



LEA 02	Disclosures: Mandatory	Reason for interaction
Individual/ internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making in & company's material ESG issues <input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage in internal staff	
Collaborative engagements	<input type="checkbox"/> To support investment decision-making in & company's material ESG issues <input type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage in collaborative engagements	
Service provider engagements	<input type="checkbox"/> To support investment decision-making in & company's material ESG issues <input type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage in service provider	

# RI TRANSPARENCY REPORT

## 2014/15

Perennial Investment Partners Limited

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	-	n/a							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Public							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	✓	Private	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 14	Examples of ESG engagements	✓	Private		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	✓	Private		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
FI 02	Breakdown of investments by credit quality	✓	Public							✓
FI 03	Description of ESG incorporation	✓	Public	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Private	✓						
FI 06	Types of screening applied	🔒	n/a	✓						
FI 07	Processes to ensure screening is based on robust analysis	🔒	n/a	✓						
FI 08	Processes to ensure fund criteria are not breached	🔒	n/a	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	✓	Private	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	🔒	n/a	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
FI 19	Engagement with corporate issuers	✓	Private		✓					
FI 20	Engagement with government issuers	🔒	n/a		✓					

# Perennial Investment Partners Limited

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

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## Basic Information

OO 01	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 02	Mandatory	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

Australia

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

62

OO 03	Mandatory	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04	Mandatory	Gateway/Peering	General
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**OO 04.1** Indicate the year end date for your reporting year.

30/06/2014

**OO 04.2** Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		18	869	897	567
Currency	AUD				
Assets in USD		17	535	808	656

**OO 04.5** Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

**OO 06**

**Mandatory**

**Descriptive**

**General**

**OO 06.1** To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	60	0
Fixed income – corporate	10	0
Fixed income – government	10	0
Fixed income – other	0	0
Private debt	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0

Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	20	0
Other (1), specify	0	0
Other (2), specify	0	0

Publish our asset class mix as broad ranges

Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 08.1	Indicate the breakdown of your organisation's AUM by market.
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Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0%
	<input type="radio"/> <10%
	<input type="radio"/> 10-50%
	<input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input checked="" type="radio"/> 0%
	<input type="radio"/> <10%
	<input type="radio"/> 10-50%
	<input type="radio"/> >50 %

OO 09	Voluntary	Descriptive	General
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OO 09.1	Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.
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Perennial Investment Partners Limited ('Perennial') is a specialist, active investment management firm, which operates as a group of three specialist boutique businesses. Each boutique is focused on a particular investment discipline. Established in 1999, Perennial now manages over AUD18.8 billion on behalf of institutional and retail investors (as at 30 June 2014).

Perennial's business structure has been designed to create and foster a specialist investment management culture, allowing our investment people to focus on investing, whilst being able to leverage off the support infrastructure of the larger organisation. We believe this environment is attractive to our investment staff as it provides:

- Independence;
- Stability
- Incentives;
- Clarity/Focus; and

- Equity ownership in their own business.

Our key investment staff have the opportunity to own equity in their respective businesses and are therefore single minded in ensuring delivery of performance ahead of benchmark. At the heart of Perennial's equity ownership structure is the philosophy of aligning our investment professionals' interests with those of our clients. This alignment of interests extends to our commitment of astute investing in a responsible manner.

Each of the Perennial boutiques are separate in nature: personnel, asset class, investment process, inputs, philosophy. Whilst many of the boutiques have similar applications to responsible investing, these differences may also result in a variation in the manner of application. We are supportive of these variations, as diversity in the boutique's approaches can bring with it more robust ideas.

Given our boutique nature and resourcing constraints, a collegiate approach to implementation was established to brainstorm, debate and implement our UNPRI commitments. Our collegiate approach established the Perennial Sustainability Committee.

## Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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OO 10.1	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.
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- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- None of the above

OO 11	Mandatory	Gateway	General
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OO 11.1	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.
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- Fixed income – corporate
- Fixed income – government
- Cash
- None of the above

OO 11.3	Additional information. [Optional]
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As Perennial Fixed Interest only invests in Australian Government and Semi-Government bonds ESG issues are generally not a concern for this type of government investment.

OO 12	Mandatory	Gateway	General
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OO 12.1	The modules and sections that you will be required to complete are listed below.
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*This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may*

report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

**Core modules**

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Direct - Fixed Income

- Fixed Income - Corporate

**Closing module**

- Closing module

# Perennial Investment Partners Limited

## Reported Information

### Public version

### Overarching Approach

## PRI disclaimer

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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**OA 01.1** Indicate if you have a responsible investment policy.

- Yes
- No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes
- No

**OA 01.3** Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

As a fund manager, Perennial Investment Partners Limited (Perennial) and related entities (Perennial Value Management, Perennial Growth Management and Perennial Fixed Interest) has significant investments in the equity and fixed interest markets. The responsible investment policy (titled Corporate Governance Proxy Voting Policy Environmental and Social Issues) guidelines are aimed at assisting Perennial to engage and communicate with companies on ESG issues to exercise its voting rights in a manner designed to ensure effective ESG of the entities in which it invests. The policy also states how these outcomes should be communicated to clients.

OA 02	Mandatory	Core Assessed	PRI 6
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**OA 02.1** Indicate if your responsible investment policy is publicly available.

- Yes

**OA 02.2** Provide a URL to your responsible investment policy.

URL

[http://www.perennial.net.au/\\_data/assets/pdf\\_file/0018/4581/Perennial\\_Corp\\_Gov\\_Policy\\_-\\_November\\_2012.pdf](http://www.perennial.net.au/_data/assets/pdf_file/0018/4581/Perennial_Corp_Gov_Policy_-_November_2012.pdf)

- No

**OA 02.3** Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- Yes
  - Yes, all
  - Yes, some

**OA 02.4** List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Perennial's Commitment to ESG	<a href="http://www.perennial.net.au/about_us/ESG">http://www.perennial.net.au/about_us/ESG</a>

No

**OA 03** **Mandatory** **Core Assessed** **PRI 1,2**

**OA 03.1** Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**OA 04** **Mandatory** **Core Assessed** **General**

**OA 04.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

- Yes
- No

**Objectives and strategies**

**OA 05** **Mandatory** **Gateway/Core Assessed** **General**



**OA 05.1**

Indicate if your organisation sets objectives for its responsible investment activities.

Yes

**OA 05.2**

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
- Less than once per year

**OA 05.3**

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
  - Biannually
  - Annually
  - Every two years or less
  - It is not reviewed
- No

## Governance and human resources

**OA 07**

Voluntary

Descriptive

General

**OA 07.1**

Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

Given our Boutique structure, where each investment team is independent and undertakes a different approach, the implementation of ESG principles into our business is on a collegiate basis via the Sustainability Committee.

The Perennial Sustainability Committee continually reviews and improves our ESG practices. The Committee aims to bring together all aspects of the business, to improve stakeholder management and reporting, and to develop and implement business initiatives.

The Committee is represented by:

- Perennial Sales and Marketing (Chairman)
- Perennial Value
- Perennial Growth
- Perennial Fixed Interest
- Perennial Legal, Risk and Compliance
- Perennial Operations.

The Committee is a conduit for communications on ESG issues throughout the business.

I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

**OA 08**

Mandatory

Gateway/Core Assessed

General

OA 08.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
- Other Chief-level staff or head of department, specify
  - General Manager - Business Services**
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- External managers or service providers
- Other role, specify
- Other role, specify

OA 08.2

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

0

OA 08.3

Additional information. [Optional]

Each of Perennial's boutiques has a team member who along with their Portfolio Management or analyst responsibilities is responsible for coordinating, recording and implementing ESG issues and engagement within the team and represents the boutique on Perennial's Sustainability Committee.

OA 09

Voluntary

Additional Assessed

General

OA 09.1

Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.

**Board members/Board of trustees**

- Responsible investment included in personal development and/or training plan
- None of the above

**Other C-level staff or head of department**

General Manager - Business Services

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Portfolio managers**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Investment analysts**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

<b>OA 09.3</b>	Provide any additional information on your organisation’s performance management, reward and/or personal development processes in relation to responsible investment.
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As part of Perennial's annual training requirements all staff must do at least one hours ESG training per year. Many staff, especially on the investment side, far exceed this requirement.

**Promoting responsible investment**

<b>OA 10</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 4,5</b>
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<b>OA 10.1</b>	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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**Select all that apply**

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify  
RIAA

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify  
ESG Research Australia

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

**OA 10.2** Additional information. [Optional]

Perennial also subscribes to external ESG advisers for research including Sustainable Investment Research Institute (SIRIS) for the provision of sustainability scoring reports on listed Australian companies and Guerdon Associates who are remuneration specialists who provide executive and director remuneration, performance management, governance and employee equity data.

**OA 11**

**Mandatory**

**Core Assessed**

**PRI 4**

**OA 11.1**

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

**OA 11.2**

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

Internal staff training, promotion of ESG in client reports regardless of if client requests such information, including ESG process and information in external presentations.

No

## ESG issues in asset allocation

**OA 13**

**Voluntary**

**Descriptive**

**PRI 1**

<b>OA 13.1</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
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Yes

No

<b>OA 13.3</b>	Additional information.
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Each of Perennial's boutiques applies ESG at an individual stock level. If there was ESG concerns about a particular geographic market this be picked up in the stock screening process. All Perennial boutiques only invest in or lend to Australian companies.

<b>OA 14</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>OA 14.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

<b>OA 14.2</b>	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	% of total AUM
--	----------------

0.3

<b>OA 14.3</b>	Please specify which thematic area(s) you invest in and provide a brief description.
----------------	--

	Area
--	------

Clean technology (including renewable energy)

	Asset class invested
--	----------------------

Listed equity

Fixed income - corporate

Cash

	Brief description of investment
--	---------------------------------

Invest directly into listed renewable energy securities.

Green buildings

Sustainable forestry

Sustainable agriculture

Asset class invested
----------------------

- Listed equity
- Fixed income - corporate
- Cash

Brief description of investment
---------------------------------

Research into various listed sustainable agricultural companies and assessing their sustainable attributes.

- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health

Asset class invested
----------------------

- Listed equity
- Fixed income - corporate
- Cash

Brief description of investment
---------------------------------

Investing directly into global healthcare or biotech securities where their activities would have a beneficial impact on global health criteria.

- Water
- Other area, specify
- No

**Asset class implementation not reported in other modules**

<b>OA 15</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>General</b>
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<b>OA 15.1</b>	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
----------------	--

<b>Asset Class</b>	<b>Describe what processes are in place and the outputs or outcomes achieved</b>
Cash	The assets that we purchase for our cash portfolios are subject to the same credit review process that is applied to all credit investments, and this includes ESG considerations. Therefore ESG issues are addressed in the same manner in our cash portfolios as in our other portfolios.

**Assurance of responses**

OA 19	Voluntary	Additional Assessed	General
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<b>OA 19.1</b>	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.
----------------	---

- Yes
- No



# Perennial Investment Partners Limited

## Reported Information

### Public version

### Direct - Listed Equity Incorporation

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

LEI 01	Mandatory to Report Voluntary to Disclose	Gateway/Peering	PRI 1
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### LEI 01.1

Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.

#### Strategies

- Passive
- Active – quantitative (quant)
- Active – fundamental and other active strategies

#### % of internally managed listed equities

- <10%
- 10-50%
- >50%

LEI 02	Voluntary	Descriptive	PRI 1
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### LEI 02.1

Provide a brief overview of how you incorporate ESG issues into listed equity investments.

Perennial believes that the quality of management is a critical factor in determining the likely future performance of a company. As a result, Perennial places considerable weight on management quality when assessing the attractiveness of a company as a potential investment. ESG considerations are among the factors contributing to the overall assessment of the quality of management of companies being analysed. Further, failure to consider ESG issues can increase the risks associated with an investment. Therefore this is taken into account as it is considered by Perennial as a risk of investing.

Perennial Value and Perennial Growth, take ESG considerations into account as part of their fundamental research on all companies. While each boutique incorporate ESG in a slightly different manner due to their underlying processes and philosophy's, there are common principles underpinning activities.

1. When analysing a company for possible inclusion in the portfolio, the Analyst responsible must complete an ESG analysis. Specific ESG questions are asked directly of a company and these vary depending on the particular company's industry and operations.
2. The Perennial boutiques also actively promote the development or extension of company specific Sustainability Reports.
3. The Perennial boutiques actively promote the provision of ESG research by brokers. This may occur by specific requests for this information; annual broker panel assessment or explicit promotion through involvement in third party lobby groups.
4. The Perennial boutiques have access to third party assessment of ESG issues where required. This may include access to CGI Glass Lewis or Riskmetrics analysis of a company. This information is used as a sounding board only. It is the boutique's intimate company knowledge and internally generated research which will be used for decision making on ESG issues.
5. Where an investment fails the boutiques ESG criteria, this investment is no longer eligible for inclusion in the portfolio.

## ESG incorporation in actively managed listed equities

### Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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#### LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	 99.6
--	----------

- Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	 0.4
--	---------

- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

Total actively managed listed equities

100%

#### LEI 03.2

Describe your primary reasons for choosing a particular ESG incorporation strategy.

The majority of Perennial's equity investments (99.6% of AUM) use an integration strategy to incorporate ESG as we believe this strategy is the most appropriate and meaningful way to integrate ESG considerations to our investment process. This strategy places the integration of ESG on the same level as other important key metrics that are considered when analysing sound companies to invest in.

**LEI 03.3**

Where assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

Perennial Growth incorporates ESG using the screening process for the Perennial Socially Responsive Shares Trust and for a discrete mandate (3.2% or AUD78.5m of the Perennial Growths FUM). The portfolio invests using a stakeholder model. This model aims to highlight those companies that deliver sustainable returns, assessed not only by financial factors but also through assessing social, labour, ethical and environmental measures. In addition to positive screening, we also use negative screens to exclude companies associated with unacceptable sectors, industries, and/or activities. Our research for this portfolio is augmented by independent research on social responsibility in the Australian market place.

**LEI 04****Voluntary****Additional Assessed****PRI 1****LEI 04.1**

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

**Type of ESG information**

- Raw ESG company data

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Company-related analysis or ratings

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Sector-related analysis or ratings

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Country-related analysis or ratings

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Screened stock list
- ESG issue-specific analysis or ratings
- Other, specify

<b>LEI 04.2</b>	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
-----------------	---

As shown above, Perennial collects ESG research from a range of sources including but not limited to internal fundamental research, extensive company meetings, public available sustainability and company reports, external ESG providers such as SIRIS, Guerdon Associates, CGI Glass Lewis and Bloomberg. This research allows Perennial's analysts to form their own view on each company and the ESG issues that may surround it and integrate this into the company's valuation.

To promote quality research from the sell-side we discuss ESG issues with broking analysts so they are aware that we value their input. More formally, we include the quality of ESG research as part of our Broker panel analysis. Each broker is assessed during this analysis with these results used to allocate brokerage.

<b>LEI 04.3</b>	Indicate if you incentivise brokers to provide ESG research.
-----------------	--

Yes

<b>LEI 04.4</b>	Describe how you incentivise brokers.
-----------------	---------------------------------------

Brokers are incentivised to provide ESG research by two methods:

6. An important factor in the Annual Broker review is the quality and amount of ESG research a broker provided over the previous year. This is a key factor in determining the percentage of brokerage that will be allocated to the broker over the upcoming year. Other factors that form the end rating include level of service, quality of company analysis etc.
7. Brokers can also be incentivised and rewarded for quality ESG research by tagging them in trades. An example of when this may occur is if a broker was to provide a high quality report on ESG which may be company, sector or country specific.

No

<b>LEI 05</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>LEI 05.1</b>	Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.
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- Engagement
  - We have a systematic process to ensure the information is made available.
  - We occasionally make this information available.
  - We do not make this information available.
- (Proxy) voting
  - We have a systematic process to ensure the information is made available.
  - We occasionally make this information available.
  - We do not make this information available.

**(A) Implementation: Screening**

<b>LEI 06</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>LEI 06.1</b>	Indicate and describe the type of screening you apply to your internally managed active listed equities.
-----------------	--

**Type of screening**

- Negative/exclusionary screening

**Screened by**

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

	Description
--	-------------

For the Perennial Growth Socially Responsive Strategy, the investment universe is categorised into highly positive companies, which are distinguished by positive environmental or social activities; unacceptable industries; and those in between, as detailed below.

**Negative Exclusions - Unacceptable Industries**

- Uranium
- Gaming
- Tobacco
- Armaments
- Loggers of old growth forests
- Inhumane animal testing

Positive/best-in-class screening

**Screened by**

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description
-------------

For the Perennial Growth Socially Responsive Strategy, the investment universe is categorised into highly positive companies, which are distinguished by positive environmental or social activities; unacceptable industries; and those in between, as detailed below.

Positive Inclusions - Environmental or Social benefit including:

- Renewable Energy
- Energy Efficiency
- Remediation of polluted environments
- Human Health
- Reforestation

Norms-based screening

LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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Socially responsive investing is achieved by both screening for those companies in unacceptable industries and screening for those companies that are regarded as most socially responsive.

LEI 07	Mandatory	Core Assessed	PRI 1
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**LEI 07.1** Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

**(C) Implementation: Integration of ESG issues**

**LEI 11** **Mandatory** **Core Assessed** **PRI 1**

**LEI 11.1** Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

**LEI 12** **Voluntary** **Additional Assessed** **PRI 1**



**LEI 12.1**

Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Company information and/or ratings on ESG are updated regularly
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

**LEI 12.2**

Describe how ESG information is held and used by your portfolio managers.

- ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

**LEI 13****Mandatory to Report Voluntary to Disclose****Core Assessed****PRI 1****LEI 13.1**

Indicate into which aspects of investment analysis you integrate ESG information.

- (Macro) economic analysis
- Industry analysis
  - Systematically
  - Occasionally
- Analysis of company strategy and quality of management
  - Systematically
  - Occasionally
- Idea generation
- Portfolio construction
  - Systematically
  - Occasionally
- Fair value/fundamental analysis
  - Systematically
  - Occasionally

<b>LEI 13.2</b>	Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis.
-----------------	--

- Adjustments to income forecasts (sales, earnings, cash flows)
- Adjustments to valuation tools (discount rates, return forecasts, growth rates)
- Other adjustments to fair value projections, specify
- Other, specify

## Outputs and outcomes

<b>LEI 15</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>LEI 15.1</b>	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
-----------------	---

- Screening
- Integration of ESG issues

	Select which of these effects followed your ESG integration:
--	--

- Reduce or prioritise the investment universe
- Overweight/underweight at sector level
- Overweight/underweight at stock level
- Buy/sell decisions
- Other, specify
- None of the above

<b>LEI 16</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>LEI 16.1</b>	Indicate whether your organisation measures how your approach to ESG issues in Listed Equity investments has affected financial and/or ESG performance.
-----------------	---

- We measure whether our approach to ESG issues impacts funds' financial performance
- We measure whether our approach to ESG issues impacts funds' risk or volatility
- We measure whether our approach to ESG issues impacts funds' ESG performance
- None of the above

## Communication

<b>LEI 18</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>
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<b>LEI 18.1</b>	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.
-----------------	---

- We disclose it publicly

Provide URL

[http://www.perennial.net.au/about\\_us/ESG](http://www.perennial.net.au/about_us/ESG)

**LEI 18.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes
- No

**LEI 18.3**

Indicate the information your organisation proactively discloses to the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

**LEI 18.4**

Indicate how frequently you typically report this information to the public.

- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify

**LEI 18.5**

Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

**LEI 18.6**

Indicate how frequently you typically report this information to clients/beneficiaries.

- Quarterly or more frequently
  - Between quarterly and annually
  - Less frequently than annually
  - Other, specify
- We disclose it to clients and/or beneficiaries only
  - We do not proactively disclose it to the public and/or clients/beneficiaries

**LEI 18.7**

Additional information. [Optional]

While the above link provides a broad approach to ESG incorporation Perennial happily provides a detailed explanation of each boutique's ESG incorporation strategy, along with recent company examples, should a member of the public be interested in further details. Examples of when and how ESG has been incorporated are included in quarter commentaries which are available publically.

# Perennial Investment Partners Limited

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

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## Engagement

### Overview

LEA 01	Voluntary	Descriptive	PRI 2
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**LEA 01.1** Provide a brief overview of your organisation's approach to engagement.

It is Perennial's policy that our investment managers should improve and uphold the governance of the entities in which we invest, together with competence and integrity of management. The long-term interest of our investors is our central ethos. For corporate governance to be effective, it is necessary for us and other shareholders to be willing to act as owners of companies and to express our views to boards of directors, as well exercising our voting rights.

Perennial engages with companies on governance issues often. This is conducted by each individual analyst and with any concerns or changes being discussed at the teams weekly meeting. Perennial's policy is to vote on all company resolutions, where we have the ability to do so. We believe that voting rights are a valuable asset and should be held in high regard. We try to vote 'yes' or 'no' in all circumstances. We prefer not to 'abstain' from any vote.

Perennial has a Corporate Governance, Proxy Voting and Environmental and Social Issues Policy which outlines our engagement process.

LEA 02	Mandatory	Gateway	PRI 1,2,3
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**LEA 02.1** Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

## Process

### Process for engagements run internally

<b>LEA 03</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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#### LEA 03.1

Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

Yes

#### LEA 03.2

Describe how you identify and prioritise engagements.

Perennial engages with companies on governance issues often. This is conducted by each individual analyst and with any concerns or changes being discussed at the teams weekly meeting.

Perennial should vote on all company resolutions considered at general meetings where it has the voting authority and responsibility to do so, regardless of the materiality of the resolution.

Voting rights are a valuable asset which should be managed with the same care and diligence as any other asset. Ultimately, shareholders' ability to influence management depends on shareholders' willingness to exercise those rights.

Perennial generally supports boards by positive use of its voting power unless there is good reason for doing otherwise (for example, a proposal which Perennial believes will damage shareholders' rights or economic interests). Where a board has received steady support over a period of time, it should become a matter of concern for the board if that support is not forthcoming on a particular matter.

If Perennial intends to vote against a proposal, it may consider it appropriate to contact the company in time for the problem to be considered with a view to achieving a satisfactory solution.

Where a satisfactory outcome cannot be achieved on an important issue, the relevant fund manager or delegate may attend the meeting of the company to explain why the proposal is being opposed. In such cases a poll may be demanded to ensure that the vote is duly recorded.

Perennial may abstain from voting on proposals where it is unable to support the resolution but where it believes that it would be against investors' interests to oppose publicly.

Where Perennial does not vote, that decision will be disclosed as part of the voting requirements of this Policy.

All votes must be made in the best interest of the unit holders and clients.

No

LEA 04	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 04.1	Indicate if you define specific objectives for your engagement activities.
----------	--

- Yes
  - Yes, for all engagement activities
  - Yes, for the majority of engagement activities
  - Yes, for a minority of engagement activities
- No

LEA 04.2	Indicate if you monitor the actions that companies take following your engagements.
----------	---

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases

LEA 04.3	Describe how you monitor and evaluate the progress of your engagement activities.
----------	---

Perennial monitors the results and progress of our engagement activities by continuing to have an open dialogue between Perennial and the company's senior executives and board. The analyst responsible for each company continues to seek feedback on the solution or progress of any concerns raised and feeds this back to the investment team through regular team meetings and updated company notes.

No

## Process for engagements conducted via collaborations

LEA 05	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

**LEA 05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

- Yes
- No

**LEA 06**

**Mandatory**

**Core Assessed**

**PRI 2**

**LEA 06.1**

Indicate if the collaborative engagements in which you are involved have defined objectives.

- Yes
  - Yes, for all collaborative engagement activities
  - Yes, for the majority of collaborative engagement activities
  - Yes, for a minority of collaborative engagement activities
- No

**LEA 06.2**

Indicate if you monitor the actions companies take following your collaborative engagements.

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases

**LEA 06.3**

Describe how you monitor and evaluate the progress of your collaborative engagement activities.

Perennial does not often participate in collaborative engagement activities but does so when we feel that this will best represent our clients and there is cause for concern. If we choose to be part of the activities the Portfolio Manager actively participates. Progress is evaluated by the outcome of the engagement and the responsiveness of the company being engaged.

- No

### General processes for all three groups of engagers

**LEA 09**

**Voluntary**

**Additional Assessed**

**PRI 1,2**

**LEA 09.1**

Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.



Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
--------	-----------	-----------------------	-------

LEA 10.1	Indicate if you track the number of engagements your organisation participates in.
----------	--

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

## Outputs and outcomes

LEA 11	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 2
--------	---	---------------	-------

LEA 11.1	Indicate the number of companies with which your organisation engaged during the reporting year.
----------	--

	Number of companies engaged (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	103
Collaborative engagements	0

**LEA 11.2** Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input type="radio"/> > 50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> None
Collaborative engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> None

**LEA 11.3** Indicate what percentage of your collaborative engagements you were a leading organisation on during the reporting year. [Optional]

Type of engagement	% Leading role
Collaborative engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> None

**LEA 12** Voluntary Additional Assessed PRI 2

**LEA 12.1** Indicate if your engagements in the reporting year covered E, S and/or G issues.

Type of engagement	Coverage
Individual / Internal staff engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information
Collaborative engagements	<input type="checkbox"/> Environmental <input type="checkbox"/> Social <input type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information

**LEA 12.2** Provide an estimated breakdown by E, S and/or G issues.

Individual / Internal staff engagements

% Environmental only

5

% Social only

5

% Corporate Governance only

75

% Overlapping ESG issues

15

**100%**

Collaborative engagements

**100%**

<b>LEA 13</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**LEA 13.1** Indicate whether you have a reliable estimate of the number of cases during the reporting year where a company has changed its practices, or made a commitment to do so, following your organisation's and/or your service provider's engagement activities.

- Yes
- No

## Communication

<b>LEA 15</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>
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**LEA 15.1** Indicate whether your organisation proactively discloses information on its engagements.

- We disclose it publicly
- We disclose it to clients and/or beneficiaries only

**LEA 15.5** Indicate what engagement information your organisation proactively discloses to clients/beneficiaries.

## Engagement information disclosed

- Details of the selections, priorities and specific goals of engagement
- Number of engagements
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the engagement
- Outcomes that have been achieved from the engagement
- Other information

### LEA 15.6

#### Indicate how frequently you typically report engagements information

- Disclosed continuously (prior and post engagements)
  - Disclosed quarterly
  - Disclosed annually
  - Disclosed every two years or less
  - Other, specify
- We do not proactively disclose it to the public and/or clients/beneficiaries.

### LEA 15.8

#### Additional information. [Optional]

Perennial's boutiques will always discuss our issues and concerns with the company first, prior to resorting to a further course of action. In some circumstances, Perennial has engaged the press to highlight any corporate governance issues. These issues are obviously disclosed publically. Perennial has also engaged with other investment managers or substantial shareholders to gain a consensus on an issue. However, these are extreme measures and we find it more beneficial to engage the company directly to achieve a better result.

Perennial's boutiques also include a section in their Trust's quarterly commentaries discussing any positive or negative ESG issues over the quarter. These often contain details of engagements undertaken over the period.

Should a client wish to know the number of engagements made by each team we would happily disclose, however, to date, this has not been requested.

## (Proxy) voting and shareholder resolutions

### Overview

LEA 16

Voluntary

Descriptive

PRI 2

### LEA 16.1

Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).

Perennial votes on all company resolutions considered at general meetings where it has the voting authority and responsibility to do so, regardless of the materiality of the resolution.

Voting rights are a valuable asset which should be managed with the same care and diligence as any other asset. Ultimately, shareholders' ability to influence management depends on shareholders' willingness to exercise those rights.

Perennial generally supports boards by positive use of its voting power unless there is good reason for doing otherwise (for example, a proposal which Perennial believes will damage shareholders' rights or economic

interests). Where a board has received steady support over a period of time, it should become a matter of concern for the board if that support is not forthcoming on a particular matter.

If Perennial intends to vote against a proposal, it may consider it appropriate to contact the company in time for the problem to be considered with a view to achieving a satisfactory solution.

Where a satisfactory outcome cannot be achieved on an important issue, the relevant fund manager or delegate may attend the meeting of the company to explain why the proposal is being opposed. In such cases a poll may be demanded to ensure that the vote is duly recorded.

Perennial may abstain from voting on proposals where it is unable to support the resolution but where it believes that it would be against investors' interests to oppose publicly.

Where Perennial does not vote, that decision will be disclosed as part of the voting requirements of this Policy.

All votes must be made in the best interest of the unit holders and clients.

## Process

LEA 17	Mandatory	Descriptive	PRI 2
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LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
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Approach
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- We use our own research or voting team and make our own voting decisions without the use of service providers.
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

Based primarily on
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- the service provider voting policy signed off by us
- our own voting policy
- our clients requests or policy
- other, explain
- We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) which make voting decisions on our behalf.

LEA 17.2	Additional information.[Optional]
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The Perennial boutiques have access to third party assessment and analysis of a company from providers such as CGI Glass Lewis or Riskmetrics. This information is used as a sounding board only. It is the boutique's intimate company knowledge, company meetings with management and internally generated research which will ultimately determines how each team votes.

Each team votes in line with Perennial's voting policy however we do vote in line with a clients policy at their request. If we had strong concerns about a certain resolution and vote we would engage the client to discuss our reasons with them.

LEA 19	Voluntary	Descriptive	PRI 2
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<b>LEA 19.1</b>	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.
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- Obtain confirmation that votes have been received by the company:
- Participate in projects to improve the voting trail and/or to obtain vote confirmation
- None of the above

<b>LEA 19.2</b>	Provide additional information on your organisation's vote confirmation efforts.
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Perennial has authorised Glass Lewis through their VeivPoint product to lodge our votes for us via the various platforms available to us (Broadridge, ProxyEdge etc). By way of audit Glass Lewis can extract lodgement reports on our behalf to show evidence that our votes were lodged within the meeting timeframes. Part of our internal/external audit process is to sign off that we have lodged our votes in accordance with the fund managers' wishes.

<b>LEA 20</b>	Voluntary	Additional Assessed	PRI 2
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<b>LEA 20.1</b>	Indicate if your organisation has a securities lending programme.
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- Yes
- No

<b>LEA 21</b>	Mandatory	Core Assessed	PRI 2
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<b>LEA 21.1</b>	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
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- Yes, in most cases
- Sometimes, in the following cases:
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

<b>LEA 21.2</b>	Additional information. [Optional]
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## Outputs and outcomes

<b>LEA 22</b>	Mandatory	Core Assessed	PRI 2
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<b>LEA 22.1</b>	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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- We do track or collect this information

Votes cast (to the nearest 1%)

%

100

Specify the basis on which this percentage is calculated




- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted
- We do not track or collect this information

<b>LEA 23</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**LEA 23.1** Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.

- Yes, we track this information

**LEA 23.2** Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	 <p>95.9</p>
Against (opposing) management recommendations	 <p>4.1</p>
Abstentions	 <p>0</p>

100%

- No, we do not track this information

<b>LEA 24</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**LEA 24.1** Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.

- Yes
- No

## Communication

**LEA 26** **Mandatory** **Core Assessed** **PRI 2,6**

**LEA 26.1** Indicate if your organisation proactively discloses information on your voting activities.

- We disclose it publicly

provide URL

[http://www.perennial.net.au/\\_data/assets/pdf\\_file/0017/4238/131231\\_Perennial-Proxy-Voting-Record.pdf](http://www.perennial.net.au/_data/assets/pdf_file/0017/4238/131231_Perennial-Proxy-Voting-Record.pdf)

**LEA 26.2** Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes
- No

**LEA 26.3** Indicate the voting information your organisation proactively discloses to the public.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided



**LEA 26.4** | Indicate how frequently you typically report voting information to the public.

- Continuously (primarily before meetings)
- Continuously (soon after votes are cast)
- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify

**LEA 26.5** | Indicate the voting information your organisation proactively discloses to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

**LEA 26.6** | Indicate how frequently you typically report voting information to clients/beneficiaries.

- Continuously (primarily before meetings)
  - Continuously (soon after votes are cast)
  - Quarterly or more frequently
  - Between quarterly and annually
  - Less frequently than annually
  - Other, specify
- We disclose it to clients/beneficiaries only
  - We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

# Perennial Investment Partners Limited

## Reported Information

### Public version

#### Direct - Fixed Income

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

FI 01	Mandatory to Report Voluntary to Disclose	Gateway/Peering	PRI 1
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FI 01.1	Provide a breakdown of your internally managed fixed income investments by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your fixed income investments, indicate if you would still like to report your activities.
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Fixed income – corporate
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### Strategies

- Passive
- Active – quantitative (quant)
- Active - fundamental and other active strategies

Percentage of internally managed fixed income - corporate
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- <10%
- 10-50%
- >50%

FI 02	Mandatory to Report Voluntary to Disclose	Peering	General
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FI 02.1	Provide a breakdown of your internally managed fixed income investments by credit quality.
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Credit quality	Fixed Income - Corporate
Investment grade	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
High yield	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Distressed	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%

FI 02.2	Provide a breakdown of your fixed income investments between primary and secondary market.
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Market	Fixed Income - Corporate
Primary market (new issues)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Secondary market	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%

## ESG incorporation in actively managed fixed income

FI 03	Voluntary	Descriptive	PRI 1
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FI 03.1	Provide a brief overview of how you incorporate ESG issues in fixed income investments.
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Fixed Income - Corporate
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Perennial Fixed Interest understands that while managers of equities have made progress in relation to integrating ESG factors into their investment processes, within fixed interest, there are some additional challenges. For fixed interest and debt securities, we see that corporate governance, significant environmental, social and/or reputational factors may play a role in the solvency of borrowing firms and their ability to meet debt obligations or may impact default risk, potentially impairing the value of fixed interest securities. Governance factors may also impact the ability of sovereigns to meet interest obligations. ESG factors are incorporated as part of the credit process when we evaluate issuers. We first ask the question is the company a stable or improving credit story, and then we consider ESG factors.

## Fixed Income - Corporate

### Implementation processes

FI 04	Mandatory	Gateway/Core Assessed	PRI 1
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FI 04.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.
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#### ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	<div style="background-color: #0070C0; color: white; padding: 5px; display: inline-block;">100</div> %
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- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

Total actively managed fixed income - corporate

100%

**FI 04.2** Describe your primary reasons for choosing a particular incorporation strategy.

This strategy best fits with our credit process when we evaluate issuers. We first ask the question is the company a stable or improving credit story, and then we consider ESG factors.

**(C) Implementation: Integration of ESG factors**

<b>FI 11</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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**FI 11.1** Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

## Outputs and outcomes

FI 16	Voluntary	Descriptive	PRI 1
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FI 16.1	Indicate whether your organisation measures how your approach to ESG issues in Fixed Income investments has affected financial and/or ESG performance.
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- We measure whether our approach to ESG issues impacts funds' financial performance
- We measure whether our approach to ESG issues impacts funds' risk or volatility
- We measure whether our approach to ESG issues impacts funds' ESG performance
- None of the above

FI 17	Voluntary	Descriptive	PRI 1
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FI 17.1	Provide examples of ESG issues that affected your fixed income investment view and/or performance during the reporting year.
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- ESG issue 1

	Fixed Income - Corporate and/or Government
<input checked="" type="checkbox"/>	Corporate
	ESG issue and explanation
	One of our existing holdings had some negative ESG developments.
	ESG incorporation strategy applied
<input checked="" type="checkbox"/>	Integration
	Impact on investment view or performance
	We decided to suspend the ability for Perennial to increase our exposure to this company. This meant we could not purchase any of their bonds in the primary or secondary markets, and should our existing holding be sold or mature, the exposure to this company will be 0%

- ESG issue 2
- ESG issue 3
- ESG issue 4
- ESG issue 5

## Communication

FI 18	Mandatory	Core Assessed	PRI 2,6
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**FI 18.1** Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

- We disclose it publicly
- We disclose it to clients/beneficiaries only

**FI 18.5** Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

**FI 18.6** Indicate how frequently you typically report this information.

- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify
- We do not proactively disclose it to the public and/or clients/beneficiaries