 and 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

SINGAPORE

16 Collyer Quay #07-01
Singapore 049318

TRILLIUM ASSET MANAGEMENT:

Boston
Two Financial Center
60 South Street, Suite 1100
Boston, MA 02111
USA

San Francisco
160 Spear Street, Suite 250
San Francisco, CA 94105
USA

Portland
721 NW Ninth Avenue, Suite 250
Portland, OR 97209
USA