

**Australian Ethical Investment Ltd
Twenty-ninth Annual General Meeting 2015**

Dear shareholder,

Notice of Annual General Meeting Wednesday, 28 October 2015 @ 10 am

I invite you to attend Australian Ethical Investment Limited's Annual General Meeting to be held at:

**The "Han" Meeting Room
Mezzanine Level
Christie Offices
3 Spring Street
Sydney NSW 2000**

I enclose the formal Notice of Meeting, explanatory material, a proxy form and a form for the submission of written questions. Depending on your annual report preferences, a copy of the 2015 Annual Report may be included; it is also available from our website here.

If you cannot attend please use your proxy and vote!

The Board looks forward to meeting you at the AGM.

Yours sincerely,



Steve Gibbs
Chair
**Australian Ethical
Investment Limited**



Phone: 02 8276 6288

Fax: 02 9252 1987

Email: enquiries@australianethical.com.au

Web: australianethical.com.au

Post: Australian Ethical Investment Ltd

Reply Paid 3993, Sydney NSW 2001

Registered address: Level 12, 225 George St
Sydney NSW 2000

Notice of Meeting

Explanatory material for the business to be conducted is attached to and forms part of this Notice and should be read carefully (**Explanatory Material, pages 3-5 of this document**).

Ordinary Business

1. Accounts

To receive and consider the financial statements of the Company and its controlled entity for the year ended 30 June 2015 and the related Directors' Report, Directors' Declaration and Auditor's Report.

2. Election of Mara Wickerhauser Bun

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That Mara Wickerhauser Bun is elected as a Director of the Company.

3. Election of Katherine Ann Greenhill

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That Katherine Ann Greenhill is elected as a Director of the Company.

4. Approval for Phillip Vernon, CEO & Managing Director to participate in an employee share plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That for the purpose of ASX Listing Rule 10.14, to enable the Managing Director to participate in the employee share incentive scheme, and for all other purposes, approval is given for the grant to Mr Phillip Vernon, CEO & Managing Director of shares under the Company's employee incentive scheme on the terms described in the Explanatory Notes.

5. Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That the Remuneration Report as set out in the Annual Report for the financial year ended 30 June 2015 is adopted.

By order of the Board,

Tom May
Company Secretary

Australian Ethical Investment Limited

Explanatory Material

Resolution 1 - Accounts

The financial statements of the Company for the 2014/2015 financial year have been lodged with the ASX and ASIC in accordance with statutory requirements and are tabled at the AGM to be received and considered by shareholders.

No formal resolution on the financial statements and reports is required.

Resolution 2 - Election of Mara Bun

The Board recommends that shareholders vote FOR Resolution 2.

The Chairman of the Meeting intends to vote all available proxies FOR Resolution 2.

In accordance with the Constitution Mara Bun is standing for election. Details of Ms Bun's qualifications and experience are:

Mara Bun BA GAICD

Non-Executive Director

Mara was appointed as a Non-Executive Director on 4 February 2013 and elected by shareholders at the AGM held on 20 November 2013. Mara is a member of the Audit, Compliance and Risk Committee, the People, Remuneration and Nominations Committee and a director of Australian Ethical Superannuation Pty Limited.

Mara brings over 20 years of business and community experience to Australian Ethical. She was born and raised in Brazil, was educated in the US and was a financial analyst in Morgan Stanley's M&A and technology banking groups before moving to Australia in 1991.

During the 1990s Mara was responsible for finance and administration at Greenpeace Australia and was head of policy and public affairs for Choice. She returned to investment banking as Senior Equities Analyst covering the Internet sector for Macquarie Bank during the dotcom period. She has been a Director of The Allen Consulting Group, head of research at Canstar, and Director of Business Development at the CSIRO.

Mara was the founding CEO of Green Cross Australia between 2007 and 2014. Green Cross Australia is dedicated to empowering resilience to the impacts of climate change working with

business, community and research networks using digital engagement models. She currently consults to Green Cross Australia and others advancing climate adaptation and natural disaster resilience programs. Mara is also a Non-Executive Director of Enova Community Energy. Enova is a new social enterprise that aims to be Australia's first community owned renewable energy retail company, assisting the Northern Rivers community in NSW to shift from a fossil fuel economy while also assisting local low income residents to participate in our clean energy future.

Resolution 3 - Election of Katherine Greenhill

The Board recommends that shareholders vote FOR Resolution 3.

The Chairman of the Meeting intends to vote all available proxies FOR Resolution 3.

In accordance with the Constitution Katherine Greenhill is standing for election. Details of Ms Greenhill's qualifications and experience are:

Kate Greenhill BEc FCA GAICD

Non-Executive Director

Kate was appointed as a Non-Executive Director on 22 February 2013 and elected by shareholders at the AGM held on 20 November 2013. Kate is Chair of the Audit, Compliance and Risk Committee, a member of the People, Remuneration and Nominations Committee and a director of Australian Ethical Superannuation Pty Limited.

Working in both Australia and the UK, Kate has over 20 years experience in the financial services industry. Kate was formerly a Partner with PricewaterhouseCoopers assisting clients with advice and assurance in relation to financial statements, accounting and regulatory developments, capital raisings, accounting for complex transactions, due diligence, valuations, compliance, risk management, organisational structure and the operation of controls.

Kate is a director, and Chair of the finance committee, for a not for profit organisation.

Resolution 4 - Approval for Phillip Vernon, CEO & Managing Director to participate in the employee share plan

The Board (with Mr Phillip Vernon abstaining) recommends that shareholders vote FOR Resolution 4.

The Chairman of the Meeting intends to vote all available proxies FOR Resolution 4.

Resolution 4 seeks shareholder approval to issue shares to Mr Phillip Vernon, CEO & Managing Director under the terms and conditions of the Australian Ethical Investment Limited Share Plan (the Plan).

The Board believes that appropriately designed equity based plans are an important component of the Company's remuneration arrangements. Such plans are a key tool to allow the Company to attract and retain talented employees and ensure that the interests of employees and shareholders are aligned to create long term shareholder value.

Further information about the Company's remuneration governance and executive remuneration policy and framework is set out in the Remuneration Report (part of the 2015 Annual Report).

Subject to shareholder approval, the Board intends to make an offer of shares under the Plan to Mr Vernon. The offer of shares under its long-term incentive arrangements will be made for the following reasons:

- the grant of shares is in accordance with acceptable market practice;
- the grant of shares is expected to foster greater interest in the performance of the Company amongst employees and a greater alignment between employees and shareholders;
- the vested shares can create recognisable value to employees, which when granted under transparent and robust performance conditions, containing stretch elements, ensure real shareholder value creation; and
- shares are aligned with the Company's Charter in particular in relation to encouraging employees' participation and control of their work organisations.

Along with all the other participants in the Plan Mr Vernon will receive dividends and be able to

provide voting instructions to the Plan Trustee (who will hold restricted shares on behalf of Mr Vernon) on resolutions put to general meetings of the Company; noting that Mr Vernon's shares are subject to relevant voting exclusion statements, for example he will not be able to vote on matters relating to his remuneration.

Subject to resolution by shareholders, the Board intends to award Mr Vernon up to 1,913 shares as it considers this number to be fair and reasonable and within comparable market parameters having regard to both the Company's size and the role and responsibilities expected of Mr Vernon as CEO & Managing Director of the Company.

The shares to be allotted to Mr Vernon may be acquired on-market or issued by Australian Ethical Investments Limited and will be held on trust for Mr Vernon by a Share Plan Trustee and will only be released to Mr Vernon subject to the achievement of vesting conditions (described below).

The Vesting Conditions that must be met prior to release of the shares to Mr Vernon:

1. 50% will vest if Mr Vernon remains employed by the Company until 30 June 2018; and
2. 50% will vest if
 - a. Mr Vernon remains employed by the Company until 30 June 2018; and
 - b. the following earnings per share (EPS) growth hurdles are met

Compound EPS Growth Over 3 Years	Shares that will vest (%)
Less than 5%	Nil
Between 5% and 10%	A pro rata amount will vest on a straight line basis
Greater than 10%	100%

Any shares released to Mr Vernon will be subject to the Company's Share Trading Policy.

The following information relating to resolution 4 is provided in accordance with the requirements of ASX Listing Rule 10.15.

- Mr Phillip Vernon is the CEO & Managing Director of the Company.
- Mr Vernon will be granted up to 1,913 shares for nil financial consideration. The shares allotted to Mr Vernon may be acquired on-market or issued by Australian Ethical Investments Limited and will be held on trust for Mr Vernon by a Share Plan Trustee. At allotment, the shares will be restricted, and will only be released to Mr Vernon following testing of the Vesting Conditions as at 30 June 2018.
- Mr Vernon was allotted 2,412 shares following shareholder approval received at the 2014 AGM. The acquisition price for these shares was nil.
- Mr Vernon is the only person, for whom shareholder approval is required, and no other shares requiring approval have been issued.
- A Voting Exclusion Statement is set out in the Notice of Meeting, see below.
- There is no loan attaching to the offer under the Plan.
- The Company is expected to allocate the shares shortly after the AGM but in any event within one year of the 2015 AGM.

Resolution 5 - Remuneration Report

The Board recommends that shareholders vote FOR Resolution 5 noting that it deals with, amongst many other matters, director remuneration.

The Chairman of the Meeting intends to vote all available proxies FOR Resolution 5.

Section 250R(2) of the Corporations Act 2001 requires directors to put forward and afford shareholders an opportunity to vote on a resolution to accept the Remuneration Report included in the Directors' report in the Annual Report. The Remuneration Report outlines the Company's remuneration arrangements for Directors, the Managing Director and CEO, and for certain Company executives for the financial year ended 30 June 2015. A reasonable opportunity for discussions of the remuneration report will be provided at the annual general meeting.

Under section 250R(3) the vote on the resolution is advisory only and does not bind the Directors or the Company. However, the Board recognises the vote as an indication of shareholder sentiment and has careful regard to the outcome of the vote and any discussion when setting the Company's remuneration policies.

Under the Corporations Act 2001, if 25% or more of the votes cast at this AGM and the 2016 AGM are against the adoption of the remuneration report, shareholders will be required to vote at the 2016 AGM on a "spill" resolution. If the spill resolution is passed in 2016 the Company will be required to convene another meeting within 90 days for the purpose of the re-election of all of the Company's then Directors.

Voting Exclusion Statements

Resolution 4

The Company will disregard any votes cast on Resolution 4:

- by or on behalf of Mr Vernon or another Director (other than a Director who is not eligible to participate in any of the Company's employee incentive schemes) or their associates, regardless of the capacity in which the vote is cast; or
- as a proxy by a member of the key management personnel at the date of the AGM (or any of their closely related parties);

unless the vote is cast as proxy for a person who is entitled to vote on Resolution 4, and:

- the vote is cast in accordance with a direction on the proxy form; or
- in the absence of a direction on the proxy form, the vote is cast by the Chairman and the Chairman has received express authority to vote undirected proxies as the Chairman decides.

Resolution 5

As required by the Corporations Act 2001 (Corporations Act), no member of the Company's key management personnel, details of whose remuneration are included in the Remuneration Report, or a closely related party of any such member, may vote in any capacity (e.g. as a shareholder, proxy or corporate representative) on the proposed resolution in Resolution 5 unless:

- the person votes as a proxy appointed by writing that specifies how the person is to vote on the proposed resolution in Resolution 5; and
- the vote is not cast on behalf of any such member or closely related party of any such member.

The prohibition in the Corporations Act on members of the Company's key management personnel voting does not apply to the Chairman of the Meeting as proxy for a member entitled to vote where the proxy appointment expressly authorises the Chairman of the Meeting to vote in that capacity on Resolution 5 (see the attached Explanatory Material for further information).

Additional Information

Annual Report

The Company's annual report is available from its website at australianethical.com.au/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, Boardroom Pty Limited, or at the Company's Registered Office not later than 48 hours before the commencement of the meeting (i.e. by 10 am on Monday, 26 October 2015). Any proxy received after that time will not be valid for the scheduled meeting.

Proxies can be delivered as follows:

By hand	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000
By mail	Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001
By fax	+ 61 2 9290 9655 or 1300 653 459
Online	www.votingonline.com.au/aeiagm2015

If posting your proxy, please ensure you mail it sufficiently in advance so that it arrives on 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 they can leave the decision to the appointed proxy after discussion at the Meeting. If shareholders complete and return their proxy form but do not nominate the identity of the proxy, they will be taken to have appointed the Chairman of the Meeting as their proxy to vote on their behalf.

The Chair will vote all undirected proxies in favour of all resolutions.

If you appoint the Chairman of the Meeting as your proxy and wish to vote differently to how the Chairman of the Meeting intends to vote on any of the items, you must mark "For", "Against" or "Abstain" on the proxy form for the relevant resolution.

Voting entitlements

The Directors have determined that the shareholding of each shareholder for the purposes of ascertaining the voting entitlements for the AGM will be as it appears in the share register at 10 am on Monday, 26 October 2015 (Section 1074E; 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 or the conduct of the audit of the annual financial report to be considered at the meeting. Written questions addressed to the auditor will be passed onto the auditor for consideration.

The question form should be deposited at the Company's Registered Office not later than five business days prior to the meeting – by 10 am on Wednesday, 21 October 2015. Written questions can be delivered to the Registered Office by hand, posted to Australian Ethical Investment Ltd, GPO Box 3993, Sydney NSW 2000 or faxed to 1300 653 459. 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.

Recording of proceedings

Please note that the Company intends to record the proceedings of the AGM.

Written Questions From Stakeholders

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

- management of the Company;
- content of the auditor's report to be considered at the meeting;
- 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 10 am on Wednesday, 21 October 2015**. Written questions can be delivered to the Registered Office by hand, posted to Australian Ethical Investment Ltd, GPO Box 3993 Sydney NSW 2001 or faxed to 1300 653 459. 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 note that the Company intends to respond to written questions thematically. Answers to questions will be provided at the Annual General Meeting and will also be published on the Company's website. The Company may not provide individual answers to written questions at the meeting. Also, the Company will not respond to or publish questions which in its view are defamatory, vexatious or which are the subject of or related to potential legal action by or against the Company. The Company may choose not to answer questions which:

- would require the publication of confidential or commercially sensitive information which could cause detriment to the Company; or
- are not posed by shareholders in their capacity as shareholders: for example questions asked by employee shareholders about specific staffing issues; questions asked by a contractor / shareholder about outsourcing arrangements; or questions asked by former directors or employees using confidential information obtained in their capacity as a director or employee.

Directors provide this opportunity to enable shareholders who may not be able to attend the Annual General Meeting to ask questions.

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

Address and contact details:

Question(s):

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am (AEDT) on Monday, 26 October 2015**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** www.votingonline.com.au/aeiagm2015
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am (AEDT) on Monday, 26 October 2015**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 🖥 **Online** www.votingonline.com.au/aeiagm2015
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Australian Ethical Investment Limited

ABN 47 003 188 930

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Australian Ethical Investment Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **The Han Meeting Room, Christie Offices, Mezzanine Level, 3 Spring Street, SYDNEY NSW 2000 Wednesday, 28 October 2015 at 10:00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

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 he has an interest in the outcome of resolution 5 and that votes cast by the Chair of the meeting for this resolution 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 of the Meeting intends to vote undirected proxies in favour of all resolutions including, in particular, resolution 5.

STEP 2 VOTING DIRECTIONS

* 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 2	Election of Mara Wickerhauser Bun as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Katherine Ann Greenhill as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for Phillip Vernon, CEO and Managing Director to participate in an employee deferred share plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2015