

OFFICIAL TRANSCRIPT OF THE AUSTRALIAN ETHICAL INVESTMENT LIMITED ANNUAL GENERAL MEETING HELD ON 23 NOVEMBER 2022

Company: Australian Ethical Investment Limited

Title: Annual General Meeting

Date: 23 November 2022

Time: 10:00 AM AEDT

Start of Transcript

Steve Gibbs: Good morning. I'm Steve Gibbs, Chairman of Australian Ethical Investment Limited. Firstly, I would like to acknowledge the traditional owners of the country on which we are holding this meeting this morning, the Gadigal people of the Eora nation and recognise and celebrate their continuing connection to land, waters and culture. I pay my respects to Elders past and present and thank them for protecting country since time immemorial.

I welcome you to the 2022 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 and Michael Monaghan and our Managing Director, John McMurdo are present at the meeting.

I would also like to introduce members of the Australian Ethical senior leadership team also present at today's meeting. Dr Stuart Palmer, Head of Ethics Research; Mark Simons, Chief Financial Officer; Maria Loyez, Chief Customer Officer; Eveline Moos, Chief People and Culture Officer; Marion Enander, Chief Strategy and Innovation Officer; Conrad Tsang, Chief Technology Officer; and our Company Secretaries, Karen Hughes and Tom May.

I confirm that the Company's auditor, Karen Hopkins, a partner of KPMG is present. I would like to indicate that this is Karen's last AGM as our lead partner auditor from KPMG, as she moves on by rotation in accordance with the *Corporations Act*. On behalf of the organisation I'd like to thank Karen for the work she has done with us over the last five years. Thanks, Karen.

We have received 370 valid proxy forms and this represents approximately 35% 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, I will take the notice of meeting as read.

Briefly, the procedure for the meeting will be as follows. Firstly, 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 CEO, John McMurdo, will then address the meeting. After those two pre-recorded addresses are shown I will ask if anybody has any questions of me or John. If you do want to ask a question you should click on the ask a question button, type your question and then press submit.

After that 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. 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 2022.

Polls will then be conducted for all resolutions. You can vote at any time, provided of course you've not already done so and I urge you to vote as soon as you can. I will leave a short period of time 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 on the Company's website as soon as the information is available, which we expect will be this afternoon.

We have pre-recorded addresses, as I've mentioned, this year and my address to you will now be played.

Financial year 2022 was a challenging year for Australian Ethical, as it was for almost all investment managers and superannuation funds. We saw the breakout of the Ukraine war with the resulting energy crisis and knock-on impacts to the financial markets in terms of market volatility, increasing inflation and rising interest rates. These challenges have continued into the first part of financial year 2023.

Australian Ethical's managed investment schemes and super fund options have underperformed in many cases, mainly because industries, sectors and individual companies that we do not invest in because of our ethical charter have done comparatively better. This will happen from time to time, particularly if one looks at short-term time periods. Our medium- to long-term investment performance for most schemes and super options remains good, both in absolute terms and compared with benchmarks and competitors. We believe the outlook for the long-term performance of our funds remains strong.

Current geopolitical events and natural disasters only serve to underscore the importance of energy security and tackling climate change. Our ethical investment philosophy has a long-term strategic focus on future-building companies that will thrive in a low carbon economy. We also take comfort in our years of experience and as I say, strong long-term investment track record.

Times like these are difficult, but we expect the heightened volatility of the markets to lead to a renewed focus on solving urgent global problems, together with opportunities to invest wisely for the long term. We are already well ahead of this curve and we will continue to be very true to label and invest in a way that protects people, the planet and animals.

Despite these challenging conditions, Australian Ethical has made significant progress on our high growth strategy. This includes strengthening our already strong investment team and by adding three new Investment Committee members who bring with them a diverse range of experience and knowledge.

By Friday we will have also finalised our successor fund transfer deed with Christian Super, which our Managing Director and CEO will have more to say about in his address. But I do want to congratulate and thank everybody who has worked on bringing this to a successful conclusion. It has been an enormous task completed in what I think will be recognised as record time.

In 2021 we shared with you, our shareholders, our three-year investment strategy for the business that is building agility and scalability so we are in the best possible position to capitalise on the growing cohort of Australian investors and super fund members that want to invest ethically in line with their values. The money we are investing back into AEI is already leading to considerable benefits of scale and improved customer service.

It's no great secret that lots of investment companies and super funds are increasingly creating sustainable or ESG funds to try and capture the growing trend among Australians to invest responsibly. I made mention of this in my address to last year's AGM. Unfortunately, many fund managers are screening investments through an ESG integration model, which is today the fastest growing responsible investment category.

ESG integration does not of itself mean that companies are doing harm to people, the planet and animals are avoided. So while many investors may believe, quite understandably, that their money is going toward improving environmental and social solutions while earning returns, a fund using ESG integration may include harmful stocks in its portfolio, including fossil fuel investments, gambling, tobacco, deforestation, et cetera.

Australian Ethical continues to call for comprehensive Commonwealth climate legislation to bring about a fair and efficient economic transition to reduce climate risk and unlock climate opportunity. We are already voluntarily reporting using a best practice standard produced by the International Task Force on Climate-related Financial Disclosures, known as TCFD, like we did on modern slavery before the Government introduced legislation making it mandatory in 2020.

We are hoping standardised sustainability reporting will be the next step the Federal Government takes to bring about greater transparency and minimising greenwashing. As I did say last year, we will not hesitate to call out greenwashing and we welcome the increased focus of ASIC in this regard. Better sustainability reporting will provide investors with confidence in and assurance of sustainability claims, enabling comparability between investment products and portfolios.

Our goal is for systemic change in the financial markets, along with the much broader changes we want to see in the world. I would like to thank you, our shareholders, for your support in a turbulent year for markets. We are the leaders in ethical investing in Australia and we will continue to do what is right and advocate on behalf of our customers, people, animals and the planet towards a better future.

I take this opportunity to thank my fellow Non-Executive Directors, Kate Greenhill, Mara Bun, Michael Monaghan and Julie Orr, all of whom make extremely valuable contributions to the Company and who exercise their responsibilities with care and commitment. I want to acknowledge the contribution of all Australian Ethical staff and to thank them on your behalf for the brilliant job that they do collectively.

Our senior leadership team have again, both on an individual basis and as a team, performed extremely well. Our Managing Director CEO, John McMurdo, has provided the leadership and strategic thinking that, notwithstanding the difficult times, has seen the Company grow, not just in size but in influence as well.

John McMurdo, our Managing Director, will now speak about the Company and the opportunities it faces, also in a pre-recorded address. Many of the Company's highlights from the past financial year are shown in slides on the bottom of your screen.

John McMurdo: Thanks, Steve. I'd also like to acknowledge the traditional owners of the country on where we meet today for me, the Gadigal people of the Eora nation and pay my respects to their leaders past and present and thank them for protecting country since time immemorial.

Good morning to our shareholders who have joined us for our 2022 AGM today. I look forward to sharing with you my perspectives on the business and to answering your questions later in the proceedings.

I want to acknowledge and thank the entire Australian Ethical team, including our leadership group who are present this morning, for their tireless efforts over the past 12 months as we have undergone a period of

significant change and growth, as we grow our business into one that is considerably larger, more capable and more resilient than we were even two or three years ago.

The customer perspective is always where I choose to begin. Just last week I was speaking with one of our superannuation customers, a 58 year old transport consultant. I was speaking about the impact that high energy and mining stocks have had on the broader market and the fact our returns had not been as great as in previous years and asked him how we thought about it. He paused and he said, you know what, John, I reckon like me your other super members and investors wouldn't want to profit off fossil fuel companies either.

It was an encouraging reminder that our customers are invested because they have a genuine desire not only to grow their retirement savings and wealth, but to do so in a way that is ethical and aligns with their personal values. There's no doubt though that 2022 has been a time of reckoning for all investment managers. In addition to the loss of thousands of lives and the displacement of millions more, the war in Ukraine and the flow-on effects have been a test for responsible investors on at least two fronts.

First, would you believe that on the eve of Russia's invasion of Ukraine, so-called ESG funds collectively held a staggering US\$8.3 billion in Russian assets, meaning many funds had been making substantial investments in Russia, despite the human rights and other challenges in that market. Of course, most were forced to hurriedly divest.

ESG benchmarks and measuring tools didn't necessarily pick up even the financial risks of having exposure to Russia within those portfolios, let alone the clear ethical challenges. It revealed that the ESG considerations of many investors and fund managers had nothing to do with ethics at all.

Second and since then, Russia's invasion has been delivering short-term windfall profits for fossil fuel companies. The subsequent outperformance of energy sector shares has become a challenge for responsible investors that are typically underweight on oil and gas companies and many, including Australian Ethical, saw performance wane when compared with conventional funds.

While the invasion underlines the urgency of removing dependency on fossil fuels, it has also revealed the true colours of many so-called ESG funds who are reinvesting in fossil fuel companies and easing demands on them. Humans and organisations show their true colours when pressure mounts and it's my clear conclusion that many of the new ESG managers have been proven to be at best ethically passive and often outright ethically blind.

Because this is an incredibly high stakes game. Every investment in energy is either backing a successful transition that would make investing in fossil fuel producers a very poor longer term investment, or it's betting on a failed transition with the long-term devastation of the planet and then the financial devastation that would inevitably come with that outcome.

While it's true that investing responsibly in the energy transition has become more complicated since Russia invaded Ukraine, it's time for long-term investors to shun fossil fuels. Even before the Russian invasion the world was not on track to achieve most of the United Nations' sustainable development goals and with many targets set back by the new geopolitical situation, even more capital will now be required to reach a low carbon future.

The good news is that Australian Ethical is facing into these headwinds by continuing to invest with heart in a virtuous cycle where profit and purpose combine to deliver financial returns while changing the world for the better, in line with our ethical charter that has remained unchanged for more than 36 years.

The financial system has to take a leading role in a sustainable future and has again been a dominant topic at COP27 in Egypt over the last two weeks. The accountability of finance and markets and underlying drivers of climate investment continue to receive attention.

The Global Investor Statement was touted as a key guide and a way to communicate support for better policy on the financial disclosure of risks. Speakers pointed to the US SEC's proposal for climate-related financial disclosure and the importance of the Task Force on Climate-related Financial Disclosures, the TCFD and the International Sustainability Standards Board as key drivers to help investors define opportunities and track progress.

As Steve has mentioned, it's no surprise that Australian Ethical is ahead of the curve and already reporting to TCFD standards. Experts agree that data is the biggest tool investors have. We believe all investors deserve to see a lifting of the standards here to see more Australian companies reporting more consistently and transparently with their stakeholders, shareholders and customers alike.

Having spoken about the opportunity and the risks to the world, let me share how we see the opportunity for Australian Ethical. The demand for responsible investing in Australia continues to grow substantially, with research from the Responsible Investment Association Australasia showing that more than five out of six Australians believe it is important that their super fund or bank commits to reducing greenhouse gas emissions. 81% of Australians want to see them pledge to achieve net zero by 2050.

The proportion of Australians with responsible investments is changing materially since 2020, now up to 17% as at 2021, mostly Gen Xers and Millennials. But here's the exciting news, a further 46% are considering investing in responsible investment products within the next five years, with 26% aiming to do so within the next year.

So with 36 years' experience in responsible investing, we think that this growth in demand remains a massive opportunity for Australian Ethical. We have shared our strategy to continue to invest in the size and scalability of our business, balanced of course with careful cost management, but to build a robust business capable of capturing new opportunities, accelerating existing growth opportunities and effectively managing a business substantially larger than we are today.

In terms of highlights of last year - and there are many - we made targeted strategic hires to bolster our capability to support future growth, including the appointment for the first time of a Chief Technology Officer, as well as expanding our business intelligence and technology team to increase data analytics and further enhance our data-led decision-making.

We had three new hires join our investment team to strengthen our investment leadership and to grow and diversify our institutional channel. We have also grown our sales and customer services teams to support the increase in customer and adviser volumes and expanded our back office infrastructure, including implementation of a new telephony system, which along with team expansion and other process improvements has lifted the contact centre's customer services metrics to better than the industry standard.

In addition to the enhanced contact centre capability, we have continued to build out our purpose-led customer experience. Central to our efforts has been understanding the customer journeys for different customers and segments and mapping the different touch points and interactions through which customers engage with us. Using this research to inform us, we have launched new digital interfaces for customers,

introduced an app to make it easier for customers to connect with us and have entered the listed channel through the launch of our High Conviction Fund as an exchange traded fund, with the ticker AEAE. I love that ticker, AEAE.

This focus on customer experience has seen us lead market net promoter scores for both super and managed funds for the first time. Our annual engagement survey continues to reflect the strength of our culture. In a year where the impacts of COVID-19 continued to disrupt us, we were particularly pleased by our continuing top quartile engagement score of 79% and the quality of the talent we are attracting to our business, despite the competitive recruitment landscape.

We have added new acquisition channels through our recent partnerships with employer platforms and remain the fastest growing super fund over five years. We have also significantly scaled our adviser channel, which resulted in net flows growing by 46% to \$0.3 billion last year and we now manage more than \$1.3 billion through this relatively new channel.

Australian Ethical had \$940 million of positive net flows last financial year. In terms of flows from our core retail customers, they were up 20% on the previous year's then record flows to a new record of \$1.14 billion. Within that number we saw superannuation flows increase by 22%. Despite the challenging market conditions, unlike many of our competitors, we still recorded funds under management and revenue growth for the year. FUM was up 2% and operating revenue increased a full 21%.

We received many awards and accolades for our efforts, notably we continued to be recognised as a responsible investment leader by RIAA, but we were also recognised as an ESG leader by Rainmaker and a sustainability leader by the AFR.

But we want to have impact on markets far beyond our funds under management. Markets need systemic change and we want to lead that change because it needs to happen now. In addition to our investments, we also pursue systemic change through our ethical stewardship and advocacy to improve the behaviour of companies, of governments, of consumers and of citizens.

Last year our ethics research team engaged with over 450 companies, with the investment community and government directly, on their own or with others, for the good of the planet, people and animals. As a result of our advocacy, more than 25% of the companies we proactively engaged with committed to making positive changes to their ambition and practices.

The Foundation is another way that we create impact. Every year Australian Ethical donates 10% of profits to the Australian Ethical Foundation with a vision that includes directing as much philanthropy as possible to effective solutions addressing the climate emergency, by funding leading research and analysis to unearth and support highly effective charities addressing climate change and other important causes. 2022 was another high impact year, with \$1.6 million allocated in funding support to over 25 charities fighting climate change.

As you've heard, we have a highly capable business now able to grow organically in a number of channel and product domains and with the additional and newly added capability to grow inorganically also. A highlight of the year, of course, was securing the opportunity to transfer Christian Super members to Australian Ethical. By close of business this Friday, our customer numbers are expected to have grown by up to another 30,000 on account of this initiative.

This growth increases our impact and delivers on our purpose. It enables us to grow our portfolio of good money, to further raise our voice as an active shareholder and accelerate our contributions to the Australian Ethical Foundation. We'll be passing on benefits of scale to all super fund members through continued fee reductions and improvements to our member experience and we look forward to welcoming these new members to Australian Ethical.

I'm extremely proud of what our team has achieved this year and look forward to seeing the results of the next stage of the growth strategy that we are implementing in 2023.

In concluding, we haven't been immune to the volatility in financial markets this year and our lack of exposure to the energy sector has caused short-term challenges to investment performance. But I want to be clear on one thing, as we have demonstrated for 36 years now, ethical investing is not philanthropy. You do not have to sacrifice long-term returns to invest in line with your values. Whether you're an ethical investor or not, the smart money is on investing in companies that are trying to solve the world's problems in industries that are sustainable. I'm confident that by investing in companies that have long-term futures we remain well positioned to deliver long-term performance.

To you, our shareholders, let me highlight the fact that in June 2019 we had 48,000 customers and \$3.4 billion in funds under management. Today, due to our record inflows and market leading retention, that figure stands at more than \$6 billion and following the Christian Super transfer on Friday, we expect to have more than 110,000 customers and our funds under management will, markets permitting of course, be comfortably in excess of \$8 billion. All of that while navigating market turmoil caused by global pandemics and international conflict.

I'm confident that our strategy to build the scalability of our business means we're in the best position possible to take advantage of the groundswell of Australians who want to use their money for good and enjoy strong returns in the process. I'd like to conclude by again thanking you for your investment in Australian Ethical and for joining us today. I'd now like to hand back to Steve to open up the virtual floor so we can take your questions. Thank you.

Steve Gibbs: Thanks, John. We did ask for shareholders to submit questions before the meeting. We had some questions come in. There was one shareholder asked three questions, but they were quite detailed and specific and we have responded to those questions directly with that shareholder. There is another shareholder that we are engaging with to understand the exact nature of the information that they are seeking.

Two other questions which will come in, which we'll deal with now. While I'm giving everybody the opportunity to ask any questions of myself or John, don't forget to click on the ask a question button, type your question and click submit.

Firstly, we've got a question from James Thier. James is a long-term shareholder and significant shareholder with Australian Ethical and he asks the following question. Over the past years Australian Ethical has committed increasing resources to institutional funds sourcing for ever decreasing returns, brackets, recent outflows rather than inflows. Doesn't this suggest a structural incongruity? Wouldn't it be better to cut your losses and redirect resources to better return priorities? I'll ask our Managing Director, John, to respond to that question from James.

John McMurdo: Good, thanks, Steve and James, thanks for the question. It's a really sensible question actually and one we ask ourselves regularly, not only about the institutional opportunity but our whole portfolio

of growth initiatives. Look, if we conclude we can't win or there isn't sufficient margin on offer, our shareholders should understand that we will be disciplined to pull back and preserve costs.

That said, specifically on the institutional opportunity, while retail investors are our heritage we are finding increasingly that institutional investors are also subject to many of the same areas of interest and an ethical investment context. Institutions are placing environmental and social issues as a key part of their investment strategy and an approach like Australian Ethical's can play a role in the solution.

For example, foundations are increasingly looking towards managing their investments with a dual filter, that considers both investment returns and impacts and a manager like us without heritage and experience can play a role. For larger institutional investors too, issues like climate change and broad environmental and social factors continue to expand as an area of focus for institutional investment teams.

So for us at Australian Ethical, we're currently testing the segment and offering our capabilities that best meet the needs of institutional investors and we're having a broad range of dialogue in the area. We only hired our institutional lead, Angus Dennis, in January of this year, so it's early days for us and we're aware it can take time given the nature of institutional decision-making processes.

But we do strongly believe through our alignments and 36 years of ethical investing that there is potential for us to play an important role and certainly the early reception we're receiving from potential investors is some cause for encouragement. But we'll continue to keep shareholders posted as we learn in this segment.

Steve Gibbs: Thank you, John and thanks again, James, for the question. We also received a question from [Diana Drew], Diana's a long-term shareholder in Australian Ethical and a significant one as well. Diana asks, can Australian Ethical look at the waste industry in its investments and the work being done in its Foundation? The problem of dealing with waste is looming large, especially in small communities both in Australia and overseas. Thanks, Diana, for the question. I'm going to ask Dr Stuart Palmer, our Head of Ethics, to respond.

Stuart Palmer: Thanks Steve and Diana, for the question. Waste obviously a huge issue, wastage of finite resources obviously but also the pollution caused to land, air and water, the amount of land we're using for increased landfill and greenhouse gas emissions from landfill. So we do need a fundamental rethink of the way we produce and consume, not just better recycling but better repair and reuse, to create a more circular economy.

Our member statements, customers statements and sustainability report this year included information about the annual revenue which the companies we invest in earn from products and services which are helping to meet the sustainable development goals, the SDGs. Some of the data reported included revenue earned from pollution prevention, from activities like recycling electronics, metal and food.

For the companies we invest in across our funds, that pollution prevention revenue was about 3.5 times bigger than an equivalent investment in a mainstream market benchmark, so that's just to give you an idea at a portfolio level. But as a few specific examples, we invest in Sims Metal Management, which is a metals and electronics recycler, also Rubicon Water which helps reduce water wastage in farming and global waste management company, Veolia, whose services include the capture of methane from landfill to produce electricity.

In our listed investments through the Main Sequence CSIRO Innovation Fund 2, we invest in emerging companies developing better plastic recycling technologies, also packaging products which are genuinely compostable at home.

Lastly, through the Australian Ethical Foundation, we made a Visionary Grant to the Seabin project in 2021. The Seabins collect marine debris, there are currently, I think, around 860 of them in marinas, harbours, ports around the world, capturing about 3600 kilograms of waste per day, which is a bit of a sad number. They also provide important data to governments and researchers about ocean pollutants, which is informing action to stop waste entering oceans in the first place. So trying to make a difference on that waste issue on a number of fronts.

Steve Gibbs: Thank you, Stuart. There have been no questions of John or myself following our addresses, so as everyone's had plenty of time I intend to move to the formal part of the business of the meeting. With the exception of item 1, 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. Resolutions and relevant proxies will be displayed on the screen.

Shareholders participating online through the virtual meeting can ask questions as we come to each of the formal items of business, again by clicking on the ask a question button. I encourage shareholders to send through their questions as soon as possible. Questions relevant to matters on the agenda will be addressed at that item of business. If the questions are of a similar nature, I will group them and respond thematically. When there are no further questions, we will then move to the next item of business.

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 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 may have been received at that point. I will follow the order in which the resolutions appear on the notice of meeting.

Moving on 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 the electronic voting card that they received when their registration online 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 signal will signal the closing of voting.

As well as the instructions displayed on the screen, please refer to the virtual annual meeting online portal guide or use the helpline specified for further assistance on how to vote if you need it. 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 this meeting.

As I said, 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 will now move to item 1 of the formal business, the 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 2022 and the related directors' 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 accounts, directors' report and auditor's report for 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 2022 and the related directors' report, auditor's report, including any questions of the auditor on matters relevant to their work. I'll give shareholders a minute or so to submit any questions.

There being no questions and no resolution required, I'll move to the item of business number 2 and this is the 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 2022 (sic) be adopted. On the screen you should see the current voting by proxy, having been received before proxies closed on Monday morning. Again, the resolution is that the remuneration report as set out in the annual report for the financial year ended 30 June 2022 (sic) be adopted. Are there any questions from shareholders?

There being no questions, I shall move to the next item of business. As I said the final voting, including the votes that are cast today, will be announced to the ASX and available on our website. We think towards this afternoon or towards the end of the day anyway. The third item of business is the re-election of Kate Greenhill and the resolution is that Kate Greenhill, Director, be reappointed as a Non-Executive Director of the Company. In accordance with the Company's constitution, Kate is retiring from office and being eligible, is standing for re-election. The Board endorses Kate's re-election. We will now view Kate's pre-recorded presentation.

Julie Orr: Thank you, Mr Chairman. 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've been a Director for four and a half years, having been appointed in February 2018. I'm also a member of the Remuneration Committee, Audit, Risk and Compliance Committee and Investment Committee. I have over 12 years of...

Kate Greenhill: Good morning. For those of you who don't know me, my name is Kate Greenhill. I joined Australian Ethical in 2013, when the funds under management was around \$600 million and the share price adjusted for the share split was approximately \$0.20. It has been a pleasure and honour to work with Australian Ethical during this time. I believe the clear purpose and strong values of all who work at Australian Ethical has been a key driver of its success and growth.

Prior to joining Australian Ethical I was a partner with PricewaterhouseCoopers, where I provided audit and assurance services to organisations in the financial services sector. I worked with PwC for close to 20 years, including four years in the UK. The work I did with PwC gave me great insight into organisational structure, risk management and culture across a wide range of companies.

I've also worked with a number of not-for-profit organisations and I'm currently on the board of a not-for-profit organisation in the education sector. My role with Australian Ethical includes being Chair of the Audit, Risk and Compliance Committee. During my time with Australian Ethical, the risk management framework has continued to evolve to meet regulatory expectations and to ensure that the appropriate framework is in place to support the growth and operations of the Company.

I spend times with both the internal and external auditors to be comfortable that we have the right controls in place and that these controls are working effectively. I believe we have a good mix of skills and experience on the Board of Australian Ethical and we are all committed to addressing the challenges and needs of the business and positioning the Company for future growth. I very much appreciate your support in my re-election as a director. Thank you.

Steve Gibbs: Thank you. Apologies, we had a little hiccup at the start of that by showing the start of Julie's pre-recorded address, but we're over that and thanks, Kate, for that. Are there any questions of Kate please? No questions are coming through.

So that being the case, I'll move to the next item of business, which is the re-election of Julie Orr. The resolution is that Julie Orr, Director, be reappointed as a 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. We will now view Julie's pre-recorded presentation.

Julie Orr: Thank you, Mr Chairman. 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've been a Director for four and a half years, having been appointed in February 2018. I'm also a member of the Remuneration Committee, Audit, Risk and Compliance Committee and Investment Committee.

I have over 12 years of experience as a company director, serving on both listed, unlisted, superannuation and not-for-profit boards and 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 positions in superannuation, investments, financial advice, stockbroking, insurance, acquisitions and business transformation.

The Board of Australian Ethical is a highly collaborative Board, with a key focus on investor returns, whilst producing a positive environmental, social and governance impact. Over the last year, we have strengthened our investment credentials by appointing three independent committee members to our Investments Committee and we continue to enhance our asset allocation process via the implementation of a new strategic asset allocation model.

We've also continued to focus on scaling our business to ensure Australian Ethical meets the growing demands for ethical investment. We have upgraded our technology and streamlined the customer experience, launching a new phone system and an app to digitise the managed fund investor experience. Most recently, we've focused on the investment and other integration work necessary to successfully manage the transfer of Christian Super members and funds to Australian Ethical.

This work continues to pay dividends for Australian Ethical, with strong customer growth and numerous industry awards. We are proud of the 20% growth in retail and wholesale flows to \$1.14 billion for the 2022 financial year. Our strong staff engagement was maintained throughout the year, with top quartile net promoter scores. The staff and Board maintained a shared purpose that underpins our business and commitment of our people. During 2022, we successfully navigated COVID-19 by protecting our workforce and keeping our business performing.

I have demonstrated a strong commercial and strategic focus to ensure the Board strategy is agreed and implemented with robust oversight. I have sufficient time to meet what is expected of me as a Director of Australian Ethical and I'm used to working in complex, highly regulated environments. I look forward to working on behalf of the shareholders and clients of Australian Ethical if you re-elect me today. Thank you.

Steve Gibbs: Thank you, Julie. Are there any questions of Julie? There being no questions, we will be closing the meeting shortly. A final reminder for those shareholders who have not voted, you should do so now if you intend to. I will keep the online voting open for another five minutes. At the end of that five minutes I will declare voting closed and I will close the meeting. Thank you, the five minutes will begin now.

Thank you, everyone. The five minutes I've allowed for shareholders to complete voting if they intend to is now expired, so I will declare voting now closed, thank you. There being no further business, I thank you all for your attendance today and declare the 2022 annual general meeting of Australian Ethical Investment closed at 10:55. Thank you.

End of Transcript