

## ASX Announcement

ASX Code: AEF  
Date: 19 October 2007

### Notice of Annual General Meeting

Please find attached a copy of Australian Ethical's Notice of Annual General Meeting 2007 and associated documents.

/end.

#### ***Company Background***

Australian Ethical is a funds manager that specialises exclusively in ethical funds management. It offers managed investment schemes and corresponding superannuation strategies (for accumulation and pension accounts). The Australian Ethical Charter is the foundation of the investment process. It aims to avoid harmful investments and actively seeks investments that benefit society and the environment. Uniquely, the company's constitution requires that 10% of profit is donated to charitable and conservation initiatives.

19 October 2007

To: Australian Ethical Investment Ltd shareholders

Dear Shareholder,

**Notice of Annual General Meeting  
Thursday 22 November 2007**

I would like to invite you to attend the Australian Ethical Investment Ltd Annual General Meeting to be held at The Oak Room, Belconnen Premier Inn, 110 Benjamin Way, Belconnen ACT 2617 on Thursday 22 November 2007, commencing at 6.00pm.

Please find enclosed the AGM agenda, proxy form and a form for the submission of written questions prior to the meeting.

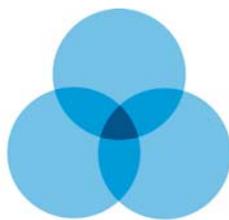
Depending on your annual report preferences, a copy of the 2007 Annual Report may also be enclosed. The annual report is also available from our website on the following link:  
[http://www.austethical.com.au/company\\_information/company\\_reports](http://www.austethical.com.au/company_information/company_reports).

The Board and CEO look forward to meeting you at the AGM.

Yours sincerely



Philip George  
Company Secretary  
**AUSTRALIAN ETHICAL INVESTMENT LTD**



# Australian Ethical<sup>®</sup> Investment

for Investors, Society and the Environment

## Notice of twenty first Annual General Meeting of shareholders

Notice is hereby given that the Annual General Meeting of the shareholders of Australian Ethical Investment Ltd (the Company) will be held at The Oak Room, Belconnen Premier Inn, 110 Benjamin Way, Belconnen ACT 2617 on Thursday 22 November 2007, commencing at 6.00pm.

### Business:

Seven motions will be proposed as ordinary resolutions.

Explanatory material for the business to be conducted is attached to and forms part of this Notice. Shareholders should read the explanatory material carefully.

#### 1. Minutes of previous meeting

To consider and if thought fit pass the following resolution:

**That** the minutes of the general meeting held on 23 November 2006 be confirmed by the company in general meeting.

#### 2. Accounts and reports

To receive and consider the financial statements of the Company and its controlled entity for the year ended 30 June 2007 and the related Directors' Report, Directors' Declaration and Auditor's Report.

#### 3. Remuneration report and the status of employees

To consider and if thought fit pass the following resolutions:

- (a) **That** the remuneration report included in the Directors' Report to shareholders be approved.
- (b) **That** the report on the status of employees to shareholders be noted pursuant to clause 2.2 of the Constitution.

#### 4. Directors

- (a) **That** Ms Naomi Edwards who retires by rotation in accordance with the Company's Constitution and, being eligible, offers herself for re-election, be re-elected as a director of the Company.
- (b) **That** Mr James Thier who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company.
- (c) **That** Ms Justine Hickey, a director appointed on 1 March 2007 and, being eligible, offers herself for election, be elected as a director of the Company.

#### 5. Remuneration of Directors

To consider and if thought fit pass the following resolution:

**That** for the purposes of clause 11.6 of the Constitution and listing rule 10.17, the Company reward persons who undertake duties and responsibilities of being a Director in 2007-2008 (including attendance at meetings of the Board of Directors and its Board Committees) by approving payment of \$180,000 in total plus Superannuation

Guarantee contributions or equivalent payments, to be divided among the Directors at their discretion, and that these arrangements be maintained until further considered at an AGM.

In accordance with the *Corporations Act 2001*, a reasonable opportunity will be given to shareholders at the meeting to ask questions about or make comments on the management of the Company. Shareholders will also have a reasonable opportunity to ask the auditor or their representative questions relevant to the conduct of the audit and the preparation and content of the Auditor's Report.

**By order of the Board**  
**Philip George**  
Company Secretary

## Voting Restrictions

### *Voting Exclusion Statements*

#### Resolution 5

The Company will disregard any votes cast on resolution 5 by:

- (a) a director of the Company; and
- (b) an associate of a director.

However, in the above circumstances, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## Additional information

### Annual report

The company's annual report is available from its website. The url is:  
[http://www.austethical.com.au/company\\_information/company\\_reports](http://www.austethical.com.au/company_information/company_reports)

### Proxies

A shareholder has the right to appoint a proxy, who need not be a shareholder of the Company. If a shareholder is entitled to two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

To appoint a proxy, ordinary shareholders should complete the proxy form distributed with this notice of meeting. The proxy form must be deposited at the share registry, Registries Limited, or at the Company's Registered Office not later than 48 hours before the commencement of the meeting (i.e. by 6.00 pm on Tuesday, 20 November 2007). Any proxy received after that time will not be valid for the scheduled meeting.

Proxies can be delivered as follows:

	<i>Share Registry</i>	<i>Company</i>
By hand	Registries Limited Level 2, 28 Margaret Street Sydney NSW 2000	Australian Ethical Investment Ltd Trevor Pearcey House 34 Thynne Street Block E, Traeger Court Bruce ACT 2617
By mail	Registries Limited PO Box R67, Royal Exchange Sydney NSW 1223	Australian Ethical Investment Ltd GPO Box 2435 Canberra ACT 2601
By facsimile	02 9279 0664	02 6201 1987

**If posting your proxy, please ensure that you mail it sufficiently in advance so that it arrives by the required time.**

In appointing a proxy, ordinary shareholders should consider how they wish to direct the proxy to vote. A shareholder can direct a proxy to vote "for" or "against", or abstain from voting, on each proposed resolution or can leave the decision to the appointed proxy after discussion at the meeting.

### **Voting entitlements**

The Directors have determined that the shareholding of each shareholder for the purposes of ascertaining the voting entitlements for the Annual General Meeting will be as it appears in the share register at 6.00 pm on Tuesday 20 November 2007 (Section 1074E and Regulation 7.11.37 Corporations Act 2001, ASTC Settlement Rules, Section 5.6).

### **Written questions**

Members are able to put written questions to directors or to the auditors. To submit a written question please complete the question form distributed with this notice. Questions directed to the auditor should relate to:

- the content of the auditor's report to be considered at the meeting;
- the conduct of the audit of the annual financial report to be considered at the meeting.

The question form should be deposited at the Company's Registered Office not later than five business days prior to the meeting - by 6.00 pm on Thursday 15 November 2007. Written questions can be delivered to the Registered Office by hand, posted to Australian Ethical Investment Ltd, GPO Box 2435, Canberra ACT 2601 or faxed to 02 6201 1987. If posting your question form, please ensure that you mail it sufficiently in advance so that it arrives at the Registered Office by the required time. Please include the shareholder name on the form exactly as it appears on your holding certificate.

Written questions addressed to the auditor will be passed onto the auditor for consideration.

## Explanatory material for AGM Agenda items

### 1. Minutes of the previous meeting

The minutes for the 2006 AGM were prepared shortly after the general meeting last year. The minutes were signed by the chair as a true and correct record of the meeting following consideration of the minutes by the board at its meeting in February 2007.

Under the Corporations Act 2001 minutes of a general meeting must be prepared within one month of the meeting and be signed by the chair within a reasonable time after the meeting.

The signed minutes cannot now be physically altered. However, the company in general meeting may resolve to correct or improve upon an earlier minute by subsequent resolution.

The company has been advised by three shareholders that they believe the minutes of the 2006 annual general meeting contain errors or could be more correct. The three shareholders are Mr Trevor Lee, Dr Robert Pearson / Mrs Robyn Pearson (joint holding) and Dr Edward Icceton.

One issue raised is that Mr Gary Leckie and Mrs Robyn Pearson were not formally noted as attendees at the meeting. The company proposes to record in the minutes for this meeting that Mr Leckie, Mrs Pearson and other observers were attendees at the 2006 annual general meeting.

A second issue raised is that Mr Trevor Lee wishes to be identified as the single dissenting voter in regards resolutions 3(a) and 3(b) passed at the meeting. The signed minutes simply record "1 vote against was recorded on a show of hands" without naming the voter. The company proposes to record in the minutes for this meeting that Mr Trevor Lee was the dissenting voter on resolutions 3(a) and 3(b).

The three shareholders have also suggested that the minutes should be amended as follows:

Replace:

*"The Chair thanked shareholders for their attendance and indicated that she was about to close the meeting.*

*Mr Lee asked about answers to written questions submitted by shareholders prior to the meeting. The Chair replied that answers to written questions had been included in the address she provided earlier in the meeting. Mr Lee did not believe that his written questions had been answered. Mr Pender responded that the company had indicated that questions would not be answered specifically but rather thematically. Mr Lee requested that he read his written questions to the meeting."*

With

*"The Chair thanked shareholders for their attendance and asked for questions.*

*Mr Lee asked about answers to written questions submitted by shareholders prior to the meeting as invited in the notice of meeting. The chair refused to answer these questions, she also refused to read the questions or allow him to read them."*

The company does not believe that this suggested change is necessary, nor does it improve the minutes as a true and correct record of the meeting.

Other than in respect of observers at the meeting and recording Mr Lee as the dissenting voter, the company believes that the minutes of the 2006 annual general meeting, as signed by the chair, are a true and correct record of the proceedings that occurred at the meeting.

There is no requirement to have members consider the minutes of the last annual general meeting at this general meeting. However, given the concerns of the three shareholders the company thought it appropriate for the company in general meeting to consider a motion to confirm the minutes.

If the resolution is lost, then prior to the next general meeting the company will seek from shareholders proposed resolutions for the correction of the 2006 minutes.

The 2006 minutes are available from the company's website:

[http://www.austethical.com.au/company\\_information/shareholder\\_centre](http://www.austethical.com.au/company_information/shareholder_centre)

### 2. Accounts and Reports

The financial statements of the Company for the 2006/2007 financial year have been lodged with the Australian Securities Exchange and with the Australian Securities and Investments Commission in accordance with statutory lodgement timetables and requirements. The financial statements are tabled at the annual general meeting to be

received and considered by shareholders. No formal resolution on the financial statements and reports is required.

### 3. Remuneration report and the status of employees

#### *Remuneration Report*

Section 250R(2) of the Corporations Act 2001 requires directors to put forward, and afford shareholders an opportunity to vote upon, a resolution to accept the remuneration report included in the directors' report. Under section 250R(3) the vote on the resolution is advisory only and does not bind the directors or the company.

#### *Status of employees*

Under clause 2.2 of the Constitution, the Company is required to have regard for the status of its employees and, in particular, to promote employee ownership of the Company and to report on the status of employees at the time of the annual general meeting. The Company seeks to be an exemplary employer, valuing each individual as a member of a cohesive team. The Company has sought to recognise its employees in its day-to-day operations, including:

- employees elect a staff advocate who represents staff through direct contact with the Board;
- the company has an employee share ownership plan for the issue of share options to staff;
- payment of an annual bonus to employees; and
- provision of benefits to employees beyond those legally mandated.

In particular, the Company has the following employment conditions:

- flexibility in working hours, subject to business needs;
- six weeks paid maternity and adoption leave for staff who have a minimum of 12 months continuous service;
- up to three days paid compassionate leave as often as required;
- allowing sick leave to be used to care for sick relatives;
- paternity leave;
- up to three hours paid study leave per week, plus up to two days paid study leave per year to prepare for examinations or to finalise course work;
- three days additional leave between Christmas and New Year;
- the choice of being paid monthly or fortnightly;
- a subsidised personal development program; and
- access for staff and their families to a counselling service.

Reporting on the status of employees is in the sustainability section of the Annual Report and also found in the Company's detailed Sustainability Report that is prepared with reference to the Global Reporting Initiative Guidelines. Copies of the Sustainability Report are available from the company's website ([www.austethical.com.au](http://www.austethical.com.au)).

### 4. Election of directors

In accordance with the Constitution, two directors retire by rotation being Mr James Thier and Ms Naomi Edwards. Details of the qualifications and experience of the directors seeking re-election are provided in the Annual Report.

The Board **supports** the re-election of Mr James Thier and Ms Naomi Edwards.

Effective 1 March 2007, the Board appointed Ms Justine Hickey as a director under Rule 11.4 of the Constitution. Under Rule 11.4 of the Constitution any director so appointed holds office only until the next following general meeting and is then eligible for election. Ms Hickey offers herself for election. Details of the qualifications and experience of Ms Hickey are provided in the Annual Report.

The Board **supports** the election of Ms Justine Hickey.

## 5. Remuneration of directors

The directors propose an increase in remuneration of \$30,000 (plus superannuation guarantee contributions) from an aggregate amount of \$150,000 per year (plus SGC) to an aggregate amount of \$180,000 per year (plus SGC).

At the 2006 AGM, shareholders approved director's remuneration of an aggregate amount of \$150,000 per year (plus SGC). The actual amount spent on director's fees in the 2006/2007 financial year was approximately \$131,000, \$19,000 less than the amount approved.

The board intends that directors (other than the chair) will for the 2007/2008 year receive director's fees for work performed for Australian Ethical Investment Limited of \$20,000 each plus SGC or equivalent. For the 2007/2008 year, the Chair will receive \$35,000 plus SGC or equivalent.

In the board's view, payment of these amounts are consistent with current market levels (relative to the time commitment required) comparative to other companies with similar characteristics.

The aggregate amount sought leaves room for the appointment of additional directors to the board.

End./

# PROXY FORM

## Australian Ethical Investment Limited

ABN 47 003 188 930  
Annual General Meeting

**All correspondence to:**  
Registries Limited  
PO Box R67  
Royal Exchange, Sydney NSW 1223  
Enquiries: 61 2 9290 9600  
Facsimile: 61 2 9279 0664  
www.registriesltd.com.au  
registries@registriesltd.com.au

### Appointment of Proxy

If appointing a proxy to attend the Australian Ethical Investment Limited Annual General Meeting on your behalf, please complete the form and submit it in accordance with the directions at the bottom of the page.

I/We being a shareholder/shareholders of Australian Ethical Investment Limited pursuant to my/our right to appoint not more than two proxies, appoint

The Chairman of the Meeting (mark with an "X") **OR**   
or failing him/her

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

Write here the name of the other person you are appointing.

or failing him/her, (or if no proxy is specified above), the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held at The Oak Room, Belconnen Premier Inn, 110 Benjamin Way, Belconnen ACT 2617 on Thursday, 22 November 2007 at 6.00pm and at any adjournment of that meeting.

This proxy is to be used in respect of \_\_\_\_\_ % of the ordinary shares I/we hold.

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of resolution 5 please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if they have an interest in the outcome of resolution 5 and votes cast by the Chair of the meeting for resolution 5 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on resolution 5 and your votes will not be counted in calculating the required majority if a poll is called on the resolutions. The Chair intends to vote 100% of all open proxies in favour of all resolutions.

### Voting directions to your proxy – please mark to indicate your directions

RESOLUTION	For	Against	Abstain*
1. To confirm the 2006 annual general meeting minutes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. (a) To approve the remuneration report included in the Directors' Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. (b) That the report on the status of employees to shareholders be noted pursuant to clause 2.2 of the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. (a) Re-elect Ms Naomi Edwards as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. (b) Re-elect Mr James Thier as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. (c) Elect Ms Justine Hickey as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To approve the remuneration of Directors as detailed in the notice of meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Executed in accordance with section 127 of the Corporations Act:

**Individual or Shareholder 1** **Joint Shareholder 2** **Joint Shareholder 3**  
    
Sole Director & Sole Company Secretary Director Director / Company Secretary  
Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2007

Contact Name

Contact Business Telephone / Mobile

## INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Your pre-printed name and address is as it appears on the share register of Australian Ethical Investment Limited. If you are Issuer Sponsored and this information is incorrect, please make the correction on the form, sign and return it. Securityholders sponsored by a broker on the CHESS subregister should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.
2. Completion of a proxy form will not prevent individual shareholders from attending the Annual General Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Annual General Meeting.
3. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment do not specify this proportion, each proxy may exercise half of the votes.
4. A proxy need not be a shareholder of the Company.
5. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.
6. If a representative of a company shareholder is to attend the Meeting, a properly executed original (or certified copy) of the appropriate "Certificate of Appointment of Corporate Representative" should be produced for admission to the Meeting. Previously lodged "Certificates of Appointment of Corporate Representative" will be disregarded by the Company.
7. If a representative as Power of Attorney of a shareholder is to attend the meeting, a properly executed original (or originally certified copy) of an appropriate Power of Attorney should be produced for admission to the Annual General Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

### 8. Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** Where the holding is in one name, the holder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the shareholders should sign.

**Power of Attorney:** If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person.

If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### 9. Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address below not later than 6.00 pm AEST on Tuesday, 20 November 2007 (48 hours before the commencement of the meeting).

Any Proxy Form received after that time will not be valid for the scheduled meeting.

**Hand deliveries**

**Registries Limited  
Level 2  
28 Margaret Street  
Sydney NSW 2000**

**Postal address:**

**Registries Limited  
PO Box R67  
Royal Exchange NSW 1223**

**Fax number:**

**(02) 9279 0664**

## Twenty First Annual General Meeting of Shareholders

### Written questions from shareholders

The directors of Australian Ethical Investment Ltd invite you to ask written questions on:

- the management of the company;
- the content of the auditor's report to be considered at the meeting;
- the conduct of the audit of the annual financial report to be considered at the meeting.

This question form should be deposited at the Company's Registered Office not later than five business days prior to the meeting - by 6.00 pm on Thursday 15 November 2007. Written questions can be delivered to the Registered Office by hand, posted to Australian Ethical Investment Ltd, GPO Box 2435, Canberra ACT 2601 or faxed to 02 6201 1987. If posting your question form, please ensure that you mail it sufficiently in advance so that it arrives at the Registered Office by the required time.

Written questions addressed to the auditor will be passed onto the auditor for consideration.

Please note that the company intends to respond to written questions thematically through the inclusion of responses in board and management addresses to the general meeting, copies of which will also be published on the company's website following the general meeting. It is not the company's intention to provide individual answers to written questions at the meeting.

#### Shareholder name (exactly as it appears on holding statement)

#### Address and contact details

#### Question(s)
