

## PROXY VOTING REPORT 2012

The summary for our proxy voting record for the period 1 July 2011 to 30 June 2012 is attached, covering both domestic and international stocks.

Our proxy voting policy is that we are 'committed to voting on company resolutions where we have voting authority and responsibility to do so' consistent with IFSA Standard 13.00 – Proxy Voting.

The summary covers the following trusts:

- Australian Ethical Balanced Trust
- Australian Ethical Smaller Companies Trust
- Australian Ethical Larger Companies Trust
- Australian Ethical International Equities Trust
- Advocacy Fund.

No shares are held in the Australian Ethical Cash Trust, Australian Ethical Fixed Interest Trust, or the Australian Ethical Property Trust. These Trusts do not, therefore, need to be included in the summary.

A total of 994 resolutions were received. It should be noted that:

- holdings in some companies were sold prior to an annual general meeting being held;
- annual general meetings were held prior to us having holdings in some companies; and
- some resolutions were voted on at extraordinary or special general meetings for specific issues.

Of the 994 resolutions voted on across the five trusts, 964 were voted 'for', 18 were voted 'against', we 'abstained' from voting on 7 resolutions and 5 were 'vote for pay frequency'.

### **Negative votes**

The negative votes related to:

- insufficient detail being provided;
- appointment of directors (reasons included lack of experience and being responsible for poor performance of a company);
- remuneration issues (including director fees and CEO severance payments); and
- resolutions that may not be in the best interest of shareholders (including misuse of shareholder funds).

### **Abstained votes**

The resolutions we abstained from voting on related to:

- insufficient detail being provided;
- being unable to access an English explanation of source documents, for example, explanatory memorandums; and
- local issues difficult for analysts to vote on.

### **Vote for pay frequency resolutions**

Many US companies have included a resolution with regards to 'say on pay frequency' in the past 12 months.

August 2012

## Proxy Voting Summary 2011-12

	Number voted for	Number voted against	Number abstained	Pay Frequency Votes	Total Resolutions
<b>Australian Ethical Balanced Trust</b>	171	2	0	1	174
<b>Australian Ethical Smaller Companies Trust</b>	189	7	2	0	198
<b>Australian Ethical Larger Companies Trust</b>	194	3	0	1	198
<b>Australian Ethical International Equities Trust</b>	410	6	5	3	424
<b>Advocacy Fund</b>	0	0	0	0	0
<b>Total</b>	<b>964</b>	<b>18</b>	<b>7</b>	<b>5</b>	<b>994</b>

## Domestic stocks

	Number voted for	Number voted against	Number abstained	Pay Frequency Votes	Total Resolutions
<b>ASX listed companies</b>	554	12	2	2	570

## International stocks

	Number voted for	Number voted against	Number abstained	Pay Frequency Votes	Total Resolutions
<b>International companies</b>	410	6	5	3	424