Principles of Internal Governance and Asset Stewardship

Introduction

Perpetual Corporate Trust, a specialist business within the Perpetual Group (also referred to as "we" or "our"), is a leading fiduciary, custody, digital and markets business. This includes acting as investment manager for a variety of wholesale real asset funds ("Investment Manager"). Our approach to governance is crucial in ensuring we remain responsible stewards of our clients' capital.

This document provides information on our:

1. Organisational and investment approach;
2. Internal governance; and
3. Asset stewardship.

1. Organisational and Investment Approach

About the Investment Manager

Perpetual Corporate Trust offers investment management services predominantly to offshore clients investing directly and indirectly in Australian real estate and infrastructure through a Managed Investment Trust structure.

Purpose and Values

Our primary purpose as Investment Manager is to ensure that we provide an exceptional client experience in delivering investment management services in accordance with each management agreement, coupled with our client's intention to utilise our services in their investments and structure for the purposes of delivering optimal returns.

Perpetual's culture is underpinned by our three core values ("Perpetual's Values"):

- **Excellence** – delivering exceptional outcomes;
- **Integrity** – doing what's right; and
- **Partnership** – succeeding together.

Our investment philosophy centres around direct and indirect Australian real asset investments with specific investment objectives differing from fund to fund. Fund investment objectives are established in the context of a client's broader strategy and mandates.

The fund's investments are periodically assessed against the fund's investment objectives. Similarly, all proposed new investments and asset dealings are assessed against the investment objectives to ensure investment activity remains compliant and in alignment.

Ownership Management and Governance Structure

The Investment Manager (The Trust Company (RE Services) Limited and Perpetual Corporate Trust Limited) is part of the Perpetual Group and is wholly owned by Perpetual Limited. Perpetual Limited is a publicly listed company on the Australian Stock Exchange (ASX:PPT) headquartered in Sydney, Australia.

Management of Client Assets

The Investment Manager ensures client assets are managed in accordance with their investment strategies through the regular monitoring and review of fund investment objectives. Fund investment objectives are considered and reviewed during the initial investment phase (due diligence process) and post-acquisition when providing recommendations on asset dealings.

Investment management agreements include the requirement that recommendations prepared and issued by the Investment Manager are presented in view of the fund investment objectives.

Furthermore, the Investment Manager reviews the investments of each fund periodically to ensure continuing compliance of the investments against the investment objectives. This confirmation of compliance is presented within periodic investment management reports which are distributed to the investor/s and the trustee.

Conflicts of Interest

At Perpetual, acting with honesty and integrity is critical to maintaining the trust and confidence of our clients. All employees are required to adhere to internal policies and procedures to ensure all conflicts are identified, reported, assessed and managed in a timely and appropriate manner to uphold the best interests of clients.

Perpetual Group policies are in place to manage conflicts and ensure our client's assets are managed in accordance with their investment objectives:

- Perpetual's *Code of Conduct* applies to all employees, contingent workers (temporary staff, contractors and consultants), directors or representatives (together, "employees"). The *Code of Conduct* sets out the way Perpetual expects its employees to do business and underpins our culture, which is supplemented by a range of written policies dealing with our obligations to clients, counterparties, employees, shareholders and other stakeholders.
- Perpetual's *Conflicts of Interest (Corporate)* and *Conflicts of Interest (Personal)* policies are in place to identify, document and manage conflicts of interest faced by the organisation itself as well as individual employees.

2. Internal Governance

The following Perpetual Group policies and procedures are in place to ensure effective internal governance and stewardship are in place to act responsibly, act in the clients' best interest and treat clients fairly.

Ethical Conduct and Professional Practice

Perpetual's *Code of Conduct* draws from and expands on Perpetual's Values and is based on the following principles:

- act with integrity;
- act in accordance with Perpetual's behavioural standards;
- manage conflicts of interests;
- comply with the spirit as well as the letter of the law;
- commitment to good governance and delivering shareholder value;
- contribute to the community in which we operate;
- commitment to acting in the best interests of our clients;
- respect confidentiality and privacy;
- maintain a safe work environment; and
- protect those who report wrongdoing.

Perpetual's *Code of Conduct* can be found here.

All new Perpetual employees are required to familiarise themselves with the *Code of Conduct* as part of their induction training requirements.

Personal Trading

Personal trading for Perpetual employees is governed by both Perpetual's *Personal Trading in Non-Perpetual Securities* and *Personal Trading in Perpetual Securities* policies. Together, the purpose of these policies is to ensure that personal trading in securities is conducted lawfully and appropriately, and that legal, regulatory and reputational risk is minimised. Compliance with both policies is mandatory for all employees.

Under Perpetual's *Personal Trading in Non-Perpetual Securities Policy,* employees must ensure that their personal investment decisions are made on the basis of generally known information (information which is readily available to other investors) and ensure that they do not use their position as an employee to gain an advantage for themselves or another person.

Furthermore, this policy prohibits all employees across Perpetual from:

- Trading securities using inside information;
- Front running (trading ahead of Perpetual);
- Procuring, arranging or encouraging a third party to trade securities on their behalf; and
- High volume personal trading.

Employees are also required to avoid personal trading if it will:

- Conflict with their duty to provide the highest standard of service to Perpetual, its clients and shareholders; and
- Adversely impact their professional reputation and their ability to perform normal duties.

Under Perpetual's *Personal Trading in Perpetual Securities Policy,* all directors and employees are prohibited from:

- Speculatively trading, short selling or hedging over Perpetual securities;
- Entering into or otherwise facilitating margin loans over Perpetual securities; and
- Trading Perpetual securities in a personal capacity in a prohibited period.

Furthermore, all directors and employees must seek pre-approval of all trading in Perpetual securities.

Perpetual's *Personal Trading in Perpetual Securities Policy* can be found here.

For completeness, the Investment Manager deals only in wholesale unlisted funds of which personal trading should not be applicable.

Management of Conflicts of Interest

At Perpetual Corporate Trust, acting with honesty and integrity is critical to maintaining the trust and confidence of our clients. All Perpetual employees are required to adhere to internal policies and procedures, to ensure appropriate standards of conduct and that all conflicts of interest are identified, reported, assessed and managed in a timely and appropriate manner, in order to uphold the best interests of clients.

Several group policies are in place to manage conflicts:

- Perpetual's *Code of Conduct* (see above) applies to all of Perpetual's directors, executives, contractors and employees and is designed to assist them in making ethical business decisions. The *Code of Conduct* is supplemented by a range of written policies dealing with our obligations to clients, business partners, employees, shareholders and other stakeholders.
- Perpetual's *Conflicts of Interest (Corporate)* and *Conflicts of Interest (Personal)* policies are in place to identify and manage conflicts of interest faced by the organisation itself as well as individual employees.

In addition to the above, all Perpetual employees must comply with Perpetual's *Anti-Bribery and Corruption* and *Gifts and Entertainment* policies. The purpose of these policies is to ensure gifts are only given or accepted by employees in circumstances that do not compromise, and are not perceived to compromise, the integrity of Perpetual or its employees' decision-making processes and do not present an actual or perceived conflict of interest.

Perpetual's *Anti-Bribery and Corruption Policy* can be found here.

Risk Management and Compliance

As a publicly listed company and provider of financial products and services, Perpetual operates in a highly regulated environment. The Perpetual Board (the "Board") has the ultimate responsibility and commitment to ensure that the organisation has an appropriate risk framework in place to ensure risks are identified, assessed and managed effectively. The Board's commitment is reflected through the establishment of, and investment in, the Perpetual Risk, Compliance and Internal Audit functions, led by the Chief Risk Officer.

The Chief Risk Officer has the mandate to design, implement and monitor Perpetual's *Risk Management Framework* ("RMF"). This commitment is further demonstrated by the formation of the Audit, Risk and Compliance Committee ("ARCC"), a Board Committee with responsibility for overseeing the design and effectiveness of the RMF.

The RMF is underpinned by the 'Three Lines of Accountability' model:

- Line 1: Business management is responsible for identifying, analysing, managing, monitoring and reporting all relevant risks within their business;
- Line 2: Risk and Compliance is responsible for the design and maintenance of the RMF and its key components and activities that collectively enable the business to meet governance, risk and compliance requirements; and
- Line 3: Internal Audit is responsible for providing independent, objective assurance to the Board, ARCC and management regarding the effectiveness of the internal control environment.

Perpetual's RMF can be found here.

Where Perpetual acts in the capacity of Investment Manager, responsible entity, corporate director or as trustee for investment entities (such as Managed Investment Schemes and Managed Investment Trusts), this RMF applies to all the activities that Perpetual undertakes in connection with these roles. While this includes oversight of external parties that support these investment entities (such as external investment managers or administrators), the risk oversight measures set out in this RMF do not fully extend to these external parties. Service provider governance processes are implemented in these instances to provide this oversight.

The Board's expectations regarding the consideration of risk in decision making processes and expected behaviours are outlined in Perpetual's Risk Appetite Statement ("RAS"). The RAS sets out the Board's position in relation to each of Perpetual's material risk categories and articulates the desired behaviours, metrics and tolerances that management are to take into account when setting and implementing strategy and running their day to day areas of responsibility.

Whilst risk limits and measures are incorporated into business plans and budgets, the RAS identifies boundaries beyond which management should not venture, unless specifically approved by the Board.

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Error Correction Policy

Perpetual's *Issues Management Policy* is a key component of Perpetual's RMF and is in place to ensure issues are correctly identified, documented, assessed and managed. All issues must be reported and consequently rectified through the implementation of a Management Action Plan.

Brokerage and Commissions

Not applicable.

As Investment Manager to wholesale real asset funds that invest in direct and unlisted-indirect property, brokerage and commissions does not apply to the calculation or derivation of our management fees nor the dealings of investments.

Equitable Asset Valuation and Pricing

The requirement for our funds to obtain regular valuations is generally determined at the fund establishment to align with the investors reporting and compliance obligations and, to the extent applicable, debt covenants reporting requirements.

Where an annual or ad-hoc valuation is requested, the Investment Manager will recommend the appointment of an external valuer taking into consideration their skills, capability, experience and value proposition. All valuations carried out in respect of assets held by the fund are procured from external third-party valuers.

Best Execution and Trade Allocation

Not applicable.

Best execution and trade allocation does not apply on the basis that we act as investment manager to wholesale unlisted property vehicles.

Remuneration Policy

Our remuneration philosophy at Perpetual is designed to enable the achievement of our business strategy, whilst ensuring that remuneration outcomes are aligned with shareholder, client, employee and community interest and are market competitive to attract, motivate and retain desired talent within Perpetual.

The remuneration framework consists of two components: fixed remuneration and variable remuneration. The variable component can include a short-term incentive (STI), Perpetual Limited shares, and a long-term incentive (LTI). The combination of fixed and variable remuneration varies depending on the employee's role, level and market practice.

Whistleblowing Policy

Perpetual is committed to promoting good corporate conduct and to conducting business in accordance with the highest ethical standards. The reporting of suspected misconduct is vital to maintain Perpetual's reputation for trustworthiness and to uphold Perpetual's Values.

Perpetual's *Whistleblowing Policy* protects employees who make reports in good faith of misconduct or wrongdoing without fear of reprisals or disadvantage in the workplace. Under the *Whistleblowing Policy*, a third party has been engaged to provide an independent and confidential hotline for Perpetual employees who prefer to raise their concern with an external organisation.

Perpetual's *Whistleblowing Policy* covers a range of misconduct which includes:

- 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;
- Any conduct that amounts to modern slavery, such as debt bondage and human trafficking of employees; and
- Any other conduct which could cause loss to, or be detrimental to the interests or reputation of, Perpetual or its clients.

Perpetual's *Whistleblowing Policy* can be found here.

Training and Development

A continuous improvement and development attitude is actively promoted within Perpetual Corporate Trust and is an integral part of the culture at Perpetual. Accordingly, employees are encouraged to undertake further education and training relevant to their role and in line with individual development plans.

Further structured and unstructured training is undertaken by the Investment Management team to ensure the continual development of technical skills and industry knowledge. Additionally, professional memberships and affiliations are encouraged.

Complaints and Dispute Resolution

Perpetual's *Complaints Handling Policy* sets out a framework for handling complaints. It seeks to comply with the key principles of AS/NZS 10002:2014 Guidelines for complaint management in organisations and Australian Securities and Investments Commissions ("ASIC") Regulatory Guide 271 – Internal dispute resolution (R271), where applicable.

Under these guidelines, Perpetual is required to have in place a complaints handling and dispute resolution system that consists of:

- Internal dispute resolution (IDR) procedures that meet the standards or requirements made or approved by ASIC; and
- Membership of the Australian Financial Complaints Authority (AFCA).

The complaints handling process comprises of the following steps; identify and record, acknowledge, investigate and assess, respond and review. Where applicable, complainants also have the right to escalate complaints to an external dispute resolution body to address systemic issues. The policy is designed to ensure that complaints are appropriately and expeditiously addressed. We are committed to ensuring complaints are appropriately handled to:

- Promote greater client satisfaction, trust, and enhance Perpetual's relationship with clients;
- Improve the overall quality of services and level of confidence in products; and
- Comply with the requirements under regulatory licences.

Perpetual's *Complaints Handling Policy* can be found here.

3. Asset Stewardship

Perpetual is committed to meeting the highest standards of governance, as well as ethical and professional practices. The following section outlines our approach to asset stewardship.

Monitoring of Performance

As Investment Manager, we are responsible for managing and providing oversight of the assets as well as keeping the assets of the fund in view of the fund's investment objectives. For direct and indirect real property investments, we achieve this through the review of asset-level reporting (in the form of underlying property manager and asset manager reports), engagement with service providers and the procurement of fund-level accounts.

This information is reviewed on a periodic basis and is incorporated within investment management reports, which include, but are not limited to, the following:

- Market update;
- Alignment of the investments with the fund investment objectives;
- Fund-level financial performance;
- Fund-level initiatives and activities; and
- Asset-level initiatives and activities.

Engagement

Perpetual's RMF and regulatory obligations require that an appropriate and effective issues reporting process be implemented across Perpetual. Perpetual's *Issues Management Policy* covers the following:

- A consistent framework for the identification and management of issues;
- Define key principles of effective management of issues;
- Detailed roles and responsibilities in effective management of issues;
- Provide guidelines for issue assessment and rating;
- Issue due dates, ownership and approval levels; and
- Reporting of issues.

The Investment Manager maintains regular and open communication channels with investors, asset managers, property managers, fund accountants and other service providers and where appropriate will escalate matters for discussion and decision with the relevant stakeholder/s.

Approach to Environmental, Social and Governance Factors

The Investment Manager has adopted a positive approach to environmental, social and governance ("ESG") considerations and believes that ESG factors can have a material impact on the fund returns.

The Investment Manager takes ESG factors into account as part of our analysis, due diligence on assets, and discussions with investors, asset managers and joint-venture partners which is, to the extent applicable, documented in our investment management reports.

Perpetual's sustainability strategy is set out in *Perpetual's Prosperity Plan*, which outlines the following priority themes and key commitments across four pillars:

- Planet: Decarbonisation and local environmental impacts;
- People: Diversity and inclusion and talent, development and wellbeing;
- Communities: Social and community impacts and First Nations advocacy and support; and
- Governance: Good governance, ethical business and sustainable products and services through the integration of ESG.

Perpetual's FY25 Sustainability Report, which can be found here, provides the final progress update against *Perpetual's Prosperity Plan* located here.

Proxy Voting

Given the wholesale nature of the structures for which we act as investment manager and the underlying real estate asset, proxy voting is not typically applicable in our role as investment manager. Assets are directly held via trusts which are administered by trustees. Decision making by such trustees are administered by recommendations from the Investment Manager and/or direction from unitholders.

An exception to this applies where indirect asset investments are made via a joint-venture partner or local asset management platform. In this case, decision making is typically governed by a joint-venture agreement or unitholders agreement with voting rights assigned appropriately to the various investors.

Where a client nominates the Investment Manager to vote on their behalf in respect of such decisions, the Investment Manager's *External Investment Committee Membership Policy* will apply with respect to voting. This policy requires that voting is made in a prudent and diligent matter and voting does not occur without a formal recommendation on a voting matter to clients/investors being issued and accepted.

As the Investment Manager oversees the investments on behalf of various institutional investors, we maintain strict adherence to Perpetual's *Conflicts of Interest (Corporate)* and *Conflicts of Interest (Personal)* policies when collaborating or engaging with other investors in the industry.

Collaborative Engagement and Policy Advocacy

Perpetual is a well-respected and long-standing brand in Australian investment markets. As one of Perpetual's Values, "Partnership – succeeding together", collaborative engagement is embedded in our culture.

Perpetual maintains memberships, certifications and partnerships with industry groups and associations which allows us to engage with other industry participants and remain abreast of industry changes and challenges.

Client Engagement, Education and Communication

Perpetual Corporate Trust engages with and educates clients through various forums including:

- Management meetings with clients designed for direct disclosure of matters that impact their business, funds and investments; and
- *PCT Insights* email newsletter distributed periodically incorporating general market insights and key regulatory change items.

More information

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www.perpetual.com.au/corporate-trust

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