6.2 Contract arrangements

CONTRACT TERMS FOR THE CEO AND MANAGING DIRECTOR AS AT 30 JUNE 2016

Contract details	Geoff Lloyd, Chief Executive Officer and Managing Director
Term of contract	Open-ended
Fixed remuneration	$1,250,000 per annum, reviewed in accordance with Perpetual's policies.
STI	Target STI of 100% of fixed remuneration. STI amounts are determined by the Board taking into account the Executive's performance against performance criteria determined by the Board annually. The performance criteria include threshold risk measures and behaviour objectives which must be met by the Executive for any STI to be awarded. Subject to the Board's discretion, the Executive may be required to apply a proportion of his STI payment to acquire deferred STI shares.
LTI	From FY15, eligible to receive LTI grants of 100% of fixed remuneration provided by way of performance shares, performance rights or options in such proportions determined by the Board annually in its discretion. Vesting of LTI grants is subject to performance targets determined by the Board and advised to the Executive prior to the effective date of grant.
Termination of employment	The agreement contains provisions for the termination of Mr Lloyd's employment as follows: (a) Termination by Mr Lloyd on 12 months' notice in writing to the Board (or such shorter period as may be agreed). In the event the Board agrees to a notice period of less than 12 months, the agreement will be subject to no entitlement to receive a payment of fixed remuneration (or any other remuneration or amount) in respect of any period after termination date. There is no entitlement for STI for that financial year; and unvested STI held as shares and all unvested LTI is forfeited. (b) Termination by the Company on 12 months' notice in writing (or such shorter period as may be agreed). The Executive is entitled to be considered for a STI payment for that financial year; and unvested STI held as shares and unvested LTI due to vest within two years of the termination date, will remain eligible for vesting, subject to satisfaction of performance conditions in due course. Unvested LTI due to be tested after two years of the termination date is forfeited. (c) If the Executive becomes incapacitated by illness or injury for an accumulated period of three months in any 12 month period, the Company may terminate this agreement by giving 12 months' notice in writing (or such shorter period as may be agreed). The Executive is entitled to a pro rata STI for that financial year; and unvested STI held as shares and unvested LTI due to vest within two years of the termination date, will remain eligible for vesting, subject to satisfaction of performance conditions in due course. Unvested LTI due to be tested after two years of the termination date is forfeited. (d) Termination without notice following an agreed material diminution event. Upon such termination, the Company must, within seven days, pay the Executive fixed remuneration in lieu of 12 months' notice and a pro rata STI for that financial year. Unvested STI held as shares and unvested LTI due to vest within two years of the termination date, will remain eligible for vesting, subject to satisfaction of performance conditions in due course. Unvested LTI due to be tested after two years of the termination date is forfeited. (e) Termination by the Company for poor performance on six months' notice in writing (or such shorter period as may be agreed) or termination by the Company without notice. There is no entitlement for STI for that financial year; and unvested STI held as shares and all unvested LTI is forfeited. (f) Termination in the event of Mr Lloyd's death – his estate is entitled to pro rata STI for that financial year; and unvested STI held as shares and unvested LTI remain eligible for vesting subject to satisfaction of performance conditions in due course. The agreement also provides that the Company may elect to make a payment in lieu of notice.