



AUSTRALIAN ETHICAL INVESTMENT LIMITED

PEOPLE & REMUNERATION COMMITTEE

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1. Role, Responsibilities and Delegated Authority

1.1 Role

- a) Australian Ethical Investment Limited (**AEI or Board**), has established a People & Remuneration Committee (**PR Committee**) to assist the Board in fulfilling its responsibilities to shareholders and regulators in relation to the Group's people and remuneration policies, frameworks and practices so that they:
- Align with the Group's purpose and strategy, consistent with its stated risk appetite and desired behaviours and culture, and
 - Adhere to all applicable legislation, regulations and prudential standards.
- b) In addition, the PR Committee has been delegated authority by Australian Ethical Superannuation Pty Ltd (**AES**) Board, the Trustee of the Australian Ethical Retail Superannuation Fund (**Super Fund**) and a wholly owned subsidiary of AEI, to assist with the implementation, and oversight, of remuneration policies and practices in accordance with APRA Prudential Standard 511 Remuneration (CPS 511).
- c) The role of the PR Committee is to:
- a. Have oversight of matters relevant to the Group's responsibilities in relation to human resources, remuneration and performance evaluation;
 - b. Seek assurance from Management that the policies and procedures, and monitoring and reporting processes, in place to assist the Group to meet its responsibilities in relation to human resources, remuneration and performance evaluation are sound and up to date.
- d) In performing the role described above, the PR 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– People

- a) The PR Committee is responsible for and has delegated authority to:
- i. Oversee Group people and culture policies, practices and benefits designed to attract, retain, develop and motivate employees, and approve where applicable;
 - ii. Oversee the effectiveness of the Group's Diversity, Equity and Inclusion Policy, including setting objectives and targets and monitoring the Group's progress;
 - iii. Review and recommend the key performance indicators including the Company Scorecard to the AEI Board for the AEI CEO/Managing Director
 - iv. Review the performance of the AEI CEO at least annually;
 - v. Oversee and review the succession plans for CEO/Managing Director, their direct reports and other critical roles, together with talent management and development plans in place, and report to the AEI Board on the status of succession plans including the availability of internal and external candidates for all executive positions;
 - vi. Review and monitor the effectiveness of initiatives on organisational culture to instil, or reinforce, the desired organisational culture;
 - vii. Seek assurance from Management that:

- i. There is an employee performance management process in place and that it is operating effectively;
- ii. The Group's work, health and safety obligations have been met.

1.3 Responsibilities and Delegated Authority– Remuneration

- a) The PR Committee is responsible for and has delegated authority to:
 - i. Review, at least annually, and make recommendations to the Board and AES Board in relation to the Group's Remuneration Policy and framework to ensure it delivers on its intent and that it complies with legislative and regulatory requirements;
 - ii. Monitor Management's adherence to the Remuneration Policy and the guidelines set by the Committee in relation to remuneration arrangements;
 - iii. Review and recommend for approval to the relevant board any remuneration report(s) required in accordance with ASX Listing Rules or the Corporations Act, or any other applicable regulations;
 - iv. Review and monitor the effectiveness of executive and employee share and option schemes to ensure they are designed to meet the the objectives;
 - v. Make recommendations to the AEI Board on decisions required under the terms of executive and employee share and option schemes, including (but not limited to) in relation to the making of offers and invitations, the terms of such offers and invitations, the interpretation of the relevant plan rules, and the issue, grant, cancellation or listing of shares and options over shares under the plans.
 - vi. Review and make recommendations if required to the AEI and AES Boards regarding Director's (including the Chair's) fee arrangements and fees for Board Committee memberships annually considering market practice and relativities, and workload;
 - vii. Consider industry benchmarks and comparators for the CEO & Managing Director's remuneration and at least annually recommend to the Board the remuneration arrangements and payments for the CEO & Managing Director, having regard to the Remuneration Policy.
 - viii. Review and approve the annual fixed remuneration budget for the Group.
 - ix. Review and recommend to the AEI Board the annual Company Factor and Company Scorecard achievement for annual discretionary incentive pools
 - x. . Review and approve the CEO & Managing Director's annual remuneration outcome recommendations for Key Management Personnel (KMPs), executive directors and selected other key executives reporting directly to the CEO. If the PR Committee does not agree with any (or all) of the remuneration recommendations the matter will be referred to the Board for decision.
 - xi. Recommend to the AES Board any fixed remuneration increases and STI payments for AES employees
 - xii.
 - xiii. Approve and report to the AES Board the variable remuneration outcomes for persons in Specified Roles (as defined in the Remuneration Policy)Review and approve termination payments or benefits for the AEI CEO/Managing Director considering regulatory requirements and/or if any shareholder approval is required; Termination payments made to other key executives/ KMPs are determined in consultation with the Committee Chair. The Committee Chair may refer to the full PR Committee where they do not agree

with any (or all) of the termination payment recommendations for decision. The major elements of any termination payments to senior executives will be reported to the next PR Committee.

- xiv. Monitor the achievement of performance measures and targets of executive and employee share and option schemes and recommend to the AEI Board payments and equity grants to be made in any given year.
- xv. Recommend to the Board and AES Board if any increase in Superannuation Guarantee payments are to be paid with or without a decrease in the take home pay of employees, directors and independent committee members.

1.4 Responsibilities and Delegated Authority– Miscellaneous

- a) The PR Committee is responsible for and has delegated authority to:
 - i. Consider any other matters relevant to the Group’s responsibilities in relation to people and remuneration 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 PR 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 PR Committee is delegated with specific authority to directly engage remuneration consultants in order to:
 - I. Make determinations in relation to the remuneration of all AEI and AES employees.
 - II. Obtain industry benchmarks and comparators in relation to the CEO/Managing Director’s remuneration.

1.5 Interaction with the Regulators

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

2. Access

2.1 Access

- a) The members of the PR 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 PR Committee through the Chair of the PR Committee.
- c) In reliance on an AEI Group-wide PR 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 PR Committee- will be invited to attend all meetings of the PR Committee where people and remuneration issues relevant to the AES Board are being discussed;
 - ii. The AES Board has the ability to amend any recommendations of the PR 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 PR Committee are appropriate for AES as an RSE Licensee;
 - iii. The AES Board has free and unfettered access to the PR Committee at all times.

Composition and Meetings

2.2 Composition

- a) The AEI Board shall determine the membership of the PR Committee from time to time.
- b) The PR Committee must have at least 3 members, all of whom must be non-executive directors of AEI.
- c) Collectively, the PR Committee is expected to have experience in setting remuneration and sufficient industry knowledge to allow for effective alignment of remuneration with obligations to beneficiaries, investors and shareholders of the Group. On this basis, it is recognised that the PR Committee may need to supplement its expertise with appropriate external expert advice from time to time.
- d) The Chair of the PR Committee must immediately report to the AEI Board if it 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 PR 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 PR Committee member may appoint an alternate to serve on the PR Committee, provided that such appointment does not continue for more than two consecutive PR Committee meetings. An alternate can only serve on the PR Committee if they meet the conditions of membership.

2.5 Chair

- a) The AEI Board will appoint the Chair of the PR Committee from time to time.
- b) If the Chair of the PR 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 PR Committee is expected to meet at least four times a year (or as otherwise directed). 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 PR Committee if requested to do so by any member of the Committee.
- c) The PR 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 PR Committee may attend the meetings of the PR Committee as an observer.
- e) The meetings of the PR 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 PR 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 PR 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 PR 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 PR Committee meeting. The minutes of the previous PR Committee meeting should be approved by the Committee at the following meeting.
- c) AEI retains ownership of PR Committee papers and minutes.
- d) Copies of the minutes of all PR 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 PR Committee shall have one vote.
- b) A resolution of the PR Committee must be passed by a majority of the votes cast by Directors entitled to vote on the resolution.
- c) The Chair of the PR Committee does not have a casting vote.
- d) In the case of an equality of votes, the Chair of the PR Committee will refer the matter to the AEI Board (or AES Board where relevant) for a decision.