



**AUGUST 2017**

# CORPORATE RESPONSIBILITY STATEMENT

## 1. INTRODUCTION

Perpetual's Board and management have a long-standing commitment to good corporate governance. 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. Perpetual is also committed to transparent reporting on corporate responsibility risks and how the Executive Team and Board are mitigating these risks in pursuit of sustainable business performance.

This Corporate Responsibility Statement (CRS) includes an overview of Perpetual's CRS 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 Statement 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 (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.
- A summary of governance structures at Perpetual.

The Board considers that it complies with all ASX Principles, and has done so throughout the reporting period.

This CRS has been approved by the Board and is current at 22 August 2017, except where otherwise indicated. Copies or summaries of the Company documents referred to in the appendix of this CRS can be found on Perpetual's website at [www.perpetual.com.au/Corporate-Governance](http://www.perpetual.com.au/Corporate-Governance).

**“At Perpetual, we have been entrusted with protecting and growing the wealth of our clients for generations. It's a responsibility we take seriously, and is one of the reasons why the Corporate Responsibility Statement for us is more than just a listing rule; it harmonises responsible investment practices, ESG principles, sustainable investing and good governance – all the things that are really core to what we do for our clients. These principles closely align to our long-held value investment style. We continuously look to improve on our Corporate Responsibility reporting by welcoming community feedback, observing and actioning changes put forward by regulators and utilising the diversity of thought of our own employees”.**

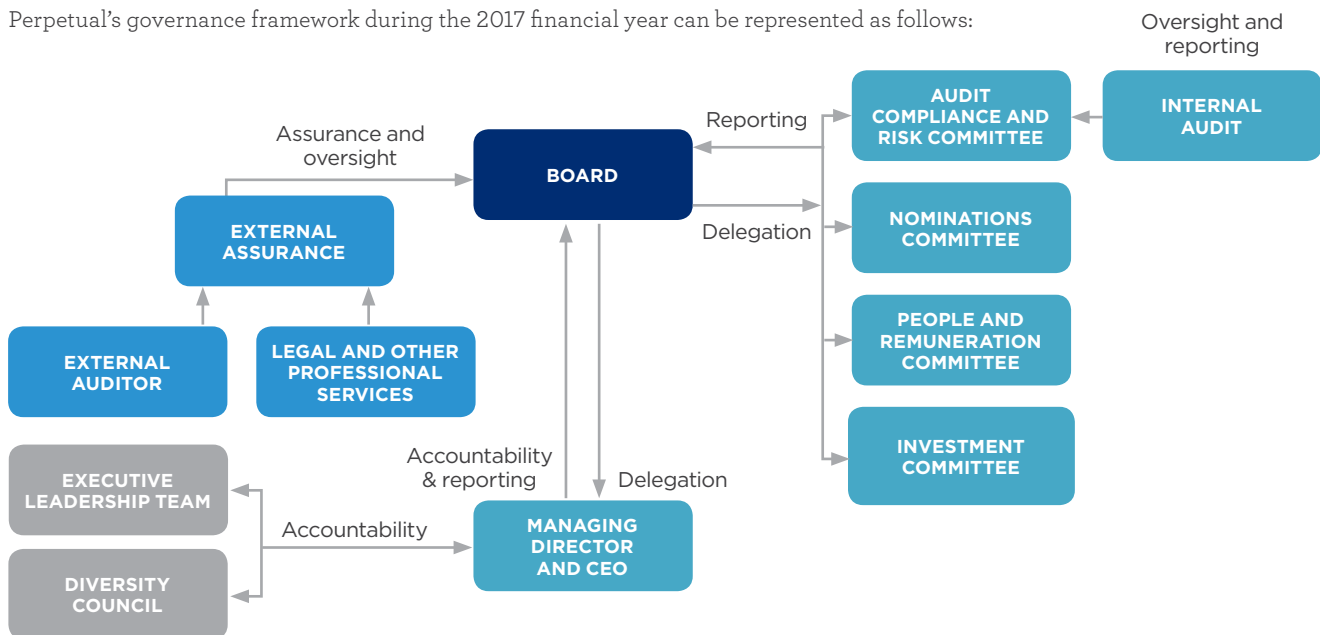
**Geoff Lloyd, Managing Director & CEO (August 2017)**

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

## 2. FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### 2.1 GOVERNANCE FRAMEWORK

Perpetual's governance framework during the 2017 financial year can be represented as follows:



### 2.2 ROLES AND RESPONSIBILITIES OF BOARD AND MANAGEMENT

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 & CEO but remains responsible for overseeing management's performance. The Managing Director & 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 Perpetual's values and standards of conduct and service
- monitoring that management has an appropriate framework in place to identify and effectively manage business risks (including material sustainability risks)
- monitoring business performance and the group's financial position
- setting Perpetual's direction, strategies and financial objectives
- ensuring that the performance of management and the Board is regularly assessed and monitored;
- ensuring remuneration outcomes are aligned to Perpetual's long term financial soundness and risk management framework
- monitoring the integrity of financial accounts and reporting
- overseeing investment activities
- monitoring compliance with regulatory, prudential, legal and ethical standards
- appointing the Managing Director & CEO and reviewing the performance of the Managing Director & CEO and his direct reports, including remuneration and succession planning
- strategy formulation and execution.

The Board Charter is reviewed annually to ensure the balance of responsibilities remains appropriate to Perpetual. A summary of 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 written charter known as its Terms of Reference.

All Committees, except the Nominations Committee, generally meet at least quarterly, and more frequently if required. Aside from the Nominations Committee, the Managing Director & CEO attends 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.

#### 2.2.1 PERPETUAL'S SUBSIDIARY BOARDS

The Boards of Perpetual's subsidiaries are generally made up of Executive Directors. There are, however, a number of Subsidiary Boards which are composed of a majority, or entirely, of Independent 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.

Perpetual's Corporate Governance Policies are applied to its subsidiaries but adapted to reflect the size and nature of each subsidiary's operations. The Subsidiary Boards are a key component of Perpetual's Risk Management Framework.

### 2.2.2 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 in 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.

### 2.2.3 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.

## 2.3 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 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 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 2.6 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.

## 2.4 SERVICE AGREEMENTS

Upon appointment, new Directors receive a detailed services agreement which sets out the terms of their appointment, including the required time commitment, remuneration arrangements including superannuation, the requirement to disclose directors' interest and 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.

## 2.5 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 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 Joanne Hawkins, the Company Secretary, and Glenda Charles, Deputy Company Secretary.

On 24 February 2017, Joanne Hawkins resigned as Company Secretary of Perpetual Limited and Eleanor Padman was appointed on 31 July 2017. Details of the experience and qualifications of Eleanor Padman and Glenda Charles are set out in the 2017 Directors' Report.

## 2.6 DIVERSITY AND FLEXIBILITY

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, better results for shareholders, enhanced corporate performance, reputation and shareholder value, access to differing perspectives and agility in decision making processes. All these factors assist Perpetual to preserve shareholder value and manage risk.

Perpetual's Diversity & Inclusion Strategy is driven by the Perpetual Diversity Council. The Council is chaired by the Managing Director & CEO sponsored by a Group Executive and has member representation from each of the business units who serve as Council Members. The Diversity Council identifies, agrees and drives the initiatives that are aligned to the following strategy.

### DIVERSITY & INCLUSION AT PERPETUAL

At Perpetual we believe building diverse and inclusive teams is the right thing to do and will deliver better outcomes for our people, clients and shareholders



#### Flexibility

We empower employees with a measure of control over where, when, and how they work to deliver optimal business outcomes

We believe that all roles can be performed flexibly and, if not, we ask 'why not?'

In September 2016, Perpetual won the Best Flexibility Program Award (2016 Australian Human Resources Awards)

80% of our people tell us they use some sort of flexibility to balance their work and other life interests



#### Gender Equality

Our strategy focuses on developing, retaining, engaging, and sponsoring our female talent so we can achieve greater gender-balanced leadership at Perpetual

We're working towards a 38% women in leadership target by 2018



#### Cultural Diversity

We celebrate the cultural backgrounds of all our people

We support change through the actions we take to build relationships, respect, and opportunity for Aboriginal and Torres Strait Islander peoples

Our Stretch Reconciliation Action Plan 2016-2019 sets out to extend our practices to build cultural awareness and further identify opportunities to partner with Aboriginal and Torres Strait Islander peoples (eg partnerships, procurement, recruitment, and retention)



#### Inclusion

We build an environment that enables our people to contribute in their distinctive way, appreciating the differences in gender, age, cultural background, disability, religion, and sexual orientation, education, skills, characters, and points of view. It's the different ideas and perspectives of our teams that drive innovation and business growth

The Board reviews the Diversity & Inclusion Strategy at least annually, including the objectives set for achieving gender equality and progress in achieving them. 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).

#### 2.6.1 GENDER EQUALITY

To encourage greater representation of women at senior levels of the organisation, Perpetual continues to develop initiatives targeting improved gender equality. These include the enhancement of our talent acquisition processes, our annual gender pay-gap analysis, leadership development, mentoring programs, networking and development forums and knowledge sharing opportunities available to female employees.

In addition to building a strong pipeline of female talent, in 2017 Perpetual dialled up its leader-led approach to gender equality. In May 2017, 160 of Perpetual's Leaders attended Perpetual's Leadership Summit which focused on building Inclusive Leadership Capability.

In 2017 Perpetual also commenced development of a formal strategy which supports employees who are affected by domestic and family abuse (DF+A). Perpetual acknowledges that this is not only a private issue, but also a workplace issue. The ABS estimate that between 55% and 70% of those currently experiencing D&FA are in the workforce –that equates to 1 in 6 female workers. 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.

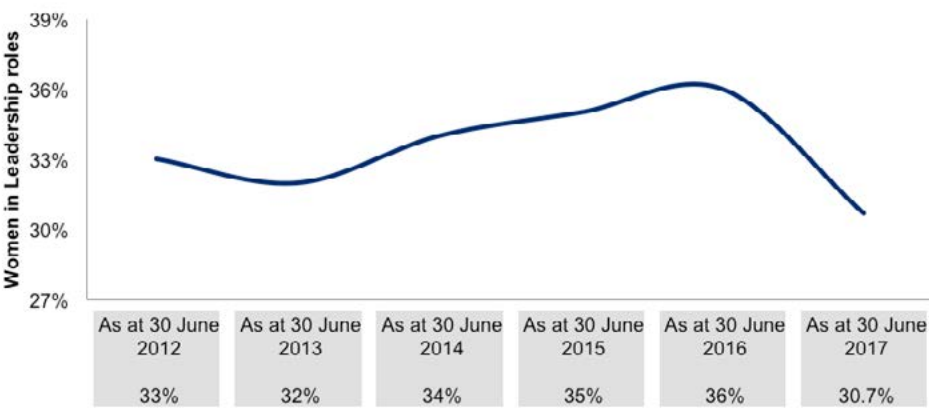
Any measurable objectives under the Diversity Policy that are established by the Board are periodically reviewed for relevance. Perpetual’s Performance and Remuneration Committee (PARC) oversees the Diversity Policy and reviews and reports to the Perpetual Board on progress made against the diversity related targets (such as proportion of women in senior leadership roles). The Board approves any amendments to the Diversity Policy.

“As the chair of our Diversity Council, I am committed to driving change towards achieving gender equality and enabling diversity and inclusion. To make this happen we have a dedicated Diversity and Inclusion Strategy, which focuses investment in the areas of Flexibility, Gender Equality and Cultural Diversity. I’m proud Perpetual has committed to drive change, and take action on two things that challenge the entire industry – the gender pay gap and women in leadership. This year Perpetual has taken a leader-led approach to building a more gender balanced leadership team and, through continued reviews, we have closed and maintained the pay-gap for all like-for-like roles. Embracing diversity is essential for understanding our markets and clients and fostering innovation and high performance in our teams.”

Geoff Lloyd, Managing Director & CEO (August 2017)

As part of its Diversity & Inclusion Strategy, Perpetual currently has a goal to achieve a 38% female senior leadership cohort by 2018. In June 2017, Perpetual achieved 30.7% women in leadership. To accelerate progress in this area, Perpetual has increased leadership accountability in achieving this goal. In addition, it has extended this goal to strive for a 40/40/20 composition at senior leadership by 2020 (40% female, 40% male, 20% either – which means either male or female).

Chart 1: Percentage of women in leadership roles FY12 to FY17



To achieve our 38% target, in FY18, some of our specific focus areas will include the following:

- Embed flexibility as a way of working.
- Continue to build the inclusive leadership skills of all our people leaders.
- Explore sponsorship programs to accelerate career progression of high potential females.
- Expand our Inspiring Womens’ Forum to support connection and networking for females at all levels.
- Increase leadership accountability in FY18 through formalised business unit goals relating to gender diversity at senior levels.

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

**Table 1: Workplace gender equality**

CATEGORY	NUMBER OF FEMALE EMPLOYEES (2017)	NUMBER OF FEMALE EMPLOYEES (2016)
Chief Executive Officer (CEO)	0	0
Key Management Personnel (KMP – defined as one reporting level below CEO & excluding Non-Executive Directors)	3	2
Other Executives / General Managers (generally, 1 to 2 reporting levels in management hierarchy below CEO)	6	7
Senior Managers (generally 2 to 3 reporting levels in management hierarchy below CEO)	23	28
<b>Total</b>	<b>32</b>	<b>37</b>

Note as at 20 June 2017: 29% of the Perpetual Board members are female, and 51% of the Perpetual Group's employee population is female.

To support gender equality, we monitor the gender pay gap periodically. 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.

## 2.6.2 CULTURAL DIVERSITY

In 2017, the Cultural Diversity pillar of the Diversity & Inclusion Strategy remains centred 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 2017 include:

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

### PERPETUAL'S RECONCILIATION ACTION PLAN

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. Perpetual launched its 'Stretch' RAP in partnership with Reconciliation Australia during National Reconciliation Week (NRW) in 2016 and held functions in its six offices across Australia. Employees in Sydney also deepened their cultural knowledge during NRW by taking part in cultural heritage tours.

Perpetual continues its commitment to Jawun (the Indigenous Corporate Partnerships Program), sending four employees each year to Cape York to work with Aboriginal and Torres Strait Islander organisations. Employees also mentor Aboriginal and Torres Strait Islander high school students through the Australian Indigenous Education Foundation (AIEF).

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 more than 13 Aboriginal and Torres Strait Islander suppliers for a wide range of goods and services including teleconferencing, stationery supplies, bottled water, graphic design services, legal services, cultural awareness training and technology equipment.

### 2.6.3 FLEXIBILITY

Perpetual continues to value flexibility as a lever of an inclusive and diverse high performance 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 2017 has been on embedding flexibility as a usual way of working at Perpetual.

Our commitment to workplace flexibility underpins both the cultural diversity and gender equality priorities of our Diversity & Inclusion Strategy; ensuring employees can successfully balance their life, social and family commitments to promote increased success at work. This means Perpetual can continue to attract and retain a diverse workforce.

Our increased focus on flexibility has been positive for our people, with 85% of our people strongly believing that Perpetual cultivates a culture that embraces flexibility and 80% of people reporting they use flexibility to balance their personal and work commitments (2017 Employee Engagement Survey).

### 2.7 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. Performance reviews were conducted in FY17 looking back at FY16 performance. As part of the Board and Committee’s annual review process:

- Directors and key management stakeholders complete questionnaires
- individual meetings are conducted between the Chairman and Directors (and for the purposes of the review meeting of the Chairman, between a nominated independent Director and the Chairman), and
- a general Board discussion takes places.

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.

### 2.8 REVIEW OF SENIOR EXECUTIVE PERFORMANCE

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

The Managing Director & 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 & CEO’s performance against his goals with input from all Board members.

The Managing Director & 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 & CEO carries out the performance review of each Group Executive against their objectives with input from appropriate stakeholders including Board members.

During the 2017 financial year, performance reviews of the Managing Director & CEO and each Group Executive were conducted in accordance with this process.



### 3. STRUCTURE THE BOARD TO ADD VALUE

#### 3.1 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 Tony D'Aloisio, Sylvia Falzon, Ian Hammond and Craig Ueland, all of whom Perpetual regards as independent non-executive directors.

Tony D'Aloisio was appointed as Chairman of the Committee following Peter Scott's retirement from the Perpetual Board on 31 May 2017.

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

- nominees for appointment to the board (including re-election of existing Board members) and the terms of invitation to potential directors, including length of tenure;
- the formal evaluation of the Board's performance and the program of director education;
- the size and structure of the Board to ensure that it comprises appropriately qualified and experienced people;
- 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 2017 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).

#### 3.2 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:

- strategic and commercial skills and experience promoting rigorous dialogue with management and providing focused and broader insight and perspectives
- practical and commercial experience in developing and implementing successful strategic plans
- industry experience, preferably with similar businesses or other businesses with experience in financial markets including wealth and asset management serviced by Perpetual
- financial numeracy and literacy, which may include direct experience in financial accounting and reporting or in investment banking or corporate finance. These skills underpin the ability to probe the adequacy of financial reports and internal controls as well as testing forecasts and assumptions in support of inorganic investments and acquisitions
- development of and investment in IT infrastructure, adaptation to digital change and innovation
- human resources and management experience to assist the Board in formulating and managing CEO/MD succession plans, in setting remuneration policy and in applying that policy to promote shareholder value through targeted and transparent short term and long term incentive programmes
- international experience from relevant businesses or industries outside Australia
- Corporate Governance experience and a commitment to the highest standards of corporate governance, that being essential for a publicly listed company.

The mix of skills, experience and diversity represented on the Board as at 30 June 2017 is shown in Table 2. The Board considers that this level of skills and experience is appropriate for Perpetual's needs.

**Table 2 : Skills and Background**

NAME	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 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	To be confirmed at AGM to be held on 2 November 2017	✓
Mr P Bullock AO	<p>Held Senior Executive, CEO, Managing Director and NED roles. Experience relevant to Perpetual as 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 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> </ul>	20 November 2012	31 October 2013 3 November 2016	✓
Ms N Fox	<p>Held Managing Director and NED roles. Experience relevant to Perpetual as 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	3 November 2016	✓
Mr I Hammond	<p>Held Lead Partner and NED roles. Experience relevant to Perpetual as 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	✓

NAME	BACKGROUND	APPOINTED	ELECTED/ RE-ELECTED	GENERAL CONSISTENCY WITH SOUGHT AFTER SKILLS
Mr P Scott*	<p>Held CEO, Chairman and NED roles. Experience relevant to Perpetual as NED:</p> <ul style="list-style-type: none"> <li>Financial Services industry, including wealth management</li> <li>Publicly listed company governance and regulation in financial markets</li> <li>Advisory input to Government and educational bodies on business</li> <li>Strategic planning and execution and M&amp;A</li> </ul>	<p>31 July 2005 (Retired 31 May 2017)</p>	<p>28 October 2008 3 November 2011 30 October 2014</p>	✓
Mr C Ueland	<p>Held CEO, CFO, COO and NED roles. Experience relevant to Perpetual as 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>	<p>25 September 2012</p>	<p>1 November 2012 3 November 2015</p>	✓
Mr G Lloyd	<p>Held Senior Executive roles. Experience relevant to Perpetual as MD &amp; CEO:</p> <ul style="list-style-type: none"> <li>Financial Services Industry, including Advice, Private Banking and Wealth Management and Funds Management</li> <li>Management skills and leadership development</li> <li>Strategic planning and Change Management</li> <li>Sales and distribution strategy development</li> </ul>	<p>5 February 2012</p>		✓

\* Tony D'Aloisio joined the Perpetual Limited board on 31 December 2016 and Peter Scott retired from the board on 31 May 2017.

### 3.3 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 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 Chairman of any relevant information and update the Chairman 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 the each member of the current Board is as follows:

**Table 3: Length of Service**

BOARD MEMBER	DATE OF APPOINTMENT	LENGTH OF SERVICE
Mr T D'Aloisio AM	13 December 2016	< 1 year
Mr P Bullock AO	1 June 2010	7 years
Ms S Falzon	20 November 2012	4.5 years
Ms N Fox	28 September 2015	2 years
Mr I Hammond	24 March 2015	2.5 years
Mr C Ueland	25 September 2012	5 years
Mr G Lloyd (Managing Director)	5 February 2012	5.5 years

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.

Mr 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.

Mr Scott retired as a Director and Chairman of Perpetual in May 2017. Mr Scott was also Director and Chairman of Perpetual Equity Investment Company Limited (PIC), an ASX listed investment company and retired from this position in June 2017. He was succeeded as Chairman of PIC by Nancy Fox. 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 Mr Scott or Ms Fox's role at PIC affected their independence.

Mr 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 2017 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.

### 3.4 COMPOSITION OF THE BOARD

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 non-executive independent Directors. During the 2017 financial year, the Board comprised seven Directors, six of whom were independent Non-Executives, and the Managing Director & CEO.

During the year, the composition of the Board underwent three changes. Tony D'Aloisio was appointed as a Director and Chairman-elect on 13 December 2016. Peter Scott retired as a Director and Chairman on 31 May 2017 and Tony D'Aloisio was appointed as Chairman on the same day. This is part of the normal refresh of the Perpetual Board.

### **3.5 INDEPENDENT CHAIRMAN**

During the 2017 financial year, the roles of Chairman and Managing Director & 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.

### **3.6 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.

## **4. ETHICAL AND RESPONSIBLE DECISION MAKING**

### **4.1 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 and employees and is designed to assist them in making ethical business decisions. It is based on the following principles:

- acting with integrity
- act in accordance with Perpetual's behavioural standards
- avoiding conflicts of interests
- upholding the spirit as well as the letter of the law
- continuing good governance and consistently delivering shareholder value
- contribute to the community in which we operate
- commitment to our clients and working in their interests
- maintaining a fair and safe work environment, and
- protecting those who report wrongdoing.

Additional policies deal with a range of ethical issues such as the obligation to maintain client confidentiality and to protect Company 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. 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 Chief Risk Officer and the General Manager, Legal, Compliance and Company Secretary 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 has a Whistleblowing Policy to protect employees who make reports in good faith of wrongdoing, prejudice or disadvantage. As part of Perpetual's 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.

## 5. INTEGRITY IN FINANCIAL REPORTING

### 5.1 AUDIT, COMPLIANCE AND RISK COMMITTEE

The Audit, Compliance and Risk Committee's members are appointed by the Board. During the 2017 financial year, the Committee had four members, all independent non-executive directors being Ian Hammond (Chair), Philip Bullock, Nancy Fox and 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 Perpetual Group's statutory financial reports and statements;
- monitoring that management has an appropriate framework in place to identify and effectively manage risk and that management ensures that the group operates within the risk appetite set by the Board;
- monitoring compliance with regulatory, prudential, legal and ethical standards; and
- reviewing compliance with internal guidelines, policies and procedures.

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, Compliance and Risk Committee and attendance by committee members is set out in Perpetual's 2017 Directors' Report. Further information in relation to the Audit Compliance and Risk 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).

### 5.2 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.

During the 2017 financial year, the Board received the declarations and statements referred to above in relation to financial reporting for the half-year ending 31 December 2016 and the full-year ending 30 June 2017.

### 5.3 EXTERNAL AUDITORS

The Perpetual Group's 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 2017 financial year, the Group's external auditor was KPMG. The lead audit partner is Mr Martin McGrath and the engagement partner is Ms Kim Lawry.

The Group's external auditor attends each meeting of the Audit, Compliance and Risk 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 has a standing invitation to meet with the Committee, its Chairman or with the Board's Chairman 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.

#### 5.4 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 our 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 secondee performs 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 positively opining on the tax treatment of potential transactions
  - Tax services to a person in a financial reporting oversight role.

During the 2017 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.

#### 6. CONTINUOUS DISCLOSURE

The company is committed to giving all shareholders timely and equal access to information concerning the Company. 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 & 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. RESPECTING THE RIGHTS OF SHAREHOLDERS**

### **7.1 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 that could affect Perpetual's brand, value and prospects. 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 are 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.

### **7.2 INVESTOR RELATIONS PROGRAM**

Perpetual has an investor relations engagement program that includes engaging with retail shareholders, institutional investors (domestically and internationally), buy-side and sell-side research analysts and individual investors on a scheduled (including following the release of its half and full year results) or ad hoc (including industry conferences, strategy and operational updates) basis. The Board understands the importance of these interactions as it allows the Company to clearly articulate its strategy and also receive feedback from investors and the investment markets on its strategy, financial performance and reporting, and governance. Key information released to all shareholders includes:

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

A webcast of these events as well as copies of any presentations made to investors and wider market participants are made available on the website.

Perpetual also publishes an "event calendar" on its website which sets out important dates relevant to shareholders (for example, the date Perpetual releases its 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.

### **7.3 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;
- 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.

### **7.4 ELECTRONIC COMMUNICATIONS**

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



## 8. RECOGNISING AND MANAGING RISK

### 8.1 RISK MANAGEMENT

The Audit, Compliance and Risk Committee is responsible for overseeing and managing risk. Information about the composition and role of this Committee is provided at Section 5.1 above.

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 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 2017 financial year, the Committee's members were Craig Ueland (Chair), Sylvia Falzon and Ian Hammond.

Details of the number of meetings held by the Investment Committee and attendance by committee members is set out in Perpetual's 2017 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).

### 8.2 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, Compliance and Risk Management Committee during the 2017 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.

### 8.3 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 as well as to the Chief Risk Officer 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 Risk Officer, Head of Internal Audit and General Manager Legal and Compliance has the right to, and do, meet with the Audit Risk and Compliance Committee, or its Chairman, without other management present.

## 8.4 ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

### 8.4.1 CORPORATE RESPONSIBILITY: 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 4 below:

**Table 4: Corporate responsibility focus areas**

FOCUS AREA	DESCRIPTION
1 Our people	Building an engaged and diverse workforce and helping our people thrive personally and professionally
2 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.
3 Responsible & sustainable business practices	Investing responsibly and encouraging sustainable business practices
4 The environment	Reducing the environmental impact of our operations
5 Strong corporate governance	Having the highest standards of corporate governance and business probity (refer to Section 2)

### 8.4.2 OUR PEOPLE

The Board recognises that our people are Perpetual's greatest asset and strives to maintain an engaged, capable workforce. Our People goals (along with those related to our clients and shareholders) are embedded in the strategic priorities of our Lead & Grow Strategy.

Through its RAS the Board has defined the amount of risk it is willing to take in the pursuit of its strategic vision and objectives. The RAS articulates the desired behaviours, limits and considerations that management are to take into account when both setting and implementing strategy and in the day to day running of the business, including consideration of people management risks such as:

- Recruitment and retention practices
- Training and development
- Talent and succession planning

The risk of poor management of our most important asset, our people, is potentially material to our business and the community, and we have developed a number of strategies to address these risks (see Section 8.4.6).

### 8.4.3 THE COMMUNITY

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, this year marks Perpetual's 51st year as an Australian listed company. Our vision is to be Australia's largest and most trusted wealth manager. 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 over time.

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 in Section 8.4.6.

As a corporate leader, we recognise our social and economic responsibility to create opportunities for greater economic participation by all Australians. In 2017, Perpetual is focused on strengthening its relationship with the Aboriginal and Torres Strait Islander peoples and increasing employee awareness of Indigenous culture and community. Perpetual is proud of its partnership with these communities. Through our Native Title business, we build capacity via the provision of trustee services, investment management and administration including sustainable income distribution and community support.

Philanthropy is an intrinsic part of Perpetual's heritage and creating real impact has long been the central theme in our approach to working with philanthropists and partnering with the not-for-profit (NFP) sector. See Section 8.4.10 for more information.

#### 8.4.4 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 5: Approaches to responsible and sustainable business practices**

STRATEGY	DESCRIPTION
Long-Term Investment Approach	<p>Perpetual's asset managers are 'value' managers who focus on quality. Initial investment criteria includes:</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</li> <li>• The soundness of management running the company.</li> </ul> <p>As part of our investment approach hold corporate Australia to high standards and encourages behaviour that is in the long term interests of shareholders.</p>
Perpetual Investment's Responsible Investment (ESG) Policy	<p>Our duty to our clients requires us to seek the best risk-adjusted investment returns over specified time periods.</p> <p>We satisfy this obligation by focusing on both the quality and value of possible investments. This investment philosophy recognises that, while traditional financial measures are an important consideration, other factors can also influence investment performance. Consistent with this philosophy, it is the policy of Perpetual Investments that, to the extent that information is available, investment managers should incorporate ESG issues into investment analysis and decision making. This is also consistent with our commitments as a signatory to the United Nations-supported Principles for Responsible Investment (PRI) (see below).</p>
Perpetual Investment's ESG Approach	<p>When deciding whether to buy, retain or sell an investment, Perpetual Investment's investment managers consider those ESG risks that are relevant to the current or future value of the investment.</p> <p>As an active manager, we may choose to engage with the management and Board of the investment issuer to raise ESG and other concerns and encourage better management of these issues.</p> <p>More information can be found in the <a href="#">Perpetual Investment's Responsible Investment Policy</a>.</p>
Perpetual's Wholesale Ethical SRI Fund	<p>Perpetual's Wholesale Ethical SRI Fund aims to provide our investors with long term capital growth and income through investment in quality shares of ethical and socially responsible companies.</p> <p>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 involved in alcohol, coal seam gas, gambling, nuclear energy, tobacco and weapons/armaments sectors. The socially responsible screen eliminates companies that score negatively following an assessment on a range of criteria, including governance, the environment, health and safety, human and animal rights, labour standards and other stakeholder and community issues.</p> <p>Perpetual's Wholesale Ethical SRI Fund was awarded the Money Management/Lonsec Fund Manager of the Year – Responsible Investments Category for 2013, 2014 and 2016.</p>
Signatory to the PRI	<p>Perpetual Investments and Perpetual Private are signatories to the United Nations-supported PRI, representing a commitment to take 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.</p>
Member of the Responsible Investment Association Australasia (RIAA)	<p>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. The purpose of RIAA is to provide training, professional development, events, research and policy initiatives that will promote stable markets, maximise financial returns and create positive ESG outcomes.</p>
Member of the Investor Group on Climate Change (IGCC)	<p>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.</p>
Political Donations	<p>Perpetual does not make political donations.</p>
Premiums4Good initiative	<p>Perpetual participates in the Premiums4Good (P4G) initiative organised by QBE Insurance, our providers of directors and officers liability, crime and professional 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.</p>

#### 8.4.4 REDUCING ENVIRONMENTAL IMPACT

Perpetual has not established a sustainability strategy; however as a funds and wealth manager Perpetual is committed to ensuring that it reduces its environmental impact and invests responsibly. See Section 8.4.11 for more information.

#### 8.4.5 SOCIAL SUSTAINABILITY RISKS & STRATEGIES

Perpetual's Risk Management Framework identifies the Corporate Responsibility/Sustainability risks outlined in the table 5. 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. Refer to Section 8.4.6 for additional information on some of the risk strategies detailed below.

#### 8.4.6 SOCIAL SUSTAINABILITY RISKS

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

**Table 6: 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>Investment in people leader capability</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 (supported by the formal <i>Flexibility is Perpetual</i> program of work).</li> <li>For more information see Section 8.4.8.</li> </ul>
Diversity	✓	✓	<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 &amp; Inclusion Policy</li> <li>CEO, Executive and broad business representation on the Diversity Council</li> <li>Flexible working practices and culture (recent engagement survey reported 85% of employees believe Perpetual cultivates a culture that embraces flexibility). See Section 2.6 for more information.</li> <li>Focus on gender equality (ongoing system reviews, culture and capability activities, awareness campaigns and targets to support the 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 2.6.2 for more information.</li> </ul>

RISK	SOCIAL SUSTAINABILITY RISK AREA		RISK DESCRIPTION/ IMPACT	STRATEGIES AND CONTROLS TO MANAGE RISK
	PEOPLE (INTERNAL)	COMMUNITY (EXTERNAL)		
Succession Planning	✓		Lack of robust succession planning for critical roles Knowledge transfer Failure to identify and retain key talent	<ul style="list-style-type: none"> <li>Formal talent and succession planning programs in place</li> <li>Half yearly review of critical roles and succession readiness</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>Focus on high performance</li> <li>Succession planning</li> <li>Targeted talent identification coupled with individualised development programs, and retention strategies</li> </ul>
Workplace Health & Safety	✓	✓	WHS is not integrated into the business leading to unsafe work practices and risk to our employees Non-compliance with legislation	<ul style="list-style-type: none"> <li>Integrated WHS Governance Framework</li> <li>Oversight of WHS performance by PARC</li> <li>WHS Committee (employee representatives)</li> <li>Defined WHS Safety Strategy and Performance targets</li> <li>WHS Training Programs</li> <li>Focus on employee wellbeing through integrated health, wealth and lifestyle benefits. See Section 8.4.8 for more information</li> <li>Emergency Planning Committee</li> <li>Best in class insurance and assistance packages</li> </ul>
Market Position/ Profile	✓	✓	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>Stretch Reconciliation Action Plan (2016 – 2019). See Section 2.6.2 for more information.</li> <li>Perpetual Employee Giving program. See Section 8.4.9 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 8.4.10 for more information.</li> <li>Not For Profit Capability Building. See Section 8.4.10 for more information.</li> </ul>

The strategies and approaches discussed below operate collectively to manage material social sustainability risks as defined by this disclosure in Section 8.4.6.

#### 8.4.7 SOCIAL SUSTAINABILITY STRATEGIES AND PERFORMANCE

The following section provides further detail relating to some of the strategies in place to address and mitigate identified material social sustainability risks and our performance against these risks.

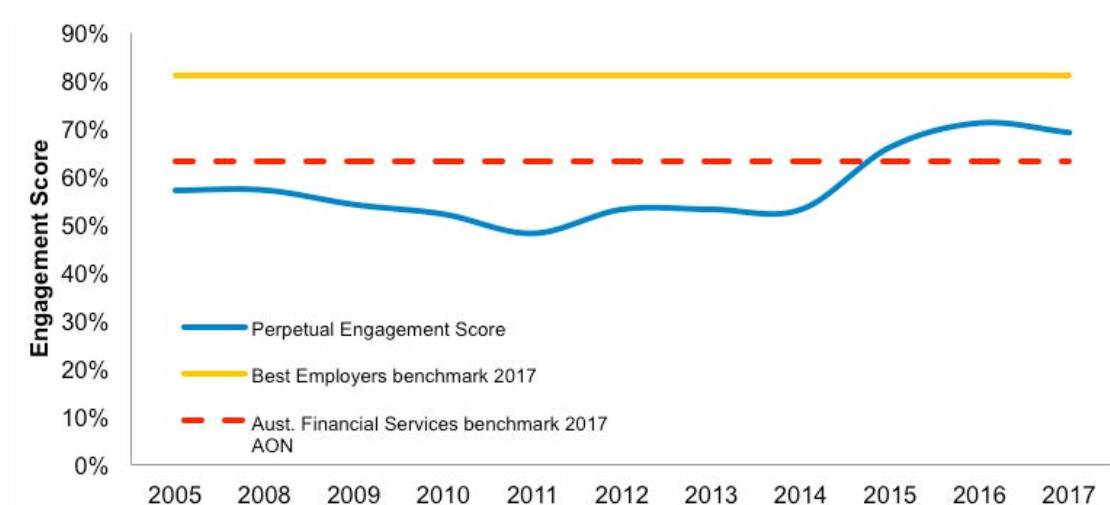
#### 8.4.8 EMPLOYEE ENGAGEMENT

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 2017 we achieved an engagement result of 69%. This remains above the Australian Financial Services benchmark (63%) and in the top quartile of all Australian organisations according to Aon Hewitt research (see Chart 2). Consistent and sustained achievement of top quartile engagement places us in a strong position to achieve a positive impact of engagement on our business results and create a great place to work for our people.

According to Aon Hewitt, 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're committed also to differentiating our employee experience against our competitors to ensure we attract and retain the best people.

**Chart 2: Employee Engagement FY05 to FY17**



Making Perpetual a great place to work forms part of our strategy in managing people risk. In 2017 we continued to embed our values to support the achievement of our people-led Lead & Grow strategy. We also worked to embed our People Promise to further enhance the employee experience at Perpetual. Our People Promise promotes Perpetual as offering “Great People, Meaningful Work”.

At Perpetual the leadership behaviours expected of all employees continue to underpin our performance management framework. At Perpetual we expect our people to:

- “Act like business owners and deliver results through executing commercial opportunities.”
- “Build trusting relationships with our clients through delivering sustainable value.”
- “Work together and all take accountability for our performance, capability and people.”

## OUR PEOPLE PROMISE



**OUR VISION IS TO BE AUSTRALIA'S LARGEST AND MOST TRUSTED INDEPENDENT WEALTH MANAGER.**

## OUR VALUES



Perpetual 

## PERPETUAL 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 critical to attracting and retaining the best talent.

Some of our employee benefits include:

- Increasing employer superannuation contributions to 12% by September 2019 (by 0.5% increments applied annually). Effective 1 September 2017, all employees receive 11% employer superannuation contributions, which is above the current general superannuation guarantee.
- Offering extended superannuation benefits for employees on parental leave. All eligible employees returning to work from 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 women who have traditionally lower superannuation balances).
- Increasing employee share ownership, by introducing the One Perpetual employee share grant program in 2015 with grants of \$1,000 being made to 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.
- 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.



### Wealth

\$1,000 share grant  
Superannuation to 12% by 2020  
Superannuation on parental leave  
Free financial health check  
Discounted financial advice  
Employee banking offer

Salary continuance insurance  
Death and TPD insurance  
Salary packaging  
Talent Referral Incentive Plan  
Investment employee offers



### Health

Employee health checks  
Flu vaccinations  
BUPA health plans  
Meditation and yoga sessions

Mental health program  
Employee assistance programs  
Healthy workplace snacks



### Lifestyle

Contribution leave  
Purchased leave  
Flexible working  
Shopping and lifestyle discounts

Education assistance  
Paid parental leave  
Parental return to work bonus  
Sabbatical leave



#### 8.4.9 EMPLOYEE GIVING

The Perpetual Giving program encourages employees to donate to its recognised partner charities in a tax-effective way, with all donations being matched dollar-for-dollar by Perpetual. We support a range of charities including:

- Australian Red Cross
- Starlight Children's Foundation
- The Smith Family
- The Cancer Council
- Alzheimers Australia
- RSPCA

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

We have built a strong relationship with The Wayside Chapel, with over 100 employees completing a volunteer day supporting Sydney's homeless. We have also collected clothing for Winter Appeals and pack Christmas gifts each year.

Perpetual targets an annual increase in Employee Giving of 4%. The amounts raised by the employee giving program in the last four years are set out in Chart 3.

**Chart 3: Perpetual Employee Giving FY13 to FY17**



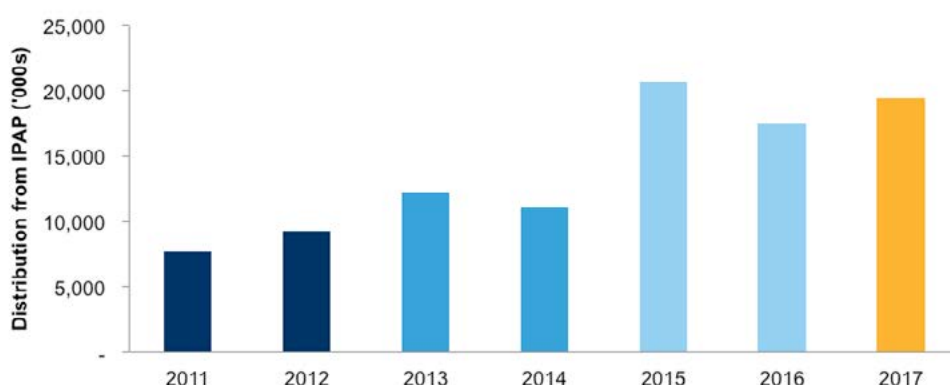
#### 8.4.10 IMPACT PHILANTHROPY

##### IMPACT PHILANTHROPY MODEL

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

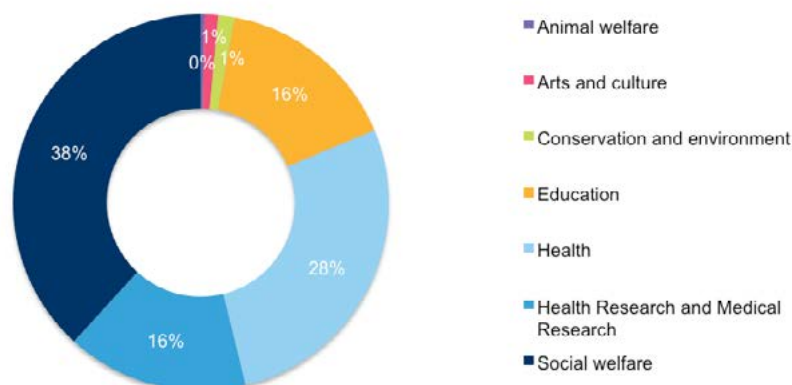
As one of Australia's largest managers of philanthropic funds, we manage more than 1,000 charitable trusts, private ancillary funds and endowment funds which support medical, social, environmental, religious, cultural and educational causes. We are proud to be Australia's largest independent distributor of funds to the not-for-profit sector.

**Chart 4: Impact Philanthropy Application Program (IPAP) Funding FY11 to FY17**



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, understand their strategy and are outcomes focused. Perpetual's support also involves ongoing investment in the NFP sector through commissioning research, supporting scholarships and providing advice on financial governance.

**Chart 5: Perpetual Impact Philanthropy Funding by Sector FY17**



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.

#### NOT FOR PROFIT CAPABILITY BUILDING

Each year Perpetual, with the support of our philanthropic clients, has been providing funding to capacity building activity for the benefit of the NFP sector as a whole. In recent years, one initiative has been to fund NFP directors to attend Australian Institute of Company Directors (AICD) scholarships. Having funded the scholarships for five years, putting over 1,700 NFP directors across Australia through the courses, a decision has been made to put funding towards new ways of building capacity within the sector.

In an exciting initiative, 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 topical and 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.

In 2016 more than 300 NFP organisational representatives and philanthropists accessed workshops focused on digital data governance. Perpetual also provided the Charity Regulator, the ACNC, with direct access to the Stanford team to support their development of NFP resources.

In 2017 a further 500 spots across workshops and public seminars will be made available to the sector, exploring issues around digital data, best practice in philanthropy and the role of philanthropy in a modern democracy.

## 8.4.11 REDUCING ENVIRONMENTAL IMPACT

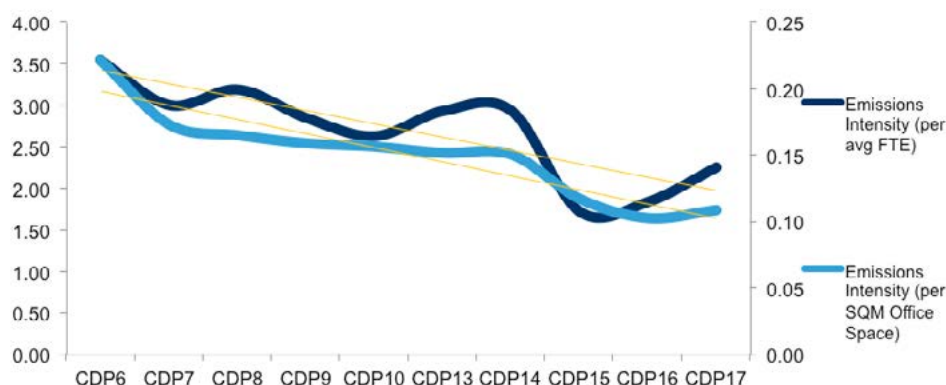
### 8.4.11.1 CARBON DISCLOSURE PROJECT

Perpetual has responded to the Carbon Disclosure Project (CDP) surveys on ten occasions and has been included in the Climate Disclosure Leadership Index (Australia and New Zealand) on three occasions.

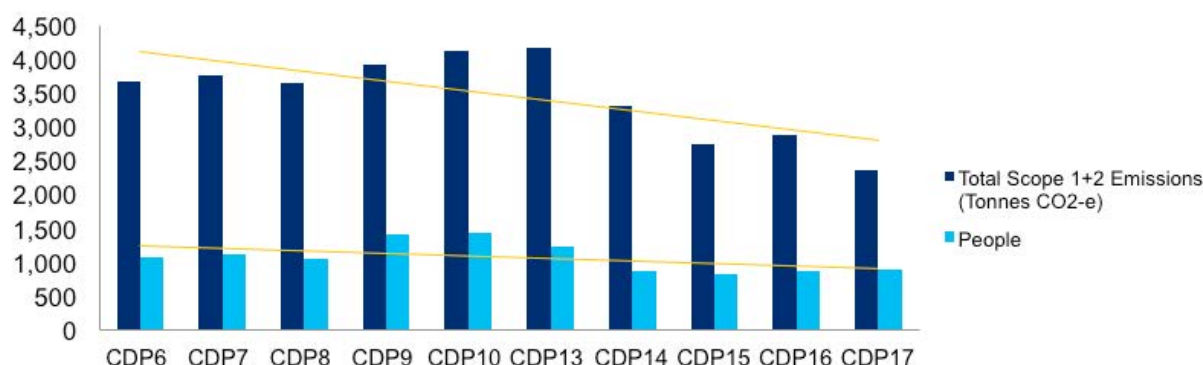
### 8.4.11.2 CARBON MITIGATION

Although Perpetual has not formally committed to targets relating to reducing environmental impact, Perpetual has seen a reduction over time in emissions intensity and Total Scope 1 and 2 emissions (see Charts 6 and 7). The reduction in emissions from CDP14 can be largely attributed to the staged conversion from fluorescent to LED lights in the Sydney office (our main office and 70% of total space and people). These charts do not factor in the footprint of Perpetual's investment portfolios (see Section 8.4.12).

**Chart 6: Emissions Intensity of average per Full Time Employee (FTE) & Square metres (SQM) of Office Space 2006-2016**



**Chart 7: Scope 1 + 2 Emissions reduction (Tonnes CO<sub>2</sub>-e) 2006-2016**



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.

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.

## 8.4.12 PERPETUAL INVESTMENTS

### Responsible Investments Policy

Perpetual Investments' Responsible Investment Policy requires Perpetual Investments to incorporate ESG issues into investment analysis and decision-making. This includes consideration of long-term ESG risks such as climate change. In Perpetual Investments' listed equity portfolios, analysis of these risks includes the potential impact of climate change and climate change mitigation policies on fossil fuels and other affected companies. In some portfolios this has resulted in reduced exposure to these companies.

## 9. REMUNERATE FAIRLY AND RESPONSIBLY

### 9.1 PEOPLE AND REMUNERATION COMMITTEE

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

- to monitor the Perpetual Group's people and culture policies and practices, including the diversity of Perpetual's workforce;
- to assist the Managing Director & CEO to implement fair, effective and market competitive remuneration and incentive programs designed to retain high calibre employees and which demonstrate a clear relationship between performance and remuneration;
- to review succession and career plans for key executives.

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 & 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 2017 financial year, the Committee's members were Sylvia Falzon (Chair), Philip Bullock and 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 2017 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).

### 9.2 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 2017 Director's Report.

In accordance with the ASX Principles, the structure of Non-Executive Director remuneration is clearly distinguished from that of Executive Directors and Senior Management. In particular, 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.

### 9.3 AT RISK REMUNERATION

Perpetual has a Securities Trading Policy which prohibits Non-Executive Directors and employees from entering into 'hedging arrangements' in relation to Perpetual securities. Perpetual employees cannot enter into arrangements and/or trade in financial products issued over Perpetual securities by third parties or trade in any associated products which limit the economic risk of holding Perpetual securities. Perpetual employees and Directors are prohibited from margin lending in relation to Perpetual securities.

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.

## 10. APPENDICES

### 10.1 SUMMARY OF ASX PRINCIPLES COMPLIANCE

Table 7: Summary of ASX Principles Compliance

ASX PRINCIPLES		COMPLY/ NON COMPLY
<b>1</b>	<b>Lay solid foundations for management and oversight</b>	
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Comply
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (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.	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	A listed entity should: (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; (b) disclose that policy or a summary of it; and (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: (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 (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.	Comply
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; 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
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
<b>2</b>	<b>Structure the board to add value</b>	
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

ASX PRINCIPLES	COMPLY/ NON COMPLY
<p>2.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) the names of the directors considered by the board to be independent directors;</li> <li>(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</li> <li>(c) the length of service of each director.</li> </ul>	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
<b>3 Act ethically and responsibly</b>	
<p>3.1 A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it.</li> </ul>	Comply
<b>4 Safeguard integrity in corporate reporting</b>	
<p>4.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have an audit committee which: <ul style="list-style-type: none"> <li>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the relevant qualifications and experience of the members of the committee; and</li> <li>(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;</li> </ul> </li> </ul>	Comply
4.2 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.	Comply
4.3 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.	Comply
<b>5 Make timely and balanced disclosure</b>	
<p>5.1 A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	Comply
<b>6 Respect the rights of security holders</b>	
6.1 A listed entity should provide information about itself and its governance to investors via its website.	Comply
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Comply
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Comply
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Comply

ASX PRINCIPLES		COMPLY/ NON COMPLY
<b>7 Recognise and manage risk</b>		
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of 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
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Comply
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs;	Comply
7.4	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.	Comply
<b>8 Remunerate fairly and responsibly</b>		
8.1	The board of a listed entity should: (a) have a remuneration 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
8.2	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.	Comply
8.3	A listed entity which has an equity-based remuneration scheme should: (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 (b) disclose that policy or a summary of it.	Comply

## 10.2 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 8: Relevant documents**

GOVERNANCE STRUCTURE	SUPPORTING DOCUMENTS
Governance – General	Code of Conduct Continuous Disclosure Policy Securities Trading Policy
Board of Directors	Company Constitution Board Charter Summary Policy on the Appointment of Directors Board Tenure and Performance Policy
Board Committee	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
Performance evaluation and remuneration	Board Charter Summary Board Tenure and Performance Policy People and Remuneration Committee Terms of Reference
Risk Management and Internal Control	Board Charter Summary Audit Risk and Compliance Committee Terms of Reference Risk Management Framework