

**Company:** Australian Ethical Investment Limited

**Title:** Annual General Meeting

**Date:** 28 October 2021

**Time:** 10:00 AEDT

### Start of Transcript

Steve Gibbs: Good morning, I'm Steve Gibbs, Chairman of Australian Ethical Investment Limited. I welcome you to the 2021 Annual General Meeting of Australian Ethical Investment Limited. The Company Secretary has advised me that a quorum, which is two shareholders, is present. I therefore declare the Annual General Meeting open.

My fellow Directors, Kate Greenhill, Mara Bun, Julie Orr, Michael Monaghan and our Managing Director, John McMurdo are present at the meeting. Also present, and I welcome them, are members of Australian Ethical's Senior Management Team, and they are David Macri, our Chief Investment Officer, Stuart Palmer, Head of Ethics Research, Mark Simons, Chief Financial Officer, Kim Heng, Chief Operating Officer, Maria Loyez, Chief Customer Officer, and our Company Secretaries, Karen Hughes and Tom May. I confirm that the Company's auditor, Karen Hopkins, a Partner at KPMG, is also present.

We received 460 valid proxy forms; this represents about one third of the ordinary voting shares on issue. The proxy votes are displayed on the screen and will be released to the ASX. The notice of meeting was dispatched to all shareholders. I will take the notice of meeting as read. The procedure for the meeting shall be as follows. Please note that we are recording today's proceedings and the recording may be available on our website in due course.

The order of business will be as follows. I will deliver a short address, our Managing Director and Chief Executive Officer, John McMurdo, will then address the meeting. I will then ask if anybody has questions for me or John. We will then proceed with the formal agenda. I note that in accordance with the Company's constitution, the status of employees has been reported on in the sustainability report. The financial statements will be tabled, and I will provide an opportunity for shareholders to ask questions of Directors, the auditor, or management in relation to the financial statements for the year ended 30 June 2021.

The Directors standing for re-election, Mara Bun and Michael Monaghan, will address the meeting through short, pre-recorded messages, and are available to answer questions that are received. Polls will then be conducted for all resolutions. You can vote at any time, provided of course that you have not already done so, 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 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. We expect this to be some time this afternoon. Due to COVID issues, we have pre-recorded addresses this year and my address to you will now be played.

Good morning. We are this year again conducting a virtual Annual General Meeting. I wish to acknowledge the traditional owners of the land where I am for this meeting, the Ngunnawal people, and also acknowledge the Gadigal people of the Eora Nation, the traditional owners of the land where our Managing Director/Chief Executive Officer and a number of the Australian Ethical Directors are currently located. I pay my respects to the Elders past, present and emerging of these traditional owners and to the traditional owners of the land wherever you are.

At last year's AGM I commented that financial year 2019/2020 was truly an extraordinary one, and one that all would hope not be repeated. Whilst financial year 2021 did not see a repeat of the horrendous bushfires of the previous year,

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we have seen the continuing impact of the COVID-19 coronavirus pandemic on a great number of people throughout the country. I would like to express my condolences to anybody attending today who has lost a family member or a friend due to the COVID virus.

Financial year '21 was another record for Australian Ethical. I will leave it to our Managing Director and Chief Executive officer, John McMurdo, to provide more detail and in particular to speak to you about our view on what lays in store for Australian Ethical. But as I have done in recent years, I will first highlight some of the achievements of financial year '21, which as I say has resulted in yet another record year for Australian Ethical. A full list of highlights and discussion of results can of course be found in our annual report.

Funds under management increased by 50% over the last financial year to be just over \$6 billion as at 30 June 2021. Net inflows for the year were a record of \$1.03 billion, up 56%. The number of funded customers rose by 23%. Our underlying profit after tax was also a record, up 19% to \$11 million. Our dividend to shareholders of the year was up 33% to \$0.08 per share, which included a special dividend of \$0.01 per share due to the performance of fee earned by our Emerging Companies Fund.

A number of our funds and superannuation investment options delivered very impressive investment returns with all but five of the 21 managed funds and super investment options beating their benchmarks. The standouts being the Australian Shares Fund which returned 41.9% after retail fees, which exceeded its benchmark by 13.4% and the Emerging Companies Fund which returned 50.3% after retail fees, exceeding its benchmark by 17.3%.

In super, our My Super option, balanced accumulation, delivered a very healthy 17.5% last year and is ranked number one out of 50 for performance over the last three years in the SR50 MySuper Index. Our Australian shares super option delivered 38.8% return for the year, which placed it third out of 104 Australian shares super products in that year in the SuperRatings Fund Crediting Rate Survey for Australian Share Options, and saw it ranked number one out of 50 over three-, five-, seven- and 10-year time periods in the same survey.

We continued to manage the disruptions caused by COVID and lockdown measures well, and again recorded a top quartile employee engagement score. As has been consistently foreshadowed, we again reduced fees across a number of our products. In October '20 we reduced fees on the defensive super option, the income and fixed interest funds, and also reduced the Balanced Fund wholesale investment threshold.

In June '21 we reduced fees on the Australian shares super option and the international shares super option. We reduced retail fees on the balanced, international shares, diversified, advocacy, now called high growth, Australian shares and emerging companies funds and wholesale fees on the balanced and international shares funds. Due to our record profit, we made \$1.6 million available for distribution to charitable causes through the Australian Ethical Foundation.

We received recognition by way of a number of awards from *Money Magazine*, *Finder.com*, Financial Standard, Money management, Canstar, Mozo and Morningstar. Details are available in the annual report. There is one award that I would particularly like to highlight. In November 2020, Morningstar named Australian Ethical as one of only six global leaders for Environmental, Social and Governance, ESG, commitment. We were the only Australian asset manager to achieve this rating at that point in time. Since then, one other Australian asset manager has been added to the list of global leaders.

Which brings me to one of my personal obsessions. We are seeing an explosion of asset managers and super funds operating in this country who are now claiming to be investing ethically or responsibly or in accordance with ESG principles. You all know that Australian Ethical has been ethically investing for 35 years, and what we do is not just via an option that our members and investors have to choose. It is at the very heart of what we do and is embedded into everything we do.

Now as I say, it would seem that everyone wants to jump on the ethical or WDB investing bandwagon. Is it that all of these investment managers and super funds have finally seen the light? Or is it that they have finally worked out that many, and indeed an ever-increasing number of people do care about where their money is invested? These investment houses and super funds now have to try to look like they also care, so they can get a slice of the action.

At Australian Ethical, we will continue to examine what our competitors do, and we will continue to call out green washing, and there is clearly an awful lot of that as is borne out by the fact that there was initially only one, Australian Ethical, now two, Australian asset managers to achieve the Morningstar global leaders rating, compared to the literally hundreds to make claims to invest ethically or responsibly.

I take this opportunity to thank the Non-Executive Directors of the Company, Kate Greenhill, Mara Bun, Michael Monaghan and Julie Orr. I referenced last year the level of commitment of our Directors during that difficult year, and that level of commitment was evidenced again this year. On behalf of the Board, I would like to thank each and every member of the Australian Ethical staff for their contribution to our ongoing success.

Our Senior Leadership Team, both individually and as a team have performed extremely well and their efforts are very much acknowledged and appreciated. Last, but certainly not least, can I express the Board's and I'm sure all shareholders thanks to our Managing Director and Chief Executive Officer for his leadership through difficult, demanding but also satisfying times, where the strategy developed by the Board and the Senior Leadership Team is being implemented with continuing success. Thank you.

John McMurdo, our Managing Director will now speak about the Company and the opportunity, also in a pre-recorded address. Many of the Company's highlights from the past financial year are shown at the bottom of the screen as John is talking. Thank you.

John McMurdo: Thank you, Steve, for your support and comments about the team, and good morning everyone and thank you for joining us. While many, many things have clearly gone well for Australian Ethical this year, I do recall sitting here one year ago and saying how I hoped I'd be delivering this address in person in 2021. Yet here we are, still in a virtual format, and although in New South Wales we're taking the first tentative steps towards reopening, the pandemic remains an ongoing concern here and around the world.

So, I'd like to personally echo Steve's comments and on behalf of Australian Ethical extend our sympathies to all those who have been affected by COVID, and also express our immense gratitude to people working on the frontline.

We're aware that the operational challenges that we have faced during this time are negligible compared with the heavy human, social and economic toll that is being wrought worldwide by the pandemic. Yet despite the continuing uncertainty posed by COVID, Steve has shared that our business strategy is reaping significant success, and we have had another record year of growth, delivering excellent outcomes for all our stakeholders.

But before I launch into updates from the last financial year and what comes next in our strategy, I'd like to spend a few moments talking about our context and our why. Why do we actually, literally live and breathe our purpose at Australian Ethical? Why is that so important?

Since 1986, our purpose has been to invest for a better world. It's always been the same, it's always been aspirational, it's always been noble. But I don't think that people, society, investors, companies, have realised just how important it has always been. Until recently. Because the stakes have never been higher as 200 nations prepare to gather at COP26 in Glasgow in just a few days' time.

The conference has been billed as humanity's last best chance to get climate right. The demand for urgent action could not be more clear. Because rather than push climate change to the backburner, the pandemic has turbocharged momentum for building the sustainable and just economy of tomorrow. The past 12 months have seen some truly seismic changes that suggest that this time we are genuinely moving towards a transformed and transformative future.

For example, when the US re-joined the Paris climate agreement and announced policies that are redefining what's necessary, reasonable and possible when it comes to climate action, or when the International Energy Agency called for an immediate ban on new oil, coal and gas development back in May. You know that when the IEA calls time on new fossil fuel exploration, it's safe to assume something big is underway. Or when the EU's Sustainable Finance Action Plan became law, one of the most impactful pieces of regulation to hit the investment management industry since MiFID II, and which is already driving a structural reboot of private market investing in Europe.

Because as Australian RBA Deputy Governor, Guy Debelle said just last week, no matter the opinions of Australians towards the move to net zero, it is going to happen, and it is happening. Race to Zero is a global campaign that rallies support for a zero-carbon future, which we are proud to be part of. It now has over 5000 members globally, including around 3200 businesses. Our commitments, combined with those from governments, mean that more than 70% of global emissions are covered by net zero commitments.

But this will come to nothing if not backed by true vision, leadership and the conviction that climate action first movers will ultimately reap the benefit from their leadership. All of this considered, I don't think it's an exaggeration to say that we're at an inflection point in the history of humanity. As a Board, we also believe we're at an inflection point in the history of Australian Ethical. Because while we have achieved incredible growth and captured widespread interest, we're still only generating a fraction of the impact we need to address the challenges that will be discussed at COP26.

That the last five years are the hottest on record, only serves to underline the scale of the challenge ahead of us. To tackle it, we need to accelerate the transition to a less carbon-intensive economy. But money is power and in this crisis for humanity, the way we use money is one of the most effective ways we can drive this transition. From our spending choices to our investment choices, our green bags to our nest eggs, money is a major path to change.

Thankfully investors, not just young people, but now every generation are increasingly looking for ways to achieve financial returns and make a difference. As Australia's original ethical investor, we have a 35-year head start over some of our more recently converted competitors.

The better achieve our purpose and capture the once in a business lifetime opportunity we see ahead of us, at our full year results we gave more insight into the aggressive growth strategy that has already seen us start to reinvest heavily in our business, to build a bigger, more impactful Australian Ethical. The market continues to respond very favourably to that strategy and the early successes we are already generating, as Steve has highlighted. The continuing growth in our share price, in net flows, in brand awareness, plus countless other metrics give us more confidence about the path we are on.

With our planned investment and market positioning, if we execute well, we believe it's possible to continue our current growth trajectory and grow our business three, four, five times over the next few years. If that ambition sounds big, it is purposefully so, the urgency demands it, the opportunity warrants it, and our strategy enables it. Our strategy identifies four key pillars we are investing in and pursuing in tandem as we strengthen our business for impact and leadership.

Beginning with a compelling client experience, because not only do our customers trust us with their financial security, but many of them are passionate advocates for Australian Ethical and influence their networks to join them in making their money matter. During the last financial year we saw a 23% increase in customer numbers to more than 74,000 today.

But how do you keep 74,000 customers happy? There's no doubt that maintaining and growing our success depends in large part on nurturing the special relationship we have with them, which is why we continue to invest, to enhance their Australian Ethical experience.

In addition to the fee reductions and great financial returns, less visible customer projects we've successfully completed over the past 12 months include redesigning our insurance offer within super to remove cross subsidies, implementing a new customer relationship management system, and issuing customer statements which allowed members to see for the first time ever the impact of their chosen investment option. We have insourced the customer contact centre, a step we took to have more control over the customer journey.

Because for us, customer experience doesn't live in a void or bolted to the side of our business, it's a central part of who we are. Our objective now is to create a seamless digital experience for customers, a modern experience, digitising customers access and engagement options. So, look out for the Australian Ethical app, sometime during 2022.

The compelling customer experience feeds through to our advocates for a better world pillar, where we are mobilising our network to help us create a better future. We refer to this as people power advocacy and it complements the virtuous cycle created by ethical investing, by growing public support for meaningful change.

Most of you will now be familiar with our updated brand look and our feel, a decision that was taken to better differentiate ourselves in what's becoming a very crowded market. It celebrates our ethical pedigree, our investment excellence and our visionary roots which create a unique visual identity, quite unlike any other financial services company in Australia. It enhances our heritage as a game changer at a time when the stakes have never been higher.

We know it's working to capture Australians' hearts and minds. If you're reading some of the headlines at the bottom of the screen, you would have seen some of the regular feedback we receive from customers. Earlier this year a campaign asking our customers about what opened their eyes to ethical investing resulted in thousands of authentic and heartfelt responses.

Just last week an initiative to put Australians' names on the front page of the *Financial Times* during COP26 saw more than 7500 names being submitted, far exceeding the space that was available and prompting exciting Twitter conversations between some very well-known Australians, as our brand trended in the Twitter-sphere.

This uptick in brand awareness is reflected in our social posts, with engagement reaching new highs as we dig deeper into our role as an agent of change, harnessing the power of people, and advocating with our customers for a better world. We were also delighted in the last few weeks to be named by Roy Morgan Research as one of the top 100 most trusted brands in Australia. This is a taste of what is to come.

Our investments in brand over the next few years will see us be much more prominent in both social and mainstream media. To capture our natural and achievable share of a rapidly growing addressable market, we will ensure we are well known in addition to being well loved by Australians.

In our principled investment leadership strategic pillar, Steve has highlighted the stellar investment returns last year and for many years now, and the awards we have collected again this year. We are investing in key people and capability to further enhance our asset allocation expertise and outcomes, a vital aspect of a leading diversified fund manager. We have started doing much more active consumer and adviser research to inform what is now an exciting product development pipeline.

Our new high conviction and high growth funds launched this month, give investors access to portfolios across asset classes that deliver positive impact for people and the planet, as well as performance. Both these products are being actively promoted in the adviser and direct channels as the dizzying rate of demand for quality ethical investment

solutions continues to rise and rise. To share an early alert with you, look out for an active ETF version of the high conviction fund, we are on schedule to launch that in the next few weeks.

Our future strategy includes delivering active international equity capability alongside our market leading domestic capability, and creating themed products, for example a climate solutions fund, meeting growing customer demand to invest in particular causes and building on the valuable insights from the innovation work we have been undertaking.

Having a robust infrastructure, particularly as we scale, is essential. With the ongoing focus on cyber security risks, digital privacy and data security, we have continued to upgrade our technology platform. These initiatives will underpin our risk management and our efficiency.

In terms of our impact, our scale and our customer reach, I've already mentioned our brand program and our extended product ambitions. We're confident these aspects alone will significantly support our growth potential. But channel breadth and reach are now also playing a more material role and are a major plank of our strategy. Our direct-to-consumer channel remains a very significant part of our success. We are a proudly retail brand, and we are confident of continuing to leverage our direct and digital marketing strengths to grow this part of our business.

We have also been more active in seeking to meet the growing demand in the adviser or intermediated channel. We've expanded our adviser-facing team, increased and improved our marketing approach with advisers and continue to grow our established reputation as the country's leading ethical investor. As a result of our investment in the adviser channel, during the last financial year we saw flows increase by 168% and exceed the \$1 billion total FUM milestone.

Meanwhile, unprompted adviser brand recognition has more than doubled, and we have seen a strong uptick in adviser perception across many other metrics. We are encouraged to push forward with our expansion strategy. Which brings me to our culture, which underpins everything.

The results Steve and I have mentioned, the strategic capabilities already built and being rolled out, are not the result of the CEO or Board waving some magical wand. Instead, they're the expression of an internal culture that permeates from the inside out. Great people who love their job and believe in the purpose of their organisation, deliver a great customer experience. Happy customers stay with you and recommend you to others. The adage that employees are a company's most valuable asset has never been truer than it is today.

Our people are the creators of, consumers of, and advocates for investing for a better world and have a huge influence on the compelling customer experience we strive to deliver. It's extraordinary really to think we have had such a successful year despite the lockdowns, the closed borders and the continuing restrictions on face-to-face contact, all while maintaining a best-in-class employee engagement score.

So, what is the secret to our unique culture? I think there are two reasons. The first of course is our clear commitment to our purpose of investing for a better world. For us, purpose is not just some words on a wall, or a website, or in an AGM address. It's defined by how employees, the people who know our business best, perceive the meaning and impact of their work.

Our mid-year employee engagement survey told us that 99% of our employees feel they can be themselves here at work, 93% would recommend Australian Ethical as a great place to work, and a whopping 81% are motivated to go beyond what they would elsewhere in a similar role. A key part of this is investing in an employee experience that is inclusive, rewarding and where everyone feels seen, heard and valued.

But a winning culture is not just about feeling good at work. Our view is that when you strategically invest in employees, you attract and keep all the best candidates, and you also build a strong work culture, unafraid of innovation, of change,

of failure and of success. Engaged employees also force leaders to grow and look to the future, which has never been so important given the many challenges the world faces.

So, the second important component of our culture is the continuing investment in employees' development. The investment in our people are helping to foster collaborative and focused leadership, to build a more innovative and dynamic culture, and enable people to be their best. Again, we are already seeing dividends to the business in the form of the many innovations, successes and projects Steve and I have mentioned.

We're also seeing these dividends payout in our ongoing financial performance, because pleasingly the positive momentum from the last financial year is carrying over into the new financial year. FUM for the September quarter was up 8% to reach \$6.54 billion, with net flows up 88% compared with the prior comparative period. This includes record inflows into super, record managed fund net flows and a record number of new managed fund customers, all drive, at least in part, by the continuing investment in our high growth strategy.

So, as I conclude, let me circle right back and close where I started, with the why. Why are we pursuing such an aggressive growth strategy? I've spoken about the urgency and the opportunity but let me speak about the impact. Because when positive impact is applied at a product level, at a strategy level and at a governance level, success and impact become intrinsically linked.

For example, our Foundation is continuing to grow in its scale, distributing a record \$1.8 million in donations to charity partners fighting climate change in Australia and around the world. This includes \$500,000 through our new Visionary Grants program, which will directly fund innovative, early-stage climate solutions. The Foundation is already making a tangible impact in the not-for-profit sector but imagine the impact when Australian Ethical is four to five times bigger.

From a climate perspective, our growth will allow us to scale up our contribution to the rapid economic transformation needed to accelerate the reduction of greenhouse gas emissions. With this further in mind, we are announcing today that we have set a 2040 net zero target for Australian Ethical, including our investment portfolio, bringing forward the 2050 target we set in 2015.

For global emissions to reach net zero by 2050, the world will need diverse, successful, zero emissions businesses operating across the economy by 2040. These businesses, which are leading in the management of climate risk and opportunity, are the businesses we want to invest in, so that by 2040 we can offer our investors high-performing zero emissions portfolios. Setting a net zero 2040 target helps drive capacity and innovation to make this a reality. We also continue to enhance our interim targets to ensure we are on path.

So, why the high growth strategy? It's because we know that the financial success of our business enables us to maximise the impact of our purpose, to grow our portfolio of good money, to raise our voice as an active shareholder and to contribute to the world we operate in through the activities of the Australian Ethical Foundation.

As Australia's largest pureplay ethical investment manager and globally recognised for our approach, we have a considerable head start to capitalise on. This alone, combined with our products, people, strong balance sheet and positive momentum, already positions us for success. But our high growth strategy is not just about seeing us through the next five years. It's about building the Australian Ethical that will take us to 2030, 2040 and beyond.

Because we may well be 35 years old, a veritable veteran in responsible investing terms, but we're certain that our biggest opportunities are yet to come.

Thank you again for joining us and your ongoing support.

Steve Gibbs: Thank you, John. I'm now going to ask are there any questions for John or myself? Shareholders participating online through the virtual meeting website can ask a question by clicking on the ask question button, type your question and then click submit. While you're doing that, I want to address two questions which we received before the meeting.

The first question was, will the Board of Australian Ethical Investment Limited confirm that they agree Australia should make a strong environmental statement at Glasgow for strong emissions reductions and increased investment in new energy technology? I can confirm that the Board of Australian Ethical do agree that Australia should make a strong environmental statement at COP26 in Glasgow. I would like just to read out a few sentences from a recent statement the Company released.

That is as follows, and I'm quoting. If we want Australia to flourish in a low carbon economy, we need policy certainty on climate. A long-term policy framework and a net zero target would unlock massive economic benefits for Australia. However, our government seems to consider it a binary situation where we can only choose between a decarbonised future or a robust economy. This is an absolute myth. There is no trade off here. There are plenty of policies that allow us to support both.

By not taking climate action seriously, the government is not just failing to manage risk adequately but also missing out on grasping a sizeable opportunity for the country. A clear vision on zero carbon industries would inspire Australian and global capital markets and significant capital allocators such as Australian Ethical to invest potentially [unprecedented] amounts of money back into Australia. Thank you for your question.

The second question we received was one about Australian Ethical's share price. Unfortunately under continuous disclosure rules, we cannot comment on the share price, other than to confirm that anything and everything that should be disclosed to the market has been disclosed to the market. Thank you.

I'm looking to see if there are any questions that have been submitted, it doesn't seem that there have been any questions submitted so far. Rather than hold everybody up I'll move on, but if you do have questions, you can submit them as we proceed to consider the remaining agenda and that is to move to the formal business of the meeting, which I shall do now.

With the exception of item one, for which no resolution is required, the following process will be followed for each resolution. I will read the resolution being put to the meeting, I will not ask for movers or seconders. The resolution and relevant proxies already received will be displayed on the screen. As I said before, shareholders participating can ask a question by clicking on the ask a question button, type your question and click submit.

I encourage shareholders to send their questions through as soon as possible. Questions relevant to matters on the agenda will be addressed at that item of business. If questions are of a similar nature, I may choose to group them and respond thematically. When there are no further questions, we will move to the next resolution. Any questions that are not directly relevant to the business of the meeting will be answered by the Company Secretary after the meeting.

When it comes to the items dealing with the re-election of Directors, we will play a short, pre-recorded speech from each director standing for re-election, and deal with any questions that have been received. I will follow the order in which the resolutions appear on the notice of meeting.

Moving now to voting procedures. Voting on the resolutions will be conducted by way of a poll. As this is an online meeting, shareholders are able to cast their vote using their electronic voting card that they received when their online registration was validated. You must be logged into the online platform as a shareholder to cast a vote. The voting card is reflected at both the top and bottom of your screen. Once selected, please enter the relevant details to validate your



card. Once validated, shareholders may vote at any point during the meeting until I indicate voting closure, which will be just before the end of the meeting.

At this point, a five-minute countdown will signal the closure of voting. As well as the instructions displayed on the screen, please refer to the virtual Annual General Meeting online portal guide or use the helpline specified for further assistance on how to vote. During the meeting we will display on the presentation slides, the number of direct and proxy votes received prior to the meeting on each resolution.

Emma Khoury of Link Market Services is the returning officer for the meeting. All resolutions are being put to a poll. 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 of the polls will be released to the ASX and will be displayed on the Company's website.

I now move to the formal business. Item one, the accounts. Item one provides for the meeting to receive and consider the financial statements of the Company and its control [unclear] for the year ended 30 June 2021 and the related Director's report 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 statements, 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 2021 and the related reports, including any questions of the auditor on matters relevant to their work. So, I now ask are there any questions of myself, management or the auditor about the financial statements please? I can see no questions having been submitted. If that's been the case, I will move on.

Item two is 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 2021 be adopted. Are there any questions? The proxy, you should see a statement of the proxies that have been received in respect of resolution to, for, open, against and abstain. Are there any questions with respect to, or comments with respect to resolution two? There being no questions that I can see have been submitted, I will move to resolution three.

The resolution is that Mara Bun, a Director, be reappointed as a Non-Executive Director of the Company. In accordance with the Company's constitution, Mara is retiring from office and being eligible is standing for re-election. The Board endorses Mara's re-election. The received proxies both for, open, against and abstain for this resolution should be displayed on your screen. We will now view Mara's pre-recorded presentation. Thank you.

Mara Bun: Thank you very much for the opportunity to stand for re-election at this AGM. We find ourselves in an inflection moment through Glasgow and the many agreements coming out of the world in response to the climate emergency, biodiversity at risk, social equity under threat, Australian Ethical's experiencing an exponential rise in the funds that it manages and its impact in the movement that it's building.

It is the combination of digital uptake, values around sustainability and concern for climate change and an understanding of the power of investment in the new model that allows us to demonstrate this level of growth. Australian Ethical's the real thing and I think that's what's attracting a very different audience to our value proposition. We are flexing our incredible investment capability that blends ethics and just smart investing into a completely different model that's creating and capitalising the future.

We were recognised by Morningstar as one of six global ESG leaders, and that represents for me a terribly exciting noticing of the potential of this organisation into the future. I'm terribly excited by the notion that we can demonstrate leadership in the area of portfolio resilience, a new idea in something that will continue to push ethical investing into the future.

This organisation has an outstanding team, it's an absolute pleasure to serve with the Board and be inspired by the amazing executive and staff. We feel part of the movement that we're building, and you can see the growth in those that are inspired by their agency and investing ethically. We, through our foundation, play a very important role in the fabric of the community sector and very edgy environmental approaches, and all of that I think bodes terribly well towards a potential to continue to demonstrate what it's like to drive exponential change, exponential impact.

I would be honoured to continue to serve on your Board and thank you very much for the opportunity.

Steve Gibbs: Thanks, Mara. Do we have any questions for Mara? I can't see any, so if you're still typing, we can come back to those questions, but I'll move on to the resolution four which is the re-election of Michael Monaghan. The resolution is that Michael Monaghan, Director, be re-appointed as a Director of the Company. In accordance with the Company's constitution, Michael is retiring from office and being eligible is standing for re-election. The Board endorses Michael's re-election.

You should be able to see the proxies that have been lodged for open, against and abstain to accept this resolution. We're now going to hear Michael's pre-recorded presentation, thank you.

Michael Monaghan: Good morning, my name's Michael Monaghan and I've been a Director of Australian Ethical since 2017 and would certainly welcome the opportunity to continue as a Director if I'm re-elected today. I'm an experienced Company Director with a long experience in investment management and superannuation. Presently I'm the Chair of the Australian Ethical Investment Committee, an important vehicle to assist us in developing our investment capabilities and utilising our charter to innovate and maintain competitive differentiation and leadership in ethical investing.

That's particularly important at the present time where many, many funds managers and other organisations are moving into our space with ESG style investments if not ethical investing. I think there are many opportunities to evolve our investment capabilities, specifically in impact in its many aspects in new, emerging asset classes and in new geographies where we don't currently operate.

I have been and continue to be a strong advocate of the Board's governance role, both for investments and for superannuation to ensure that we properly represent the interests of our investment clients and all of our superannuation fund members. This is particularly important, has always been important and is particularly important now as we've grown significantly and continue to grow, with the rise in community expectations from the behaviour of companies such as Australian Ethical, and also the increased regulatory focus on governance.

I'm also a very strong supporter of the focus we have on growing Australian Ethical at the present time, and I can see many opportunities to continue that growth and enhance our risk strong track record. This is really reflecting the growth in the size of our market with many people in Australia and many people around the world now prepared to put their money where their mouth is and invest for better futures for the planet, for people and for animals. Of course the outcome of that will be delivering better and excellent outcomes for our shareholders.

So, with your support, I'd like to continue as a Director, and sincerely hope that you will re-elect me today.

Steve Gibbs: Thank you, Michael. Are there any questions for Michael? There doesn't appear to be, people can still - if they're still typing, we will revert to any questions that come in before I formally close the meeting. But for the moment I'll move on to the final resolution, resolution five. 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 million per year.

The slide should be displayed which shows the for, open, against, abstain proxy votes received prior to this meeting. Are there any questions on resolution, or comments on resolution five please? There don't seem to be any questions coming through. Again, before I close the meeting, I'll double check our board here with questions and make sure that none have been missed. But in the meantime, we'll move then into to the final stage of the meeting and that is voting.

Shareholders present who have not voted either by proxy or earlier in the meeting should now vote online if they wish to. I will keep the online voting open for another five minutes or so. We will display an Australian Ethical logo and some music will play for five minutes while you have a chance, I will then come back and declare the polls closed. After I do so, no more voting will be allowed. Before I formally close the meeting completely, I will double check that no questions have been received. If there have been questions submitted, we will then answer those questions before the close of the meeting.

So, I'm now going to have five minutes for the close of voting, after which I will come back, thank you.

Thank you everyone. I will now declare the polls closed. Before I actually close the meeting however, we have had a question submitted in the meantime, which we will now deal with. The question is, in what age group or generation has Australian Ethical seen the most growth for super members and funds under management? Many thanks, thank you very much for that question. I was feeling a little unloved since we had no questions.

I'm going to now ask our Managing Director, John McMurdo to answer the question, thanks, John.

John McMurdo: Thanks, Steve, it's a good question actually and pleasingly in recent times, certainly over the last year, we've actually seen every generation become new members and investors. That's quite a change for us if we look back as recently as even two years ago, certainly three, new growth was dominated by those in the 25- to 35-year-old generation, so those younger people thinking more about the future and the planet.

Their interest has remained extremely high, but it's been really pleasing to see every single generation in recent times looking to invest this way. I think importantly not just in the actual members or new investors that have joined us, but as we look at the research about future intentions and expectations, we now see that in every single generation there's a growing interest and growing intention to look to invest ethically or responsibly.

So, importantly that bodes very well for us and our growth trajectory as well and acknowledging of course that in some of those let's say older generations there's greater levels of wealth, so we're seeing also an increase in the sizes of new member contributions and rollovers. But I think more for society, it's good to see that the penny has really dropped, and Australians are seeing the power of their money and wanting to see that used for good. So, pleasing trends for us.

Steve Gibbs: Thanks very much, John. There being no further questions, just before I formally close the meeting, I want to thank Tom May, our Company Secretary and the other people at Australian Ethical who have made this Annual General Meeting possible. Also Link, who are the service provider we used for this virtual meeting. I hope the experience from your end was smooth and without incident to everybody who joined us today.

Thank you, I'll now formally declare closed the 2021 Annual General Meeting of Australian Ethical Investment Limited, and I look forward to your ongoing support in the year to come. Thank you.

**End of Transcript**