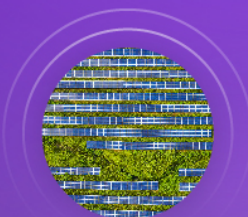
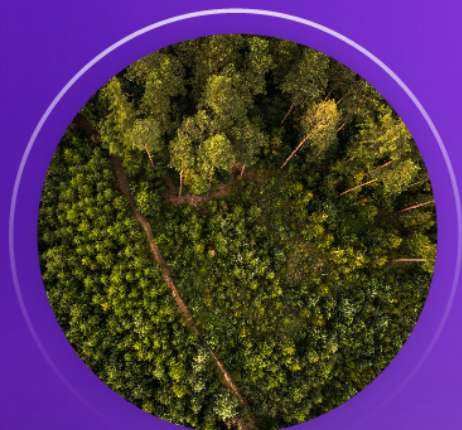


The future is worth investing in



Introduction and Purpose

The corporate governance policies of the Company and its subsidiaries (**Pendal Group or Group**) are considered in light of the fourth edition of the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council (**ASX Recommendations**) and other relevant standards or guidelines, to ensure that they reflect market practice and the expectations of stakeholders.

This Corporate Governance Statement sets out the extent to which the corporate governance practices of Pendal Group Limited (**the Company**) for the year ended 30 September 2021 follow ASX Recommendations. This statement also addresses:

- the corporate governance framework for the Company and its subsidiaries (**Pendal Group or Group**)
- key risks and Pendal Group's response to mitigating these risks
- other governance issues and tax information provided in accordance with the voluntary Tax Transparency Code published by the Board of Taxation.

This statement was approved by the Board on 5 November 2021.

ASX Principle 1 - Lay solid foundations for management and oversight

The role of the Board and management

The Board is responsible for the governance of the Group and has reserved a number of responsibilities to the Board. These responsibilities are set out in the Board's Charter and include:

- demonstrating leadership and approving the Company's purpose and values
- appointing the Chairman of the Board
- appointing and replacing the Group CEO
- approving the Group's strategic plan and annual budget
- overseeing management's implementation of the Group's strategic plan and its performance against the annual budget
- approving the appointment of members of the Global Executive Committee
- approving significant Group policies
- approving the Group's remuneration framework on the basis that it aligns with the Group's purpose, values, strategic objectives and risk appetite
- approving the half-year and year-end financial statements and reporting documents
- approving dividends
- overseeing the integrity of the Group's accounting and corporate reporting systems, and
- setting the Group's risk appetite and monitoring the effectiveness of the Group's governance and risk management systems.

The Board operates in accordance with the terms of a written Charter, which can be found on our website (www.pendalgroup.com).

Delegation to management

The Board has delegated management of the Pendal Group's day-to-day operations to the Group Chief Executive Officer & Managing Director (**Group CEO**). Authority delegated by the Board to the Group CEO must be exercised:

- within the strategy and risk appetite approved by the Board
- in accordance with approved policies, and
- subject to specific regulatory obligations.

The Group CEO may sub-delegate any authority granted by the Board and is accountable to the Board for all decisions made in accordance with the delegated authority.

Director selection

Non-Executive Directors are appointed by the Board, following a recommendation from the Board's Remuneration & Nominations Committee (**RNC**). In making recommendations to the Board, the RNC has regard to:

- the collective skills and experience required by the Board to effectively discharge its duties
- the future composition and size of the Board, including the number of independent directors on the Board, and
- the background, experience, professional skills and personal attributes of the candidates, including having regard to diversity considerations.

Appropriate background checks are undertaken before a person is appointed as a Director of the Company. These include checks as to the person's character, experience, education, criminal record and bankruptcy history. In its evaluation of candidates for the Board, the Nominations & Governance Committee will have regard to normally accepted nomination criteria, including:

- honesty and integrity
- ability to exercise sound business judgement
- appropriate experience and professional qualifications
- absence of conflicts of interest or other legal impediments to serving on the Board
- willingness to devote the required time, and
- availability to attend Board and committee meetings.

Director appointment

When a Director faces election, or re-election, the Company provides shareholders with all material information in its possession, to enable shareholders to make an informed decision on whether or not to elect or re-elect the Director, including:

- the Director's qualifications and experience
- details of other material directorships currently held by the Director
- whether the Board considers the Director to be an Independent Director
- the length of time the Director has served on the Board, and
- a recommendation from the Board in relation to the election or re-election of the Director.

Non-Executive Directors are appointed by way of a formal letter. The letter sets out the key terms and conditions of the Director's appointment including such matters as:

- the term of the appointment
- the Company's expectations of Directors including their expected time commitment, duties to the Company, meeting attendance and preparation
- committee membership
- remuneration, including superannuation entitlements
- the Director's obligations to disclose details of their interests in the Company's securities and any matter which may impact on their independence
- education and training
- details of significant Company documents, documents including an obligation to comply with key policies
- indemnity and insurance arrangements, and
- ongoing rights to corporate information and confidentiality obligations.

Senior executive appointments

At the time of their appointment, Pandal Group enters into written agreements with the Group CEO and key management personnel. Pandal Group undertakes extensive background and screening checks prior to appointing senior executives. Further detail about the executive employment agreements entered into with key management personnel are contained in the 2021 Remuneration Report.

Company Secretary

The Board is responsible for the appointment of the Company Secretary. The Company Secretary is accountable directly to the Board through the Chairman, on governance matters and all matters relating to the proper functioning of the Board. Details of the experience and qualifications of the Group Company Secretary, are set out in the 2021 Directors' Report.

Board performance

The Board conducts periodic evaluations of the performance of the Board, its Committees and individual Directors.

An independent review of the performance of the Board, its Committees and Directors was undertaken during the 2021 Financial Year with the objective of assessing risk and looking to areas in which the Board could strengthen and enhance its performance. The process involved observing Board and Committee meetings and interviewing executives and Board members to form detailed insights and recommendations.

In overview, the assessment considered the Board's access to accurate, timely information necessary to govern properly; structural and process issues with oversight of a global company; leadership and company culture; board composition and succession planning and maintenance of a board dynamic of intellectualism and robust discussion and debate. The Board is currently reviewing the recommendations for implementation. Individual Directors received feedback on their own performance.

The Board reviewed the performance of Directors Sally Collier and Christopher Jones prior to them seeking re-election at this year's Annual General Meeting. The Board will recommend to shareholders that they vote in favour of the re-election of Sally Collier and Christopher Jones at the Company's Annual General Meeting which will be held on 10 December 2021.

Executive performance

The RNC reviews and approves the annual performance objectives and measures of the Group CEO. As part of Pendal Group's performance management cycle, the performance of the Group CEO and members of the Global Executive Committee is reviewed and evaluated at the end of each financial half year and full year.

Performance is reviewed and evaluated against previously agreed objectives which are based on financial, non-financial and risk focused criteria. A performance evaluation for the Group CEO and members of the Global Executive Committee was undertaken during FY21.

Diversity, Equity & Inclusion (DEI)

The success of the Group relies on respecting every employee for their distinctive skills, experience and perspective, aligned to Pendal Group's values and common purpose. Divergent views promote creative thinking and innovation, which in turn strengthens decision-making, risk management and business performance.

The Board and Executive are committed to diversity, equity and inclusion (DEI) at Pendal. They acknowledge the critical importance of providing a work environment where everyone can access opportunities and be supported and encouraged to participate. Only then will Pendal benefit from the diverse perspectives that our employees bring to the table, which are derived from (but not limited to) their differences in personal/work experiences, lifestyle, ethnicity, nationality, culture, religion, age, gender identity, disability, physical attributes, family responsibility, sexual orientation and education.

The Group's commitment to DEI is reflected in our DEI Policy and is supported across the business by our DEI Strategy. Our DEI Policy can be found on our website (www.pendalgroup.com).

DEI strategic priorities

Pendal Group is focused on the following strategic priorities:

- encouraging broad diversity across all levels and areas of the business, particularly within the senior ranks and emerging talent pool
- mitigating leader/key decision-maker bias to enhance business decision-making
- embedding organisational culture, values and leadership behaviours that support a diverse and inclusive work environment where all individuals feel valued and respected and can contribute
- developing women in senior leadership and diverse employee groups through targeted initiatives
- increasing female representation across the investment teams
- ensuring flexible work practices, leave types and benefits are operational across all organisational levels to meet the differing needs of Pendal Group employees and to attract and retain a diverse workforce, and
- regularly monitoring and reporting on progress against measurable stretch DEI targets.

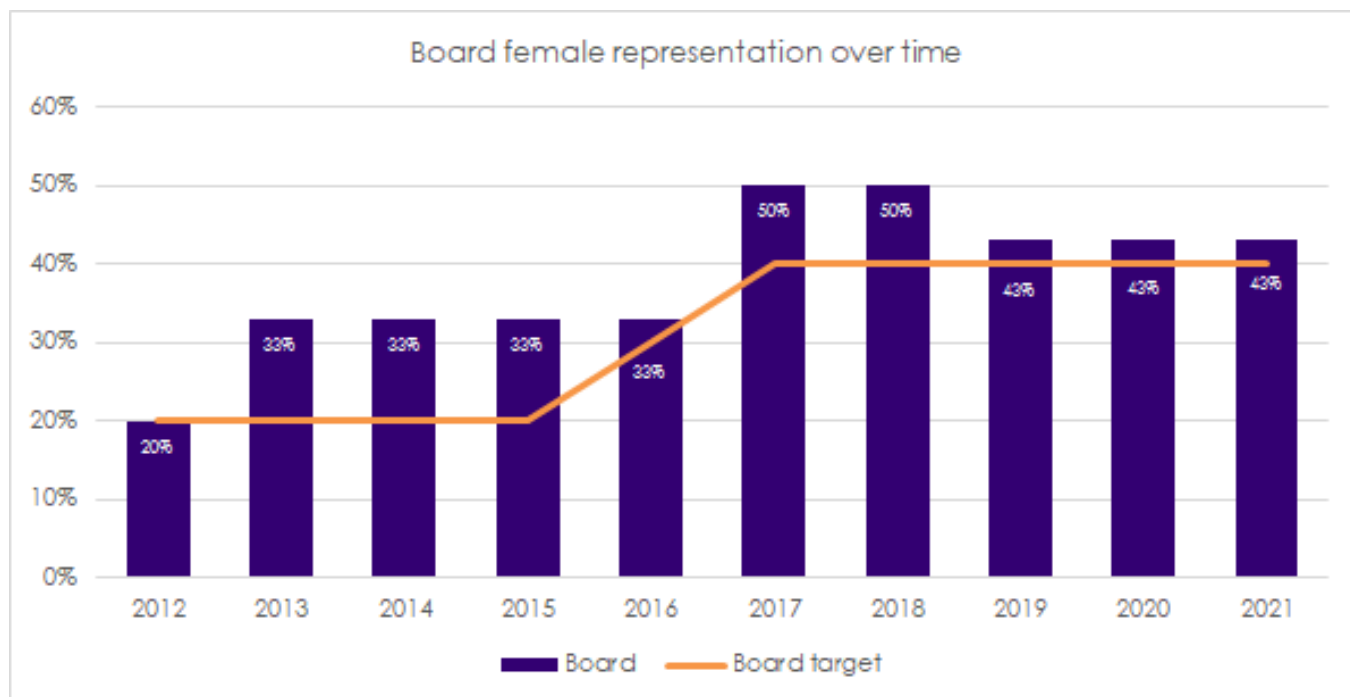
Progress against DEI gender targets

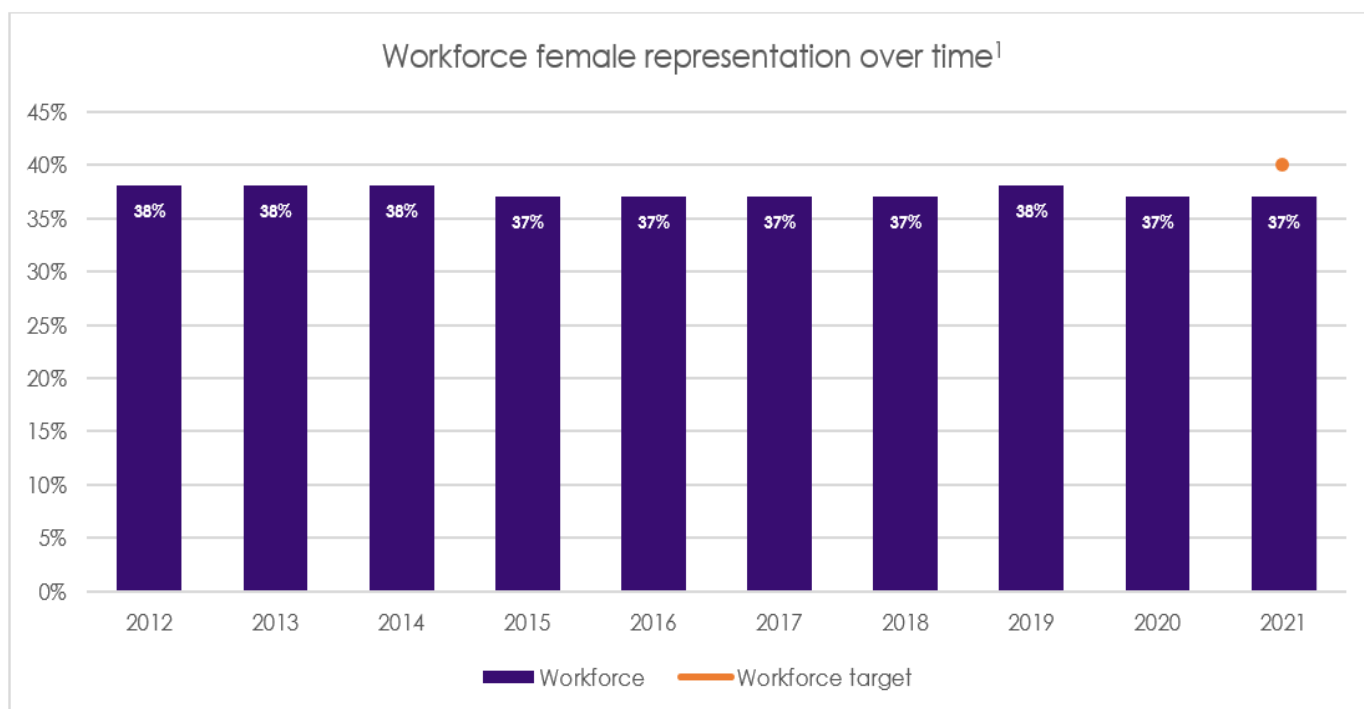
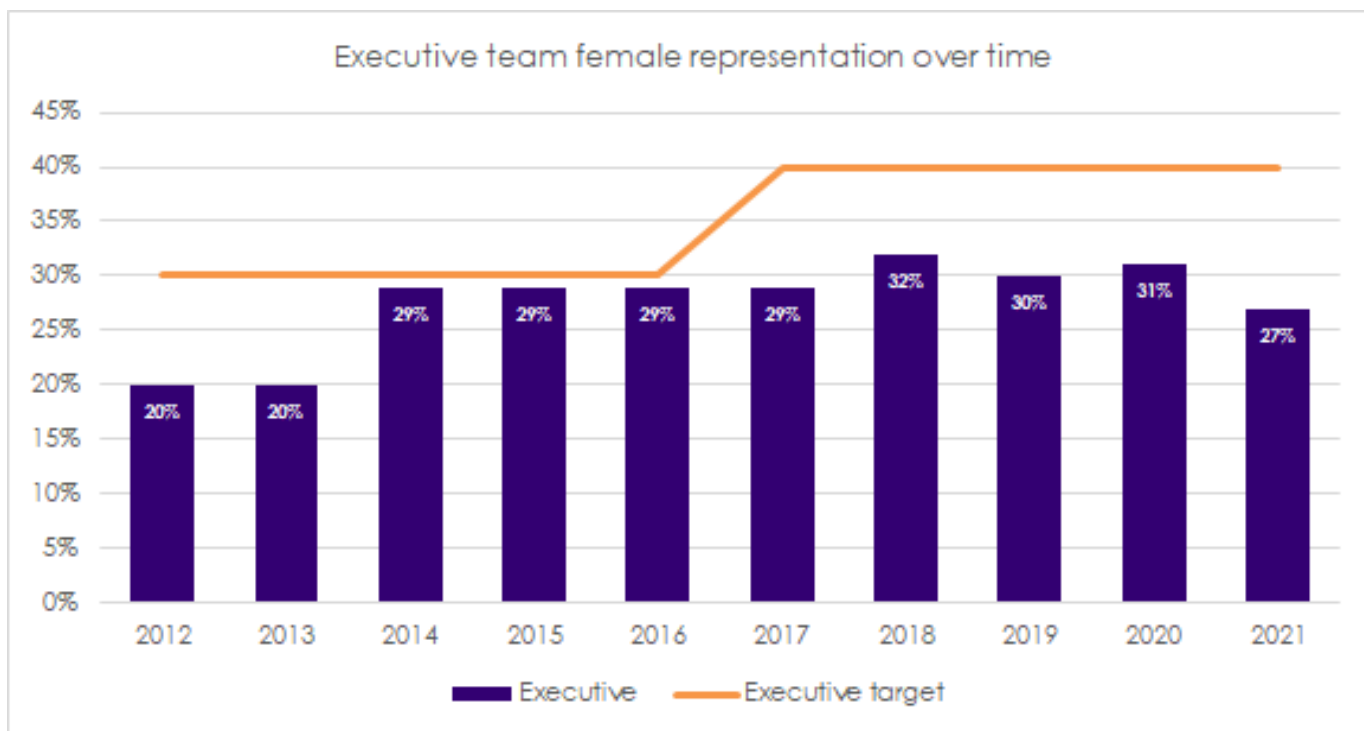
Pendal Group's gender targets at Board, Executive and workforce level are to be achieved by FY23. Progress against these targets is regularly reviewed by the Board.

The table below highlights the progress made in achieving these targets as at 30 September 2021, as compared to 30 September 2020.

DEI Gender Target	Achieved as at 30 September 2020	Progress as at 30 September 2021
A minimum of 40% female representation on the Pendal Group Board	43%	No change. Pendal Group continues to exceed the target set for female representation on the Board.
A minimum of 40% female representation at Pendal Group Executive level The Pendal Group Executive teams include both CEO-1 and CEO-2 level employees aligned with the Pendal Group Global Executive team structure.	31%	27% Female representation across Pendal Group's Executive teams decreased slightly during the year. The Group remains focused on achieving its stated target by FY23.
A minimum of 40% female representation across the Pendal Group workforce	37%	37% This is consistent with last year and falls short of our new workforce female representation target. The Group also remains focused on achieving this target by FY23.

The charts below, and on the following page, track gender diversity levels within the Pendal Group Board, Executive team and workforce over time, against their respective FY23 targets.





¹ Note that a workforce gender diversity target was only introduced in FY21.

Initiatives supporting equality and a diverse and inclusive workplace

Across the Pandal Group there are several programs and initiatives designed to build greater diversity, equity and inclusion.

FY21 highlights

During the year, the Group supported industry initiatives in addition to running its own programs.

Governance and continuous improvement

- Established the DEI Global Steering Committee, a group of representatives from across the globe to oversee our DEI strategy, in alignment with the Board, and guide the collective efforts of the business, notably the DEI Committees operating in the UK (representing the US and EUKA) and Australia.
- Initiated a targeted campaign to collect robust diversity data to enable a more evidence-based approach to setting DEI goals and KPIs. The collection and analysis of this data will provide the Group with a better understanding of the composition of the workforce and help identify potential issues or data gaps.

Ensuring an inclusive work environment

- Engaged the Diversity Council of Australia (DCA) to facilitate inclusive Leadership Training for the Senior Leadership Team in Australia. The session covered the critical role of inclusive leadership, what it entails in practice and encouraged participants to actively engage as inclusive leaders.
- Rolled out DCA DEI training for all people managers in the Australian business. Topics covered included privilege, meritocracy, how to identify and disrupt unconscious and affinity bias, assessing inclusion, and the critical importance of inclusive language. Planning is underway to implement DCA's DEI online learning modules for all Australian employees.
- Participated for the first time, in DCA's Inclusion and Diversity Index, the results of which will inform how the Australian business compares to benchmarks developed from participating organisations and where key improvement areas lie. This survey will provide workforce inclusion and diversity data that will provide a baseline for ongoing measurement and progress tracking.

Advancing female participation in investment management

- Our business units in the UK continued their support of MissionINCLUDE, an externally-provided mentoring program offering cross-company mentoring activities. A further 20 Pandal mentees and mentors joined the MissionINCLUDE scheme in November 2020.
- Continued support of the 40:40 Vision, an ambitious investor-led initiative that aims to see women fill at least 40 per cent of executive roles in the ASX200 by 2030.
- Continued our active involvement in Australian universities to encourage female participation in investment management through:
 - a. The Investment Intern Program offering high performing students, an eight week internship. We hosted two interns during the year.
 - b. The volunteer work of one of our female analysts, also an Honorary Associate of the University of Sydney Business School, encouraging female finance undergraduates to consider a career in investment management through her guest lecture presentations and individual mentoring.

Encouraging broader diversity in investment management

- Continued partnership with Investment 2020, a UK-organisation focused on bringing more diverse talent into investment management. Designed to build a talent pipeline for the future, the program offers 12-month placements to individuals across different areas of the business. Through Investment 2020 we also supported Kickstart, a jobs growth stimulus scheme introduced by the UK Government to place young people in employment during the pandemic period. Through this scheme, we welcomed our first six-month placement within our sales function in August 2021.
- Commenced support of #10000 blackinterns, a finance sector-wide program offering paid internships to black students or recent graduates across the UK and Ireland to help start their career in investment management. Our first intern was welcomed to our London office in July 2021.

Industry involvement

To share and receive the flow of global best practice, insights and thought leadership, we are actively involved in the topic of diversity, equity and inclusion in the finance sector through our industry association memberships around the globe.

They include:

In Europe, UK and Asia (EUKA) and the US

- The Investment Association's Diversity Project

In Australia

- The Diversity Council of Australia
- Women in Banking & Finance Group
- The NSW Equal Employment Opportunity Practitioners' Association

Flexible work arrangements

The Group continued to offer policies and practices designed to support flexible work arrangements, promote DEI and foster work-life balance, irrespective of gender and in step with the employee's stage of life. Consistent with 2020, the ability to work from home was again a critical requirement in 2021. Pandal Group successfully and efficiently enabled this, in line with government and health authorities' COVID-19 restrictions and recommendations. The arrangements during FY21 included:

- working from home (with Microsoft Teams facilitating collaborative and efficient remote working practices)
- introduction of a Remote Working Policy
- part-time work
- compressed working hours
- purchased leave (of up to four weeks per year)
- additional leave carry-over
- paid parental leave (over and above legislative entitlements)
- continued benefits during parental leave
- leave and support available under our Domestic Violence Support Policy
- superannuation during unpaid parental leave
- timeout and career breaks, and
- job sharing.

WGEA Report

The Group is a relevant employer as defined under the Australian Workplace Gender Equality Act. Accordingly, Pandal Group submitted its annual report to the Australian Workplace Gender Equality Agency in July 2021. The report provides a breakdown of gender composition and average pay across all levels of the organisation in Australia. It also sets out the work practices and policies in place to support gender diversity and pay equity. The report can be accessed on Pandal Group's website under Diversity - Working @ Pandal.

ASX Principle 2 - Structure the board to be effective and add value

Group Structure

Since the acquisition of J O Hambro Capital Management Limited (**JOHCM**) in 2011, Pental Group has transformed into a global asset management business, which is reflected in its increased scale, its global footprint and its amplified complexity. In July 2021, Pental Group completed the acquisition of investment management firm Thompson, Siegel and Walmsley (**TSW**) located in Richmond, Virginia. Now, over two thirds of funds under management and more than three quarters of profits are generated outside of Australia.

As a global funds management business, Pental Group is managed by the Group CEO with the support of the Global Executive Committee. Pental Group Non-Executive Directors also serve on the board of J O Hambro Capital Management Holdings Limited (**JOHCM Holdings**) to support the Group's global governance framework. Pental Group and JOHCM Holdings board and committee meetings are conducted in an omnibus arrangement.

Given the significance of Pental Group's business in the US following the acquisition of TSW, Christopher Jones, who is a director of Pental Group Limited and based in New York city, will be appointed the Chairman of Pental USA Inc., the group's US holding company.

Board and committees

As at 30 September 2021, the Board comprised seven Directors: 6 Non-Executive Directors and the Managing Director. The roles of Chairman and Managing Director are performed by different individuals.

The current committees of the Board are:

- the Audit & Risk Committee
- the Remuneration & Nominations Committee.

The composition of the Board and its Committees during the 2021 Financial Year is set out in Table 1:

Table 1

Name	Status	Audit & Risk Committee	Remuneration & Nominations Committee	Year Appointed
James Evans	Independent Non-Executive Chairman	-	-	2010
Emilio Gonzalez	Managing Director and Group CEO up until 31 March 2021	-	-	2010
Nick Good	Managing Director and Group CEO from 1 April 2021	-	-	2021
Sally Collier	Independent Non-Executive Director	Member	Member	2018
Andrew Fay	Independent Non-Executive Director	-	Chair	2011
Christopher Jones	Independent Non-Executive Director	Member	-	2018
Kathryn Matthews	Independent Non-Executive Director	-	Member	2016
Deborah Page AM	Independent Non-Executive Director	Chair	-	2014

Emilio Gonzalez stepped down as Managing Director and Group CEO and Nick Good became Managing Director and Group CEO from 1 April 2021.

Details of the background, experience, professional skills, expertise and location of each Director, in office as at 30 September 2021, are set out in the 2021 Directors' Report.

Meetings

The number of meetings of the Board and Board Committees held during the 2021 Financial Year and the number of meetings attended by each Director is set out in Table 2:

Table 2

Name	Board		Audit & Risk Committee		Remuneration & Nominations Committee	
	A	B	A	B	A	B
James Evans	19	19	-	-	-	-
Emilio Gonzalez	8	8	-	-	-	-
Nick Good	11	11	-	-	-	-
Sally Collier	19	19	6	6	8	8
Andrew Fay	19	19	-	-	8	8
Christopher Jones	19	19	6	6	-	-
Kathryn Matthews	19	19	-	-	8	8
Deborah Page AM	19	19	6	6	-	-

A - Meetings eligible to attend as a member of the Board or Committee.

B - Meetings attended as a member of the Board or Committee.

A Due Diligence Committee was formed in respect of the acquisition of TSW. The members of the Committee were Deborah Page (Chair), Andrew Fay and Christopher Jones. The Committee met nine times and all members of the Committee attended each meeting.

Remuneration & Nominations Committee

The Board has established a Remuneration & Nominations Committee (**RNC**). The current members of the RNC are: Andrew Fay (Chair), Sally Collier and Kathryn Matthews.

All current members of the RNC are Independent Non-Executive Directors. The Chair of the RNC is an Independent Non-Executive Director.

The qualifications of the members of the RNC are set out in the 2021 Directors' Report.

The number of meetings held by the RNC and the attendance of each member of the Committee are set out in Table 2.

Roles and responsibilities

The RNC's role is to review, report and make recommendations to the Board on the following matters:

- providing oversight of the remuneration framework and policies for Pandal Group and their application to the Group CEO and members of the Global Executive Committee
- reviewing the remuneration of the Company's non-executive Directors
- identifying suitable candidates for appointment to the Board and subsidiary boards, and
- providing oversight of Pandal Group's key strategic human resources initiatives including any gender or other bias in remuneration structures.

The RNC operates in accordance with the terms of a written charter approved by the Board, which can be found on our website (www.pendalgroup.com).

Director skills and experience

The RNC assesses the collective skills, experience, diversity, independence and personal attributes the Board requires to effectively discharge its responsibilities.

The Board skills matrix was refreshed in FY20 and is set out below together with the number of directors who have the relevant skills, expertise or experience. Directors have self-assessed as having the relevant skill, expertise or experience at either the level of developed or well developed.

Skill Matrix							
Description of skills	Number of Directors having a skill assessed as well developed				Number of Directors having a skill assessed as developed		
Asset management industry knowledge and experience – specific experience, knowledge and expertise in asset management including investment management and funds management	1	2	3	4	5	6	7
Business leadership – leadership skills gained whilst performing at a senior executive level	1	2	3	4	5	6	7
Capital and strategic transactions – experience in mergers and acquisitions, corporate finance, capital markets and capital management	1	2	3	4	5	6	7
External stakeholder management - experience in building and maintaining key relationships with industry, government or regulators	1	2	3	4	5	6	7
Financial management and audit - proficiency in financial accounting and reporting and/or audit	1	2	3	4	5	6	7
Financial services industry knowledge and experience – specific experience, knowledge and expertise gained in the broader financial services industry	1	2	3	4	5	6	7
Governance – experience developing strategy, policies and framework to support high standards of corporate governance including experience as a non-executive director of an Australian listed entity or overseas	1	2	3	4	5	6	7
International financial services knowledge and experience - specific experience, knowledge and expertise in the international financial services and asset management markets gained through exposure or responsibility for operations outside of Australia	1	2	3	4	5	6	7
Marketing and distribution – experience in marketing and distribution and developing key customer relationships	1	2	3	4	5	6	7
People and talent management – experience in people matters including culture, performance management and succession and remuneration including incentive schemes	1	2	3	4	5	6	7
Risk management – experience identifying, assessing and managing risks, setting and monitoring risk appetite and building risk culture	1	2	3	4	5	6	7
Technology – experience in technology strategies and innovation	1	2	3	4	5	6	7
Number of Directors	1	2	3	4	5	6	7

Focus on global diversification in board composition

The Group's core strategy is one of global diversification. This has been reflected in the acquisition of UK based asset manager, JOHCM in 2011 which has enabled the growth of Pandal Group across the UK and Europe. In the last 7 years the Group has been investing for growth in the US market as North American markets represent approximately half the global

asset management industry. Nick Good was appointed as the first dedicated CEO for the US business in 2019 and was subsequently appointed as Group CEO in April 2021. In July 2021 Pendal Group acquired the Virginia based investment management business, TSW.

The RNC has overseen the appointment of international and internationally experienced directors with relevant financial services experience. This is consistent with and supports the Group's strategy of global diversification.

Director Andrew Fay will retire from the Pandal Board at the conclusion of the 2021 Annual General Meeting, after 10 years of service. The Board renewal process is ongoing and includes recruiting a replacement for Andrew Fay.

Seeking attributes reflecting company culture

The Board has also identified a number of personal character attributes that each Director must possess. These attributes reflect the Company's culture and are essential to the effective operation of the Board:

- Integrity
- Accountability
- Gravitas
- Collegiality
- Good listener
- Communicator, and
- Appetite to learn.

Board tenure and diversity as at 30 September 2021

Tenure

■ Number of Directors

0-3 years



3-6 years



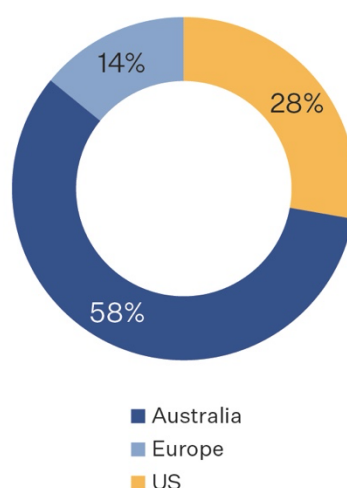
6-9 years



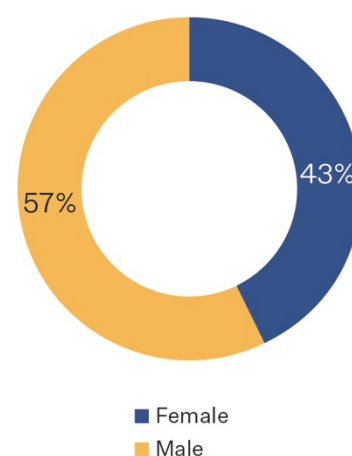
9+ years



Location



Gender



Director independence

The RNC assesses the independence of the Directors on an annual basis, as part of the Company's annual reporting and Annual General Meeting processes. The RNC also considers the independence of a Director at the time of their appointment; when they face election or re-election as a Director; or if there is a change to the Director's interests, positions, associations or relationships that may impact upon the Director's independence.

When considering whether a Director is independent, the RNC and the Board has regard to the factors set out in Box 2.3 in the ASX Recommendations. These elements include whether the Director:

- is, or has been, employed in an executive capacity by the entity or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the entity
- is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the entity or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship
- is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder
- has close personal ties with any person who falls within any of the categories above, or
- has been a director of the entity for such a period that his or her independence from management and substantial holders may have been compromised.

The Board considers all Non-Executive Directors to be Independent Directors, including the Chairman. Nick Good is the Group CEO and is therefore not considered to be an Independent Director.

The status and tenure of each Director is set out in Table 1.

Chairman of the Board

James Evans is the Independent Non-Executive Chairman of the Board. James Evans was appointed the Chairman of the Board on 6 December 2013, having originally been appointed a Director of the Company in June 2010. James Evans was re-elected at the Company's last Annual General Meeting held on 11 December 2020.

The role of the Chairman is to:

- chair meetings of the Board and general meetings
- provide leadership to the Board
- oversee the operation and function of the Board
- facilitate the effective contribution of all Directors to Board discussions
- oversee the process of evaluating the Board and individual Directors
- maintain an ongoing dialogue with the Group CEO and provide appropriate guidance and mentoring
- act as a public spokesman for the Board, and
- promote constructive relations between the Board and management.

The positions of Chairman of the Board and Group CEO are not held by the same person.

Induction of Directors and ongoing education






Newly appointed Directors receive an extensive induction. It includes the provision of an Induction Pack containing all relevant corporate governance documents, including significant policies, previous annual reports and minutes of previous Board and Committee meetings. Directors also receive briefings on the Group's business, including risk and compliance issues, from senior executives and investment managers, and updates on changes in the regulatory environment affecting the Group.

Directors receive appropriate training on regulatory and other issues which are relevant to the business. In the 2021 Financial Year Directors received briefings and training on matters including whistleblowing obligations, workplace health and safety, impact investing and UK remuneration regulatory requirements.

The RNC considers at least annually the need for new and existing Directors to undertake professional development to develop and maintain the skills and knowledge needed to perform their role as Directors effectively. Directors who require professional development are provided the opportunity to develop and maintain the required skills and knowledge.

ASX Principle 3 - Instill a culture of acting lawfully, ethically and responsibly

Pendal Group's values are:

	Taking ownership and accountability for your decisions and actions; behaving ethically; a role model for others.
	Having regard for yourself and others to establish trust and mutual respect; accepting the rights of others to hold different views.
	Standing up for what you believe in; challenging the status quo.
	Building cross team relationships to achieve business goals; delivering on commitments to others; proactively sharing information and ideas with others; providing recognition.
	Striving for excellence and taking ownership; having an entrepreneurial mindset and results orientation, focusing on continuous improvement, taking initiative, attention to detail and high quality outcomes.

Code of Conduct

The Company has a Code of Conduct which draws from and expands on Pendal Group's core values. The Code of Conduct applies to Directors, the Global Executive Committee, senior executives and all other employees and is designed to assist them in their decision making and behaviour. The principles underlying the Code of Conduct are:

- acting with honesty and integrity
- respecting the law and complying with all laws and regulations
- respecting confidentiality and not misusing information
- valuing and maintaining professionalism
- working collaboratively as a team
- managing conflicts of interest responsibly, and
- striving to be a good corporate citizen and achieving community respect.

The Code of Conduct is supported by a number of detailed policies that deal with a range of ethical issues and include the following:

- Conflicts of Interest Policy
- Trading in PDL Securities Policy
- Personal Account Trading Policy
- Anti-Money Laundering and Counter Terrorism Financing Policy
- Managing Fraud, Bribery and Corruption Policy
- Discrimination and Harassment Policy
- Work Health & Safety Policy
- Workplace Bullying Policy, and
- Whistleblower Protection Policy.

The Code of Conduct and associated policies are available to all employees on the Company's internal website. All new employees are required to familiarise themselves with the Code of Conduct as part of their induction training requirements.

Breaches of the Code of Conduct may result in disciplinary action ranging from a formal warning through to termination of employment. Any material breaches are reported to the Audit & Risk Committee.

A copy of the Code of Conduct can be viewed on our website (www.pendalgroup.com).

Promoting openness

Pendal Group recognises the importance of having a framework that supports and encourages people to escalate concerns of wrongdoing, without fear of reprisals or disadvantage in the workplace.

The purpose of the Whistleblower Policy is to:

- encourage employees to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously, be appropriately investigated, and that their confidentiality will be respected
- promote a culture of openness and a shared sense of integrity by inviting all employees to act responsibly in order to uphold the reputation of the Group and maintain client/public confidence
- provide employees with guidance as to how to raise concerns and how the Group will investigate them
- provide assurance to employees that they can raise genuine concerns without fear of reprisals, even if they turn out to be mistaken, and
- provide information about the statutory whistleblower provisions that apply in Australia under the Corporations Act 2001 (Cth).

Breaches of the Whistleblower Policy may result in disciplinary action ranging from a formal warning through to termination of employment. Any material breaches are reported to the Audit & Risk Committee. A copy of the Whistleblower Policy can be viewed on our website (www.pendalgroup.com).

As part of its commitment to ethical corporate practices, Pental Group has a Managing Fraud, Bribery and Corruption Policy which outlines measures taken to manage the risks associated with fraud, bribery and corruption.

Breaches of this policy may result in disciplinary action ranging from a formal warning through to termination of employment. Any material breaches are reported to the Audit & Risk Committee. A copy of the Managing Fraud, Bribery and Corruption Policy can be viewed on our website (www.pendalgroup.com).

ASX Principle 4 - Safeguard integrity of corporate reporting

Audit & Risk Committee

The Board has established an Audit & Risk Committee (**ARC**). The current members of the ARC are: Deborah Page (Chair), Sally Collier and Christopher Jones.

All members of the ARC are Independent Non-Executive Directors and the Chair of the ARC is an Independent Non-Executive Director, who is not the Chair of the Board.

The qualifications of the members of the ARC are set out in Pental Group's 2021 Annual Report. Members of the ARC have an appropriate mix of relevant qualifications and experience in finance and risk management generally and more specifically in relation to the investment management industry. The Chair of the ARC has recent and relevant accounting and audit expertise. The number of meetings held by the ARC and the attendance of each member of the Committee are set out in Table 2.

Role and responsibilities

The primary role of the ARC is to oversee:

- the integrity of the Group's financial statements and financial reporting systems
- the adequacy and effectiveness of the Group's internal control systems and risk management framework
- the appointment, remuneration, qualifications, independence and performance of the auditor of the Group's half yearly and annual financial statements
- the appointment, remuneration, qualifications, independence and performance of the Internal Auditor
- compliance with applicable legal and regulatory requirements, and
- material Pental Group risk and compliance policies.

The ARC operates in accordance with the terms of a written charter approved by the Board, which can be found on our website (www.pendalgroup.com).

Audit issues

The ARC has the following responsibilities in relation to audit matters:

- evaluate the independence of the statutory auditor at least annually, including making an assessment whether the statutory auditor is independent of the Company and that there are no conflicts of interest that could compromise the independence of the statutory auditor
- review statutory audit plans and audit fees
- discuss any issues relating to the conduct of the audit with the statutory auditor
- review the findings of statutory audits to ensure that issues are being appropriately managed and rectified
- review annually the performance of the statutory auditor, and
- periodically consult the statutory auditor in the absence of management.

The auditor's role

The Group's statutory auditor is PricewaterhouseCoopers (**PwC**). PwC provides an independent opinion that the Group's consolidated financial statements represent a true and fair view of the Group's financial position and performance and comply with relevant regulations.

PwC receives copies of the agenda and papers for each ARC meeting. The statutory auditors attend the ARC's meetings when the half-year and full-year financial statements are being considered. The statutory auditors also attend other meetings when relevant items are on the ARC's agenda.

Members of the ARC are able to contact the auditors directly at any time. Similarly, the statutory auditors are able to contact the Chair of the ARC directly at any time.

Any non-audit services to be provided by PwC to the Company require approval from the Chair of the ARC.

CEO and CFO assurance

Prior to the Board's approval of Pendal Group's half-year and full-year financial statements, the ARC and the Board receive a declaration from the Group CEO and the Group CFO that in their opinion:

- the financial records of the Group have been properly maintained in accordance with the Corporations Act
- the financial statements comply with the appropriate accounting standards, and give a true and fair view of the Group's financial position and of its performance during the relevant period.

The Group CEO and the Group CFO also declare that their opinions are formed on the basis of a sound system of risk management and internal controls that are operating effectively.

Pendal is committed to providing clear, concise and effective disclosure in its corporate reports. Periodic corporate reports that are not audited or reviewed by PwC are verified internally by management prior to release to ASX to ensure statements made are factual and accurate. The verification process ensures that statements made in these reports are reviewed by designated persons and material statements are verified by reference to company source documents or, if no source documents are available, by persons with the knowledge and expertise to confirm the accuracy and completeness of the disclosures.

ASX Principle 5 - Make timely and balanced disclosure

The Company is committed to promoting investor confidence and the rights of all shareholders by complying with the disclosure obligations contained in the Corporations Act and the ASX Listing Rules. Pental Group seeks to ensure that all market announcements are presented in a factual, clear and balanced way.

Market Disclosure Committee

Pental Group has a Market Disclosure Policy, which sets out how Pental Group communicates with its shareholders and the market. The policy establishes a Disclosure Committee whose members include the Group CEO, Group CFO, Group Chief Risk Officer, Chief Executive Officer, Pental Australia, Chief Executive Officer, JOHCM UK, Europe & Asia, Chief Executive Officer, Pental USA and the Group Company Secretary. This policy is available on our website (www.pentalgroup.com).

The Disclosure Committee is responsible for managing compliance with Pental Group's disclosure obligations.

The Disclosure Committee determines what information should be disclosed to the market and the form of that information.

The Disclosure Committee is also responsible for assisting employees to understand the Group's disclosure obligations.

The Board retains responsibility for approving announcements of key significance such as:

- year-end and half-year financial results
- earnings updates
- mergers and acquisition related announcements
- changes to corporate structures
- changes to Senior Executives or Key Management Personnel, and
- matters involving significant reputational and risk e.g. regulatory issues.

Disclosure practices

Directors are provided with copies of all material announcements made in compliance with Pental Group's continuous disclosure obligations promptly after ASX has confirmed the announcement has been released on the Market Announcements Platform.

Major briefings such as the annual and half year financial results are webcast live and made available following the event on the Pental Group website. Details for these briefings are emailed to investors and other market participants and participant registration is available before the event through the Pental Group Shareholder Centre. Presentation materials are first disclosed to the market via the ASX Market Announcements Platform and posted to the Pental Group website before they are discussed at a briefing.

Other presentation materials for briefings with institutional investors and analysts containing new and substantive information are also first disclosed to the market via the ASX Market Announcements Platform and posted to the Pental Group website before they are discussed at a briefing.

ASX Principle 6 - Respect the rights of security holders

Shareholder access to information

Pendal Group is committed to ensuring that all shareholders have equal and timely access to material information concerning the Group. Pendal Group publishes all relevant Company information in the Shareholder Centre of Pendal Group's website. This information, readily available to shareholders, includes ASX announcements, reports, results presentations and other relevant documents.

The Company has a program of ongoing communication with its shareholders in which it provides concise and clear communication on matters that are relevant to shareholders and their investment in Pendal Group.

Encouraging shareholder participation

The Company facilitates two-way communication with its shareholders by:

- making relevant information about the Company available to shareholders on its website
- encouraging shareholders to receive communications from the Company in electronic format
- encouraging shareholders to attend and participate in shareholder meetings, including by asking questions either at the meeting, or by submitting written questions in advance of the meeting, and
- the operation of a call-centre by the Company's share registry, Link Market Services, which shareholders can contact in relation to any questions they may have about the Company or to their shareholding.

The Company recognises the importance of shareholder participation in general meetings and supports and encourages that participation. All shareholders are provided with a notice of general meetings via their nominated method of communication. Pendal Group endeavours to ensure that the contents of the notice of meeting are clear and concise. Each notice of general meeting includes detailed information as to how shareholders may participate in the meeting, including in relation to methods of attendance and voting.

Pendal Group encourages all shareholders to attend and participate in general meetings of the Company. Shareholders may ask questions of the Board, management or the Company's auditors. Shareholders are also able to submit written questions prior to the meeting. These questions are reviewed prior to the meeting and the Chairman seeks to address as many of these questions as possible, at the meeting. A representative of the external auditor, PwC attends the AGM to answer shareholder questions about the audit report and audit process.

In 2020, as a result of the potential health risks and government restrictions in response to the COVID-19 pandemic, it was not possible for shareholders to attend the AGM in person. AGM proceedings were webcast live and shareholders were able to ask questions online. In 2021, a hybrid AGM will be held if the Board determines it is appropriate to do so in light of prevailing health risks and government restrictions in response to the COVID-19 pandemic. Voting on all substantive resolutions at Pendal Group shareholder meetings is conducted by poll.

Communication to shareholders

An "investor relations calendar" is published on our website. It sets out important dates relevant to shareholders (for example, the date the Company releases its full year results and the date of its annual general meetings).

Pendal Group shareholders are able to elect to receive communications from the Company electronically. Pendal Group encourages direct electronic contact from shareholders and the Pendal Group website has a "Contact Us" section which allows shareholders to submit questions or comments directly. It also sets out the email address for Pendal Group's share registry, Link Market Services, so that Link Market Services can be contacted directly.

ASX Principle 7 - Recognise and manage risk

The Board has established the Audit & Risk Committee (**ARC**). Details of the composition, structure and responsibilities of the ARC, including those relating to risk management, are set out under ASX Principle 4. Overall accountability for risk management lies with the Board. The ARC assists the Board in its oversight of risk management, financial and assurance matters. The Board delegates responsibility for the implementation of risk management to the Group CEO. The Group Chief Risk Officer (**Group CRO**) is responsible for supporting the Board in reviewing the Risk Management Framework and setting the Risk Appetite. The Group CRO is also responsible for independently coordinating the identification, assessment, monitoring and reporting of risk exposure and their associated mitigants and controls throughout the Group.

Managing risk to deliver our strategy

Our risk management framework continues to provide a strong foundation from which we can successfully deliver our strategic priorities. The Group has a culture of effective risk management by proactively identifying the material risks that may impact the organisation and ensuring that these are appropriately monitored and managed, including emerging risks. When setting the risk appetite statement and updating annually, the Board acknowledges and recognises that in the normal course of business the Group is exposed to risk and that it is willing to accept a certain level of risk in managing the business to deliver its strategic objectives. As part of this exercise the Board also considers the key risk indicators and risk limits it is willing to accept in relation to each material risk. Management is then held to account for managing the material risks within the risk appetite set, thus enabling the Group to make risk conscious decisions and generate appropriate returns, in a controlled and deliberate manner. The Board has a lower risk appetite in the management of critical areas such as investment performance, regulation and legislation particularly new Environmental, Social and Governance (ESG) -related laws and regulations, behaviour and conduct and the risks associated with managing the COVID-19 pandemic, as they could have a significant impact on the Group's reputation and performance. The Group accepts a higher risk appetite, consistent with its strategic objectives, in relation to risks associated with business growth and change initiatives, including investing shareholder funds in the form of seed capital to support future growth.

FY21 review

The Board reviewed the Risk Management Framework during the 2021 Financial Year. The review encompassed material risks, risk appetite and key risk indicators (KRIs) and endorsed enhancements to the Risk Management Framework following the previous review in the 2020 Financial Year. The review included the introduction of two new material risks. The first related to ESG risk and the second, the longer-term risks relating to the COVID-19 pandemic. The review considered whether Pental Group is operating with due regard to the risk appetite set by the Board. With the completion of the acquisition of Thompson, Siegel & Walmsley LLC (TSW) in quarter 4 of the 2021 Financial Year, the Board commenced, and will continue, its oversight of the integration of the TSW risk framework with the Pental Group risk framework. Completion is expected early in the 2022 Financial Year.













Focus on COVID-19 pandemic risks

During the 2021 Financial Year in addition to the on-going enhancement and embedding of the risk framework, the key area of continued focus was managing the risks resulting from the unprecedented COVID-19 pandemic. Separate COVID-19 risk registers have been maintained and operated 'live' to identify, monitor and manage the COVID-19 related risks. Areas of specific focus included staff wellbeing, culture, effective remote working, continued excellent client service, enhanced liquidity risk management, day-to-day management of portfolios, enhanced communication and maintaining operational resilience.



Table of material risks



The Group actively manages a range of financial and non-financial business risks and uncertainties which can potentially have a material impact on the Group and its ability to achieve its stated objectives. While every effort is made to identify and manage material risks and emerging risks, additional risks not currently known or detailed below may also adversely affect future performance. The Board has identified the Group's material risks as outlined in Table 3 below.



Table 3



Risk alignment with strategy		
 Investment capability	 Distribution	 People  Operating platform
Material risk	Risk description	Risk management
Strategic and business		
COVID-19 pandemic    	<p>The risk that the Group is unable to continue servicing clients and appropriately manage the health, safety and wellbeing of employees.</p> <p>The risk that the Group fails to effectively consider the future impacts resulting from the COVID-19 pandemic.</p> <p>Both risks can impact on the ability of the Group to continue operating and deliver the strategy.</p>	<ul style="list-style-type: none"> Business Continuity Planning (BCP) plans are tested and COVID-19 management teams are in place and meet regularly. Successful and timely transition to 'Working from Home' in all jurisdictions. Technology and home equipment enhanced to support remote working, including cyber risk management. Client service and portfolio management processes continued to operate and enhancements made where appropriate e.g. proactive and more frequent client communications and enhanced liquidity risk management. Enhanced risk management processes with specific COVID-19 risk registers in place. Additional oversight to ensure material suppliers and third-party providers continue to deliver on the agreed service levels. Staff wellbeing seminars and increased leadership focus on communication and employee welfare, with regular staff surveys and feedback mechanisms in place. Return to office plan implemented and flexible working policy updated.
Strategic alignment and execution    	<p>The risk that the Group's strategy is not aligned to maximise shareholder and client value or we fail to effectively execute the Group's strategy.</p> <p>Both of which can impact on the ability of the Group to deliver on expected outcomes.</p>	<ul style="list-style-type: none"> Annual strategy and budget process, with outcomes and priorities approved by the Board. Regular monitoring of strategic execution and strong reporting mechanisms to support effective Board oversight. Clearly articulated objectives and Board governance structure. Employee performance management process and remuneration aligned to delivery of strategic objectives. Robust acquisition search, due diligence and integration processes, engaging subject matter experts and external consultants for support.


Material risk	Risk description	Risk management
Business model 	<p>The risk that the business model does not respond effectively to external change which could result in loss or missed opportunity. This includes external factors such as the markets, geopolitical events and competition.</p>	<ul style="list-style-type: none"> • Annual strategy and budget process. • Strategy and risk management processes to continuously monitor and manage external threats and opportunities. • Governance processes to support effective decision making. • Variable remuneration aligned to strategic objectives. • Post Brexit, Irish management company established, to allow the continued distribution of relevant products across Europe. • Continuing pipeline of new product with a thematic water and waste investment team joining in FY21. • US Mutual funds re-structured and in-house responsibilities and governance implemented.
People 	<p>The Group's performance is largely dependent on its ability to attract and retain talent. Loss of key personnel could adversely affect financial performance and business growth.</p> <p>There is also risk of concentration whereby a material proportion of the Group's revenue is delivered via a few strategies and therefore creates reliance on a few key investment personnel.</p> <p>The risk that our investors seek other investment products if we are unable to meet investment objectives.</p>	<ul style="list-style-type: none"> • Successful transition during FY21 from longstanding Group CEO to new Group CEO through internal promotion. • Acquisition of TSW during FY21 increased our pool of talent and diversified investment strategies. • Competitive remuneration structures in the relevant employment markets to attract, motivate and retain talent, with alignment to client and shareholder outcomes. • A Global Head of Remuneration appointed during FY21 to oversee remuneration practices across the Group. • Long-term retention plans. • Succession planning to develop or attract talent for sustainable growth. • Maintenance of a strong reputation and culture which promotes an attractive workplace. • Employee engagement surveys to support retention. • Performance management processes to help develop and grow talent. • Board review of proposals for new team acquisitions to ensure areas such as cultural fit, product offering and financials are robustly considered. • Increased focus on Diversity, Equity and Inclusion (DEI). Global steering committee established.

Material risk	Risk description	Risk management
Environment, Social & Governance (ESG) 	<p>The risk that the Group fails to adequately progress on executing its ESG and Responsible Investing strategy.</p> <p>This includes the risk of not developing products to meet client needs in a timely manner or failing to adequately meet evolving ESG stakeholder expectations.</p>	<ul style="list-style-type: none"> Regular review and enhancement of the Group's ESG strategy. Specific ESG-related products launched, following a robust new product development process - including the Regnan Global Equity Impact Solutions strategy and the Regnan Sustainable Water and Waste Fund in the UK. Ongoing monitoring of external market Insights and evolving client needs. Internal and external training provided on specific ESG-related topics such as Modern Slavery. Recruitment to build out specialist teams providing ESG support, oversight and governance. Ongoing integration of ESG considerations into investment processes for relevant strategies. Continued investment in processes and systems to enhance controls, improve efficiency and help meet ESG regulatory changes. Ongoing evolution and enhancements in ESG practices within the Group's operations, including Modern Slavery and Climate Change. Enhanced ESG related disclosure reports. This includes the Pandal Australia Responsible Investments statement, Human Rights statement, Pandal Group Sustainability Report, Pandal Group Corporate Governance Statement and J O Hambro Capital Management's Stewardship Code for 2020.
Behaviour and conduct 	<p>The risk of inappropriate, unethical or unlawful behaviour, by employees, which is not in line with the Group's core values.</p> <p>This includes the risk of senior management failing to set an appropriate cultural 'tone from the top', which may result in the delivery of detrimental or suboptimal outcomes for clients and shareholders.</p>	<ul style="list-style-type: none"> Comprehensive recruitment process to assess behaviour and conduct. Remuneration and performance management processes supports good behaviour and conduct. Clearly defined Code of Conduct which outlines the expected behaviour of all individuals. Whistleblowing Framework in place. Embedded Risk Management Framework, which incorporates conduct risk management. Ongoing HR, Risk and Compliance training and confidential staff engagement surveys. Internal audit program incorporating conduct assessment, where relevant. In response to regulatory developments, senior management roles, responsibilities and accountabilities updated in J O Hambro Capital Management (UK and Singapore).

Material risk	Risk description	Risk management
Transformation (change management) 	<p>Failure to effectively manage material change projects which could result in loss or missed opportunities. Such a risk could result from poor planning, ineffective project governance, insufficient resource (including human capital), ineffective execution and poor management of project interdependencies.</p> <p>Failure to effectively manage the material risks arising from our global transformational change program focused on enhancing operational infrastructure.</p>	<ul style="list-style-type: none"> • Annual strategy and budget process, with transformation change priorities approved by the Board. • Dedicated change management team and effective approach and processes in place. • Risk management embedded within the change management process. • Appropriate governance processes in place to monitor, escalate and report on progress to the relevant Committees and Boards. • Internal audit providing independent oversight over Australian major change projects. • Continued monitoring of the global data transformation program, including how we buy data related technology; use data to improve the client experience and overall performance; and how we continue to protect data in line with regulation and legislation.
Product and performance		
Product and investment performance 	<p>The risk that the Group's products and solutions do not meet client preferences. This includes changing client needs, fee structures, and asset classes.</p> <p>The risk that portfolios will not meet their investment objectives or that there is a failure to achieve consistent long-term performance that delivers on the clients' expectations.</p>	<ul style="list-style-type: none"> • Talent hiring and succession planning. • Clearly defined investment strategies and investment processes within stated risk parameters. • Regular independent investment risk reviews and analysis of portfolio risks across all asset classes and strategies (including market, liquidity and credit counterparty). • Regular client reporting and performance update. • Formal approach to product governance and innovation including management of the product lifecycle. • Ongoing external insights into how client preferences are changing. • Several new products were launched in FY21 to meet client demands, such as an ESG related impact fund and a thematic fund.

Material risk	Risk description	Risk management
Distribution 	<p>The risk that the design and execution of the distribution strategy is ineffective, resulting in a failure to positively identify, engage and support clients, which in turn results in a failure to deliver budgeted fund flows.</p> <p>In the current environment, failure to manage the negative impact on fund flows:</p> <ul style="list-style-type: none"> In the UK and Europe caused primarily by external factors, including Brexit and COVID-19. In Australia, by the Banking Royal Commission and by our significant client Westpac as they execute their exit from wealth management. 	<ul style="list-style-type: none"> The acquisition of TSW increased the Group's FUM, provides future growth opportunities and a broader product offering to help meet client expectations. Client engagement and distribution is a key part of the overall Pandal Group strategy. This was updated during the year and was approved by the local Governance Committees and the Pandal Group Board. Progress updates on implementing the Distribution strategy is a key part of the regular CEO reports to the Pandal Board and to the local governance committees. Ongoing acquisition of external insights into how client preferences and market requirements are developing. Fees structures benchmarked and updated where required. Daily monitoring of changes in FUM and the sales pipelines. Regular Board reporting and discussions on market trends and material changes in FUM. Operational restructure and recruitment to expand distribution capability largely completed in Australia, in progress in the US with the acquisition of TSW, and underway in Europe. Implementation of technology solutions and data related enhancements underway to better service clients.
Operational		
Regulation and legislation 	<p>There is a risk that the Group will not be able to respond effectively to regulatory change or comply with relevant laws and regulations in multiple jurisdictions. Failure to effectively manage these risks could result in sanctions, fines and reputational damage.</p> <p>The volume of regulatory and legislative change remains challenging. Examples of this include:</p> <ul style="list-style-type: none"> The Financial Conduct Authority (UK)'s Senior Managers and Certification Regime which is being replicated by other national regulators. The expansion of The UK Stewardship Code. The implementation of the European Sustainable Finance Disclosure Regulation (SFDR) and similar global regulatory initiatives. Legislation and regulation on modern slavery and new financial product design and distribution obligations in Australia. <p>As a result, there is a risk of failing to meet the new standards or account for the increasingly higher costs of compliance.</p>	<ul style="list-style-type: none"> Clearly defined compliance framework to meet compliance obligations. Establishing policies and procedures supporting the risk and compliance framework. Experienced and appropriate level of legal, risk, tax and compliance resources to manage obligations. Regular and constructive engagement with regulators including participation in industry bodies. Ongoing monitoring, reporting and review of regulatory obligations, including new and proposed legislation. Several projects are underway to implement regulatory changes. External advisors used where necessary to complement in-house knowledge. Independent non-executive directors appointed to subsidiary UK regulated entities. Tax management framework to identify, manage and communicate key tax risks. Projects underway to enhance processes and systems such as substantial shareholder reporting and compliance employee reporting requirements.

Material risk	Risk description	Risk management
Technology and data (including cyber) 	<p>The risk that the Group does not optimise the use of data and digital technology. This may negatively impact the Group's ability to meet external demands and deliver growth.</p> <p>Coupled with the risk that the existing technology operating platform is inadequate and may suffer disruptions such as, system failures, faults, illegal unauthorised use of data and cybercrime.</p>	<ul style="list-style-type: none"> • Multi-year global technology and data management projects underway to enhance processes and systems. • Recruitment of dedicated data specialists continues. • Technological and information security enhancements made where appropriate, to support remote working as part of managing the COVID-19 pandemic. • Global Data Council in place to provide robust governance and oversight over key technology related transformation projects. • Participation in external forums to share good practices and enhance internal processes and systems. • Independent internal audit and other assurance reviews carried out over the design and effectiveness of technological, cyber and data systems of internal controls. • Range of technology and data related policies in place, these are periodically updated, approved and communicated to colleagues. • Regular review and testing of Disaster Recovery and Business Continuity Plans. • Periodic information security training. • Ongoing penetration testing and consultation with cyber security specialists.
Supplier management (including outsourcing) 	<p>The risk of loss or reputation damage arising from inadequate supplier selection and oversight processes.</p> <p>Failure to manage the business's exposure to heightened supplier risks as it introduces and transitions to new infrastructure suppliers, e.g. back office providers.</p>	<ul style="list-style-type: none"> • Periodic review of operating model includes consideration of the areas where we want to use third party suppliers. • Supplier management due diligence process. Enhancements implemented as part of the Modern Slavery regulatory change in Australia. • Supplier management governance framework, policies and procedures. • Regular monitoring and review of service level agreements and performance standards in place. • Independent annual assurance review of the design and effectiveness of internal controls. • Ongoing monitoring and reporting. • Regular communication/meetings with key outsource providers. • Major project underway, following a disciplined change methodology, to plan for the transition to new back/front office supplier/s.

Material risk	Risk description	Risk management
Market financial and treasury 	<p>The Group's fee income is derived from the assets managed on behalf of clients and the associated fee rates.</p> <p>The assets under management face a variety of risks arising from the unpredictability of financial markets, including movements in equity markets, interest rates and foreign exchange rates.</p> <p>The Group also invests its own capital alongside clients when establishing new financial products and building them to scale. This exposes the Group to the same potential loss of capital as clients.</p> <p>There is also the risk of the failure of the Group to maintain appropriate working capital and reserves to respond to unexpected adverse events.</p>	<ul style="list-style-type: none"> • Diversification across asset classes, investment styles and geographies. • Budgeting and financial forecast management. • Ongoing monitoring and review of strategy. • Conservative approach to leverage and the use of debt. US\$35m (A\$45m) term debt facility with full repayment targeted over a three year term. An additional undrawn A\$25m working capital loan facility in place as a risk management measure. • Monthly offshore earnings hedged into Australian dollars. • Capital management policy in place with limits, including a seed capital policy. • Ongoing monitoring and annual board review of seed capital portfolio performance. • Capital requirements regularly monitored and stress tested.

Internal Audit

KPMG provides internal audit services to the Group in Australia and other jurisdictions. The KPMG internal audit function is led from London and is conducted on a Group wide risk based approach.

KPMG:

- has all necessary access to information to effectively conduct their audits
- works with the Group CRO, senior management and the respective Risk and Compliance teams to develop an internal audit plan that complements other assurance work conducted throughout the Group
- independently reviews the effectiveness of the Group's governance, risk management processes and internal controls
- provides additional project assurance-related work as requested by management
- reports audit results to senior management and depending upon the nature of the issue being reported and the responsibility for that issue, to the Pandal Group ARC, the JOHCM Holdings Audit & Risk Committee and/or to the Board of Pandal Fund Services or Board of JOHCM
- meets regularly with the Pandal Group ARC Chair and has a direct reporting line in accordance with a defined Internal Audit Charter, and
- attends all meetings of the Pandal Group ARC.

Sustainability risks

Sustainability risks are identified and managed in accordance with the Group's overall risk management policies and Framework.

Economic sustainability risks

Pandal Group's material economic sustainability risks include risks associated with investment and markets, which are detailed on pages 20 to 21 of this document.

Environmental sustainability risks

Given the nature and size of Pandal Group's business and operations, Pandal Group does not have any material environmental sustainability risks. Pandal Group does seek to minimise the environmental impact of our operations as set out in the Corporate Sustainability Report.

Social sustainability risks

Pandal Group's material social sustainability risks and the strategies and controls that are in place to manage them are summarised in Table 4.

Table 4

Risk	Social Sustainability Risk Area		Risk Description/Impact	Strategies and Controls to Manage Risk
	People (Internal)	Community (External)		
Attraction and retention of talent	✓	✓	<ul style="list-style-type: none"> Inability to attract highly skilled individuals, thereby limiting the talent pool Inability to retain talented employees who have strong corporate knowledge and experience, impacting on the retention of existing business and future growth opportunities 	<ul style="list-style-type: none"> Remuneration policies and practices that reward for performance Dedicated Global Head of Reward oversees remuneration practices and global reward initiatives Competitive remuneration and benefits arrangements, including short and long-term incentive remuneration schemes Compulsory equity deferral across a number of variable reward schemes Formal talent management and succession planning processes and practices Half yearly review of business critical roles and top talent Transparent performance management practices Training and development aligned to employee learning requirements Targeted leadership programs and activities Employee Engagement Survey and results action planning Alignment of Group strategy with the objectives of individual employees Flexible work arrangements and employee wellbeing initiatives promoted across the organisation Competitive Employee Benefits Program offering Further information about the Group's management of Human Capital is provided in the Corporate Sustainability Report available on the Pandal Group website. (www.pendalgroup.com)
Diversity, Equity & Inclusion (DEI)	✓	✓	<ul style="list-style-type: none"> "Group think" bias, limiting diversity of thought, debate and challenge, impacting investment and business decision making and client confidence in Pandal Non-compliance with regulatory requirements, impacting brand and reputation and, in turn, regulator confidence and employee, client and shareholder attraction and retention 	<ul style="list-style-type: none"> DEI Steering Committee at the Group level to lead on creating a culture of diversity, equity and inclusion and to implement the Group's DEI strategy Regional DEI Committees in Australia and the UK, representing employees in Europe, UK and Asia (EUKA) and US to champion DEI DEI initiatives which support Pandal Group's DEI Strategy. Remuneration & Nominations Committee (RNC) oversight of progress against the Pandal Group DEI Strategy and Targets Annual review of remuneration across comparable roles to ensure pay equity

			<ul style="list-style-type: none"> • Adoption, promotion and regular reporting of DEI targets • Measuring DEI via regular engagement surveys • Flexible working policies, practices and culture operational across all organisational levels • Continued training and education in respect of DEI • Further information about the Group's DEI policy and targets is set out under ASX Recommendation 1.5.
Succession Planning	✓		<ul style="list-style-type: none"> • 'Key-person dependency' in business critical roles • Lack of knowledge transfer from specialist, highly skilled employees who leave the organisation • Costly hiring or promotion mistakes being made to quickly fill an urgent 'key person' gap
			<ul style="list-style-type: none"> • Formal talent and succession planning practices in place • Half yearly review of business critical roles • Retention arrangements in place for employees identified as business critical • Mitigating actions in place for identified succession gaps • Regular update reports provided to the RNC
Health, Safety & Wellbeing (HS&W)	✓	✓	<ul style="list-style-type: none"> • Lack of robust HS&W framework leading to unsafe work practices, increase in the employee injury rate, costly workers' compensation claims and material workers' compensation premium increases (due to high lost time injury rates) • Non-compliance with regulatory requirements, impacting on brand, reputation and, in turn, regulator confidence and employee, client and shareholder attraction and retention • Penalties applied to Pandal Group Work Health & Safety Officers
			<ul style="list-style-type: none"> • Integrated HS&W Strategy, Governance Framework and Performance targets in place • Audit and Risk Committee (ARC) oversight of HS&W performance metrics • Regular wellbeing surveys in all regions • Annual review of the UK's WHS Policy • Health insurance provided in the UK, Europe, Asia and the US • Annual establishment of the HS&W Management Plan and Risk Register in the Australian business, with regular progress reports to the ARC • HS&W mandatory training for all employees and people leaders to be completed annually • Employee Assistance Programs in place • Annual Employee Wellbeing Program which focuses on employee psychological and physical wellbeing through initiatives such as resilience seminars, health assessments, diet, sleep and exercise monitoring, skin checks, flu vaccinations, yoga classes and regular posture and ergonomic assessments

Employee Engagement	✓	✓	<ul style="list-style-type: none"> Employees actively and passively disengaged, resulting in lack of discretionary effort, poor productivity and team morale, increased absenteeism and turnover, and ultimately failure to execute on the business strategy 	<ul style="list-style-type: none"> Regular measurement of Employee Engagement and results action planning across the business Competitive remuneration and benefits arrangements, including short and long-term incentives remuneration schemes Employee Wellbeing Program and Employee Assistance Program in place Employee benefits including paid superannuation on unpaid parental leave and salary continuance insurance for all Australian employees, as well as health insurance provided to employees in the US, UK, Europe and Singapore Flexible work and leave policies and practices operational across all levels of the organisation Further information about Employee Engagement is provided in the Sustainability Report available here
Corporate Conduct	✓	✓	<ul style="list-style-type: none"> Inappropriate employee conduct, impacting on reputation and brand and undermining client, shareholder and regulator confidence 	<ul style="list-style-type: none"> Annual mandatory training in policies (e.g. Code of Conduct, Technology Code of Use, Workplace Bullying, Discrimination & Harassment and Whistleblower Protection) together with practices and a culture that drives honest and ethical employee behaviour No appetite for failure to meet regulatory obligations Clear understanding and effective management and monitoring of the Group's regulatory obligations Annual assessment of fitness & propriety of employees in regulated positions Policies which articulate the link between behavioural expectations and remuneration outcomes
Market Position/ Profile	✓	✓	<ul style="list-style-type: none"> Lack of engagement with the community in which we operate and which we serve, limiting employee and client attraction and retention Lack of awareness about the positive impact that Pandal Group has on the environment, the community and stakeholders, impacting the Group's reputation and brand 	<ul style="list-style-type: none"> Promotion of our ethical and sustainable products Community Committees established in the UK (representing UK, Europe, US and Singapore) and Australia to facilitate community involvement and participation in charitable initiatives Corporate sponsorship of Australian and UK-based charities Further information about the Group's contribution to the community is available in the Pandal Sustainability Report here.

ASX Principle 8 - Remunerate fairly and responsibly

The Board has established the Remuneration & Nominations Committee (**RNC**). Details of the composition, structure and responsibilities of the RNC, including those responsibilities relating to remuneration are set out under ASX Principle 2.

Details of the Group's governance relating to remuneration, including policies and practices for Non-Executive Directors, executive directors and senior executives are disclosed in Pental Group's 2021 Remuneration Report, which is contained in Pental Group's 2021 Annual Report.

Pental Group's Trading in PDL Securities Policy precludes employees of Pental Group from entering into a transaction or financial product (such as options, derivatives or other arrangements) that may operate to limit the economic risk of unvested holdings in PDL securities or entitlements under equity-based remuneration schemes.

A copy of the above Trading in PDL Securities Policy is available on our website (www.pentalgroup.com).

Other Governance Issues

Pental USA

Pental USA Inc. is the holding company for Pental's businesses located in the US which now include JOHCM (USA) and the recently acquired TSW. Christopher Jones, a Director of Pental Group Limited will be appointed as Chairman of Pental USA Inc.

JOHCM

J O Hambro Capital Management Holdings Limited (**JOHCM Holdings**) is the holding company for the wholly owned subsidiary J O Hambro Capital Management Limited (**JOHCM**). In the 2017 Financial Year, Non-Executive Directors of Pental Group Limited were appointed to the Board of JOHCM Holdings to support the Group's global governance framework. The Pental Group Limited and JOHCM Holdings board and committee meetings are conducted in an omnibus arrangement.

Responsible entity governance at Pental Group

Pental Fund Services Limited (**Pental Fund Services** or **PFSL**) is the responsible entity of the Pental Funds and has a fiduciary obligation to act in the best interests of investors in those Funds. These fiduciary obligations may, from time-to-time, conflict with the interests of Pental Fund Services or the wider Group. When this occurs, the PFSL Board is required by the Corporations Act to give priority to the interests of investors in the Pental Funds. The Directors of PFSL are conscious of their fiduciary obligations to investors in the Pental Funds and continually assess their decisions in light of these obligations.

The PFSL Board is currently comprised of the following Executive Directors: Richard Brandweiner (Chief Executive Officer, Pental Australia), Justin Howell (Chief Operating Officer, Pental Australia), Anthony Serhan (Executive Director) and Cameron Williamson (Group CFO). Cameron Williamson is the Chairman of the PFSL Board. The PFSL Board has responsibility for the management of risks that arise from its duties as the responsible entity of the Pental Funds and the provision of financial services under its Australian Financial Services Licence.

MICC

As the Pental Fund Services Board is not comprised of a majority of external directors (as defined by section 601JA of the Corporations Act) the Board has appointed a Managed Investments Compliance Committee (**MICC**). The MICC is comprised of two external members and one internal member.

The external members of the MICC are Penni James (Chair) and David Prothero. The internal member of the Committee is Justin Howell (Chief Operating Officer, Pental Australia).

The MICC has the functions and responsibilities of a compliance committee as set out in Sections 601JC and 601JD of the Corporations Act.

Entity Restructure

Pental Group is currently working towards a restructure of its legal entity structure whereby the Group's regulated subsidiaries would become direct subsidiaries of the Group's holding company, Pental Group Limited or, for US subsidiaries, Pental USA Inc. The purpose of the proposed restructure is to simplify and streamline the Group's governance, regulatory licensing and enhance capital efficiency. The restructure is expected to be implemented in the December quarter of 2021, subject to regulatory approvals.

Tax Transparency

Approach to taxation

The Group views taxation as an important contribution to the communities in which it operates. The Group is committed to high standards of governance and transparency and continues to adopt the voluntary Tax Transparency Code (**TTC**) designed by the Board of Taxation in Australia. The following information is provided in relation to both Part A and Part B of the TTC, and in compliance with the requirement under paragraph 22 (2) of Schedule 19, Finance Act 2016 for qualifying entities to publish their tax strategy for the financial year ended 30 September 2021.

Tax strategy and governance

The Group is a multi-national business which manages investment assets across a diverse range of asset classes, clients and geographies. The Group manages its tax affairs to enhance compliance, minimise risks and facilitate its strategic objectives.

A strong tax governance and internal control framework is in place to manage tax affairs at Pandal Group. The Board has endorsed the Group's tax strategy, which sets out its aims to:

- be a responsible taxpayer and comply with applicable taxation laws
- legitimately manage Group and subsidiary tax costs
- align tax policies and procedures with overall Group strategy and initiatives
- implement a robust Tax Risk Management Framework to identify, manage and communicate tax risks to the Board
- promote effective working relationships on tax matters with Group stakeholders, including the Board, staff, shareholders, subsidiaries, customers, business partners and regulators
- not engage in activities which are unlawful or are designed to avoid tax,
- contribute to government and industry proposals to reform and improve tax systems to benefit the Group, its stakeholders and the community.

The ARC is responsible for reviewing, monitoring and making recommendations to the Board on the Company's tax policies and practices, including any material decisions relating to tax. A tax risk management framework is in place which sets out the control environment and how the Company identifies, classifies, assesses and responds to tax risks. Pandal Group's global tax and finance teams are responsible for implementing the framework, reviewing and monitoring tax risks and reporting to management, including the Group CFO and the ARC on a regular basis.

Tax risk management sits within, and is aligned to, the Group's broader strategy and risk management framework. Acceptable levels of risk in relation to taxation are therefore determined in accordance with the Group's risk appetite statement, under which a risk tolerance level is set for each area of material risk. Tax risks are generally included in the Group's areas of lower risk appetite, which include the management of critical areas such as product and investment performance, regulation and legislation and markets, financial and treasury.

The Group's approach to tax planning is to ensure that material transactions and activities are compliant with applicable tax legislation and align with the Group's tax strategy and risk management framework. In doing this, the Group seeks advice from external tax advisers on significant or complex tax issues, and engages openly and co-operatively with the relevant tax authorities (including the ATO and HMRC) to communicate important business changes, to obtain formal or informal guidance where there is uncertainty in the interpretation of tax laws and to address any regulator concerns or inquiries that may arise.

Income tax reconciliations

A reconciliation of the Group's accounting profit to its income tax expense is included at Note B5 of the 2021 Financial Report, in accordance with International Financial Reporting Standards (IFRS). Further information is provided in the tables below to enhance transparency of the Group's tax outcomes in each of the major countries in which the Group operates, including taxes calculated at the corporate tax rate in each jurisdiction, material differences between accounting profit and tax expense, and the effective company tax rate (calculated as tax expense divided by accounting profit) for Australian and global operations. Tax paid during the financial year differs from the tax expense for accounting purposes, and these differences are set out below.

Reconciliation of accounting profit to tax expense by country

Table 5

Year Ended 30 September 2021	Australia (\$'000)	UK (\$'000)	Singapore (\$'000)	USA (\$'000)	Ireland (\$'000)	Total (\$'000)
Profit before tax ¹	37,397	19,882	89,759	60,518	10,328	217,884
Corporate tax rate (local)	30%	19%	17%	21%	12.5%	
Tax at corporate tax rate	11,219	3,778	15,259	12,709	1,291	44,256
Tax effect of material differences:						
State, local and withholding taxes		1,482		4,803		6,285
Acquisition transaction costs	4,700			320		5,020
Amortisation of intangibles				(1,455)		(1,455)
Employee equity grant amortisation	259					259
Other non-deductible/ (deductible) items	(517)	(1,196)	60	169	20	(1,464)
Adjustments to deferred tax of prior years		982	(9)	(1,526)		(553)
Effect on changes in future tax rates		426				426
Adjustments to current tax of prior years	123	348		(63)		408
Tax expense	15,784	5,820	15,310	14,957	1,311	53,182
Effective tax rate (%)	42.2%	29.3%	17.1%	24.7%	12.7%	24.4%

1 Profit before tax excludes distributions of profits received from subsidiaries, as those profits are included in the profit of the relevant subsidiary.

Reconciliation of Tax Expense to Income Tax Paid by Country

Table 6

Year Ended 30 September 2021	Australia (\$'000)	UK (\$'000)	Singapore (\$'000)	USA (\$'000)	Ireland (\$'000)	Total (\$'000)
Tax expense (as above)	15,784	5,820	15,310	14,957	1,311	53,182
Timing differences recognised in deferred tax	(3,304)	(1,554)	3,384	2,815	-	1,341
Prior year instalments paid this year	5,576	296	7,530	(507)	130	13,025
Current year instalments to be paid next year	(4,489)	1,272	(18,602)	(4,396)	99	(26,116)
Income tax paid	13,567	5,834	7,622	12,869	1,540	41,432

International related party dealings

As a global investment manager, the Group operates across international borders and leverages the resources available to benefit the Group entities in each country. The Company's international related party dealings are conducted in a manner consistent with Australian and international laws and the arm's length principle. Formal agreements are put in place between Group entities to ensure that related party dealings are documented and consistently applied, while contemporaneous documentation is prepared and maintained to support the selection and implementation of appropriate arm's length pricing methodologies and outcomes.

Key categories of dealings

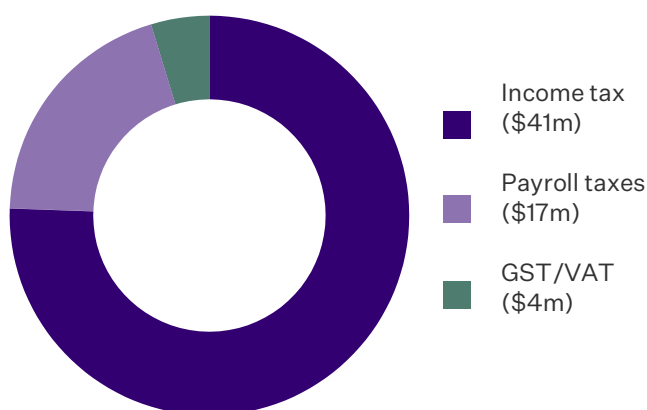
The key categories of dealings with offshore related parties which have a material impact on the Group's taxable income in each country are summarised as follows:

- Investment management services are provided by Group entities and investment teams located in the UK and Europe, US, Singapore and Australia to support the operation of certain investment products issued by Group entities located in the UK and Europe, US and Australia. A benchmarked arm's length proportion of the management fee revenue earned on these products is paid to the entity employing the relevant investment team for these services
- Distribution services are provided by sales personnel located in the UK and Europe, Australia, Singapore and the US for investment products, and are remunerated with a benchmarked proportion of the management fee revenue earned on the relevant product or mandate. This typically comprises the residual of the management fees after payment to the fund manager entity
- Support services are provided between Group entities where resources can be effectively shared, which includes trade execution, finance and accounting, compliance and other services. These activities are benchmarked and priced on an arm's length basis
- Group/ head office services are provided by Pendal Group to its subsidiaries in relation to activities of the Group executive, finance and other functions which support the operation and development of the global business
- Employee share plans are established by Pendal Group to provide equity in the Australian listed entity to attract and incentivise employees throughout the Group. Amounts are charged to subsidiaries in the UK, Europe, US and Singapore for the provision of equity and administration of the share plans as appropriate, and
- Financing is provided to Group entities through equity and, where appropriate, debt investment. Subsidiaries provide returns on the equity invested in them through the payment of profits as dividends to the relevant holding company. As these profits have been subject to tax in the country of the subsidiary, the dividends are generally not subject to further tax in the country of the holding company. Intra-group debt funding, when utilised, is generally on a short-term basis, and is documented with arm's length terms and interest as applicable.

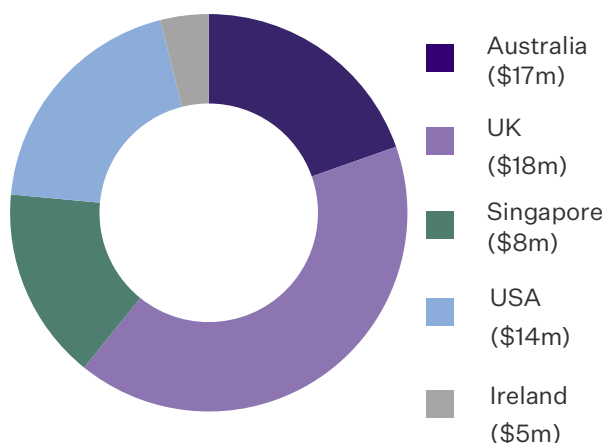
Total tax contribution

The Group contributes to the communities in which it operates through the payment of corporate income taxes as well as other indirect taxes on services and employment. The Group's tax contribution during the 2021 Financial Year is set out below by tax type and by country of payment. Taxes paid by the Group on behalf of others (such as GST/ VAT collected and pay-as-you-earn withholding taxes paid) are not directly borne by the Group and are not included in the amounts shown below.

2021 tax contribution by type (total \$62m)



2021 tax contribution by country (total \$62m)



Glossary

2021 Financial Year

The financial year ended 30 September 2021

ARC

Audit & Risk Committee of Pendal Group Limited

Board

Board of Directors of Pendal Group Limited

Company

Pendal Group Limited

Group

The Company and its subsidiaries

Group CEO

Chief Executive Officer & Managing Director of the Group

Group CFO

Chief Financial Officer of the Group

Group CRO

Chief Risk Officer of the Group

JOHCM

J O Hambro Capital Management Limited

JOHCM Holdings or JOHCMH

J O Hambro Capital Management Holdings Limited

Pendal Australia

The Australian operations of the Group

Pendal Funds

The managed investment schemes or unit trusts of which Pendal Fund Services Limited is the responsible entity

Pendal Fund Services or PFSL

Pendal Fund Services Limited (ABN 13 161 249 332)

Pendal Group

The Company and its subsidiaries

Reporting period

The financial year ended 30 September 2021

RNC

Remuneration & Nominations Committee of Pendal Group Limited

TSW

Thompson, Siegel and Walmsley LLC