

**PERPETUAL LIMITED  
PEOPLE & REMUNERATION COMMITTEE**

**TERMS OF REFERENCE**

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**1. OBJECTIVES**

- 1.1 The People and Remuneration Committee (**committee**) is a committee of the board of directors of Perpetual Limited (**Perpetual**). The purpose of the committee is to assist the board to carry out the following functions more efficiently and fully:
- (a) monitor that management has in place and carries out appropriate human resources management policies and practices and complies with occupational health and safety regulations;
  - (b) review and recommend to the board for approval executive remuneration policies and practices; and
  - (c) review succession and career plans for key executives.

**2. AUTHORITY**

- 2.1 The committee does not have authority to make binding decisions. The board will have ultimate authority of human resources and remuneration matters.
- 2.2 The committee may, within the scope of its responsibilities:
- (a) perform activities and make recommendations to the board consistent with these terms of reference;
  - (b) engage independent counsel and other advisors as it considers necessary to carry out its duties at Perpetual's expense;
  - (c) require the attendance of company officers at meetings as appropriate;
  - (d) have unrestricted access to management, employees and information it considers relevant to its responsibilities under these terms of reference; and
  - (e) make recommendations to the board in respect of all remuneration policies, practices and decisions.

**3. RESPONSIBILITIES**

***Human Resources Management***

The committee will:

- 3.1 Oversee employment and human resource management policies and practices across the group, including policies and practices related to staff recruitment, training and development, promotion, occupational health and safety, equal opportunity, cultural diversity, as well as remuneration and benefits.

***Remuneration Policies***

The committee will:

- 3.2 Assist the managing director to develop effective remuneration policies and practices for the group.
- 3.3 Review compensation policies and principles for senior executives in light of current market benchmarks and expert advice on remuneration levels and structures with the aim of monitoring that:
- (a) appropriate remuneration and incentives are in place to attract, secure and retain high calibre qualified, experienced and committed executives;
  - (b) policies are fair and equitable having regard to their stated purpose (including rewarding and creating incentives for high levels of individual and company performance) and current market levels and corporate governance and legal requirements; and
  - (c) in setting remuneration levels, due regard is paid to the interests of the company and its shareholders.
- 3.4 Review and approve the managing director's annual recommendations for remuneration of senior executives reporting directly to the managing director and for selected other key executives including members of the Asset Management team.
- 3.5 Review executive and staff share and option schemes to monitor that these are market-competitive and achieve their objectives.
- 3.6 Make recommendations to the board on decisions required under the terms of executive and staff share and option schemes.
- 3.7 Monitor superannuation arrangements available to executives and staff and endeavour to keep them consistent with Perpetual's policies and procedures in the context of industry practice.

### ***Succession and Career Planning***

The committee will:

- 3.8 Review, at least annually, the managing director's succession plans for key executive positions, together with the career development plans in place for key executives including, in particular, executives with high potential to progress to more senior roles.
- 3.9 Report to the board on the status of succession plans including the availability of internal and external succession candidates for all key executive positions.

### ***Executive Performance Planning and Review***

The committee will:

- 3.10 Establish and maintain a process to set robust performance measures and targets that encourage superior executive performance and ethical behaviour.
- 3.11 Review and recommend to the board payments and equity grants from executive incentive plans and monitor that performance measures and targets have been met accordingly.
- 3.12 Periodically review the system and procedures and monitor that the arrangements are consistent with Perpetual's policy.

***Board Remuneration***

The committee will:

- 3.13 Review directors' emoluments annually, including board fees, fees for committees and subsidiary boards and other benefits, in light of contemporary market practice, workload and, as necessary, securing expert advice on market relativities.
- 3.14 Make recommendations to the board for any changes in the level, form or structure of board remuneration, with the aim of monitoring that:
  - (a) Board remuneration is appropriate to attract and retain suitably qualified, high calibre, experienced and committed directors; and
  - (b) Board remuneration is fair and reasonable having regard to current market practice, the responsibilities and liabilities of directors, the workload involved in fulfilling these responsibilities and the interests of the company and its shareholders.
- 3.15 Recommend to the board for approval the remuneration levels for the chairman of the board.

***Managing Director's arrangements***

The committee will:

- 3.16 Obtain independent and market information regarding the managing director's remuneration each year and make a recommendation to the board in respect of the managing director's performance and remuneration (including fixed annual remuneration, short term and long term incentives, equity based payments, benefits, pensions, superannuation, retirement and termination compensation).
- 3.17 Review the managing director's arrangements with due consideration to governance, accounting and legal requirements.
- 3.18 Recommend to the board for approval annually robust measures and targets that encourage superior executive performance and ethical behaviour.
- 3.19 Review at least annually the performance of the managing director against individual and company targets contained in the incentive arrangements.
- 3.20 Recommend to the board for approval the policy for authorising claims for expenses from the managing director.
- 3.21 Monitor that any new or varied contracts with the managing director are disclosed in accordance with any governance, accounting and legal requirements.

***Remuneration disclosure***

- 3.22 In conjunction with the Audit, Risk and Compliance Committee, the committee will monitor that all remuneration based accounting requirements have been complied with (including any disclosure requirements).

***Nomination and termination***

The committee will:

- 3.23 Propose to the board a shortlist of candidates for the appointment to the position of managing director.
- 3.24 Monitor that the managing director follows the procedure set out in this paragraph for the appointment or termination of the company secretary and other positions reporting directly to the managing director. In the first instance, the managing director will seek approval for the proposed appointment or termination from the chairman of the board. Other board members may become involved in the approval process at the discretion of the chairman.

***Engagement survey***

The committee will:

- 3.25 Monitor that plans exist to encourage, monitor and optimise employee engagement by specifically reviewing results and action plans arising from engagement surveys as presented by management and reporting to the board on the outcomes.

***Equal opportunities and cultural diversity***

- 3.26 The committee will monitor that corporate policies support opportunities at Perpetual being realised based solely on merit, for all employees. Policies include those relating to equal opportunity regardless of sex, race, religion, sexual orientation and disability, preventing discrimination and harassment and upholding privacy.

***General***

- 3.27 The committee will carry out any other responsibilities and functions that may be delegated by the board.

**4. ORGANISATION*****Membership***

- 4.1 The board will nominate the committee members and the chairman of the committee.
- 4.2 The chairman of the committee is to be an independent director who is not chairman of the board of directors.
- 4.3 The managing director and the Group Executive, People and Culture may be invited to attend meetings at the request of the committee.
- 4.4 The committee will have a minimum of 2 independent non-executive directors.
- 4.5 A quorum of the committee is 2.
- 4.6 The committee may convene meetings as necessary (approximately 4 times a year).
- 4.7 The committee may determine its own procedures.

***Agendas, Minutes and action points***

- 4.8 The company secretary shall act as secretary to the committee.
- 4.9 The committee will develop a calendar of major agenda items annually.
- 4.10 Draft minutes of each committee meeting are to be approved by the committee chairman and circulated to all committee members by the company secretary within 2 weeks of the committee meeting.
- 4.11 Once the minutes have been approved by the committee chairman, a copy will be included in the papers for the next board meeting.
- 4.12 Minutes are not a verbatim recording of the meeting but should accurately record the resolutions of the committee, key reasons for those decisions (where appropriate) and actions arising.
- 4.13 The action list from each committee meeting will be approved by the committee chairman and circulated to all committee members with the minutes of the meeting.
- 4.14 The action list will include accountabilities and the nature and timing of subsequent reporting.

***Papers***

- 4.15 The agenda and supporting papers should be delivered to the committee members by the company secretary at least 5 days in advance of each meeting.
- 4.16 Reports and other papers of the committee shall be made available to all directors upon request, provided no conflict of interest exists.

***Development and training***

- 4.17 Committee members will be given the opportunity to attend technical or professional development courses to assist them in keeping up to date with remuneration, legal and regulatory issues.

**5. REPORTING RESPONSIBILITIES**

The committee will through its chairman, regularly update the board about matters relevant to the committee's role and responsibilities and make appropriate recommendations for approval by the board.

**6. EVALUATING PERFORMANCE**

In order to ensure that the committee is fulfilling its duties to Perpetual and its shareholders, the committee will:

- (a) obtain feedback from the board on the committee's performance periodically and implement any agreed actions; and
- (b) provide any information the board may request to facilitate its review of the committee's performance.

**7. REVIEW OF THE TERMS OF REFERENCE**

The committee will review the committee's terms of reference periodically, discuss any required changes with the board and ensure any revisions to the terms of reference are approved by the board.