

ASX Code: AEF

21 June 2012

Opening Address to the AEI General Meeting on 21 June 2012

I am Andre Morony, the Chair of the Board of Australian Ethical Investment Limited. I am informed that we have a quorum and I now declare this meeting open.

I would like to acknowledge the traditional owners of the land we are meeting on today, the Ngunnawal people.

I would like to acknowledge attendance here tonight by the current Board of AEI,

- Louise Herron;
- Justine Hickey;
- Stephen Newnham; and
- The Managing Director, Mr Phillip Vernon

I would also like to welcome five people who have put themselves up for election to the AEI Board,

- Stephen Hyam;
- Susanne Jones;
- Penelope Le Couteur;
- James Thier; and
- Timothy Xirakis.

We also have James Lonie from Henry Davis York with us.

This meeting has been called by three shareholders, Mr Howard Pender, Mr James Their and Ms. Caroline Le Couteur. They have proposed 11 resolutions. One of the resolutions proposed concerns who should Chair this meeting. The AEI constitution is very explicit on this point. Rule 10.4 provides that the Chair of the Board of Directors "must if willing preside as Chair at every general meeting". I am willing and therefore I will Chair this meeting. As proposed Resolution 1 conflicts with the Constitution, it is beyond the power of the shareholders to appoint a chair other than the Chairman of the Board to chair the Meeting; I will not therefore put that resolution to the meeting.

I am pleased that the other ten resolutions are finally being dealt with at this meeting tonight. The campaign that has been run by Mr Pender and his colleagues has been very disruptive to all the stakeholders of AEI. It has been disruptive to:

- its staff, (the staff in fact at one point felt they had to write to Mr Pender, Mr Thier and Ms Le Couteur asking them to stop involving the staff in the campaign);
- AEI's shareholders;
- investors in AEI's funds; and
- AEI's Board.

The campaign has:

- involved the circulation of material to AEI shareholders that the Board has been advised by a lawyer is defamatory;
- it has involved the lodgment of over 100 resolutions to AEI to be dealt with at a general meeting;
- it has been dragged through the press;
- it has involved proposals that the company sue various officers; and
- it has involved complaints to AEI's regulators, ASIC and the Australian Stock Exchange. I should say that none of these complaints to AEI's regulators has evoked any interest or further action from them.

As I say, hopefully all this ill-will and distraction can be ended tonight and I note that the notice of meeting that was sent out by Mr Pender and his colleagues carries a statement that the nominee Directors have undertaken to "always respect shareholders, particularly their right to know what's going on and to vote".

I hope that all shareholders endorse this sentiment and respect the outcome of tonight's vote. AEI cannot afford to have this campaign continue beyond tonight. Let us accept the shareholders verdict and let the Board, whoever is on it, get on with pursuing AEI's mission.

I propose now to offer each person named in the ten resolutions the opportunity to speak for a few minutes. I will then allow questions to be put to the person. I will start with Mr Xirakis and proceed in the order of the resolutions. After the last person has been heard and if necessary questioned I will vacate the Chair and hand over to Ms. Hickey while I speak and take any questions concerning the resolution that concerns my position on the AEI board. I will then resume the Chair and we will conduct the ballot.

All resolutions will be determined on a poll. Shaun Rosenbaum from Boardroom Pty Limited will be the returning officer and he will explain the procedure for casting votes at the relevant time.

End/.