Perpetual Australian Equities

Responsible Investment Policy

2025

1. Objective

The objective of this policy is to set out Perpetual Australian Equities' ("Perpetual Australian Equities" or "we" or "our") approach and expectations for considering environmental, social and corporate governance (ESG) factors in our investment decision-making and ownership practices ("stewardship") or otherwise referred to as "responsible investment" (RI). For further information on responsible investments, refer to section "Context – what responsible investment means to us" on page 4.

2. Scope

This policy applies to Perpetual Australian Equities personnel responsible for making active investment decisions. This includes:

- **Investment analysts** – who research and rate the quality and value of assets, and
- **Portfolio managers** – who make the decision to buy, retain or sell a particular asset to achieve the objectives of an investment portfolio.

Perpetual Australian Equities' investment management services are generally available to institutional, wholesale and retail investors through the Perpetual Limited (Perpetual) wholly owned subsidiary company, Perpetual Investment Management Limited (PIML).

The policy applies to Perpetual Australian Equities' investment management services regardless of the client or jurisdiction, which are provided by PIML, when it is acting in the following roles:

- responsible entity of a managed investment scheme;
- trustee of a trust; or
- investment manager of a managed investment scheme, trust, or mandate, (collectively referred to as "investment manager" in this policy).

There are certain (non-equity) investments where ESG factors are not taken into account when deciding whether to select, retain or sell an investment. This may include derivatives.

3. Preamble

Perpetual Limited

Perpetual Australian Equities is an investment team within Perpetual Limited ("Perpetual"). Perpetual is an ASX-listed, diversified financial services company. Perpetual and its related bodies corporate have been serving Australians since 1886. Across our three businesses – Asset Management, Wealth Management and Corporate Trust – Perpetual aims to protect and grow our clients' wealth, knowing that by doing so we can make a difference in their lives. Every day we continue to strive to earn the trust of our clients.

Perpetual's corporate purpose – 'Enduring Prosperity' – embodies these aims. Our values - integrity, partnership and excellence – define how we pursue these objectives.

In addition to our clients, at Perpetual we are proud of the other positive impacts our business has had on society and our other stakeholders. Some examples are:

- Philanthropy is a major part of Perpetual's culture. Perpetual is trustee for over a thousand charitable trusts and endowments and works every day with philanthropists and Not-For-Profit organisations.
- Our vision for indigenous reconciliation is a better, more equal Australia, where every child can go to school, grow up, have a job and make a contribution. Where every community is safe to live, work and play. As a corporate leader, we recognise our social and economic responsibility to create opportunities for greater participation in the economy by all Australians. Perpetual is committed to actions that will open up these opportunities, including our Stretch Reconciliation Action Plan.
- Perpetual has maintained its Workplace Gender Equality Agency Employer of Choice citation since 2018.

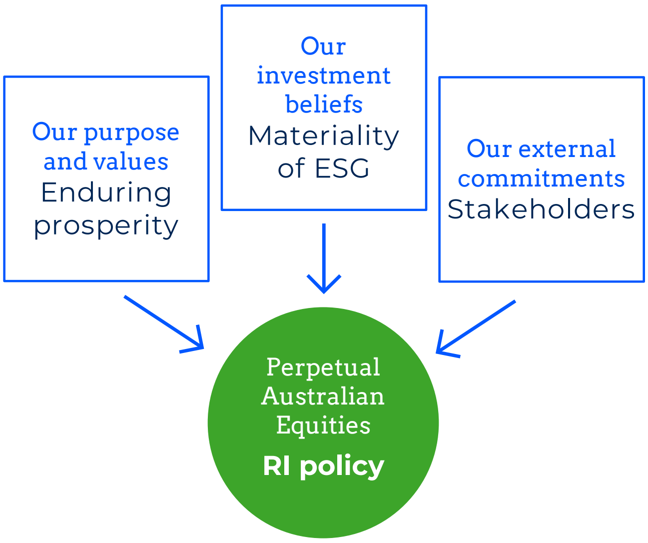
Perpetual

Perpetual Australian Equities

In terms of RI, Perpetual Australian Equities has been a responsible steward of clients' funds for many years. That is, our investment process has always carefully considered investment risk when investing client capital – we seek to ensure we only invest in quality companies that we consider will prove to be long-term investments. The value philosophy underpinning this process typically has outperformed in times of negative financial market returns, when minimising the negative impact on client's returns is paramount. The Perpetual Australian Equities team also has a long track record of being an active investor, including engaging with companies to encourage them to improve their ESG practices, where we believe it is the best interests of the investors in our funds.

Over time we recognise that the relevance of RI issues to the performance of our investment products has become more apparent and consistent with our fiduciary responsibilities as an investment manager, where applicable in accordance with the law.[1] We recognise the growing expectation that companies conduct themselves responsibly and sustainably. Perpetual has a long-standing commitment to responsible investing; and in 2009 Perpetual Investments became a signatory to the United Nations supported Principles for Responsible Investment (PRI).[2] The PRI is the world's leading proponent of RI.

In summary, this policy is driven by our corporate purpose and values, the increasing relevance of RI to our investment products and the expectations of our clients and other stakeholders:



There are foundational elements of our approach to RI which underpin our investment activities:

What we believe

- We believe ESG risks and opportunities impact the long-term investment performance of our clients' portfolios and our funds
- We believe that, aligned with being active managers, being active stewards of our clients' capital can improve the investment outcomes for our clients, including in regard to ESG issues
- We believe that improving ESG practises can have broader benefits, like improved outcomes for our investee organisation's stakeholders and broader society
- We believe that some of our clients wish to align their investments with additional ESG principles or values
- We believe our success as a business is dependent on a sound approach to ESG within our own business.

What we do

- We integrate consideration of ESG issues into investment analysis and decision making within investment portfolios where these issues are assessed by Perpetual Australian Equities personnel to be relevant to the current or future financial performance of an investment[3]
- We engage and advocate for positive change on relevant ESG issues where we can have influence with our investee organisations and policy-makers and we believe it is in the best interest of our clients
- We utilise our shareholder rights to vote at company meetings and lodge or support shareholder resolutions where appropriate
- We join industry and other collaborative initiatives with other like-minded investors to help achieve our ESG goals
- We disclose our approach to ESG to our clients and other stakeholders
- We offer specialist ESG investment strategies that incorporate additional ESG considerations to meet the various investing principles or values of our clients
- We implement appropriate ESG principles within our own business

[1] See 2019 Fiduciary Duty in the 21st Century - PRI, UNEP Finance Initiative
[2] In 2009 Perpetual Australian Equities was part of Perpetual Investments.

[3] For further information on how we integrate ESG factors into our investment decision making process, refer to "Context – what responsible investment means to us".

4. Policy

Investment analysis and decision-making

It is our policy that investment managers should incorporate ESG issues into investment analysis and decision-making where relevant and possible to each investment capability.

In enacting this policy, ESG will be relevant to our fundamental, active investment capabilities where these issues are assessed by Perpetual Australian Equities personnel to be a factor that may impact the current or future financial performance of an investment. 'Incorporate ESG issues' typically refers to an analysis of:

- What ESG issues the investment is exposed to and whether any of these factors present risks to the investment's current or future financial performance;
- What impact ESG issues are likely to have on the investment's prospects; and
- How well ESG issues are being managed by the company, and therefore how likely the possible impacts are to occur.

Investment opportunities of an ESG nature are also considered as part of our normal investment activities in Australian equities.

We use a variety of ESG incorporation tools and processes to implement this policy, for example an ESG integration tool that we have developed called the 'ESG Workbook', which draws together both internal and external research using qualitative and quantitative data to highlight a company's ESG risks and issues. This tool provides the portfolio manager with information to assess as part of their investment decision-making process whether these factors may have an impact on the current or future financial performance of the company. Examples of ESG related information captured in the tool include the company's environmental policy, worker health and safety policy and corporate governance.

The impact of the above analysis on investment analysis and decision-making is discussed further in the "Context – what responsible investment means to us" section on page 4.

Stewardship

Corporate engagement

It is our policy that investment managers that have influence as a shareholder/asset manager have a duty to use this influence in order to achieve better investment outcomes over the long term ("corporate engagement").

From an ESG perspective this means encouraging the Boards and management of investee companies:

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

Some examples are shown in the Appendix.

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

- Expressing concerns to the company's management directly
- Expressing concerns through the company's advisers
- Meeting with the Chairperson, senior independent director or with other independent directors to express concerns directly
- Exercising our voting rights regarding management resolutions at shareholder's meetings
- Engaging in public intervention (use of a public forum to drive change), and
- Full or partial divestment.

Engagement with companies will always be conducted in accordance with the applicable laws and regulations and our policies.

Perpetual Australian Equities may also engage and advocate with other parties (for example government entities) on ESG issues where appropriate.

Proxy voting

Our Perpetual Australian Equities Proxy Voting Policy (www.perpetual.com.au/Asset-Management/Institutional-Investors/Responsible-Investing/) provides more details of our policy regarding proxy voting. This Responsible Investment Policy will always be consistent with the Perpetual Australian Equities Proxy Voting Policy.

Proxy voting rights are a valuable asset of the investor. Exercising voting rights is an intrinsic part of how we manage equity portfolios.

Perpetual Australian Equities will endeavour to vote on all company resolutions regardless of the 'materiality' of that resolution.

Our voting practices generally support the commonly accepted good corporate governance standards and practices listed under "Stewardship" in the "Context – what responsible investment means to us" following section - Respect For Shareholders, Board Function, Auditors and Remuneration. As noted, exerting influence in regard to an engagement issue may be a consideration in determining a voting decision. Individual voting decisions will be made in the clients' best interests on a case-by-case basis, based on our views as an investor / shareholder, rather than on a rigid rules-based policy.

5. Context – what responsible investment means to us

Investment analysis and decision-making

Our duty to our clients requires us to seek to achieve the objectives of our investment funds. Objectives normally included achieving the investment returns over specified time periods.

We satisfy this obligation by employing a range of investment techniques. While traditional financial measures are an important consideration, (ESG) factors can also influence a company's investment performance.

Our investment managers consider those ESG risks that are determined to be a factor that may impact the current or future financial performance of the company. Some examples are shown in the Appendix.

This includes the ESG risks of investing in companies that are involved in products or services considered to be unethical or contrary to societal values. We employ additional screening up front, based on these values and other ESG criteria, to the capabilities and funds we manage that have a defined ESG purpose. Here, ethical or moral judgements are made on particular practises or issues and investments are removed from consideration for investment based on the application of these screens.

However it is not our policy to apply these ethical or moral judgements (for example values-based or ESG screening) based on particular involvement across all our Australian equities investment strategies and funds. Imposing such considerations to the investment decisions affecting all our clients would not be appropriate or practical, as values are personal and subjective to each client and change over time as society mores and values change. This approach also ensures that we remain focused on, and there is no conflict with, our fund objectives - typically investment performance.

We believe that integrating ESG has indirect benefits for our clients and broader society (see the section "Indirect outcomes of integrating ESG" below for further information).

We also recognise that the influence of ESG factors is growing and will require closer scrutiny as:

- Globalisation, the rise of non-government organisations and the free flow of information heighten social and environmental risks for an increasing number of companies, and
- Businesses have become larger and more complex, and so require good corporate governance practices to ensure management accountability, transparency and focus, while avoiding unethical practices.

Our investment managers considering ESG in the way described in this section can have three possible outcomes:

1. The risks are too high compared to the likely reward and so the investment is not made, or is fully or partly sold.
2. The risks are significant but the likely reward is sufficient compensation for the risk and so an investment is made or is held.
3. The risks are low (immaterial) and so ESG factors are not a major consideration in making the investment decision.

Stewardship

In all three scenarios above, as an active manager, we may choose to engage with the management and/or Board of a company or use other means as described in the "POLICY" section to raise ESG and other concerns and encourage more focused management of the issue(s) where we believe it is in the best interest of our clients. Exercising our influence in this way may reduce the ESG risk above, making the company a more attractive investment. Increased recognition and improved management of ESG risks will enable companies to better deal with a changing environment and may improve their overall performance.

Some examples are shown in the Appendix.

Stewardship activities (company engagement and voting) are conducted by the Perpetual Australian Equities team - the same team that undertakes investment analysis and decision-making. This is because engagement and proxy voting rights are valuable assets of the investor; important tools to be used to help us achieve the objectives of our investment funds. We do not believe it would be in our clients' best interest to outsource stewardship activities outside the Perpetual Australian Equities team, where other objectives may be pursued which may dilute our influence or introduce conflicts with the objectives of our investment funds. We believe our approach enhances our influence - companies are more likely to consider change if the change message is communicated directly by an institutional shareholder who directly controls the decision to allocate client capital to the company (the decision to become and remain a shareholder) and the decision to exercise our voting rights as a shareholder.

In managing client assets in this way, engagement and voting are activities that are an integral part our approach to ESG within our investment process.

When undertaking stewardship activities, our principles are founded on the following commonly accepted good corporate governance standards and practices, however we recognise these standards and practises do not uniformly apply across investment markets and geographies:

Respect for shareholders

- Boards and management should act in the interests of all shareholders;
- Corporate structures should ensure shareholders have voting power which is equal to their equity interest in the company, and should not include 'poison pill' or other anti-takeover provisions which seek to deter appropriate takeover offers; and
- Companies should ensure that their corporate disclosures provide the amount, quality and clarity of information required to make informed judgements on the performance of the company - including on its ESG practices.

Board function

- Boards should be comprised of a majority of independent directors;
- Chairpersons should generally be an independent director, or where the Chair is not an independent director he/she should not also be the CEO;
- Directors should ensure that other commitments (including other directorships) do not interfere with the proper execution of their duties as a director;
- Nominations committees should be comprised of a majority of independent directors; and
- Boards should be comprised of individuals who have complementary and relevant skills and experience that are appropriate to the activities of the company.

Auditors

- Audit committees should be comprised wholly of independent directors, or if this is not possible a majority;
- Audit committee Chairpersons should be independent directors who do not chair the company board; and
- Company auditor's relationship with the company should be restricted to their audit engagement and closely related activities, and in any case should not extend to any activities which could be perceived to impair their independence.

Remuneration

- Remuneration committees should consist of a majority of independent directors;
- Any director remuneration outside standard director fees (e.g. for consulting) should be fully disclosed;
- Remuneration for senior management should seek to align the interests of management with the long-term interests of shareholders, including appropriate stretch-hurdles for variable (performance based) pay. The appropriateness of the balance between fixed and variable remuneration and the performance metrics used for the latter should be considered in the context of Perpetual Australian Equities' detailed understanding of the company's size, stage of development, and current operating environment,
- Executive compensation which is excessive in absolute terms or materially out of line with peers should be closely examined and justified on value add or relative performance basis.

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

6. Indirect outcomes of integrating ESG

We are also aware of, and encourage, the broader benefits which improved ESG practices in our investee companies can bring including:

- Higher standards of business conduct
- Increased market efficiency
- Sustainable environmental management for the use of future generations,
- Improved outcomes for company stakeholders including employees, customers, suppliers and the broader community and
- Ultimately a more cohesive and fairer society.

We believe that if the investment management industry can help promote enduring economic growth this should translate into higher and more consistent investment returns. For example, if investor engagement contributes to companies being better prepared for the regulatory and environmental impacts of climate change, a more efficient and less disruptive transition to a low carbon economy becomes more likely.

7. Roles and responsibilities

- The Chief Executive, Perpetual Asset Management, Australia[4] is accountable for all aspects of this policy.
- Perpetual Australian Equities' leadership and senior asset managers support the content and implementation of this policy as appropriate.

If you would like more information on this policy please email PerpetualUTqueries@cm.mpms.mufg.com.

8. Reporting

We will publicly report on our approach to ESG. More information can be found at www.perpetual.com.au/Asset-Management/Institutional-Investors/Responsible-Investing/

9. Review and approval of this policy

This policy is overseen by Perpetual's Investment Governance Forum. The policy will be reviewed annually or more frequently should circumstances require it.

The policy has been approved by the PIML board.

[4] Perpetual Australian Equities is part of Perpetual Asset Management Australia

Appendix

ESG risk examples

Risk	Description	Examples
Environmental	The impact of a company's operations, products, services, or other activities on the physical environment (air, water, etc.) creates environmental externalities (costs) for which the company is ultimately held to account.	**Climate change** – companies contributing to global warming (for example fossil fuel companies) face increasing regulation, higher costs and other hurdles that will curtail growth. **Pollution** – companies responsible for toxic air or water releases are subject to legal action, financial penalties or other negative consequences.
Social	The company's actions negatively impact on its 'stakeholders' – in particular its employees, customers, suppliers, government and the community at large – harming a company's reputation (or 'social license to operate'), leading to negative financial impact.	**Human capital** - the human rights of people working directly for the company or in the company's supply chain are violated. For example, child labour can result in consumer boycotts. **Indigenous or local communities** - company operations (e.g., mining) that ignore concerns of these groups can prove unsustainable and lead to negative financial impact.
Governance	Weaknesses in how the company is controlled and operated can lead to poor culture and conduct and decision-making and a lack of accountability, to the detriment of shareholders.	**Board of Directors** – a conflicted, inexpert or otherwise ineffective Board can mean company management are badly appointed, inappropriately remunerated and/or poorly supervised, leading to poor shareholder outcomes. **Conduct** – poor culture and/or a lack of conduct policy and controls can allow bribery, corruption or other unethical behaviour to arise.

Stewardship (company engagement) examples

Risk issue	Examples
Board governance	Director independence, accountability, motivation (e.g. shareholdings), expertise, Board renewal
Climate change	Demonstrable pathway to carbon emissions reductions
Corporate conduct	Approach to crime avoidance, e.g. money laundering
Executive remuneration	Appropriately set vesting hurdles for variable remuneration
Human capital	Culture and employee engagement
Supply chain	Worker underpayments and other human rights issues

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