



# AUSTRALIAN ETHICAL INVESTMENT LIMITED

## NOMINATIONS COMMITTEE

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# 1. Role, Responsibilities and Delegated Authority

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## 1.1 Role

- a) Australian Ethical Investment Limited (**AEI**), has established a Nominations Committee to assist the group's boards in ensuring the group has effective decision-making bodies with effective composition, size and commitment to adequately discharge their responsibilities and duties.
- b) In addition, the Nominations Committee has been delegated authority by the Australian Ethical Superannuation Pty Ltd (**AES**), the Trustee of the Australian Ethical Retail Superannuation Fund (**Super Fund**) and a wholly owned subsidiary of AEI, to meet the relevant requirements of *APRA Prudential Standard SPS 510 – Governance (Paragraph 23)*.
- c) The role of the Nominations Committee is to:
  - a. Identify and recommend to the relevant board, nominees for membership of the board including any Managing Director;
  - b. Identify, document and assess the relevant board composition and succession planning, including the necessary and desirable experience, competencies and characteristics for board membership, ensuring appropriate diversity of membership; and
  - c. Evaluating the performance of the relevant board, its committees and individual Directors and report to the respective board the results.
- d) In performing the role described above, the Nominations Committee will undertake the tasks outlined below, subject to the relevant provisions of the Trust Deeds and the Constitutions, legislative and regulatory requirements, licence conditions, APRA Prudential Standards and policies and procedures.

## 1.2 Responsibilities and Delegated Authority

- a) The Nominations Committee is responsible for and has delegated authority to :
  - i. Assess the necessary and desirable competencies of prospective Directors of AEI and AES and any other entities in the Group;
  - ii. Review the composition of the AEI and AES Boards and any other Group Board to ensure that it has an appropriate mix of competencies to allow each board to discharge its responsibilities effectively;
  - iii. Oversee the induction of new Directors, and ensure that Directors have access to appropriate continuing education which updates and enhances their skills and knowledge;
  - iv. Make recommendations to Group Boards in relation to the Group Board Renewal Policy, Group Fit and Proper Policy and Skills Matrix;
  - v. Develop and implement a process for evaluating the performance of Group Boards, Committees and individual Directors and ensure that regular Board, Committee and individual Director performance reviews are undertaken at least annually;
  - vi. Monitor the length of service of current Directors and ensure that each Group Board has a succession plan to ensure that an appropriate balance of skills, experience and expertise is maintained on each board at all times and, in relation to both AEI and AES, maintain a Board Skills Matrix and approve the disclosures relating to the AEI Board's skills, experience and expertise disclosed annually in the Corporate Governance Statement;

- vii. Make recommendations to Group Boards in relation to the appointment, re-election and retirement of Directors and ensure that appropriate checks are undertaken before recommending the appointment of a person as a Director;
- viii. Assess on at least an annual basis the independence of existing Directors and in the case of a new director, assess their independence at the time of their appointment;
- ix. Seek assurance that:
  - Prospective Directors of an AEI Group Board meet the minimum fit and proper requirements;

### **1.3 Responsibilities and Delegated Authority– Miscellaneous**

- a) The Nominations Committee is responsible for and has delegated authority to:
  - i. Consider any other matters relevant to the Group’s responsibilities in relation to nomination of directors as may be required from time to time;
  - ii. Assist the AEI Board and/or AES Board with any deliberations or issues as requested and carry out other functions as may be delegated by the AEI Board and/or the AES Board from time to time.
  - iii. The Nominations Committee is delegated with the general authority to request further information and any external advice it requires in order to make decisions that it considers necessary to fulfill its responsibilities, and to do so in a manner that ensures that the engagement, including any advice received, is independent.
  - iv. The Nominations Committee is delegated with specific authority to directly engage consultants in order to:
    - I. Assist in finding candidates for nomination to one or more of the Group’s Boards

### **1.4 Interaction with the Regulators**

- a) Members of the Nominations Committee must make themselves available to meet with the Group’s Regulators on request.

## **2. Access**

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### **2.1 Access**

- a) The members of the Nominations Committee have, at all times, free and unfettered access to Management, the External Auditor, and the Internal Auditor.
- b) Management, the External Auditor, and the Internal Auditor (if appointed) have free and unfettered access to the Nominations Committee through the Chair of the Nominations Committee.
- c) In reliance on an AEI Group-wide Nominations Committee, the AES Board has sought and received assurance from the AEI Board that:
  - i. The Chair of the AES Board – if that person is not a member of the Nominations Committee - will be invited to attend all meetings of the Nominations Committee where nomination issues relevant to the AES Board are being discussed;
  - ii. The AES Board has the ability to amend any recommendations of the Nominations Committee, where the AES Board considers that such amendments are necessary in order to ensure, and be able to demonstrate to APRA, that the recommendations made by the Nominations Committee are appropriate for AES as an RSE Licensee.

## **Composition and Meetings**

### **2.2 Composition**

- a) The AEI Board shall determine the membership of the Nominations Committee from time to time.
- b) The Nominations Committee must have at least 3 members, all of whom must be non-executive directors of AEI.
- c) Collectively, the Nominations Committee is expected to have experience in assessing the skills required to act as a director on any Group Board. On this basis, it is recognised that the Nominations Committee may need to supplement its expertise with appropriate external expert advice from time to time.
- d) The Chair of the Nominations Committee must immediately report to the AEI Board if the Committee forms the view that the Committee, or a proposed member, does not have the skills necessary to fulfil their responsibilities as a Committee member.

### **2.3 Quorum**

- a) A quorum is two Nominations Committee members being present for the whole meeting who each have the capacity to vote.

### **2.4 Alternates**

- a) With the approval of the Chair of the AEI Board, a Nominations Committee member may appoint an alternate to serve on the Nominations Committee, provided that such appointment does not continue for more than two consecutive Nominations Committee meetings. An alternate can only serve on the Nominations Committee if they meet the conditions of membership.

### **2.5 Chair**

- a) The AEI Board will appoint the Chair of the Nominations Committee from time to time.
- b) If the Chair of the Nominations Committee is absent or unable to act as Chair for a scheduled meeting of the Committee, the Committee will appoint a Chair as required for the proper conduct of its business from its own members.

### **2.6 Meetings**

- a) The Nominations Committee is expected to meet at least two times a year and to meet at other times as required by the Committee Chair. The Committee may also, at the request of the AEI Board (or the AES Board), meet at other times.
- b) The Chair must call a meeting of the Nominations Committee if requested to do so by any member of the Committee.
- c) The Nominations Committee may request certain individuals to attend Committee meetings in order to provide expert advice or act as an observer.
- d) Any director of AEI if they are not a member of the Nominations Committee may attend the meetings of the Committee as an observer.
- e) The meetings of the Nominations Committee may be held face to face or using any means of audio or audio-visual technology by which each Director participating is able simultaneously to hear each other and to participate in discussion.

- f) The Nominations Committee may deal with particular issues by circular resolution if desired.

## **2.7 Agendas, Papers and Minutes**

- a) An agenda will be prepared by the Company Secretary. The agenda and supporting papers for each meeting will be distributed to Nominations Committee members and other attendees in sufficient time to enable members to read the material and prepare for the meeting.
- b) The Company Secretary is appointed as secretary to the Nominations Committee and is responsible for taking, writing and presenting formal minutes which are an accurate and complete recording of the proceedings and resolutions of each Nominations Committee meeting. The minutes of the previous Nominations Committee meeting should be approved by the Committee at the following meeting.
- c) AEI retains ownership of Nominations Committee papers and minutes.
- d) Copies of the minutes of all Nominations Committee meetings will be provided to all AEI Directors. The minutes, or parts of the minutes, may be made available to the AES Board, certain employees of the Group, as well as the External Auditor, the Internal Auditor (if appointed) and any of the Group's regulators.

## **2.8 Voting**

- a) Each member of the Nominations Committee shall have one vote.
- b) A resolution of the Nominations Committee must be passed by a majority of the votes cast by Directors entitled to vote on the resolution.
- c) The Chair of the Nominations Committee does not have a casting vote.
- d) In the case of an equality of votes, the Chair of the Nominations Committee will refer the matter to the AEI Board (or AES Board where relevant) for a decision.