

## **BOARD CHARTER**

### **ROLE OF THE BOARD**

- 1 This Board Charter sets out the principles for the operation of the Board and describes the functions of the Board.
- 2 In carrying out its responsibilities, the Board will at all times recognise its overriding responsibility to act honestly, conscientiously and fairly in all respects in accordance with the law applicable to the Company.
- 3 The Board's role includes:
  - 3.1 guiding the Company's strategic direction;
  - 3.2 monitoring the performance of the Investment Manager and its compliance with the terms of the management agreement executed between the Company and the Investment Manager, and wherever required, holding the Investment Manager to account and satisfying itself that the reporting from the Investment Manager to the Board is appropriate;
  - 3.3 monitoring that the Investment Manager is performing its duties in a skilful and diligent manner and that it operates appropriate risk and compliance monitoring programs; and
  - 3.4 overseeing the operation of the Company.
- 4 This Board Charter and the charters adopted by the Board for the committees established by the Board have been adopted on the basis that good corporate governance adds to the performance of the Company and creates shareholder value and engenders the confidence of the investment market.

### **DEFINITIONS**

**Board** means the board of directors of the Company.

**Company** means Perpetual Equity Investment Company Limited ACN 601 406 419.

**Constitution** means the Company's constitution.

**Investment Manager** means Perpetual Investment Management Limited ACN 000 866 535.

**Personnel** means directors (executive or non-executive), officers or employees of the Company.

### **RESPONSIBILITIES OF THE BOARD**

- 5 The Board is responsible for managing the affairs of the Company, including to:

#### **STRATEGIC AND FINANCIAL PERFORMANCE**

- 5.1 provide leadership and develop and approve the Company's corporate strategy, investment and performance objectives;
- 5.2 evaluate, approve and monitor the Company's strategic, investment and financial plans and objectives;
- 5.3 evaluate, approve and monitor the Company's annual budgets and business plans;

- 5.4 determine the Company's dividend policy (if any), dividend re-investment plan (if any) and the amount and timing of all dividends;
- 5.5 evaluate, approve and monitor major capital expenditure, capital management and all major acquisitions, divestitures and other corporate transactions, including the issue of securities, of the Company;
- 5.6 approve all accounting policies, financial reports and material reporting and external communications by the Company;
- 5.7 assess the solvency and performance of the Company;
- 5.8 appoint the Chair of the Board and, where appropriate, any deputy chair or senior independent director appointed to the Board;

#### **EXECUTIVE MANAGEMENT**

- 5.9 appoint, monitor and manage the performance of the Company's executive directors (if any);
- 5.10 manage succession planning for the Company's executive directors (if any) and any other key management positions as identified from time to time, including reviewing any succession plans recommended by the Nomination and Corporate Governance Committee;
- 5.11 where appropriate, appoint and remove any Chief Executive Officer;
- 5.12 where appropriate, ratify the appointment and removal of senior management of the Company and any subsidiaries;
- 5.13 with the advice and assistance of the Nomination and Corporate Governance Committee, review and approve the performance of individual Board members and senior executives as well as any policies concerned with the remuneration of Personnel;
- 5.14 review and approve the remuneration of individual Board members and senior executives, having regard to their performance;
- 5.15 ensure appropriate resources are available to senior executives;
- 5.16 advise senior management of its obligation to provide to the Board all information required by it to discharge its responsibilities, including any information specifically requested by the Board;
- 5.17 oversee senior management's implementation of the Company's strategic objectives;

#### **AUDIT AND RISK MANAGEMENT**

- 5.18 with the recommendation of the Audit and Risk Committee, appoint the external auditor and determine its remuneration and terms of appointment;
- 5.19 ensure effective audit, risk management and regulatory compliance programs are in place to protect the Company's assets and shareholder value;
- 5.20 evaluate, approve and monitor the risk appetite within which the Board expects management of the Company to operate;
- 5.21 approve and monitor the Company's risk and audit framework, including (but not limited to) systems of risk management (for both financial and non-financial risk) and internal compliance and control, and satisfy itself that this risk and audit framework is appropriate;
- 5.22 approve and, with the assistance and advice of the Audit and Risk Committee, monitor compliance with the Company's risk and audit policies and protocols and Code of Conduct including receiving information on material breaches of the Code of Conduct (including the policy on anti-bribery and corruption) and reports of material incidents under the Speak Up Policy;
- 5.23 monitor the Company's operations in relation to, and in compliance with, relevant regulatory and legal requirements;

- 5.24 approve and oversee the integrity of the accounting, financial and other corporate reporting systems and monitor the operation of these systems;

#### **STRATEGIC PLANNING**

- 5.25 engage in strategic planning including establish goals for management of the Company and monitor the achievement of those goals;
- 5.26 ensure strategic planning is based on the identification of opportunities and the full range of business risks that will determine which of those opportunities are most worth pursuing;
- 5.27 on an ongoing basis, review how the strategic environment is changing, what key business risks and opportunities are appearing, how they are being managed and what, if any, modifications in strategic direction should be adopted;

#### **CORPORATE GOVERNANCE AND DISCLOSURE**

- 5.28 oversee the affairs of the Company, including its control and accountability systems;
- 5.29 evaluate the overall effectiveness of the Board, its committees and its corporate governance practices;
- 5.30 regularly, with the assistance and advice of the Nomination and Corporate Governance Committee, review the performance and effectiveness of the Company's corporate governance policies and procedures and, if appropriate, amend those policies and procedures or adopt new policies or procedures;
- 5.31 review and approve all disclosures related to any departures from the Corporate Governance Principles and Recommendations of the Australian Securities Exchange (**ASX**) Corporate Governance Council;
- 5.32 review and approve the public disclosure of any Company policy or procedure;
- 5.33 supervise the public disclosure of all matters that the law and the ASX Listing Rules require to be publicly disclosed in a manner consistent with the Continuous Disclosure Policy;
- 5.34 develop and review an appropriate communications policy to promote effective communication with shareholders and participation at general meetings;
- 5.35 approve the appointment of directors to committees established by the Board and oversee the conduct of each committee;
- 5.36 approve and monitor delegations of authority;
- 5.37 with the assistance of the Nomination and Corporate Governance Committee, identify any specific responsibilities of individual Board members, including the Chair;
- 5.38 with the assistance of the Nomination and Corporate Governance Committee prepare the Company's annual corporate governance disclosure statements as required under the ASX Listing Rules;
- 5.39 with the assistance of the Nomination and Corporate Governance Committee, set measurable objectives to assist the Company to achieve gender diversity and review the Company's progress in meeting these objectives and the effectiveness of these objectives each year;

#### **PERFORMANCE EVALUATION**

- 5.40 at least once per year, with the advice and assistance of the Nomination and Corporate Governance Committee, review and evaluate the performance of the Board, each board committee, and each individual director against the relevant charters, policies and goals and objectives;
- 5.41 following each review and evaluation, consider how to improve performance;
- 5.42 agree and set the goals and objectives for the Board and its committees each year, and if necessary, amend the relevant charters, policies and goals and objectives; and

- 5.43 review and approve the remuneration of the Company's Personnel and satisfying itself that such remuneration is aligned with the Company's purpose, values, strategic objectives and risk appetite.

## STRUCTURE OF THE BOARD

### OVERVIEW

- 6 Subject to the requirements in paragraph 8 below and the terms of the Constitution, the Board, with the recommendation of the Nomination and Corporate Governance Committee, determines its size and composition. The continued tenure of each individual director is subject to re-election from time to time, in accordance with the Board Tenure and Performance Policy, the Constitution and the ASX Listing Rules.
- 7 It is intended that the Board should comprise a majority of independent directors, and comprise directors with a broad range of skills, expertise, and experience from a diverse range of backgrounds that is relevant to the Company and its strategy.

### BOARD COMPOSITION

- 8 The Board shall comprise at least three directors and comprise a majority of independent directors.

### CRITERIA FOR AN "INDEPENDENT" DIRECTOR

- 9 Where the Charter of a board committee requires one or more "independent" directors, the following criteria are to be applied.
- 10 In determining if a non-executive director is independent, the Board will consider if the Director:
- 10.1 is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial shareholder (as defined in the Corporations Act 2001 (Cth)) of the Company;
  - 10.2 is or has been employed in an executive capacity by the Company or another group member and there has not been a period of at least three years between ceasing such employment and serving on the Board;
  - 10.3 receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;
  - 10.4 is or has been within the last three years in a material business relationship (eg. a supplier, professional adviser, consultant or customer) of the Company or another group member, or is an officer of or otherwise associated directly or indirectly with someone with such a relationship ;
  - 10.5 has close personal ties with any person who falls within any of the categories described above;
  - 10.6 has served on the Board for such a period that their independence from management and substantial holders may have been compromised; and
  - 10.7 is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company as a whole rather than in the interests of an individual security holder or other party.
- 11 Family ties and cross-directorships may be relevant in considering interests and relationships which may compromise independence and should be disclosed by directors to the Board.
- 12 The Board should regularly assess whether each non-executive director is independent. Each non-executive director should provide to the Board all information that may be relevant to this assessment. If a director's independent status changes, this should be disclosed and explained to the market in a timely manner.

## **DIRECTORS' RESPONSIBILITIES**

- 13 Each director of the Company is bound by the Company's charters and policies, including:
  - 13.1 Code of Conduct;
  - 13.2 Securities Trading Policy;
  - 13.3 Continuous Disclosure Policy;
  - 13.4 Diversity Policy;
  - 13.5 Shareholder Communications Policy;
  - 13.6 Risk Management Policy;
  - 13.7 Board Tenure and Performance Policy;
  - 13.8 Audit and Risk Committee Charter;
  - 13.9 Nomination and Corporate Governance Committee Charter;
  - 13.10 Privacy Policy;
  - 13.11 Dividend Policy; and
  - 13.12 Speak Up Policy.
- 14 The directors of the Company should:
  - 14.1 conduct their duties at the highest level of honesty and integrity;
  - 14.2 observe the rule and the spirit of the laws to which the Company is bound and comply with any relevant ethical and technical standards;
  - 14.3 maintain the confidentiality of all information acquired in the course of conducting their role and not make improper use of, or disclose to third parties, any confidential information unless that disclosure has been authorised by the Board or is required by law or by the ASX Listing Rules;
  - 14.4 observe the principles of independence, accuracy and integrity in dealings with the Board, board committees, internal and external auditors and senior management within the Company;
  - 14.5 act in accordance with this Board Charter and disclose to the Board any possible, actual or perceived conflicts of interest, whether of a direct or indirect nature, of which the director becomes aware and which the director reasonably believes is material, in that it may or may be perceived to influence their vote or compromise the reputation or performance of the Company; and
  - 14.6 set a standard of honesty, fairness, integrity, diligence and competency in respect of the position of director.

## **ROLE OF THE CHAIR**

### **OBJECTIVE**

- 15 The Company recognises that it is important that the Chair has a defined role in the organisation and operates in accordance with clear functional lines.
- 16 The role of Chair requires a significant time commitment. The Chair's other positions should not be such that they are likely to hinder effective performance in the role.

### **SPECIFIC DUTIES OF THE CHAIR**

- 17 The Chair will:
  - 17.1 chair board meetings;

- 17.2 establish the agenda for Board meetings, in consultation with the directors and the Company Secretary; and
- 17.3 chair meetings of shareholders, including the Annual General Meeting of the Company.
- 18 The Chair is responsible for:
  - 18.1 leadership of the Board and for the efficient organisation and conduct of the Board's functions; and
  - 18.2 facilitating the effective contribution of all directors and promoting constructive and respective relations between directors and between Board and management.

## **ROLE OF THE CHAIR**

- 19 The Chair will be a non-executive director. The Chair will be selected on the basis of relevant experience, skill, judgement and leadership abilities to contribute to the effective direction of the Company.
- 20 The roles of Chair and Chief Executive Officer (if appointed) will be exercised by two separate individuals.

## **SPECIFIC DUTIES OF THE EXECUTIVE DIRECTORS AND CHIEF EXECUTIVE OFFICER**

- 21 The executive directors and Chief Executive Officer (if appointed) will be responsible for the day to day management of the Company.

## **CONFIDENTIAL INFORMATION AND EXTERNAL COMMUNICATION**

- 22 The Board has established the following principles to apply in respect of information of the Company:
  - 22.1 generally, the Chair will speak for the Company. Individual Board members are expected not to communicate on behalf of the Board or the Company without prior consultation with the Chair;
  - 22.2 any disclosure of information to a shareholder which is not disclosed to the market must be approved under the Continuous Disclosure Policy and must comply with the ASX Listing Rules; and
  - 22.3 all directors are required to keep all information provided to them in their capacity as a director confidential, subject to paragraph 14.3 above.

## **CONFLICTS OF INTEREST**

- 23 The directors of the Company should act in a manner which is consistent with the best interests of the Company as a whole, free of any possible, actual or perceived conflicts of interest.
- 24 If a director considers that they might be in a position where there is a reasonable possibility of conflict between their personal or business interests, the interests of any associated person, or their duties to any other company, on the one hand, and the interests of the Company or their duties to the Company, on the other hand, the director must:
  - 24.1 fully and frankly inform the Board about the circumstances giving rise to the conflict;
  - 24.2 if requested by the Board, within seven days or such further period as may be permitted, take such steps necessary and reasonable to manage or avoid any conflict of interest; and
  - 24.3 abstain from voting on any motion relating to the matter and absent themselves from all board deliberations relating to the matter, including receipt of Board papers bearing on the matter.
- 25 If a director believes that they may have a conflict of interest or duty in relation to a particular matter, the director should immediately consult with the Chair (or, in the case of the Chair, the Chair should immediately consult with the other non-executive directors).

## RELATED PARTY TRANSACTIONS

- 26 The Board has delegated to the Audit and Risk Committee responsibility for reviewing and monitoring related party transactions and investments involving the Company and its directors.

## MEETINGS

### OVERVIEW

- 27 The Board will meet not less than four times formally per annum and as frequently as may otherwise be required to deal with urgent matters.
- 28 A meeting of the Board will usually be convened by the Chair.
- 29 All directors are expected to diligently prepare for, attend and participate in all Board meetings. At a minimum, a quorum of directors under the Constitution is two directors. Meetings of the Board may be held or participated in by conference call or similar means. Resolutions of the Board may be passed by circular resolution or in writing in accordance with the Constitution.
- 30 The Chair should ensure the availability and, if necessary, the attendance at the relevant meeting, of any Personnel responsible for a matter included as an agenda item at the relevant meeting.

### AGENDA

- 31 An agenda will be prepared for each Board and Board committee meeting. The agenda will be prepared by the Company Secretary.
- 32 The following items will be standing items on the agenda unless otherwise determined by the Chair:
- 32.1 approval of minutes of previous Board meeting;
  - 32.2 items requiring Board approval;
  - 32.3 consideration of any continuous disclosure matters;
  - 32.4 directors' declarations; and
  - 32.5 matters arising from minutes of previous Board meeting (*Note: directors are expected to review the minutes carefully and raise any concerns, requested amendments or seek clarification in the following Board meeting*).

## BOARD COMMITTEES

- 33 In order to fulfil its duties, the Board has established the following committees:
- 33.1 the Audit and Risk Committee, which is responsible for monitoring and advising the Board on the Company's audit, risk management and regulatory compliance policies and procedures; and
  - 33.2 the Nomination and Corporate Governance Committee, which is responsible for advising the Board on the composition of the Board and its committees, reviewing the performance of the Board, its committees and the individual directors, ensuring that proper succession plans are in place and advising the Board on the effectiveness of its corporate governance policies and developments in corporate governance.
- 34 Although the Board may delegate powers and responsibilities to these committees, the Board retains ultimate accountability for discharging its duties.
- 35 The composition of the membership, including the Chair, of each of these committees will be as determined by the Board from time to time, subject to the following restrictions:
- 35.1 the Audit and Risk Committee must comprise at least three non-executive directors the majority of whom will be independent; and
  - 35.2 the Nomination and Corporate Governance Committee must comprise at least three members the majority of whom will be independent directors.

- 36 The Board will consider and approve the charters of the various committees. These charters will identify the areas in which the Board will be assisted by each committee.
- 37 Each committee will report regularly to the Board in accordance with its charter.

## **COMPANY SECRETARY**

- 38 The Company Secretary is directly accountable to the Board through the Chair, unless delegated by the Board to another appropriate person. The company secretary's role is to:
- 38.1 advise the Board and its committees on governance matters;
  - 38.2 coordinate all Board business including:
    - 38.2.1 prepare agendas;
    - 38.2.2 coordinate the timely completion and despatch of Board and committee papers;
    - 38.2.3 ensure the business at Board and committee meetings is accurately captured in the minutes;
    - 38.2.4 lodge communications and filings with the ASX;
  - 38.3 monitor compliance with Board and committee policy and procedures; and
  - 38.4 establish and implement programs for the induction and professional development of directors, including on new and emerging risks or business or governance issues.
- 39 The Board will appoint at least one company secretary. Appointment and removal of a company secretary will be subject to Board approval.
- 40 All directors will have direct access to the company secretary.

## **INDEPENDENT ADVICE**

- 41 A director of the Company is entitled to seek independent professional advice (including, but not limited to, legal, accounting and financial advice) at the Company's expense on any matter connected with the discharge of their responsibilities, in accordance with the procedures and subject to the conditions set out below:
- 41.1 a director must seek the prior approval of the Chair;
  - 41.2 in seeking the prior approval of the Chair, the director must provide the Chair with details of the nature of the independent professional advice, the likely cost of the advice and details of the adviser they propose to instruct;
  - 41.3 the Chair may set a reasonable limit on the amount that the Company will contribute towards the cost of obtaining the advice;
  - 41.4 all documentation containing or seeking independent professional advice must clearly state that the advice is sought both in relation to the Company and to the director in their personal capacity. However, the right to advice does not extend to advice concerning matters of a personal or private nature, including for example, matters relating to the director's contract of employment with the Company (in the case of an executive director) or any dispute between the director and the Company; and
  - 41.5 the Chair may determine that any advice received by an individual director will be circulated to the remainder of the Board.
- 42 All directors are entitled to the benefit of the Company's standard Deed of Access, Indemnity and Insurance which provides ongoing access to Board papers and, at the Company's expense, directors and officers insurance.

## **REMUNERATION**

- 43 The level of director remuneration will be approved by the Board as noted in paragraph 5.14 or by shareholders as the Constitution may require.



## **ANNUAL REVIEW**

- 44 The Board will review and prepare annually:
- 44.1 a self-evaluation of its performance against this Charter;
  - 44.2 recommended goals and objectives for the coming year; and
  - 44.3 recommended changes or improvements to this Charter if necessary.
- 45 The annual review may be done by way of a discussion in the relevant Board meeting or by way of a report by the Chair, or some other independent director nominated by the Board.

## **REVISIONS OF THIS CHARTER**

- 46 This Board Charter and any amendments to it must be approved by each director of the Company.
- 47 Each director is responsible for review of the effectiveness of this Charter and the operations of the Board and to make recommendations to the Board of any amendments to this Board Charter.

## **COMPANY CONSTITUTION**

- 48 To the extent of any inconsistency, the Company's constitution prevails over this Board Charter.