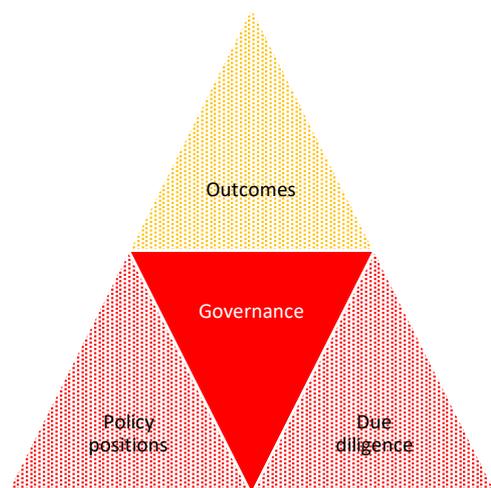


PERPETUAL YEAR 1 REPORT FINANCIAL SERVICES HUMAN RIGHTS BENCHMARK

Company Name	PERPETUAL LIMITED
Industry	funds management / asset management, financial advice
FY end	30 June 2019
Revenue FY19	\$519.405 m
Employees	960
Retail divisions	Perpetual Investments (direct to retail clients); financial advice (HNW) in Perpetual Private
CLIS divisions	Perpetual Investments, Corporate Trust, Perpetual Private
Law reform contributions	None in our sample
Overall level of disclosure	Limited disclosure

Our overall rating of Perpetual's human rights performance for each domain is set out below



RETAIL: RED

We consider the relationships between Perpetual and its retail customers in this part of our benchmark. We consider its investment activities that underpin these products under the Commercial Lending Investment and Services section below.

While Perpetual recognises human rights and commits to respect them, this doesn't translate into a holistic approach to governance of its retail operations with a view to managing this particular source of human rights risk.

We found policy positions for few of our six human rights categories (but we note policies around privacy, and also little evidence of a feasible human rights due diligence process).

In terms of outcomes, while we note the low levels of AFCA complaints, one of the lowest in our sample, neither did we not find any information from Perpetual on its internal dispute resolution processes to give us a fuller picture of how it works to resolve customer complaints.

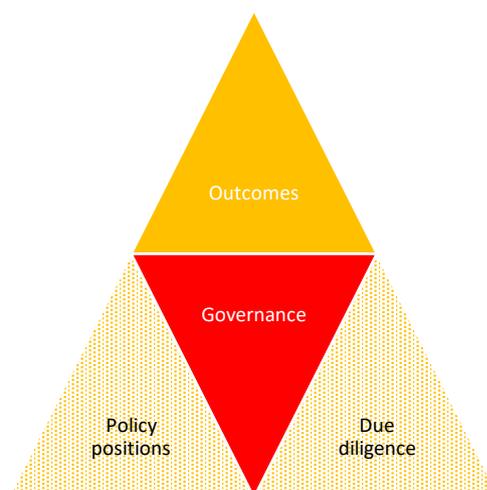
COMMERCIAL LENDING INVESTMENT AND SERVICES (CLIS): AMBER

Aside from its products and services to its wholesale clients, this area of our benchmark primarily considers Perpetual's investment activities. We found mention of its AML/CTF frameworks as well as a Sanctions framework that would influence its customer due diligence and monitoring for compliance with these obligations.

Reflecting our earlier comments on recognition and respect, we note that Perpetual's approach to investment distinguishes between exercising ethical or moral judgements consistent with the objectives of some of its SRI funds, and its funds that do not include this objective (most of Perpetual's investments do not include these objectives). In its non-SRI funds it is feasible that Perpetual will consider human rights risk as the type of risk that can be diversified away across a portfolio. However the limited disclosure meant we were unable to confirm this is its position.

This is evident from its responsible investment policy, which appears to reflect its position on what its investee companies should do, rather than on what Perpetual does. Its statement of ESG risks emphasises a reputational impact from negative impact on its stakeholders and thus on the investment's value. While this is true, it suggests a reactive approach.

We appreciate that there is a financial/investment due diligence process that takes place as part of Perpetual's approach to ESG integration in its investment decision making. It is not clear from the disclosures we could access how this operates in respect of human rights risk: is there a feasible human rights due diligence process? We note Perpetual Investments' choice in its 2019 UN PRI Transparency Report not to make information public about many aspects of its ESG integration.

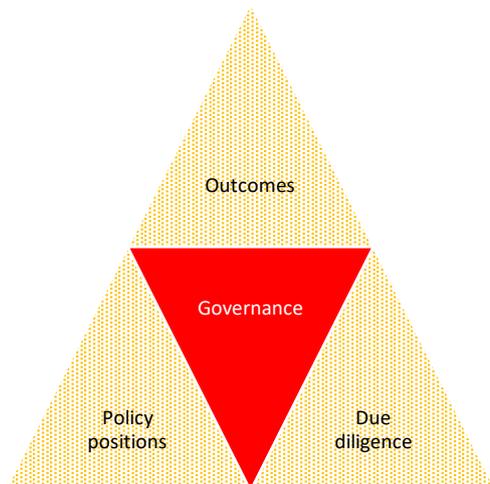


This report is presented for the purpose of disseminating information and research findings for the benefit of the public. It has been prepared on the basis of evaluation of human rights performance based on publicly available material for the 22 ASX listed entities included in the sample.

The University of Sydney ("University") makes no representations or warranties as to the accuracy, completeness, or reliability of the information contained in the report, and accepts no legal liability whatsoever arising from, or connected to, the material contained in this report.

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EMPLOYEES DOMAIN: AMBER



As one of the small/medium sized employers in our FSE sample, we note that Perpetual does not appear to treat governance of this source of human rights risk in a holistic way. We note strong sentiments in support of respecting diversity and inclusion and ensuring a safe workplace. We also found evidence of some of our governance indicators for this area of its operations, but again we could see no overarching human rights risk management of the type our benchmark is looking for.

We found some evidence of policies by way of description, but few policies were publicly available. Similarly we were not able to find much evidence to satisfy us that a feasible human rights due diligence process existed.

We note some good employee outcomes, including those reported by Perpetual on its employee diversity, and its decisions around employer superannuation contributions in excess of the current superannuation guarantee charge, as well as superannuation contributions on unpaid parental leave. Yet its disclosures miss an

opportunity to tell the full employee picture around whistleblowing, grievance handling, code of conduct violations, or its WH&S outcomes (such as LTIFR or other injury measures).

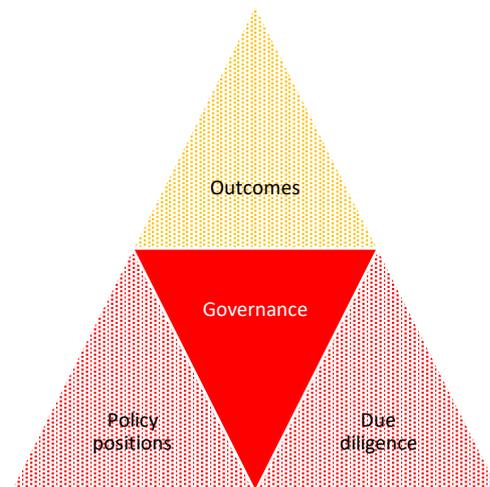
SUPPLY: RED

To understand Perpetual’s supply chain we considered not only its 2019 disclosures, but also its FY20 Modern Slavery Statement under the Australian requirements.

That statement confirmed that modern slavery risk within its supply chain has achieved particularly close attention only in the lead up to the new reporting requirement. Thus, Perpetual’s discussion of its risk governance and framework indicates that this did not exist in any developed form in FY2019. We found no evidence in the 2019 disclosures to suggest that there was adequate governance of this source of human rights risk. While we were unable to find much in the way of policy positions to cover this particular issue, our coding reflects our experience of the level of disclosures from Perpetual generally.

We were also unable to find evidence of a feasible due diligence process.

Our coding for outcomes is common across our FSE sample.



SOCIETY: RED

There is no recognition at Board level of public policy advocacy as a source of human rights risk. Thus there is no policy position that specifically addresses this aspect of Perpetual’s operations, nor is there any evidence of a feasible due diligence process to check for this risk.

We note that Perpetual did not make any submissions to the inquiries included in our study. One of these concerned the law reform proposal on constitutional recognition of an indigenous voice. While none of our sample FSEs made an individual submission to this parliamentary inquiry, this seems to be a missed opportunity for Perpetual to live up to its statement of endorsement of the Uluru Statement, found on page 19 of its 2019 Corporate Responsibility and Sustainability Report.

We also note its Stretch Reconciliation Action Plan (2016 to 2019) would similarly support Perpetual using its voice to influence public policy on this issue by making submissions to law reform inquiries.

