

PROXY VOTING REPORT 2013

The summary for our proxy voting record for the period 1 July 2012 to 30 June 2013 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 1045 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 1045 resolutions voted on across the five trusts, 1006 were voted 'for', 38 were voted 'against and we 'abstained' from voting on 1 resolution.

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 resolution we abstained from voting on related to:

- the election of a new director since we felt the current director was doing an appropriate job.

August 2013

Proxy Voting Summary 2012-13

	Number voted for	Number voted against	Number abstained	Total Resolutions
Australian Ethical Balanced Trust	0	0	0	0
Australian Ethical Smaller Companies Trust	228	18	0	246
Australian Ethical Larger Companies Trust	242	13	0	255
Australian Ethical International Equities Trust	501	7	1	509
Advocacy Fund	35	0	0	35
Total	1006	38	1	1045

Domestic stocks

	Number voted for	Number voted against	Number abstained	Total Resolutions
ASX listed companies	505	31	0	536

International stocks

	Number voted for	Number voted against	Number abstained	Total Resolutions
International companies	501	7	1	509