

## OFFICIAL TRANSCRIPT OF THE AUSTRALIAN ETHICAL INVESTMENT LIMITED ANNUAL GENERAL MEETING HELD 15 NOVEMBER 2023

**Company:** Australian Ethical Investment Limited

**Date:** 15 November 2023

**Time:** 10:00 am AEDT

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### START OF TRANSCRIPT

Stephen Gibbs: Good morning. I'm Steve Gibbs, Chairman of Australian Ethical Investment Limited. Firstly, I would like to acknowledge the Traditional Owners of the Country on which we are holding this meeting, the Gadigal people of the Eora Nation, and recognise and celebrate their continuing connection to land, waters and culture. I pay my respects to their Elders past and present.

I welcome you to this 2023 Annual General Meeting of Australian Ethical Investment Limited. This year we are conducting our AGM as a hybrid meeting whereby shareholders may participate by attending in person here in Sydney or online. The Company Secretary has advised me that a quorum, which is two shareholders, is present, and so I therefore declare the Annual General Meeting open.

My fellow directors, Kate Greenhill, Mara Bun, Julie Orr and Sandra McCullagh here, and our Managing Director, John McMurdo there, are present at the meeting. I would also like to introduce and acknowledge the presence of some members of Australian Ethical's senior leadership team also present. Mark Simons, our Chief Financial Officer; Ludovic Theau, our Chief Investment Officer; Maria Loyez, our Chief Customer Officer; Eveline Moos, our Chief People and Culture Officer; Marion Enander, Chief Strategy and Innovation Officer; Conrad Tsang, Chief Technology Officer; Ross Piper, Chief Executive Superannuation; and Alison George, Head of Impact and Ethics; and our Company Secretary, Karen Hughes.

I would also like to welcome the Company's auditor, Jessica Davis of KPMG, who is also present. Welcome, Jessica.

We received 214 valid proxy forms. This represents approximately one-third of the ordinary voting shares on issue. Proxy votes will be released to the ASX with the results of this AGM. The Notice of Meeting was dispatched to all shareholders. I will take the Notice of Meeting as read.

The following is the procedure for the meeting. Please note we are recording today's proceedings and the recording may be available on our website in due course. We are pleased to facilitate this hybrid meeting through the Link online platform. This enables shareholders to participate in the meeting irrespective of where they are in the world and I warmly welcome those of you participating online.

I have a couple of quick housekeeping points. For those of you here in person I would appreciate if all mobile phones could be turned to silent mode. Recording devices and cameras must not be used during the meeting and in the event of an emergency please follow the emergency exit signs and the instructions of the venue staff.

The order of business for the meeting will be as follows: I will deliver a short address, our Managing Director and CEO, John McMurdo, will then address the meeting. I will then ask if anybody has any questions for me or John. We invited shareholders to submit questions in writing before the meeting and we have three questions and we will deal with those questions immediately after John's address.

After any further questions have been asked and answered we will then proceed with the formal agenda. Following the conclusion of the meeting I will invite those shareholders here today to join me, my fellow directors and senior management, for light refreshments.

I note that in accordance with the Company's constitution the status of employees has been reported on in the Remuneration Report, which is part of the Annual Report which accompanied the Notice of Meeting, and there will be further information in the Sustainability Report, which is due to be released later this month.

The financial statements will be tabled and I will provide an opportunity for shareholders to ask questions in relation to the statements for the year ended 30 June 2023.

The directors standing for re-election, myself and Sandra McCullagh will address the meeting at the relevant time and answer any questions.

Polls will be conducted for all resolutions. You can vote at any time provided, of course, you haven't already voted, and I urge you to vote as soon as you can. I will leave a short period at the end of the meeting to allow people to finalise their votes before I close the meeting.

As I said, the results of the polls will be published on the ASX and the Company's website as soon as they are available, which we expect to be this afternoon.

At the start of my address to last year's AGM I said that financial year 2022 was a challenging year for Australian Ethical, as it was for almost all investment managers and superannuation funds and I also said that the challenges had continued into the first part of financial year 2023.

Well, as it turned out the challenges continued throughout financial year 2023, but we saw Australian Ethical perform very well and deliver what we consider to be a transformative year. I will leave it to our Managing Director and Chief Executive Officer John McMurdo to take you through the Company's performance over the year.

Whilst the focus of an Annual General Meeting of an ASX listed company must be on the company's performance over the last financial year and what the outlook is going forward, I want to spend a few minutes talking about Australian Ethical's stewardship program.

We do include a section in our Annual Report and in our soon to be released Sustainability Report about our engagement with companies and about our policy advocacy. I want to highlight that over financial year '23 we engaged over 250 companies with more than 65 being proactive engagements, meaning that we did more than just sign on to an engagement led by another organisation. Companies committed to change following 25% of those proactive engagements.

Much of our stewardship goes unnoticed in the public domain but it is an incredibly important element of Australian Ethical's activities as a for-purpose company. Of course, some of our activities get a great deal of publicity. Probably most notably in last financial year was the case of the Lendlease housing development at Mt Gilead in western Sydney.

Our Stewardship team engaged with Lendlease over a four year period about the impact of the proposed development on a koala population, and we did achieve what were clearly improvements

in the way the development would likely affect the koalas. Not only did this take a great deal of time, it also involved a great deal of work.

At one stage it seemed to me that a lot of people turned the whole issue around whereby Australian Ethical, I guess because of our very much increased profile, became the villain for not divesting rather than Lendlease for not ensuring that there would be no impact on the koala colony.

Anyway, as you know we did end up divesting from Lendlease because we were not satisfied that Lendlease was taking appropriate steps to protect the koala colony and that will be impacted by the development.

That leads me to make a comment about divestment. There are many within the investment community in Australia who argue that divestment should never be an option. Whilst I agree that it should always be the case that engagement seeking to change behaviour is preferable and those endeavours must be strenuously pursued, divestment must always remain an option, albeit the option of last resort.

We do think that divestment can be effective because it can affect a company's cost of capital, making it less competitive than its more sustainable competitors. It can also impact a company's reputation and can create signals that help influence broader change. Some say that divesting does nothing because someone else just buys the shares.

Well, maybe. But what if all shareholders divested, imagine if all shareholders divested what the impact that it would have on a company and its share price. It would plummet. But even if we act alone there are some activities that we just do not want to be associated with.

Returning to the Lendlease issue, we are currently awaiting a New South Wales government review which is looking at evidence from the New South Wales Chief Scientist, submissions from Lendlease and the Department of Planning and submissions from ourselves and other organisations who understand the importance of biodiversity and we are hoping that the attention we have brought to this issue will bring further pressure to bear and ensure the survival of this koala colony, a species which many Australians would be surprised to learn are at threat of extinction.

The most recent example of our engagement activity is with Boral where we have been engaging in private and publicly leading a group of high profile investors that are urging Boral not to turn its back on its 1.5 degree Paris-aligned emissions target for 2030. This followed Boral's announcement that it was walking back its 2025 commitment to reducing emissions from 18% to 12-14%.

We have met with the CEO of Boral and written to the company's Board of Directors expressing our concerns and voted against the re-election of the Chair on climate grounds at the company's recent AGM and also not well known but covered in more detail in our Sustainability Report is our engagement with Microsoft about its provision of products and services that may enable human rights abuses. These are just three examples of our significant stewardship program.

I now want to spend a couple of minutes commenting on the future of ethical investing, or responsible investing or sustainable investing or environmental, social and governance, commonly referred to as ESG, investing, whatever term you might like to use.

There are those who seem to be arguing that it is in decline, for what I would think could be categorised as ideological or political reasons. We have heard of some US Republican states removing mandates from investment managers because of their ESG credentials. Perhaps more instructive is the anecdotal evidence of some fund managers closing ESG funds because of the stance taken by some of these US state governments.

All that indicates to me is that these fund managers were never really committed to ESG investing in the first place and they only did it to get on the bandwagon and to increase funds under management and revenue and when that was put at risk they very soon abandoned their newfound commitment to ESG.

On the broader issue of ESG funds being in decline I must call out an article in the *Financial Review* on 29 October which went under the headline ESG Funds are Shrinking as Managers and Investors Move On. The article quoted Morningstar numbers which showed that last quarter was the fourth consecutive quarter in the US where there had been net redemptions from ESG funds and for the first time US money managers closed more ESG funds than they opened.

But what about non-ESG funds in the US; were they similarly affected? Who knows because the article didn't mention it. But the article went on to say that flows into Australian sustainable funds were relatively muted, though positive at US\$30.1 million in net inflows in the quarter.

Some paragraphs later, and I repeat some paragraphs later, the article went on to say that flows into Australia - the article went on to say, quote, of course it's not just sustainable funds being hit. The broader market saw outflows of US\$7.85 billion over the quarter.

So net positive flows of US\$30.1 million into sustainable funds compared to net outflows of US\$7,850 million in the broader market is an indication that ESG investing is in decline according to the article. I will leave it to you to work out your own conclusion.

The headline that ESG funds are shrinking might describe what is happening in the US. Who knows? But not in Australia and certainly not for Australian Ethical. Speaking of inflows and outflows, it has been noted in one report on our Company that organic growth decreased in financial year 2023 compared to the previous financial year. True, but flows were still substantially positive at a time when we know that many Investment managers experienced negative flows.

As a comparison I remind shareholders that the company had positive flows of \$114 million in the first quarter of this current financial year 2024 as we announced to the market on 19 October. So \$114 million flows into Australian Ethical. Remember the AFR article says flows into the entire ESG sector during that quarter in Australia the flows were US\$30 million or roughly AU\$45 million. We had \$114 million. The whole lot had \$45 million. So many, many managers must have had negative flows and we think that was the case in the previous financial year 2023 as well.

Finally, I do want to make comment on the overall financial result for financial year 2023, and John will go into much more detail. Net profit after tax was down, yes, but underlying profit was up on the previous year and the difference, of course, largely accounted for by the successful Superannuation Fund Transfer and the one-off costs that were incurred.

The overwhelming majority of shareholders, both Institutional and individual that we have spoken to, understand the importance of that SFT to the company. If that transaction had not been undertaken and the one-off costs not incurred then, sure, short term shareholder return would have looked a lot

better, but that would have been done at the expense of substantial uplift in the medium to long term shareholder return.

It's interesting to note that at least the market doesn't think we had such a bad year because since we announced our results as of Monday, and I think it went up even more yesterday, our price is up some 12.5%, our share price, whereas the ASX 300 index is down some 3% over the same period.

I would like to thank my fellow non-executive Directors, our Managing Director and CEO and all of his senior leadership team and indeed all of Australian Ethical's employees for their contribution to the Company's continuing growth, not just in size in financial terms but in recognition and influence and thank you, our shareholders, for your continuing support.

I now pass over to John for a more in-depth presentation about your Company.

John McMurdo: Thanks, Steve. I would also like to acknowledge the Traditional Owners of the Country on where we meet today, the Gadigal people of the Eora Nation, and pay my respects to their Elders past and present and thank them for protecting Country, since time immemorial.

Good morning, everyone. Great to have many of you here in the room with us. Welcome to those online. I would like to also acknowledge in front of our many stakeholders this morning the whole Australian Ethical team, our Board, our senior leadership team and many of our staff, either present in the room or online in our offices around the country.

Our organisation has always been made up of good people. But more than ever, we have a significantly capable, experienced, purpose-driven and successful team who are extraordinarily committed and show great determination as we continue to implement our growth strategy and as we accelerate Australian Ethical into the larger, more impactful business it is clearly becoming.

Purpose. In talking about the business, and as I share with any stakeholders, purpose is always my start point. It's confronting sometimes actually for me because as Australian Ethical becomes even stronger, more impactful and more able and successful in influencing for positive and for good, the size of the problem or problems we concern ourselves with as an ethical investor only seem to increase.

I refer to many things in that. This year marking the twentieth since scientists linked extreme weather to climate change. As the world watches this play out in the form of devastating heat waves, forest fires and severe floods, global leaders do agree that emissions must be reduced. But there is also broad acceptance that by 2030 annual investment for clean energy alone will need to be running at at least three times the current pace.

I refer to global conflict continuing and even heightening, ongoing in Ukraine, newly devastating in the Middle East and in many other parts of the globe, even when that doesn't appear on the front page of the news.

Injustices facing First Nations people abroad and certainly in Australia go unchecked. Inequality is worsening, not improving, around the world. Natural habitat and biodiversity continues to decrease. The plight of animals and many species worsens and, sadly, I could go on.

What we do in allocating capital to better places and using our growing voice and stewardship to advocate for systemic, not just company change, is so important. Australian Ethical is more important than ever before, and I indeed would argue we actually need many more Australian Ethicals around the world.

While we are driven by a burning desire and a clear purpose to create a better world, at the same time we remain deeply committed and convicted that ethical investing can and does deliver attractive investment returns, while also influencing progress towards the better future I speak of.

Indeed, our 37 year investment track record demonstrates exactly that. We are committed to, and confident in our ability to continue being a proof point for that duality, of great investment outcomes and positive change for the world, and we see opportunity. The energy transition alone presents significant opportunities from an investment perspective, and Australian Ethical is well ahead of that curve.

By investing in companies and assets that we believe are part of the solution for a sustainable economy, a sustainable planet and are good for people and animals, and restricting investments in companies that aren't, we see many opportunities for growth in the medium to long term.



Our Ethical Charter and investment thesis that investors' money can do well and do good is as true today as ever. Steve has already shared some examples where Australian Ethical has put its mouth where its money is and used our leverage as a shareholder to engage with companies we are invested in to bring about positive change.

Boral is one of only three companies in Australia ranked by Climate Action 100+, a global independent investment network, as misaligned in its direct and indirect lobbying, alongside Woodside and Santos. Instead of stepping back from its commitments, Boral can improve its performance and reduce its contribution to climate change as part of the review of its 2030 target and transition plan. That's why we have been leading a group of high profile investors to make sure our voice is heard.

On Lendlease, we have had a four-year engagement that has resulted in some positive changes being made to Lendlease's original plans for the site. But, as Steve also mentioned, we continue to fight for more. We share these examples as just a small window into the important work of our business and, in particular, our Ethics and Research team and what they're doing in using our shareholding and our voice to bring about positive change for people, animals and the planet.

In terms of business performance and highlights from the past financial year, it has been a year of many, many highlights, and a couple of misses too, which I always prefer to be candid about. In the first half of the year we chose to write down our investment in Sentient Impact Group. That investment was designed to help us expand our capability in impact investing. Regrettably, Sentient has struggled, for a variety of reasons, including a tough economic environment.

Our experiment in partnering with employer platforms only yielded modestly positive results. We would have preferred to see stronger growth in net flows. While they are clear misses in my view, we have garnered helpful learning that we expect to be valuable to us in the future and, of course, I call out these challenges in what has otherwise undoubtedly been a transformative year for Australian Ethical.

For the full year we recorded a pleasing 15% growth in both revenue and underlying profit compared with the prior year. But, as you know, that only tells part of the story. The real story is that we recorded record breaking growth in Funds under Management of 48%. This was due to continued organic

growth in both customer numbers and positive inflows, positive investment performance, and the completion of the Christian Super successor fund transfer, a full \$3 billion of growth in just one year.

To put that in some context, we were very happy last year to have reached \$6.2 billion in FUM, after 36 years of operating. A year later we are \$9.2 billion in Funds Under Management. That success enabled us to deliver a 22% revenue increase in the second half versus the first half of the year and a 38% increase in second half underlying profit.

With an ungeared balance sheet, surplus regulatory capital, and increased second half profitability the Board was able to declare a strong final dividend of \$0.05 per share, taking total full-year dividends to \$0.07, which was up 17% on the year prior.

The headline results are clearly very strong, and while we had done our best to convey to the market the future financial and other benefits of the initiatives that we had been pursuing, most notably but not only Christian Super, as the market digested our full year result feedback from both institutional and private shareholders has been very positive about the successful year we have delivered.

If you look beneath the headlines the result is arguably even more satisfying. We achieved 54% customer growth in the year to more than 127,000 customers. While several fund managers were recording net outflows, given the challenging economic environment, we continued to attract month-on-month positive retail flows.

Investment performance admittedly was uncomfortably below benchmarks in the first half of the year given the spike in oil prices and other sectors we are naturally underweight in, given our charter. But performance rebounded strongly in the second half to around benchmark for the full year for most of our funds.

Our advised channel continued to grow and now accounts for more than \$1.5 billion of our total Funds Under Management, a fabulous credit to the hard work and success of our dedicated adviser team. Our staff engagement remained at high levels. We continue to manage risk very effectively. We have maintained a respectful and cooperative relationship with relevant regulators.

We have clearly built an effective merger and acquisition muscle as evidenced by the speed, integration results and overall success of the Christian Super SFT and we continue to provide grants

for meaningful philanthropic initiatives and support the important work being done by many not-for-profits via The Australian Ethical Foundation, given our ongoing profitability.

Looking forward to the future as a Board and leadership team looking forward, we are immensely satisfied with the transformational year that financial year '23 was for Australian Ethical in terms of both growth and key metrics. But we are even more proud of how the business is now positioned and poised to continue to flourish from here.

We undoubtedly have a larger, more capable, more resilient, more impactful business than at any time in our history. This is on account of the intentional investment we have made in the business, to not only enable us to run a high quality \$9 billion larger business, but to position us to capture the future growth potential we are confident exists.

To give you a flavour of our strengthened capability I would just like to share just a few features of that with you. The addition of our new Chief Investment Officer, Ludo Theau, our Head of Impact and Ethics, Alison George, our first ever Chief Technology Officer, Conrad Tsang, our Chief Executive Superannuation, Ross Piper and others in the business.

This strength dramatically lifts our leadership and our delivery capability. We now have a deeply capable and purpose driven team of 120 quality professionals across the organisation. We have added unlisted and impact investment capability into our multi-asset approach, positioning us well for the growing demand in this arena.

The long-term investment track record we continue to deliver, our stronger investment team, our strengthened investment committee are all contributing to our products being increasingly positively rated by external research houses and asset consultants, allowing us to expand our channel mix beyond direct to consumer.

Our brand is moving from strength to strength, from increased brand awareness in the consumer market, maintaining our lead with advisers as the most known responsible investment manager, and elevating our credibility with media. The media coverage we now generate is multiples of what it was previously through a combination of our corporate performance, our ethical stewardship activities and our thought leadership on important topics.

Our adviser distribution team are now well respected and known in the financial advice community. Our internal customer service team is delivering much stronger service and better outcomes for our customers than our outsourced providers were previously able to, and just last week we were awarded a coveted customer experience award for the Best Inclusive Customer Experience for the work the team have led to improve the experience for vulnerable customers, including victims of domestic violence.

I could and would actually love to go on about the strengthened capability, but perhaps rather than that, consider these three proof points about the quality of the business we now have. First, last month we were recognised at the Australian Growth Company Awards, sponsored by the ASX and others, as the Financial Services category winner for growth companies in Australia for the last year.

Second, we were awarded this year the highest ever BCorp rating in Australia and New Zealand for any business in any sector, given the quality of our business and our ability to acknowledge and deliver for multiple stakeholders, the highest ever score in Australia and New Zealand.

Third, Morningstar International, out of Chicago, endorsed us as one of eight global leaders for ESG commitment and the only Australian owned company to make that top echelon. These acknowledgements represent recognition of our growth, recognition of the quality of our sustainably built and oriented company, and recognition for our investment and ethical craft on not just a local stage but now on a global stage as well.

In terms of outlook, as I have partly shared, we believe we are very well positioned for future growth with high capability, a stronger business platform, our deep ethical pedigree and reputation and a strong, ungeared balance sheet. Our larger scale is allowing early operating leverage to begin to emerge, as demonstrated in the second half profits of FY23.

We will continue to execute both our medium term strategy and the near term opportunities that are clear to us, including new growth options but also back office synergies created through the SFT and other activities we have delivered.

I also want to be realistic about the broader picture and express my concern about the state of the world and global economies. While we are extremely well placed and highly confident of our medium term success, this year may well prove yet to be a difficult one for us and other investors. Global

conflict, persistent inflation, and market volatility are all obviously at play. The world in my opinion is a darker place than it was even just three months ago.

These volatile environments naturally put pressure market-wide on FUM growth and discretionary flows into investments and superannuation. So we will remain diligent and focused, balancing the attractive medium term opportunities for our business with whatever market realities present in the short term.

We are fortunate that the strength of the business we have built means we are on a sure footing. But, like all investment managers, the market does determine to some extent how good or challenging our year might be.

I do have confidence, however, that we have an excellent and highly skilled investment team and broader business who are well placed to manage whatever the year ahead brings. Certainly the benefit of the significant uplift in scale and profitability that we were able to deliver in FY23 gives us even further insulation against market and other shocks.

So In concluding, we remain resolute in our pursuit of a more sustainable and ethical future, one where our investments not only yield financial returns but also contribute to a world that will thrive for generations to come and we are confident about the momentum we have, the strength of the business we have built and in the growth opportunity that remains available to us to capture.

I extend my heartfelt gratitude to our shareholders, to our investors, our super fund members, to our stakeholders, the entire Australian Ethical team with us today and online for your unwavering support and dedication. Together, we will continue to help shape a tomorrow that aligns with our respective values and paves the way for a brighter future. Thanks for your ongoing support and interest in Australian Ethical.

Steve and I would be delighted to open the floor up to questions. Steve?

Stephen Gibbs: Thank you, John. We can take questions from in the room but also online. But whilst you're thinking of those questions we've had three questions submitted in writing prior to the meeting, as we invited shareholders to do that, and we'll deal with those questions now as they relate to the business of the Company rather than the specific resolutions in front of the AGM.

So the first question was what, if any, is the investing stance on Israel/Palestine? I'm going to ask John if you can deal with that question?

John McMurdo: Look, our positions on Israel and Palestine are published on our website. All of our positions on a wide array of issues are published on the website. So please go to that. They're well considered and sometimes lengthy. If you can't find that please let our Company Secretary know and we will provide the link to you after. But that's there.

But if I paraphrase what is at the heart of that question, it was about our investing stance. We have very limited investment in that region, substantially because we restrict our investments in companies operating in occupied or disputed territories where the UN guidance classifies them that way. So we don't, for example, invest in Israeli government bonds.

But we do have some investment in particular businesses that are clearly in compliance with our charter. For example, we're invested in an international renewable energy company founded in Israel. But overall, our investment in that region is very limited and quite specific to things clearly aligned to our charter. It's a challenging situation and one we continue to monitor closely, as is the rest of the world.

Stephen Gibbs: John, you can just stay there. You're going to get the next question.

John McMurdo: Okay, all right.

Stephen Gibbs: The next question is will the Company consider simplifying the funds and super funds offered and simplifying the fees charged?

John McMurdo: Look, our actual options for superannuation are relatively simple and somewhat market standard. In non-super, interestingly we're getting and receiving more demand for new funds, not less. So, look, actually expect us to launch more funds and more suitable product over time but balanced, of course, with a regular review of the ones we have now and if we're not receiving the right support or whatnot to close those down if they don't have that support.

To the second part of the question about fees, we do have a little historic complexity in our pricing retail fund, wholesale pricing and small areas like different minimum balances for certain funds and

products. So yes, that is something the team are conscious of and we'll continue to refine and look to simplify over time, Steve.

Stephen Gibbs: The third question is a lot of directors have been on the Board for a long time. What is the plan for Board renewal? Good question. We had this year one director, Michael Monaghan, retire. He was not a long serving director but his retirement did allow us to appointment a new director, Sandra McCullagh, and Sandra is up for election at this AGM.

We are well aware that three of the other non-executive directors have been directors for 10 years or more and all I can say is that we are very well aware of that and the conversations and considerations around Board renewal have well and truly commenced.

Now, I'm going to ask are there any questions from anybody in the room of John or myself? I'm asking our Company Secretary anything online? No questions online. Okay, thank you. We will move on then to the formal part of the business.

With the exception of item one, for which there is no resolution required, the following process will be followed in respect of each resolution. The resolution being put to the meeting will be read. We will not ask for movers or seconders. The resolution and the relevant proxies will be displayed on screen. I'm going to follow the order of which the resolutions appear on the Notice of Meeting.

Before going to the resolutions I want to just clarify voting procedures. Voting will be conducted by poll. For those attending the meeting in person you can cast your vote by filling out a paper voting card. If you have any questions please see a Link Market Services team member at the registration desk.

For the shareholders participating in the meeting via the online platform please cast your direct vote using the electronic voting card that you received when you validated your registration. If you are online and have any questions about casting your vote please refer to the online platform guide or call us on the number in the guide or on the screen in front of you.

If we experience any technical issues a short recess or an adjournment may be required depending on the number of shareholders being affected. If this occurs I shall advise you accordingly.

Emma Khoury of Link Market Services is the Returning Officer for this meeting.

If you are attending the meeting in person you would have been given an attendance card when you registered on arrival. If you have a yellow card, that's a voting card, you're a voting shareholder, proxy holder or corporate representative and have chosen to vote using a paper card. If you have a blue card you are a non-voting shareholder and if you have a red card you are a visitor and not entitled to vote. Anyone with a yellow card or blue card wishes to speak please make your way to the microphone at the back I think - yes, thank you.

For those participating via our online platform you will be able to submit questions by registering as a shareholder or proxy holder and selecting the Ask a Question tab. I will consider the questions submitted online after I have taken questions from the floor. Out of fairness to everyone present I will ask you to limit your questions to one at a time and also to restrict your questions and comments to the resolution being considered. I reserve the right as Chair to rule questions as not pertaining to the AGM as out of order.

I confirm that in accordance with the Notice of Meeting and proxy form where undirected proxies have been given to me in my role as Chairman I will vote those proxies in favour of the resolution. As advised, after the votes have been counted the results will be released to the ASX and displayed on our Company website.

Item one of the formal agenda. Item one provides for the meeting to receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June '23 and the related Director's Report, Director's Declaration and Auditor's Report. These documents have been made available to shareholders in accordance with their communication preferences.

For the purpose of the Corporations Act I table the financial accounts, Director's Report and Auditor's Report before the meeting. No resolution is required in relation to item one but I invite shareholders to ask questions on the financial statements for the year ended 30 June '23 and the related Director's Report and Auditor's Report, including any questions of the auditor on matters relating to their work. Do we have any questions? No questions in the room, no questions online? Thank you.

We will move to the next item of the formal agenda, which is item two, resolution, adoption of the Remuneration Report. The resolution is that the Remuneration Report as set out in the Annual



Report for the financial year ended 30 June 2023 be adopted. The current proxies having been submitted were on the screen. There they are. I don't think I'll read out the numbers. They might come up again. Are there any questions on the Remuneration Report? None in the room? Company Secretary, none online? Thank you.

We'll move to the third resolution. The third resolution is about my re-election and as this agenda item concerns me I will ask Kate Greenhill, a non-executive director of the Company, to chair this part of the meeting.

Kate Greenhill: The resolution is that Stephen Gibbs, Director, be re-elected as a non-executive director of the Company. In accordance with the Company's constitution Steve is retiring from office and, being eligible, is standing for re-election. The Board endorses Steve's re-election. I will now ask Steve to address the meeting.

Stephen Gibbs: Thanks, Kate. Good morning again. I was appointed as a non-executive director of Australian Ethical Limited in 2012, elected by the shareholders later that year and appointed Chair in 2013. As well as being Chair of the parent company I am Chair of Australian Ethical Superannuation, AES, the trustee of the Australian Ethical Retail Superannuation Fund. I'm a member of the Audit Risk and Compliance Committee of both AEI and AES and I Chair the AEI People, Remuneration and Nomination Committee.

My main background before becoming involved with Australian Ethical was in the superannuation investment industry. I was CEO of Commonwealth Superannuation Corporation, the superannuation schemes for Commonwealth public servants, from 2000 to 2008 and prior to that I was CEO of the Australian Institute of Superannuation Trustees.

Having left CSC in 2008 I then embarked on a career of non-executive directorships and have held a number of those, including being a non-executive director of Hastings Funds Management and Westpac Funds Management.

For completeness, I am also Chair currently of another ASX listed company called Netlinkz, which is a technology company. I'm Chair of a private company that deconstructs and recycles mattresses.

Australian Ethical is a very different company to what it was when I first became involved and I know that some of you have been shareholders for that entire time and in many cases much, much longer. Back when I first became invited to become a director we had less than, and indeed much less than, \$1 billion in funds under management. Today there is over \$9 billion and, as John said, we increased that last financial year by \$3 billion in just one year.

Even in these challenging times we continue to grow and, as I said earlier, not just in financial size but in terms of recognition and influence. For many years, notwithstanding the excellent work of the directors, management and staff, what we did was largely unheard of. Over recent times Australian Ethical is now being mentioned in the media virtually every week and we continue to receive recognition by winning multiple awards, as John as mentioned in his address.

But as we grow, the challenges do not go away and whilst those challenges will change what won't change and what hasn't changed is our commitment to be a full purpose company whose activities contribute to positive outcomes for people, animals the planet. I would welcome your support to be elected for a further term as a non-executive director of AEI. Thank you.

Kate Greenhill: Thank you, Steve. Are there any questions pertaining to resolution three? No questions in the room and no questions online. The proxy votes received are now on the screen. There being no further questions we will move to the next agenda item and I will hand the Chair role back to Steve.

Stephen Gibbs: Thank you, Kate. Resolution four concerns the election of Sandra McCullagh. The resolution is that Sandra McCullagh, director, be elected as a non-executive director of the Company. Sandra was appointed as a director of the Company with effect from 1 March '23 and in accordance with the Company's constitution Sandra is standing for election. The Board endorses Sandra's election. I would now ask Sandra to address the meeting.

Sandra McCullagh: Thank you, Chair, for the opportunity to address the meeting today. So my name is Sandra McCullagh. I was appointed as a director of Australian Ethical in March 2023 as a replacement for Michael Monaghan, who retired at the end of March. This is my first opportunity to seek shareholder approval for my appointment as a director of Australian Ethical.

I'm the Chair of the Investment Committee and a member of the Remuneration and Nomination Committee of Australian Ethical. I was originally appointed as an independent member of the Investment Committee back in February 2022, which gave me a valuable insight in understanding of the investment beliefs, strategies and operations of Australian Ethical before accepting the invitation to join the Board of Australian Ethical.

I have six years' experience now as a professional company director in a range of financial services, insurance, ESG and other not-for-profits roles. I've served on the Board of QSuper during the negotiation and completion of its merger with Sunsuper to form Australian Retirement Trust and I served as the Chair of the Investment Committee at QSuper up until the merger.

I am now a director of WorkCover Queensland, the workers' compensation business of the Queensland government, and I serve as the Chair of its People Committee. I am also on the New Zealand Stock Exchange's Subsidiary Board, the Corporate Governance Institute, which is researching and recommending rule changes for the New Zealand Stock Exchange.

Alongside that I serve on a number of not-for-profit boards in the arts, education and women's leadership space. I also have a strong background in ESG, energy and investment banking, which is detailed in the Notice of Meeting.

At Australian Ethical it has been a busy year, including the appointment of a new Chief Investment Officer, Ludo Theau, which was mentioned previously, and the in-housing of our asset allocation process, combined with the successful integration of the Christian Super business and its investments. Our team has expanded, including the appointment of a new Head of Impact and Ethics, Alison George. We have added an independent member to our Investment Committee, Michael Anderson, who was on the Board and trustee of Christian Super, and he has a strong background in ethics and investing.

We have a good mix of skills and experience on the Board of Australian Ethical as the Company continues to grow and I believe that I have added value and diversity to the Australian Ethical Board and the Investment Committee.

I very much appreciate your support in my election as a director. Thank you.

Stephen Gibbs: Thank you, Sandra. Are there any questions concerning resolution four? No questions in the room, no questions online. Thank you. Shareholders who are present who haven't voted should do so now and likewise for those online. I'm going to keep the meeting going, open for a few more minutes just so that voting can be completed by those who wish to vote. Just talk amongst yourselves really.

Just got to make sure that everything is there. There doesn't seem to be any issue with voting online either, Karen; no one has contacted us that you can see? Okay. All good. So everyone who is wanting to vote, entitled to vote, has voted in the room. We've allowed some time for online. So at 10:57 I declare the 2023 Annual General Meeting of Australian Ethical Limited closed. Thank you, and join us please somewhere. Where are we going? Down there, okay. Have a coffee and a light refreshment.

**END OF TRANSCRIPT**