



PERENNIAL INVESTMENT MANAGEMENT LIMITED

ENVIRONMENTAL SUSTAINABILITY POLICY

August 2017

PERENNIAL ENVIRONMENTAL SUSTAINABILITY POLICY

Purpose

Perennial Investment Management Limited (Perennial) and its related bodies corporate (Perennial Group) recognizes that protecting the environment is a critical issue and a key responsibility of the business and corporate community. The benefits of environmental protection for current and future generations are clear. Perennial also acknowledges that reducing unnecessary waste and minimising consumption of scarce resources is consistent with ongoing financial sustainability in terms of reducing costs and minimizing risks.

Application

This policy applies to all Perennial Group, directors, officers and employees.

Policy

Perennial's commitment to Environmental Sustainability is considered part of our business culture and as such is intended to form part of, and to support, all Perennial activities. The Perennial Boards recognise their corporate responsibilities, not only by reference to obligations under environmental and associated legislation, but as responsible corporate citizens. In this regard we believe that seeking to continuously improve our environmental performance is fundamental to our business success and that sustainability principles should be incorporated into Perennial activities and decision making at all levels.

The following principles underpin Perennial's commitment towards Environmental Sustainability:

- Striving for continual improvement in our environmental performance in ways that are sustainable, practical, commercial, meaningful and cost effective;
- Identifying and monitoring the environmental impacts of Perennial's business activities, where possible, by establishing measurable objectives
- Designing a program for regular review of environmental aspects of our business
- Regularly reviewing and reporting on our environmental management performance to allow a better understanding of, and reasonable transparency with regard to, environmental progress and performance;
- Creating, promoting and communicating an environmentally sustainable and responsible culture across the Perennial community;
- Developing the knowledge and skills of our people and providing resources to facilitate the fulfilment of our environmental responsibilities and goals, including by fostering both accountability for, and recognition of, individual actions;

- Regularly consulting and communicating with staff and relevant stakeholders on environmental matters;
- Seeking out partnerships, where practical and in line with business objectives, designed to achieve company objectives (environmental and otherwise) more effectively and efficiently; • Where appropriate, seeking to positively influence key stakeholders and suppliers to improve their environmental performance and thereby minimise the lifecycle impacts of Perennial's operations;
- Seeking to influence events sponsored or supported by Perennial to be environmentally responsible; and
- Complying with all applicable laws and regulatory requirements whilst aspiring to higher standards.

Obligations

United Nations Principles for Responsible Investment.
Perennial Value has incorporated environmental, social and corporate governance (ESG) in its investment process.

Procedures /
Guidelines/
Checklists

Attachment 1: United Nations Principles for Responsible Investment Principles

Breaches

N/A

Monitoring

TBA

Reports /
Records

N/A

Review and
Amendments

Responsibility for maintaining, reviewing and authorising any change to the policy: Head LRC except where any substantive changes are made which changes need to be approved by Board.

This policy will be reviewed by Head of LRC every two years or earlier on an 'as needs basis' in response to legislative or other changes.

History

Approved by Perennial Board 15 August 2017
Next review by Head of LRC 15 August 2018.

Attachment 1: United Nations Principles for Responsible Investment Principles

The Principles are voluntary and aspirational. They offer a menu of possible actions for incorporating ESG issues:

Principle 1

We will incorporate ESG issues into investment analysis and decision-making processes.

Possible actions:

- Address ESG issues in investment policy statements.
- Support development of ESG-related tools, metrics, and analyses.
- Assess the capabilities of internal investment managers to incorporate ESG issues.
- Assess the capabilities of external investment managers to incorporate ESG issues.
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis.
- Encourage academic and other research on this theme.
- Advocate ESG training for investment professionals.

Principle 2

We will be active owners and incorporate ESG issues into our ownership policies and practices.

Possible actions:

- Develop and disclose an active ownership policy consistent with the Principles.
- Exercise voting rights or monitor compliance with voting policy (if outsourced).
- Develop an engagement capability (either directly or through outsourcing).
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights).
- File shareholder resolutions consistent with long-term ESG considerations.
- Engage with companies on ESG issues.
- Participate in collaborative engagement initiatives.
- Ask investment managers to undertake and report on ESG-related engagement.

Principle 3

We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Possible actions:

- Ask for standardised reporting on ESG issues (using tools such as the Global Reporting Initiative).
- Ask for ESG issues to be integrated within annual financial reports.
- Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact).

- Support shareholder initiatives and resolutions promoting ESG disclosure.

Principle 4

We will promote acceptance and implementation of the Principles within the investment industry.

Possible actions:

- Include Principles-related requirements in requests for proposals (RFPs).
- Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate).
- Communicate ESG expectations to investment service providers.
- Revisit relationships with service providers that fail to meet ESG expectations.
- Support the development of tools for benchmarking ESG integration.
- Support regulatory or policy developments that enable implementation of the Principles.

Principle 5

We will work together to enhance our effectiveness in implementing the Principles.

Possible actions:

- Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning.
- Collectively address relevant emerging issues.
- Develop or support appropriate collaborative initiatives.

Principle 6

We will each report on our activities and progress towards implementing the Principles.

Possible actions:

- Disclose how ESG issues are integrated within investment practices.
- Disclose active ownership activities (voting, engagement, and/or policy dialogue).
- Disclose what is required from service providers in relation to the Principles.
- Communicate with beneficiaries about ESG issues and the Principles.
- Report on progress and/or achievements relating to the Principles using a comply-or-explain approach.
- Seek to determine the impact of the Principles.
- Make use of reporting to raise awareness among a broader group of stakeholders.