

**Australian  
Ethical**



# AUSTRALIAN ETHICAL GROUP

## SHARE TRADING AND DEALING IN AUSTRALIAN ETHICAL PRODUCTS POLICY

<b>Document Owner</b>	<b>Chief Risk Officer</b>
Document Author	Chief Risk Officer
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# 1 Purpose and Scope

This Policy applies to Australian Ethical Investment Limited (AEI) and all Group subsidiaries (Australian Ethical or Group). For the avoidance of doubt this includes but is not limited to Australian Ethical Superannuation Pty Ltd (AES). The purpose of this Policy is to set out Australian Ethical's policy for personal trading in securities, including trading in Australian Ethical's securities listed on the Australian Stock Exchange.

The following table indicates where approvals are required:

Transaction	Non-Executive Director	Executive Director, employees and contractors
Buy/ Sell AEI Securities	YES	YES
Buy/ Sell non-AEI domestic Securities/ Shares (including NZ listed)	NO	YES
Apply/ redeem/ switch AEI Managed Fund and the Australian Ethical Retail Super Fund	YES	YES
Buy/ Sell an AEI managed ETF	YES	YES
Buy / Sell non-AEI ETF	NO	NO
International securities/ shares (other than NZ listed)	NO	NO
Share purchase plans, dividend reinvestment plans, initial public offerings, entitlement offers & rights issues	NO	NO
Savings plans for managed funds	NO	NO

# 2 Reference

This Policy has been written with reference to:

- Corporations Act 2001, Part 7.10, Division 3 – The Insider Trading Prohibitions
- ASIC Regulatory Guide 193: Notifications of Directors' Interests in Securities – Listed Companies
- ASX Listing Rule 12.12 – Content of Trading Policy
- ASX Listing Rules Guidance Note 27 – Trading Policies
- FSC Guidance Note 7.00: Personal Trading

This Policy should be read in conjunction with the:

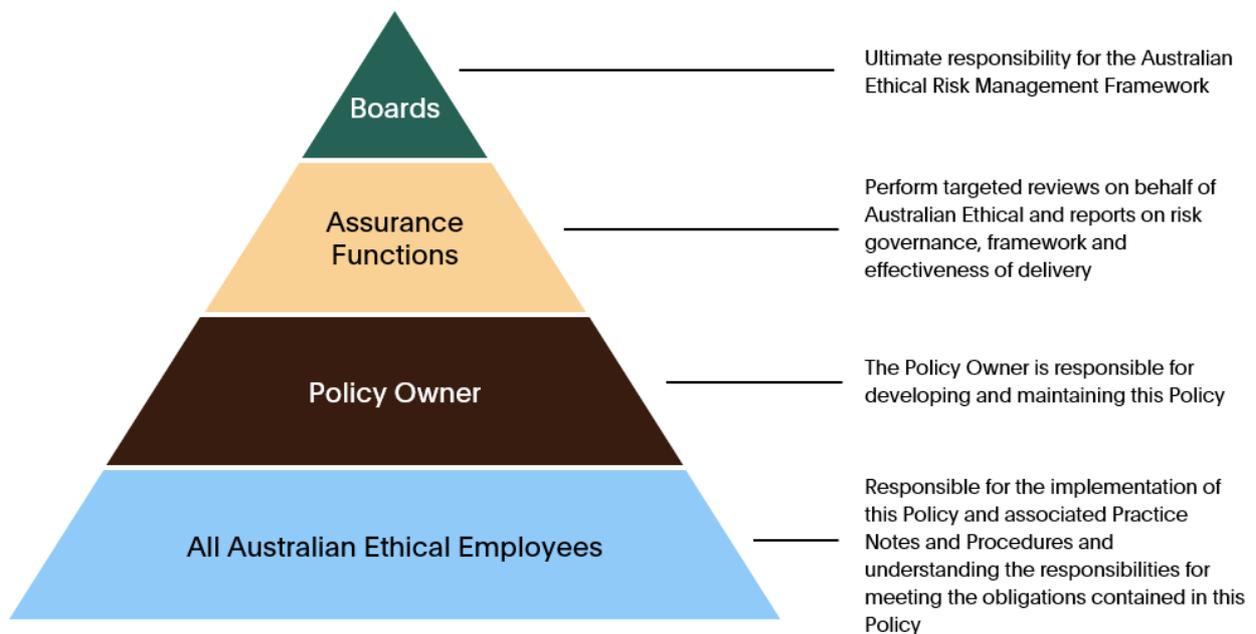
- Risk Management Framework
- Conflicts Management Framework
- Consequence Management Framework

### 3 Risk Management and Capacity

Risk	Response	Capacity
Risk Appetite Statement	Risk Management	This Policy relates to Australian Ethical in all capacities and is aimed at setting the approach for share trading by Australian Ethical’s directors, employees and contractors.
Board’s Appetite	Actively Manage to Avoid	
Risk Tolerance	Moderate to Low	

Adherence to this Policy will ensure restrictions for dealing in securities are met and will assist in maintaining market confidence in Australian Ethical’s integrity.

### 4 Roles and Responsibilities



### 5 Obligations and Accountabilities

This Policy outlines the standards which apply to trading in any securities by employees, including executive directors, and contractors (full-time, part-time or casual) of Australian Ethical and to trading in Australian Ethical’s shares listed on the Stock Exchange by any non-executive directors of the Group.

Refer to Appendix 1 for Key Terms used within this Policy.

## 5.1 Trading Rules in relation to securities

No.	Title	Rule
1.	Insider Trading	Insider trading is not permitted nor is the communication of inside information to anyone else. This applies to any securities and not just AEI Securities.
2.	Blackout Period re AEI Securities	<p>Trading in AEI Securities is not permitted by any director, employee or contractor during a blackout period.</p> <p>Requests to trade in AEI Securities within the Blackout period due to exceptional circumstances will be considered on a case-by-case basis by the CEO.</p>
3.	Other restrictions for AEI Securities	<p>Short-term or speculative trading in AEI Securities is not permitted.</p> <p>Any director, employee or contractor participating in an equity-based incentive plan is 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.</p>
4.	Restricted Trading List	Executive Directors, employees and contractors are not permitted to trade securities on the Restricted Trading List. The approver must check the Restricted Trading List to ensure securities are not on this list prior to granting approval to trade.
5.	Pre-Approved Personal Trading List	Executive Directors, employees and contractors do not need to seek prior approval before conducting a trade in any securities that are listed on the Pre-Approved Personal Trading List.
6.	Request to trade approval – AEI Securities	<p>Employees and contractors must seek approval from the CEO <b>before</b> trading in AEI Securities.</p> <p>Directors, including the CEO, must seek approval from the Chair of the AEI Board prior to dealing in AEI Securities. The Chair must see approval from the Company Secretary prior to dealing in AEI Securities.</p> <p>Subject to compliance with this Policy, any approval to trade in AEI Securities is valid for 5 business days including the day approval was granted after which time it will lapse and a further approval must be obtained.</p> <p>Where approval is granted directors, employees and contractors must <u>immediately</u> notify, and in any event not more than 1 business day after the trade occurs, the Company Secretary (via email) of any dealings in AEI Securities.</p>
7.	Request to trade approval – non-AEI Securities	<p>Executive directors, employees and contractors must seek approval from the the Chief Investment Officer or their delegate or from the Company Secretary or CEO in the case of the Chief Investment Officer) before trading in any security that is not on the Pre-Approved Personal Trading List.</p> <p>Any approval to trade in securities is valid on the day approval was granted, unless otherwise specified.</p>

No.	Title	Rule
8.	Request to trade approval in AEI Managed Funds or the AERSF	<p>Before <u>applying for or redeeming units in a unit trust where Australian Ethical is either the Responsible Entity or Investment Manager, or applying for, redeeming from, or switching in the Australian Ethical Retail Superannuation Fund (AERSF):</u></p> <ul style="list-style-type: none"> <li>• Employees and contractors must seek approval from the Head of Asset Allocation (or in their absence the Chief Investment Officer) (or from the Company Secretary or CEO in the case of the Chief Investment Officer)</li> <li>• Directors, including the CEO, must seek approval from the Chair of the AEI Board (or from the Chief Investment Officer in the case of the Chair) prior to dealing in AEI Managed Funds or the Australian Ethical Retail Superannuation Fund.</li> </ul> <p>Approval is not required where superannuation contributions are made into the Australian Ethical Retail Superannuation Fund or where on commencing employment with Australian Ethical the employee has chosen the AERSF.</p> <p>Any approval to trade in AEI Managed Funds or the Australian Ethical Retail Superannuation Fund is valid for 3 business days including the day approval was granted, unless otherwise specified.</p>
9.	Request to trade approval in an AEI managed ETF	<p>Executive directors, employees and contractors must seek approval from the Chief Investment Officer (or from the Company Secretary or CEO in the case of the Chief Investment Officer) before trading in any AEI managed Exchange Traded Fund (ETF) that is managed by Australian Ethical.</p> <p>Any approval to trade in an AEI managed ETF is valid on the day approval was granted, unless otherwise specified.</p> <p>Directors must seek approval from the Chair of the AEI Board (or from the Chief Investment Officer in the case of the Chair) prior to dealing in AEI managed ETFs.</p>
10.	Register of Securities Holdings and Dealings	<p>All Executive Directors, employees and contractors of Australian Ethical must maintain a personal Register of Securities Holdings and Dealings containing all holdings and details of any trading (including holdings of their spouse/partner or dealings they have control or influence over e.g. if an employee controls their parent's portfolio of investments) and provide this to the Risk and Compliance Team within 15 days of the end of each quarter, unless otherwise stated by the Risk and Compliance Team.</p>

## 5.2 Investigation of allegations of Insider Trading

In broad terms, a Director, employee or contractor of Australian Ethical will be found to have committed insider trading if they:

- I. Deal in AEI Securities or securities issued by or in relation to another entity in relation to which the Director, employee or contractor holds inside information; or
- II. Communicate inside information to another person knowing (or 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".

Directors, employees or contractors of Australian Ethical 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 (ASIC). In both cases the offender may be ordered to pay compensation to anyone who suffered loss as a result of the insider trading.

Separately, a Director, employee or contractor of Australian Ethical who engages in insider trading may be sued by the Group or another relevant party in a civil action for any loss suffered as a result of the insider trading.

Without limiting Australian Ethical's rights or obligations, allegations of insider trading will be investigated where:

- The allegation is made in writing to the CEO, the General Counsel, the CIO or the Chief Risk Officer and contains the details and circumstances of the alleged insider trading;
- The person making the allegation identifies themselves; and
- The person makes the allegation in good faith.

Refer to section 9 of this policy for whistleblower protections available.

### **5.3 Conflicts of interest management**

The Conflicts Management Policy addresses all conflicts that might arise from securities trading, in particular the identification, monitoring, management, mitigation and resolution of conflicts.

### **5.4 Training and awareness**

Risk and Compliance are responsible for ensuring that all relevant staff are aware of their obligations under this Policy and any Practice Note and that appropriate divisional procedures to meet the requirements of this Policy and any Practice Note are documented and operational.

## **6 Exceptions**

It is not expected that any exceptions to this Policy will occur. In the unlikely event that exceptions are required these must be approved by the CEO or the Chief Risk Officer.

## **7 Adherence with Group Policies, Practice Notes and Procedures**

Employees must adhere to, and is responsible for familiarising themselves with, all Australian Ethical's policies, practice notes and procedures.

## **8 Policy Breach**

A breach of the law relating to insider trading can have serious consequences, including individual criminal and civil liability. A breach of this Policy will be treated by Australian Ethical as serious misconduct, and may lead to disciplinary action, including termination of employment by Australian Ethical.

## **9 Whistleblower provisions**

In certain circumstances an individual may be concerned that unacceptable behaviour, misconduct or other reportable conduct (as defined in the Whistleblowing Policy) has occurred in relation to this Policy but be in a position where he or she believes it would be personally damaging to pursue through normal channels. The Whistleblowing Policy sets out

the guidelines and procedures for dealing with information that may be provided with regard to unacceptable behaviour, misconduct, breaches of the Corporations Act 2001, the Australian Securities and Investments Commission Act 2001, the Superannuation Industry (Supervision) Act 1993 and all other matters relevant to whistleblowing. All employees are encouraged to report any known or suspected incidences of reportable conduct to the Whistleblower Protection Officer (WPO) (The Primary WPO is the Group General Counsel and the Secondary WPO is the Chief Risk Officer).

## 10 Point of contact

The Chief Risk Officer is the point of contact for matters arising from this Policy.

## 11 Publication of the Policy

Following Board approval of any material amendments to this Policy, a copy of this Policy must be provided to the Australian Securities Exchange (ASX) Markets Announcement Office for release to the market, within five business days of the change taking effect.

A copy of this Policy must also be provided to the ASX immediately upon receipt of a request from the ASX.

An up-to-date copy of this Policy will be maintained on the Australian Ethical website at all times.

## 12 Review cycle

This Policy will be reviewed on at least a two-yearly basis or as deemed necessary by the Chief Risk Officer.

## Appendix 1 – Key Terms

Key Term	Meaning
<b>Blackout period</b>	<p>A blackout period commences on each 1 July and 1 January and ends two trading days after the release of:</p> <ul style="list-style-type: none"> <li>a) The six month trading results</li> <li>b) The full year trading results</li> </ul>
<b>Trade/ Trading</b>	<p>Trading includes:</p> <ul style="list-style-type: none"> <li>a) Trading in securities (i.e. buying, selling or entering into an agreement to do any of those things).</li> <li>b) 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.</li> <li>c) Applying for or redeeming units in an AEI managed investment scheme or AES superannuation fund or option or and AEI managed ETF.</li> <li>d) Communicating information, including passing it on to another person (such as a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust) about trading in securities or applying for or redeeming units in a managed investment scheme or superannuation fund managed by AEI.</li> </ul> <p>This does not include subscribing to:</p> <ul style="list-style-type: none"> <li>a) Share Purchase Plans</li> <li>b) Divident Reinvestment Plans</li> <li>c) Initial Public Offerings (IPOs)</li> <li>d) Entitlement Offers</li> </ul>
<b>Inside information</b>	<p>Inside information is information about specific financial products that:</p> <ul style="list-style-type: none"> <li>a) Is not generally available to people who commonly invest in such financial products; and</li> <li>b) If it was generally available, a reasonable person would expect it to have a material effect on the price or value of the financial products.</li> </ul> <p>It does not matter how the inside information is obtained (e.g. learnt in the course of carrying out responsibilities, or overheard in passing in the corridor, in the kitchen or at a social occasion).</p> <p>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 a company) and information which is not definite enough to warrant public disclosure.</p>
<b>Insider trading</b>	<p>Insider trading is where a person possessing inside information:</p> <ul style="list-style-type: none"> <li>a) Applies for, acquires or disposes of specific financial products (or enters into an agreement to do so); or</li> <li>b) Procures another person to apply for, acquire or dispose of specific financial products (or enters into an agreement to do so).</li> </ul>
<b>Securities</b>	<p>For the purpose of this Policy securities are defined as:</p> <ul style="list-style-type: none"> <li>a) Shares or derivatives issued by Australian Ethical Investment Limited (AEI Securities).</li> </ul>

Key Term	Meaning
	<ul style="list-style-type: none"> <li>b) Any other securities which may be issued by another entity in the Group.</li> <li>c) Listed and unlisted securities, or derivatives, issued by or in relation to any other company or entity that may be at risk of divulging insider information to AEI, such as:               <ul style="list-style-type: none"> <li>• Listed companies (whether or not Australian Ethical is actually invested in them) that are not on the pre-approved trading list.</li> <li>• A party involved in a corporate transaction with Australian Ethical.</li> <li>• An AEI shareholder or a contractor to Australian Ethical.</li> <li>• Managed Funds where AEI is the Responsible Entity or the Investment Manager.</li> <li>• Interests in the Australian Ethical Retail Superannuation Fund.</li> </ul> </li> </ul>
<p><b>Pre-approved Personal Trading List</b></p>	<p>The Pre-Approved Personal Trading List is a list of securities that includes securities which AEI does not currently invest in and:</p> <ul style="list-style-type: none"> <li>a) which are considered highly unlikely to be traded by Australian Ethical;</li> <li>b) where it is considered to be highly unlikely that AEI would be privy to information that is not in the public domain.</li> </ul> <p>These securities are deemed by the Chief Investment Officer to be appropriate to be provided blanket trading approval status.</p>
<p><b>Restricted Trading List</b></p>	<p>The Restricted Trading List includes any securities for which Australian Ethical has either received a sounding or has information that is not in the public domain therefore these securities will not be approved for trading.</p>