

# Responsible investment policy

September 2025

A close-up, low-angle photograph of tall, thin grasses or reeds against a bright, clear blue sky. The grasses are silhouetted, creating a sense of depth and texture. The lighting is dramatic, with strong highlights on the blades and a deep shadow on the left side.

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As a trustee company, supporting our clients for 135 years, our commitment has always been to earn trust through every action, every day and we continue to seek to build a sustainable future for our clients, our people and the communities we support. Increasingly, our clients want to invest with purpose, seek alignment with their values, and in a way that, at a minimum, does no harm. At Perpetual Private, we believe that Environmental, Social and Governance (ESG) issues should be considered as part all investment analysis and decision making as we believe it is a key component to building long-term sustainable value.

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# Purpose

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The purpose of the Responsible Investment (RI) Policy (“the policy”) is to set out Perpetual Private’s approach for how we consider Environmental, Social and Governance (ESG) factors as part of our investment decision-making and ownership practices. The policy applies to all investment management services provided by Perpetual Private, including the construction and maintenance of portfolios, products and the Approved Product List (APL).

## About us

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Perpetual Private invests across a range of asset classes and requires a responsible investment approach that applies to all investment activities, with implementation tailored to the characteristics of each strategy.

The Perpetual Private Investment Research Team makes active investment decisions for single and multi-asset class portfolios for our clients with the aim of delivering superior risk-adjusted returns. The portfolios are constructed using either a multi manager approach or direct equities approach, or a combination of both.

- **Multi-manager portfolios:** Our multi-manager investment approach combines specialist investment managers with different but complementary styles and philosophies. Perpetual’s investment philosophy acknowledges that while traditional financial measures are an important consideration, ESG factors can also influence investment performance. Therefore, the team seeks to understand how the investment managers identify ESG opportunities and manage risk before being selected for investment. We also manage a range of Responsible Investment portfolios where exclusionary screens are applied to specific Global Industry Classification Standard (GICS<sup>1</sup>) sectors.
- **Direct Equities portfolios:** Our direct equities portfolios are built on the core principles of quality, value and active management. We believe companies with a solid business position and management team, financial strength and sustainability in earnings, deliver strong long-term returns. The portfolio suite contains the Direct Australian Equities Responsible Investment Portfolio which is designed for people who are conscious of the social and ethical implication of where their money is invested. The portfolio includes ASX300 companies that have been assessed to meet certain environmental, social and governance (ESG) criteria.

## Our responsible investment beliefs

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- We believe ESG risks and opportunities can have a material impact on long term portfolio outcomes and therefore must be managed appropriately.
- We believe that ESG factors should be considered as part of the investment analysis and decision-making processes.
- We believe ESG factors can be applied across most asset classes, but the extent that they can be implemented will vary.
- We believe it is important to work with our external managers and engage with investee companies on ESG matters that may have a financial impact on asset or corporate performance.

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<sup>1</sup> GICS is a method developed by MSCI and Standard & Poor for assigning companies to a specific economic sector and industry group that best defines its business operation.

# Our responsible investment framework

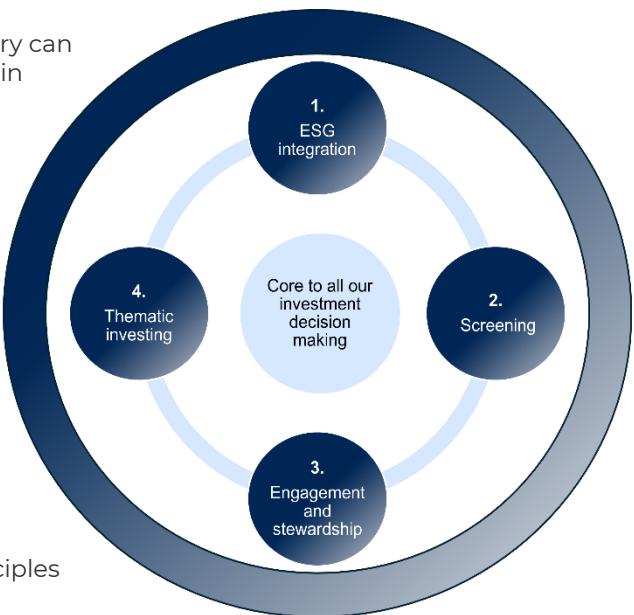
At Perpetual Private, our Responsible Investment Framework is a holistic strategy and practice that incorporates ESG factors in investment decisions. We believe that the investment industry can help promote more sustainable economic growth by investing in businesses and assets that consider social and environmental impacts as part of delivering value to investors. ESG is considered alongside other financially material factors as we endeavour to generate attractive risk adjusted returns for our clients.

## 1. ESG integration

Our responsible investment framework ensures that assessment of ESG matters is integrated into our investment process and considered in our investment analysis and decision making for both direct equities and manager selection, with the aim of achieving better investment outcomes, over the long term, for our clients. This is highlighted through our commitment as a signatory to the United Nations Principles for Responsible Investment (UNPRI).

The table below outlines some examples of the ESG factors that we may consider as part of our integration process.

## Our Responsible Investment Framework



| Environmental             | Social                    | Governance                        |
|---------------------------|---------------------------|-----------------------------------|
| Carbon emissions          | Modern slavery            | Board composition                 |
| Supply chain footprint    | Human capital welfare     | Remuneration                      |
| Water stress              | Workforce diversity       | Alignment                         |
| Biodiversity and land use | Community relations       | Business ethics and best practice |
|                           | Privacy and data security | Tax transparency                  |

Table 1: Examples of ESG Factors

## Manager selection and monitoring process

Our manager selection process integrates ESG considerations as part of the due diligence of investment managers. Part of our approach is to understand how these managers identify and manage ESG opportunities and risks. Our process includes:

- Applying a top-down qualitative assessment, requiring each manager to complete our proprietary ESG due diligence questionnaire to gain an understanding of the manager's approach to responsible investment at an organisation and investment strategy level.
- Supplementing our top-down assessment with a holdings-based ESG rating via Ethos ESG, a third-party ESG comparison tool (refer to Reporting section below for details on Ethos ESG), where

feasible. We recognise there may be limitations in conducting a holdings-based review for some investments. For example,

- It is not possible to assess closed-end structures that have yet to make an investment; and,
- Hedge funds that predominantly invest in future and derivatives cannot be scored.

For ongoing ESG evaluation, our process includes:

- Monitoring appointed investment managers' ESG policies and how they incorporate ESG risk factors into their process.
  - Where mandates have been implemented, this will involve a look through to the underlying holdings. If there are any holdings that do not appear to align with a manager's ESG policy, we will seek explanation.
  - For funds, we seek and review reporting from the managers on a regular basis.
- Reviewing ESG policies as markets, legislation, regulation and clients' needs change.

### **Direct equities selection and monitoring process**

All approved investments undergo a rigorous investment selection process and must satisfy our quality filters, which includes an assessment of ESG risks we believe are material to the current or future financial performance of an investment, before being recommended to client portfolios. Whilst ESG is considered across all direct equities portfolios, there is an additional level of ESG assessment conducted on the Direct Australian Equities Responsible Investment Portfolio. The ESG factors we focus on for this portfolio have been carefully selected to reflect Perpetual Private's core values and the feedback we receive from our clients, ensuring alignment with both our ethical framework and investment objectives. Examples of ESG factors considered are listed in Table 1, with the output of the screens updated and monitored quarterly.

Further details of the integration process for our Direct Australian Equities Responsible Investment Portfolio can be found [here](#).

## **2. Screening**

### **Exclusion**

At Perpetual Private we believe the management of ESG risk may include a combination of negative and/or positive screening. This may involve the use of revenue thresholds (negative) or relative scoring (positive).

### **Tobacco**

Since January 2019, Perpetual Private has excluded companies in the Global Industry Classification Standard (GICS) Industry classification Tobacco (302030) from our direct equities portfolios and externally managed investment mandates (where applicable in multi-manager implemented portfolios). As a result of this change, manufacturers of cigarettes and other tobacco products are not eligible for investment.

### **Multi-manager portfolios**

Perpetual Private's multi-manager portfolio suite includes a range of portfolios with a responsible investment focus. These particular Responsible Investment portfolios will not invest directly in any companies or Real Estate Investment Trusts in the following industries:

- **Tobacco** (GICS 30203010 – Manufacturers of cigarettes and other tobacco products)
- **Casinos and Gaming** (GICS 25301010 – Owners and operators of casinos and gaming facilities)  
Includes companies providing lottery and betting services)
- **Brewers or Distillers and Vintners** (GICS 30201010 & 30201020 – Producers of beer and malt liquors, distillers, vintners and producers of alcoholic beverages)
- **Other specialised REITs** (GICS 60108010 – Companies or Trust engaged in the acquisition, development, ownership, leasing, management and operation of properties not classified elsewhere (under another GICS Equity Real Estate Investment Trusts classification)).

### **Direct equities portfolios**

In addition to the Tobacco screen mentioned above, our Direct Equities Responsible Investment Portfolio excludes companies that are involved in the development, production and maintenance of

controversial weapons. Also, we seek to invest in positive contributors to our world and therefore, we do not invest in companies that generate significant revenues from activities that are deemed harmful or unethical. Examples of activities may include nuclear power, predatory lending practices, gambling or animal cruelty for cosmetic purposes. Refer to the Direct Australian Equities Responsible Investment Portfolio [Factsheet](#) for further details on screens and revenue thresholds.

### 3. Engagement and stewardship

We believe that Perpetual Private has a duty, as an investor and owner/manager of assets on behalf of our clients, to act as a responsible steward of capital using dialogue and our shareholder rights to act in the best financial interests of our clients.

#### **Manager approach**

For externally managed investments, we delegate proxy voting to appointed managers. Therefore, as part of our manager selection process we assess voting policies and practices to ensure their approach considers the best financial interests of investors and aligns to our policies. We routinely receive reports from our external managers about their engagement practises and examples of case studies with investee companies. We are also able to view voting results and rationale through our access to proxy advisory service provider, Glass Lewis.

#### **Direct equities approach**

In the case of Australian direct equities, we believe that the most effective engagement with a company on specific issues is through direct discussions with investor relations, senior management and/or the board of directors. Our desired outcome is to improve corporate ESG practices across the key issues built into our proprietary research approach such as waste management, carbon emissions, community relations, privacy and data security, board composition and business ethics. Please refer to our [Direct Equities Corporate Engagement Report](#) for further information. Where practicable, we exercise our shareholder voting rights.

### 4. Thematic investing

Thematic investing involves identifying the elements of ESG that are most meaningful to individual clients and selecting investments based on their alignment with those themes. These themes can differ between individuals or organisations and as such, tailoring is often required.

This type of investing is not without its risks. For example, it can result in a higher concentration in individual sectors which will lead to more cyclical performance. This can result in periods where the portfolio can substantially differ from broader market benchmarks. Additionally, certain industries may be excluded from investment based on client values or thematic alignment, which can further narrow the investable universe.

For these reasons, we do not believe it is appropriate to apply thematic investing across all portfolios. Where clients seek values-aligned investment options, we offer a range of approved funds that incorporate responsible investment principles into the investment decision-making process. These options are blended thoughtfully to align with individual client objectives, preferences, and risk profiles while achieving appropriate investment outcomes.

## Climate change

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At Perpetual Private, we recognise that climate change creates both investment risks and opportunities. We support the transition to a climate-resilient economy and acknowledge the role that asset managers and owners can play in facilitating this shift.

In line with the best available science, we recognise the urgency of transitioning towards global net zero<sup>2</sup> emissions. However, we also acknowledge that portfolio alignment to net zero is complex and evolving, and we aim to approach this responsibly and transparently.

Our current approach to navigating the risks and opportunities of a lower-emission economy includes:

- Assessing managers' approach to climate change, climate risks and net zero alignment, where relevant.
- Measuring and, where feasible, disclosing climate-related risks and estimated carbon footprints across selected portfolios.

We aim to guide clients and stakeholders through the risks and opportunities associated with climate change, incorporating responsible investment principles into our decision-making processes.

### **Mining Responsibly**

There is growing recognition of the industrial and technological change required to address climate change. Minerals that are expected to play a role in enabling technologies that support the transition to a lower-emissions economy are considered critical to this shift.

Perpetual Private does not exclude natural resource extraction as an investment category. For our direct equities portfolios, our focus is on identifying companies that demonstrate responsible practices and consider the environmental and social impacts of their operations. While ESG integration across the mining industry has progressed in recent years, practices vary significantly between companies. This enables us to assess the sector through a responsible investment lens. We believe that directing capital toward responsible operators can help support positive change and long-term value creation.

## **Modern slavery**

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We recognise our responsibility to identify, assess and manage the risks of modern slavery as they relate to our business operations and investment activities on behalf of clients, including the assessment of supply chain and investee company risks. As part of our reporting under the Commonwealth Modern Slavery Act 2018, [Perpetual's Modern Slavery Statement](#) outlines our approach to identifying and managing these risks, and the actions we are taking internally to improve our practices. This approach has been formalised in our Group Modern Slavery Framework. Oversight is provided by a dedicated working group that monitors our activities and supports continuous improvement in this important area.

## **Industry collaboration**

Perpetual Private is a [signatory](#) to the United Nations Principles for Responsible Investing (UN PRI) and a member of the Responsible Investment Association of Australasia (RIAA).

In March 2024, our Direct Australian Equities Responsible Investment Portfolio obtained [RIAA certification](#).

Signatory of:



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<sup>2</sup> By net zero, we mean a future where we have achieved a balance between the greenhouse gases put into the atmosphere and those taken out.

# Reporting and Governance

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## Reporting

Since 2023, Perpetual Private has partnered with Ethos ESG, an external data provider that offers analysis and reporting on the impact of companies and fund managers across various ESG criteria. The reports produced from this platform will analyse portfolios against causes or key issues that are selected and can compare the portfolio against the benchmark considering these causes. Ethos ESG can also provide risk ratings, adherence to ethical screens as well as comparisons of carbon metrics and global warming potential against the portfolio's benchmark.

### UN Sustainable Development Goals

The United Nations Sustainable Development Goals (SDG) recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and preserving natural ecosystems.

While we do not use the SDGs as a formal framework for investment decision-making, we may refer to them as a contextual reference when communicating our responsible investment approach. Any references to SDGs in reporting are intended to illustrate how certain investment themes may relate to broader global sustainability goals.

## Governance

The policy has been endorsed by the PTCo Investment Committee which is a delegated board committee of various Perpetual entities, including Perpetual Investment Management Limited (PIML).

Key responsibilities for the maintenance and implementation of this policy are outlined below:

|   |  |
|---|--|
| <b>Perpetual Investment Management Limited (PIML)</b>     | Retains ultimate responsibility for governing advice, investment management and trustee duties.      |
| <b>Perpetual Private Investment Committee (PP IC)</b>     | The delegated authority for PIML which will approve and monitor against this policy.                 |
| <b>Perpetual Private Investment Research Team (PPIRT)</b> | The Investment Research team will manage investments and ensure on-going compliance with the policy. |
| <b>Sustainability Manager</b>                             | Provide support, review and input into the policy.   |

The Perpetual Private Investment Research Team is responsible for the reporting and review of the Responsible Investment activities across all Perpetual Private portfolios. This includes:

- Ensuring ESG factors are considered, where relevant, throughout the investment process.
- Implementing this policy across applicable investment activities.
- Reporting annually on our progress and approach to Responsible Investment through the Group Perpetual Sustainability Report and the [Direct Australian Equities Responsible Investment Scorecard](#).
- Monitoring of each appointed external investment manager's ESG policy and incorporation of ESG risk factors into their decision-making processes as part of ongoing due diligence.
- Reviewing this policy annually, and as relevant legislation or regulation requires change.

## More Information

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Trust is earned.

Perpetual 