Prudential Standard CPS 511 Remuneration (CPS 511) Disclosure Statement

For the year ended 30 June 2025

This document sets out the disclosure requirements for Non-Significant Financial Institutions (Non-SFIs) in Australian Prudential Regulatory Authority's (APRA's) Prudential Standard CPS 511 Remuneration (CPS 511). It provides an overview of Australian Ethical Investment Limited's (Australian Ethical or the Company) remuneration policy, practices and governance. The disclosure supplements the remuneration disclosures set out in the Remuneration Report within the Australian Ethical 2025 Annual Report which is available at Australian Ethical's Shareholder Centre.

Australian Ethical Superannuation Pty Ltd (AES) serves as the Trustee for the Australian Ethical Retail Superannuation Fund (the Super Fund). AES is a wholly owned subsidiary of Australian Ethical Investment Limited (AEI), which is the parent entity of the AEI group (the Group or Australian Ethical).

This Disclosure Statement is accurate and up to date as at 23 September 2025 and has been approved by the AEI Board and AES Board.

1. Remuneration Guiding Principles

Australian Ethical's remuneration approach is designed to facilitate the attraction, retention and engagement of talent, within the organisation's capacity to pay, to achieve Australian Ethical's corporate objectives and purpose of Investing for a Better World.

The Company's remuneration approach is guided by the following principles:

- Pay fairly and equitably, and market competitively, to attract and retain talented people,
- Align and balance the interests of clients, shareholders, and employees,
- Recognise and differentiate for contribution to the Group's performance,
- Promote our values, behaviours, risk and conduct expectations,
- Be simple to administer and to communicate to stakeholders,
- Adhere to all applicable legislation and regulations, and
- Support the long-term financial stability of the Group.

2. Remuneration Framework Governance

Oversight of the remuneration framework is primarily managed by the AEI Board and the AEI People and Remuneration Committee (PRC) as outlined in the respective Charters. The role of the PRC is to assist the AEI Board to fulfil 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.

In addition, the PRC has been delegated authority by the AES Board to assist with the implementation, and oversight, of remuneration policies and practices in accordance with CPS 511.

In performing the role described above, key remuneration related responsibilities of the PRC include:

- Review and recommend to the AEI Board and AES Board approval of the Group's Remuneration Policy and framework, ensuring effectiveness and compliance with legislative and regulatory requirements;
- Monitor adherence to the Remuneration Policy and application in relation to remuneration arrangements;
- Recommend to the AEI Board the key performance indicators for the CEO, including the Group's balanced scorecard;
- Recommend to the AEI Board the remuneration arrangements and payments for the CEO;
- Approve the remuneration outcomes for executive directors and selected other key executives reporting directly to the CEO, based on the CEO's recommendation and review of their performance;

- Approve and report to the AEI Board and AES Board the variable remuneration outcomes for persons in Specified Roles;
- Recommend to the AEI Board and AES Board the Director's fee arrangements and fees for Board Committee memberships;
- Review and recommend to the AEI Board the annual balanced scorecard achievement assessment used to determine annual discretionary incentive pools; and
- Review and recommend to the AEI Board decisions in relation to equity awards, including malus and clawback.

The PRC was formed on 1 July 2025 by separating the previous People, Remuneration & Nominations Committee (PRN) into two separate committees being the People & Remuneration Committee and the Nominations Committee. The PRN's remuneration related responsibilities during the financial year ended 30 June 2025 (FY25) were the same as the PRC's remuneration related responsibilities summarised above. The PRN met seven times during FY25. Attendance at these meetings is set out in the Directors' Report within the Australian Ethical 2025 Annual Report.

3. Specified Roles

The following roles have been identified as Specified Roles for FY25 in accordance with CPS 511 and the Group's remuneration policy. Australian Ethical has no other employees that it considers as Senior Managers or material risk takers in accordance with CPS 511.

Position	Prudential Standard CPS 511
Chief Executive Officer (CEO)	Senior Manager role
Chief Investment Officer	Senior Manager role
Chief Financial officer	Senior Manager role
Chief Customer Officer	Senior Manager role
Chief Technology Officer	Senior Manager role
Chief Impact & Ethics Officer	Senior Manager role
Chief Risk Officer (CRO)	Senior Manager role
Chief People & Culture Officer (CP&CO)	Senior Manager role
CEO Super	Senior Manager role
Executive Officer Superannuation	Senior Manager role

Note, the CEO Super departed on 19 December 2024.

4. Remuneration Framework

Australian Ethical's remuneration framework is designed to:

- align with the Group's business plan, strategic objectives and risk management framework;
- promote effective management of both financial and non-financial risks, sustainable performance and the Group's long-term soundness;
- as a Registrable Superannuation Entity (RSE) licensee, promote performing its duties and exercising its powers in the best financial interests of beneficiaries;
- as an responsible entity, promote performing its duties and exercising its powers under its fiduciary obligations; and
- support the prevention and mitigation of conduct risk.

The remuneration framework has been developed taking into consideration alignment with Australian Ethical's performance management framework and consequence management framework; these frameworks are used to assess and manage performance, conduct and consequences, to support the implementation of remuneration arrangements.

5. Variable Remuneration Adjustments (Risk Management)

The performance management framework considers an assessment of individual employee's performance and risk and conduct behaviours, and the resulting performance rating directly links to 'payout ranges' of short term incentive targets.

The consequence management framework aims to apply consequences for non-compliance in a timely manner, and as fairly and consistently as possible throughout the year. The CRO and CP&CO review and assess the severity of an incident of non-compliance and determine appropriate consequences to be applied. This is reported to the PRC on a quarterly basis.

These frameworks combined determine remuneration outcomes.

In situations where an employee in a Specified Role may not be eligible for any variable remuneration, they are still subject to relevant clauses in their employment contracts in the event of a material breach or misconduct.

In addition, in the event of material financial and non-financial misstatements, misconduct, breach of company policies, failure to meet risk-adjusted performance metrics, failure to meet an accountability obligation for an Accountable Person[1], Australian Ethical reserves the right to clawback or adjust variable remuneration payments, including deferred awards, awarded to Specified Roles and Accountable Persons.

The relevant Board has discretion to adjust variable remuneration downwards, proportionate to the severity of risk and conduct outcome (including to zero), if such adjustment is necessary to protect the financial

[1] Accountable Person is defined in section 10 of the Financial Accountability Regime Act 2023.

position of the Group or for the purposes of any other relevant prudential matter; and to respond to significant unexpected or unintended consequences.

The AEI Board can exercise discretion related to past, present and future remuneration, via:

1. Modifier to annual Short Term Incentive (STI) pool

    - An overall risk assessment applied to the balanced scorecard outcome, through assessment of risk appetite compliance, and embedded risk culture as evidenced by: managing incidents and risks out of tolerance back into tolerance; lack of significant regulatory issues; training compliance; behaviours demonstrating Australian Ethical acting in the best interests of customers;

    - Measurement is made via a combination of factual and subjective assessment and if triggered, the impact has a modifier impact on overall STI allocation for all staff. The modifier can vary between zero and 100%, and therefore acts as both a gateway and a downwards adjustment mechanism.

2. Malus provisions in equity incentive plan rules (including deferred STI, ESP, and ELTI schemes)

    - Discretion to reduce or forfeit awards where:

        - the participant has acted fraudulently or dishonestly or is in breach of their obligations to the Group
        - the Group becomes aware of material misstatement or omission in the financial statements of the Group, or
        - circumstances occur that the AEI Board determines to have resulted in unfair or inappropriate benefit to the recipient.

In addition, the AES Board has the ability to amend any recommendations of the PRC, 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 PRC are appropriate for AES as an RSE Licensee.

For FY25,

- there were no matters requiring remuneration adjustments for persons in Specified Roles, and

- the CRO determined that no risk matters have been identified which would justify the application of a modifier to the STI pool, and the AEI Board determined that no downward modifier is applicable.

6. Forms of Variable Remuneration

The mix of variable remuneration offered to employees in Specified Roles varies depending on the employee's role, level and current market practice.

The following tables outline the different forms of variable remuneration under the Group's remuneration framework, the rationale for using these different forms, alignment of outcomes with performance, and a description of deferrals and adjustments.

6.1. Short Term Incentive (STI)	
Description & Rationale	• An annual incentive aimed at motivating and rewarding employees for achievement of performance objectives and recognising outperformance. • Individual outcomes are performance based and at risk.
Form	• Cash, subject to any contractual deferral arrangements and/or in line with deferral policy. • Deferred STI is in the form of shares, and vesting periods range from 1-4 years.
Alignment with Performance	• Award is determined with reference to individual performance and the overall Group performance. • The balanced scorecard details the performance measures which includes financial and non-financial weighted metrics linked to the Group's business plan (financials, business transformation, reputation and customer experience, people, and investment performance). The balanced scorecard for FY25 is included in the Australian Ethical 2025 Annual Report. • The maximum achievable outcome is two times the target incentive, based on a percentage of fixed remuneration.
Adjustments	• A risk assessment is applied to the balanced scorecard assessment and acts as a modifier to the incentive pool determined through assessment of risk appetite compliance, and embedded risk culture. • Individual outcomes are subject to downward adjustments for risk management breaches by the individual. • The relevant Board has discretion to adjust downwards variable remuneration, proportionate to the severity of risk and conduct outcome (including to zero) if such adjustment is necessary to protect the financial position of the Group or for the purposes of any other relevant prudential matter; and to respond to significant unexpected or unintended consequences.
Vesting / forfeiture conditions	• Deferred shares vesting ranges from 1-4 years. • Deferred STI is treated as follows in the following circumstances: o resignation – usually forfeited, subject to Board discretion; o termination for serious misconduct – forfeited; o retirement – at discretion of the Board; o death or total and permanent disablement – at discretion of the Board; and o redundancy – at discretion of the Board.

6.2. Executive Long Term Incentive (ELTI)	
Description & Rationale	• Designed to align key executives to the business strategy. The ELTI includes specific KPIs that encourage the achievement of the Group's long-term strategic goals, and to support the retention of key senior talent.
Form	• Performance rights that vest as ordinary shares after 4 years. • Awarded as percentage of fixed remuneration.
Alignment with Performance	• Stretching performance hurdles are set that include both financial and non-financial measures.
Adjustments	• The relevant Board has discretion to adjust downwards variable remuneration, proportionate to the severity of risk and conduct outcome (including to zero) if such adjustment is necessary to protect the financial position of the Group or for the purposes of any other relevant prudential matter; and to respond to significant unexpected or unintended consequences.
Vesting / forfeiture conditions	• Vest as ordinary shares after 4 years, provided that: o Employee remains employed; and o Stretching financial and non-financial performance hurdles are achieved. • During the vesting period, ELTI participants are not entitled to receive dividends nor hold voting rights. • On cessation of employment, all performance rights are forfeited unless the Board in its absolute discretion determines otherwise.

6.3. Employee Share Plan (ESP)	
Description & Rationale	• Aimed at enabling employees to share in the ownership of the Company, align employee performance and behaviour with the long-term success of the Company, and to support the retention of employees. • Applies to all employees who have satisfied the risk and values gate. • Does not apply to some Specified Roles for grants after 1 July 2024.
Form	• Shares awarded as percentage of fixed remuneration (10%). Shares are issued or purchased and held in trust for 3 years. • Employees participate in dividends and have voting rights from the date of grant.
Alignment with Performance	• Performance hurdle of 3-year compound annual growth in the Company's diluted adjusted earnings per share.
Adjustments	• The relevant Board has discretion to adjust downwards variable remuneration, proportionate to the severity of risk and conduct outcome (including to zero) if such adjustment is necessary to protect the financial position of the Group or for the purposes of any other relevant prudential matter; and to respond to significant unexpected or unintended consequences.