

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

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



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

"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 a comprehensive new sustainability strategy for our business: *Perpetual's Prosperity Plan*."

Rob Adams
CEO and Managing Director



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.² 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.

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



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



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

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 on the pages for each pillar.

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.

For information on our performance on these themes see our latest our sustainability reporting at perpetual.com.au/sustainability.



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.**



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

Launched our **Inaugural RAP.**



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).



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](#)

Launched the **Perpetual Multi Asset ESG Real Return Fund.**



female Board members. **▲ from 29%** in 2020



Trillium joined **Net Zero Asset Managers Initiative.**

Laminar Capital launched **ESG and Carbon Risk Score.**

Perpetual philanthropy clients distributed

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



Launched our first active ETF,

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

Launched LinkedIn Learning

for Perpetual employees.

2020



Acquired Barrow Hanley,

who leverage a proprietary Composite ESG Score.

Published our first **Modern Slavery Statement.**

2021

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

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.

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



Perpetual Asset Management International



Signatory of:



Perpetual Asset Management Australia



Perpetual Private



Signatory of:





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 analysis¹, offer ESG investment solutions including those with fossil fuel exclusions² 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 NABERS³ 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 portfolios⁴

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.

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

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

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

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

Develop a stretch cultural diversity target by the end of FY24

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

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

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



Our People commitments support these SDGs



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**¹

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.

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

