



LEA 02	Discipline: Mandatory	Principle: PRI 1, 2, 3
<p><b>Type of engagement</b></p> <p>Individual/ internal staff engagements</p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage via internal staff</li> </ul>	
<p>Collaborative engagements</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</li> <li><input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure</li> <li><input type="checkbox"/> Other: specify</li> </ul>	
<p>Service provider engagements</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</li> <li><input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure</li> <li><input type="checkbox"/> Other: specify</li> </ul>	

# RI TRANSPARENCY REPORT

## 2017

### Perpetual Investments

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2016 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

### Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Private							✓
OO 08	Segregated mandates or pooled funds	⚠	n/a							✓
OO 09	Breakdown of AUM by market	✓	Private							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	n/a							✓
OO End	Module confirmation page	✓	-							

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04		✓	Public							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13	Long term investment risks and opportunity	✓	Private	✓						
SG 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 16	ESG issues for externally managed assets not reported in framework	⚙	n/a							✓
SG 17	Innovative features of approach to RI	✓	Public							✓
SG End	Module confirmation page	✓	-							

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private							✓
LEI 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 11	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 12	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 13	ESG issues in index construction	🔒	n/a	✓						
LEI 14	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 15	Measurement of financial and ESG outcomes of ESG incorporation	✓	Private	✓						
LEI 16	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 17	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
LEI End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	🔒	n/a		✓					
LEA 06	Objectives for engagement activities	🔒	n/a		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	🔒	n/a		✓					
LEA 12	Engagement methods	✓	Private		✓					
LEA 13	Engagements on E, S and/or G issues	🔒	n/a		✓					
LEA 14	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 15	Examples of ESG engagements	✓	Private		✓					
LEA 16	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 17	Voting policy & approach	✓	Public	✓	✓	✓				
LEA 18	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 19	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 20	Confirmation of votes	✓	Private		✓					
LEA 21	Securities lending programme	✓	Private		✓					
LEA 22	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 23	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 24	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 25	Shareholder resolutions	✓	Private		✓					
LEA 26	Examples of (proxy) voting activities	✓	Private		✓					
LEA 27	Disclosing voting activities	✓	Public		✓				✓	
LEA End	Module confirmation page	✓	-							

# Perpetual Investments

## Reported Information

### Public version

### Organisational Overview

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Basic Information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Other, specify

Execution and advisory services

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Australia

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

175

OO 03

Mandatory

Public

Descriptive

General



OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04

Mandatory

Public

Gateway/Peering

General

OO 04.1

Indicate the year end date for your reporting year.

30/06/2016

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.

	trillions	billions	millions	thousands	hundreds
Total AUM		28	488	470	790
Currency	AUD				
Assets in USD		21	232	458	859

OO 06

Mandatory

Public

Descriptive

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

OO 06.1

How you would like to disclose your asset class mix.

- as percentage breakdown
- as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	>50%	0
Fixed income	<10%	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0

Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	10-50%	0
Other (1), specify	0	0
Other (2), specify	0	0

**OO 06.2** Publish our asset class mix as per attached image [Optional].

### Gateway asset class implementation indicators

<b>OO 10</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
--------------	------------------	---------------	----------------	----------------

**OO 10.1** Select the direct or indirect ESG incorporation activities your organisation implemented for listed equities in the reporting year.

- We incorporate ESG in our investment decisions on our internally managed assets
- We do not incorporate ESG in our directly managed listed equity and/or we do not address ESG incorporation in our external manager selection, appointment and/or monitoring processes.

**OO 10.2** Select the direct or indirect engagement activities your organisation implemented for listed equity in the reporting year.

- We engage with companies on ESG factors via our staff, collaborations or service providers
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

**OO 10.3** Select the direct or indirect voting activities your organisation implemented for listed equity in the reporting year

- We cast our (proxy) votes directly or via dedicated voting providers
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

<b>OO 11</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
--------------	------------------	---------------	----------------	----------------

OO 11.1

Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

- Fixed income – SSA
- Fixed income – corporate (financial)
- Fixed income – corporate (non-financial)
- Fixed income – securitised
- Cash
- None of the above

DRAFT

# Perpetual Investments

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 01.1**

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

**SG 01.2**

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**SG 01.4**

Indicate what norms you have used to develop your investment policy that covers your responsible investment approach.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

No

**SG 01.6**

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

**PERPETUAL INVESTMENTS RESPONSIBLE INVESTMENT POLICY**

The policy sets out Perpetual Investments' approach and expectations for considering ESG factors in our investment decision-making and ownership practices.

It is our policy that, to the extent that information is available, investment managers should incorporate ESG issues into investment analysis and decision-making.

Our duty to our clients requires us to seek the best risk-adjusted investment returns over specified time periods. We satisfy this obligation by focusing on both the quality and value of possible investments. For us, the consideration of ESG factors does not include making ethical or moral judgements on particular practices or issues. Instead, when deciding whether to buy, retain or sell an investment, our investment managers consider those ESG risks that are relevant to the current or future value of the investment.

It is our policy that investment managers have a duty to use their influence as a shareholder (i.e. in equity strategies) in order to achieve better investment outcomes over the long term (i.e. engagement).

To demonstrate our commitment to responsible investment, we became a signatory to the PRI on 21 October 2009.

Our Responsible Investment Policy can be found at:

<https://www.perpetual.com.au/~media/Perpetual/PDF/Shareholders/Responsible-Investing-Policy.ashx?la=en>

Also see our CORPORATE GOVERNANCE AND PROXY VOTING POLICY:

<https://www.perpetual.com.au/~media/Perpetual/PDF/Shareholders/Proxy-voting-policy-flyer-wl.ashx?la=en>

**SG 02****Mandatory****Public****Core Assessed****PRI 6**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 02.1**

Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach

URL/Attachment

URL

URL

<https://www.perpetual.com.au/~media/Perpetual/PDF/Shareholders/Responsible-Investing-Policy.ashx?la=en>

Attachment (will be made public)

Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

<https://www.perpetual.com.au/~media/Perpetual/PDF/Shareholders/Proxy-voting-policy-flyer-wl.ashx?la=en>

Attachment (will be made public)

Screening / exclusions policy

URL/Attachment

URL

URL

<https://www.perpetual.com.au/~media/Perpetual/PDF/Shareholders/Responsible-Investing-Policy.ashx?la=en>

Attachment (will be made public)

Engagement policy

URL/Attachment

URL

URL

<https://www.perpetual.com.au/~media/Perpetual/PDF/Shareholders/Responsible-Investing-Policy.ashx?la=en>

Attachment (will be made public)

(Proxy) voting policy

URL/Attachment

URL

URL

<https://www.perpetual.com.au/~media/Perpetual/PDF/Shareholders/Proxy-voting-policy-flyer-wl.ashx?la=en>

Attachment (will be made public)

We do not publicly disclose our investment policy documents

SG 03	Mandatory	Public	Core Assessed	General
-------	-----------	--------	---------------	---------

SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
---------	---

Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
---------	---

Our two policies are:

- Conflicts of Interest - Corporate. Arises when Perpetual has competing interests or duties which may interfere with its ability to objectively perform a duty or service, exercise a discretion or make a decision. Expressed another way, a Conflict of Interest is likely to occur when some or all of the interests of clients are inconsistent with or diverge from the interests of Perpetual.
- Conflicts of Interest - Personal. Arises when an Employee in a personal capacity has competing interests or duties which may interfere with their ability to objectively perform a duty or service, exercise a discretion or make a decision. Expressed another way, a personal Conflict of Interest is likely to occur when some or all of the interests of Perpetual or its clients are inconsistent with or diverge from the interests of the Employee.

No

SG 04	Voluntary	Public	Descriptive	General
-------	-----------	--------	-------------	---------

SG 04.1	Indicate if your organisation has a process for identifying and managing incidents that occur within portfolio companies.
---------	---

Yes

No

SG 04.2	Describe your process on managing incidents
---------	---

Like any material incident, the implications of any ESG incident, including the resulting stock price move, are considered in light of our investment thesis for the stock. Management of the incident may include company contact and engagement and external communication (i.e. to clients, etc.). Any subsequent changes to our portfolios (buy, sell or hold) that result from the above will be the decision of our portfolio managers.



## Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
-------	-----------	--------	-----------------------	---------

### SG 05.1

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

## Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
-------	-----------	--------	---------------	---------

### SG 07.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

## Roles present in your organisation

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)
- Other role, specify (2)

### SG 07.2

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

- Board members - ultimate oversight/accountability for responsible investment
- Group Executive (CEO) - accountable for all aspects of responsible investment policy, oversight, collaborative initiative involvement
- Portfolio managers, investment analysts - implementation of responsible investment via ESG integration
- Dedicated responsible investment staff - accountability for responsible investment framework, assist in implementation of responsible investment
- Service providers - assist in implementation of responsible investment via specialist research

**SG 07.3**

Indicate the number of dedicated responsible investment staff your organisation has.

Number

1

**Promoting responsible investment****SG 09****Mandatory****Public****Core Assessed****PRI 4,5****New selection options have been added to this indicator. Please review your prefilled responses carefully.****SG 09.1**

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

**Select all that apply** Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

 Basic Moderate Advanced AFIC – La Commission ESG Asian Corporate Governance Association Australian Council of Superannuation Investors

Your organisation's role in the initiative during the reporting period (see definitions)

 Basic Moderate AdvancedProvide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

- Participation in ACSI ESG initiatives such as the Board Confidence Index - Consultation and collaboration re ad-hoc ESG issues, e.g. ESG Reporting Guide for Australian Companies

 BVCA – Responsible Investment Advisory Board CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify  
FSC (Financial Services Council) ESG Working Group

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Provided Chairman and additional member to ESG working group, and significant content re submissions, etc.

- Other collaborative organisation/initiative, specify  
Responsible Investment Association of Australia (RIAA)

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

RIAA certification on PI's ESG specialist investment products (e.g Ethical SRI share strategy).

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
-------	-----------	--------	---------------	-------

**SG 10.1** Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

**SG 10.2**

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Wrote articles on responsible investment in the media.
- Other, specify

No

**SG 10.3**

Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

- ESG training including conferences, etc
- Educational documents on ethical/SRI investing
- Ethical and other ESG related speeches and presentations
- Thought leadership and other ESG external papers
- Internal ESG research notes
- ESG engagement

### Implementation not in other modules

**SG 12****Mandatory****Public****Descriptive****PRI 1**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 12.1**

Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.

- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

**SG 12.2**

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

- We do the following
- We do not consider ESG issues in strategic asset allocation

**SG 12.3**

Additional information. [OPTIONAL]

- Carbon impact risk analysis

**SG 15****Mandatory****Public****Descriptive****General****SG 15.1**

Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

<b>Asset Class</b>	<b>Describe what processes are in place and the outputs or outcomes achieved</b>
Fixed income - SSA	Our ESG approach to this asset class is still being developed
Fixed income - Corporate (financial)	Consistent with our Responsible Investment Policy, in corporate fixed income any significant ESG risks for an issuer/industry is captured as part of our credit analysis. However our approach is still being developed.
Fixed income - Corporate (non-financial)	Consistent with our Responsible Investment Policy, in corporate fixed income any significant ESG risks for an issuer/industry is captured as part of our credit analysis. However our approach is still being developed.
Fixed income - Securitised	Our ESG approach to this asset class is still being developed
Cash	Our ESG approach to this asset class is still being developed

**Innovation****SG 17****Voluntary****Public****Descriptive****General****SG 17.1**

Indicate whether any specific features of your approach to responsible investment are particularly innovative.

- Yes

**SG 17.2**

Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

**Better ESG Engagement Outcomes** - our policy is that investment managers have a duty to use their influence as a shareholder/asset manager in order to achieve better investment outcomes over the long term. This includes ESG issues. This engagement is possible due to our large experienced equities team, and more effective due to our size (we often own 10-15% of small companies) which gives us unparalleled access to company management and Boards. Thus we are able to formulate and execute innovative engagement strategies to leverage better shareholder outcomes, for example:

- sharing our industry knowledge and contacts with the company to facilitate change, e.g. to company Boards;
- influencing AGM (shareholder voting) issues;
- calling our own shareholder meetings; and
- public campaigns on ESG (using media), etc.

No

DRAFT



# Perpetual Investments

## Reported Information

### Public version

### Direct - Listed Equity Incorporation

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## ESG incorporation in actively managed listed equities

### Implementation processes

LEI 03	Mandatory	Public	Gateway	PRI 1
--------	-----------	--------	---------	-------

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>LEI 03.1</b>	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)
-----------------	--

#### ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening and Integration strategies

Percentage of active listed equity to which the strategy is applied	<div style="display: flex; align-items: center;"> <div style="width: 98%; height: 15px; background-color: #0070C0; margin-right: 5px;"></div> <span style="margin-left: 5px;">%</span> </div> <p>98</p>
---	---

- Thematic and integration strategies
- Screening and thematic strategies
- All three strategies combined
- We do not apply incorporation strategies

Percentage of active listed equity to which no strategy is applied	<div style="display: flex; align-items: center;"> <div style="width: 2%; height: 15px; background-color: #0070C0; margin-right: 5px;"></div> <span style="margin-left: 5px;">%</span> </div> <p>2</p>
--	---

	Total actively managed listed equities
--	--

100%

**LEI 03.2**

Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies.

- All of the Australian equities managed by Perpetual's Investments internal equities team (the above 98% of FUM) is covered by the ESG incorporation process (Quality Filters exclusion screen and ESG integration process) as described in this module. This is consistent with our approach to responsible investment and ESG issues as described in previous modules.
- Note that a small (<10%) of this AUM is managed in specialist ESG equities strategies - Ethical SRI Fund and client 'Ethical' mandates, where additional ESG exclusion screens apply.
- The remaining 2% of our FUM above where no ESG incorporation applies is managed internally in smaller funds, (e.g. smart Beta strategy).

**LEI 03.3**

Where assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

#### Ethical SRI Fund and client 'Ethical' mandates

The general ESG incorporation processes as described in this module also apply to the above two strategies, i.e. all companies must pass our Quality Filters and portfolio managers need to consider ESG risks in their decision-making. However for the above Funds and mandates only, the portfolio managers have a reduced opportunity set of companies they may consider for investment, as we exclude a significant number of companies which fail specific ESG screens for each strategy. This is an independent process run by the Manager, Responsible Investment, where companies that rate poorly on ESG, ethical and SRI issues (varies by portfolio) are identified and excluded, with the assistance of external research. These portfolios suit a range of investors who require a 'higher standard' of ESG/Ethical filtering, e.g. they may not be permitted or have decided not to invest in tobacco, munitions or nuclear companies or those who rank poorly on sustainability or social responsibility measures.

## (A) Implementation: Screening

**LEI 06****Mandatory****Public****Descriptive****PRI 1****LEI 06.1**

Indicate and describe the type of screening you apply to your internally managed active listed equities.

#### Type of screening

- Negative/exclusionary screening

#### Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description
-------------

We negatively screen by:

- Our Quality Filters (which apply to all the funds/products managed by our equities team) include ESG issues. The first of our Quality Filters, Sound Management, includes an assessment of the governance (G) practices of a company and management. The third of our quality filters, Quality of Business, includes an assessment of issues such as environmental (E) and social (S) factors that may impact the future performance of a company. Companies that fail our Quality Filters are not considered for investment.
- In addition, a number of portfolios (see LEI 03) have additional screens to exclude a further set of companies that rate poorly on ethical/ESG issues.

Positive/best-in-class screening

Norms-based screening

LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
----------	---

**Quality Filters**

Our Quality Filters (which apply to all the funds/products managed by our equities team) include ESG issues. The first of our Quality Filters, Sound Management, includes an assessment of the governance (G) practices of a company and management. The third of our quality filters, Quality of Business, includes an assessment of issues such as environmental (E) and social (S) factors that may impact the future performance of a company. Companies that fail our Quality Filters are not considered for investment. These filters have been a core element of Perpetual's investment process for many years.

**Ethical SRI Fund and client 'Ethical' mandates**

The Manager, Responsible Investment has formulated filtering processes for these portfolios to identify and exclude companies that rate poorly on ethical/ESG issues, drawing on external ESG research. The portfolio managers of these strategies are subsequently prohibited from buying these companies, and must divest any such companies that fail these screens that are already held.

The Manager, Responsible Investment is responsible for ensuring these filters are up-to-date (by design) and are regularly re-run to capture new companies and new company or external research information.

Any criteria changes are processed through a defined internal approval process and communicated to clients as needed.

LEI 07	Mandatory	Public	Core Assessed	PRI 1
--------	-----------	--------	---------------	-------

**LEI 07.1**

Indicate which processes your organisation uses to ensure screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

**LEI 07.2**

Additional information. [Optional]

Please note, our 07.10 responses apply only to the screening processes that apply to our specialist ESG screened strategies (Ethical SRI Fund and client 'Ethical' mandates).

The Quality Filters (including ESG) screening that applies across all equities strategies managed by the team is conducted based only on internal research. The more intensive ESG research occurs through the ESG Dashboard (ESG integration) process described in this module, which applies to all stocks passing the Quality Filters.

### (C) Implementation: Integration of ESG issues

**LEI 10****Mandatory****Public****Core Assessed****PRI 1****LEI 10.1**

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<div style="background-color: #0070C0; color: white; padding: 2px;">Environmental</div> <ul style="list-style-type: none"> <li><input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly</li> <li><input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly</li> <li><input type="radio"/> We do not review environmental issues</li> </ul>
Social	<div style="background-color: #0070C0; color: white; padding: 2px;">Social</div> <ul style="list-style-type: none"> <li><input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly</li> <li><input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly</li> <li><input type="radio"/> We do not review social issues</li> </ul>
Corporate Governance	<div style="background-color: #0070C0; color: white; padding: 2px;">Corporate Governance</div> <ul style="list-style-type: none"> <li><input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly</li> <li><input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly</li> <li><input type="radio"/> We do not review corporate governance issues</li> </ul>

**LEI 10.2** Additional information. [Optional]

Our Quality Filters and ESG Dashboard processes address these ESG risks systematically, as do our external ESG research providers who conduct company research.

## Outputs and outcomes

<b>LEI 14</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
---------------	------------------	---------------	--------------------	--------------

**LEI 14.1** Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.

Screening

Describe any reduction in your starting investment universe or other effects.

ESG issues have always been considered in our assessment of the quality of a company through our extensive fundamental research. The first of our Quality Filters, Sound Management, includes an assessment of the governance (G) practices of a company and management. The third of our quality filters, Quality of Business, includes an assessment of issues such as environmental (E) and social (S) factors that may impact the future performance of a company. Companies that fail our Quality Filters are not considered for investment.

Integration of ESG issues

Select which of these effects followed your ESG integration:

- Reduce or prioritise the investment universe
- Overweight/underweight at sector level
- Overweight/underweight at stock level
- Buy/sell decisions
- Other, specify
- None of the above

**LEI 14.2** Additional information.[Optional]

Our analysts consider key ESG risks (contained in our ESG Dashboards) in stock ranking (over or underweight) recommendations which are communicated to portfolio managers.

Portfolio construction - our ESG Dashboards communicate key ESG risks to portfolio managers so they may consider same in their investment decision-making.

## Communication

**LEI 17**

**Mandatory**

**Public**

**Core Assessed**

**PRI 2,6**

**LEI 17.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

We disclose it publicly

Provide URL

<https://www.perpetual.com.au/Investments/Institutional-Investors/Responsible-Investing/>

**LEI 17.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes
- No

**LEI 17.3**

Indicate the information your organisation proactively discloses to the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

**LEI 17.4**

Indicate how frequently you typically report this information to the public.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested

**LEI 17.5**

Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

**LEI 17.6**

Indicate how frequently you typically report this information to clients/beneficiaries.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries

**LEI 17.7**

Additional information. [Optional]

We highly value our clients and provide additional information and support to them (over and above our public disclosure). However we believe our public disclosure on ESG integration is sufficient.



# Perpetual Investments

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Engagement

### Overview

LEA 01	Mandatory	Public	Core Assessed	PRI 2
--------	-----------	--------	---------------	-------

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 01.1** Indicate whether your organisation has a formal engagement policy.

Yes

**LEA 01.2** Indicate what your engagement policy covers:

- Conflicts of interest
- Prioritisation of engagements
- Transparency
- Environmental factors
- Social factors
- Governance factors
- Engagements following on from decisions
- Other, describe
- None of the above

**LEA 01.4** Provide a brief overview of your organization's approach to engagement

The following policies/guidelines cover our corporate engagement activities:

- Responsible Investment Policy
- Corporate Governance and Proxy Voting Policy
- Asset Management Guideline: Issues Management with Investee Companies

It is our policy that investment managers have a duty to use their influence as a shareholder/asset manager in order to achieve better investment outcomes over the long term. From an ESG perspective this means encouraging the Boards and management of investee companies to:

- have the processes and systems in place to identify and manage relevant ESG risks and opportunities effectively;
- be transparent, honest and accountable, which includes providing the level of disclosure necessary for informed investment decision-making; and
- implement corporate structures and management incentives which ensure the company is managed in the long-term interests of shareholders (which includes sustainable business practices).

For equity investments our investment managers have a number of forums in which they can exercise their influence, including:

- Expressing concerns to the company's management directly
- Expressing concerns through the company's advisers

- Meeting with the Chairman, senior independent director or with other independent directors to express concerns directly
- Voting against or abstaining from voting with regard to management resolutions at shareholder's meetings
- Engaging in 'active public intervention', and
- Full or partial divestment.

No

LEA 02	Mandatory	Public	Gateway	PRI 1,2,3
--------	-----------	--------	---------	-----------

LEA 02.1	Indicate the method of engagement, giving reasons for the interaction.
----------	--

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

## Process

### Process for engagements run internally

LEA 03	Mandatory	Public	Core Assessed	PRI 2
--------	-----------	--------	---------------	-------

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 03.1**

Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

- Yes
- No

**LEA 03.3**

Additional information. [Optional]

We continue to note this indicator is not helpful in communicating how Perpetual undertakes corporate engagement.

This indicator may be valid for a small fund manager or asset owner with limited ESG engagement resources (i.e. who needs to prioritise), or for a signatory with a separate ESG engagement team (i.e. with priorities that may differ from investment decision-makers as per below).

However, Perpetual's engagement activities (including ESG) are an integrated part of our large equity team's investment process. Having our investment decision-makers carry out engagement (where it is material and relevant to their analysis and investment decision-making), rather than by a separate ESG team, we strongly believe is more valid and effective. That is because the 'change message' is being communicated to the company by the same individuals who control our buy/sell/hold decision (i.e. whether to provide or withdraw capital to the company). Clearly this will increase the motivation of company Boards/management to consider change. In summary, we engage on a 'bottom-up', company-by-company basis as needed, rather than running 'top-down' ESG 'campaigns' on the same issue across multiple companies at the same time.

Therefore, for us it is unnecessary and impractical to institute 'a formal process for identifying and prioritising engagement activities' as per this question. This would mean in practise our equity professionals debating the worth of their respective proposed company engagements against other equity professionals' proposed engagements. We doubt any equity team would manage money in this way. At Perpetual, equity professionals are given trust to achieve their performance objectives via different approaches, not micro-managed in this way.

**LEA 04****Mandatory****Public****Core Assessed****PRI 2**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 04.1**

Indicate if you define specific objectives for your engagement activities.

- Yes
  - Yes, for all engagement activities
  - Yes, for the majority of engagement activities
  - Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out by internal staff.

**LEA 04.2**

Indicate if you monitor the actions that companies take following your engagements.

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out by internal staff.

**LEA 04.3**

Indicate whether your organisation defines milestones and goals for engagement activities carried out by internal staff.

Yes

**LEA 04.4**

Indicate if you do any of the following to monitor and evaluate the progress of your engagement activities carried out by internal staff.

- Define timelines for milestones and goals
- Tracking, monitoring progress against defined milestones and goals
- Establish a process for when the goals are not met
- Revisit and, if necessary revise goals on continuous basis
- Other, please specify

other description

Specific to the engagement, depending on complexity, importance, etc.

No

**LEA 04.5**

Additional information. [Optional]

While it might be considered best practise, setting up a rigorous engagement tracking process as encouraged here can be problematic, due to:

- In our experience corporate engagement (on ESG or other matters) is an inexact science which can in some cases take years to bear fruit (if at all), so the frequent re-analysis of engagements above may not be productive. As already discussed in this module (LEA 03.3), this would represent more 'process' and we question the benefit to our clients of our equity professionals in particular spending time implementing a process to this degree, at the expense of focussing on clearly value-adding work. Some larger signatories with dedicated ESG teams may be able to achieve this level of process for their engagements, but we question to what end? Do they achieve better outcomes?
- Engagements are often sensitive (e.g. Board changes) so external disclosure (especially public) of progress can in practise jeopardise outcomes - we do so occasionally but always think very carefully before going down this adversarial route (i.e. essentially putting public pressure on companies to encourage change). We often achieve better outcomes with a constructive confidential approach.
- We are usually unaware if other shareholders are engaging (and if so to what degree) on the same issue, hence are often reluctant to claim sole credit for a positive engagement outcome merely to complete the engagement 'process'.

### General processes for all three groups of engagers

LEA 10

Mandatory

Public

Gateway

PRI 2

**LEA 10.1**

Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input checked="" type="radio"/> We do not track

**LEA 10.2** Additional information. [OPTIONAL]

Perpetual's analysts and portfolio managers conduct and participate in hundreds of company meetings a year, with listed companies themselves, related peers/suppliers and other relevant groups, on a broad range of ESG and non-ESG issues, at a range of forums, individually and collectively, and for both information-gathering and engagement purposes. We typically do not 'segregate' meetings by the above aims, nor by issue categorization (ESG and non-ESG) as this would often be impractical. We believe it would be unworkable to impose a rigid, time-consuming process where it is mandatory for investment professionals to document every single company engagement point relating to every company. Analysts and portfolio managers share relevant, material ESG and other company information with the rest of the team via the IRN (Internal Research Note) and other systems/forums as needed. We see no value to our clients of tracking engagements in this manner.

We believe it is only reliable to highlight specific engagement examples and outcomes (see LEA 15) where we are confident we have had a degree of influence.

**Communication**

**LEA 16**

**Mandatory**

**Public**

**Core Assessed**

**PRI 2,6**

**LEA 16.1** Indicate whether your organisation proactively discloses information on its engagements.

We disclose it publicly

provide URL

<https://www.unpri.org/organisation/perpetual-investments-143560>

**LEA 16.2** Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

No

**LEA 16.3**

Indicate what engagement information your organisation proactively discloses to the public.

- Details of the selections, priorities and specific goals of engagement
- Number of engagements
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the engagement
- Outcomes that have been achieved from the engagement
- Other information

**LEA 16.4**

Indicate how frequently you typically report engagements information to the public.

- Disclosed continuously (prior to and post engagements)
- Disclosed quarterly or more frequently
- Disclosed biannually
- Disclosed annually
- Disclosed less frequently than annually
- Ad-hoc/when requested

**LEA 16.5**

Indicate what engagement information your organisation proactively discloses to clients/beneficiaries.

- Details of the selections, priorities and specific goals of engagement
- Number of engagements
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the engagement
- Outcomes that have been achieved from the engagement
- Other information

More detailed information on the above for the benefit of our clients

**LEA 16.6**

Indicate how frequently you typically report engagements information to clients/beneficiaries.

- Disclosed continuously (prior to and post engagements)
  - Disclosed quarterly or more frequently
  - Disclosed biannually
  - Disclosed annually
  - Disclosed less frequently than annually
  - Ad hoc/when requested
- We disclose it to clients and/or beneficiaries only
  - We do not proactively disclose it to the public and/or clients/beneficiaries.

**LEA 16.8** Additional information. [Optional]

As a commercial organisation we highly value our clients and believe they warrant disclosure of information over and above public information.

Also we note engagements are often sensitive (e.g. Board changes) so external disclosure (especially public) of progress can jeopardise outcomes - we do so occasionally but always think very carefully before going down this adversarial route (i.e. essentially putting public pressure on companies to encourage change). We often achieve better outcomes with a constructive confidential approach.

**(Proxy) voting and shareholder resolutions**

**Overview**

<b>LEA 17</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>PRI 1,2,3</b>
---------------	------------------	---------------	----------------	------------------

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 17.1** Indicate whether your organisation has a formal voting policy.

Yes

**LEA 17.2** Indicate what your voting policy covers:

- Conflicts of interest
- Prioritisation of voting activities
- Transparency
- Decision making processes
- Environmental factors
- Social factors
- Governance factors
- Filing/co-filing resolutions
- Extraordinary meetings
- Share blocking
- Regional voting practices
- Record keeping
- Company dialogue pre/post vote
- Securities lending process
- Other, describe
- None of the above

**LEA 17.3** Attach or provide a URL to your voting policy. [Optional]



URL

<https://www.perpetual.com.au/~media/Perpetual/PDF/Shareholders/Proxy-voting-policy-flyer-wl.ashx?la=en>

**LEA 17.4** Provide a brief overview of your organization's approach to (proxy) voting.

Voting rights are a valuable asset of the investor and are intrinsically linked to the expression of our views on corporate governance practices and to our monitoring of the governance of the companies we invest in.

Perpetual supports governance standards and commonly accepted good governance practices including the following areas:

- Respect for shareholders
- Board function
- Audit
- Remuneration

We will always consider a company's governance practices in the context of what is in the best interests of our clients, and have appropriate regard to the company's circumstances. Where we perceive a company's governance has some material deficiencies we will normally seek to engage with the company.

Voting at company meetings is carried out by us on all resolutions where Perpetual has the voting authority and responsibility to do so (where practical). All resolutions are considered on a case by case basis. Voting decisions will be made in the clients' best interests. To assist in decision making we subscribe to independent external proxy advisory services.

The policy includes processes for managing conflicts of interests for short positions.

Infrequently we file our own shareholder resolutions or called our own shareholder meetings.

**LEA 17.5** Provide an overview of how you ensure your voting policy is adhered to, giving details of your approach when exceptions to the policy are made (if applicable).

The policy applies to all of the corporate governance monitoring and proxy voting activities of Perpetual Investment Management Limited's fundamental active equity managers in respect of companies we invest in.

While we will actively promote the governance practices in the Policy through the way in which we vote and our company engagement, we acknowledge that there are instances where one or more of these practices may not be possible during particular stages of a company's development or in certain circumstances e.g. for tightly-held companies. We will always consider a company's corporate governance practices in the context of what is in the best interests of our clients, and have appropriate regard to the company's circumstances.

Perpetual's Manager, Responsible Investment (ESG professional) considers all voting issues and makes independent voting recommendations to the Head of Equities. Decisions are also informed by independent proxy advise services.

No

## Process

<b>LEA 18</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 2</b>
---------------	------------------	---------------	--------------------	--------------

<b>LEA 18.1</b>	Indicate how you typically make your (proxy) voting decisions.
-----------------	--

<b>Approach</b>
-----------------

- We use our own research or voting team and make voting decisions without the use of service providers.
- We hire service provider(s) that make voting recommendations or provide research that we use to inform our voting decisions.

<b>Based on</b>
-----------------

- the service provider voting policy signed off by us
  - our own voting policy
  - our clients' requests or policy
  - other, explain
- We hire service provider(s) that make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) that make voting decisions on our behalf.

<b>LEA 18.2</b>	Additional information.[Optional]
-----------------	-----------------------------------

On all proxy voting decisions, our Head of Equities makes the final voting decision after consideration of:

- the voting and governance principles set out in Our Corporate Governance and Proxy Voting Policy. An internal ESG resource (The Manager, Responsible Investment) assists in this process;
- the internal views of relevant company analysts and portfolio managers; and
- the proxy report, including recommendations, from our external proxy adviser - this includes consideration of current governance norms and standards (e.g. on executive remuneration, director independence, etc.).

Paramount in this process is the principle that voting decisions are be made in the clients' best interests.

<b>LEA 22</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2</b>
---------------	------------------	---------------	----------------------	--------------

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>LEA 22.1</b>	Indicate whether you or the service providers acting on your behalf raise any concerns with companies ahead of voting
-----------------	---

- Yes, in most cases
- Sometimes, in the following cases:
- Neither we nor our service provider raise concerns with companies ahead of voting

<b>LEA 22.2</b>	Indicate whether you and/or the service provider(s) acting on your behalf, communicate the rationale to companies, when , you abstain or vote against management recommendations.
-----------------	---

- Yes, in most cases
- Sometimes, in the following cases.
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers do not abstain or vote against management recommendations

**Outputs and outcomes**

<b>LEA 23</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2</b>
---------------	------------------	---------------	----------------------	--------------

<b>LEA 23.1</b>	For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
-----------------	--

- We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

97

	Specify the basis on which this percentage is calculated
--	--

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted

**LEA 23.2** Explain your reason(s) for not voting certain holdings




- Shares were blocked
- Notice, ballots or materials not received in time
- Missed deadline
- Geographical restrictions (non-home market)
- Cost
- Conflicts of interest
- Holdings deemed too small
- Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- We do not vote on environmental resolutions
- We do not vote on social resolutions
- On request by clients
- Other
- We do not track or collect this information

**LEA 24** **Mandatory** **Public** **Additional Assessed** **PRI 2**

**LEA 24.1** Indicate if you track the voting instructions that you and/or your service provider on your behalf have issued.

- Yes, we track this information

**LEA 24.2** Of the voting instructions that you and/or third parties on your behalf issued, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	 90
Against (opposing) management recommendations	 7
Abstentions	 3

100%

**LEA 24.3**

Describe the actions you take after voting against management recommendations.

We normally engage with the company if we are considering a contentious voting resolution. Should we decide not to support the resolution (vote against or abstain), we normally inform the company of the decision and the reasons for our decision. This may form the basis for further engagement and/or monitoring with/of the company, for example if the issue is ongoing.

No, we do not track this information

## Communication

**LEA 27**

**Mandatory**

**Public**

**Core Assessed**

**PRI 2,6**

**LEA 27.1**

Indicate if your organisation proactively discloses information on your voting activities.

We disclose it publicly

provide URL

<https://www.perpetual.com.au/Investments/Institutional-Investors/Responsible-Investing/>

provide URL

<https://www.unpri.org/organisation/perpetual-investments-143560>

**LEA 27.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

No

**LEA 27.3**

Indicate the voting information your organisation proactively discloses to the public.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

**LEA 27.4** | Indicate how frequently you typically report voting information to the public.

- Continuously (primarily before meetings)
- Continuously (soon after votes are cast)
- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc/as requested

**LEA 27.5** | Indicate the voting information your organisation proactively discloses to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

**LEA 27.6** | Indicate how frequently you report voting information to clients/beneficiaries.

- Continuously (primarily before meetings)
  - Continuously (soon after votes are cast)
  - Quarterly or more frequently
  - Between quarterly and annually
  - Less frequently than annually
  - Other
- We disclose it to clients/beneficiaries only
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

**LEA 27.8** | Additional information. [Optional]

Perpetual considered and voted on thousands of separate resolutions over the year, so composing and publishing an explanation on every single voting decisions is unrealistic.