

23 August 2023

**ASX Announcement**

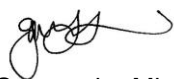
**Perpetual Equity Investment Company Limited  
2023 Annual Financial Results**

Please find attached the following announcements for release to the market:

- FY23 Appendix 4E
- 2023 Annual Report to Shareholders
- ✓ **2023 Corporate Governance Statement**
- Appendix 4G
- FY23 Results Summary
- FY23 Results Presentation

This release has been authorised by the Board of Directors of Perpetual Equity Investment Company Limited.

Yours faithfully,



Gananatha Minithantri  
**Company Secretary**



**PERPETUAL**  
EQUITY  
INVESTMENT  
COMPANY  
LIMITED

**2023 CORPORATE  
GOVERNANCE STATEMENT**

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ACN 601 406 419

Perpetual 

# INTRODUCTION

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Perpetual Equity Investment Company Limited (the **Company**) is a listed investment company. Its shares are quoted on the Australian Securities Exchange (**ASX**). The Company invests predominantly in Australian listed securities with typically a mid-cap focus and cash, deposit products and senior debt, together with opportunistic allocations to global listed securities.

The Board of the Company (**Board**) is committed to the highest standards of corporate governance that are appropriate for the Company, recognising that the day-to-day management of the Company is undertaken by Perpetual Investment Management Limited (**Manager**) in accordance with the Management Agreement between the Company and the Manager (**Management Agreement**). This Corporate Governance Statement (**Statement**) sets out the Company's approach to corporate governance in light of these governance arrangements.

The Company has maintained high standards of governance arrangements over the financial year ended 30 June 2023 (**FY2023**).

The relevant policies and charters referred to in this Statement are available in full on the Company's website:

[www.perpetualequity.com.au/about/corporate-governance](http://www.perpetualequity.com.au/about/corporate-governance).

References to the Company's Annual Report are to the Company's Annual Report for FY2023 lodged with the ASX on 23 August 2023.

This Statement was approved by the Board on 23 August 2023.

## ASX CORPORATE GOVERNANCE COUNCIL PRINCIPLES AND RECOMMENDATIONS

This Statement reports against the 4th edition of the ASX Corporate Governance Council Principles and Recommendations (**ASX Principles**). Where the Company, after due consideration, has adopted corporate governance practices that depart from an ASX Principle, the Statement sets out the reasons for the departure.

This Statement has been approved by the Board and is current to 23 August 2023 except where otherwise indicated.

## FRAMEWORK

The workings of the Company, and the responsibilities and duties of its officers, are regulated by:

- the Corporations Act;
- ASX Listing Rules;
- the Company's Constitution;
- Board and Committee Charters and Company policies; and
- general law.



# PRINCIPLE 1

## LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### RELEVANT POLICIES AND CHARTERS:

Company Constitution
Board Charter
Audit and Risk Committee Charter
Nomination and Corporate Governance Committee Charter
Diversity Policy
Board Tenure and Performance Policy
Code of Conduct

### 1.1 THE ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The role of the Board is to manage the Company in accordance with its legal duties. The Board's specific functions and responsibilities are set out in the Board Charter and include:

- defining, guiding and monitoring the Company's purpose and strategic objectives;
- monitoring the performance of the Manager and its compliance with the terms of the Management Agreement executed between the Company and the Manager, and, wherever required, holding the Manager to account and satisfying itself that the reporting from the Manager to the Board is appropriate;
- monitoring that the Manager is performing its duties in a skilful and diligent manner and that it operates appropriate risk and compliance monitoring programs;
- overseeing the operation of the Company; and
- instilling a culture of acting lawfully, ethically and responsibly.

The Board Charter, reviewed annually, contemplates that one or more Executive Directors and/or a Chief Executive Officer may be appointed to the Board. The current Executive Director is Perpetual Limited Chief Executive, Perpetual Asset Management, Australia, Amanda Gillespie (Apted) (hereafter referred to as **Amanda Gillespie**). The Company does not currently have a Chief Executive Officer.

Directors are able to obtain independent professional advice (including, but not limited to, legal, accounting and financial advice) at the Company's expense on any matter connected with the discharge of their responsibilities. Directors must seek prior approval of the Chairman. The Chairman may set a reasonable limit on the amount that the Company will contribute towards the cost of obtaining the advice. The Chairman may determine that any advice received by an individual Director will be circulated to the remainder of the Board.

Under the Deed of Access, Indemnity and Insurance, Directors have access to inspect the Company's Board papers up to seven years after the date on which the Director ceases to be a Director of the Company. The Directors are entitled to directors and officers insurance at the Company's expense.

### COMPOSITION OF THE BOARD

The Board comprises two independent Non-Executive Directors, one Non-Executive Director and an Executive Director. The Chairman of the Board is Nancy Fox AM, who was appointed to the role on 1 July 2017. The Directors' qualifications, experience and other details are contained in the Annual Report and are available on the Company's website.



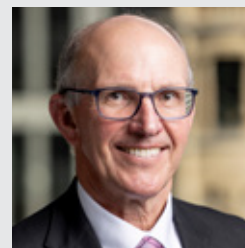
**Nancy Fox AM**  
Non-Executive Director  
Chairman of the Board



**Amanda Gillespie**  
Executive Director



**Virginia Malley**  
Independent  
Non-Executive Director  
Chairman, Audit & Risk  
Committee



**John Edstein**  
Independent  
Non-Executive Director  
Chairman, Nomination  
& Corporate Governance  
Committee

Board composition is determined in accordance with the Company's Constitution and Board Charter, which together include the following general principles:

- the Board must comprise a minimum of three Directors and a maximum of six;
- the Board should comprise a majority of Non-Executive Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds that is relevant to the Company and its strategy;
- at least 50% of the Board should be independent; and
- the Chairman will be a Non-Executive Director and will not be the same person as the Chief Executive Officer (if appointed).

In determining its composition, the Board and the Nomination and Corporate Governance Committee work together to achieve the optimal size and blend of skills, knowledge and experience on the Board so as to support effective discussion and decision making. The Board is satisfied that it is currently comprised of Directors representing a broad range of these attributes.

## BOARD COMMITTEES

The Board has established the following standing committees:

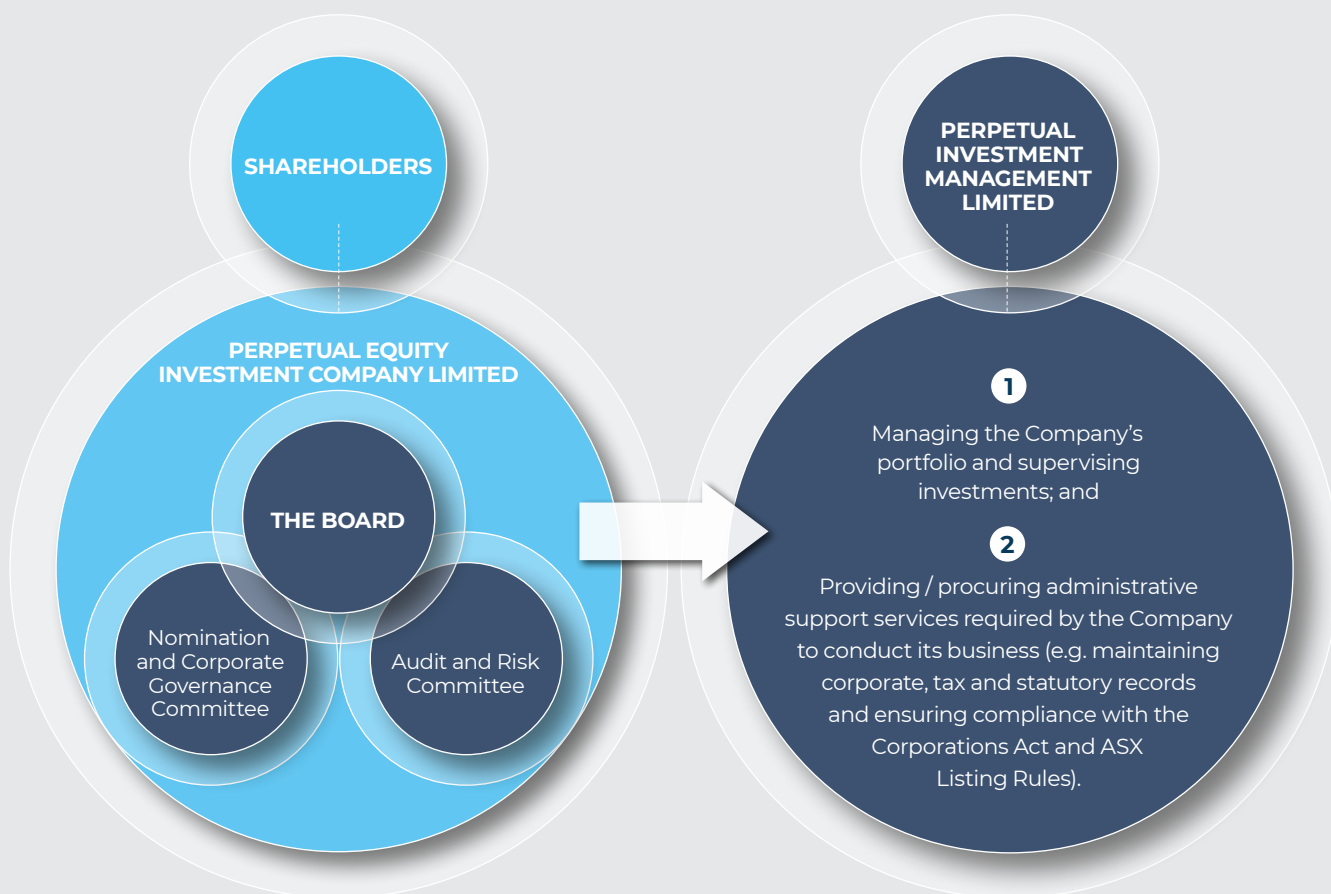
- Audit and Risk Committee; and
- Nomination and Corporate Governance Committee.

Each committee operates under a Board-approved charter. Further details on the role, responsibilities and operation of these committees are available on the Company's website. Committee proceedings are reported to the Board and each committee has direct access to Directors, officers or employees of the Company to discharge its responsibilities.

## THE ROLES AND RESPONSIBILITIES OF THE MANAGER

The Board's delegation of the day-to-day management of the Company is formalised via the Management Agreement. Under this Management Agreement, the Manager is responsible for managing the Company's portfolio in accordance with the objectives, strategy, guidelines, permitted investments and elements of investment as set out in the Company's Replacement Prospectus dated 14 October 2014. The Manager's performance under the Management Agreement is subject to ongoing monitoring by the Board.

The roles and responsibilities of the Company's Board and the Manager are established in accordance with ASX Principle 1 and are summarised in the diagram below.



## 1.2 APPOINTMENT OF NEW DIRECTORS

The Company's Nomination and Corporate Governance Committee is responsible for the Board's succession planning which is subsequently provided to the Board for approval. The Committee is also responsible for reviewing the skills, performance and effectiveness of the Board, the Company's Chairman, the Executive and Non-Executive Directors and Board committees.

The Committee recognises that the markets in which the Company operates are subject to growth and change. If a change is required to the Board, or the appointment of a new Director, the Committee manages the process of the evaluation, nomination and appointment of Directors on to the Board. In doing so, the Committee considers the skills, experience, expertise, independence and diversity a potential candidate will bring to increase Board effectiveness.

In its succession planning, the Committee considers the skills, experience and expertise likely needed for the Board for the future. Background checks (including those relating to character, education, criminal record and bankruptcy) are undertaken before recommendations on the appointment of a Director to the Board are made.

The Board renewal process is overseen by the Nomination and Corporate Governance Committee and will involve the regular review of the composition of the Board to achieve an appropriate mix of skills, diversity, expertise and experience that is relevant to the management of the Company amongst the Directors.

The Board endeavours to provide shareholders with material information relevant to the decision on whether a Director should be re-elected in the explanatory statements to the notice of meeting for the Company's Annual General Meeting. Further information on the Company's current Directors' experience is also available in the Company's Annual Report and on the Company's website.

## 1.3 WRITTEN AGREEMENTS WITH DIRECTORS AND SENIOR EXECUTIVES

The Company has entered into written agreements with each Director upon their appointment. These agreements set out the terms of appointment, remuneration, required compliance with the ASX Listing Rules and matters contemplated under Recommendation 1.3 of the ASX Principles. As part of the process of appointing a Director to the Board, Directors are subject to appropriate and prudent background and screening checks (including those relating to character, education, criminal record and bankruptcy).

The Executive Director, Amanda Gillespie, is not entitled to Directors' fees or any other form of remuneration from the Company for her services.

Amanda Gillespie is the Chief Executive of Perpetual Asset Management, Australia, a business division of Perpetual Limited (ASX:PPT). Amanda is also a Director of the Manager, Perpetual Investment Management Limited. Her remuneration is governed by the remuneration policy of Perpetual Limited, the parent company of the Manager.

## 1.4 COMPANY SECRETARIES

The Board has access to the services and advice of the Company Secretaries. The Company Secretaries are directly accountable to the Board through the Chairman and are responsible to the Board for governance matters and all matters to do with the proper functioning of the Board. All Directors have access to the advice and services of the Company Secretaries, whose appointments and removal are a matter for decision by the Board.

The role of the Company Secretaries is to:

- advise the Board and its committees on governance matters;
- coordinate all Board business including:
  - preparing agendas;
  - coordinating the timely completion and dispatch of Board and committee papers;
  - ensuring the business at Board and committee meetings is accurately captured in the minutes;
- lodge communications and filings with the ASX;
- monitor compliance with Board and committee policy and procedures; and
- establish and implement programs for the induction and professional development of Directors.

Details of the experience and qualifications of the Company Secretaries are set out in the Directors' Report contained in the Annual Report.

## 1.5 DIVERSITY AND INCLUSION

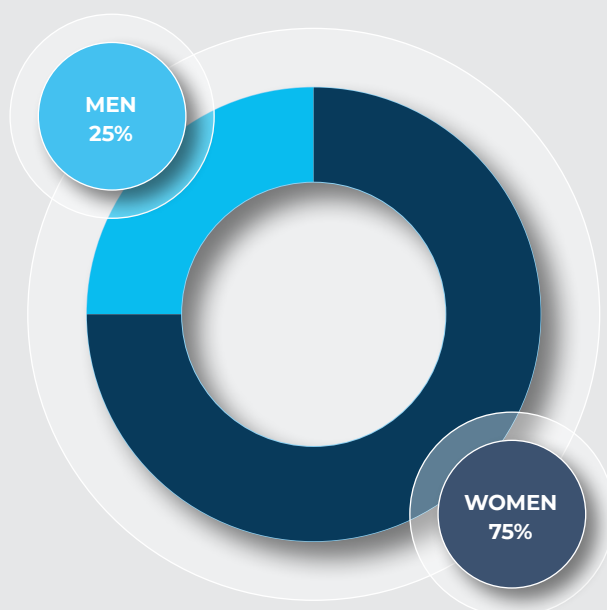
The Company has a Diversity and Inclusion Policy which reinforces the Company's strong commitment to diversity and inclusion. The Policy requires the Board to adopt measurable objectives to assist the Company to achieve gender diversity, to review the Company's progress in meeting these objectives and the effectiveness of these objectives each year.

The Company has established a measurable objective related to gender diversity and set a target of not less than:

- if the Board comprises four Directors, 25% for each gender; and
- if the Board comprises five Directors, 40% for each gender.

An annual review of the Company's progress in meeting the objective was undertaken. Currently, 75% of the Company's Board are women and 25% are men.

## BOARD GENDER DIVERSITY



The Company's Diversity and Inclusion Policy further recognises that diversity is not limited to gender, age, ethnicity, disability, marital or family status, religious or cultural background, sexual orientation, gender identity, socio-economic background, perspective and experience. The Company aspires to achieve the objectives of this policy and aims to embed a strong diversity framework and culture to benefit from the value of diversity as the Company continues to mature.

The Company does not currently employ any senior executives or any other employees and therefore there are no men or women in any senior executive or employee positions.

### 1.6 BOARD PERFORMANCE EVALUATION

Each year, with the advice and assistance of the Nomination and Corporate Governance Committee, performance evaluations of the Board, each Board committee, and each individual Director (including the Executive Director) against the Company's relevant charters, policies, goals and objectives are undertaken. Each Board committee also conducts an annual self-evaluation of its performance against its Charter and will recommend goals and objectives for the coming year.

During FY2023, the Company commenced an internally facilitated Board effectiveness review (including the Board's committees). The review consisted of:

- a tailored questionnaire, enabling confidential quantitative and qualitative feedback from the Board and management team;
- a report, reflecting analysed quantitative and qualitative data; and
- a presentation to the Board providing an overview of the responses to the questionnaire.

The overview of the responses was made available to Board in August 2023. An externally-facilitated Board and Board committee effectiveness review is scheduled for FY2024.

### 1.7 SENIOR EXECUTIVE PERFORMANCE EVALUATION

As the Company has no employees, there is no process for periodically reviewing the performance of senior executives or other employees in accordance with Recommendation 1.7 of the ASX Principles. Senior executives of Perpetual Limited who perform services for the Manager are subject to Perpetual Limited's senior executive performance evaluation process.



# PRINCIPLE 2

## STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

### RELEVANT POLICIES AND CHARTERS:

Nomination and Corporate Governance Committee Charter

Board Charter

Board Tenure and Performance Policy

Code of Conduct

### 2.1 NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

**Members:** John Edstein (Chairman), Virginia Malley and Nancy Fox AM.

The Committee's functions are to support and advise the Board in fulfilling its responsibilities to shareholders and other stakeholders of the Company by:

- reviewing and advising the Board on the composition of the Board and its committees;
- reviewing the performance of the Board, the Company's Chairman, the Executive and Non-Executive Directors and Board committees;
- developing succession plans for consideration by the Board;
- advising the Board on good governance standards and appropriate corporate governance policies for the Company; and
- critically reviewing the Company's performance against its corporate governance policies.

A majority of members of the Nomination and Corporate Governance Committee, including its Chairman, are independent Non-Executive Directors.

Attendance of Directors at the Nomination and Corporate Governance Committee meetings is set out in the Directors' Report contained in the Company's Annual Report.

### 2.2. BOARD SKILLS MATRIX

The mix of skills and diversity represented on the Board as at 30 June 2023 is as follows:

### BOARD SKILLS, KNOWLEDGE AND EXPERIENCE

#### Financial Services Industry

Experience in funds management, corporate advisory, listed investment companies and managed investment schemes.

Strong

#### Financial

Experience in financial accounting and reporting, analysing financial statements, and internal financial controls.

Strong

#### Capital Management

Experience in capital management strategies, including capital raisings.

Well Developed

#### Operations and Outsourcing

Experience in the administration of business practices to create a high level of efficiency and the management of outsourced service providers.

Well Developed

#### Product Knowledge (Domestic and international)

Experience from relevant businesses or industries within Australia or internationally.

Strong

#### Investment Governance

Experience in monitoring investment governance processes to ensure transparency and to be able to assess foreseeable risk factors.

Strong

#### Corporate Governance

Experience with the highest standards of governance, that being essential to a listed company. Soft skills which promote a commitment to the highest standards of governance including objectivity, being solutions-oriented, respectful, and communicating in a manner aligned with the Company's purpose.

Strong

#### Audit, Risk and Compliance Management Ability

Ability to identify key risks to the Company in a wide range of areas including legal, tax and regulatory compliance, and monitor risk and compliance management frameworks and systems.

Strong

#### Strategy

Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of the Company's relevant policies and priorities.

Strong

#### Marketing

Experience in marketing and distribution of financial services.

Well Developed

#### Shareholder Engagement

Experience in developing a respectful relationship with shareholders through increased transparency and successful communications.

Well Developed

The range of skills, experience and expertise of each Director is also available in the Company's Annual Report and on the Company's website.



### 2.3 INDEPENDENCE OF DIRECTORS AND LENGTH OF SERVICE OF DIRECTORS

The Board considers Directors to be independent where they do not have a relationship(s) with management which would reasonably be considered to materially interfere with the exercise of their independent judgement.

The Board currently consists of four Directors. A majority of the Board is comprised of Non-Executive Directors, being Nancy Fox AM, John Edstein and Virginia Malley. Two of these Directors are considered to be independent, being John Edstein and Virginia Malley. The Board Charter states that at least 50% of the Board should be independent.

Within the last three years, Virginia Malley was a Non-Executive Director of Perpetual Superannuation Limited, a licensed superannuation entity within the Perpetual Group. She was also a non-executive member of Managed Investment Compliance Committees within the Corporate Trust and Asset Management Australia divisions of the Perpetual Group. The Board does not consider that these roles materially impact Virginia Malley's ability to act in the best interests of the Company or preclude her from being considered independent.

In assessing the independence of each Director, the Board considers the independence criteria set out in the Board Charter, which is based on Box 2.3 of the ASX Principles. The Board will generally determine a Non-Executive Director to be an independent Director if the Director:

- within the last three years, has not been an officer or employee of, or professional adviser to, a substantial shareholder (as defined in the *Corporations Act 2001* (Cth)) of the Company;
- within the last three years, has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;

- does not receive performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;
- within the last three years, has not been in a material business relationship (e.g. a supplier, professional adviser, consultant or customer) with the Company or another group member, or an officer of or otherwise associated directly or indirectly with someone with such a relationship;
- has no close personal ties with any person who falls within any of the categories described above;
- has not served on the Board for such a period that their independence from management and substantial holders may have been compromised; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The independence of each Director is formally reviewed annually and at any time when a change occurs that may affect a Director's independence. Non-Executive Directors also formally advise the Chairman of any relevant information and update the Chairman if their circumstances change at any time.

The Board Tenure and Performance Policy provides that 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.

The tenure of each member of the current Board is as follows:

BOARD MEMBER	POSITION	INDEPENDENCE	LENGTH OF SERVICE
Ms Nancy Fox AM	Non-Executive Chairman	No	6 years
Ms Virginia Malley	Non-Executive Director	Yes	9 years
Mr John Edstein	Non-Executive Director	Yes	9 years
Ms Amanda Gillespie	Executive Director	No	2 years

Further details of the background, experience, professional skills and expertise, and period in office of each Director are set out in the Directors' Report contained in the Company's Annual Report.

## 2.4 BOARD INDEPENDENCE

As described above, the majority of the Company's Board is made up of Non-Executive Directors, and 50% of the Board is considered independent.

Recommendation 2.4 of the ASX Principles recommends that a majority of the Board of a listed entity should be independent Directors. This is not a mandatory requirement. If an entity does not comply, it is required to provide an 'if not, why not' explanation. The following list sets down key aspects of the Board's explanation for not having a majority of independent Directors:

- a) under the Company's constitution, the Chairman does not have a casting vote at a Board meeting. If there is an equality of votes on a resolution, the resolution is taken as having been lost, thus giving the independent Directors an effective veto on any decision;
- b) the Board works efficiently and effectively;
- c) the two current independent Directors, Virginia Malley and John Edstein, are experienced Directors on the Company's Board, having been on the Board since the Company listed in 2014;
- d) the Company is a listed investment company and accordingly has a relatively focused business, with most of its functions being externally managed;
- e) the Company will monitor the expectations of the shareholders through the Annual General Meeting (**AGM**) and any other feedback from other stakeholders; and
- f) it is open to the Board to appoint a third independent Director if the Board considers the needs of the Company change; for example, to accommodate a transition when a Director is retiring and a new Director is being appointed.

## 2.5 CHAIRMAN'S INDEPENDENCE

The Chairman is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's functions. The Chairman is also responsible for facilitating the effective contribution of all Directors and promoting constructive and respective relations between Directors and between the Board and management.

The Company's Chairman during FY2023 was Nancy Fox AM. Nancy Fox is not an independent Director as recommended by Recommendation 2.3 of the ASX Principles. However, notwithstanding that Nancy Fox is not an independent Director, given her significant experience as a listed company Director, particularly in the financial services sector, the Board determined that she had the most appropriate mix of skills to act as Chairman of the Company.

## 2.6 DIRECTOR INDUCTIONS AND PROFESSIONAL DEVELOPMENT

New Directors participate in an induction process to familiarise themselves with the business of the Company and the senior management team of the Manager. The program includes briefings on the Company's strategy, organisational structure, corporate governance practices, policies and risk management framework. The induction includes a digital induction pack containing all relevant corporate governance documents and previous annual reports. The new Director also has access to previous Board and Committee minutes.

Ongoing Director education is provided through regular updates on changes in the regulatory environment affecting the Company and the financial services industry.

Directors are expected to maintain the skills and knowledge required to discharge their obligations and are encouraged to attend relevant conferences and seminars and undertake external education and professional development training. To facilitate the Company's commitment to learning and Directors' professional development, from 1 July 2023 Non-Executive Directors are provided with an allowance to undertake self-education and training each financial year.

The Nomination and Corporate Governance Committee reviews the Board skills matrix annually to identify whether there is a need for existing Directors to undertake professional development to maintain the skills and knowledge needed to perform their roles as Directors effectively.

# PRINCIPLE 3

## A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

### RELEVANT POLICIES AND CHARTERS:

Code of Conduct

Diversity Policy

Speak Up Policy

### 3.1 CULTURE

The Company's culture is an expression of its values and the behaviours of the Board, the Company Secretaries and the key personnel of the Manager who work closely with the Board and Company Secretaries. Both the Company and the Perpetual Group, of which the Manager forms part, have expressed their values in writing. The Company's values are **excellence, fairness, integrity, partnership, respect and transparency** and are documented in the Code of Conduct. In a similar vein, the Perpetual Group's values are excellence, integrity and partnership. There are common themes between the two sets of values. The reason that the Company's Board decided on there being overlap with the Perpetual Group's values but also for the Company to have its own set of values, is reflective of the Company's close connection with Perpetual Group but also of the Company not being part of the Perpetual Group and being wholly an investment Company, unlike the Perpetual Group and its diverse activities. That single focus of the Company also aligns with, and is likely the reason for, the relative homogeneity of our shareholders.

That said, the Company steadfastly acknowledges that culture is not just a written statement of values. The people responsible for the Company's governance, investments and operations must live the values through the way that they behave, including with each other, our shareholders and our service providers. This must not be just as a compliance obligation. They live the values because they believe in them.

The Board is satisfied and pleased that this is the behaviour of all Directors, the Company Secretaries and the team from the Manager that supports the Company's governance, investments and operations.

### 3.2 CODE OF CONDUCT

The Company is committed to practising high standards of conduct and has adopted a Code of Conduct that identifies the standard of ethical conduct expected of all relevant personnel, which includes Directors and officers. The Code of Conduct draws from and expands on the Company's values.

The Company is committed to complying with all applicable laws and to delivering strong returns and shareholder value while also promoting shareholder and general market confidence in the Company.

The Company is also committed to acting ethically and responsibly in its dealings with third parties.

The Code is designed to set out the practices which are necessary to maintain confidence in the Company's integrity. The objectives of the Code are to ensure that:

- high standards of corporate and individual behaviour are observed by all personnel;
- all personnel are aware of their responsibilities to the Company; and
- all persons dealing with the Company, whether it be personnel, shareholders, suppliers, clients or competitors, can be guided by the stated values and practices of the Company.

Material breaches of the Code of Conduct are reported to the Audit and Risk Committee and Board.

A copy of the code is available on the Company's website.

### 3.3. SPEAK UP POLICY

The Company has a Speak Up Policy to protect Directors, Executives, employees (including current and former), contractors and suppliers (and relatives and dependents of any of these people) who report misconduct, noting that:

- misconduct is any suspected or actual misconduct or improper state of affairs or circumstances in relation to the Company, or an employee or officer of the Company;
- this may or may not include a breach of law or information that indicates a danger to the public or to the financial system; and
- potential misconduct does not generally include personal work-related grievances as these grievances should be raised via the Company Secretaries to allow those issues to be resolved most effectively.

Any disclosures made under the Speak Up Policy are reported to the Audit and Risk Committee and the Board. A copy of the policy is available on the Company's website.

### 3.4 ANTI-BRIBERY & CORRUPTION

The Company is committed to preventing wrongdoing and the appearance of wrongdoing and upholding high standards of ethical behaviour in all dealings. The Company prohibits giving bribes, engaging in corrupt practices or other improper payments or benefits to public officials, including secret commissions and facilitation payments to those acting in an agency or fiduciary capacity.

The Company's policy on anti-bribery and corruption is contained in the Code of Conduct. Material breaches are reported to the Audit and Risk Committee and the Board.



# PRINCIPLE 4

## SAFEGUARD INTEGRITY IN CORPORATE REPORTING

### RELEVANT POLICIES AND CHARTERS:

Audit and Risk Committee Charter

#### 4.1 AUDIT AND RISK COMMITTEE

**Members:** Virginia Malley (Chairman), Nancy Fox AM and John Edstein.

The purpose of the Audit and Risk Committee is to:

- assist the Board to make all necessary declarations in the financial reporting process, including the system of internal controls relating to all matters affecting the Company's financial performance, and the audit process;
- assist the Board in monitoring compliance with laws and regulations and the Company's Code of Conduct;
- review material breaches of the Company's Speak Up Policy and Anti-bribery and Corruption policy (contained in the Company's Code of Conduct);
- assist the Board to adopt appropriate ethical standards in relation to the management of the Company and the conduct of its business;
- review and supervise the Company's risk management framework; and
- review the adequacy of the Company's insurance policies.

The Committee is also responsible for recommending to the Board the appointment of the external auditor and the rotation of audit engagement partners. A copy of the Committee's charter is available on the Company's website.

A majority of members of the Committee are comprised of independent Non-Executive Directors who are financially literate, have a sufficient understanding of the industry in which the Company operates, and also have the technical expertise to allow the Committee to effectively discharge its mandate. The Chairman of the Committee is an independent Director who is not the Chairman of the Board. Further information regarding the skills and expertise of the Committee members is set out in the Directors' Report contained in the Company's Annual Report.

Attendance of Directors at the Audit and Risk Committee meetings is set out in the Directors' Report contained in the Company's Annual Report.

The Audit and Risk Committee Charter refers to the option of appointing an internal auditor. The Audit and Risk Committee has determined that, as the Company outsources its business activities to the Manager, it is appropriate for the Company to receive relevant internal audit information on the Manager's operations from the internal audit program that is conducted within the Manager.

The Manager reports to the Audit and Risk Committee periodically on internal audit matters that are pertinent and relevant to the Company.

#### 4.2 CEO AND CFO ASSURANCE

The Company does not have an appointed Chief Executive Officer or Chief Financial Officer. Before the Company's financial statements are approved by the Board for each half year and full financial year period, the Group Deputy Chief Operating Officer and the Chief Operating Officer Australia of the Manager provide a declaration that the financial statements and notes comply with the accounting standards and give a true and fair view of the financial position and performance of the Company. A declaration has been provided by the Group Deputy Chief Operating Officer and Chief Operating Officer Australia for the financial year ended 30 June 2023 in accordance with section 295A of the *Corporations Act 2001* (Cth).

In providing the above declaration, the Group Deputy Chief Operating Officer and Chief Operating Officer Australia of the Manager, provide the following certifications in respect of each half year and full year financial period:

- that, in their opinion:
  - the financial records of the Company have been properly maintained;
  - the financial statements and notes for the reporting period comply with applicable Accounting Standards and the *Corporations Regulations 2001* (Cth);
  - the financial statements and notes give a true and fair view of the financial position and performance of the Company; and
- that the opinions above are based on a sound system of risk management and internal control which is operating effectively.

#### 4.3 VERIFICATION OF PERIODIC CORPORATE REPORTS

The Company is committed to regularly communicating in a timely, accessible and clear manner.

Where periodic corporate reports are not audited or reviewed by external auditors, an internal verification and approval process is undertaken to ensure the accuracy and completeness of the reports. The Daily Net Tangible Asset Statement, Monthly Investment Update and NTA Report and Director's Report (prepared by the Manager) are subject to review by various teams under the Manager to check for accuracy and that the reports provide investors with appropriate information to make informed investment decisions. The controls in place by the Manager regarding the production of certain reports are also reviewed and assessed annually as part of the Manager's independently conducted reasonable assurance engagement.

# PRINCIPLE 5

## MAKE TIMELY AND BALANCED DISCLOSURE

### RELEVANT POLICIES AND CHARTERS:

Continuous Disclosure Policy

Securities Trading Policy

Shareholder Communications Policy

Code of Conduct

### 5.1 CONTINUOUS DISCLOSURE

The Company is committed to ensuring compliance with the ASX Listing Rules disclosure requirements and the *Corporations Act 2001* (Cth). Consistent with these standards, the Company's Continuous Disclosure Policy, available on the Company's website, outlines the processes for ensuring timely and balanced disclosure.

The Board is responsible for overseeing and implementing this Policy. The Board considers its disclosure obligations at each scheduled Board meeting. The Company's Continuous Disclosure Policy contains the matters recommended by ASX Principle 5.

The Company has also put in place arrangements with the Manager that require it to immediately inform the Board of any matter that can be reasonably expected to have a material impact on the price or value of the Company's securities and that it operates policies and procedures which are consistent with those of the Company.

The Company is committed to taking a proactive approach to continuous disclosure and creating a culture within the Company that promotes and facilitates compliance with the Company's continuous disclosure obligations.

The Company's liaison officers with the ASX are the Company Secretaries.

### DEALING IN SHARES

The Board believes it is in the best interests of the Company and its shareholders for Directors to own shares in the Company, subject to strict controls and guidelines on share trading.

The Company has in place a Securities Trading Policy which applies to the Company's Directors, Company Secretaries and other personnel determined by the Board. The policy prohibits personnel from dealing in the Company's securities if they are in possession of price sensitive information that is not generally available to the public.

Under the Securities Trading Policy, dealings can occur during the following periods, after the relevant person has obtained prior written clearance to trade and waited at least two hours after the relevant release of results or information:

- within the period of six weeks after the release of annual or half yearly results;
- within the period of six weeks after the issue of a prospectus;
- within the period of six weeks commencing one day after the holding of the AGM of the Company; and
- any other period as the Board may decide.

Dealings are generally not permitted outside the above periods, unless exceptional circumstances exist and approval to deal in these circumstances has been given. Dealings in the Company's securities on a short-term basis are also prohibited. Short-term trading includes buying and selling securities on market within a 6-month period.

### 5.2 BOARD RECEIVES COPIES OF MARKET MATERIAL ANNOUNCEMENTS

The Board receives copies of all material market announcements promptly after ASX has confirmed the announcement has been released on the Market Announcements Platform.

### 5.3 COPIES OF INVESTOR AND ANALYST PRESENTATIONS ARE RELEASED TO THE MARKET

The Company releases copies of new and substantive investor and analyst presentation material to the ASX ahead of the presentation(s) being given. Copies are made publicly available on the Company's website as soon as it is disclosed to the market.

# PRINCIPLE 6

## RESPECT THE RIGHTS OF SECURITY HOLDERS

### RELEVANT POLICIES AND CHARTERS:

Continuous Disclosure Policy

Securities Trading Policy

Shareholder Communications Policy

Code of Conduct

### 6.1 SHAREHOLDER COMMUNICATIONS

As described in Principle 5 above, the Company is committed to regularly communicating with shareholders in a timely, accessible and clear manner with respect to both procedural matters and major issues affecting the Company. Shareholders can send communications to, and elect to receive communications from, the Company and the Company's share registry, Link Market Services, electronically or by post. The Company encourages its shareholders to receive communications, including annual reports, electronically.

The Company's Shareholder Communications Policy sets out the practices which the Company implements to support effective communication with its shareholders. The Company's website includes copies of announcements lodged with the ASX, a daily statement of the Net Tangible Asset backing, Monthly Investment Updates, Portfolio Manager insights, dividend history and educational resources.

### THE COMPANY'S WEBSITE

The Company's website has a 'corporate governance' landing page which provides links for the items described in the commentary to Recommendation 6.1 of the ASX Principles. The Corporate Governance landing page is available at: [www.perpetualequity.com.au/about/corporate-governance](http://www.perpetualequity.com.au/about/corporate-governance).

The Company's website, in its 'About' section, has further biographical information regarding the Company's Board of Directors and Management, and an overview of the Company's history. The 'About' section also has further information about the Company's investment objective and investment strategy.

Access to the latest media releases, ASX releases and financial statements are available on the Company's website: [www.perpetualequity.com.au/shareholders](http://www.perpetualequity.com.au/shareholders). A key events calendar is also available on the Company's website [www.perpetualequity.com.au/tools-and-resources](http://www.perpetualequity.com.au/tools-and-resources).

### 6.2 INVESTOR RELATIONS PROGRAM

The Company is committed to facilitating effective two-way communication with investors and market analysts with a view to providing investors with a greater understanding of the Company's business, governance, financial performance and prospects.

As described above, investors, market analysts and shareholders can view all relevant company information on the Company's website: [www.perpetualequity.com.au](http://www.perpetualequity.com.au).

The website provides links to the latest news and insights, media releases, ASX releases, financial statements, and a key events calendar.

### 6.3 PARTICIPATION IN THE COMPANY'S AGM

The Company will hold its AGM in October 2023 and a copy of the notice, advising the format of, the AGM will be lodged with ASX and posted on the Company's website.

Shareholders are encouraged to submit written questions in advance of the AGM, through an online facility that enables shareholders to submit questions via their investor centre log-in.

The Chairman will seek to address as many of the more frequently raised topics as possible in her AGM address.

In accordance with the *Corporations Act 2001* (Cth), a representative of the external auditor, KPMG, will attend the AGM for the purpose of answering shareholder questions about the audit, the Audit Report, the accounting policies adopted by the Company in preparing the Financial Statements and the independence of the auditors.

### 6.4 RESOLUTIONS

All substantive resolutions being considered at the AGM are decided by a poll rather than a show of hands. The AGM voting result is lodged with the ASX as soon as practicable after the AGM and published on the Company's website. All resolutions considered at the 2022 AGM were decided by way of a poll.



# PRINCIPLE 7

## RECOGNISE AND MANAGE RISK

### RELEVANT POLICIES AND CHARTERS:

Board Charter

Audit and Risk Committee Charter

Risk Management Policy

### 7.1 RISK MANAGEMENT AND THE AUDIT AND RISK COMMITTEE

The Board considers ongoing risk management to be a core component of the management of the Company. The Company's risk management framework comprises a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, including any material changes to its risk profile.

The oversight of the Company's risk management program has been conferred upon the Audit and Risk Committee (**Committee**). The Manager is responsible for the design and implementation of the internal control systems which identify material risks for the Company and, in turn, regularly reports on the Company's risk management activities to the Committee. The Committee further identifies and reviews the emerging and evolving risks to the Company, and the ongoing effectiveness of internal control systems in place, and makes recommendations to the Board. The Committee Charter is further described in detail in ASX Principle 4 above.

The Risk Management Policy outlines the program implemented by the Company to support appropriate risk management within its systems and culture. The Company's ability to identify risks and address risk is central to achieving its corporate objectives.

To ensure material risks to the Company are identified, assessed, managed, monitored and reported on, risk profiling is conducted in the context of the Company's business plans and strategies and internal and external operating environment. The Company's Risk Profile was last reviewed and approved by the Board in May 2023. Ongoing monitoring and reporting on any material changes to the Company's Risk Profile also forms part of the Manager's periodic reporting to the Committee.

### 7.2 REVIEW OF THE COMPANY'S RISK MANAGEMENT PROGRAM

The Company's Risk Appetite Statement (**RAS**), which defines the amount of risk the Board is willing to take in the pursuit of the Company's strategic vision and objectives, was reviewed to ensure that it remains fit for purpose and was approved by the Board in May 2023.

The Committee annually evaluates the effectiveness of its risk management program. The Committee has reviewed the risk management framework during FY2023 and is satisfied that it is operating effectively and continues to be sound.

### 7.3 INTERNAL AUDIT

The Committee has determined that, as the Company outsources its business activities to the Manager, it is appropriate for the Company to receive relevant internal audit information on the Manager's operations from the internal audit program that is conducted within the Manager.

The Manager reports to the Committee periodically on internal audit matters that are pertinent and relevant to the Company.

Where the Company outsources business activities to other service providers it will also seek to obtain relevant independent audit information on the effectiveness of service provider internal control systems.

### 7.4 ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK

The Board considers that a number of identified risks, across various risk categories including economic sustainability risks, have the potential to impact upon investment activities. These risks include market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk.

Details of these types of risk and the way in which they are managed are set out in the Annual Report.

The Manager has a Responsible Investment Policy and incorporates ESG matters into its investment analysis and decision-making practices. The Manager's approach is to seek to achieve the best risk-adjusted investment returns over specified time periods. This obligation is satisfied by focusing on both the quality and value of possible investments. This investment philosophy recognises that while traditional financial measures are an important consideration, extra-financial factors such as ESG matters can also influence investment performance.

Consistent with this philosophy, it is the policy of the Manager that, to the extent that information is available, the Company's Portfolio Manager should incorporate ESG issues into investment analysis and decision-making.

The Manager considers ESG matters primarily from a risk perspective. Analysis may include:

- what material ESG issues the investment is exposed to;
- what impact material ESG issues are likely to have on the investment's prospects; and
- how well ESG issues are being managed, and therefore how likely the possible impacts are to occur.

Considering ESG factors in investment decision-making 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; or
3. the risks are low (immaterial) and so ESG factors are not a major consideration in making the investment decision.

#### ESG FACTORS IN PROXY VOTING

The Company recognises that the voting rights that it has in respect of the companies that it invests in is a valuable right of the Company. The Manager is responsible for voting activities on behalf of the Company. The Manager monitors the corporate governance practices of companies through independent research, voting advice and in-depth knowledge of the investee company.

The Manager invests in companies that meet the following four filters:

- sound management;
- conservative debt;
- quality business; and
- recurring earnings (where applicable).

The quality and appropriateness of a company's corporate governance framework forms part of the consideration of 'sound management'.

Where the Manager perceives that a company's corporate governance structure has some material deficiencies, but that management quality overall passes the filter, it may seek to engage with the company through direct contact at senior levels.

Voting at Australian and international company meetings is carried out by the Manager on all resolutions that it has the voting authority and responsibility to do so, where practical. All company resolutions are considered on a case-by-case basis.

The Company endorses the Manager's practices in relation to the Company's proxy votes.

## PRINCIPLE 8

### REMUNERATE FAIRLY AND RESPONSIBLY

#### RELEVANT POLICIES AND CHARTERS:

Board Charter

Nomination and Corporate Governance Committee Charter

Board Tenure and Performance Policy

#### 8.1 REMUNERATION

Recommendation 8.1 of the ASX Principles provides that the Board should have a Remuneration Committee. Given that the Company has no paid employees, the Board has determined that it is therefore not necessary to establish a separate remuneration committee at this time. Nor does it have a Remuneration Policy to disclose.

The Board is responsible for reviewing and approving the remuneration of the Non-Executive Directors. In setting this remuneration, the Board considers market rates commensurate with the responsibilities borne by the Non-Executive Directors so as to be satisfied that the level of remuneration is appropriate. From time to time the Board may engage independent remuneration consultants.

The services of the current Executive Director, Amanda Gillespie are provided to the Company without additional charge as part of the arrangements with the Manager. If the Company employs a number of employees in the future, it will review the decision whether to establish a remuneration committee to perform the functions recommended in the ASX Principles.

#### 8.2 REMUNERATION OF EXECUTIVE AND NON-EXECUTIVE DIRECTORS

Details about the remuneration paid to the Directors during the reporting period are set out in the Directors' Report contained the Annual Report.

#### 8.3 EQUITY-BASED REMUNERATION

The Company does not have any employees and outsources its operations to the Manager. Accordingly, the Company does not have an equity-based remuneration scheme in place.

Further information about the Company and its governance practices are available on the Company's website.

# DIRECTORY

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## COMPANY

Perpetual Equity Investment Company Limited  
ACN 601 406 419

## DIRECTORS

Nancy Fox AM – Chairman  
Amanda Gillespie (Apted)  
Virginia Malley  
John Edstein

## COMPANY SECRETARIES

Sylvie Dimarco  
Gananatha Minithantri

## MANAGER

Perpetual Investment Management Limited  
Level 18, 123 Pitt Street  
Sydney NSW 2000  
(AFSL 234426)

## REGISTERED OFFICE

Level 18, 123 Pitt Street  
Sydney NSW 2000  
Phone 1800 022 033

## AUDITOR

KPMG  
International Towers Sydney 3  
300 Barangaroo Avenue  
Sydney NSW 2000

## AUSTRALIAN SECURITIES EXCHANGE CODE

Shares: PIC

## SHARE REGISTRY

Link Market Services Limited  
Building 6 & 8 Parramatta Square  
10 Darcy Street  
Parramatta NSW 2150

## WEBSITE

[www.perpetualequity.com.au](http://www.perpetualequity.com.au)

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