

## OFFICIAL TRANSCRIPT OF THE AUSTRALIAN ETHICAL INVESTMENT LIMITED ANNUAL GENERAL MEETING HELD 12 NOVEMBER 2024

**Company:** Australian Ethical Investment Limited

**Date:** 12 November 2024

**Time:** 10:00 AEST

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### START OF TRANSCRIPT

Stephen Gibbs: Good morning. I am Steve Gibbs, Chairman of Australian Ethical Investment Limited. Welcome to the 2024 Annual General Meeting. Firstly, I would like to acknowledge the Traditional Owners of the country on which we are meeting here in Sydney, the Gadigal people of the Eora Nation and recognise and celebrate their continuing connection to land, waters and culture and I pay my respects to Elders past and present.

As this is a hybrid meeting, we have a number of our shareholders online and I would also like to acknowledge the Traditional Owners of the country where all of you are online and pay my respects to their Elders past and present. This year we are conducting our AGM, as I said, as a hybrid whereby shareholders may participate in person here in Sydney or online. The Company Secretary has advised that a quorum, which is two shareholders, is present and I therefore declare the Annual Meeting open.

My fellow Directors, maybe I'll ask you to stand with me. Kate Greenhill, Julie Orr, Sandra McCullagh, Richard Brandweiner and of course our Managing Director and CEO, John McMurdo, who will address you shortly. I would also like to introduce some members of the Australian Ethical Senior Leadership Team who are also present at today's meeting. Mark Simons, Chief Financial Officer, Ludovic Theau, Chief Investment Officer, Maria Loyez, Chief Customer Officer.

I've got these in order, this is good. Not quite. I'll keep going in order of where they're sitting. Alison George, Head of Impact and Ethics, Eveline Moos, our Chief People and Culture Officer, Conrad Tsang, our Chief Technology Officer and out of order and in the second row, Ross Piper, who is our Chief Executive Superannuation. Next to him by the way is John Woods, our Deputy Chief Investment Officer. I confirm that the Company's auditor, Jessica Davis, a partner of KPMG is present.

We received 220 valid proxy forms and this represents approximately 37% of the ordinary voting shares on issue. The proxy votes will be released to the ASX with the results of this AGM. The Notice of Meeting was dispatched to all shareholders in accordance with their communication preferences. I will take the Notice of Meeting as read.

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

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

The order of business 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 anyone has questions of me or John. We will then proceed to the formal agenda. Following the conclusion of the meeting I invite those shareholders and others present today to join us and my fellow Directors and 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 and the Sustainability Report which are part of the Annual Report which accompanied the Notice of Meeting.

The Financial Statements will be tabled and I will provide an opportunity for shareholders to ask questions in relation to the Financial Statements for the year ended 30 June 2024. The Directors standing for re-election, Julie Orr and Richard Brandweiner, 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 have not already done so and I urge you to vote as soon as you can. I will leave a short period however at the end of the meeting to allow people to finalise their vote before I close the meeting. The results of the polls will be published on the ASX and on the Company's website as soon as the information is available which we expect to be this afternoon.

So, for my short address. Well, it's been a year of milestones for Australian Ethical with the size and health of our business continuing to grow. Notably we passed \$10 billion funds under management in March and then \$12 billion with the finalisation of the Altius acquisition on 25 September. Our operating performance and shareholder outcomes are further proof points of a strong year. Revenue pushing past \$100 million, up 24%, a record underlying profit after tax of \$18.5 million, up 57% and a record dividend of \$0.09 per share dividend for the full year, up 29%. I am tempted to say a beautiful set of numbers but somebody else said that before me.

Our CEO, John, will go into much more detail about our financial year 2024 performance. These achievements are not only evidence of our growth strategy in action, but also an example for other companies and investors that money can be a force for good. I am incredibly proud of these milestones, not just because

we achieved them, but how we achieved them. Staying true to our identity and purpose to invest for a better world.

Since our inception in 1986 almost 40 years ago, we have been guided by our ethical charter. For us, ethics comes first. Our team assess assets and sectors against our ethical criteria before we then apply our rigorous investment process. This sophisticated two stage process makes us unique and ensures we are true to the Australian Ethical label. When I addressed the AGM last year, I remarked that the move away from ESG investing in the US reflected that some fund managers weren't truly committed to this style of investing.

Sadly, we have seen similar evidence of a superficial commitment to a higher standard in Australia over the past year. Throughout the year we saw a series of investigations, particularly by the ABC, calling our various super funds for marketing themselves as responsible or socially conscious or sustainable or ethical while being found to hold investments that clearly contradict this from fossil fuels to weapons, gambling and other areas we restrict or avoid.

We have also seen regulators and courts come down on super funds and investment managers pretending to be something which they aren't, dealing our fines and public shaming. This has sadly led to an ESG backlash here which in part stems from growing scepticism in the face of greenwashing. This has resulted in general confusion about the range of labels being used by the funds to lump a large spectrum of investing styles and philosophies together.

ESG, Environmental Social Governance, is a way of assessing investments within a portfolio context used to measure an opportunity. It doesn't stop managers or funds investing in certain areas however. It merely guides the price they'll pay and their advocacy within that asset. We are ethical investors which is distinct from ESG. We do not invest in areas that don't align with our ethical charter. These distinctions are hard to understand so it's critical we communicate the significant difference between our ethics first approach and ESG investing.

We welcome the scrutiny the sector is getting from the regulators and hope it leads to more managers and funds joining our mission and working to rebuild trust. Starting with ethics doesn't mean investors are sacrificing long-term performance. The long-term performance of our investment strategies is evidence of this. Look at the 30 year track record of our retail Australian Share Fund, as you saw in the video for example, which has delivered 10% annualised every year over three decades beating the benchmark and with the Australian Shares Option in our super fund ranked number one in the Super Ratings peer comparison tables over 10 years.

Our future focused investment universe is full of a diverse range of assets designated to meet risk and return needs of our clients and members in a sustainable way. As we grow, we are looking for ways to expand our universe without compromising on our values. To do this we dedicate time and energy to addressing the most

important and pressing issues facing our planet and societies, such of course as climate change. This means holding companies, stakeholders and governments to account, especially at times when it might be politically or economically unpopular in the short term.

After being part of an Investor Group on Climate Change, IGCC and Principles for Responsible Investment, PRI, roadshow to Canberra in September, I came away from my conversations with ministers, MPs, political advisors and senior bureaucrats invigorated by the urgency of doing more on climate change and by the importance of the government setting ambitious emissions reductions targets. At a time when cost of living pressures are hitting families hard and politicians globally are looking to win popular votes, there has never been a more important time to stick to science-based climate change targets.

As important as climate change is there is more to ethical investing. There is no A in ESG, yet including animal welfare as a key ethical consideration is something that we have done from our very beginning and something we know is a very high priority for many of our shareholders, super fund members and investors. Our enduring purpose means we continue to apply pressure by allocating capital, using our voice and positively influencing for change.

The continuing success and growth of Australian Ethical enables the business to make a difference regardless of the prevailing trends that might cause our competitors to drift. Our legacy, clarity of purpose and vision ensure we continue to be authentic, true to label - sorry - authentic and a true to label ethical investor.

Before handing over to John I would like to say a few words of thanks. As I said at the start of my remarks, financial year 2024 was a year of milestones for Australian Ethical. I would like to take this opportunity to thank everyone who contributed to that success in financial year 2024. My fellow directors, our MD/CEO and his leadership team, all AEI employees and our key service providers. Thank you.

I don't like singling out individuals but this year is a bit different. Just a couple of weeks ago Mara Bun retired from the Board of Australian Ethical Investment, Australian Ethical Superannuation and associated committees. Mara was first appointed a director of Australian Ethical in 2013 and has played a significant role in the transformation of what it was then to what it is today. It is always a touch sad when someone who has made such a profound difference will no longer be in the same position to do so.

However, the Board and individual Directors do also realise that Board renewal is important, but the great news is that we are not losing Mara completely. Mara will remain as a Director of the Foundation and I am sure will make a substantial contribution to the Foundation as it reassesses its strategy which has already begun. So, a special thank you to Mara. I will now hand over to John.

John McMurdo: Thanks, Steve. I would also like to acknowledge the Traditional Owners of the land on which 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. It's great to be here with you again this morning.

I would also like to acknowledge in front of our many stakeholders this morning the whole Australian Ethical team, many of our staff online, many of our Board and senior Leadership Group present here this morning. 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 show extraordinary commitment and dedication as we continue to implement our growth strategy and as we accelerate Australian Ethical into the larger more influential business we are clearly becoming.

Purpose. In talking about the business and as I share with any stakeholders, purpose is always my starting point and our purpose is clear, to invest for a better world. It's confronting sometimes actually because as Australian Ethical becomes even stronger, even more successful and influencing for the positive and the good, the size of the problem or the problems we concern ourselves with as an ethical manager only seem to increase sometimes. Despite the ever-growing investment in renewables and clean energy, we are seeing the continued expansion of gas extraction and ever-increasing demand from both consumers and businesses for energy.

Australia is the only developed nation that has been listed by the World Wildlife Fund as a global deforestation hotspot and according to the Wilderness Society we are number one would you believe in the world for mammal extinction. Voters locally and globally are being swayed by increasingly popular populist political agendas and that's making it harder in my view for governments to set long term targets and potentially setting back our progress towards a clean energy future. Geopolitical unrest and wars in Eastern Europe, in the Middle East, have led to humanitarian crises which at the same time have increased the investment in fossil fuels, in weapons manufacturing, something we proudly don't benefit from and sadly, I could go on about things happening around the world.

While some investors move capital to benefit from that current uncertainty and unrest, we are absolutely resolute in our approach allocating capital to future focused assets using our growing voice and our stewardship activities to advocate for systemic, not just company change. We have never wavered from this approach and actually believe it's more important than ever before. I would even go further and argue we need more Australian Ethicals around the globe.

Importantly, our approach isn't philanthropy. It delivers attractive returns which in turn attracts more capital and will over time we believe help create real and lasting change where money is a force for good. Indeed, our 38 year investment performance track record demonstrates that you can deliver great investment returns and positive change for the world and so we are committed to and confident in our ability to continue to be a great proof point for that very duality.

While I and we undoubtedly see challenges, we also see significant opportunity. The energy transition alone presents significant opportunities from an investment perspective and of course Australian Ethical is well ahead of that curve. With the world now investing twice as much in clean energy as it does in fossil fuel, opportunity abounds for future focused investors like us. To further strengthen this opportunity, we have expanded our efforts to call for climate change to be addressed.

This year, adding the pursuit of science led government climate policy as our fifth strategic stewardship pillar and as Steve foreshadowed when he spoke of his experiences in Canberra, our work in public and behind the scenes in recent months has been focused on advocating for an ambitious 2035 emissions reductions target to set our economy up to benefit from a changing world. We have also continued our decade long strategic focus on the financing of fossil fuel expansion.

Earlier this year NAB extended restrictions to customers in high emitting sectors to also include capital markets activity plugging a key loophole that a shareholder resolution we co-filed last year drew specific attention to. In the year ahead, we will build on our efforts around shareholder resolutions to put pressure on financial institutions to bring their lending into 1.5 degree alignment. We have also made progress on our commitment to stop livestock deforestation with a decision by Woolworths in recent months to align to 1.5 degree targets including a no deforestation commitment relating to its supply chain. While we can't claim all the credit for this happening, it certainly comes off the back of pressure we have been building alongside other investors in recent years.

We also saw Westpac set new targets for agricultural lending, beef, dairy and sheep and be the first Australian bank to publish a no deforestation commitment this year. These examples provide a small window into the multiyear strategic effort our ethics team and business carries out as part of working towards our vision where money is a force for good. These kinds of initiatives are integral to who we are. They are what sets us apart from our peers and ensures our investment returns do come from future focused companies committed to being sustainable over the longer term.

In terms of business performance and highlights from the past financial year, I am pleased to share that disciplined execution has delivered a milestone year in FY24. Over the preceding 12 months or more I had sought to be clear that off the back of our recent organic growth and the successful integration of the Christian Super acquisition that we would deliver higher revenues, improved profit and enhanced operating leverage and so we were delighted this year to record further significant improvements in all key FY24 metrics relative to FY23, as Steve has highlighted.

24% revenue growth year on year enabled us to achieve that significant milestone of \$100 million of revenue for the year. Further positive net flows which were up 30% on the prior year and positive investment performance contributed to that revenue result. In FY24 underlying profit was a significant 57% up on FY23

delivering on the scale benefits we sought to achieve. Full year statutory NPAT or net profit after tax was up 80% to \$11.8 million.

The one disappointment for me which I always choose to be candid about, in an otherwise very strong set of results is that we did take a further and final fair value write down of \$2.16 million on our investment in the Sentient Group. This business has failed to deliver on its growth ambitions and is now well advanced in an orderly wind up of their company. That write down of our minority stake which we took in 2021 is of course non-recurring and non-cash but did reduce our second half statutory NPAT to \$5.6 million. In the absence of that, our full year results would have been even higher than the 80% NPAT growth that we announced for the full year.

In terms of underlying momentum, however, it did continue throughout the year with second half underlying profit up a further 18% even on the first half to \$10 million and of course we have entered FY25 with a higher revenue and higher underlying profit run rate. Our scale growth, as I have conveyed for some time now, has always been with a structural improvement in operating leverage in mind, so it was really pleasing to see a step change in our underlying cost to income ratio down to 74% for FY24 compared to 79% in FY23.

This momentum and the structural enhancement in our profit realisation did enable the Board with confidence to declare a record high dividend of \$0.09 per share for the year, including a second half dividend of \$0.06 per share. As most of you know in the room, this has not been a one year journey only or a short-term sort of flash in the pan. When we embarked on our growth strategy four years ago, we were clear that while our investment in the business might dampen short term profit growth, that funds under management and revenue capture if we were successful would result in stronger medium to longer term profit growth and a business more capable of capturing further upside beyond that.

As I stand here today the Australian Ethical team have and are delivering on that promise. FUM capture has been strong from \$3.4 billion only five years ago to exceeding the milestone of \$10 billion at the end of June 2024. We announced last month that as of September 2024 following further organic growth and the successful acquisition of Altius Asset Management that we are at nearly \$13 billion of FUM. Revenue growth, even after sharpening our pricing over the last few years to intentionally strengthen our customer retention has been really pleasing and that's enabled us now to present five year underlying profit growth running at 23% per annum compound and nearly three times what our underlying profit was only five years ago.

The five year total shareholder return or TSR is greater than 160% and the headlines therefore in our view are strong, but again, as the market digested our full year results pleasingly feedback from both institutional and private shareholders has been very positive about the successful year that we have delivered and on how we have executed on that medium term growth strategy.

Looking forward as a Board and a Leadership Team, we are immensely satisfied with the transformational year that FY24 was for Australian Ethical in terms of growth and improvement and financial metrics, but we are even more proud of how the business is now positioned and poised to continue to flourish from here. We now unquestionably have a larger, stronger, more diversified, more capable, more impactful, even more resilient business than at any other time in our history. This is on account of the intentional investment we have made in the business over recent years, yes, to deliver on the results we now are, but even more so to position us to capture the future growth potential we are confident continues to exist.

To give you a little more insight into that momentum and position, we have now delivered more than 40 consecutive quarters of positive net flows through various economic and political cycles, inflationary environments, global pandemics, while many other FUM managers as we know have at times struggled. Our brand is moving from strength to strength from increased brand awareness in the consumer market, maintaining our lead with advisors 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. We have one of the highest rates of customer retention. We deliver a strong customer experience and satisfaction. We have a broader asset class and product offering with consistent awards for investment excellence and the quality of our people.

Our products are increasingly positively rated by external research houses and asset consultants allowing us to expand our channel mix beyond our direct to consumer strength. Our advised channel continues to grow and now accounts for more than \$1.8 billion of our total funds under management, a fabulous credit to the hard work and success of our dedicated advisor team. We continue to manage risk very effectively. We have maintained respectful and cooperative relationships with the relevant regulators and we have clearly built an effective merger and acquisition capability evidenced I think by the speed, the integration results and overall success of the Christian Super acquisition, but also more recently of the successful acquisition of Altius Asset Management and Australian Ethical is a great place to work.

Please allow me just for a moment also to emphasise the important and vital work of our Foundation which exists to direct as much philanthropy as possible to solutions and charities addressing the climate emergency and other important causes. Because our Foundation receives 10% of our profits, as we grow our Foundation grows and its impact grows. In the past year, our contribution to the Foundation was \$1.8 million, taking our cumulative contribution over the years to more than \$11 million.

In the last year alone, we supported more than 24 projects fighting the climate crisis including clean energy solutions, biodiversity protection and supporting First Nation communities to protect country and generate local economic opportunity. We are proud of the work and the impact of our Foundation and look forward to



amplifying that impact through collaboration with other funders and further aligning the work of the Foundation with our important stewardship activities.

I could and probably would love to go on about the strength and capability of the business today but perhaps rather let us consider these five external proof points. Last month we were recognised at the Australian Growth Company Awards, AGCA, sponsored by the ASX and others as the Financial Services category winner for growth companies in Australia. The second year in a row we have won this accolade.

In the past few weeks, we were recognised by industry peers as the Sustainable Super Fund of the Year beating the likes of UniSuper, HESTA, Future Super and others. We were in the last year awarded the highest ever BCorp rating in Australia or New Zealand for any business in any sector given the quality of our business and the ability to deliver for multiple stakeholders. The highest score ever.

Morningstar International, out of Chicago, endorsed us again as one of the eight global leaders for ESG commitment and the only Australian owned company to reach that top echelon and the improved consumer understanding of who we are and what we stand for has with intention enabled us to build and position ourselves as one of the top three most trusted superannuation brands in the country. These acknowledgements represent recognition of our growth, of the quality of our sustainably built and oriented company, recognition for our investment in ethical craft, not just on a local stage but now on a global stage also and ultimately now recognition as one of Australia's most trusted brands.

In terms of outlook, as I have shared, we are very well positioned for future growth with strengthened investment capability, a more robust business platform, deep ethical pedigree and reputation and underpinned financially with a strong ungeared balance sheet. As we grow our larger scale will allow further operating leverage to emerge as we have already been able to demonstrate during FY24. We will continue to execute both our medium-term strategy and take advantage of near term organic and inorganic growth opportunities that are clear to us.

Our continued investment in developing a scalable operating platform, for example, saw the administration services transfer from Mercer to GROW, our superannuation administration services in the last few weeks to Mercer to GROW technology services. Our change of custodian to State Street has been another fabulous success in changing our operating platform, just completed earlier this month. These significant enhancements to our platform not only deliver our ability now to deliver complex projects but have very attractive customer services benefits including functionality and security and importantly deliver valuable unit cost reductions for us going forward.

If I can step back from the business just briefly. I also want to be realistic about the broader context in which this business operates today 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 opportunity and success, this

year may well prove yet to be a difficult one for us and other investors. Geopolitical tensions, political division, persistent inflation and market volatility are all factors clearly at play and the world is, in my opinion at least, a darker place today than it was even earlier this decade.

These volatile environments naturally put pressure market wide on FUM growth and certainly discretionary flows into superannuation and investments. So, we will remain diligent and focused, balancing the attractive medium and short-term opportunities that are ahead of us as a business with whatever market realities present in the here and now. 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 markets do determine to some extent how good or challenging our year and other's years might be.

I do have confidence, however, that now more than ever 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 our uplift in scale and profitability that we delivered in FY24 gives us even further insulation against market and other shocks should indeed they occur.

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 contributes to a world that could 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 for us to capture. I extend my heartfelt thanks, as does Steve, to our shareholders, our investors, super fund members, stakeholders and the entire team 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 very much for your ongoing interest in and your support of Australian Ethical and Steve and I would now welcome any questions from the floor. Steve, over to you.

Stephen Gibbs: Maybe you can just stay there because you're likely to be answering [them]. Do we have any questions on the floor please for John or myself? There is a microphone. [Hang on, there's two]. No. What about online? No-one asking any questions online? There's plenty of time when we get to the formal business if there are any further questions, I guess. So, if there aren't any questions - I sound like an auctioneer. Going...

[Laughter]

Stephen Gibbs: No further - no questions. Well, thank you very much. Thanks, John. So, we will move to the formal business of the meeting. With the exception of Item 1 for which there is no resolution the following process will be followed for each of the others. I will read the resolution being put to the meeting. I will not ask for movers or seconders. The resolution and relevant proxies will be displayed on the screen and I will follow the order in which the resolutions appear on the Notice of Meeting.

Now for the voting procedures. Voting on the resolutions, as I said earlier, will be conducted by way of poll. Only shareholders, proxyholders or appointed representatives are entitled to speak or vote at this meeting. Only shareholders who are entitled to vote at the meeting may cast a direct vote on a resolution. For those attending the meeting in person, you can cast your vote by filling out the paper voting card that you would have been given. If you have any questions please see a Link Market Services team member at the registration desk outside the room. I will allow time at the end of the meeting in case there is any such consultation necessary because once I close the meeting any votes cast after that closure will not be counted.

For those shareholders participating in the meeting via the online platform, you can cast your direct vote using the electronic voting card that you received when you validated your registration. If we experience any technical issues today 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.

Nick O'Hagan of Link Market Services is the returning officer for this meeting. If you are attending here in person, you would have been given a card. If you have a yellow voting card you are a voting shareholder, proxyholder or corporate representative chosen to vote using a paper voting card, you are also entitled to speak at the meeting. If you have a blue card, you are a non-voting shareholder, non-voting meaning you have already voted because we don't have different classes of shareholders at Australian Ethical. Whilst you are entitled to ask questions and make comment, you are not entitled to vote having already done so. If you have a red card, you are a visitor and not entitled to speak or vote at the meeting, but welcome anyway. If anyone with a yellow or blue card wishes to speak, please make your way to a microphone at the appropriate time and identify yourself before asking your question.

Again, for those online, you are able to submit questions by selecting the ask a question or web phone tab. I will consider the questions submitted online after I've dealt with any questions from here in the room. Out of fairness to everyone present, I ask you to limit your questions to one at a time. Thank you. I reserve the right as Chair to rule questions as not pertaining to the AGM or 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 Resolutions 2 to 6 and against the Resolution 7 if required. As advised earlier, after the votes have been counted the results of the polls will be released to the ASX and displayed on our Company website.

So, Item 1, accounts. Item 1 provides for the meeting to receive and consider the Financial Statements of the Company and its controlled entities for the year ended 30 June 2024 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 purposes 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 1 but I invite shareholders to ask questions on the Financial Statements for the year ended

30 June 2024 and the related reports, including any questions of the auditor who is present, but those questions must be relevant to the auditor's work. Do we have any questions on the Financial Statements?

Nothing online and nothing from the room. Thank you. Let's move on them. Resolution 2, the re-election of Julie Orr. The resolution will appear shortly. That Julie Orr, Director, be re-elected as a Non-Executive Director of the Company. In accordance with the Company's Constitution Julie is retiring from office and being eligible is standing for re-election. The Board endorses Julie's re-election. I will now ask Julie to address the meeting.

Julie Orr: Thank you, Steve and good morning, ladies and gentlemen. Thank you for giving me the opportunity to address your meeting today. My name is Julie Orr and I am seeking reappointment as a Director of Australian Ethical. I have been a Director for six and a half years now having been appointed in February 2018. I am also a member of the Remuneration Committee, the Audit Risk and Compliance Committee and the Investment Committee. I have over 14 years of experience as a Company Director having service on both listed, unlisted boards, superannuation and not for profit boards and also as an independent member on a New South Wales Government Audit and Risk Committee.

My directorship roles are underpinned by over 20 years as a financial services professional with executive and leadership experience in superannuation, investments, financial advice, stockbroking, insurance, acquisitions and business transformation. Over the last year, the Board of Australian Ethical has continued to focus on the implementation of our strategy which has further strengthened our operational foundations, increased our scale and profitability with a record financial year 2024 result.

Over the last five years we have been focused on investing for the next stage of our growth. Investment in our business has enabled us to increase our profitability and provide the platform to capture the sizeable growth ahead. Our cost to income ratio has also improved from 79% in 2023 - sorry - 79% in 2023 to 74% in 2024. We continue to build on - to work on building organic and inorganic growth. Our highly successful acquisition of Christian Super has led to an increase in ongoing superannuation guarantee, an annuity style inflow. An acquisition has enabled us to increase our M&A capability and integration capability.

Our recently announced acquisition of Altius expands our fixed interest capability with six new team members and provides investors with increased access to ethical investment capability. The Board's focus on people and culture has enabled us to maintain a team with outstanding talent and high performing people. Top quartile employee engagement was achieved for 2024. Australian Ethical has a high-quality product offering with leading responsible investment results winning multiple awards.

I feel that I have demonstrated a strong commercial and strategic focus to ensure the Board's strategy is agreed and implemented with robust oversight. My focus on excellence in financial oversight and governance has been maintained. Our Board has a strong and balanced mix of skills and experience and I believe that

my contribution to the mix adds an important dimension to the Board and the committees that I'm a member of. I very much appreciate your support in my re-election as a Director. Thank you.

Stephen Gibbs: Thanks, Julie. Just stay there for a moment. Are there any questions of Julie? None in the room. Online.

Julie Orr: No.

Stephen Gibbs: Thanks.

Julie Orr: Okay. Thanks, Steve.

Stephen Gibbs: Thank you. Sorry, also a reminder that I should ask, are there any questions submitted over the web phone. I think the Link operator can let us know that. I presume not.

Operator: There are no questions on the web phone.

Stephen Gibbs: Sorry.

[Unidentified Company Representative]: No questions.

Stephen Gibbs: No questions.

Operator: There are no questions on the web phone.

Stephen Gibbs: Thank you. If when we come to each resolution you can just let us know that, that would be great. Don't want to disenfranchise anybody. Before I move on, does anyone wish to speak for or against Resolution 2 which is on the screen? No. Thank you and the proxies received before the closing on Sunday morning are now displayed. Final votes of course will include any votes cast either by people in the room today or online.

That being the case we move then to Resolution 3 which is the election of Richard Brandweiner. The resolution is that Richard Brandweiner, Director, be elected as an Executive Director of the Company. Richard was appointed as an Executive Director of the Company with effect from 1 September and in accordance with the Company's Constitution, the Listing Rules and the *Corporations Act*, Richard is seeking election from the shareholders. The Board endorses Richard's election and I will now ask Richard to address the meeting. Thanks, Richard.

Richard Brandweiner: Thank you, Steve and good morning, everybody. I'm getting older. My name is Richard Brandweiner, CFA and I was appointed Executive Director as Steve said on the Australian Ethical Board in September this year and I'm now very pleased to be seeking shareholder approval for my appointment. Firstly, I'd like to give you a quick sense of my background. I have a long and what I think is quite a unique

history in investment management and superannuation dating back almost 30 years and there are very few parts of the landscape that I have not been involved in.

I have managed money directly as the portfolio manager of Perpetual's range of diversified funds and as the Chief Investment Officer of Aware Super, First State Super. I have been involved in product development, institutional and wholesale distribution, operations and executive business management. For the past five years I was the Chief Executive Australia of the listed ASX listed Pandal Group. Particularly relevant for Australian Ethical I have invested across all asset classes all over the world including private debt and equity and I have led major transformational projects in operations including custody and administration transitions.

I am well known to the advice dealer groups, research houses and institutional investors. For many years too I have been deeply involved in sustainable, ethical and impactful investments since being heavily involved in the development of Perpetual's first ethical strategy in 2003. I am currently Chair of Impact Investing Australia, the peak body for impact investing and part of the global steering group on impact investing led out of the UK. I was responsible for the development of a range of sustainable and impact strategies at Pandal Group as well under its Regnan brand.

I sit on the Investment Committee of Aboriginal Investment Northern Territory and I believe very firmly that investment capital has a hugely significant role to help shape the world, after all the future is worth investing in. At Australian Ethical I hope to play a leading role in the development of its strategy and that's why I'm being proposed as an Executive Director working two days a week within the business to support its growth and its mission. I realise that this means I am not before shareholders today as a Non-Executive Director, however, I can assure all that my focus is always on maximising shareholder outcomes and achieving the purpose of Australian Ethical as set out in its charter.

With respect to the charter, this is the main reason why I am very keen to be part of this organisation. I believe it represents an excellent framework for investing, a timeless framework that is beyond box ticking, so much of the box ticking that represents modern ESG. It is a framework that when applied by institutional quality investment professionals has been able to drive significant excess performance over so many years and it is a framework that is perhaps only now just coming into its own as we face the existential threats of climate change, social inequality and increase transparency on corporate behaviour.

More and more externalities have and will be priced into company earnings and it seems to me that not being mindful of the issues captured in the ethical charter is in fact the breach of fiduciary duties that we all owe to investors and advisors. I thank you for your time and I'd welcome your support as we seek to continue to deliver on the immense potential of Australian Ethical.

Stephen Gibbs: Thanks, Richard. Before you leave, are there any questions of Richard? Nothing online, nothing on the web phone. Thank you very much, Richard.

Richard Brandweiner: Thanks, Steve.

Stephen Gibbs: Does anyone want to speak for or against Resolution 3 which is on the screen? If not, I'll just - we'll now display the proxies received as of closing Sunday morning. Thank you. We will move to Resolution 4 which is - the resolution is that for the purposes of ASX Listing Rule 10.17 the Company reward persons who undertake the duties and responsibilities of being a Non-Executive Director, including attendance at meetings of the Board of Directors and Board Committees by approving payments in total aggregate of no more than \$1.3 million. Are there any questions or does anyone want to speak for or against this resolution?

If not, I will display the proxies received and we will move to Resolution 5 which is the grant of long-term hurdled performance share rights to the Chief Executive Officer. The resolution is that for the purposes of ASX Listing Rule 10.14 and all other purposes approval is given for the grant of long-term hurdled performance share rights to Australian Ethical Investment Limited's Managing Director and CEO, John McMurdo, under the Australian Ethical Executive Long Term Incentive Plan and on the terms described in the explanatory notes included in the Notice of Meeting.

I will point out that those explanatory notes were quite extensive and I'm not going to read them but they do form part, an important part, of the proceedings today and as background to the resolution. Are there any questions about Resolution 5 or does anyone want to speak for or against? Nothing from - I presume the Link operator will yell out if there's anything on the web phone.

Otherwise, we will display the proxies and move I think further to Resolution 6, the adoption of the Remuneration Report. The resolution is that the Remuneration Report as set out in the Annual Report for the financial year 30 June 2024 be adopted. Are there any questions relating to Resolution 6? Does anyone want to speak for or against that resolution? If not, I'll display the proxies. Thank you and I'll move, nothing further, to Resolution 7.

Resolution 7 is contingent on the results of Resolution 6 which of course we won't know until after all the votes that have been cast today have been counted and is required if there is a second strike against the adoption of the Remuneration Report. A strike is where there is more than 25% of the votes cast being voted against the adoption of the Remuneration Report. If there are not 25% of the votes cast against the Resolution 7 becomes irrelevant.

However, we are required to put that resolution and we do and the resolution is that as required by the *Corporations Act* a meeting of the Company's members be held within 90 days of the date of the 2024 Annual General Meeting. Each of Stephen Gibbs, Richard Brandweiner, Kate Greenhill, Sandra McCullagh and Julie Orr cease to hold office immediately before the end of this spill meeting and that assumes that Richard Brandweiner and Julie Orr are elected at this meeting. Resolutions to appoint persons to officers that will be

vacated immediately before the end of this spill meeting will be put to a vote at the spill meeting. Are there any questions or does anyone want to speak for or against Resolution 7?

If not, I'll display the proxies. Thank you. Shareholders present who have not voted should now vote if they wish to including those online. I am going to give everyone a few minutes just so that we don't, as I said before, disenfranchise anybody. The returning officer is present in the back of the room if anyone who is here wants to have any questions or you can hand your voting - any voting slips to the returning officer now. I presume that's in order. He's got even a little box you can put them in. Here he comes. He's coming around with his little box. Otherwise, I guess, you can just talk amongst yourselves.

Okay, we're still - nobody else in the room? What do you think Company Secretary? We don't know - we can't necessarily judge whether people online are voting or not voting.

[Karen Hughes]: If they voted, they voted.

Stephen Gibbs: Okay. It would seem that people who are entitled to vote have voted online. Thank you. That being the case I now declare the polls closed. Thank you. There being no further business I thank you for your attendance and formally close the 2024 Annual General Meeting of Australian Ethical Investment. Thank you for your interest and attendance. We look forward to your continuing support during the year and please join use for some light refreshments out in the foyer there. Thank you very much.

**END OF TRANSCRIPT**