

16 September 2022

ASX Limited  
ASX Market Announcements Office  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

## **Perpetual Limited – Sustainability Report and Sustainability Strategy**

The following announcements to the market are provided:

- ✓ Sustainability Report 2022 and Sustainability Strategy
- Launch of Sustainability Strategy

Yours faithfully,



Sylvie Dimarco  
Company Secretary  
(Authorising Officer)

# Enduring Prosperity

Sustainability Report  
2022

Trust is earned.

Perpetual 



# Contents

## Introduction



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## Our sustainability pillars



## Reporting suite

Welcome to our FY22 Sustainability Report, which provides an update on the sustainability performance of Perpetual Limited and its related bodies corporate (Perpetual) for the financial year from 1 July 2021 to 30 June 2022 (FY22). This forms part of our annual reporting suite, which also includes our Annual Report, Corporate Governance Statement, Operating and Financial Review and Full Year Financial Statements.



Annual Report



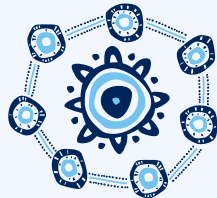
Corporate Governance Statement



Sustainability Report

## Acknowledgement of Country

Perpetual acknowledges Aboriginal and Torres Strait Islander peoples of this nation. We acknowledge the Traditional Custodians of the lands on which our company is located and where we conduct our business. We pay our respects to ancestors, Elders, past and present. Perpetual is committed to honouring Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to the land, waters and seas and their rich contribution to society.



Our Stretch Reconciliation Action Plan is available online: [perpetual.com.au/about/sustainability/reconciliation-action-plan](https://perpetual.com.au/about/sustainability/reconciliation-action-plan)



## Key performance indicators

40 Key performance indicators



More information about our FY22 performance can be found online: [perpetual.com.au/reporting-suite](https://perpetual.com.au/reporting-suite)



## About Perpetual

### Our purpose

To create enduring prosperity

### Our vision

To be the most trusted in financial services

### Our values

Excellence, integrity, partnership

### Our strategic imperatives

#### Client First



Exceptional products  
Outstanding service

#### Future Fit



Empowering our  
people to deliver high  
performance

#### New Horizons



New capabilities  
Global footprint

Perpetual Limited (ASX:PPT) is an ASX-listed, diversified financial services company that operates globally, providing asset management, financial advisory and trustee services.

Perpetual services its client base from offices in Australia as well as its international offices in the United States, United Kingdom, the Netherlands, Singapore and Hong Kong. Our clients include institutions, not-for-profit organisations, small businesses, financial advisers, individuals and families.

Across our four operating segments – Perpetual Asset Management International (PAMI), Perpetual Asset Management Australia (PAMA), Perpetual Private (PP) and Perpetual Corporate Trust (PCT) – we protect and grow our clients' wealth, knowing that by doing so we can make a difference in their lives.

For more information on our business divisions see our Annual Report at [perpetual.com.au/FY22AnnualReport](https://perpetual.com.au/FY22AnnualReport)

### Our sustainability focus

At Perpetual, creating enduring prosperity has been at the heart of what we do for more than 135 years. This means helping our clients navigate the low carbon transition, building an inclusive, high-performance culture, strengthening local communities and upholding good governance, accountability and integrity in all we do.

## A message from our CEO

For more than 135 years, we have supported our clients and our communities through periods of great change, volatility and prosperity.



Throughout our history, built from strong foundations as a trustee company, we have supported our clients through generations, always striving to earn trust through every action, every day.

We are proud of our past and our longstanding commitment to creating enduring prosperity for our clients, our people and the communities we support. As we look to the future, and continue to grow globally, this philosophy has never been more important in shaping the role we play in helping to create a sustainable world.

A sustainable world is a bedrock of enduring wealth and prosperity. Stable growth will be difficult to achieve on an unstable planet, and the stability of our world is being increasingly challenged by interconnected environmental and social challenges. These are issues that the business and investment community can and should play a role in driving positive change and we must also have a role in managing both the risks and opportunities from the transformation to a sustainable future.

Perpetual has a deep and proud heritage of responsible investing and environmental, social and governance (ESG) principles. As sustainability continues to evolve around the world, so too should our approach. That is why I am pleased to launch, as part of this year's report, a comprehensive new sustainability strategy for our business: *Perpetual's Prosperity Plan*.

This sets out a clear vision and set of commitments to achieve our goals, demonstrating our role in advancing a sustainable and equitable world, and upholding the high standards of governance we hold ourselves to every day. *Perpetual's Prosperity Plan* applies to all parts of Perpetual, with teams working collectively across our global businesses to achieve our goals.

We are investing in our capabilities, our products and services and our operations so that we can better contribute to a more sustainable world.

Of course, a plan means little without action, which is why we have now set a clear roadmap and are working to track our progress with rigorous accountability. You can find a list of our sustainability key performance indicators at the back of this report.

Our most valuable asset in making these commitments is the expertise and support of our people. That's why a core part of this strategy is ensuring that every team member at Perpetual is supported to grow, both as a professional and as a person. As we build a more globally diverse business, that in turn will offer further opportunities for development and collaboration.

This report sets out both our new sustainability strategy in *Perpetual's Prosperity Plan*, along with our FY22 Sustainability Report, which provides an update on our sustainability activities over the last 12 months.

*Perpetual's Prosperity Plan* is focused on four key pillars – Planet, People, Communities and Governance – and in FY22, we have made progress in each of these areas.

## A message from our CEO continued

**“A plan means little without action, which is why we’ve set a clear roadmap, and are working to track our progress with rigorous accountability.”**

**This year we received our highest ever Net Promoter Score (NPS)**

**+49**

FY22

FY21

**+45**

FY20

**+44**

We set high standards for ourselves, none more so than how we support our clients. In recognition of the strength and trust in our client relationships across our organisation, I am extremely proud that this year we received our highest ever NPS of +49.

We are growing our suite of investment products, which include ESG criteria and considerations. This included the launch of our first active Exchange Traded Fund (ETF) that invests in Australian ethical and socially responsible companies and excludes companies or issuers based on certain ethical screens, including those that derive five per cent or more of their total revenue from fossil fuel exploration and production. It trades under the ASX code: GIVE.

We also launched three ESG funds in Europe – Trillium ESG Global Conviction Fund, Barrow Hanley Global ESG Value Equity Fund and Barrow Hanley Concentrated Emerging Markets ESG Fund and we had the Trillium ESG Global Equity Fund authorised. Each of these funds are classified as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR).<sup>1</sup>

Our people are our most important asset. I am proud that since 2018, we continue to be recognised by the Workplace Gender Equality Agency (WGEA) as an Employer of Choice for Gender Equality. This is a significant achievement, and we will continue to do more to strive for gender equality and increase the representation of women in our sector. We remain committed to creating a more inclusive workplace across our business, further demonstrated through our new partnership with Out Leadership to help remove the barriers facing LGBTQ+ people in the workplace.

In FY22, we announced five new employee benefits (see page 27) that provided much needed additional wellbeing support for our people, especially through the ongoing restrictions relating to COVID-19.

1. An Article 8 fund under SFDR is defined as “where a financial product promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.” [Official Journal of the European Union, Regulation \(Eu\) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector](#), page 11.

These included our new gender-neutral 20 weeks paid parental leave policy, which is market leading and will be instrumental in providing support for families, as well as our annual community and wellbeing leave which we have now doubled to 10 days per year. These new benefits will support our people in a new hybrid working environment and demonstrate the value we place in them following what has been a challenging couple of years.

As trustee of many Native Title agreements, our Native Title team works with Aboriginal and Torres Strait Islander communities to help create intergenerational wealth. One such project working with a Pilbara-based Native Title group, has helped to increase home ownership in one Pilbara community from 2% in 2019 to 30% in June 2022. We have long been a strong supporter of the Uluru Statement from the Heart, calling for a First Nations Voice to be enshrined in the Constitution, and we continue to make progress towards our 2021–2023 Stretch Reconciliation Action Plan (RAP).

We have accomplished a great deal this year and our new sustainability strategy will ensure that we continue to help create a more equitable and sustainable world and advocate for positive change in the areas that are most important to our people, our clients and the communities we support.

**Rob Adams**

CEO and Managing Director



# Perpetual's Prosperity Plan

## If we want to ensure a prosperous world, we must first build a sustainable world.

At Perpetual, creating enduring prosperity has been at the heart of what we do for more than 135 years.

We're helping our clients navigate the low carbon transition, building a diverse, high-performance culture, strengthening local communities, and advancing First Nations prosperity.

We care deeply about our clients, some of whom have been with us for generations. On their behalf, we uphold good governance, accountability and integrity in all we do.

This report introduces our new sustainability strategy: *Perpetual's Prosperity Plan*.

It provides an overview of how we developed this strategy, our priority issues, our key commitments, and an update on performance during FY22 across four pillars:



1. **Planet**
2. **People**
3. **Communities**
4. **Governance**

"Lasting economic wellbeing depends on a sustainable planet and resilient, equitable communities. This is our plan to create enduring prosperity, not only for our clients and shareholders, but also for communities and the planet on which we all depend."

**Ivor Gibbons**  
Head of Sustainability

## Perpetual's Prosperity Plan continued

### Identifying the issues where Perpetual can have the greatest impact

ESG considerations are increasingly becoming part of mainstream investment. More and more, clients and shareholders are seeking to create positive impact, driven by greater social and environmental awareness, and the recognition that consideration of ESG factors in investment can help reduce risks, uncover opportunities and drive performance over the long term.

Research from Gartner shows that 65% of employees want to work for organisations with a strong social and environmental conscience.<sup>2</sup> Regulation is increasing around ESG issues, meaning a robust approach to sustainability is critical to maintain a licence to operate.

We conducted thorough stakeholder research to determine the areas where we can have the most impact.

In consultation with clients, employees, shareholders and other stakeholders, we determined the material sustainability issues that are most relevant for our business.

2. [Gartner, 'Why engaging with social and political issues is a non-negotiable for your employee value proposition', 2022](#)

### Stakeholder engagement in the research process

371

Stakeholders engaged

159

Financial advisers surveyed

122

Employees surveyed across all business divisions

59

Stakeholders interviewed through in-depth conversations or focus groups including with employees, clients, shareholders, analysts, proxy advisers and NGOs

20

Deep dive sessions with a Working Group and a Steering Committee, of senior leaders from all divisions of our business set up to support the development of the strategy

31

Interviews with securitisation industry participants including CEOs, CFOs, treasurers, investors, executive directors and department heads



# Perpetual's Prosperity Plan continued

## Our priority themes

Through interviews and focus groups, we asked stakeholders to identify the issues most important to them. These issues were quantitatively rated using surveys, mapped against Perpetual's policies and strategy, and assessed using external frameworks including the UN's Sustainable Development Goals (SDGs), Global Reporting Initiative and CDP (formerly known as Carbon Disclosure Project).

Pillar	Planet ▶ See pages 13–20	People ▶ See pages 21–27	Communities ▶ See pages 28–34	Governance ▶ See pages 35–39
Priority theme	<b>Decarbonisation</b> Reducing investment exposure to carbon-related risks, disclosing climate risks, and reducing our own footprint.	<b>Diversity and inclusion</b> Inclusive hiring and promotion and creating an inclusive culture and sense of belonging.	<b>Social and community impacts</b> Engaging in volunteering, community giving, philanthropy services, socially sustainable procurement and protecting human rights.	<b>Good governance</b> Integrating ESG, upholding strong behaviours and conduct, and effectively managing our risks.
	<b>Local environmental impacts</b> Improving waste, paper usage and using sustainable buildings.	<b>Talent, development and wellbeing</b> Talent attraction, retention, development and employee wellbeing.	<b>First Nations advocacy and support</b> Conducting Native Title and trustee services and implementing our Reconciliation Action Plan.	<b>Ethical business</b> Ensuring client care, data privacy, transparency and anti-corruption.
				<b>Sustainable products and services</b> Developing ESG products and capabilities and integrating ESG considerations.

## Our sustainability strategy framework brings together our priority themes

Across each strategic pillar we have set targets, with actions we are taking today to implement them, and we have identified key metrics to track our progress. This is set out in our sustainability strategy framework on the next page.

We support all 17 SDGs and have specifically highlighted the SDGs that are most aligned with the commitments under each of the pillars of our sustainability strategy, which are set out at the start of each section.

Where we do not have baseline measurements for waste and cultural diversity, work is underway to develop these as part of our action plan by FY23 and FY24, respectively.



## Perpetual's Prosperity Plan continued

### Perpetual's Prosperity Plan

For more than 135 years, Perpetual has been building prosperity for our clients.

We know that lasting economic wellbeing depends on a sustainable planet and resilient, equitable communities. This is our plan to create enduring prosperity, not only for our clients and shareholders, but also for communities and the environment on which we all depend.

#### Planet

##### Accelerate the low carbon transition

Help our clients navigate the risks and opportunities of a low carbon future and reduce our own carbon footprint.

##### Key commitments:

- ▶ **Grow our products and services that support a low carbon future**
- ▶ Carbon neutral operations by FY23
- ▶ 100% renewably powered operations by FY25

#### People

##### Champion inclusion and high performance

Create a harmonious, diverse and inclusive workplace culture that enhances wellbeing and supports each of our people to bring their best.

##### Key commitments:

- ▶ **40%+ women in leadership by FY24**
- ▶ 80%+ of our people feel that Perpetual welcomes diverse people and views by FY24
- ▶ 75%+ of our people feel that Perpetual supports their wellbeing by FY24

#### Governance

##### Set the highest standard

Draw on our trusted brand and deep history, to uphold best practices, accountability and integrity in all we do.

##### Key commitments:

- ▶ **Increase ESG skills and capabilities across our business**
- ▶ Uphold our values and always act with integrity
- ▶ Maintain strong client advocacy with 40+ Net Promoter Score

#### Communities

##### Support strong communities

Leverage our services, time and philanthropy to support not-for-profit organisations, give back to communities, and help advance First Nations prosperity.

##### Key commitments:

- ▶ **Deliver our 2021–23 Stretch Reconciliation Action Plan**
- ▶ Give equivalent to 1% of profit through community giving and volunteering
- ▶ Launch a Global Human Rights Framework by FY25

## The journey so far

We have a longstanding commitment to creating enduring prosperity for our clients, our people and the communities we support and to playing our role in helping to create a sustainable world.



Formed Perpetual's  
**Diversity and Inclusion Council.**

Became the first financial services company outside of the major Australian domestic banks to  
**commit to a Stretch RAP.**

Joined with Australia's philanthropic community to state our support for  
**the Uluru Statement from the Heart.**



Investor Group on  
Climate Change

PAMA joined  
**Investor Group on  
Climate Change.**

Launched our  
**Inaugural RAP.**

2002

2009

2010

2011

2012

2013

2014

2015

2016

2017

2018

2019

Signatory of:



PAMA signatory to the United Nations supported  
**Principles for Responsible  
Investment (PRI).**

Established first  
**Perpetual Ethical SRI Fund.**

Launched  
**first funding round for not-for-profits**  
later known as IMPACT Philanthropy Application Program (IPAP).



Stanford PACS  
Center on Philanthropy  
and Civil Society

Entered into partnership with  
**Stanford University's  
Center on Philanthropy  
and Civil Society.**

PAMA published our  
**Principles  
of Internal  
Governance  
and Asset  
Stewardship**  
document.



Cited as an  
**Employer of Choice for  
Gender Equality**  
by WGEA, held every year since 2018.

## The journey so far continued



### Acquired Trillium,

pioneers in integrated ESG investing.

Launched our 2021–2023 Stretch RAP.

[See here](#)

2020

Launched the Perpetual Multi Asset ESG Real Return Fund.



female Board members.  
▲ from 29% in 2020



Trillium joined Net Zero Asset Managers Initiative.

2021



### Acquired Barrow Hanley,

who leverage a proprietary Composite ESG Score.

Published our first Modern Slavery Statement.

Launched Trillium ESG Global Equity Fund and the Trillium Global Sustainable Opportunities Fund

in Australia.

Launched Enhanced Diversity and Inclusion Strategy.

Support for >100 not-for-profit clients on their investments, governance and access to funding.

2022

Laminar Capital launched ESG and Carbon Risk Score.

Perpetual philanthropy clients distributed

\$1b in funds to the community sector in the last 11 years.

Three ESG funds launched and one authorised in Europe,

which are classified as Article 8 under SFDR regulation.

+49 NPS in FY22, our highest ever score for client experience.



### Launched our first active ETF,

Perpetual Ethical SRI Fund (Managed Fund) (ASX: GIVE).

### Launched LinkedIn Learning

for Perpetual employees.

Announced our 20 weeks paid parental leave policy for either parent to use flexibly.

Gave equivalent to nearly \$2.4m through community giving and volunteering.



Trillium named among the 2022 'Best for the World'

Certified B Corporations (B Corps) by B Lab, a recognition achieved every year running since 2013.

# Our memberships, certifications and partnerships

# Planet



## Accelerating the low carbon transition

The transition to a low carbon future will transform global economies.

We're helping our clients to navigate the shifting risks and opportunities of this transition.

We consider climate risks, where appropriate, as part of our investment research and analysis<sup>1</sup>, offer ESG investment solutions including those with fossil fuel exclusions<sup>2</sup> and actively engage with our investment holdings to support their role in the energy transition, when suitable to do so.

We will 'walk the walk' by reducing our corporate carbon footprint from our operations while improving our disclosure on climate. We will continue to evolve and seek opportunities to play an increasing role in the decarbonisation of the global economy.

### Our commitments

Grow our products and services that support a **low carbon future**

**Carbon neutral operations** by FY23

**100% renewably powered operations** by FY25

**Reduce energy intensity per full time equivalent (FTE) employee** by one third in Australian operated offices by FY30

**Require Greenstar or NABERS<sup>3</sup> 5 star minimum** for all future lease transactions in Australia

Measure baseline for waste to landfill to **set waste reduction target** in our operations by FY23

**Reduce paper use in Australian offices** by 50% by FY25

Align our Group reporting to the **Task Force on Climate-related Financial Disclosures (TCFD)**

**Measure and disclose carbon risk and emissions indicators** associated with key large cap equity portfolios<sup>4</sup>

**Climate change considered**, where appropriate, **as part of investment approaches**



Our Planet commitments support these SDGs



1. There are certain asset classes where we do not consider climate risk, such as derivatives, cash, currency and commodities.
2. Trillium's funds have no direct investment in any companies that explore for, extract, process or refine fossil fuels, or generate power from coal, oil or gas. Trillium funds may hold companies that have indirect exposure to fossil fuels if the company has demonstrated a verified commitment to a low carbon business model. Perpetual Ethical SRI Fund and Perpetual Ethical SRI Credit Fund exclude companies or issuers that derive 5% or more of their total revenue from fossil fuel exploration and production.
3. National Australian Built Environment Rating System.
4. For carbon metrics data see Barrow Hanley's [2022 ESG metrics](#), Trillium's [2021 Impact Report](#) and for PAMA's disclosure on total carbon-related assets of key equity portfolios see the [PAMA ESG Report](#). In FY23, PP plan to disclose carbon metrics associated with equity investments managed by the PP research team.

## Planet continued



### Integrating climate into investment processes

As a diversified multi-boutique and global business, each of our asset managers has their own investment philosophy and approach to managing climate risk and opportunities for our clients. Our investment teams exercise independence in determining their investment strategies. As active managers, they do this through integrating climate risk considerations within investment processes<sup>5</sup>, where appropriate, and through active engagement with the boards and management teams of the companies they hold, when suitable to do so.



#### Trillium Asset Management

Trillium, a pioneer in sustainable investing, seeks to invest in companies that enable the transition to a net zero greenhouse gas (GHG) emission economy and demonstrate alignment with the global ambition to limit climate change. Having become a signatory to the Net Zero Asset Managers Initiative in April 2021, Trillium was among the first group of signatories globally to publish their 2030 interim net zero target in November 2021 in the lead up to the United Nations Climate Change Conference (COP26) in Glasgow.

Their interim target is for 75% of the holdings of Trillium-advised larger cap-equity strategies to commit to set science-based targets for reducing their GHG emissions, as approved by the Science Based Targets Initiative, by the end of 2030. Through the year they have had success advocating with investee companies (see case study on page 17) and, as at 30 June 2022, 60% of Trillium's investments in larger cap equity strategies had committed to setting a science-based target. This is up from 15% on 31 December 2019, which is the baseline for the target.

5. There are certain asset classes where we do not consider climate risk, such as derivatives, cash, currency and commodities.

**“Aligning investment portfolios with the Paris Agreement is essential to avoid the potentially devastating consequences of the climate crisis. Trillium has long worked to slow climate change, both by investing in companies seeking to provide sustainable solutions and through our shareholder advocacy efforts.**

**By formally setting our interim net zero target to 2030 and reporting on our progress, we are holding ourselves accountable to do our part to slow global GHG emissions over this critical decade.”**

#### Elizabeth Levy

CFA, Head of ESG Strategy and Portfolio Manager, Trillium

## Planet continued



### Barrow Hanley Global Investors

As long-term investors, the Barrow Hanley team look for opportunities to engage in constructive dialogue with companies to improve ESG performance, including on climate-related issues. The proprietary Barrow Hanley Composite ESG Score is a key element of their investment process, using a weighted average of the scores from the firm's analysts, third-party ESG research and external reporting frameworks. During FY22, additional data on climate risks and carbon emissions was included to inform the firm's climate pathway analysis and reporting to clients (see Barrow Hanley's [2022 ESG metrics](#)).

Barrow Hanley believe setting a science-based target can be an important measure of the commitment a company is making to demonstrate progress toward a low-carbon future. The lack of an ambitious target is often a basis for engagement.

### Perpetual Asset Management Australia

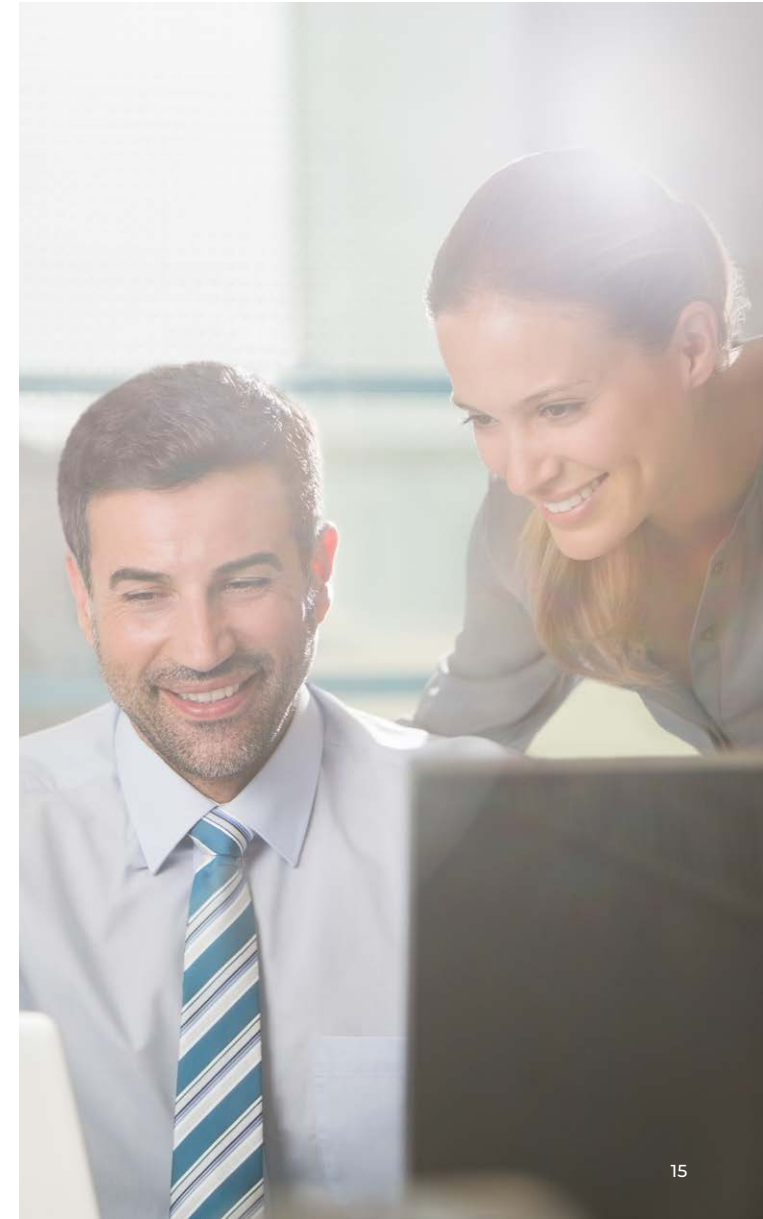
ESG factors are considered as part of PAMA's long established investment process and, over recent years, the depth and breadth of its analytical capabilities has significantly expanded, particularly on environmental and social topics. Gaining a greater understanding of the climate change risks and opportunities facing our portfolio companies was a particular focus for PAMA over FY22.

An extensive review was undertaken by the Australian Equities team of how prepared companies in the ASX 300 are for the low carbon transition. A proprietary net zero scoring framework has also been developed to assess climate-related risks and opportunities for listed companies going forward.

At a portfolio level, the PAMA team increased internal portfolio carbon reporting to portfolio managers and conducted portfolio stress testing to estimate the earnings impact of different carbon price scenarios. The average exposure to high carbon emissions intensive sectors of 3.9% across PAMA's Australian diversified equity strategies is just over half of the exposure for the S&P/ASX 300 Index of 7.3%. This number has increased from 3.0% in FY21.<sup>6</sup>

### Perpetual Private

As a multi-manager, a significant portion of PP's investments are managed on behalf of our clients by external investment managers. ESG considerations are part of the due diligence of all investment managers, and a detailed survey has been sent out to external managers to determine their approaches on climate change and net zero portfolio alignment. The results from this review will feed into PP's approach on net zero.



6. The total carbon-related assets metric measures the exposure to sectors that are considered the most GHG emissions intensive based on the Global Industry Classification Standard (GICS). The GICS Sub-Industries include Coal & Consumable Fuels, Integrated Oil & Gas, Oil & Gas Equipment & Services, Oil & Gas Exploration & Production, Oil & Gas Refining & Marketing, Electric Utilities, Gas Utilities and Multi-Utilities. This metric aligns with the methodology set out in the Financial Stability Board, TCFD 'Implementing the Recommendations of the TCFD', 2017, page 43.

## Planet continued

### Our approach to climate at a glance



#### Integration in investment processes

- ▶ Trillium has set an interim target for 75% of holdings in larger cap equity strategies to commit to setting science-based targets by 2030.
- ▶ Barrow Hanley is using additional data on climate risks and carbon emissions to inform its analysis and reporting to clients.
- ▶ PAMA's proprietary research and tools, such as the Australian Equities net zero scoring framework and the ESG Workbook, which provides equity analysts with ESG data including on climate change.

#### Active engagement and collaboration

- ▶ Trillium Shareholder Advocacy team is successfully encouraging science-based target adoption through dialogue and shareholder proposals.
- ▶ Barrow Hanley research, where appropriate, takes into account climate change risk, GHG emissions and natural resource use as financially material environmental issues for discussion with holding companies.
- ▶ PAMA actively engages with company management in monitoring material climate risks and opportunities.
- ▶ Collaboration on climate through PRI, Investor Group on Climate Change, Ceres, CDP.

#### Offer ESG solutions with climate-related characteristics

- ▶ Trillium funds avoid investing in fossil fuel companies that are not preparing for success in a carbon-constrained economy and currently have no direct fossil fuel exposure.<sup>7</sup>
- ▶ Perpetual Ethical SRI Fund and Perpetual Ethical SRI Credit Fund exclude companies or issuers that derive five per cent or more of their revenue from fossil fuel exploration and production.
- ▶ Perpetual ESG Real Return Fund predominantly invests in funds with fossil fuel exclusions.<sup>8</sup>
- ▶ Barrow Hanley ESG funds take into consideration a broad array of what the firm deems to be risk factors that can impact valuations, including performance of senior management, supply chain and labour issues, GHG emissions, vulnerability to climate change and biodiversity, among other things.
- ▶ Laminar Capital ESG and Carbon Risk Scoring tool for mutual and regional banks.

7. Trillium's funds have no direct investment in any companies that explore for, extract, process or refine fossil fuels, or generate power from coal, oil or gas. Trillium funds may hold companies that have indirect exposure to fossil fuels if the company has demonstrated a verified commitment to a low carbon business model.

8. Some ETFs are included in the Perpetual ESG Real Return Fund to provide asset class exposure, but we are unable to mandate the exact criteria for exclusions.

# Planet continued

## Engaging on climate

We believe being active stewards of our clients' capital can improve investment outcomes, including on climate-related issues. If we can influence the companies we invest in, to improve how they manage their impact on the environment, this will have a broader benefit for society and the planet. Outlined below are some examples of engagements our teams have had during the year.



**Case study**  
Advocating for science-based targets

Setting a science-based target is an important measure of the commitment a company is making to support global climate goals and a low carbon future. In November 2021, Trillium published a target to get 75% of holdings in larger cap equity strategies to commit to setting science-based targets by 2030.

The Trillium Shareholder Advocacy team have been encouraging companies to set science-based targets for some time. In FY22, a shareholder proposal was lodged by Trillium calling for SBA Communications, a real estate investment trust that owns and operates wireless infrastructure, to adopt a goal aligned with a 1.5-degree scenario. Following the company's commitment to submit GHG reduction targets to the Science Based Targets Initiative, this resolution was withdrawn.

Similar results were reached with food manufacturing company, Darling Ingredients, retail chain, BJ's Wholesale Club, and cooking and industrial process equipment manufacturer, Middleby. All three companies committed to setting science-based GHG reduction targets verified by the Science Based Targets Initiative.

For smaller companies, engagements often begin with first steps such as disclosures. At BJ's Restaurants, Trillium withdrew their shareholder proposal after the company agreed to disclose food waste reduction efforts, and measure and disclose their GHG emissions.

For further information see Trillium's latest Shareholder Advocacy Report at: [trilliuminvest.com/esg/advocacy-policy](https://trilliuminvest.com/esg/advocacy-policy)



**Case study**  
Driving down carbon emissions for an Australian resources company

It is PAMA's policy that investment managers are obliged to use their influence as an asset manager to achieve better investment outcomes over the long term. If investment teams believe an issue is material in the context of their investment strategy, including for climate-related issues, and that as a shareholder they can positively influence how a company is addressing this issue, then they can engage.

In FY22, the PAMA Australian Equities team engaged with an Australian resources company, which faces a number of challenges and opportunities relating to climate change. Through this dialogue, the team satisfied themselves that the company is well positioned to both reduce its own emissions through renewables and new technologies, but also be a key enabler of reducing global emissions through the commodities it produces, particularly copper and nickel. Although iron ore and coking coal products go into steel production that accounts for around 12% of global emissions, steel itself is also an important commodity enabling emissions reductions elsewhere.

For further information see PAMA's ESG Report here: [perpetual.com.au/PAMAEsgreport](https://perpetual.com.au/PAMAEsgreport)

## Planet continued

### Growing our products and services that support a low carbon future

Across our global businesses, we offer dedicated ESG investment strategies that include criteria related to climate change. Both the Perpetual Ethical SRI Fund and Perpetual Ethical SRI Credit Fund exclude companies or issuers that derive five per cent or more of their total revenue from fossil fuel exploration and production. The Perpetual ESG Real Return Fund predominantly invests in funds with fossil fuel exclusions with the exception of some ETFs, which provide asset class exposure, but where we cannot mandate the exact criteria.

Trillium offer a range of values-aligned, ESG-integrated investment products, all of which currently have no direct fossil fuel exposure.<sup>9</sup> This includes the Trillium Global Sustainable Opportunities Fund, available to clients in the US and Australia, which is a sustainability-themed strategy that invests in companies providing products and services to meet specific sustainability challenges, including climate change.

Two of Trillium's funds were launched in Europe in FY22: the longstanding Trillium ESG Global Equity Fund, which is also available in the US and Australia and has been fossil fuel-free since its inception in 1999, and the Trillium ESG Global Conviction Fund, run by the newly formed Trillium UK team, which supports net carbon neutrality by 2050 and aligns with a potential temperature increase of 1.5°C.

9. Trillium's funds have no direct investment in any companies that explore for, extract, process or refine fossil fuels, or generate power from coal, oil or gas. Trillium funds may hold companies that have indirect exposure to fossil fuels if the company has demonstrated a verified commitment to a low carbon business model.

10. The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities.

Building on their existing ESG investment capabilities, in FY22, Barrow Hanley launched the Barrow Hanley Global ESG Value Fund and the Barrow Hanley Concentrated Emerging Markets ESG Fund in Europe. Barrow Hanley takes into consideration ESG factors, alongside other criteria, when assessing risks and making investments in these funds such as GHG emissions, vulnerability to climate change and biodiversity.

#### Case study

#### Perpetual Digital's new ESG and Carbon Risk score rating



For Perpetual Corporate Trust, supporting the development of sustainability, ESG and green products has been an increasing focus. In FY22, this included Laminar Capital developing an ESG and Carbon Risk score rating, who partnered with the Institutional Shareholder Services group of companies (ISS), to create this tool (see case study below).

Robust data and a clear and consistent scoring methodology are critical to understanding, managing and reporting on companies, ESG strategies and performance. Perpetual Digital is finalising the development and launch of an ESG and Carbon Risk score rating solution to provide industry-consistent ratings, reports and industry benchmarking for authorised deposit-taking institutions (ADIs), which previously may have not had the level of focus or detailed data and ESG reporting capability to support their ESG and climate performance.

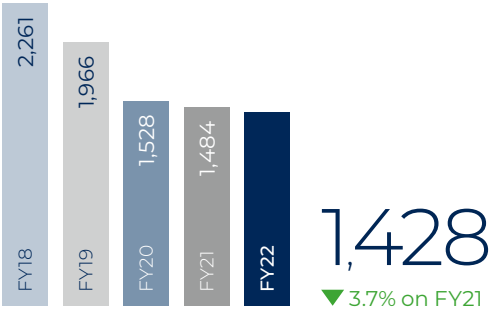
The ESG and Carbon Risk score rating was developed by Laminar Capital in conjunction with ISS – a global provider of corporate governance and responsible investment solutions for institutional investors and corporations. The score assesses companies' risks and opportunities based on a broad range of ESG criteria and themes:

- |   |  |
|---|--|
| 1. <b>Climate, social and governance risks</b>        | 4. <b>Industry sustainability risk profile</b>               |
| 2. <b>Industry-specific issues</b>                    | 5. <b>Relevance of the EU taxonomy<sup>10</sup> for SMEs</b> |
| 3. <b>Impact of products and services on the SDGs</b> |  |

The ESG and Carbon Risk score will be launched in FY23 to provide ADI clients and their stakeholders with more meaningful and balanced ESG data and insights. This will help ADIs to obtain access to investment where previously they may have been negatively screened out of the investment universe by potential investors. These insights will be further leveraged through the establishment of sector-specific roundtables where Perpetual will work with ADIs and investors on benchmarking and strategies to drive best practice ESG outcomes for their businesses.

# Planet continued

## Scope 1 and Scope 2 emissions from controlled operations – location based (tonnes CO<sub>2</sub>e)<sup>11</sup>



## Reducing our operational footprint

Operationally, we focus on tackling the most material areas of our carbon footprint, particularly the energy we use to power our offices. This means becoming more efficient and procuring renewable power for the energy we do use. We have targets to reduce by one third our energy use per FTE in our Australian offices by FY30 and to procure 100% of power from renewable sources globally by FY25. While we find ways to reduce the remaining emissions, we will purchase offsets to become carbon neutral in our global operations by FY23. In August 2022, we appointed a new Sustainability and Environment Manager to drive forward our environmental agenda.

During FY22, our Scope 1 and Scope 2 carbon emissions, predominantly from electricity used to power our offices, were 1,428 tonnes CO<sub>2</sub>e, which is a slight decrease on the previous year (see chart).

We have also made a commitment to reduce our energy use in our offices, which is a major contributor to our operational carbon footprint. We measure this by the energy intensity of our offices per FTE to ensure we use our office portfolio efficiently. In FY22, this was 1.311 MWh per FTE, which is a reduction from 1.564 MWh per FTE in FY21.

As part of our digital workplace program, we are upgrading to more energy efficient and better performing laptops. The processors in the new models are twice as efficient as the laptops they are replacing and, as at 30 June 2022, had been provided to half of our people. We are also deploying a new energy-efficient desktop solution, which does not require a separate docking device. This is approximately 30% more efficient per desk than the previous desktop set-up.

With restrictions on travel beginning to ease in FY22, and our business becoming more global, emissions from business-related flights were significantly higher this year. Our people took nearly 2,400<sup>12</sup> business-related flights, compared to approximately 800 flights taken in FY21. The carbon emissions associated with our business-related air travel was 1,168<sup>13</sup> tonnes CO<sub>2</sub>e in FY22, up from 99 tonnes CO<sub>2</sub>e the previous year.

## Minimising our waste and paper use

We are continuing to reduce paper usage in our offices through remote working arrangements and greater use of software programs such as DocuSign, which reduce the need for hardcopy printing. As a trustee dealing with legal documents every day, we have processes that involve a lot of printing, so this is a key area of focus for reducing our environmental impact.

**In FY22, we used six tonnes of paper in our Australian offices, or just under 500 boxes. This is a reduction of one third from the nine tonnes consumed in FY21.**

You can't manage what you can't measure, so we are putting in place better waste measurement and management processes in our main Australian offices to reduce waste and promote recycling. In our Sydney, Melbourne, Brisbane and Perth offices we have removed under-bin desks and in our largest office at Angel Place in Sydney, we are trialling a new waste measurement process with the building's cleaners and landlord.

Once implemented in our Sydney office, 95% of our Australian workforce will have robust waste measurement in place, providing the data and insights to improve recycling and reduce our waste.

11. Our Scope 1 and Scope 2 emissions from controlled operations are defined as direct GHG emissions (Scope 1) that occur from sources that are owned or controlled by the company and indirect GHG emissions (Scope 2) from purchased electricity consumed by the company. Scope 2 location-based emissions are calculated using the average emissions intensity of the grid.

12. Barrow Hanley flight data are available for July 2021 to Dec 2021. Emissions from business-related flights from the second half of FY22 for Barrow Hanley are estimated based on H1 data. Trillium flight emissions in FY22 are estimated based on Barrow Hanley FY22 H1 air travel emissions relative to their headcount.

13. Our approach to air travel emissions accounting has been updated for FY22 to be more in line with the Climate Active recommended methodology. Emissions are calculated based on distance travelled, flight class and emissions inventories used by Climate Active rather than emissions factors used in calculations by the airline. Barrow Hanley flight data are available for July 2021 to Dec 2021. Emissions from business-related flights from the second half of FY22 for Barrow Hanley are estimated based on H1 data. Trillium flight emissions in FY22 are estimated based on Barrow Hanley FY22 H1 air travel emissions relative to their headcount.

## Planet continued



### Case study

#### Having a good spring clean out

Perpetual's Building Services Team in Sydney completed a clean out in November 2021 of our large storage facility in western Sydney. Over the years, the storage facility had filled to capacity with excess workstations, technology, kitchen appliances, electrical and light fittings, carpets, furniture, and even metal statues.

The team carefully sorted through every item to determine the best outcome for it. We donated any suitable items to TwoGood, a charity committed to supporting survivors of domestic violence. Wherever possible, all items that were still in good condition were reused. Items that no longer had a purpose were sent to metal or second-hand furniture recyclers. By the time the clean out was completed, 12 tonnes of metal was sent to recycling, all whitegoods were donated, and all chairs, cabinetry and storage boxes were reused.

## Understanding our climate risks

As the Intergovernmental Panel on Climate Change's Sixth Assessment Report demonstrated starkly, climate-related risks and opportunities are increasingly materialising and impacting the global economy. At Perpetual, we have a strong commitment to progress our approach on sustainability. A major part of that is identifying, assessing and managing our climate risks.

We are supportive of the recommendations of the TCFD for better disclosure on climate, which aids the capital markets in appropriately assessing and pricing climate-related risks.

In FY22, we undertook a climate risk assessment to further identify our climate risks and assess their potential impact. Two workshops were held with subject matter experts across our divisions, to provide a common understanding of the trends on climate risk and regulations and to prioritise the climate risks that have the potential to have the most impact on our business.

Through this process, we identified our universe of climate risks and opportunities that are the most material for our business. Some of the key inherent risks – or the level of risk before actions are taken to alter the risk's impact or likelihood – identified included:

- Increasing investor preferences for climate leadership.
- Reputational damage from perceptions of greenwashing.
- The impact of climate change on investment performance.
- Impact of climate change on asset valuations.

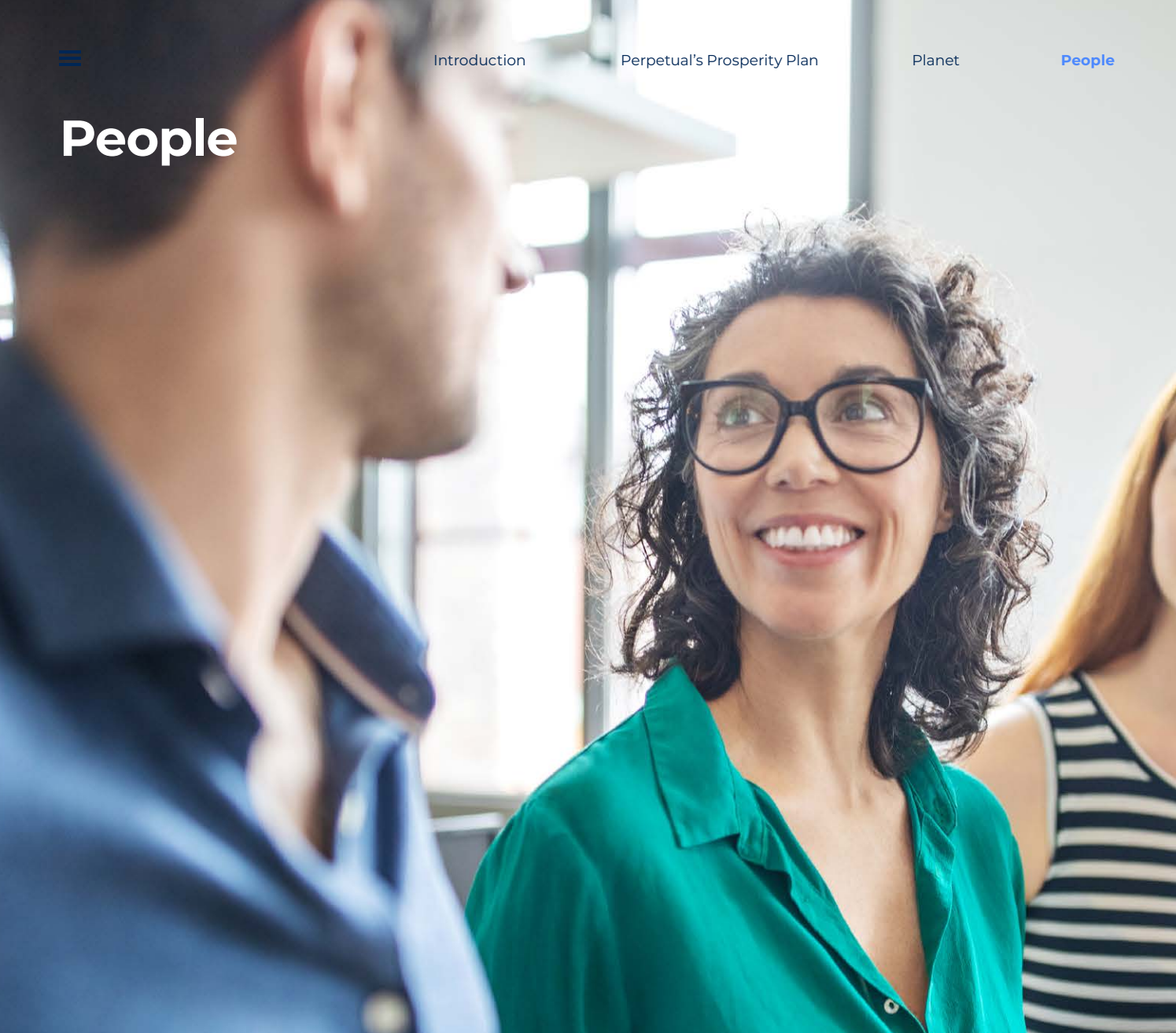
We have controls in place to manage these risks and have developed a roadmap of ongoing work to continue to assess and manage climate risks and opportunities in our business.

**“ESG risks, especially those related to climate change, are some of the most critical cross-cutting risks businesses face. We are committed to improving our capabilities in this area and to identifying and managing fast evolving ESG and climate risks across our business.”**

**Sam Mosse**

Chief Risk Officer

# People



## Championing inclusion and high performance

We're building an inclusive workplace where diversity is valued and our people are encouraged to share their unique selves and perspectives.

Our people are supported to learn and grow as professionals and to thrive both at work and at home, as we recognise that our people have full lives which impact upon their experience and performance at work.

### Our commitments

40%+ women in leadership by FY24

Increase female representation in Perpetual's investment professionals in Australia to 25% by FY24

Develop a stretch cultural diversity target by the end of FY24

80%+ of our people feel that Perpetual welcomes diverse people and views by FY24

75%+ of our people feel that Perpetual supports their wellbeing by FY24

75%+ of our people would recommend Perpetual as a great place to work by FY24

70%+ of our people tell us they have grown professionally in the past 12 months by FY24

Maintain zero gender pay gap for all like-for-like roles



Our People commitments support these SDGs



## People continued

### Championing inclusion

Through our policies and practices, we seek to create an inclusive, high-performance culture where we empower our people to grow. We aim to provide a level playing field for all, by embracing diversity in its many facets. We celebrate identity so our people feel valued and confident to bring their unique self to work. This is especially important as we continue to grow and work as one global team.

**"I believe that diverse and genuinely inclusive teams make our people feel more positive and engaged about their work at Perpetual, which encourages them to stay with us for longer. Diversity of thought and opinion is a big part of what makes an organisation successful – it leads to better decisions and better results, which is good for our clients, our people and our shareholders."**

**Gender equality is a key lever for diversity overall. Half of our population is female, and we are committed to improving the gender balance at senior leadership levels at Perpetual. This is all part of building an inclusive working environment."**

**Rob Adams**

CEO and Managing Director

We continue to build an inclusive workplace by implementing our Diversity and Inclusion Strategy and through the leadership of our Diversity and Inclusion Council. The Council is chaired by Rob Adams, our CEO, and is supported by seven employee-led networks:

1. Gender equality
2. Cultural diversity
3. Age and life stages
4. LGBTQ+ Pride network
5. Disability
6. Parents at work
7. Cognitive diversity

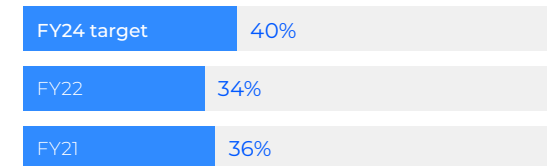
### Striving for gender equity

We believe that gender equity leads to better business performance and an enhanced employee experience. We are proud to have been recognised by WGEA as an Employer of Choice for Gender Equality since 2018. We know that there is more work to do to increase the representation of women in our business and our sector.

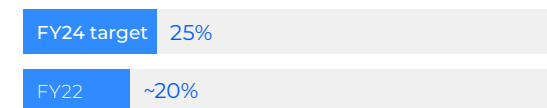
Perpetual has a target to increase the representation of women in senior leadership roles to 40% by the end of FY24. Currently, 34% of our senior leader cohort are women across all our global businesses. This is down from 36% in the previous year and reflects a highly competitive labour market. Our 40% women in senior leadership target also extends to the Perpetual Limited Board. Currently, 38% of our Perpetual Limited Board directors are women.

We are actively seeking to increase the representation of women in traditionally male-dominated business areas – such as investment management and financial advice. Our goal is to have at least 25% of our investment professional roles in Australia occupied by women by FY24. Just under 20% of these positions are currently held by women.

### Representation of women in senior leadership roles globally



### Representation of women in investment professional roles in Australia



## People continued

As at 30 June 2022, 40% of Trillium's investment team and portfolio managers are women. Recruitment and promotion of women has been a continued focus for Trillium with over half of new hires and two-thirds of promotions being women during FY22.

We have recently introduced a market leading, gender-neutral 20 weeks paid parental leave policy, which can be taken flexibly by either parent, for our people in Australia. This will support families, as will our initiatives to embrace flexibility and hybrid working models. We also require gender balanced shortlists and gender diverse interview panels for all leadership recruitment.

At a graduate level, we aim to achieve gender parity in our graduate recruitment to support a gender-balanced talent pipeline. We are also encouraging women early in their careers to pursue roles in finance through Perpetual's ongoing collaboration with Future IM/Pact, aimed at attracting more diverse talent into asset management, and a new partnership with F3 – Future Females in Finance. With the support of mentors from PCT and PP, 10 university students recently completed their six-week F3 work experience program.

Barrow Hanley continues to increase diversity in the firm including identifying roles where women are underrepresented, setting hiring goals and launching an associate analyst program to increase diversity in investment-focused roles. Across the firm, nearly 30% of leadership roles are held by women and most recently in May 2022, Controller, Erin Sisson, was promoted to Chief Financial Officer and appointed to Barrow Hanley's Executive Committee.

### Supporting LGBTQ+ inclusion

Around two-thirds of LGBTQ+ people in Australia are not out to everyone at work. Other studies show that this number decreases to 46% in the US, and 35% in the UK.<sup>1</sup>

Recognising and celebrating our colleagues fosters a workplace that is open and accepting, where everyone feels like they can be their true self. We celebrate Pride Month and Perpetual Pride Day every year to support our LGBTQ+ colleagues and the broader LGBTQ+ community. We have also established a Perpetual Pride Network, consisting of over 20 self-elected people from across the business, and encouraged our people to add pronouns to their email signatures if they want to.

The business also marks GiveOUT Day annually as a national day to grow giving to LGBTQ+ projects, community groups and not-for-profit organisations, with senior leadership representatives Rob Adams (CEO and Managing Director), David Lane (Group Executive, PAMI) and Caitriona Fay (Managing Partner, Community, Social and ESG Investment, PP) acting as Patrons of the day in 2021 and 2022.

To further support LGBTQ+ rights, Perpetual has entered into a new partnership with Out Leadership – a New York-based global LGBTQ+ business network created and grown through the endorsement of change-making CEOs and businesses across the world.

Through this partnership, our people have access to Out Leadership's information portal and will be able to participate in a series of global events and talent development opportunities.

We have also engaged Out Leadership to assist in forming Perpetual's first Pride Committee, which was established in 2021.

**Introduced a market leading, gender-neutral 20 weeks paid parental leave policy, which can be taken flexibly by either parent, for our people in Australia.**



**We celebrate Pride Month and Perpetual Pride Day every year to support our LGBTQ+ colleagues and the broader LGBTQ+ community.**

1. Diversity Council Australia, *Out at Work: From Prejudice to Pride*, 2018.

# People continued

## Percentage of our people that feel Perpetual welcomes diverse people and views



## Encouraging diversity across our organisation

Having strong diversity of thought, experiences, cultures and backgrounds is essential for any organisation. It's a powerful driver for innovation and creates a positive culture for employees. As we grow globally, our business is becoming more internationally diverse – we are respectful of cultural differences and seek to harness different perspectives across our teams.

We are developing a diversity profile of our global business so we can set targets for where we would like to be in the future. We also measure the extent to which our people feel that Perpetual welcomes diverse people and views, with a target of achieving at least 80% agreement by FY24. In FY22, 79% of our people agreed that Perpetual cultivates an inclusive environment accepting of diverse views and individual differences, up from 76% in FY21.<sup>2</sup>

Barrow Hanley is already focused on achieving greater cultural diversity in its business by running internship programs with students from ethnic minority backgrounds, as well as actively trying to recruit investment analysts who will bring more diversity to the business.

Among Trillium's core values is a deep commitment to Justice, Equity, Diversity, and Inclusion (JEDI) and work in this area is supported by a JEDI Committee, co-led by Trillium's CEO and Head of Impact Strategy. A racial equity audit was launched during the year to recognise and remedy any industry or company-specific barriers to everyone's full inclusion and participation. All employees participated in active bystander training, learning how to take safe and constructive action against discriminatory and harmful behaviour, and a series of employee dialogues were held focusing on creating an inclusive workplace.

In FY22, 85% of new hires were members of historically underrepresented demographic groups including people from ethnic minorities, women and those that identify as part of the LGBTQ+ community. To encourage a pipeline of underrepresented voices into the asset management industry, Trillium hosted two interns from underrepresented groups.

In Australia, Perpetual piloted an Inclusive Leadership Program for 80 leaders in our PP business with plans to extend this to other divisions in FY23. This program targets topics of unconscious bias, diversity, and the leadership behaviours that drive inclusion.

To foster cognitive diversity, our Organisational Development Team have become accredited to use the Herrmann Brain Dominance Instrument (HBDI) thinking styles assessment tool. HBDI identifies an individual's preferred approach to emotional, analytical, structural and strategic thinking to help our people understand their unique thinking preferences and work effectively together to achieve better outcomes. To date, the Team have conducted sessions with our Executive and senior management teams and plan to extend this training to other parts of the business during FY23.

In FY22, we formed a new partnership with Uni2Beyond to offer two internships to individuals with an intellectual disability. Uni2Beyond supports individuals with intellectual disabilities to develop their strengths and confidence through real-world work experience, allowing them to pursue different career pathways. Our two interns worked within PCS and PCT for nine weeks.

2. Commitments or metrics in our Sustainability Strategy that are measured through our Mood Monitor are reported as financial year annual averages to allow for comparison year on year and to reduce effects of seasonal variability.

# People continued

## Percentage of our people feeling that their wellbeing is supported by Perpetual



## Taking a scientific approach to improving health and wellbeing

Wellbeing is broader than the workplace. It's about having enough energy and enthusiasm for the things that matter most in life. We know that as an employer we can influence the wellbeing of our employees. That is why we have set a target that at least 75% of our people feel that their wellbeing is supported by Perpetual by FY24. During FY22, 70% of our people felt that their wellbeing is supported by Perpetual, up from 66% in FY21.<sup>3</sup>

In May 2022, we launched a wellbeing diagnostic tool in partnership with The Wellbeing Lab. The aim of the tool is to help our people identify their individual wellbeing needs. After completing a short survey, employees receive a tailored wellbeing report providing insights they can apply in their lives based on the science-backed drivers of wellbeing: positive emotion, engagement, relationships, meaning, accomplishment and health. The collective insights from this survey will enable us to deliver more meaningful programs and benefits to support individual and organisational wellbeing. To protect our employees' privacy, all responses are completely anonymous.

To kick off our wellbeing tool, we held an employee event with wellbeing expert, Dr Michelle McQuaid, to discuss the drivers of wellbeing and practical steps everyone can take to improve their overall wellbeing. We also hosted two other wellbeing webinars: one hosted with Headspace on the power of mindfulness, meditation and the importance of sleep for overall wellbeing, and another with Scott Watters, CEO of LifeChanger, about RuOK day and the importance of connection.

We supported our peoples' physical and mental health by introducing an annual wellbeing allowance of \$275 (see page 27) and we continue to make the Headspace Wellbeing app available for our people and their families. Over 700 people have signed up for the Headspace app so far. We also launched a monthly meditation challenge for our people across our global business. Over 600 people participated, collectively recording more than 5,000 minutes.

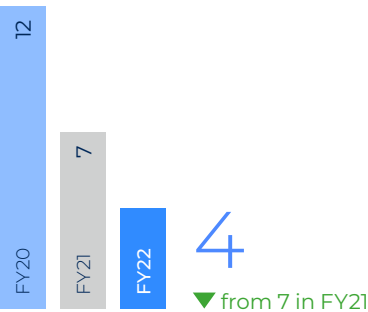
## Staying safe at work

It is also important to take steps to protect the physical safety of our people as well as their mental wellbeing. Our people are required to record any accidents, injuries and 'near misses' that occur at work, which we monitor and seek to learn from to prevent workplace injuries in the future. In FY22, there were four of these safety incidents, of which two resulted in lost time. This reduced from seven safety incidents the previous year, as our people worked from home more often due to the COVID-19 pandemic and our hybrid work model.

As COVID-19 becomes endemic in much of the world, it continues to have an impact on the health of our people and cause disruption to their lives. We continued to follow government advice and restrictions in all our locations. We supported our people by offering an additional day of leave for employees in Australia and Singapore to attend vaccination appointments for COVID-19 or to help manage any post-vaccination symptoms. Free rapid antigen tests were made available to our critical teams in Australia and Trillium employees that needed to attend the office.



## Employee safety incidents



3. Commitments or metrics in our Sustainability Strategy that are measured through our Mood Monitor are reported as financial year annual averages to allow for comparison year on year and to reduce effects of seasonal variability. The wellbeing Mood Monitor measure was introduced in June 2021 so the FY21 score is based on one Mood Monitor study only.

## People continued



### Promoting learning and development

Perpetual is committed to creating a culture of learning. To support this, we are giving our people the tools and resources to thrive in all aspects of their lives. In June 2022, we provided employees in Australia and Singapore with free access to LinkedIn Learning – one of the world's leading online training platforms. This will also be extended to our global businesses, Trillium and Barrow Hanley, in the first half of FY23. It offers more than 6,000 courses covering a range of business, technical, software and creative topics. Our people can access and track their learning using their personalised Workday Learning dashboard.

There has been a positive initial response with around 20% of employees signing up on the very first day to access these resources and 46% in the first month.

### Understanding how our people are feeling

We conduct regular 'Mood Monitor' surveys throughout the year, to ask for employee feedback about how our people are feeling about work. These results inform our business decisions and provide valuable insights into our culture.

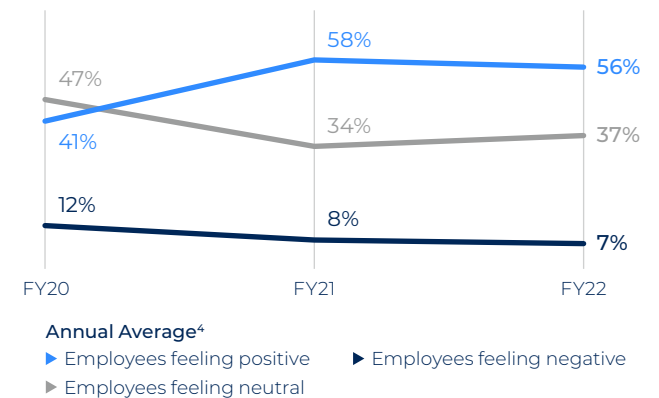
On average, in FY22, 56% of our people were feeling positive about working at Perpetual, which is slightly down on the average of the survey results for FY21 (see chart to the right). Many employees were under lockdown orders due to COVID-19 during the first half of FY22, which we believe is likely to have negatively impacted how they were feeling. However, sentiment improved in the second half of the financial year as COVID-19 restrictions were lifted and people were able to resume their daily routines.

When asked whether our people would recommend Perpetual as a great place to work, in FY22, 71% said they were 'Likely' or 'Highly likely' to recommend Perpetual.<sup>4</sup>

Even though the option is now available for people to return to the office, based on our most recent survey in March 2022, 66% are working 'Mostly from home' or 'Solely from home'. Perpetual is committed to hybrid working, enabling our people to work where they work best and split their time between the office and working remotely.

This hybrid style of working appeals to many employees, with 84% feeling positive about their current working arrangements. Given this clear preference for flexible working arrangements, we have provided training to our people leaders to enhance the hybrid work experience and develop an effective working rhythm for their teams.

### Mood Monitor survey results FY20–22<sup>5</sup>



### Refreshing our behaviours for growth

In order to position Perpetual for further growth, and to create an inclusive and adaptable culture for our business, we have refreshed our enterprise behaviours. These behaviours articulate how our people live and breathe Perpetual's purpose, vision and values through their day-to-day interactions with their colleagues, clients and the community.

Find out more about our Perpetual behaviours on page 33 in our FY22 Annual Report: [perpetual.com.au/FY22AnnualReport](https://perpetual.com.au/FY22AnnualReport).

4. Commitments or metrics in our Sustainability Strategy that are measured through our Mood Monitor are reported as financial year annual averages to allow for comparison year on year and to reduce effects of seasonal variability.

5. Employees in our Mood Monitor survey are asked if they feel great, good, okay, fair, bad or terrible. Employees who responded great or good are displayed as positive, okay or fair as neutral, and bad or terrible as negative. Barrow Hanley employees did not take part in the FY21 or FY22 Mood Monitor surveys and Trillium employees have taken part in the Mood Monitor surveys since the November 2020 survey.

## People continued

### Case study

#### Supporting our people and what matters most to them

We're acutely aware of challenging labour market conditions and we know that it's more important than ever to show we value our people, to support them in their lives, and to attract and retain talented people.

In FY22, we announced several new employee benefits to enhance employee wellbeing and to help our people thrive at work and at home. These are described in the table to the right.

#### Reconnecting with loved ones

Jessamy Burton took advantage of the 'Working from anywhere in Australia' leave to work from her family home in Perth for the month of March.

**"I'm originally from Perth and now I'm based in Sydney. The opportunity to work from anywhere in Australia for up to a month is a real game changer for me after not having seen my family for close to a year. It allowed me to spend some quality time with them without having to take any additional leave."**

#### Jessamy Burton

Organisational Development  
Consultant

#### Making a difference

Kim Matthews Stuart used the Community and Wellbeing leave to become a LifeChanger mentor (see page 34). Kim was inspired to work with LifeChanger so she could learn skills to share with her young children.

**"Programs like this teach them about building resilience and that having incredible role models in their life, that are safe beyond just family, is really important. Being able to go into schools and be a mentor in a classroom with incredible kids, to hear their stories and share my own, is quite exciting."**

#### Kim Matthews Stuart

Senior Manager – Brand and Content

### New benefits for our people<sup>6</sup>

#### 20 weeks paid parental leave

- ▶ Industry-leading gender-neutral paid parental leave policy available to any parents in Australia with a new baby.
- ▶ Access to 20 weeks paid parental leave for either parent to use flexibly.
- ▶ This is an increase from the current 12 weeks for primary carers and four weeks for secondary carers.

#### LinkedIn Learning for all employees

- ▶ Provided global employees with free access to LinkedIn Learning – one of the world's leading online training platforms with more than 6,000 online courses.
- ▶ This was launched for Australian and Singapore employees in June 2022 and will be extended to Trillium and Barrow Hanley in the first half of FY23.

#### Annual wellbeing allowance

- ▶ An annual wellbeing allowance of \$275 for eligible employees in Australia and Singapore.
- ▶ Empowers our people with choice about how they invest in their mental and physical wellbeing.
- ▶ This benefit can be used for things such as gym memberships, yoga classes, sports activities, counselling and support groups.

#### Working from anywhere in Australia

- ▶ Starting from March 2022, our Australian employees had the option to work from anywhere in Australia for up to one month each year.

#### Community and Wellbeing leave

- ▶ New leave benefit offering our people in Australia 10 additional days of leave each year (up from five days previously).
- ▶ A refreshed focus on empowering individuals to look after their personal wellbeing and have an impact in their communities.
- ▶ Following its launch in February 2022, 610 employees had already accessed and used this leave by the end of June 2022.

6. Employee benefits announced in FY22 and available from 1 July 2022 unless otherwise stated. As we continue to grow globally, we are seeking to extend our policies and benefits to our global businesses, where appropriate.



# Communities



## Supporting strong communities

For over 100 years, we have connected our philanthropic clients with high-impact organisations, so that their giving goes further.

Through volunteering, corporate giving and advisory services, we strengthen both the not-for-profit sector and First Nations communities, so they can determine their own future.

We commit to take action to address modern slavery across our business and continually improve our approach including through consideration of human rights.

We go above and beyond to make communities stronger.

### Our commitments

Support the Uluru Statement from the Heart and the **establishment of a First Nations Voice** enshrined in the Constitution

Deliver our **2021–23 Stretch Reconciliation Action Plan**

Advocate for **protection of First Nations cultural heritage**

Give equivalent to 1% of profit through **community giving and volunteering**<sup>1</sup>

**Provide 10 days of Community and Wellbeing leave** for all Australian employees

**Support capacity building and thought leadership** in the Australian philanthropy and NFP sectors

Continuously improve our approach to **addressing and mitigating modern slavery risks**

**Launch a Global Human Rights Framework** by FY25



Our Communities commitments support these SDGs



1. This commitment is to give equivalent to 1% of underlying profit before tax through community giving and volunteering as measured through the Business for Societal Impact framework. This includes cash and in-kind donations, matched giving of staff fundraising, management costs associated with community giving activities, employee volunteering time, and memberships and sponsorship of community organisations.

## Communities continued

### Advocating for First Nations Peoples

Perpetual's vision for reconciliation is a more equal society, where First Nations Peoples have the same opportunities for prosperity and a self-determined future. A future where First Nations individuals, organisations and communities have the support and resources to ensure good governance, economic independence and mutual respect for their cultures. We have long supported the Uluru Statement from the Heart and call for a First Nations Voice to be enshrined in the Constitution.

We are taking steps to support this vision by delivering our 2021–2023 Stretch RAP and working with Aboriginal and Torres Strait Islander clients to have a positive impact in communities through services such as our Native Title team.

Our support for First Nations Peoples also extends to our global businesses. Over the course of the year, Trillium supported Native American activists who were seeking to change the disparaging name and logo of the Kansas City Football team through an engagement with a key commercial sponsor of the team. We fully support the engagement that our US-based firms, particularly Trillium, have with these communities.

### Delivering on our Reconciliation Action Plan

Our inaugural RAP was launched in 2013 and, in December 2020, we reaffirmed our commitment to reconciliation by launching our Stretch RAP for 2021–23.

This year, we have been making progress on the 18 actions and 84 deliverables in our Stretch RAP to build positive outcomes with Aboriginal and Torres Strait Islander clients and communities, with our people and through good governance. Some of the key initiatives we delivered in FY22 are covered in the table below.

Focus area					
<b>Initiative</b>	<b>Partnering with clients to build prosperity</b> <ul style="list-style-type: none"> <li>▶ Joined a coalition of international institutional investors to call upon the Western Australian (WA) state government to delay the passing of the WA Aboriginal Cultural Heritage Bill 2021 and partner with Indigenous Peoples to co-design a new version of the heritage protection laws.</li> <li>▶ Supported clients to undertake financial literacy education including one client in South Australia through the 'My Money Dream' digital financial literacy education program.</li> <li>▶ Implemented initiatives to create intergenerational wealth including continuing to work with two Pilbara clients in WA on their home ownership scheme and supporting clients in the same region on estate planning.</li> </ul>	<b>Supporting communities to build independence</b> <ul style="list-style-type: none"> <li>▶ Created protocols to support our people visiting Aboriginal and Torres Strait Islander communities and for all Perpetual events to include a Welcome to Country or Acknowledgment of Country.</li> <li>▶ Sponsored 15 places for Aboriginal and Torres Strait Islander leaders to take part in governance training through the Australian Institute of Company Directors (AICD).</li> <li>▶ Worked with a Pilbara client to establish a youth council to develop future leaders.</li> <li>▶ Conducted numerous community events with Native Title groups. This involved bringing together service providers to assist the communities with banking, education, mental health and financial planning.</li> <li>▶ Held an employee webinar with Supplier Nation to grow awareness for procuring goods and services from First Nations businesses across our organisation.</li> </ul>	<b>Creating an inclusive and culturally respectful workplace</b> <ul style="list-style-type: none"> <li>▶ Hosted screenings of 'The Final Quarter' in our Brisbane, Melbourne, Sydney and Perth offices during National Reconciliation Week to encourage meaningful conversations about addressing racism.</li> <li>▶ Updated recruitment processes to actively encourage Aboriginal and Torres Strait Islander job seekers to apply for roles across Perpetual.</li> <li>▶ Supported Jawun secondment program for the ninth year. Four Perpetual secondees worked with Aboriginal-led organisations in Central Australia and, for the first time, in the Pilbara region in WA. Jawun places skilled people from Australia's leading companies and government agencies and connects them with projects in Aboriginal and Torres Strait Islander communities.</li> </ul>	<b>Ensuring strong governance and reporting</b> <ul style="list-style-type: none"> <li>▶ Took part in investor groups such as Investors and Indigenous Peoples Working Group and Responsible Investment Association Australasia's First Nations Peoples Rights Working Group to encourage collaboration to support the rights of First Nations Peoples.</li> <li>▶ Embedded RAP actions into performance objectives for senior leaders.</li> <li>▶ Reported progress quarterly on our RAP deliverables to the Audit Risk &amp; Compliance Committee (ARCC).</li> </ul>	

## Communities continued

### Working with First Nations communities

Native Title trusts play an important role in helping strengthen First Nations communities by addressing pressing needs such as health and education, preserving their cultures, and setting up infrastructure that will allow them to thrive in the future. In FY22, we managed \$760 million for Aboriginal and Native Title clients on behalf of 48 Aboriginal and Torres Strait Islander communities across Australia.

Since our Native Title team began working with a Pilbara-based Native Title group in 2019, home ownership in one Pilbara community has increased from 2% in 2019 to 30% in June 2022.

A key focus for our Native Title team, and one of the deliverables in our RAP, is implementing initiatives that help create intergenerational wealth in Aboriginal and Torres Strait Islander communities. This may include estate planning, home ownership and access to superannuation.

For example, since our Native Title team began working with a Pilbara-based Native Title group in 2019, home ownership in one Pilbara community has increased from 2% in 2019 to 30% in June 2022. The charitable distribution policy provides direct financial support to eligible members for the purchase or building of a new home, and for the renovation or mortgage repayments of an existing one.

Central to our approach is building the capacity of communities and our Native Title clients. The intention is to transition from using Perpetual's services to the point where they can manage their own Trusts. We call this the 'Wealth Journey'. It includes the design of capacity-building development plans and succession planning.

Helping our Native Title clients set up future funds can be an important tool within this Wealth Journey. It allows communities to build up a capital base using royalties from projects on their land to support their future needs through the interest on their capital. We helped one community in Roebourne, WA, access a loan from their future fund so it could have an immediate positive impact as well as allowing them to make plans for a prosperous future (see case study to the right).

### Case study

Ganalili Centre is a new dawn for the town of Roebourne



As the investment advisor for the Yindjibarndi people's future fund, Perpetual has been working with the Aboriginal community in the town of Roebourne, in WA's remote north, to create a social impact investment aimed at improving the town's culture and future prospects.

In 2019, the Yindjibarndi people were able to take out a loan from their future fund to rebuild and transform a historic hotel, that has been boarded up for the past 20 years, into a cultural hub called the Ganalili Centre.

The Ganalili Centre quickly became a community gathering place. It features modern offices, meeting spaces, a gallery, commercial kitchen and library that is run by the City of Karratha. The centre is filled with cultural and educational items including a digital genealogical map of Yindjibarndi families and ancestors.

Today, the centre is a sustainable and profitable enterprise. It is a drawcard for tourism and a source of cultural pride. In FY22, the centre reached an important milestone of being able to use profits to pay back capital on the loan for the first time. This important cultural hub is already providing many benefits for the community today, as well as providing for the town's future.

Ganalili means 'new dawn' in Yindjibarndi language, which is the perfect description for the positive social impact this project has had on the community and the next generation of Roebourne residents.

## Communities continued

### Helping philanthropists have impact

As one of Australia's largest managers and distributors of philanthropic funds, we act as trustee for around 1,100 charitable trusts and endowments, helping philanthropists with investment management, governance and through our best practice grant funding program, thought leadership and advice.

Perpetual has \$3.5 billion in Funds under Advice (FUA) on behalf of philanthropists, not-for-profit organisations and Native Title trusts. In FY22, our clients distributed \$120 million of their philanthropic funds, up from \$103 million in FY21.



### Encouraging best practice grant making

Each year, Perpetual invites not-for-profit organisations to apply for funding through our IMPACT Philanthropy Application Program (IPAP). The process supports many of our philanthropy clients in making decisions on where their charitable distributions can be directed.

IPAP has a rigorous grant making assessment process used to rank organisations based on their strategies, leadership, capabilities and community outcomes. Eligible organisations with the highest rankings are recommended for funding and are matched to our philanthropist clients' preferences.

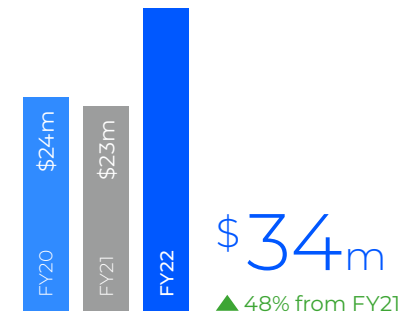
In FY22, a total of \$34 million was allocated to community organisations through the IPAP process, of which \$27 million was distributed during the year. This is around \$11 million more than in FY21 and is the largest amount that IPAP has ever distributed. This increase was mainly driven by the recovery in income for charitable trusts, which had been impacted in FY21 by low interest rates due to COVID-19, a large forward commitment from a single foundation and new endowments distributing through IPAP. Health and social and community wellbeing sectors received the highest proportion of funding.

### Perpetual Foundation

The Perpetual Foundation has a total value of \$320 million and in FY22, distributed \$14.1 million to over 400 community organisations, up from \$13.5 million the previous year. There are over 300 endowments, or sub-accounts, within the Perpetual Foundation.

A number of Perpetual's philanthropic clients, including clients with an endowment within the Perpetual Foundation, were interested in supporting crisis and disaster relief efforts in FY22. Grant making assistance and guidance was provided to these clients on the humanitarian crisis in Ukraine and the New South Wales and Queensland flood response.

### Funding allocated to community organisations through the IPAP process



### Perpetual Foundation

**\$14.1m**  
distributed to over 400 community organisations  
▲ from \$13.5m in FY21

**\$320m**  
total value of the Perpetual Foundation  
▲ from \$309m in FY21

## Communities continued

### Providing long-term support for the not-for-profit sector

Now, more than ever, we need a not-for-profit sector that is effective, innovative and strong. We help our not-for-profit clients with investment management, quality governance and capacity building, supporting 140 not-for-profit clients with over \$1.4 billion of FUA in the sector.

### Supporting capacity building in the charity sector

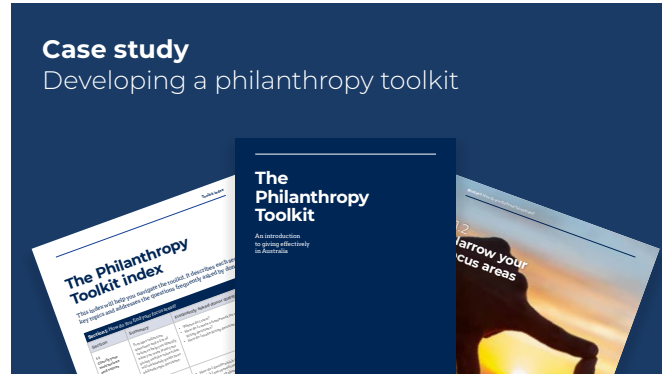
COVID-19 has created many challenges for Australian charities over the past few years – such as unstable income streams and shorter-term government contracts. This means they're not able to invest in organisational capacity, which is limiting their opportunities to make a positive impact.

To help address these ongoing challenges, we invest in training and research that builds capacity across the charity sector using annual distributions from two Trustee Endowments within the Perpetual Foundation and Centenary Foundation, both established with Perpetual's corporate funds.

Together these Trustee Endowments distributed a total of \$699,000 in FY22.

~\$0.7m

distributed across the charity sector through two Trustee Endowments within the Perpetual Foundation and Centenary Foundation



#### Case study Developing a philanthropy toolkit

With so many worthy causes in the world, it can be difficult for philanthropists to work out which ones to support. Members of a family endowment or trust can struggle to reach a consensus on the kind of giving, the amount and the responsibilities within the family.

To assist them in this effort, we partnered with Stanford University to develop a [philanthropy toolkit](#). The toolkit helps philanthropists assess not-for-profits, identify the ones that are best aligned to the causes that matter most to them and to keep track of their giving. It includes conversation guides and checklists, which families and individuals can use themselves or in consultation with their advisers. The toolkit also contains a section on how to work with other philanthropists to maximise impact and build a network of like-minded givers.

**“The philanthropy toolkit is a wonderful resource designed to help individuals and families articulate and share their values, while also providing tools to ensure those values are represented in their giving and social investments.”**

**Caitriona Fay**

Managing Partner, Community, Social and ESG Investment, PP

#### Case study

#### Free data analytics platform for not-for-profits

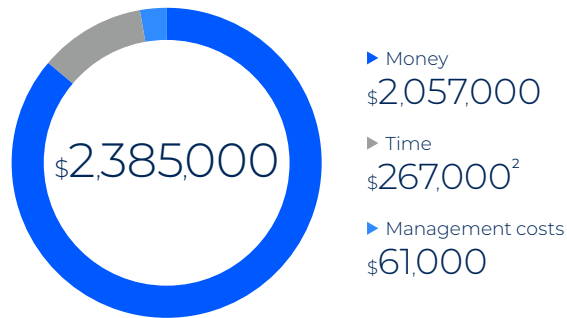


To help organisations make a difference in their communities, Perpetual offers all our not-for-profit clients free access to the Perpetual Data Community through our partnership with Seer Data & Analytics.

Clients who take up this offer have access to seven years of data from IPAP (see page 31) and other data sets available on the Seer platform such as Australian Charities and Not-for-profits Commission information. This can play an important role in focusing fundraising and program delivery decisions.

## Communities continued

### Equivalent contributed through community giving and volunteering



### Contributing to good causes

To hold ourselves accountable for our community giving and social impact, Perpetual has made a commitment to give equivalent to 1% of our underlying profit before tax through community giving and volunteering.

As part of setting a robust measurement framework for this goal, we are aligning our reporting of community giving and volunteering with the Business for Societal Impact (B4SI) framework, which is a globally recognised standard. The B4SI framework measures the financial value of our voluntary support for organisations that have a charitable purpose. This includes cash donations, memberships and sponsorships of community organisations, employee volunteering time and management costs associated with community giving activities.

Based on the B4SI framework, our total community giving and volunteering in FY22 was equivalent to nearly \$2.4 million.<sup>3</sup> This is equivalent to 1.2% of our FY22 underlying profit before tax.

This included \$2 million of cash donations and memberships or sponsorships of organisations with charitable purposes and the equivalent financial value in time of over 3,500 hours spent by our people volunteering with community organisations.

Our people got behind worthy causes through the year. One example is over \$7,000 raised by 66 employees to support KMs4Kids, a wellbeing challenge raising awareness and support for LifeChanger's youth programs.

Our teams around the world, participated in the Heart Foundation's My Marathon step challenge to raise over \$40,000 for cardiovascular disease research. Perpetual matched these funds dollar for dollar.

Trillium has committed to giving at least 1% of gross revenue to support non-profit organisations that are in alignment with the firm's mission and values. As part of Trillium's commitment in support of racial justice, US\$25,000 (AU\$36,359<sup>4</sup>) is now allocated each year specifically to support organisations focused on racial justice. Selection of recipient organisations was led by Black, Indigenous and People of Color (BIPOC) employees in Trillium and was focused on national and regional organisations that are BIPOC-led, focused on justice, and accountable to their communities.

In addition to larger charitable donations made by Trillium, all employees are offered the opportunity to direct US\$1,000 (AU\$1,454) annually towards a non-profit organisation of their choice. Once again, the Trillium team undertook an annual gift drive for Casa Myrna, a shelter in Boston for domestic abuse survivors, to ensure that the families all had plenty of presents during the holidays.

2. Equivalent financial value of time spent by our people volunteering in business hours.

3. In FY22, we are aligning our reporting on community giving with the B4SI framework. This includes cash and in-kind donations, matched giving of staff fundraising, management costs associated with community giving activities, employee volunteering time and memberships and sponsorship of community organisations. In previous years, we reported employee and company donations so this metric is not comparable.

4. Exchange rate of AUD:USD 0.6876 as at 30 June 2022 used for AUD:USD currency conversions.

## Communities continued

### Partnering with LifeChanger to help young people thrive

Through the year, we continued to partner with the LifeChanger Foundation, a preventative mental health and wellbeing non-profit that empowers young people to live thriving, resilient lives. The organisation uses pre-emptive, early intervention programs to build young people's self-esteem, self-awareness and positive self-identity.

We are now into the second year of a three-year partnership where we have committed to provide \$150,000 annually, to help LifeChanger extend their critical programs into schools in NSW, having already been established in Victoria, Queensland and South Australia.

Perpetual's funding has contributed to a dramatic increase in LifeChanger's presence and impact nationally in schools. In NSW alone, LifeChanger has connected 3,270 youth participants to take part in programs, and 250 mentors being accredited, over 70 of which are Perpetual employees.

Recent studies have highlighted that on average, adults spend only 18 seconds a day in meaningful conversations with their children. Partnering with Scott Watters and the LifeChanger team, Perpetual hosted two 'family day' events for our employees, their children and other young members of their families to emphasise the importance of connection. The practical session left families with tips and frameworks to empower meaningful connection and conversation in their homes.

### Taking action to address modern slavery across our business

Modern slavery is a serious issue affecting societies around the world. At Perpetual, we are committed to taking action to address and mitigate modern slavery across our business.

We have strong processes in place to manage modern slavery, with a dedicated Working Group that has representation from across our divisions, and oversight and guidance provided by our Executive Committee and Board. Through the year we continued our work to identify, assess and address the risks of modern slavery relating to our business including publishing our second Modern Slavery Statement.

Recognising the critical role that awareness and capacity training has in addressing modern slavery, we developed and launched an online learning module, which is mandatory for all Perpetual employees in Australia to complete. Key learnings in the training for our employees included developing an understanding of what modern slavery is, the potential risks of modern slavery in our business and how to raise concerns. We have also started running more in-depth targeted training sessions on modern slavery with key teams across our organisation.

**"Modern slavery has devastating consequences for the people impacted. This human connection is at the heart of our approach to addressing modern slavery. It drives us to do better, to reflect and improve our approach so that we are protecting the most vulnerable people from harm."**

**Lauren Solomon**

Sustainability and  
Modern Slavery Manager



# Governance

## Setting the highest standard

We partner with our clients as trusted advisors and stewards of their wealth, creating relationships spanning over generations.

On their behalf, we prioritise providing exceptional products and outstanding service.

Perpetual is built on a solid foundation of excellence, integrity, accountability and transparency. We are committed to continually raising governance standards within our industry.

### Our commitments

**Increase ESG skills and capabilities** across our business

Uphold our values and **always act with integrity**

Maintain strong client advocacy with **40+ Net Promoter Score**

**Maintain compliance and promote strong governance standards** in our business, with our clients, investment holdings and other stakeholders

Integrate considerations within client and supplier due diligence to **ensure alignment with sustainability strategy**

**Contribute to public policy, thought leadership and multi-stakeholder collaborations** around priority sustainability sub-topics

**Continue to incorporate consideration of ESG factors into investment analysis, decision making and engagement practices**

Ensure robust governance and **transparent disclosure of sustainability strategy** in FY23

Include **sustainability priorities** in Executive remuneration



Our Governance commitments support these SDGs



## Governance continued

### Upholding high governance standards in our business

The Perpetual Board (Board) is committed to upholding high standards of corporate governance in our business by ensuring we have the right systems, procedures and practices in place. The Board considers it complies with all of the ASX's Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

For more information on corporate governance see:  
[perpetual.com.au/corporate-governance](https://perpetual.com.au/corporate-governance)

Perpetual's Risk Appetite Statement (RAS) articulates the Board's expectations regarding the consideration of risk in decision making processes and business practices and the behaviours expected of all employees. It is reviewed annually and, in FY22, a number of key commitments from the sustainability strategy were included as measures and expected risk behaviours in the ESG risk category of the RAS.

Perpetual is committed to promoting an effective risk culture. To support this, we perform comprehensive risk culture assessments across our organisation to understand employees' perceptions, attitudes and beliefs towards risk management. This includes regularly conducting employee surveys, focus groups and one-on-one interviews. In FY22, an independent risk culture review of Perpetual reaffirmed our strong risk culture and concluded that Perpetual's maturity remains in the top quartile among our peers.

As the world becomes increasingly technologically reliant and digitally connected, the threat of cyber-attacks is increasing. We continue to invest in our cyber defences to protect our IT systems and build data security principles into the design of all our significant digital projects. In FY22, a privileged access management solution was implemented, which enables us to better control and monitor administrative access to our servers and laptops.

The use of multi-factor authentication was also expanded where two or more forms of verification are required to gain access to our IT platforms.

We also publish clear information about online scams and fraud on our website to warn our clients of potential cyber risks and to provide advice on how to protect their personal information.

### Promoting strong corporate governance practices

Since our foundation in 1886, we have promoted high standards of governance with our clients and other stakeholders – whether as a trustee, through the advice we provide to clients or through our engagement as an investor.

Our PCT division continues to do this by safeguarding assets, ensuring compliance and acting as a trusted partner for the managed funds industry and debt markets in Australia. One of the ways in which we foster better governance practice is through Perpetual roundtables – a series of industry forums for the banking and financial services industries designed to promote collaboration and best practice for credit risk management.

There are 13 roundtable groups, some of which have been running for two decades. Collectively, the roundtables have around 95% market coverage. Benchmarking is used to help participants understand their individual portfolio performance against the industry as well as market trends. The roundtable forums facilitated by Perpetual allow for collaborative thinking on how best to address industry challenges.

PP has been supporting the governance efforts of our clients and communities for many years. For example, our Community and Social Investments business promotes capability building and good governance across the not-for-profit sector (see page 32) and our Native Title team runs regular governance programs for First Nations Directors and Community Advisory Committee members.

As active managers, our investment teams often engage companies to improve their governance standards through direct meetings, voting and public advocacy.

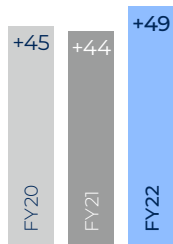
**“Perpetual has always been a very active shareholder – we engage with companies where we think they can do things better. We think about where governance is falling short and what can be done to fix it.”**

**Richard Morris**

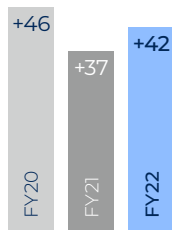
Head of Responsible Investments, PAMA

## Governance continued

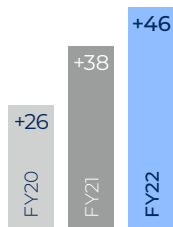
### Perpetual NPS<sup>1</sup>



### Perpetual Private NPS



### Perpetual Asset Management Australia NPS



### Perpetual Corporate Trust NPS



### Striving for excellence in client experience

We continually work to provide an excellent service for our clients. In FY22, we recorded our highest ever NPS of +49. NPS is a measure of advocacy, or the extent to which our clients are willing to recommend us to friends, colleagues and peers.

This score of +49 is a significant increase from last year's result of +44 and our previous highest score of +45. This demonstrates the strength and trust in our client relationships across our entire organisation.

Key drivers behind these improved results, which clients often expressed through their feedback, included our focus across the organisation in providing reassurance to our clients and the feeling that we care. Given the significant challenges many of our clients have faced over the past couple of years, we encouraged all employees in client-facing roles to engage with our clients and take that extra step to make sure they felt looked after.

This year, for the first time, we extended our NPS study to Perpetual Asset Management International. The division received an outstanding NPS of +76. Given this is the first year this division has taken part in the NPS program, their score has not been included in the overall Perpetual NPS, which we will do in future years.

### Putting our clients first

We appreciate that trust is earned when we do the right thing by our clients. Effective management of complaints is also a key part of sustaining and improving our relationships with our clients.

Regulatory changes to internal dispute resolution (IDR) standards for financial firms were introduced by the Australian Securities and Investment Commission (ASIC) in October 2021. This has changed how we report our complaints, with complaints that are closed immediately upon receipt or shortly thereafter now being included in our reporting for the first time. We welcome the regulatory changes as positive steps for the industry to ensure all client complaints are resolved quickly, fairly and transparently.

During FY22, we received 1,024 complaints. This is higher than the 164 complaints we reported in FY21. The increase in reported volumes reflects that 825 complaints closed immediately on receipt, or shortly thereafter, were recorded as complaints, in line with the revised IDR standards. Another 151 complaints were closed following an investigation and provision of a formal written response. We continue to work towards achieving a mutually acceptable resolution with our clients for 47 complaints that remain open. For complaints that required an investigation, the median length of time to close a complaint was 39 days.

For more information about our approach to client advocacy, see [perpetual.com.au/client-advocacy](https://perpetual.com.au/client-advocacy)

1. The Barrow Hanley and Trillium businesses were not included in our overall Perpetual NPS.

## Governance continued



### Investing responsibly across our businesses

Each of our asset management businesses has its own investment philosophy, and our investment teams exercise independence in determining their investment strategies. Consideration of ESG factors is incorporated into investment analysis, decision-making and ownership practices based on each of our businesses' investment processes and the needs of their clients.

There are consistent beliefs on ESG investing that underpin each of our managers' investment activities:

- ESG risks and opportunities impact the long-term performance of our clients' investments.
- Being active stewards of our clients' capital, including in engagements on ESG issues, can improve investment outcomes.
- Improving ESG practices can have benefits for society and the stakeholders of the companies we invest in.

During the year, our businesses continued to seek to evolve their approaches and build capabilities on ESG investing. Trillium added to its Shareholder Advocacy team by creating a new role of Director, International Shareholder Advocacy to engage with non-US companies held within Trillium's portfolios. Trillium also created two new positions filled by current staff members, Head of ESG Strategy and Head of Impact Strategy. Barrow Hanley grew its Responsible Investment team during FY22, adding two new hires: an ESG equity analyst and an ESG information specialist.

For PAMA, gaining a greater understanding of the climate change risks and opportunities facing portfolio companies was a particular focus during the year. PP shared its new Responsible Investment Policy, which is more extensive, outlining how PP integrates ESG into manager selection, engagement and PP's positions on climate change, modern slavery and the SDGs.

## Governance continued

### Developing new ESG products

Research conducted by Perpetual shows around a quarter of Australians are actively looking to invest in companies that are beneficial to the environment and society.

Perpetual was an early proponent of ESG investing, launching our first Ethical SRI fund in 2002. In November 2021, we made this fund more accessible for investors by launching an active ETF class under the ASX Code: GIVE. The Ethical SRI Fund invests predominantly in quality shares of Australian ethical and socially responsible companies and aims to align to the ESG values of our clients that seek long-term returns. A portion of the performance fees earned on GIVE will be donated to charity.

Building on this heritage, and the capabilities we have gained through the acquisitions of Trillium and Barrow Hanley, we are seeking to create new products that support the growing client demand for ESG-aligned investment strategies.

We launched three ESG-focused funds in Europe, and had one more authorised, which were classified as Article 8 funds under SFDR regulations (see table below). Article 8 funds are defined as those that promote environmental or social characteristics, or a combination of both, and invest in companies that follow good governance practices. Together, these had secured \$700 million in client funds by the end of June 2022.

Investors are increasingly focused on investing in companies that make a positive difference in the world, with the global impact investing market worth US\$715 billion (AU\$1 trillion) in assets under management by 2020.<sup>2</sup>

We launched the PP Impact Pool Fund in 2018, which seeks to achieve a social outcome and a market-rate financial return. In FY22, this made an investment in the Nuveen Global Impact Fund (NGIF). Examples of two initiatives that this investment contributed towards are described in the case study to the right.

#### Trillium ESG Global Conviction Fund (new in FY22)

- ▶ Seeks to mitigate ESG risks and benefit from ESG opportunities through research and active engagement.

#### Trillium ESG Global Equity Fund<sup>3</sup>

- ▶ Designed to address the risks and opportunities created by the increasing constraints on natural capital.

#### Barrow Hanley Concentrated Emerging Markets ESG Fund (new in FY22)

- ▶ Offers a concentrated emerging markets ESG equity strategy composed of high conviction, fundamentally researched ideas.

#### Barrow Hanley Global Value Equity ESG Fund (new in FY22)

- ▶ Offers a global ESG equity strategy, from a dedicated value-oriented manager, composed of fundamentally researched ideas.



#### Case study

#### Making a positive impact for small business and waste reduction

NGIF led a US\$30 million (AU\$44 million) investment in Kinara Capital, a woman-led company and leading provider of unsecured, small business loans in India. Kinara is committed to serving microenterprises that are underserved by traditional financial institutions, with an average loan size of US\$5,000–US\$6,000 (AU\$7,300–AU\$8,700). Kinara has focused on increasing access to basic financial products for communities that have lacked access to credit. Their financial products allow small businesses to grow and provide additional jobs and increased income to small business owners.

America's Thrift Stores, in which NGIF co-led a US\$20 million (AU\$29 million) investment, is the premier thrift retailer in the Southeastern United States, with 24 locations across five states. America's Thrift Stores collects used household goods and clothing – diverting more than 22 million kilograms from landfill in 2021. The retailer does this work on behalf of six high-impact charity partners in Alabama, Georgia, Tennessee, Mississippi and Louisiana, and re-sells those goods. By doing this, methane and carbon emissions from incineration and decay of waste sent to landfills are avoided, as are the GHG emissions and water use associated with producing new goods.

2. [Global Impact Investing Network, 2020 Annual Impact Investor Survey.](#)

3. Authorised by the Central Bank of Ireland on 31 May 2022 and launched on 15 July 2022.



## Key performance indicators

Pillar	Metric	Unit	FY22	FY21	FY20	Target
Planet	Scope 1 and 2 emissions from direct operations (location based) <sup>1</sup>	tCO <sub>2</sub> e	1,428	1,484	1,528	100% renewably powered operations by FY25
	Scope 1 and 2 emissions from direct operations (market based) <sup>2</sup>	tCO <sub>2</sub> e	1,534	N/A	N/A	
	Air travel carbon emissions <sup>3</sup>	tCO <sub>2</sub> e	1,206 <sup>4</sup>	99	577	Carbon neutral operations by FY23
	Energy intensity per FTE in Australian offices <sup>5</sup>	MWh per FTE	1.311	1.564	1.839	Reduce by one third by FY30 (FY21 baseline)
	Energy use in Australian offices	MWh	1,540	1,564	1,813	
	Paper use in Australian offices	Tonnes	6	9	18	Reduce by 50% by FY25 (FY21 baseline)

1. Scope 2 location-based emissions calculated using the average emissions intensity of the grid.

2. Scope 2 market-based emissions calculated using emission factors from contractual instruments. This is a new metric in FY22 so there is no prior year data.

3. Carbon emissions from air travel in FY21 and FY20 were impacted by travel restrictions due to COVID-19.

4. Barrow Hanley flight data are available for July 2021 to Dec 2021. Emissions from business-related flights from the second half of FY22 for Barrow Hanley are estimated based on H1 data. Trillium flight emissions in FY22 are estimated based on Barrow Hanley FY22 H1 air travel emissions relative to their headcount.

5. This is a newly reported metric in FY22.



## Key performance indicators continued

Pillar	Metric	Unit	FY22	FY21	FY20	Target
People	Women in senior leadership positions	%	34	36	37	40%+ women in leadership by FY24
	Female representation in Perpetual's investment professionals in Australia	%	20	22	N/A	Increase to 25% by FY24
	Our people feel that Perpetual welcomes diverse people and views <sup>6</sup>	% of people	79	76	N/A	80% by FY24
	Our people feel that Perpetual supports their wellbeing <sup>7*</sup>	% of people	70	66	N/A	75% by FY24
	Our people would recommend Perpetual as a great place to work <sup>8*</sup>	% of people	71	68	N/A	75% by FY24
	Our people tell us they have grown professionally in the past 12 months <sup>9*</sup>	% of people	60	N/A	N/A	70% by FY24

\* Mood Monitor metrics are reported as Financial Year Annual Averages to allow for comparison year on year and to reduce effects of seasonal variability.

6. Measured for first time in FY21. Employees who answered strongly agree and agree in our Mood Monitor survey when asked whether Perpetual welcomes diverse people and views.

7. Measured for first time in FY21. Employees who answered strongly agree and agree in our Mood Monitor survey when asked whether Perpetual supports their wellbeing.

8. Measured for first time in FY21. Employees who responded highly likely and likely in our Mood Monitor survey when asked whether they would recommend Perpetual as a great place to work.

9. Measured for first time in FY22. Employees who responded strongly agree and agree in our Mood Monitor survey when asked whether they have grown professionally in the past 12 months.



# Key performance indicators continued

Pillar	Metric	Unit	FY22	FY21	FY20	Target
People	Our people feel positive about working at Perpetual <sup>10*</sup>	% of people	56	58	41	
	Safety incidents <sup>11</sup>	Number of incidents	4	7	12	
	Annual turnover of high performers <sup>12</sup>	% of people	9	4	6	
	Annual voluntary employee turnover	% of people	17	12	12	

\* Mood Monitor metrics are reported as Financial Year Annual Averages to allow for comparison year on year and to reduce effects of seasonal variability.

10. Employees who responded great or good in our Mood Monitor survey when asked how they are feeling about working at Perpetual.

11. Accidents, injuries and near misses that occur at work.

12. High performers defined as employees who achieve our highest performance rating in the prior year.



## Key performance indicators continued

Pillar	Metric	Unit	FY22	FY21	FY20	Target
Communities	Community giving and volunteering (total) <sup>13</sup>	AUD equivalent (million)	2.38	N/A	N/A	
	Community giving and volunteering (% of underlying pre-tax profit)	% of pre-tax profit	1.2	N/A	N/A	1% of underlying profit before tax
	Grants from Perpetual Foundation and Centenary Foundation Trustees Endowments	AUD	699,100	570,000	650,000	
Governance	Client advocacy	NPS	49+	44+	45+	Maintain 40+ NPS
	Complaints	Number of complaints	1,024 <sup>14</sup>	164	180	
	Median length of time to close a complaint	Days	39	37	20	

13. In FY22, we are aligning our reporting on community giving with the B4SI framework. This includes cash and in-kind donations, matched giving of staff fundraising, management costs associated with community giving activities, employee volunteering time and memberships and sponsorship of community organisations. In previous years, we reported employee and company donations so this metric is not comparable.

14. ASIC mandated changes to complaints handling standards for financial firms that took effect in October 2021. Amongst other things, these standards require that all expressions of dissatisfaction raised by our clients or prospective clients, where there is an implicit or explicit expectation of a resolution or response are logged as complaints. This has changed how we capture and report on complaint volumes, as previously, complaints that were closed immediately upon receipt or shortly thereafter were not systematically recorded. Additionally, in the interests of making it easier for our clients and prospective clients to raise a complaint with us, we have sought to make our complaints handling processes more accessible to our clients. As such, data reported in FY22 is not comparable to previous years.



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