

Pendal Group Limited
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Sydney NSW 2000
Australia
ABN 28 126 385 822

PENDAL
GROUP

4 November 2022

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

**Pendal Group Limited (PDL) Full Year Profit Announcement for
the twelve months ended 30 September 2022**

The following documents are attached for lodgement:

- Appendix 4E
- ASX Announcement
- Analyst Presentation
- Shareholder Update
- Annual Report
- Appendix 4G
- Corporate Governance Statement**
- Sustainability Report

Yours sincerely



Authorising Officer

Joanne Hawkins
Group Company Secretary
Pendal Group Limited
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The future is worth investing in



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1. Corporate governance

This Corporate Governance Statement set outs the corporate governance practices of Pendal Group Limited (**Pendal Group or the Company**) for the financial year ended 30 September 2022 (**the Reporting Period**).

These arrangements are consistent with the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Recommendations).

Further information about Pendal's corporate governance framework and practices can be accessed on our website (www.pendalgroup.com), which includes links to each of the documents referenced in this Corporate Governance Statement.

This Statement is current and has been approved by the Board on 4 November 2022.

1.1 Our values

Good corporate governance is essential to building trust and creating long-term shareholder value. At Pendal Group our values inform our decisions from the top down and underpin our corporate culture.

Our values are set out below.



Integrity and Honesty

Taking ownership and accountability for your decisions and actions; behaving ethically; being a role model for others.



Respect

Having regard for yourself and others to establish trust and mutual respect; accepting the rights of others to hold different views.



Courage

Standing up for what you believe in; challenging the status quo.



Teamwork

Building cross-team relationships to achieve business goals; delivering on commitments to others; proactively sharing information and ideas; providing recognition.



High performance

Striving for excellence and taking ownership; bringing an entrepreneurial mindset and results-driven orientation; taking initiative on continuous improvements; maintaining attention to detail and delivering high-quality outcomes.

1.2 Our culture of acting lawfully, ethically and responsibly

Code of Conduct

Our Code of Conduct draws from and expands on our core values. It sets out key expectations for all our directors, the Global Executive Committee, senior executives and all other employees, and is designed to ensure everyone behaves in a manner consistent with our purpose and values.

The principles underlying the Code of Conduct are:



The Code of Conduct is supported by a number of detailed policies that deal with a range of ethical issues.

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

Managing Fraud, Bribery and Corruption Policy

As part of our commitment to ethical corporate practices, our Managing Fraud, Bribery and Corruption Policy outlines the measures taken to manage the risks associated with fraud, bribery and corruption.

Whistleblower Protection Policy

We recognise 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. Our Whistleblower Protection Policy encourages 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.

Trading in PDL Securities Policy

Pendal Group has adopted a Trading in PDL Securities Policy to assist directors and employees to comply with their obligations under the insider trading prohibitions of the Corporations Act and to protect the reputation of the Company, its directors and employees.







Our Trading in PDL Securities Policy precludes employees of Pendal 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.

Reporting

The ARC is informed of any material breaches of the Code of Conduct and our key policies (including the Managing Fraud, Bribery and Corruption Policy). In addition, material incidents reported under the Whistleblower Protection Policy are reported to the ARC.

2. Our Board of directors

Our current Board of directors are set out below. Details of their background, experience, qualifications are set out on pages 17 to 18 of the 2022 Directors' Report.

	Director	Date of appointment	Status
	<p>Deborah Page AM Non-executive Chairman</p>	<p>7 April 2014</p>	<p>Independent</p>
	<p>Nick Good Group Chief Executive Officer and Managing Director</p>	<p>1 April 2021</p>	<p>Executive</p>
	<p>Sally Collier Non-executive Director</p>	<p>2 July 2018</p>	<p>Independent</p>
	<p>Ben Heap Non-executive Director</p>	<p>1 March 2022</p>	<p>Independent</p>
	<p>Christopher Jones Non-executive Director</p>	<p>8 November 2018</p>	<p>Independent</p>
	<p>Katherine Matthews Non-executive Director</p>	<p>1 December 2016</p>	<p>Independent</p>

2.1 The role of the board

The Company is governed by a Board of directors (**the Board**) who are elected by the shareholders with the exception of the Group Chief Executive Officer and Managing Director (**Group CEO**) who is appointed by the Board.

The Board has adopted a Board Charter which sets out the role and responsibilities of the Board and its relationship with management. The Board's responsibilities 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 Company's strategic plan and annual budget
- overseeing management's implementation of the Company's strategic plan and its performance against the annual budget
- approving the appointment of members of the Global Executive Committee
- approving significant Pental Group policies
- approving the Company's remuneration framework on the basis that it aligns with the Company'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 Company's accounting and corporate reporting systems, and
- setting the Company's risk appetite and monitoring the effectiveness of Pental Group's governance and risk management systems.

Delegation to management

The Board has delegated management of the Pental Group's day-to-day operations to the Group CEO and 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.

The Chairman

Deborah Page AM is the Independent Non-Executive Chairman of the Board. Her role 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.

2.2 Director nomination and succession

The Governance and Nominations Committee (**GNC**) was newly created in FY22 and is responsible for reviewing and making recommendations to the Board regarding non-executive retirement and succession (including the Chairman). These functions were previously carried out by the People, Culture and Remuneration Committee (**PCR**) (formerly called Remuneration and Nominations Committee). More detail about Board committees is set out in section 3.

In making its recommendations, the GNC 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.

This is supplemented with advice from external consultants if necessary.

Appropriate background checks of a potential candidate are performed before the candidate is appointed as a director of the Company or recommended to shareholders for election. These include checks as to the person's character, experience, education, criminal record and bankruptcy history.

Prior to directors seeking election or re-election at an annual general meeting, Pendal Group provides shareholders with all material information in its possession and relevant to a decision, to enable shareholders to make an informed decision on whether or not to elect or re-elect that director.

All directors are appointed by way of a formal appointment letter which set out their duties and responsibilities.

2.3 Director independence

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 independent.



The GNC assesses the independence of the directors on an annual basis, as part of the Company's annual reporting and Annual General Meeting processes. The GNC 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.

A director will be considered independent when they are free from any interest, position or relation which may interfere, or might reasonably be seen to interfere, with their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity as a whole rather than in the interests of an individual shareholder or other party.

2.4 Board skills matrix

Maintaining a balance of experience and skills is an important factor in Board composition. The GNC assesses the collective skills, experience, diversity, independence and personal attributes the Board requires to effectively discharge its responsibilities.

The following matrix summarises the skills and experience represented on Pandal Group's Board:

Key:  Number of directors having a skill assessed as well developed  Number of directors having a skill assessed as developed

Skills and experience	Explanation	Number of directors with skill or experience						
 Asset management industry knowledge, experience and leadership	Specific experience, knowledge and expertise in asset management including investment management and funds management	<table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr></table>	1	2	3	4	5	6
1	2	3	4	5	6			
 Business leadership	Leadership skills gained whilst performing at a senior executive level	<table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr></table>	1	2	3	4	5	6
1	2	3	4	5	6			
 Capital and strategic transactions	Experience in mergers and acquisitions, corporate finance, capital markets and capital management	<table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr></table>	1	2	3	4	5	6
1	2	3	4	5	6			
 External stakeholder management	Experience in building and maintaining key relationships with industry, government or regulators	<table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr></table>	1	2	3	4	5	6
1	2	3	4	5	6			
 Financial management and audit	Proficiency in financial accounting and reporting and/or audit	<table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr></table>	1	2	3	4	5	6
1	2	3	4	5	6			
 Financial services industry knowledge and experience	Specific experience, knowledge and expertise gained in the broader financial services industry	<table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr></table>	1	2	3	4	5	6
1	2	3	4	5	6			
 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	<table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr></table>	1	2	3	4	5	6
1	2	3	4	5	6			
 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	<table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr></table>	1	2	3	4	5	6
1	2	3	4	5	6			
 Marketing and distribution	Experience in marketing and distribution and developing key customer relationships	<table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr></table>	1	2	3	4	5	6
1	2	3	4	5	6			
 People and talent management	Experience in people matters including culture, performance management and succession and remuneration including incentive schemes	<table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr></table>	1	2	3	4	5	6
1	2	3	4	5	6			
 Risk management	Experience identifying, assessing and managing risks, setting and monitoring risk appetite and building risk culture	<table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr></table>	1	2	3	4	5	6
1	2	3	4	5	6			
 Technology	Experience in technology strategies and innovation	<table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr></table>	1	2	3	4	5	6
1	2	3	4	5	6			

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
- Sound communicator, and
- Appetite to learn.

Board tenure and diversity as at 30 September 2022

Tenure

Number of Directors

0-3 years

1	2	3	4	5	6	7
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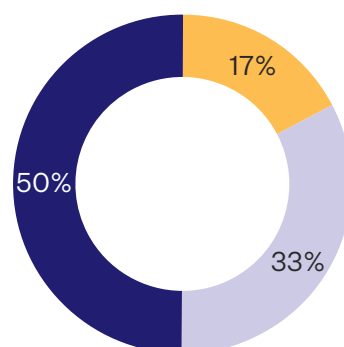
3-6 years

1	2	3	4	5	6	7
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6-9 years

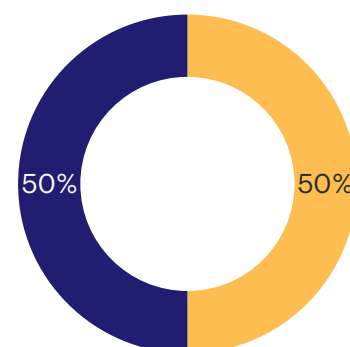
1	2	3	4	5	6	7
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Location



■ Australia
■ Europe
■ US

Gender



■ Female
■ Male

2.5 Induction and professional development

Pendal Group has in place a program for inducting new directors and directors receive appropriate training on regulatory and other issues which are relevant to the business. 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.

There is an annual review as to whether there is a need for existing directors to undertake professional development to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

2.6 Performance reviews and evaluation

The Board undertakes a review of the performance and effectiveness of the Board, its committees and individual directors. Periodically, this review is undertaken with the assistance of an external facilitator. An independent review was undertaken during the 2021 Financial Year with the objective of looking to areas in which the Board could strengthen and enhance its performance. In the 2022 Financial Year, the Board continued to implement the recommendations of the independent review including the creation of the GNC. The Board also conducted an internal performance review at the end of the 2022 Financial Year.

3. Board committees

The Board has established three standing committees and has delegated duties to each committee to assist the Board in exercising its responsibilities and discharging its duties.

As previously noted the GNC was newly created in the 2022 Financial Year to provide a separate committee focussed on director appointments across Pental Group and governance frameworks. The name of the Remuneration and Nominations Committee was changed to the People, Culture and Remuneration Committee to better reflect its updated functions.

Each committee has a separate charter that sets out the roles and responsibilities of that committee, as well as the membership and any other requirements for the running of the committee. All committees are chaired by and comprise of independent non-executive directors. Each committee regularly reports to the Board on all matters relevant to the committee's roles and responsibilities.

Board committee charters can be found on our website (www.pentalgroup.com).

The number of times each committee met during FY22 is set out in page 19 of the 2022 Directors' Report.

The members and role of each committee are set out in the diagram below.

Audit and Risk Committee (ARC)	Governance and Nominations Committee (GNC)	People, Culture and Remuneration Committee (PCR)
<ul style="list-style-type: none"> Sally Collier (Chair) Kathryn Matthews Deborah Page AM 	<ul style="list-style-type: none"> Ben Heap (Chair) Sally Collier Christopher Jones Kathryn Matthews Deborah Page AM 	<ul style="list-style-type: none"> Christopher Jones (Chair) Ben Heap Kathryn Matthews
The committee is responsible for:	The committee is responsible for:	The committee is responsible for:
<ul style="list-style-type: none"> oversight of the integrity of Pental Group's financial statements and financial reporting systems oversight of the adequacy and effectiveness of Pental Group's internal control systems and risk management framework the appointment, remuneration, qualifications, independence and performance of the auditor of Pental 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 	<ul style="list-style-type: none"> reviewing the remuneration of the Group's non-executive directors identifying suitable candidates for appointment to the Board and subsidiary boards making recommendations to the Board regarding non-executive retirement and succession (including the Chairman) making recommendations to shareholders for the re-election of Directors to the Board developing and implementing a process for the evaluation of the performance and effectiveness of the Board and subsidiary boards, and reviewing corporate governance frameworks, principles and policies. 	<ul style="list-style-type: none"> providing oversight of the remuneration framework and policies for Pental Group and their application to the Group CEO and members of the Global Executive Committee providing oversight of the plans for allocation or issue of Shares or other securities to employees of the Pental Group, as part of remuneration arrangements providing oversight of Pental Group's policies and initiatives to support recruitment and retention of people, and developing talent monitoring the implementation of Pental Group's people and culture strategies and their alignment with Pental Group's overall strategy, vision and values, and providing oversight of diversity and inclusion and health, safety and wellbeing matters.

4. Management

4.1 Appointment

Appropriate background checks are conducted before a senior executive is appointed and all senior executives have entered into written agreements with Pandal Group, which set out their rights, duties and responsibilities.

Further detail about the executive employment agreements entered into with key management personnel are contained in the 2022 Remuneration Report on pages 26 to 59.

4.2 Performance reviews and evaluation

The PCR reviews and approves the annual performance objectives and measures of the Group CEO. As part of Pandal 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 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 FY22.

4.3 Remuneration

Details of Pandal Group's governance relating to remuneration, including policies and practices for non-executive directors, executive directors and senior executives are disclosed in Pandal Group's 2022 Remuneration Report on pages 26 to 59.

4.4 Company Secretary

The Company Secretary is appointed and removed by the Board and reports to and is accountable to the Board, through the Chairman of the Board, on all matters to do with the proper functioning of the Board and Board committees. Further details on the Company Secretary are set out on page 19 of the 2022 Directors' Report.

5. Shareholders and reporting

5.1 Market disclosure

We are committed to effective communication with our clients, shareholders, market participants, employees, suppliers, financiers, creditors, other stakeholders and the wider community. The Board has adopted a Market Disclosure Policy which sets out how we communicate with our shareholders and the market. You can access this policy on our website (www.pendalgroup.com).

The Market Disclosure Policy establishes a Disclosure Committee, which is responsible for managing compliance with Pental Group's disclosure obligations. It determines what information should be disclosed to the market and the form of that information. The Board retains responsibility for approving announcements of key significance.

The Board is provided with copies of all material announcements after they have been released on the ASX 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 any major briefings are emailed to investors and other market participants and participant registration is available before the event through the Pental Group Investor Centre.

Other presentation materials including presentations with institutional investors and analysts containing new and substantive information are first disclosed to the market via the ASX market announcements platform and posted to the Pental Group website before they are discussed.

5.2 Communication with shareholders

We are committed to ensuring that all shareholders have equal and timely access to material information concerning the Company and publish all relevant Company information on the Investor Centre of our website (www.pendalgroup.com). This information is readily available to shareholders and includes ASX announcements, reports, results presentations and other relevant documents.

We encourage all shareholders to attend and participate in general meetings of the Company. The Company seeks to maximise shareholders' ability to participate at these meetings by allowing shareholders a reasonable opportunity to ask questions during the meeting and allowing shareholders to lodge proxies electronically. Shareholders may ask questions of the Board, management or the Company's auditors and are able to submit written questions prior to the meeting. We conduct voting on all substantial resolutions on a poll.

We also have an established program of ongoing communication with our shareholders which provides concise and clear communication on matters that are relevant to shareholders and their investment in Pental Group.

We facilitate two-way communication with shareholders by:

- making relevant information about the Company available to shareholders on our 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.

We also encourage electronic communication with shareholders to facilitate the quick and environmentally friendly dissemination of information. Shareholders can contact us directly through our website's "Contact Us" section which allows shareholders to submit questions or comments directly. This page also sets out the email address for our share registry, Link Market Services.

5.3 Verification of unaudited reports

Pental Group has a process in place to ensure any periodic corporate report is materially accurate and balanced in order to provide investors with appropriate information to make informed investment decisions. Periodic corporate reports that are not audited or reviewed by our external auditors 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.

6. Risk management

6.1 Risk management framework

Please refer to pages 10 to 15 of Pendal's 2022 Annual Report for an overview of the Company's risk management framework.

The Board annually reviews and approves the design of the risk management framework and sets the risk appetite, this exercise was conducted in FY22. The Group Audit & Risk Committee assists the Board in its oversight of risk management, financial and assurance matters.

6.2 Environmental and Social Risks

At Pendal Group, we recognise the benefit and importance of identifying material environmental, social and governance (ESG) risks in our business operations as well as our investments. We view effective management of these risks as critical to establishing a long-term sustainable business and delivering value to our stakeholders. This means delivering excellent client service, providing a safe and inclusive workplace, investment in communities and managing Pendal Group's impact on the environment. Our approach to managing these risks is built on strong foundations of good corporate governance, responsible investing and prudent risk management, with a commitment to continue evolving our practices.

Our investment teams continue to evolve their own approach to integrating ESG and sustainability considerations into their investment process and stewardship practices. As an active investment manager, our experienced fund managers are given freedom over their investment decisions, subject to agreed risk criteria and investment restrictions. Where appropriate, Regnan, our specialist ESG and Responsible Investing business unit, supplements the decision making, by providing ESG research and thought leadership. Our governance and oversight processes provide independent monitoring to help ensure investment teams manage these risks consistent with their fund documentation.

Detailed information is documented in the Pendal Annual Report and Sustainability Report as well as in the Modern Slavery Statement. These can be found on our website (www.pendalgroup.com).

6.3 Audit

Internal auditor

KPMG provides internal audit services to the Company in Australia and other jurisdictions. The KPMG internal audit function is led from London and is conducted on a Company wide risk based approach. The internal audit function's role is to provide independent, objective assurance to assist the Company meet its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance over business processes.

External auditor

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

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

6.4 Management assurances / certification

The Group CEO and Chief Financial Officer provided a declaration to the Board in respect of both the FY22 half year and full year financial statements that in their opinion:

- the financial records of the Company have been properly maintained in accordance with the Corporations Act;
- the financial statements comply with Australian Accounting Standards and give a true and fair view of its financial position and performance for the relevant period; and
- their opinion was formed on the basis of a sound system of risk management and internal control which is operating effectively.

7. Diversity, Equity and Inclusion

7.1 Diversity and Inclusion Policy

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

Our commitment to Diversity, Equity and Inclusion (DEI) is reflected in our Diversity & Inclusion Policy which is supported by our DEI Strategy.

Our Diversity & Inclusion Policy can be found on our website (www.pendalgroup.com).

7.2 Measurable objectives

Our targets for achieving gender diversity in the composition of the board, senior executives and workforce generally are to be achieved by FY23.

The table below sets out the Board's measurable objectives for FY22, as well as a summary of Pental's progress towards achieving those measurable objectives during the Reporting Period, which is regularly reviewed by the Board.

Measurable objective	Achieved as at 30 September 2021	Progress as at 30 September 2022
A minimum of 40% female representation on Pental Group Board	43%	50% Pental Group continues to exceed the target set for female representation on the Board and notably increased relative female representation this year at Board level
A minimum of 40% female representation at Pental Group Executive level The Pental Group Executive teams include both CEO-1 and CEO-2 level employees aligned with the Pental Group Global Executive team structure.	27%	No change Female representation across Pental Group's Executive has remained the same this year. The Group will continue to focus on achieving its stated target by FY23.
A minimum of 40% female representation across the Pental Group workforce	37%	39% Female representation across the Pental workforce has increased this year, moving us closer to achieving our 40% target by FY23

Further information on our approach to DEI is available in our Sustainability Report which can be found on our website (www.pendalgroup.com).

8. 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 Pendal 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. Pendal 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 2022 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

Year Ended 30 September 2022	Australia (\$'000)	UK (\$'000)	Singapore (\$'000)	USA (\$'000)	Ireland (\$'000)	Total (\$'000)
Profit before tax ¹	(5,386)	8,529	74,632	66,857	4,321	148,953
Corporate tax rate (local)	30%	19%	17%	21%	12.5%	-
Tax at corporate tax rate	(1,616)	1,621	12,687	14,040	540	27,272
Tax effect of material differences:						
State, local and withholding taxes	-	1,372	-	7,408	-	8,780
Exempt distribution income	-	(1,758)	-	-	-	(1,758)
Employee equity grant amortisation	346	-	-	-	-	346
Other non-deductible/ (deductible) items	(837)	(1,409)	63	(75)	387	(1,871)
Adjustments to deferred tax of prior years	-	1,176	77	3,541	(140)	4,654
Effect of changes in future tax rates	-	(77)	-	-	-	(77)
Adjustments to current tax of prior years	8	(345)	-	(823)	-	(1,160)
Tax expense	(2,099)	580	12,827	24,091	787	36,186
Effective tax rate (%)	39.0%	6.8%	17.2%	36.0%	18.2%	24.3%

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

Year Ended 30 September 2022	Australia (\$'000)	UK (\$'000)	Singapore (\$'000)	USA (\$'000)	Ireland (\$'000)	Total (\$'000)
Tax expense (as above)	(2,099)	580	12,827	24,091	787	36,186
Timing differences recognised in deferred tax	3,914	4,353	534	(1,120)	11	7,692
Prior year instalments paid this year	4,497	448	21,013	6,319	(158)	32,119
Current year instalments to be paid next year	5,065	(882)	(13,945)	(7,603)	206	(17,159)
Income tax paid	11,377	4,499	20,429	21,687	846	58,838

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

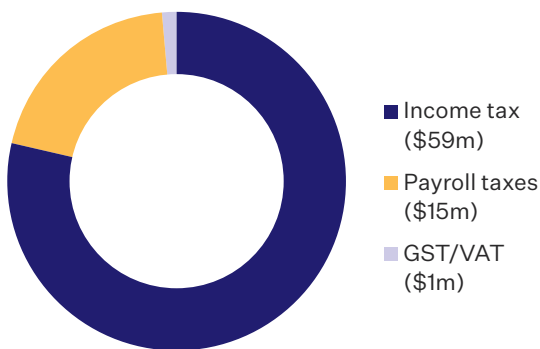
The key categories of dealings with offshore related parties which have a material impact on the Group’s taxable income in each country are summarised as follows:

- 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 Group entities 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 Pandal 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.

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 2022 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.

2022 tax contribution by type (total \$75m)



2022 tax contribution by country (total \$75m)

