

AUSTRALIAN ETHICAL INVESTMENT LIMITED ('AEI')

SHARE TRADING POLICY

1. THIS POLICY

1.1 Purpose of this policy

- (a) The purpose of this policy is to:
 - (i) provide a brief summary of the law on insider trading and other relevant laws;
 - (ii) set out the restrictions on dealing in securities by people who work for or are associated with AEI; and
 - (iii) assist in maintaining market confidence in the integrity of dealings in AEI securities.
- (b) If you do not understand any part of this policy or how it applies to you, you should discuss the matter with AEI's Company Secretary before dealing in any securities.

1.2 Statement of policy

- (a) Whenever you have inside information which may affect the value of securities, you must not:
 - (i) deal in those securities; or
 - (ii) communicate the information to anyone else.
- (b) This prohibition applies regardless of how you learned the inside information. It applies not only to AEI securities, but also to securities of other companies. Definitions of "inside information", "securities" and "dealing" are set out below.

1.3 Who is covered by this policy

- (a) This policy applies to:
 - (i) executive and non-executive directors;
 - (ii) full-time, part-time and casual employees; and
 - (iii) contractors, consultants and advisers,
of AEI and AEI group companies.

1.4 What securities are covered by this policy

- (a) This policy applies to the following securities:
 - (i) AEI shares;
 - (ii) any other securities which may be issued by AEI, such as options;
 - (iii) securities of any other company or entity that may be affected by inside information (such as companies that the Australian Ethical trusts invest into or are considering investing in or another party involved in a corporate transaction with AEI or an AEI contractor or shareholder).

2. PROHIBITED CONDUCT

2.1 What is insider trading?

- (a) In broad terms, you will commit insider trading if you:
 - (i) deal in AEI securities or securities of another entity while you have inside information; or

- (ii) communicate inside information to another person knowing (or where you should reasonably have known) that the other person would, or would be likely to, use that information to deal in, or procure someone else to deal in, securities. This is commonly known as "tipping".
 - (b) Individuals who contravene the insider trading provisions of the Corporations Act are liable to prosecution or to civil penalty action by the Australian Securities and Investments Commission. In a criminal prosecution the maximum penalty for an individual is \$220,000 and/or 5 years imprisonment. In a civil penalty proceeding a penalty of up to \$200,000 may be imposed. In both cases the offender may be ordered to pay compensation to anyone who suffered loss as a result of the insider trading.
 - (c) Separately, someone who engages in insider trading may be sued by another party or AEI in a civil action for any loss suffered as a result of the insider trading.
- 2.2 What is dealing?
- (a) For the purposes of this policy, dealing in securities includes:
 - (i) trading in securities (i.e. subscribing for, buying, selling or entering into an agreement to do any of those things); and
 - (ii) advising, procuring or encouraging another person (such as a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust) to trade in securities.
 - (b) Communicating information includes passing it on to another person, such as a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust.
- 2.3 What is inside information?
- (a) Inside information is information that:
 - (i) is not generally available to people who commonly invest in securities; and
 - (ii) if it was generally available, would (or would be likely to) influence experienced investors in deciding whether or not to subscribe for, purchase or sell AEI securities or securities of another entity.
 - (b) It does not matter how you come to have the inside information - for example whether you learn it in the course of carrying out your responsibilities, in passing in the corridor, in the lunch room or at a social occasion.
 - (c) The financial impact of the information is important, but strategic and other implications can be equally important in determining what amounts to inside information. The definition of "information" is broad enough to include rumours, matters of supposition, intentions of a person (including AEI) and information which is not definite enough to warrant public disclosure.
- 2.4 What other securities dealings are restricted?
- (a) It is AEI's policy that you must not engage in short-term or speculative dealing in AEI securities.
 - (b) AEI directors, and executives participating in an equity-based executive incentive plan, are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in AEI securities.

3. EXAMPLES OF INSIDER TRADING

3.1 What are some examples of inside information?

- (a) The following list is illustrative only. Inside information about AEI could include:

- (i) information relating to AEI's financial results;
- (ii) a possible sale or acquisition of assets by AEI;
- (iii) a possible change in AEI's capital structure (for example, a capital reduction or a buy-back of shares);
- (iv) a proposed dividend;
- (v) a proposed share issue;
- (vi) board or senior management changes;
- (vii) an event which could have a material impact (either positively or negatively) on profits (for example, winning a significant investment mandate);
- (viii) a proposed change in the nature of AEI's business;
- (ix) knowledge of proposed applications, redemptions or investment mandates material to AEI's FUM;
- (x) a notification to ASX Limited (ASX) of a substantial shareholding in AEI;
- (xi) any information required to be disclosed to ASX under its continuous disclosure rules; and
- (xii) any possible claim against AEI or other unexpected liability.

3.2 What are examples of inside information related to securities of other companies?

- (a) In the course of your duties as an employee, director, adviser, consultant or contractor of AEI or an AEI group company you may obtain inside information in relation to another company. For example:
 - (i) in the course of buying, selling or assessing investments for the Australian Ethical trusts, confidential information may be provided to us by people associated with those investments e.g. the board or management of an investee company;
 - (ii) in the course of negotiating a transaction with AEI another company might provide confidential information about itself;
 - (iii) information concerning a proposed transaction or other action by AEI might have a material effect on a third party.
- (b) The prohibition on insider trading is not restricted to information affecting AEI securities. Accordingly if you possess inside information in relation to securities of another company or entity you must not deal in those securities.

4. PERMITTED DEALINGS

4.1 Dealing by employees

- (a) Subject to the rules of any applicable AEI equity-based plan, if you are not a director, Chief Executive Officer or direct report to the Chief Executive Officer (referred to as 'section managers') of AEI:
 - (i) you can deal in AEI securities at any time provided you do not have inside information and are not involved in short term or speculative dealing;
 - (ii) you should review this policy prior to dealing; and
 - (iii) you are not required to notify AEI if you intend to deal in AEI securities or after you have dealt in such securities.

4.2 Dealing by directors, Chief Executive Officer or section managers

- (a) If you are a director, Chief Executive Officer or a section manager:

- (i) you can deal in AEI securities provided: you do not have inside information: you are not involved in short term or speculative dealing; and you are not dealing during black-out periods;
 - (ii) you should review this policy prior to dealing; and
 - (iii) if you are a director you are required to notify the Company Secretary of any dealings in AEI securities immediately to enable notice to be filed in accordance with the ASX Listing Rules within 5 business days of the dealing.
- (b) Black-out periods are from the close of a financial year, or half year, until the second day after release of the financial results.
- (c) For the purpose of this rule “dealing” means acquiring or disposing of securities directly or through a family trust, superannuation fund, company or in any other manner which would result in the director or key executive having or disposing of a relevant interest (as defined in the Corporations Act) in those securities.

5. CONSEQUENCES OF BREACH

5.1 Compliance is mandatory

- (a) Strict compliance with this policy is mandatory for all AEI and associated personnel covered by this policy.

5.2 What if I breach this policy?

- (a) Contravention of the Corporations Act is a serious matter which may result in criminal or civil liability.
- (b) In addition, breaches of this policy may damage AEI's reputation in the investment community and undermine confidence in the market for AEI securities. Accordingly, breaches will be taken very seriously by AEI and will be subject to disciplinary action, including possible termination of a person's employment or appointment.

6. MAINTENANCE OF PERSONAL DEALING REGISTERS AND CONDUCT OF PERSONAL TRADING

6.1 Employees in the company's investment section shall maintain a personal register of securities dealings¹. The register shall be provided to the company's compliance officer at the end of each quarter.

6.2 The personal register of dealings shall include details of holdings as at the date of the preparation of the register and details (date, consideration, number of interests, buy/sell, broker) for all dealings that have occurred since the production of the previous register.

6.3 Employees in the company's investment section shall seek approval from the Compliance Officer (or Legal Counsel, where the Compliance Officer is absent) before conducting a trade in securities that are listed on the Restricted Securities List, either directly or through an associate. The Restricted Securities List shall consist of all the securities held by the AEI managed investment schemes, securities managed by AEI under mandate, or for which investment limits exist. The Restricted Securities List will be available on the company's intranet.

6.4 A request to trade in a security under clause 6.3 shall include the following information:

- (a) the security to be traded;
- (b) whether the trade is a buy or sell;
- (c) estimated number of securities to be bought or sold;
- (d) estimated consideration for the buy or sell;

¹ For the purposes of this clause 6, securities dealing refers to transactions involving equity securities, derivatives, convertible notes, interest bearing securities or any other financial product subject to regulation by ASIC.

- (e) that the person is not aware of any inside information in respect of the security;
 - (f) whether the person is aware that the company, in its capacity as a responsible entity or investment manager, has a current trading intention in the same security;
 - (g) where the person is aware of a common trading intention, the reasons why a personal trade will not create a conflict of interest with the trading intention of the company (as RE or investment manager).
- 6.5 For the purposes of this paragraph, an associate is any entity which you control or an immediate family member whom it could reasonably be expected that the employee would influence in making investment decisions or an immediate family member who relies on the employee for management of their investments or as their primary source of financial advice.

7. DEALING WITH ALLEGATIONS OF INSIDER TRADING

- 7.1 Without limiting the company's rights or obligations, the company will investigate allegations of insider trading where:
- (a) the allegation is made in writing, signed by the person making the allegation and containing the details and circumstances of the alleged insider trading;
 - (b) the person making the allegation identifies themselves;
 - (c) the person makes the allegation in good faith.
- 7.2 The company shall comply with the whistleblower protection requirements of Part 9.4AAA of the Corporations Act with respect to any allegation made in accordance with paragraph 7.1.

8. PUBLICATION

- 8.1 Where can I find this policy?
- (a) A copy of this policy will be available on:
 - (i) the AEI file server for all employees of AEI and AEI group companies; and
 - (ii) the AEI internet website for all other persons covered by this policy.
- 8.2 Who can I ask about this policy?
- (a) A copy of this policy will be provided to all new directors and employees of AEI and AEI group companies as part of AEI's induction procedures.
 - (b) If you do not understand this policy or wish to receive further information on how to comply with this policy, please contact the Company Secretary or Legal Officer.

9. REVIEW

- 9.1 Will this policy be reviewed?
- (a) This policy will be reviewed regularly to ensure that it continues to comply with all applicable laws and best corporate governance practices.