

**PERPETUAL
EQUITY
INVESTMENT
COMPANY
LIMITED**

ACN 601 406 419

Perpetual Equity Investment
Company Limited
ABN 68 601 406 419

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21 July 2015

The Companies Office
ASX Limited
Level 6
Exchange Centre
20 Bridge St
SYDNEY NSW 2000

Dear Sir/Madam

**PERPETUAL EQUITY INVESTMENT COMPANY LIMITED (ASX: PIC)
BOARD TENURE AND PERFORMANCE POLICY**

Please find attached Perpetual Equity Investment Company Limited's Board Tenure and Performance Policy as approved by the board on 21 July 2015.

Yours sincerely

Sylvie Dimarco
Company Secretary
Phone: 02 9229 9000

Board tenure and performance policy of Perpetual Equity Investment Company Limited (the Company)

Objective

This policy sets out the tenure and performance expectations for Company's directors.

The purpose of this policy is to ensure the board is at all times operating in a co-ordinated and effective manner so as to best promote the interests of the Company and its shareholders.

Role of the Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee recommends nominations for the board, and re-election of existing board members. It regularly reviews the size and composition of the board. This committee is also responsible for critically reviewing the skills, performance and effectiveness of the board, its committees, and individual board members, and in doing so supports and assists the board to carry out its performance evaluation responsibilities under the Board Charter.

Tenure

Board-nominated appointments

Directors appointed by the board to fill a casual vacancy on the board are required to submit to election at the next annual general meeting of shareholders.

Shareholder elections every three years

Directors who have been in office for three years since their last election must retire and may seek re-election at the Company's next annual general meeting.

Nine year principle

In order to revitalise the board, directors should not seek re-election after three elected terms of three years unless the board through the Nomination and Corporate Governance Committee) requests them to do so. The board may invite a director to seek re-election beyond nine years if this would be advantageous for reasons such as board leadership or continuity.

Removal of directors

Non-executive directors cannot be removed by board resolution. Shareholders may resolve to remove directors in accordance with the Corporations Act, at a meeting convened by shareholders or by directors.

Directors cease to hold office under the Constitution if they become mentally unfit to hold office, resign, become disqualified by law from being a director, or if they fail to attend board meetings for six months without consent of the other directors.

Directors may resign at any time by notice to the Company Secretary.

Performance

Performance expectations

The Company and the board expect directors to:

- contribute effectively to the performance of the Company and the board
- stay up-to-date with and comply with all relevant legal obligations and best practice guidelines published by relevant authorities or industry/professional bodies
- comply with all applicable policies and constituent documents of the Company (including the Code of Conduct , Securities Trading Policy and Constitution)
- maintain the highest levels of personal and professional integrity and ethics
- conduct themselves in a civil manner, respectful of the contributions of all board members, and the need for co-operation.

Performance review procedures

At least once a year the board, with the advice and assistance of the Nomination and Corporate Governance Committee, reviews and evaluates the performance of the board, its committees, and each individual director against relevant charters, policies and goals and objectives, and considers how to improve performance..

The board review process aims to ensure that the individual directors continue to contribute effectively to the board's performance and that the board as a whole and its committees continue to function effectively.