

**Australian
Ethical**

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2025 Annual Report





About the report

Welcome to the Australian Ethical Investment Limited (Australian Ethical) Annual Report for 2025.

We have included the performance for Australian Ethical Investment Limited ('Australian Ethical', 'AEI', the 'Company' or 'Parent entity') and the entities it controlled during the year including Australian Ethical Superannuation Pty Ltd ('Australian Ethical Super', 'AES') and the Australian Ethical Foundation Limited ('The Foundation'), for the period 1 July 2024 to 30 June 2025 ('FY25') in this report.

Our purpose is investing for a better world. This means that as well as striving to deliver great investment outcomes for our customers, we must also understand, measure and mitigate our impacts on people, on animals and on the world around us.

Our annual and sustainability reporting along with our 2025 Data Book and 2025 Ethical Stewardship Report reference the Global Reporting Initiative's (GRI) Sustainability Reporting Standards and continue our long history of providing best practice reporting on how we make money matter.

We have continually evolved our sustainability reporting to reflect developing global standards. Since 2002 we have used the GRI reporting framework to help us track and report our impacts. In 2017 we mapped the alignment of our listed share investments to the United

Acknowledgement of Country

Australian Ethical has offices on Gadigal country in Sydney, parts of the Eora Nation, and on Wurundjeri Woi-wurrung and Bunurong Boon Wurrung country in Melbourne, a part of the Kulin Nation. Australian Ethical acknowledges the Traditional Owners of the country on which we work. We recognise and celebrate their continuing connection to land, waters and culture. We pay our respects to Elders past and present and thank them for protecting Country since time immemorial.

Nation's Sustainable Development Goals. In 2018 we released our first annual Taskforce on Climate-Related Financial Disclosures Report and in 2020 we added a statement to address our approach to Modern Slavery concerns. In 2022 we published our first standalone Ethical Stewardship Report.

This year our reporting covers our expanded portfolio of fixed income securities and we also highlight the nature-related impacts of our portfolio. Supporting information can be found in our 2025 Data Book, 2025 Ethical Stewardship Report and Modern Slavery Statement which are available on our website at: australianethical.com.au/shareholder/sustainability-insights/

KPMG has audited the financial statements within our Annual Report and provided limited assurance over a selection of data points. Data points that are covered by the limited assurance are identified in the document. KPMG's assurance opinion is available on pages 156 to 158.

We welcome your feedback on our reports. Please contact our Investor Relations team at aef_investor_relations@australianethical.com.au.

Our Corporate Governance Statement is available at australianethical.com.au/shareholder/corporate-governance

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Our Theory of Change

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Our purpose is to invest for a better world
 We believe investing can deliver both attractive investment returns while also influencing progress towards a better future for the planet and all its inhabitants.



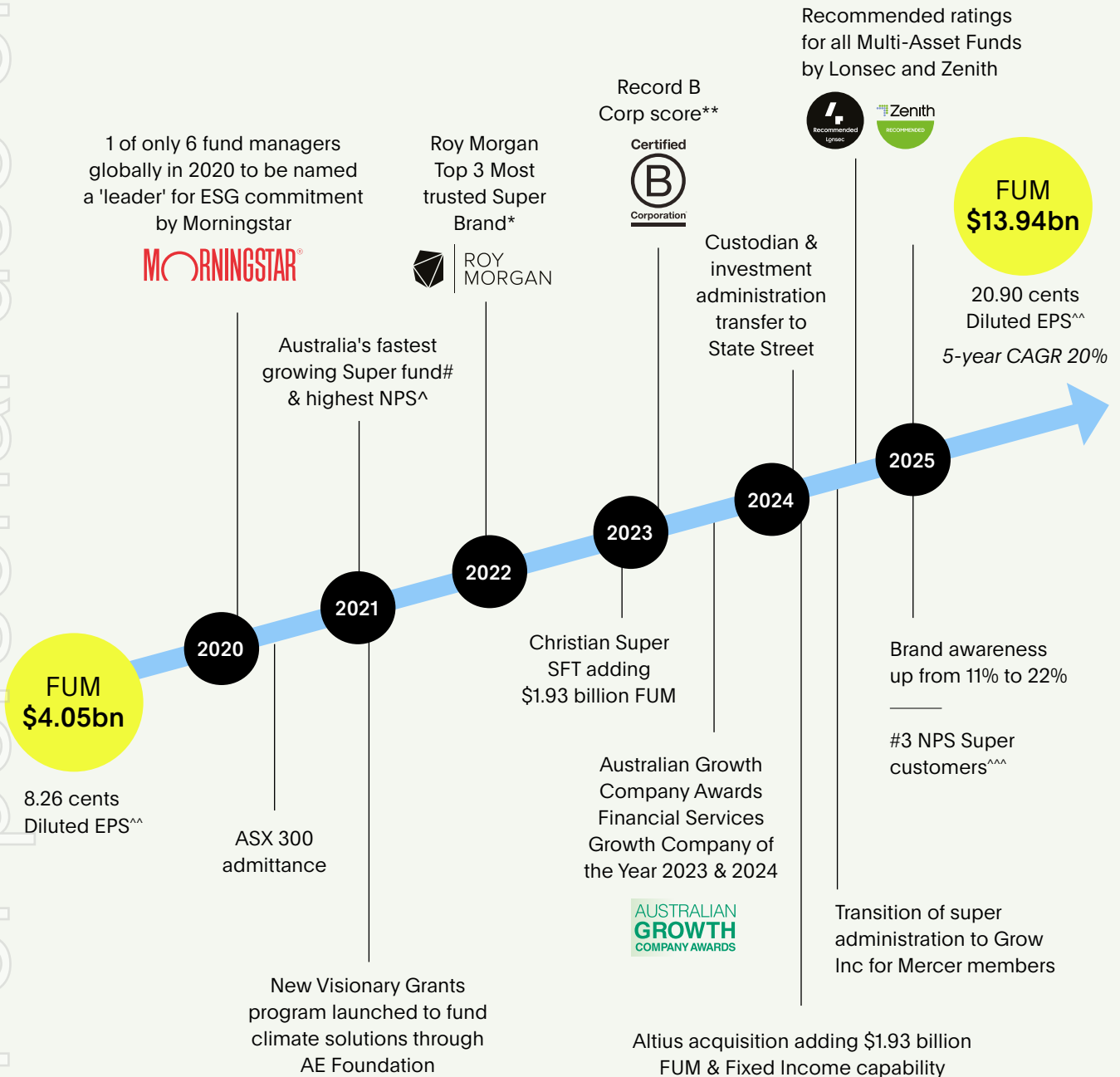
... then we will begin to see these changes...



Eventually we expect to reach a tipping point where money is a force for good
 An equitable future for people, planet and animals

Our journey

We continue to execute on our strategy which has delivered strong results. Strong growth in key metrics and continued strengthening of our business platform sees us well placed for further growth.



KPMG 2022 Super Insights Report, published May 2022, using statistics from APRA and ATO as at 30 June 2021
[^] #1 NPS for super, customer advocacy and HNW managed funds investors. Investment Trends Super Member Engagement Report 2022 – Independent research with 23 major super funds surveying over 7,500 Australians. Investment Trends High Net Worth Investor Report – November 2021
^{*} 2023 Roy Morgan Trusted Brand Awards Report
^{**} At date of last assessment – 13 July 2023
^{^^} Based on UPAT attributable to shareholders for FY20 to FY25
^{^^^} Investment Trends Super Member Engagement Report 2025

Message from the CEO



John McMurdo, Chief Executive Officer & Managing Director

Another year of record-breaking temperatures and extreme weather has brought the climate crisis closer to all our doorsteps. The need for both focused investment and bold action has never been as important.

We watched this year as catastrophic floods battered the mid-north coast of NSW, while Victoria and South Australia were gripped by severe drought. In 2024 alone – confirmed as the hottest year on record¹ – more than 30 weather events were declared natural disasters². It's not just the frequency, it's the intensity, the cost, and the heartbreak. The effect on our homes, communities and living standards is playing out in real time: 1 in 23 Australian homes are already thought at high risk from climate impact making them uninsurable, or subject to abnormally high insurance costs³.

The world needs to continue to reduce its reliance on emissions-intensive energy to slow warming in line with science-based targets. Great progress has been made but there's a long way to go. Global investment in clean energy is now nearly double that of fossil fuels, yet it's projected that we need more than US\$6 trillion globally each year to meet Paris-aligned targets⁴.

We know we have an important role to play, not just directing capital, but also guiding business leaders and policy makers to set ambitious targets and plans that accelerate the transition to cheaper, renewable energy. The magnitude of that role really hits home when you consider the growing influence of Australia's superannuation (pension) market, which is on track to be the second largest in the world by 2030.⁵

We need strong voices pushing businesses to do better, with more capital flowing to the right areas where our societies and economies are heading and away from companies with unsustainable practices. Too often we find we are the only voice at Australia's

corporate Annual General Meetings asking for better disclosure of climate risk, or only one of a few among our superannuation or managed fund peers pushing for alternatives to animal research or standing up to protect the natural habitats that underpin our ecological systems.

In the last 12 months we've continued to fulfill our purpose to invest for a better world on behalf of our customers, while also delivering investment returns and outcomes we believe serve as a proof point for what we do. I'm particularly pleased that the investment performance over the period has delivered positively for our members in the Multi Asset superannuation options and for investors across a range of our funds.⁶

If we continue to generate consistent returns over the long term, we expect to attract more people to invest with us, which will in turn help us to grow our influence and enable us to make a bigger difference. It's our Theory of Change.

As our funds under management has grown – now close to \$14 billion – so has our influence, which has resulted in more impactful company engagements. All the shareholder resolutions we co-filed in the last year, including with QBE, Westpac, National Australia Bank and Macquarie Group, saw an increase in support. Our most recent co-filed shareholder resolution calling on Macquarie Group to improve climate risk disclosure in July got 35% support from shareholders, ranking it in the top 5 climate-related shareholder resolutions in the world in the last 12 months⁷.

1 <https://www.nasa.gov/news-release/temperatures-rising-nasa-confirms-2024-warmest-year-on-record/>; <https://wmo.int/news/media-centre/wmo-confirms-2024-warmest-year-record-about-155degc-above-pre-industrial-level>

2 Source: Australian Senate Select Committee, Chapter 2, Impact of Climate Risk on Insurance Premiums and Availability

3 <https://www.climatecouncil.org.au/resources/escalating-climate-risks-for-aussies-homes/>

4 <https://www.unsw.edu.au/news/2025/05/can-sharper-financial-tools-give-australia-an-edge-in-the-global-green-race>

<https://www.lse.ac.uk/granthaminstitute/publication/raising-ambition-and-accelerating-delivery-of-climate-finance/>

5 www.theactuary.com/news/2025/02/20/global-pension-assets-climb-record-high

6 See pages 16 to 18

7 Based on FY25 climate change themed resolutions lodged on the UN's Principles for Responsible Investing (PRI) resolution's database, accessed 29 July 2025.

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We need the right infrastructure as well as the right business strategy to support our ambition to grow the business in line with the opportunity we believe is in front of us. In recent years we have upgraded and transitioned our custodian and investment administration services to State Street, we have commenced the staged rollout of the Charles River Investment Management System and Alpha Data Platform, and we have transitioned our superannuation administration from Mercer to GROW Inc.

With the business infrastructure largely in place or in progress, we have taken the next step to align our operating structure with our strategy. We now have two of our most experienced executives leading our two lines of business growth, each focused on scaling impact, deepening customer value, and unlocking operating leverage. Maria Loyez is responsible for the superannuation side of our business and Ludovic Theau is responsible for the investment management side.

We expect this refreshed structure will enable us to continue to leverage our strong brand and government mandated growth in super, while unlocking the potential growth and latent brand value in non-super managed funds. We believe this sharper focus will enhance our authenticity and ability to attract partners, customers and talent under our existing vision, purpose and values.

This is an exciting time for us, and we know we couldn't have achieved what we have to date without the support of all our stakeholders including our shareholders, customers, and the entire Australian Ethical team. As we broaden and grow our influence, our purpose remains unwavering, guided by our Ethical Charter, with our Theory of Change at the heart of everything we do.

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Message from the Chair



Steve Gibbs, Chair

It's been an important year for ethical investing – and for us. We've grown, delivered strong results for shareholders, and continued to prove that you can do well by doing good.

One of the most pleasing things about the last 12 months and recent years is the increasing interest people have in what we do. As we grow, and as we work hard to improve outcomes for customers and investors, we continue to be a proof point for ethical investing and a topic of conversation. We relish this visibility because it gives us more influence and enhances our potential to make a bigger difference.

We have seen this visibility translate to progress in our company and policy engagements, with great progress in discussions with companies to do better on climate disclosure both behind closed doors and publicly at AGMs.

The media is also keen to know what we are doing and how we think, reflected in the regular mentions and prominent coverage in mainstream and financial press. This all ties back to our Theory of Change, which underlies our reason for being. This guides us to continue to improve outcomes, attract more customers and quality partners, so we can continue to grow and amplify our influence.

The size and quality of our business is an essential part of all this. If we are successful and continue to grow, then we will be a role model for others to join and follow. In the last 12 months we have grown our funds under management to \$13.94 billion, a 34% uplift on the previous year. This increase in funds under management was driven by our investment performance, net positive flows from customers, as well as our acquisition of specialist fixed income funds manager, Altius.

Our higher purpose drives us to do better for shareholders as well. In the 12 months to the end of July we delivered a record Total Shareholder Return (TSR) of 51%, an improvement on the 47% we delivered year on year over the last three years, reflecting both stronger earnings and our commitment to disciplined cost management.

Generating investment returns for our customers is at the heart of what we do, and our managed funds and superannuation returns over the last 12 months – and over the long term – have shown you don't need to sacrifice returns to invest ethically. We have proven this in volatile and changeable financial markets, against the backdrop of new waves of progress in Artificial Intelligence, and amid escalating geopolitical conflict. We continue to work hard to ensure we are building long-term value creation for our superannuation customers, guided by the same Ethical Charter we have been using for almost 40 years.

In the last 12 months Australian Ethical Super was awarded Sustainable Fund of the Year 2025 from both SuperRatings and the Super Review, and our pension product was rated Best ESG Pension Product by Money Magazine. We've also achieved Recommended ratings from researchers Zenith and Lonsec across multiple managed funds, and our Australian Shares Fund was again named Best Ethical Overseas Fund in New Zealand's Mindful Money Awards⁸.

The global conversation on sustainability seems different to a few years ago. There's now more polarisation, and more scrutiny of what is authentic and purpose – driven ethical or sustainable investing. While in the US, policy has created some overt anti-ESG sentiment, we see that Europe is pressing ahead with stronger performance and measurement standards. In Australia, closer regulatory and media scrutiny has made some investment managers more cautious about how they communicate their commitments.

We see that genuine underlying progress sets up more opportunities for investment managers like us to lead with clarity, conviction, and substance – and to find the innovations and technologies most likely to drive the low-carbon transition while generating strong long-term returns.

There's never been a more important time to be visible and have a voice on the big topics facing our world, including on climate change, by not only investing for a better world, but pushing our Government for transformative science-based targets.

⁸ See page 15 for more information on awards and ratings.

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As we grow, and as we work hard to improve outcomes for customers and investors, we continue to be a proof point for ethical investing and a topic of conversation.



FY25 - a record result

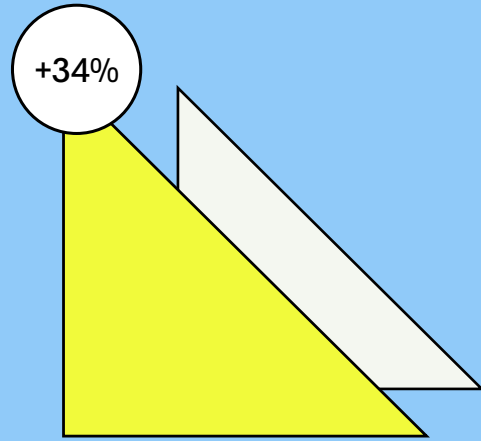
\$13.94 bn record FUM

+\$593m

organic net flows

+\$119.4m

record revenue



+29%

\$23.8m in underlying profit after tax

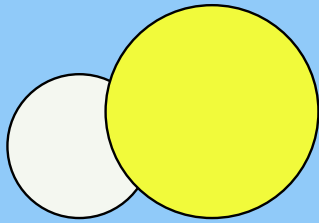
+68%

\$19.9m in net profit attributable to shareholders

71.4% CTI

Cost to income ratio (improvement from 73.7% in FY24)

Brand awareness +100%⁹



Up from 11% to 22%⁹

Significant uplift in investment capability

- Altius acquisition completed
- Expansion of asset classes: Fixed Income, Private Markets
- Key new hires in investment team delivered enhanced capability

#3 NPS

for super members¹⁰

Awards across multiple facets of business¹¹

#1 NPS

Among advisers¹²

⁹ YouGov Brand Health Index July 2025

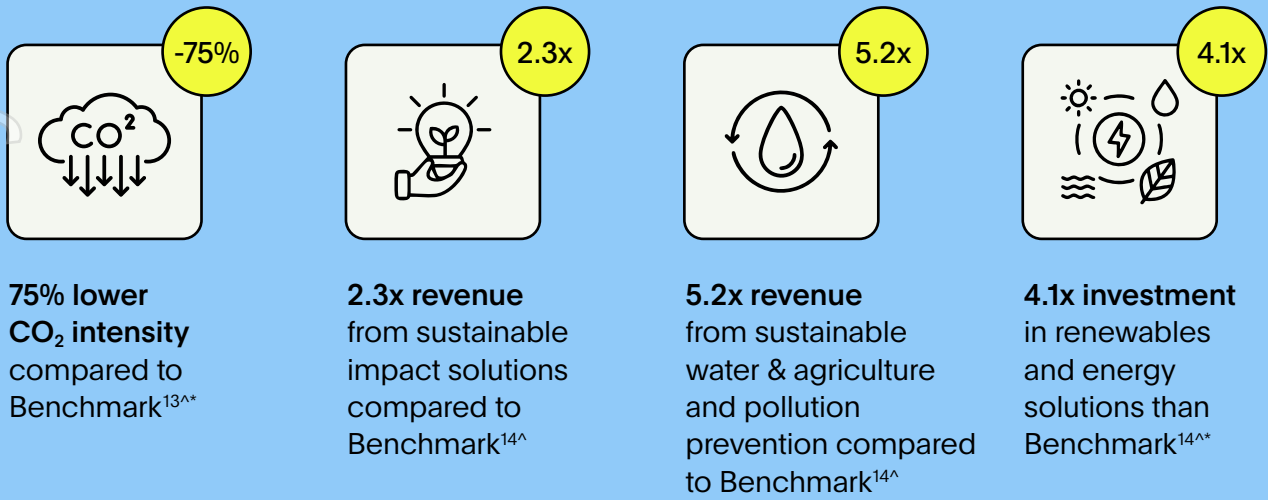
¹⁰ Net Promoter Score raking of 3 out of 23. Investment Trends Super Member Engagement Report 2025. Independent research with 23 major super funds.

¹¹ See page 15

¹² Against a peer set of active Australian small and mid-cap managers - CoreData research: Bi-Annual Tracker Report; Q1 2025.

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Our portfolio@



Impact through our Foundation

- **10%** yearly profits donated through the Foundation (after tax and before bonuses)
- **\$13m+** cumulatively allocated to charitable organisations¹⁵
- **\$2.8m** record donation to the Foundation

Active stewardship

- 400+** engagements for people, planet, animals¹⁶
- ~130** proactive engagements ~25% committing to change^{17*}
- Top 5** most supported climate-themed shareholder resolutions globally¹⁸

¹³ Scope 1 and 2 carbon intensity is measured as tonnes CO₂e per million \$ revenue earned by companies in which we invest through both listed shares and public corporate fixed income securities.

¹⁴ Based on the revenue from sustainable impact solutions earned by companies in which we invest, through both listed shares and fixed income securities, and the proportion of our investments in the relevant category of solutions.

¹⁵ Since 2010

¹⁶ We count one engagement where we engaged with a company on a topic or series of topics. There may be multiple activities within that engagement. For example, our engagement with Westpac is counted as one engagement which included meetings, emails and co-filing a shareholder resolution. We may count two engagements with a company if there were separate activities on entirely separate topics.

¹⁷ Our 'proactive' engagement count includes where we engaged directly with a company, government or other entity; we actively contributed to collective engagements (as distinct from simply 'signing on'); we used a nominal advocacy holding to support shareholder resolutions; or we co-filed a resolution. Commitments to change are commitments made by the engaged entity after our engagement commenced, that reflect progress towards the ultimate objectives of the engagement beyond acknowledgment of an issue. They may be identified through e.g. direct company responses, company reporting or actions taken, changes to government policies or draft legislation, or actions taken by industry associations. For examples of commitments, see our Stewardship Report: australianethical.com.au/why-ae/ethical-stewardship/

¹⁸ Based on FY25 climate change-themed resolutions lodged on the UN's Principles for Responsible Investing (PRI) resolutions database, accessed 29 July 2025.

@ We report on our investments in listed shares and fixed income securities because these comprise a large proportion of our total funds under management (~81.0%), and because data is less readily available across our other investments.

^ Compared to a blended benchmark that best reflects the benchmarks used by the underlying investment strategies. Based on holdings at 30 June 2025 and analysis tools provided by external sources which cover ~74% of the investments we hold by value other than wholesale cash fund and mandates. Both carbon intensity and sustainable impact solutions revenue relate to the listed companies and public corporate fixed income securities in which we invest across our funds and options. This should not be considered representative of individual funds or options which will have their own mix of share and other investments. See pages 153 to 155 for more information about this comparison.

* Indicates FY25 metric included in KPMG's Limited assurance scope.

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CIO report

Ludovic Theau, Chief Investment Officer



It's been a year of meaningful progress – strengthening our investment capabilities, deepening partnerships, and delivering outcomes for our customers. Amid shifting global trade arrangements and investment market repricing, our commitment to investing and advocating for a better world remains as strong as ever.

We finished the last 12 months not only delivering the investment returns set out on pages 16 to 18 of this report, but with stronger capabilities and teams operating at a higher level across all asset classes. The progress we have made to build our investment management presence across the risk spectrum sets us up well for future growth.

The completion of the Altius Asset Management business acquisition in September 2024 was a key milestone for us, representing an important uplift in our active fixed income capabilities. This has also resulted in a pleasing infusion of knowledge, experience and leadership into the broader investment team.

Another notable development has been the acceleration of our private markets strategy, which has resulted in new investments and high-quality partnerships, giving us a stronger platform to pursue greater ethical innovation and diversification.

Above all, we have continued to strengthen our commitment to ethical investing with deeper expertise and capabilities, guided by our almost 40-year-old Ethical Charter.

Investment performance and volatility

Investor enthusiasm for technology and artificial intelligence, escalating conflicts in the Middle East, and protectionist policy announcements from the United States were among the big events and themes shaping investment markets in FY25. These events led to sharp sell offs at certain times, but investment markets proved resilient and bounced back strongly to be trading at near or above all-time highs by the financial year-end.

While slowing global growth emerged as a concern for investors earlier in the year as the foreshadowed US trade tariffs began to materialise, resilient consumer spending in the US, a gradual recovery in Europe, and more targeted stimulus measures in China seemed to alleviate these fears. Inflation pressures eased unevenly – more significantly in developed markets and less so in emerging economies – allowing central banks to begin cautiously lowering policy rates in the first half of 2025. This helped support investment returns, but we remain watchful of high public market valuations leading into the 2026 financial year and beyond.

I'm pleased with the way our strategies navigated these unfolding market scenarios, in many cases meeting and exceeding benchmarks and objectives. The returns for our Balanced, Growth and High Growth superannuation options ranked these options in the top 20 in the country for the 12 months to the end of June¹⁹. Meanwhile, our retail Australian Shares Fund and Emerging Companies Fund reached significant milestones during the period, celebrating 30 years and 10 years respectively and outperforming their corresponding mainstream benchmarks during these periods.²⁰ Notably, the retail Emerging Companies Fund

¹⁹ SuperRatings, Fund Credit Rating Survey, June 2025

²⁰ Retail fund performance is net of fees. Australian Share Fund returned 9.7% p.a. since inception in Sept 1994 compared to its 65% ASX 100 / 35% ASX Small Ordinaries benchmark which returned 7.5% p.a. over the same period. Please note the ASF Benchmark changed from S&P/ASX 300 Accum Index to 65% ASX 100 Total Return Index/35% ASX Small Ordinaries Total Return Index from 30 Sep 2023. Previously, benchmark changed from S&P/ASX Small Industrials Index to S&P/ASX 300 Accum Index from 13 Aug 2019. The historical benchmark returns are calculated by linking these indices.

outperformed the ASX/S&P Small Industrials Index by close to 5% p.a. over the last decade.²¹

Another highlight from the past year was the performance of our systematic strategies. Both our Diversified Shares Fund and International Shares Fund (wholesale) returned more than 18% p.a. after fees during the 12-month period to the end of June.²² This shows the Ethical Charter that guides us to invest in companies that do good while avoiding the ones that don't is additive to returns in unpredictable and volatile market conditions.

Across the risk spectrum

To truly fulfill our vision and purpose to invest in a better world where money is a force for good, we need world class capabilities and investment partnerships across the risk spectrum and across asset classes, and I am pleased to reflect on the great progress we have made towards this in the last year.

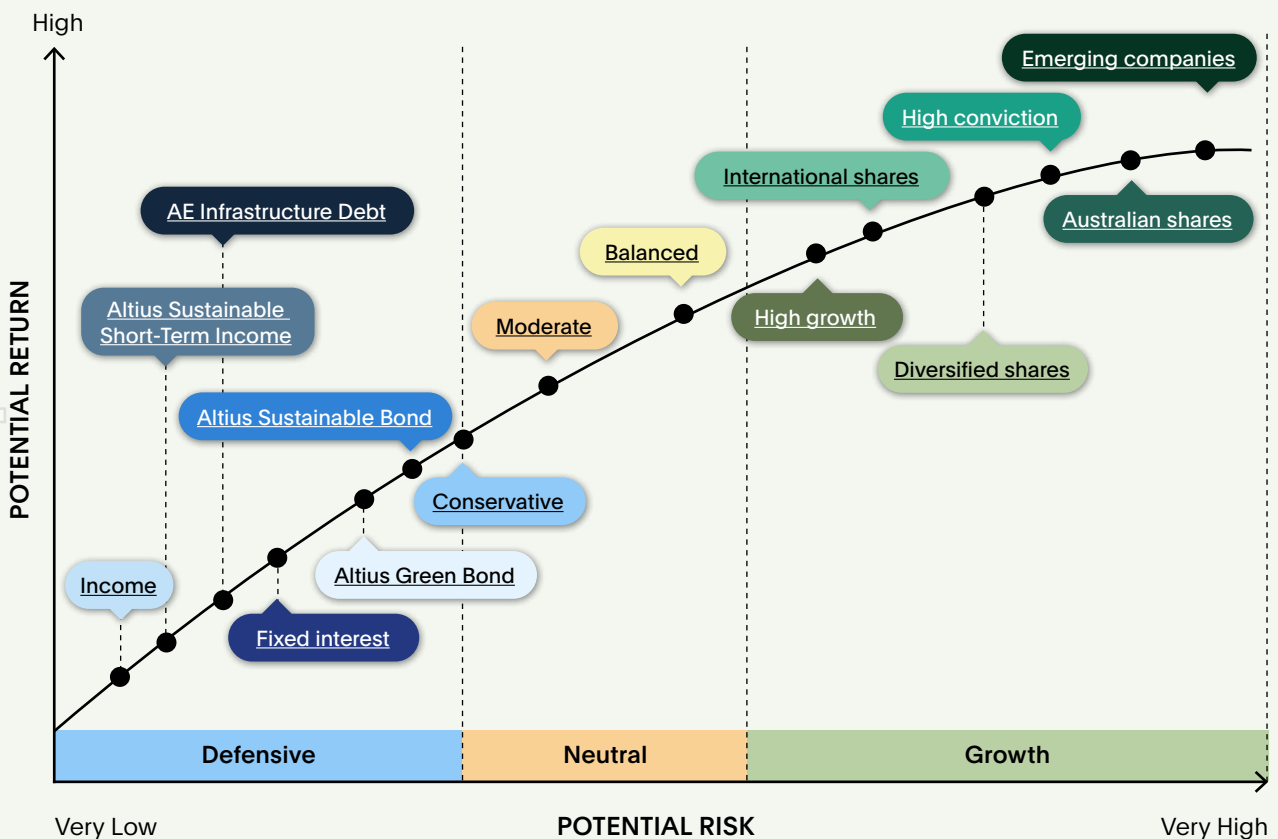
With the addition of the Altius fixed income capabilities, alongside the upgrading of our Multi-Asset and private markets capabilities, we now have an investment platform that can support a diversified and varied product offering which we can continue to grow and add to further in coming years.

In addition to the bedding down of the fixed income capabilities, private markets have been a key focus. They provide access to assets that directly address real-world needs while also offering valuable diversification, especially important at a time when listed market valuations continue to reach new highs.

We have forged new partnerships with top investment firms to explore new opportunities, including co-investments with Macquarie Asset Management on a new affordable build-to-rent project in Brisbane as well as renewably-powered Aligned Data Centres in the US, and with Palisade Impact to invest in Melbourne-based recycling company, Repurpose It. We continue to develop an active pipeline of opportunities and product initiatives in private markets in the year ahead.

Potential risk and returns **

This chart represents the potential risk and return characteristics of our suite of managed funds.



21 Emerging Companies Fund returned 11.5% p.a. since inception in June 2015 compared its S&P/ASX Small Industrials benchmark which returned 6.8% p.a. over the same period

22 See page 16

** It is not a forecast of actual risk or investment returns. The scale is indicative only.

High quality team & recognition

The uplift in our capabilities and our ability to continue to attract top investment talent continues to be recognised with accolades and researcher ratings rating upgrades. In particular, the Multi-Asset team led by deputy CIO John Woods secured 'Recommended' researcher ratings from both Lonsec and Zenith²¹ during the year, a great reflection of the progress and quality of the Multi-Asset approach which underpins our superannuation offering. These researcher upgrades also strengthen our sales conversations in the adviser and values-aligned customer segments. Meanwhile, Australian Ethical/Altius Green Bond Fund and Sustainable Bond Fund both received a 'Recommended' rating from Zenith.

Testament to the quality of talent we are attracting to the business, Nathan Parkin joined the team as Head of Equities in June. Nathan brings more than 30 years' experience in Australian financial markets, including as Deputy Head of Equities at Perpetual Investment and as Investment Director and co-founder of Ethical Partners Funds Management. Nathan will lead Australian Ethical's high-performing equities team and manage the Emerging Companies' portfolio after Andy Gracey, announced his resignation after 21 years at Australian Ethical. Andy will remain with Australian Ethical until December to assist in the handover of portfolio manager responsibilities to Nathan. I want to extend my congratulations and gratitude to Andy for delivering high quality outcomes for investors over more than two decades of service at Australian Ethical.

As I embark on my third year as CIO at Australian Ethical, I am invigorated by the progress we have made and excited by the opportunity ahead as we continue to find more opportunities – across its listed, non-listed, equity and debt – to get capital to where needed the most to invest in a more sustainable, low carbon future.

21 For further information see pages 153 to 155.

Awards and recognition

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Superannuation

Super Review Super Fund of the Year Awards
Sustainable Super Fund of the Year 2025



Money Magazine Awards
Best of the Best – Best ESG Pension Product 2025



Rainmaker ESG Leader Rating 2022-2025



Rainmaker
AAA Quality Rating 2021-2025



SuperRatings GOLD²⁴
For MyChoice Super 2025



Roy Morgan NEO Brand Awards
Financial Partner of the Year 2025

Customer experience

CSIA Australian Service Excellence Awards

- 2024 Best of the Best: Caroline Maillols
- Customer Service Professional of 2024 (Service Hero): Avir Alagh

Certified for Impact

Record B Corp score²⁵



Investments

Financial Standard Investment Leadership Awards
Australian Ethical Diversified Shares Fund – Winner Australian Equities: High Active Risk 2024



Mindful Money Awards
Australian Ethical Australian Shares Fund – Best Ethical Overseas Fund 2024-2025



Lonsec
Rated “Recommended” Australian Ethical Multi-Asset Funds 2025[#]



Zenith
Rated “Recommended” Australian Ethical Multi-Asset Funds 2025[#]
Australian Ethical / Altius Green Bond Fund and Sustainable Bond Fund 2025[#]



Responsible investment leadership

RIAA Responsible Investment Leader
since 2024[#]



Persephone Fraser, Ethical Stewardship Lead
Winner - Best in Corporate Engagement Award at the 2024 IGCC Climate Leaders Awards

Growth

Australian Growth Company Awards
Financial Services Growth Company of the Year 2023- 2024



24 The rating is issued by SuperRatings Pty Ltd ABN 95 100 192 283 AFSL 311880 (SuperRatings). Ratings are general advice only and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and SuperRatings assumes no obligation to update. SuperRatings use proprietary criteria to determine awards and ratings and may receive a fee for the use of its ratings and awards. Visit superratings.com.au for ratings information. © 2023 SuperRatings. All rights reserved

25 Highest scoring Certified B Corporation in Australia & NZ at date of last assessment – 13 July 2023

Full disclaimers available on page 159

Investment performance

Managed Funds returns to 30 June 2025

Fund performance	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.
Fixed Income					
Income Fund	4.9	4.3	2.6	2.3	2.0
Benchmark: Bloomberg AusBond Bank Bill Index ²⁵	4.4	3.9	2.3	2.1	2.0
Income Fund (Wholesale)	4.9	4.3	2.6	2.3	2.2
Benchmark: Bloomberg AusBond Bank Bill Index ²⁵	4.4	3.9	2.3	2.1	2.0
Altius Short Term Income Fund	5.4	5.1	n/a	n/a	n/a
Bloomberg AusBond Bank Bill Index	4.4	3.9	n/a	n/a	n/a
Fixed Interest Fund	6.5	3.5	-0.6	1.2	1.4
Benchmark: Bloomberg AusBond Composite	6.8	3.9	-0.1	1.8	2.3
Fixed Interest Fund (Wholesale)	6.8	3.7	-0.4	1.5	1.9
Benchmark: Bloomberg AusBond Composite	6.8	3.9	-0.1	1.8	2.3
Altius Green Bond Fund	7.3	4.3	n/a	n/a	n/a
Benchmark: Bloomberg AusBond Composite	6.8	3.9	n/a	n/a	n/a
Altius Green Bond Fund (Wholesale)	7.4	4.4	-0.1	n/a	n/a
Benchmark: Bloomberg AusBond Composite	6.8	3.9	-0.1	n/a	n/a
Altius Sustainable Bond Fund (Wholesale)	6.3	5.0	1.5	1.8	2.1
Benchmark: 50% Bloomberg AusBond Composite / 50% RBA Cash Rate	5.5	3.9	1.1	1.9	2.1
Alternatives					
Infrastructure Debt Fund (Wholesale)	7.3	n/a	n/a	n/a	n/a
RBA Cash Rate Target	4.2	n/a	n/a	n/a	n/a
Multi Asset / diversified					
Conservative Fund (Wholesale)	7.6	n/a	n/a	n/a	n/a
SAA Weighted Benchmark	7.2	n/a	n/a	n/a	n/a
Moderate Fund (Wholesale)	10.2	n/a	n/a	n/a	n/a
SAA Weighted Benchmark	9.8	n/a	n/a	n/a	n/a
Balanced Fund	11.0	9.1	7.3	6.8	6.6
Benchmark ²⁶	11.5	10.7	8.4	7.5	7.5
Balanced Fund (Wholesale)	11.8	9.9	8.0	7.6	n/a
Benchmark ²⁶	11.5	10.7	8.4	7.5	n/a
Diversified Shares Fund	17.6	14.3	11.5	9.2	8.9
Benchmark ²⁸	15.1	15.3	12.9	10.1	9.6
High Growth Fund (Wholesale)	14.4	13.2	11.7	9.6	9.6
Benchmark ²⁷	14.1	14.3	12.6	9.9	9.4
Diversified Shares Fund (Wholesale)	18.1	14.8	12.1	10.0	9.8
Benchmark ²⁸	15.1	15.3	12.9	10.1	9.6
International equities					
International Shares Fund	17.6	18.2	14.0	11.9	10.6
Benchmark: MSCI World ex Aus ²⁹	18.6	20.4	15.8	13.6	12.5
International Shares Fund (Wholesale)	18.1	18.7	14.6	12.6	11.5
Benchmark: MSCI World exAus ²⁹	18.6	20.4	15.8	13.6	12.5

Fund performance	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.
Australian equities					
High Conviction Fund (Wholesale)	9.9	7.8	n/a	n/a	n/a
Benchmark: S&P/ASX 300 Accum	13.7	13.3	n/a	n/a	n/a
Australian Shares Fund	11.6	11.8	10.2	8.8	9.4
Benchmark: 65% ASX 100 / 35% ASX Small Ordinaries ³⁰	13.4	13.1	11.6	7.9	9.4
Australian Shares Fund (Wholesale)	12.3	12.4	11.0	9.6	10.4
Benchmark: 65% ASX 100 / 35% ASX Small Ordinaries ³⁰	13.4	13.1	11.6	7.9	9.4
Emerging Companies Fund	8.2	10.0	9.0	10.5	11.5
Benchmark: S&P/ASX Small Industrials	9.2	10.3	6.3	4.2	6.8
Emerging Companies Fund (Wholesale)	8.7	10.5	9.5	11.1	12.2
Benchmark: S&P/ASX Small Industrials	9.2	10.3	6.3	4.2	6.8

Total returns are calculated:

- using the sell (exit) price
- net of management fees
- gross of tax
- as if distributions of income have been reinvested at the actual distribution reinvestment price
- the actual returns received by an investor will depend on the timing, buy and exit price of individual transactions.

Figures for periods of greater than one year are on a per annum compound basis.

Return of capital and the performance of your investment in the fund are not guaranteed.

Past performance is not a reliable indicator of future performance.

25 Benchmark changed from Australian 90 Day Bank Bill to Bloomberg AusBond Bank Bill Index from 13 Aug 2019. The historical benchmark returns are calculated by linking indices.

26 Benchmark changed from Morningstar Multi-sector Balanced to SAA Weighted Benchmark from 1 Sep 2012. The historical benchmark returns are calculated by linking indices.

27 Benchmark changed from 75% S&P/ASX 200/25% MSCI World ex Australia to SAA Weighted Benchmark from 1 October 2021. Previously, benchmark changed from S&P ASX 200 to 75% S&P/ASX 200 Industrials/25% MSCI Global Climate from 29 August 2013, then to 75% S&P/ASX 200 Industrials/25% MSCI World ex Australia from 1 July 2016, then to 75% S&P/ASX 200/25% MSCI World ex Australia from 13 August 2019. The historical benchmark returns are calculated by linking indices.

28 Benchmark changed from 75% S&P/ASX 200/25% MSCI World ex Australia Net of tax and admin fees to 75% S&P/ASX 300/25% MSCI World ex Australia Net of tax and admin fees from 1 December 2024. The historical benchmark returns are calculated by linking indices.

29 Benchmark changed from MSCI Global Climate to MSCI World ex Australia from 1 July 2016. The historical benchmark returns are calculated by linking indices.

30 Benchmark changed from S&P/ASX 300 Accum Index to 65% ASX 100 Total Return Index/35% ASX Small Ordinaries Total Return Index from 30 Sep 2023. Previously, benchmark changed from S&P/ASX Small Industrials Index to S&P/ASX 300 Accum Index from 13 Aug 2019. The historical benchmark returns are calculated by linking these indices.

Super returns to 30 June 2025

	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.
Accumulation options**					
Defensive Accumulation	3.9	3.4	1.9	1.6	1.4
Benchmark: Bloomberg AusBond Bank Bills Index ³¹⁻	3.7	3.2	1.8	1.5	1.4
Conservative Accumulation	6.2	4.6	2.1	2.9	3.1
Benchmark: CPI + 1.25% [#]	4.0	5.4	4.9	4.2	3.7
Balanced Accumulation	10.5	8.8	7.3	7.0	6.8
Benchmark: CPI + 3.25% [#]	6.0	7.6	7.3	6.6	6.2
Growth Accumulation	11.5	10.1	8.7	7.8	7.5
Benchmark: CPI + 3.75% [#]	6.6	8.1	7.8	7.1	6.7
High Growth Accumulation	12.8	11.8	10.6	8.8	8.4
Benchmark: CPI + 4.25% [#]	7.1	8.6	8.3	7.6	7.2
International Shares Accumulation	16.0	16.5	12.9	11.1	9.7
Benchmark: MSCI World ex Australia ⁻	16.2	17.7	13.7	11.8	10.7
Australian Shares Accumulation	10.7	11.0	10.0	8.9	9.4
Benchmark: ASX 300 Monthly Index Accum. ³²⁻	11.9	11.6	10.3	7.1	8.3

Pension returns to 30 June 2025

	10 years % p.a.	7 years % p.a.	5 years % p.a.	3 years % p.a.	1 year %
Pension options**					
Defensive Pension	4.5	3.9	2.2	1.8	1.7
Benchmark: Bloomberg AusBond Bank Bills Index ^{30<}	4.1	3.6	2.1	1.7	1.7
Conservative Pension	6.8	5.2	2.3	3.2	3.3
Benchmark: CPI + 1.5% [#]	4.3	5.5	5.0	4.3	3.8
Balanced Pension	9.7	8.2	6.2	6.2	6.3
Benchmark: CPI + 2.75% [#]	5.5	7.1	6.8	6.1	5.7
Growth Pension	12.7	11.3	9.4	8.4	8.1
Benchmark: CPI + 4.25% [#]	7.1	8.4	8.0	7.3	6.8
International Shares Pension	17.1	17.9	13.7	11.8	10.2
Benchmark: MSCI World ex Australia ^{<}	18.3	20.0	15.4	13.3	12.1
Australian Shares Pension	11.5	11.8	10.7	9.5	10.0
Benchmark: ASX 300 Monthly Index (Accum.) ^{31<}	13.4	13.1	11.5	7.8	9.2

30 Net of % admin fees. Benchmark changed from Australian 90 Day Bank Bill to Bloomberg AusBond Bank Bill Index from 1 Dec 2019.

31 Benchmark changed from S&P/ASX Small Industrials Net of tax and %-admin fees to ASX 300 Monthly Index Accum. Net of tax and %-admin fees on 1 Dec 2019.

32 Benchmark changed from S&P/ASX Small Industrials Net of tax and %-admin fees to ASX 300 Monthly Index Accum. Net of tax and %-admin fees on 1 Dec 2019.

** Super and Pension returns are calculated in compliance with APRA SRS702. It is the return that would have been achieved for a representative member with a \$50,000 balance and no contributions, after all administration and investment fees, taxes and other costs. Past performance is not a reliable indicator of future performance.

CPI benchmarks are quarterly lagged, compounded monthly and reflect changes to the hurdle rates over time. CPI benchmarks are gross.

~ Net of tax and % administration fees

< Net of % administration fees

Key Management Personnel



John McMurdo
Chief Executive Officer and Managing Director
 MBA, FAICD

John brings more than 35 years of experience in investment management, private client advisory and wealth management across Australia and New Zealand, including more than 20 years in CEO roles at several leading investment and wealth management businesses.

In addition to his leadership of Australian Ethical, he is currently a Non-Executive Director of Australian Philanthropic Services, Australia's leading independent not-for-profit philanthropic services organisation, and a member of the Funds Management Board Committee of the Financial Services Council of Australia.

John has an MBA from Henley Business School (U.K.) and has been recognised as a Fellow of the Australian Institute of Company Directors (FAICD), based on his extensive Board and Directorship experience within and outside financial services.



Karen Hughes
Chief Risk Officer & Company Secretary
 BSc (Hons), ACA (ICAEW), GAICD

Karen is Company Secretary and is also responsible for the Risk Management Framework at Australian Ethical. Karen has over 25 years' experience in risk and compliance in Australia and the UK.



Ludovic Theau
Chief Investment Officer
 MEng, GAICD

Ludovic joined Australian Ethical in April 2023 as Chief Investment Officer. He has over 30 years of experience in ESG investing, funds management, commercial and investment banking and financial advisory.

Prior to joining, Ludovic was the Chief Investment Officer for the Clean Energy Finance Corporation, Australia's Green Bank. He also had previous roles at Hastings Funds Management, Westpac, ABN AMRO, Macquarie Bank, UBS and BNP Paribas.

Ludovic holds a Master of Engineering from Ecole Centrale de Paris, France, and is a graduate of the Australian Institute of Company Directors.



Maria Loyez
Group Executive Superannuation
 MEng

Maria is responsible for leading the strategic direction of the superannuation division ensuring that the fund delivers exceptional outcomes for members and maintains a competitive, innovative, and member centric superannuation offering.

Maria has more than 20 years strategic marketing, CX and leadership experience having previously held senior roles at neo-bank Volt, SocietyOne, OFX, AMP, Optus, and Virgin.



Mark Simons
Chief Financial Officer
 B Bus, CA, GAICD

Mark is responsible for business performance, financial control and fund accounting. Mark has more than 30 years' experience in financial services, having previously held senior roles within Australian Ethical, Challenger, Perpetual, Tyndall and KPMG.

Extended leadership team



Alison George
Chief Impact & Ethics Officer
 CA (Fellow), M (Env), BA (Juris)

Alison joined Australian Ethical in May 2023 to ensure our investments continue to meet our Ethical Charter and grow our positive outcomes for people, planet and animals.

Alison has more than 20 years' experience in responsible investment and stewardship, working with numerous industry leaders in her prior roles with Pental and Regnan. A Chartered Accountant, Alison also completed a Master of Environment and was previously a corporate sustainability advisor with EY.



Conrad Tsang
Chief Technology Officer
 BEng (Hons)

Conrad is responsible for developing Australian Ethical's technology and data capabilities, and aligning them to deliver positive impact and client outcomes. He has extensive experience in Investment Management, OTC Markets, Securities Services and Retail Banking having previously held roles in HSBC, Credit Suisse and UBS.



Eveline Moos
Chief People & Culture Officer
 BCom

Eveline is responsible for people and culture strategy and execution at Australian Ethical, aligning our people to Australian Ethical's purpose, business strategy and client outcomes. Eveline has extensive experience encompassing strategic and operational leadership with previous roles at First Sentier Investors, AMP Capital and Perpetual.

Australian Ethical Investment Limited and
its Controlled Entities

Annual Financial Report

30 JUNE 2025

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Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Australian Ethical Investment Limited (referred to hereafter as 'Australian Ethical', 'AEI', the 'Company' or 'Parent entity'), Australian Ethical Superannuation Pty Limited ('AES') and Australian Ethical Foundation Limited (the 'Foundation') and the other entities the Company controlled at the end of, or during, the year ended 30 June 2025.

Directors

The following persons were directors of Australian Ethical Investment Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Steve Gibbs

**Non-Executive Director since 2012
and Chair since 2013**

BEcon, MBA



Steve chairs the People & Remuneration Committee and the Nominations Committee, is a Member of the Due Diligence Committee and the Australian Ethical Investment Limited and Australian Ethical Superannuation Pty Limited Audit, Risk & Compliance Committees and a Member of the Australian Ethical Superannuation Pty Limited Insurance and Benefits Committee. He is Chair of Australian Ethical Superannuation Pty Limited and Australian Ethical Foundation Limited.

Steve is also the Non-Executive Chair of Netlinkz Limited. Steve has extensive experience at both an executive and non-executive level in the investment and superannuation industries, including being a former CEO of the Australian Institute of Superannuation Trustees, a former CEO of what is now Commonwealth Superannuation Corporation and a non-executive director of Hastings Funds Management and Westpac Funds Management. Steve has been recognised for his commitment to, and expertise in, ethical and responsible investing.

Kate Greenhill

Non-Executive Director since 2013

BEc, FCA, GAICD



Kate is Chair of the Australian Ethical Investment Limited and Australian Ethical Superannuation Pty Limited Audit, Risk & Compliance Committees and is a Member of the People & Remuneration Committee, and the Due Diligence Committee. Kate is a Director of Australian Ethical Superannuation Pty Limited and Australian Ethical Foundation Limited, and a Member of the Australian Ethical Superannuation Pty Limited Insurance and Benefits Committee.

Kate is a Fellow of the Institute of Chartered Accountants in Australia and a Graduate of the Australian Institute of Company Directors. Kate has over 30 years' experience in the financial services industry with extensive knowledge of finance and risk. As a former Partner with PwC, Kate has worked in both Australia and the UK, providing assurance and advisory services to clients. Kate is a Non-Executive Director, and Chair of the Audit, Risk and Compliance Committee of Integrated Research Limited and a Director and Chair of the Audit and Risk Management Group of Intersect Australia Ltd.

Julie Orr**Non-Executive Director since 2018**BEc, MCom, MCom(Hons), CA,
GAICD, FGIA

Julie is a Member of the People & Remuneration Committee, the Nominations Committee, the Investment Committee, the Australian Ethical Investment Limited and Australian Ethical Superannuation Pty Limited Audit, Risk & Compliance Committees. She is also a Director of Australian Ethical Foundation Limited, and a Non-Executive Director of CRC-SAAFE and a member of their Audit, Finance & Risk Committee.

She has over 20 years of experience in executive and board roles including experience with superannuation, investments, financial planning, stockbroking, research, insurance, audit, finance, acquisitions and business integration.

Julie's most recent executive experience was Group General Manager Corporate Development and General Manager Operations for Insignia (formerly IOOF). She was previously Director of Finance India and Asia Pacific for Standard and Poor's, Head of Research for Morningstar, Chief Operating Officer at Intech and Senior Audit Manager with EY. Julie's prior board experience includes Artistic Swimming Australia, Perennial Value Management, Ord Minnett, AvSuper and Masters Swimming NSW.

Sandra McCullagh**Non-Executive Director since 2023**

BA, BSc, MBA, FAICD



Sandra is Chair of the Investment Committee, and a member of the People & Remuneration Committee and Nominations Committee. She has a strong background in Environmental, Social & Governance (ESG) and experience on both the buy-side and sell-side. She was the former top-rated head of ESG and utilities equities research at Credit Suisse Australia. She is a director of Workcover Queensland, the Sunshine Coast Hospital & Health Board, and was a former trustee and Chair of the Investment Committee of QSuper, leading up to its merger with SunSuper.

Sandra is a Non-Executive Director of Sydney Dance Company.

Sandra has also been on the Board of the Investor Group on Climate Change, whose scope includes Australia, New Zealand and Asia, and the New Zealand Stock Exchange Corporate Governance Institute. Sandra is a Fellow of the Australian Institute of Company Directors and a member of Chief Executive Women.

Richard Brandweiner**Non-Executive Director since
1 September 2024**

BEc, CFA



Richard is a Member of the Investment Committee (from 27 June 2025) and the People & Remuneration Committee (from 1 July 2025). Richard has spent 30 years working across all asset classes in the investment management industry. Most recently he was Chief Executive Officer of Pandal Australia (formerly BT) and prior to this was Chief Investment Officer of Aware Super (formerly First State Super) and Group Executive at Perpetual Investments. During this time, he contributed extensively to the industry's professional bodies by being President of CFA Society of Sydney and serving on a number of boards at the Financial Services Council and the Association of Superannuation Funds of Australia (ASFA).

Richard currently holds a range of non-executive director roles, including as Chair of Impact Investing Australia, Investment Committee Director of the Northern Territory Aboriginal Investment Corporation and as a member of the NSW Government Social Impact Expert Advisory Group and the Connexus Institute Advisory Group.

Brian Bissaker**Non-Executive Director since
15 April 2025**

BEC, FCA, GAICD



Brian is a Member of the People & Remuneration Committee. Brian has spent thirty years in leadership positions within the financial services sector spanning funds management, superannuation, life insurance and banking. During this time, Brian was the CEO of Colonial First State and CEO of Virgin Money Australia, an Executive Vice President at BT Funds Management and a Group Executive of the Bank of Queensland. He also served the sector on the boards of both the Financial Services Council and ASFA and held a position as Adjunct Professor of the University of Sydney Business School teaching in the Executive MBA program.

For the past eight years, he has held non-executive director positions on the boards of companies including Citigroup, MetLife Insurance, IMB Bank and MyState Bank. He is also the Chair of Monte Sant Angelo Mercy College, a leading private girl's school.

John McMurdo**Chief Executive Officer and
Managing Director since
February 2020**

MBA, FAICD



John brings more than 35 years of experience in investment management, private client advisory and wealth management across Australia and New Zealand, including more than 20 years in CEO roles at several leading investment and wealth management businesses.

In addition to his leadership of Australian Ethical, he is currently a Non-Executive Director of Australian Philanthropic Services, Australia's leading independent not-for-profit philanthropic services organisation, and a member of the Funds Management Board Committee of the Financial Services Council of Australia.

John has an MBA from Henley Business School (U.K.) and has been recognised as a Fellow of the Australian Institute of Company Directors (FAICD), based on his extensive Board and Directorship experience within and outside financial services.

Former Directors**Mara Bûn****Non-Executive Director until
31 October 2024**

BA (Political Economy), GAICD

Mara was a Member of the People, Remuneration and Nominations Committee, the Investment Committee and the Australian Ethical Investment Limited and Australian Ethical Superannuation Pty Limited Audit, Risk & Compliance Committees. Mara was also Director of the Australian Ethical Superannuation Pty Limited. Mara continues as a Director of the Australian Ethical Foundation Limited.

Company secretary**Karen Hughes**BSc (Hons), ACA (ICAEW), GAICD,
FGIA

Karen is the Company Secretary and is also responsible for the Risk Management Framework at Australian Ethical. Karen has over 25 years' experience in risk and compliance in Australia and the UK.

Principal activities

Australian Ethical Investment Ltd's (AEI's) principal activities during the financial year were to act as the responsible entity for a range of public offer ethically managed investment schemes. In addition, its subsidiary, Australian Ethical Superannuation Pty Ltd (AES), acted as the Trustee of the Australian Ethical Retail Superannuation Fund ('Super Fund'). Other than what is described in this report, there were no significant changes in the nature of the Company's activities during the year.

For nearly 40 years our purpose has been to invest for a better world. We believe investing ethically can deliver both attractive investment returns and influence progress towards a better future for the planet and all its inhabitants.

We apply our comprehensive ethical approach to intentionally allocate capital to investments designed to deliver net positive environmental and social outcomes. We use our position as ethical investors to catalyse positive change for people, planet and animals.

We aspire to be a global role model delivering strong commercial success AND real-world impact through ethical investing.

Year in review

We are all too aware that planetary boundaries continue to be breached while short-termism and performative politics dominate the headlines. Multiple global climate monitoring agencies¹ agree that 2024 was the hottest on record. In Australia, this played out as severe drought in Victoria and South Australia contrasted with rainfall volumes breaking previous records and repeated, devastating flooding on the mid-north coast of NSW.

It was a challenging year for investors as polarisation in the lead up to the US election and the escalating conflict in the Middle East and Eastern Europe fuelled volatility in investment markets. The new US Administration stoked further volatility with seesawing tariffs and other geopolitical plays. The ensuing uncertainty has impacted consumer confidence and hampered many companies' abilities to execute on their growth plans.

Even the technology sector was buffeted, with the "Magnificent 7" getting caught up in the April 2025 "Liberation Day" sell-off. Share prices of the world's largest listed technology companies have since rebounded, with NVIDIA's strong results despite trade restrictions a proof point that the Artificial Intelligence theme and associated capital spending boom is still alive and well.

A global 'anti-woke' backlash saw many US-based global financial leaders abandoning their previously stated commitments to climate, and to the principles of diversity, equity and inclusion (DEI)². In fact, our investment and ethics teams had to step in to ensure our continued consideration of board diversity in investee companies when our proxy advisor deleted this criterion for the US market³.

In Australia, media and regulatory scrutiny of ESG-related claims led many investors to either water down or remain silent on their previous commitments to responsible investing for fear of being named and shamed. But as others have stepped back, we continue to press forward. We remain laser-focused on the challenges and opportunities represented by the transition to a low-carbon future, technological advancements and equity.

It is estimated that a "massive mobilisation" of capital – more than US\$6 trillion each year by 2030 – is needed to meet the Paris target⁴. Meanwhile Australia is on track to be the second largest super (pension) market in the world by 2030⁵. With this trajectory and its deep financial expertise, we believe Australia is well positioned to leverage this opportunity.

As ethical investors we are determined to play a leading role in this mobilisation. To that end we continued to build out the depth and breadth of our low-carbon, ethically screened product suite; advocate for policy clarity and certainty; and amplify our influence on Australian companies through our stewardship activities.

For decades our ethical investment approach has been delivering compelling results for our super members and investors in our managed funds⁶. In September 2024, we celebrated 30 years of our Australian Shares Fund (retail). Over the three decades to 30 June 2025 the Fund delivered a 9.7% annualised return net of fees, comfortably beating its benchmark⁷. In June 2025, we celebrated 10 years of our Emerging Companies Fund which has delivered 12.2% returns p.a. compared to its benchmark⁸ of 6.8% p.a. since it was launched⁹.

¹ <https://www.nasa.gov/news-release/temperatures-rising-nasa-confirms-2024-warmest-year-on-record/>; <https://wmo.int/news/media-centre/wmo-confirms-2024-warmest-year-record-about-155degc-above-pre-industrial-level>

² <https://sustainability-news.net/climate-nature/climate-alliance-exodus-banks-abandon-net-zero-pledges/>; <https://esgnews.com/major-banks-reduce-public-dei-commitments>

³ <https://insights.issgovernance.com/posts/statement-regarding-consideration-of-diversity-factors-in-u-s-director-election-assessments/>

⁴ <https://www.unsw.edu.au/news/2025/05/can-sharper-financial-tools-give-australia-an-edge-in-the-global-green-race>; <https://www.lse.ac.uk/granthaminstitute/publication/raising-ambition-and-accelerating-delivery-of-climate-finance/>

⁵ www.theactuary.com/news/2025/02/20/global-pension-assets-climb-record-high

⁶ Performance information is correct as at 30 June 2025. Past performance is not a reliable indicator of future performance. Ratings or investment returns are only one factor you should consider when deciding how to invest. For more information about managed fund performance see: <https://www.australianethical.com.au/managed-funds/performance-and-prices/> and for super see: <https://www.australianethical.com.au/super/performance-and-prices/>

⁷ Benchmark over 30 years: Since 30 September 2023 - 65% of the S&P/ASX100 Accumulation Index & 35% S&P/ASX Small Ordinaries Accumulation Index; 13 August 2019 to 30 September 2023 - S&P/ASX 300 Accum Index; prior to 13 Aug 2019 - S&P/ASX Small Industrials Index. The historical Benchmark returns are calculated by linking these indices and this delivered 7.5% return net of fees over the same period.

⁸ Benchmark over 10 years: S&P/ASX Small Industrials

⁹ Past performance is not a reliable indicator of future performance.

In addition to our resilient performance over the longer term, it was pleasing that all our Multi-Asset investment options for super members outperformed their respective performance targets after fees and taxes over one-year. In the period our Balanced (accumulation) super option delivered 10.5%, our Conservative option 6.2%, Defensive option 3.9%, Growth option 11.5% and our High Growth option 12.8%. Over the 10-year period the same options also outperformed their respective performance targets, except for the Conservative option which fell short by 0.7% p.a. and the Defensive option which met its performance target.¹⁰

While we always encourage our super members to focus on long rather than short-term returns, these results demonstrate how ethical investment can generate healthy returns while enabling our members to invest in line with their values.

Review of operations

Our business's strong financial performance in FY25 was achieved through both organic and inorganic successes, reflecting disciplined strategic execution and resilience in the face of ongoing market uncertainty.

During the period, our Funds Under Management (FUM) increased to \$13.94 billion, representing a 34% lift on FY24. This growth has been underpinned by strong investment performance of \$1.05 billion, positive net flows of \$0.52 billion, and the acquisition of the Altius business which added \$1.93 billion.

Positive net flows were predominantly in our superannuation business with mandatory superannuation guarantee contributions providing a resilient source of ongoing inflows. Our relatively new values-aligned channel also recorded pleasing net flows as we welcomed a number of significant new clients.

Despite volatile market conditions, we have continued to create value for shareholders. Over the three years to 30 June 2025, we delivered a Total Shareholder Return (TSR) of 47%. In FY25, total dividends increased by 56% to 14 cents per share, reflecting stronger earnings and

our commitment to disciplined capital management while preserving balance sheet strength. Our underlying operating leverage improved further during the year supported by increased scale and careful cost discipline.

These strong results achieved during FY25 reinforce the strength of our strategy, our ongoing focus on delivering long-term sustainable returns, and our ability to grow responsibly while adapting to evolving market conditions.

During the year, we have continued to win awards and receive recognition from key stakeholders. Our business was again recognised as the 'Financial Services Growth Company of the Year 2024' in The Australian Growth Companies Award; and we were again recognised as a 'Responsible Investment Leader' by the Responsible Investment Association of Australasia (RIAA)¹¹.

During the period the Australian Ethical Super Fund was named the 'Sustainable Fund of the Year' in the Super Review Super Fund of the Year Awards 2025; and the 'Sustainable Fund of the Year 2025' by SuperRatings. The pension product was rated as the 'Best ESG Pension Product' by Money Magazine in its Best of the Best for 2025. The fund received Rainmaker's 'AAA Quality Rating' for the fourth year in a row; and for the third year running was recognised with the 'ESG Leader Award' by Rainmaker. All Australian Ethical's super options are certified Sustainable Plus by the Responsible Investment Association of Australasia (RIAA).

On the managed funds side of the business, our Multi-Asset funds were upgraded to 'Recommended' by both Zenith and Lonsec; the Australian Ethical/Altius Green Bond Fund and Sustainable Bond Fund also received a 'Recommended' rating from Zenith; and for the second year our Australian Shares Fund was named 'Best Ethical Overseas Fund' in New Zealand's Mindful Money Awards.

¹⁰ Performance for each of the Multi Asset superannuation options over 1 and 10 years compared to benchmark is as follows: High Growth: 12 months is 12.8%, 10 year is 8.4% p.a. and benchmark is CPI+ 4.25% (after fees and taxes), min investment timeframe 10 years; Growth: 12 months is 11.5%, 10 years is 7.5% p.a. and benchmark is CPI +3.75% (after fees and taxes), min investment timeframe is 9 years; Balanced (accumulation): 12 months is 10.5%, 10 years is 6.8% p.a. and benchmark is CPI +3.25% (after fees and taxes), min investment timeframe is 8 years; Conservative: 12 months is 6.2%, 10 years is 3.1% p.a. and benchmark is CPI+1.25% (after fees and taxes), min investment timeframe is 4 years; Defensive: 12 months is 3.9%, 10 years is 1.4% p.a. and benchmark is Bloomberg AusBond Bank Bill Index (before fees and taxes) over 1 year period, min investment timeframe is 1 year.

¹¹ Australian Ethical was recognised as a Responsible Investment Leader 2024 by the Responsible Investment Association Australasia (RIAA). This means we are placed in the top 20% of organisations assessed, demonstrating leading practice in our commitment to responsible investing; our explicit consideration of environmental, social and governance factors in investment decision making; our strong and collaborative stewardship; and our transparency in reporting activity, including the societal and environmental outcomes being achieved.

The next phase of our growth agenda

Over the last five years we have focused on building a robust, efficient and resilient operating platform to support the continued growth of our business.

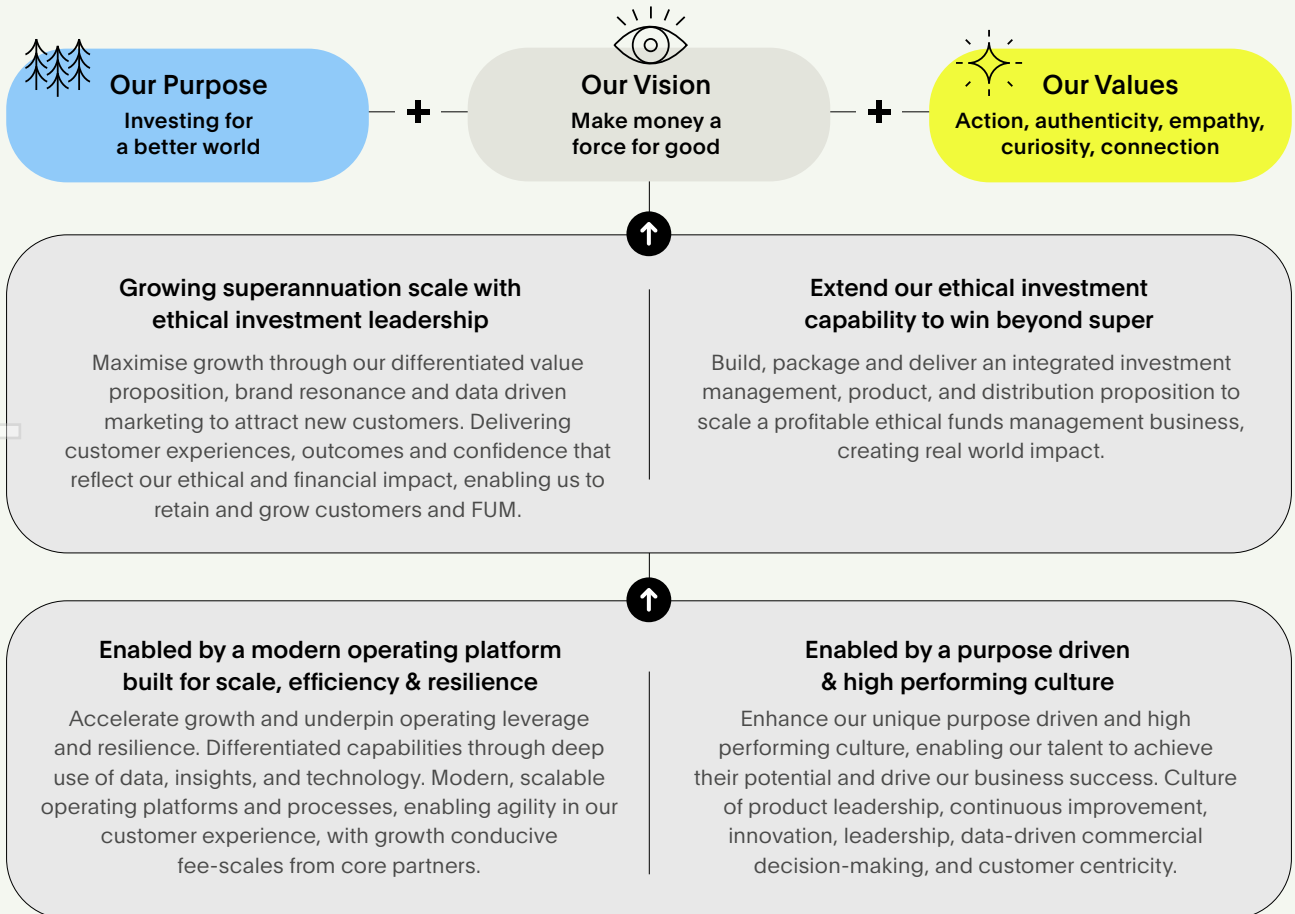
The transition of most of our superannuation members to the GROW Inc platform and the transition of our custody services to State Street were two major milestones in the reporting period. Though there were short term challenges for member experience and acquisition rates during the move to GROW Inc, the resulting solution will deliver benefits to members and our business well beyond this year. At the same time, we have expanded our investment capabilities to cover an even broader array of future focused asset classes expanding our fixed income and private markets capability.

We are very proud of these achievements, along with the high-performance and purpose-led culture which has enabled this success.

We now stand ready to take the next step in our growth journey and as such are aligning our strategy and operating structure to support ongoing improvements to customer experience and growth across both our superannuation and investment management revenue streams.

From 1 July 2025, we created a new operating structure in our business led by two of our most experienced executives. These appointments are a decisive step in executing Australian Ethical's strategy, which is focused on scaling impact, deepening customer value, and unlocking operating leverage across both business lines. With a continued focus on building a modern, resilient operating platform, the business is now extremely well positioned to deliver ongoing improvements to customer experience and outcomes and profitable growth, all while continuing to strengthen its leadership in ethical investing.

Growing with a clear, consistent and disciplined strategy



Growing superannuation scale with ethical investment leadership

Among the exciting recent developments in our superannuation business was the appointment of Maria Loyez as Group Executive of Superannuation from 1 July 2025. Since 2020 Maria has been Australian Ethical's Chief Customer Officer, responsible for the growth of profitable FUM across all channels. Focusing on Super will enable Maria to enhance our customer value proposition for this foundational segment. She will continue to lead brand development and leverage our enhanced data-driven marketing capability to engage existing and attract new super members. Her remit includes the delivery of uplifted member experiences that demonstrate both ethical and financial impact to build customer confidence and enhance retention.

Our super FUM grew 15% over the year, bolstered by positive net flows in the period of \$514 million. In a sector where a number of significant retail funds are in net outflow¹², our continued growth is aided by our differentiated brand position and our effective direct marketing capability.

Australian Ethical benefits from a distinctive, purpose-led and attractive retail brand and awareness of our brand is fundamental to our growth. In February we launched a campaign designed specifically to invite Australians to question whether their own super is as aligned to their values as they think. Together with our work at the beginning of FY25, the campaign has served to build prompted brand awareness among our target market from 11.3% to 22.2% and brand consideration from 3.8% to 7.9% over the financial year¹³. This increased consideration in our target market is a lead indicator for future engagement and acquisition.

Our efforts seem to be hitting the mark. We were winners of the 'NEO Financial Partner of the Year 2025' in the inaugural NEO Brand Awards with a score of 9.5 out of 10. According to Dr. Ross Honeywill, "NEO customers are values-led, emotionally intelligent and future focused. They gravitate towards brands that may not yet dominate market share, but are rich in cultural signals, originality and purpose. They may only represent a quarter of the population, but they represent half of all consumer spending"¹⁴.

To further improve our members' experience of key touch points, we commenced the insourcing of insurance claims and complaints handling at the beginning of FY25, hiring a dedicated team to provide members with the care and support required during these moments. The commitment to the swift and

satisfactory resolution of claims and complaints has delivered a strong improvement in claims handling times. Under our previous administration model 22% of death claims were resolved in less than 90 days. Today with our insourced model, 68.4% of death claims are resolved within the same timeframe and our intention is to build on this over the coming year.

We are working with our insurer, MetLife on a plan to roll out the same insurance cover across both the former Christian Super and Australian Ethical member bases. When the rollout is complete, the standard Default Cover will represent better value for money for the vast majority of members. We also reduced the super administration fees and are introducing an insurance administration fee from 1 August 2025 to ensure the costs of insurance administration are better aligned with the member services provided. We continued to pass on the benefits of our growing scale through fee reductions for our Growth and High Growth super options earlier in the period.

Extend our ethical investment capability to win beyond super

Over the last 12 months we have expanded and optimised our range of Ethical Charter-aligned funds with the addition of the Altius Sustainable Bond Fund, Altius Green Bond Fund and Altius Sustainable Short Term Income Fund, which help cater for an even broader range of portfolio requirements and risk appetites. This has enabled us to better serve values-aligned institutions, managed fund clients, advisers and our super members alike. As we have built out our enhanced back, middle and front office capability, even more of our funds received 'Recommended' ratings this year, preparing us to accelerate growth into next year.

To lead this ambition, from 1 July 2025, our CIO Ludo Theau has taken on the additional role of Group Executive Investment Management with accountability for the profitable growth of our ethical investment management business.

Ludo and his team, including Leah Willis, Head of Distribution and Sanda Kanan, Head of Product, have begun developing the strategy to catalyse the continued growth of our investment management business. This exciting piece of work will define how we will build, package and deliver an integrated investment management, product and distribution proposition to further scale our profitable ethical funds management business and continue to contribute to real-world impact.

¹² KPMG 2025 Super Insights Report, published May 2025, using statistics from APRA and ATO as at 30 June 2024. <https://kpmg.com/au/en/insights/industry/australian-superannuation-industry-insights-analysis.html>

¹³ YouGov Brand Health Index, July 2025

¹⁴ <https://www.roymorgan.com/findings/2025-neo-brand-awards>

During the year Ludo significantly boosted the capability of the investment leadership team. The acquisition of the Altius Asset Management team in September 2024 resulted in Bill Bovingdon and Gavin Goodhand joining the team and are now leading the fixed income portfolio of products. Adam Roberts who joined as Head of Private Markets in June 2024 has led a material upgrade to our Private Markets portfolio, with a number of new investments including the Repurpose It recycling co-investment; the Quay Street Build to Rent platform; Aligned Data Centres in the United States, with a commitment to 100% renewable power in the US; and an investment in For Purpose Aged Care in Australia.

Most recently Nathan Parkin joined the team as Head of Equities in June 2025. Nathan brings more than 30 years' experience in Australian financial markets, including as Deputy Head of Equities at Perpetual Investment where he managed up to \$6.5 billion in Australian equities portfolios, and as Investment Director and co-founder of Ethical Partners Funds Management. In this role, Nathan will lead Australian Ethical's high-performing equities team, manage the Emerging Companies' Portfolio and contribute to furthering the development of the firm's global and local equities strategies, product offering, and support on the expansion of distribution activity.

During the period John Woods, Deputy CIO and Head of Multi-Asset, led the team to secure 'Recommended' ratings for all Multi-Asset funds from both Lonsec and Zenith, enhancing our growing reputation among advisers.

Indeed, our Multi-Asset team successfully established our new Multi-Manager International Share Fund (MMISF) with Man Numeric as the foundation manager. We were also delighted to be cornerstone investors in Climate Tech Partners newly established venture capital platform. The platform is dedicated to directing capital to emerging companies in energy and climate tech that will shape a net zero tomorrow.

The Impact & Ethics team continued to expand the universe of investable ethical investments to enable such initiatives. Key achievements in the period were the development of an Impact Investment framework for Private Markets and the ethical assessment of the underlying assets of two active, global equities mandates.

We've deepened the insights provided in our quarterly investment commentary, to enhance its value for advisers and investors. This has contributed to stronger adviser brand metrics, including a significant uplift in the perception of our investment expertise from 34% in 2023 to 59% this year, also claiming the top spot for NPS against a benchmark peer set of active Australian small and mid-cap managers¹⁵.

¹⁵ CoreData Research: Bi-Annual Tracker Report; Q1 2025

Enabled by a modern operating platform built for scale, efficiency & resilience

We have continued to build out the integrated components of our new operating platform. This platform is designed to leverage our leading ethical investment management capabilities; using data and technology to digitalise, remove friction and further enhance super member and investment customer experience; and create efficiencies that continue to enable scalable, cost-effective growth.

We have completed the bulk of work on our back-office upgrades including the transfer of custodian and investment administration services to State Street Australia Limited. We have also commenced the staged rollout of the Charles River Investment Management System and Alpha Data Platform. These capabilities combine to help investment professionals streamline investment lifecycle processes from portfolio construction and risk management, through to trading and settlement. The staged rollout is underway with Fixed Income funds completed in the March quarter. This will be followed by Fixed Income mandates, Equities and the Multi-Asset funds in FY26.

In FY25 we completed the first tranche of our superannuation administration transition from Mercer to GROW Inc. with a smaller cohort of members still supported by MUFG Pension & Market Services (MUFG) planned to transition in FY26. We have also made good progress on building our data analytics capability and cloud-based data platform. This has already been integrated with the GROW Inc administration system, providing timely data for analytics and reporting purposes. This new data platform, analytics, AI and machine learning capability will enable us to improve our marketing effectiveness, member engagement and customer retention.

Along with strengthening and scaling our operating platform, these transformational initiatives have started to yield cost savings for our business. The transition to GROW Inc for example has delivered a platform for enhanced member services at the same time as delivering operational savings of approximately \$3 million per annum — via a compelling new rate card. While we have already passed on some of the economies of scale and cost savings from this program to members via fee reductions, ongoing cost savings will support further enhancements in our member benefits, services, product features and future fee reductions.

Enabled by a purpose driven & high performing culture

Our purpose driven and high performing culture is the foundation of our success. In FY25 we continued to support our employees to achieve their potential through targeted development and training opportunities. A keystone of this support is our People Leader Forum and Leadership Development Program which have been designed to build confident, capable, and resilient leaders, by equipping them with the tools and mindset to lead with purpose, navigate complexity, and foster high-performing, inclusive teams.

We continue to nurture our purpose-led culture through our regular townhalls, annual AEx Week and quarterly awards recognising behaviours aligned to both our values and business excellence criteria. Our quarterly recognition awards are of particular importance to our culture, celebrating the people who bring our values to life every day. In the period, nearly 60% of our employee population received nominations from their colleagues for successfully living our values and delivering business excellence.

Diversity, equity & inclusion

In line with our values, we supported our employees as they participated in a number of awareness activities during the year including RUOK? Day and the Black Dog Institute's One Foot Forward initiative, where 76 employees walked and ran a total of 6,611 km to raise \$9,508.

In February 2025 we published our gender pay gap employer statement for the 2023-2024 period and in May 2025 submitted our Workplace Gender Equality Agency (WGEA) report for the 2024-2025 period, reaffirming our commitment to a diverse, equitable, and inclusive workplace. We continue to maintain a strong gender balance across our Board, Leadership, and Investment teams, with targeted policies and actions to close our pay gap and build representation in all roles.

Our average total remuneration gender pay gap improved slightly year on year from 12.1% to 11.7%, we therefore remain well positioned against the finance sector average. However, due to changes in gender composition resulting from new hires in the investment team during the period, we did not see the same improvement in our median pay and base salary figures. In this period we became signatories to 40:40 Vision, an investor-led initiative dedicated to achieving gender balance in executive leadership within Australia's largest listed companies.

Employee engagement

In June 2025, 78% of our employees completed the employee engagement survey. Our overall engagement score was 76% which came in just under the top quartile of Australian Financial Services companies¹⁶. Highlights from the survey included:

- 91% of respondents answered favourably to "I am proud to work for Australian Ethical"
- 86% of respondents affirmed "I would recommend Australian Ethical as a great place to work".
- 99% of respondents to the employee engagement survey agreed "Australian Ethical's commitment to social responsibility (e.g. community support, sustainability, etc.) is genuine".
- 92% of respondents affirmed "I understand how my work contributes to Australian Ethical's strategy and business plan".

The survey also provided valuable insight into areas for improvement. Given the significant projects delivered and milestones achieved in the period, areas for improvement related to resource allocation, time management and workload. We have a number of initiatives underway in FY26 to address this feedback.

Reconciliation

As part of our ongoing commitment to reconciliation, we hosted Karrina Nolan, Executive Director of Original Power, during National Reconciliation Week. A Yorta Yorta woman and advocate for First Nations self-determination, clean energy, and climate justice, Karrina's insights strongly aligned with our Reconciliation Action Plan (RAP) and our enduring partnership with Original Power as an Australian Ethical Foundation grantee. Together, we've supported impactful initiatives such as the First Nations Clean Energy Network and Australia's first 100% First Nations-owned solar microgrid reflecting our shared vision for a more just, inclusive, and sustainable future.

¹⁶ Culture Amp Employee engagement survey June 2025. Top quartile for Financial Services Australia is 77% and above: <https://www.cultureamp.com/science/insights/financial-services-australia>

Growing our scale amplifies our impact

We believe that money should be a force for good. We are building our business to enable robust, sustainable growth that delivers value for all our stakeholders, profitability for our business and the potential to have even greater real-world impact.

Stewardship is one key means for driving impact. Our stewardship priorities include the critical need to halt financing for fossil fuel expansion. To this end, we continued to engage both publicly and privately with two of our investee companies, Westpac and NAB and stepped-up our engagement with Macquarie Group. Given the economy-wide reach of our major banks, we see the climate expectations they set for themselves and their customers as key levers in the acceleration of Australia's transition to a low-carbon economy. A climate proposal we co-filed at Westpac's AGM, one which received strong investor support, encouraged Westpac to release additional climate disclosures. When this additional disclosure revealed gaps, our Chief Impact & Ethics Officer Alison George was quoted on the front page of the Australian Financial Review, highlighting these issues.

Insurers are also critical to a just transition and their business models are already deeply affected by climate change. It is hard to fathom how insurers such as QBE can continue to underwrite fossil fuel projects without restriction, while the climate crisis pushes premiums ever higher. Homes in flood and fire-prone areas have been subject to huge insurance cost increases, and in some cases, homes have been deemed uninsurable as climate-driven disasters hit more frequently and with greater intensity.

Our Ethical Stewardship Lead Amanda Richman challenged QBE's Chair and directors at their AGM, exposing contradictions in its climate approach. Her advocacy was amplified through media coverage and a podcast appearance, and she collaborated with our content team to engage customers via social media.

Alison George identified and raised concerns about proposed amendments to global climate disclosure standards that would exempt investment banks and insurers from reporting emissions intensity of their customer books. Her commentary gained traction across trade and social media. With several influential groups echoing our position in their submissions to the regulator, we are optimistic about seeing the amendment withdrawn.

In addition to media traction, our efforts to advance climate progress were recognised through industry accolades and appointments. Persephone Fraser, a senior member of our Impact & Ethics team, received the IGCC Climate Leaders' Award in the 'Best in Corporate Engagement' category, acknowledging her leadership in driving effective climate-focused corporate advocacy.

Further reflecting our commitment to responsible investment, Natalie Tam CFA, Portfolio Manager – Systematic Equities, was appointed to the Listed Equity Advisory Committee of the Principles for Responsible Investment (PRI), a global investor initiative in partnership with the UN Environment Programme Finance Initiative and the UN Global Compact. This appointment strengthens our influence in shaping global standards for ESG integration across public equity markets.

We continued to engage with the supermarkets on deforestation in their supply chains. In FY25 Woolworths announced a 'no-deforestation' commitment for their beef supply chain consistent with our engagement asks. A Coles spokesperson has also confirmed the supermarket is developing a formal commitment through the Science Based Targets initiative to eliminate deforestation from its supply chains. This follows the announcements made by Woolworths and ALDI in 2024, setting 'no-deforestation' and 'no-conversion' (of natural ecosystems) commitments respectively.

We also continue to engage with the supermarkets on farmed salmon sourcing. We are one of the few investors calling for substantive action on farmed salmon, rather than merely increased disclosure, consistent with our longstanding view that fish farming cannot be considered sustainable.

The Australian Ethical Foundation

In FY25, we allocated a record \$2.8 million to the Australian Ethical Foundation, enabling deeper support for climate and nature-positive initiatives. This record-breaking year brings our total donations to over \$13 million since 2010.

Kate Saunders joined as Head of Foundation in August 2024. Kate has a background in finance and investment banking, as well as extensive experience in philanthropy and impact investing, and has also worked in various inhouse and advisory roles for not-for-profits and social enterprises.

Following The Foundation Board approval of the 2025–27 strategy last financial year, The Foundation has further refined its focus with the aim of deepening its impact. Going forward, it will seek to prioritise place-based nature solutions, climate justice, and resilience, as well as unlocking capital for nature restoration — seeking catalytic, systems-change opportunities and partnering with other funders and charitable organisations to amplify impact.

Financial performance

Over the last five years we have been executing on our growth strategy — building out our investment team capability, expanding the breadth and depth of our expertise across asset classes and improving our customer experience, while investing in our brand to ensure that investors understand our unique difference. Further we have been upgrading our technology platform and business infrastructure to ensure we can support a much larger business. In addition, through the targeted and diligent selection and appointment of new service providers, we have successfully reduced our customer servicing costs, and after the initial disruption, embedded what we believe is an enhanced customer service solution.

The FY25 results are a strong proof point that our strategy is delivering, with FUM growing 34%, revenue growing 19% and underlying profit growing 29%. Further, we have seen an improvement in operating leverage with underlying cost to income (CTI) ratio improving from 73.7% to 71.4%. These are strong financial metrics that we are very proud of. During FY25 we have also delivered a number of key milestones on our transformational programs as part of the execution of our growth strategy.

Profit

Underlying profit after tax was \$23.8 million, up 29% compared to the prior corresponding period. This was after excluding integration and transformation costs relating to the transition of administration services from Mercer and planning for MUFG to GROW Inc, due diligence and transaction costs relating to the acquisition of the Altius business and other inorganic opportunities, and the amortisation of Altius intangibles.

The net profit after tax attributable to shareholders was \$19.9 million, up 68% compared to the \$11.8 million in FY24. The net profit after tax for the Group amounted to \$20.2 million, which includes consolidating The Foundation's activities. The strong growth in our FUM, our increased scale, the acquisition of the Altius business, along with effective cost management have contributed to the continued improvement in operating leverage and underlying profit increase.

Revenue

Revenue of \$119.4 million was 19% up on the year, driven by average FUM growth, partially offset by lower average blended revenue margin due to changes in product mix, predominantly driven by the Altius acquisition, and fee reductions on two of our super options. Average FUM growth was underpinned by continued positive net flows, strong investment performance and the acquisition of the Altius business. Average FUM grew 31% in FY25.

As expected, our overall fee margin has naturally reduced reflecting the impact of the lower margin fixed income funds following the acquisition of the Altius business in late September 2024. In October 2024 we reduced fees for our Growth and High Growth super options. Further, from 1 August 2025, the super administration fee was reduced by one basis point across all options. The average revenue margin across all products was 0.92% in FY25 compared to 1.02% for the full year FY24.

Other revenue includes cost-recovery from MetLife to assist with insurance harmonisation work (a stream of the administration platform consolidation). This revenue has been excluded from underlying profit.

Expenses

As previously highlighted, while we continue to implement our strategy to build a highly capable, scalable and efficient operating platform, we expected a number of operating expense savings to crystallise due to the completion of key transformational programs. These include the transition of Mercer administration services to GROW Inc and the transition of custody services to State Street. Pleasingly the positive commercial impacts of these programs are evident in our FY25 results, along with enhancements in member experience through a more modern technology platform, as well as through the insourcing of complaints and claims handling.

Operating expenses, excluding \$6.1 million in non-underlying UPAT adjustments, increased by 13.6% compared to FY24. The expense growth was driven predominantly by employee expenses – as we have further built out capability including the onboarding of the Altius team to enhance our Fixed Income capability. Furthermore, continued FUM growth and enhancements to our Investment Management platform has driven higher volume-based fund-related expenses (albeit at a lower rate than revenue growth due to unit cost savings).

As we continue to grow our business both organically and inorganically, we are seeing further improvements in operating leverage, with FY25 underlying CTI of 71.4% compared to 73.7% in FY24. CTI excludes integration and transformation costs, due diligence & transaction costs, and the Australian Ethical Foundation.

Key drivers of the operating expense increase include:

Employee expenses

- Employee expenses increased 16% compared to prior year.
- During the period, we further enhanced our capability including the onboarding of the six-person Altius team. Altius drove 5% of the 16% increase in employee expenses. The increase in employee expense also reflects the run rate of key hires in FY24 (5%), with inflationary salary increases, superannuation guarantee increases and other employee expense increases contributing the remaining 6% of the variance.
- FTE were 138 at 30 June 2025, compared to 125 at 30 June 2024. This excludes fixed term contractors working on strategic projects and eight replacement vacancies at 30 June 2025 which are currently in recruitment. Australian Ethical's employee base includes 16 FTE working in our dedicated internal contact centre, a function that was insourced in FY21 to enhance our member service interactions.

Fund-related expenses

- Overall, fund-related expenses increased 20%, compared to revenue growth of 19% and average FUM growth of 31%.
- The benefits of the new commercial rate cards following the transitions to GROW Inc for superannuation fund administration and State Street for custody and investment administration services have favourably impacted the year-on-year fund related expense growth, with the administration and custody fees component decreasing 4% over the period.
- Other drivers of the increase in fund-related expenses include:
 - FUM and transaction volume growth
 - The acquisition of Altius
 - Increases in regulatory and industry body fees following the continued growth of the business
 - Projects relating to the enhancement of our investment platform including the implementation of a new generation scalable Front/Middle/Back-office platform to integrate and uplift our investment operations capability and ratings. This initiative also resulted in an increase in investment system (licencing) costs which are included in fund-related expenses

Marketing expenses

- The first half of FY25 saw the scale-back of marketing campaigns during the limited-services period relating to the super administration transition to GROW Inc. During the second half of the year, marketing and brand campaigns resumed, and as such, marketing expenditure was weighted to the second half, as previously indicated.
- Overall, FY25 marketing costs increased 5% year on year, which was driven primarily by:
 - higher brand spend as we drove greater brand awareness as part of our strategy.
 - partially offset by reduced distribution spend following the rationalisation of partnerships with HR platforms¹⁷ – additional HR platform cost savings were also achieved following a renegotiation of the rate card.
 - the reduction in distribution spend was partially tempered by higher digital acquisition costs for our superannuation product. Higher digital costs are a largely a result of an increasingly competitive market pushing up the price of Google and other superannuation-related search terms.

IT expenses

IT expenses increased 10% compared to the prior year. As we build a strengthened, more efficient and resilient operating platform, and as our business grows, our investment in technology has increased. We continued to improve our cloud and digital capability, and cybersecurity defences with further investment in FY25.

External services

External services costs decreased 17% compared to the prior year as a result of lower recruitment and consulting costs.

¹⁷ HR platforms provide onboarding services for small to medium businesses and are therefore a distribution opportunity for super funds.

Funds under management

FY25 saw Australian Ethical reach a new record in funds under management (FUM) of \$13.94 billion at 30 June 2025, reflecting 34% growth on 30 June 2024. This growth was driven by both organic and inorganic activity as we successfully executed on the key facets of our growth strategy.

Positive organic net flows of \$593 million were recorded for FY25, driven primarily by superannuation, as well as a strong contribution by our relatively new values-aligned channel. Net outflows of \$71 million relating to the recently acquired Altius business were recorded – further detail follows.

Superannuation flows of \$514 million were predictably below prior year as a result of the 7-week limited-services period covering the transition of the Mercer superannuation administration services to GROW Inc. During this period, the regular marketing program was scaled back, and we also saw increased superannuation outflows in the months immediately following the limited-services period as a result of the customer experience disruption.

Pleasingly, we saw an uptick in superannuation net flows in the second half, with flows increasing 65% compared to the first half. This was driven by the resumption of marketing activity post the limited-services period, an uplift in member consolidation rates following enhancements to the join process, and a cyclical increase in end of financial year voluntary contributions. Member outflows also improved in the second half.

Rollovers-in continue to be at lower levels than the historic trend due to the reduced levels of switching activity in the superannuation industry, however, our superannuation net flows continued to be bolstered by stable ongoing superannuation guarantee and strong voluntary contributions during FY25. We also benefit from a lower proportion of members in pension phase compared to the industry average, and high member retention rates. Indeed, Australian Ethical has one of the lowest outflow rates in the market.¹⁸

Investment products' net flows (excluding institutional) contributed \$62 million, with \$118 million of this from the values-aligned channel where we have increased sales efforts and are seeing a solid pipeline. This channel focuses on not-for-profit organisations including charities and foundations, as well as values-aligned businesses looking to invest their funds with an aligned fund manager.

The acquisition of the Altius business added \$1.93 billion of FUM in September 2024, with subsequent net outflows of \$71 million reflecting the fluctuating capital requirements and seasonality of one of the Altius institutional clients. FUM relating to the Altius funds was \$1.91 billion at 30 June 2025. The Altius fixed income funds are lower-margin funds, with the volatility of FUM having only a small impact on revenue.

The institutional channel overall saw net outflows of \$54 million, reflecting the Altius net outflows partially offset by new institutional client wins.

Strong investment performance contributed \$1.05 billion to FUM. Investment performance has benefited from the limited exposure to resources and fossil fuels over the long term, with disciplined processes leading the team to trim overvalued holdings and invest in higher quality opportunities across sectors and asset classes. The team has also identified alternative defensive exposures, bolstered allocations to private markets, and actively managed fixed income amid market volatility.

Funds under management (\$ billion)	FY25	FY24	Change (YoY%)
Opening FUM	10.44	9.20	
Superannuation net flows	0.51	0.60	
Investments* net flows	0.06	0.01	
Retail & Wholesale net flows	0.58	0.61	
Institutional net flows	(0.05)	0.00	
Total net flows	0.52	0.61	(14%)
Altius Asset management acquisition	1.93		
Investment performance	1.05	0.63	
Closing FUM	13.94	10.44	34%
Average FUM	12.71	9.70	31%

*Includes Managed funds (retail and wholesale) and SMA. Excludes Institutional.

¹⁸ KPMG 2025 Super Insights Report, published May 2025, using statistics from APRA and ATO as at 30 June 2024. <https://assets.kpmg.com/content/dam/kpmgsites/au/pdf/2025/super-insights-2025.pdf>

Material business risks

Australian Ethical's approach to risk management is based on the Risk Appetite Statement set by the Board, which sets out the overall appetite and tolerance levels and defines limits for each material risk category.

The Board holds the ultimate responsibility for setting strategic direction, the risk management framework (RMF) and determining the risk appetite/tolerance for the activities of the business. The Board forms a view of the risk culture of the Group and any desirable changes required and monitors implementation of these changes.

The Board recognises that risk management is an integral part of good management practice and is integrated into the Australian Ethical philosophy, practices, and business planning processes. A risk aware culture and operation within the Board's risk appetite and tolerances is promoted throughout the organisation through regular communications from management and within the provision of training and ongoing support from the Risk team.

The Audit, Risk and Compliance Committee (ARCC) oversees and reviews the RMF, and reviews internal and external audit results. This oversight includes the identification, treatment, and monitoring of:

- The use of risk appetite
- Current and emerging material risks, including (but not limited to) investment, data, technology, and cyber risks
- Exceptions, incidents, and breaches
- Complaints
- The results of control testing

The full ARCC charter (and other board charters) can be found on the Australian Ethical website at: australianethical.com.au/shareholder/corporategovernance/

The RMF is supported by the Three Lines of Defence model with the first line being Executive Leadership Team (ELT) who foster and enhance development of risk culture within the Group, monitor risks, report breaches and review risk register. The ELT have day to day responsibility and accountability for risk management in their area and ensure an appropriate risk culture.

Australian Ethical's second line, the Risk team, facilitates the RMF, including review and update of the risk register and RMF, reports on exceptions and control effectiveness. The third line of defence is Internal Audit (which is outsourced to PricewaterhouseCoopers in accordance with the ARCC approved annual internal audit program), who provides assurance over the RMF and independent review of the design and operation of the control environment, as well as External Audit (KPMG) who provides assurance, through the annual audits and reviews as required by SPS 310 and the Corps Act, that internal controls are designed appropriately and operating effectively.

Risk category	Risk description/impact	Risk mitigants
Risk Management	Risk Management Risk that Australian Ethical breaches its corporate, fund and superannuation regulatory and legal obligations or industry standards (including licence conditions, governing documents). Risk that Australian Ethical's insurance policies are not appropriate to cover business risk levels.	<ul style="list-style-type: none"> • Dedicated Risk and Legal Team. • Internal & external reviews of public documents. • Mandatory compliance training for all staff based on internal policies and procedures. • Embedded controls assurance framework, including requirement for independent assurance. • Compliance obligations are documented and monitored. • Breach reporting escalation processes. • Annual review of insurance program.
Financial	Risk that Australian Ethical's profitability, capital reserves or liquidity are inadequate to support ongoing business activities. This includes inappropriate accounting, financial reporting and related disclosures (for both the funds and corporate entities), as well as incorrect calculation and payment of tax, and poor financial control and operational processes. Risk arising from low net flows or poor investment performance as a result of exposure to equity markets resulting in potentially volatile earnings (revenue linked to FUM), and poor customer outcomes. Risks arising from calculation of incorrect unit prices.	<ul style="list-style-type: none"> • Appropriate financial control processes, including monitored cashflows and cash position, annual budgeting and regular forecasting. • Regular reconciliation and review processes for financials, units on issue and applications/redemptions. • Regular monitoring of regulatory capital requirements. • Appropriate policies and procedures, quality control, management approval frameworks across financial process, asset valuations, distributions, fees and expenses and approval of unit prices. • Internal and external audit, professional reviews of finance and unit pricing controls. • Agile management of resource allocation, prudent cost control. • Regular monitoring of key financial metrics. • Monitoring of external market drivers e.g. interest rates, inflation, and refinement of business activities in response. • Confirmation and recording of asset valuations including Valuation Committee oversight for unlisted assets. • Unit Pricing oversight model including Unit Price Committee.
Climate change	Climate change is a systemic risk to our business, investments, and the financial system as a whole. High emitters in particular face regulatory, legal and reputational risks, as do their value chains, including those who finance their activities. This risk can manifest as increased costs, changes in demand, and declines in asset values, including asset stranding. Climatic changes, both chronic and acute, can affect costs, revenues, and asset values, and will continue to escalate unless effective policy and technological responses are implemented to prevent dangerous climate change.	<ul style="list-style-type: none"> • Our response to climate change is considered by our board in reviewing and approving our corporate strategy and, via our investment committee, where climate change related topics are regular agenda items. The board includes members with climate change expertise. • Our investment beliefs recognise the criticality of preventing dangerous climate change to both our ethical and financial goals. • Our ethical assessment and investments processes consider climate change. We restrict¹⁹ investments in companies assessed to be obstructing the objectives of the Paris Agreement to limit global warming to well below 2°C and to pursue a limit of 1.5°C.

¹⁹ Our investment restrictions include some thresholds. Thresholds may be in the form of an amount of revenue that a business derives from a particular activity, but there are other tolerance thresholds we can use depending on the nature of the investment. We apply a range of qualitative and quantitative analysis to the way we apply thresholds. For example, we may make an investment where we assess that the positive aspects of the investment outweigh its negative aspects. For information on how we make these assessments for a range of investment sectors and issues such as fossil fuels, nuclear power, gambling, tobacco, human rights, and many others, please read our Ethical Criteria at: <https://www.australianethical.com.au/globalassets/pdf-files/why-ae/ae-guide-to-our-ethical-investment-process.pdf>

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Risk category	Risk description/impact	Risk mitigants
Climate change {Continued}		<ul style="list-style-type: none"> • Our Chief Investment Officer and Chief Impact & Ethics Officer together are responsible for implementation of our ethical investment approach, including our climate-related ethical criteria. • Our strategic and active asset allocation processes consider climate risks. • Our Impact & Ethics Team monitors existing and emerging climate-related risks, using diverse company, industry, government, responsible investment, scientific, civil society and news sources. • We have established metrics to monitor the effectiveness of our ethical investment approach in managing climate risk in our portfolios and report on these in our sustainability report which forms part of our annual reporting published 9 October 2025.
Environmental, Social and Governance (ESG)	<p>Risk arising from inadequate or inappropriate Ethical and Environmental, Social and Governance (ESG) considerations in business and investment decision-making. Risk may arise due to unclear employee accountabilities, inadequate board reporting, inadequate identification and management of conflicts, and noncompliance with Ethical Charter.</p>	<ul style="list-style-type: none"> • Our Ethical Charter forms part of Australian Ethical's constitution and informs all aspects of company operations. • Robust ethical assessment and investment processes - all investments are evaluated for consistency with the positive and negative principles in our Ethical Charter. • Embedded governance framework including board and committee charters, board and committee reporting. • Board oversight responsibilities are underpinned by the Ethical Charter, which is embedded in Board Charter. • B Corp certification status maintained.
Investment & ethical evaluation	<p>Risk arising from inappropriate investment strategies, non-adherence to investment governance, non-adherence to fund governing documents, non-adherence to ethical criteria or inadequate management of market, credit and liquidity risks within the funds. Risk arising from underperformance of Managed Funds and Super Options relative to stated investment objectives.</p>	<ul style="list-style-type: none"> • Regular ethical reviews of investments to ensure they remain consistent with our Ethical Charter. • Established investment governance frameworks in place. • Investment performance analytics. • Stress testing. • Reviews, reconciliations and monitoring of key metrics. • Investment Committee (IC) in place with independent members appointed. • Quarterly review of performance (including attribution) by Investment Committee. • Annual review and approval of Strategic Asset Allocations. • IC approved Trust Investment Parameters.
Customer	<p>Risk arising from inaccurate, misleading or inadequate PR, marketing, brand, sustainability reporting or advocacy activities leading to reputational damage, regulatory penalties and negative stakeholder sentiment. Risk arising from inadequate processes, systems, outsourced suppliers, quality standards, product offering resulting in poor customer experience, reputational damage and financial impacts.</p>	<ul style="list-style-type: none"> • Regular monitoring of brand awareness. • Media monitoring and Media Policy. • Review processes over marketing material. • Mature ethical stewardship activities embedded. • Monitoring of key metrics relating to customer satisfaction (CSAT). • Complaints handling processes. • Product guidelines, frameworks and policies.

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Risk category	Risk description/impact	Risk mitigants
Strategic	Risk arising from poor strategic decisions, inadequate development and execution of strategic initiatives, a lack of responsiveness to regulatory change or external market and economic trends that could affect our offering or market position.	<ul style="list-style-type: none"> • Robust and embedded strategy and business planning processes that includes regular review and monitoring of external market trends and metrics. • Dedicated Project Management Office (PMO) and program management framework for effective execution of strategic and regulatory initiatives. • Senior Leadership variable remuneration linked to strategic metrics. • Regular monitoring of progress against strategy through 'Objective and Key Results' (OKR) framework, reporting to Senior Leadership Team and Board, incorporating agile reprioritisation of initiatives.
Operations (including Outsourcing Risk)	Risk arising from inadequate processes, systems, quality standards, data management or from external events. This includes (but is not limited to) processing errors, human error, fraud, unauthorised advice or an event which disrupts business continuity. Risk that Australian Ethical enters into untenable contracts and servicing agreements with vendors and suppliers or selects an unsuitable vendor or supplier. Risk that services provided by external service providers are not managed in line with contractual obligations and service level agreements.	<ul style="list-style-type: none"> • Embedded policies, methodologies, procedures, roles and responsibilities (including segregation of duties where needed). • Internal Fraud Design Taskforce. • Controls assurance framework. • Effective incident and issues management processes. • Business continuity planning and disaster recovery programs (including by outsourced providers). • Comprehensive insurance program. • Robust documented processes for new product delivery and product management (including regulatory compliance). • New vendor due diligence processes. • Monitoring of key metrics, contractual arrangements and service delivery.
IT & Cybersecurity	Risk arising from inadequate, failed, breached or corrupted IT systems resulting from poor infrastructure, data management, applications, cloud services, business continuity plans, security controls, IT support or unauthorised access. Includes (but is not limited to) confidentiality or privacy breaches, loss of data integrity, loss of sensitive or critical data as well as business disruption or financial loss resulting from a cyber security event, disaster or failure of technology service provider to meet business needs.	<ul style="list-style-type: none"> • Embedded IT security policies and procedures throughout systems development and vendor management lifecycle. Annual mandatory training on cybersecurity, and further adaptive training based on quarterly phishing test results. • Operational technology security in place (including firewalls and antivirus). • IT system penetration testing; Password integrity testing. • Regular board oversight over cyber security risks. The Board and/or ARCC receives quarterly reports on cyber risk, threats, uplift programs, cyber incidents (if any), and information security testing results that identify material information security control deficiencies requiring remediation (if any). • Business continuity planning and disaster recovery programs including testing (including service providers), incident response plans. • AEI Board monitors IT Disaster Recovery Plans and Business Continuity Plans and annual testing. • Independent assurance.

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Risk category	Risk description/impact	Risk mitigants
People	<p>Risk arising from an inability to hire, engage, develop, empower and retain quality and appropriate capability (including Senior Leadership and Board) to meet performance objectives and execute Australian Ethical 's business strategy. Risk arising from inadequate work health and safety (WH&S) practices. Risk arising from unethical conduct by directors or employees, or from behaviours that are not aligned with Australian Ethical's values, culture and expectations.</p>	<ul style="list-style-type: none"> • Embedded People policies and procedures (including WH&S policies, procedures and training). • Succession planning, talent identification programs, retention and hiring strategies, embedded performance review processes, remuneration benchmarking and reporting, as well as WH&S reporting to the People and Remuneration committee. • Remuneration framework to ensure senior management alignment to medium- and longer-term strategic goals. • Investment team remuneration structure aligned to performance objectives. • Regular employee engagement and turnover monitoring; dedicated employee engagement business representatives. • Employee assistance program. • Inclusion of risk metrics and thresholds as well as values alignment assessment in performance management framework.

Outlook

Our strategy has delivered strong momentum in FY25. With the new operating structure now in place, we are focused on scaling impact, deepening customer value, and unlocking further growth across both our superannuation and investment management business lines. In FY26 and beyond we anticipate further profit growth and sensible reinvestment in the business designed to strengthen our market position.

We have strong momentum as we head into FY26 with higher brand awareness, our recent asset class expansion into fixed income and private markets, the uplift in research house ratings, our high-quality capability and the enhanced operating platform.

Further FUM growth is expected across both our super and investment products, underpinned by the Superannuation Guarantee rate increase, solid investment performance and planned initiatives to enhance member retention and engagement.

We recognise there are also strong headwinds to contend with including geopolitical and market uncertainty, cost of living pressures, and lower rates of job mobility and superannuation switching rates. These issues posed challenges for us during FY25 and are expected to persist into FY26.

Maintaining competitiveness remains a priority. We anticipate a modest decline in revenue margins compared to FY25, with further reductions in superannuation and investment fees in FY26. These measures aim to enhance our product offering and support the sustained growth of our customer base.

We are already seeing the financial benefits of the superannuation administration transition from Mercer and the full custody and investment administration transition completed during FY25. Together, these cost savings enable us to further invest in improvements to our customer experience and outcomes.

On the superannuation side of our business, we plan to introduce a new superannuation insurance calculator, a retirement calculator and an App for our members in 2026.

On the investment management side, we will continue to build out the capability of our platform to deliver a scalable solution to better support our growing and more complex business. As such, ongoing front office licensing costs are expected to increase year on year.

We will look to complete a number of inflight initiatives including the transition of the remaining tranche of members to GROW Inc, and further investment in our technology infrastructure, data and business insights capability. We will continue to develop new products to enhance our product suite, while the enhancement of risk-adjusted performance and improvements to investment efficiency are also planned. We will continue the work to improve our member experience through digital initiatives and maintain our steadfast focus on cybersecurity.

Employment expenses are expected to grow as we deliver further targeted capability uplift to strengthen our business platform. In addition, the run rate of FY25 hires will contribute to an employment expense increase.

All our activity will be executed through the lens of incrementally improving operating leverage in FY26 as we scale. This will see us well positioned to support a much larger business in the medium term.

Our medium term opportunity remains compelling as we plan to further leverage our recently enhanced fixed income and private markets capability, expand our values-aligned middle market channel, grow our product offering and explore an active international equities offering – all initiatives which are expected to underpin continued organic growth in FUM. Additionally, complementary inorganic opportunities will help to deliver further scale.

Looking ahead, we remain well-positioned — with our high-quality capability, strong balance sheet, enhanced business platform, unique brand, and deep ethical pedigree.

Financial Performance – management analysis

Financial Performance – management analysis	2025 \$'000	2024 \$'000	% Change
Net Profit after tax (NPAT)	20,196	11,531	
Less: Net (profit)/loss after tax attributable to The Foundation*	(258)	316	
Net profit after tax attributable to shareholders	19,938	11,847	68%
Adjustments:			
Change in fair value of investment	–	2,159	
Integration & transformation costs	4,322	5,068	
Other income (cost recovery linked to insurance harmonisation)	(629)	–	
Due diligence & transaction costs	1,719	1,379	
Amortisation of Altius intangibles	108	–	
Tax on adjustments	(1,656)	(1,934)	
Underlying profit after tax (UPAT) including performance fee	23,802	18,519	29%
Performance fee (net of bonus, tax and Foundation grant)	–	78	
Underlying profit after tax (UPAT) excluding performance fee	23,802	18,441	29%
Diluted EPS on NPAT attributable to shareholders (cents per share)	17.51	10.51	
Diluted EPS on UPAT attributable to shareholders (cents per share)	20.90	16.44	

* Refer to Note 39 for additional details in relation to The Foundation's financial results.

Operating leverage (cost to income)	2025 \$'000	2024 \$'000
Total expenses per statement of comprehensive income	90,644	80,798
Less:		
Integration & transformation	(4,322)	(5,068)
Due diligence & transaction	(1,719)	(1,379)
Amortisation of Altius intangibles	(108)	–
Net profit/(loss) after tax attributable to The Foundation	258	(316)
Total underlying operating expenses	84,753	74,035
Divided by:		
Total revenue per statement of comprehensive income	119,384	100,491
Less:		
Other income (cost recovery linked to insurance harmonisation)	(629)	–
Total operating revenue	118,755	100,491
Cost to income ratio	71.4%	73.7%

Dividends

Dividends paid during the financial year were as follows:	2025 \$'000	2024 \$'000
Final dividend for year ended 30 June 2024 of 6 cents (2023: 5 cents) per ordinary share – fully franked (paid 18 September 2024)	6,767	5,639
Interim dividend for year ended 30 June 2025 of 5 cents (2024: 3 cents) per ordinary share – fully franked (paid 21 March 2025)	5,671	3,383
	12,438	9,022

Since year end the Directors have declared a final dividend of 9 cents per fully paid ordinary share (2024: 6 cents final dividend). The aggregate amount of the declared dividend expected to be paid on 19 September 2025 out of profits for the year ended 30 June 2025, but not recognised as a liability at year end, is \$10,208,000 (2024: \$6,767,000).

All dividends paid during the year were fully franked based on tax paid at 30%. The final dividend to be paid in September 2025 will be fully franked at 30%.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

Apart from the dividend declared in Note 29, no other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

To the best of the directors' knowledge, the relevant environmental regulations under Commonwealth and State legislation have been complied with.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2025, and the number of meetings attended by each Director were:

	Full Board		People, Remuneration and Nominations Committee*		Audit, Compliance and Risk Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Steve Gibbs	12	12	7	7	6	5
Kate Greenhill	12	12	7	7	6	6
Julie Orr	12	12	7	7	6	6
John McMurdo	11	11	-	-	-	-
Sandra McCullagh	12	12	7	7	-	-
Richard Brandweiner	10	10	-	-	-	-
Brian Bissaker	2	2	2	2	-	-
Mara Bûn	3	3	3	3	2	2

* From 1 July 2025, the People, Remuneration and Nominations Committee (PRN) role was separated into two separate committees being the People & Remuneration Committee (comprised of all AEI non-executive directors) and the Nominations Committee (comprised of Steve Gibbs, Sandra McCullagh and Julie Orr).

	Due Diligence Committee		Investment Committee	
	Eligible	Attended	Eligible	Attended
Steve Gibbs	6	6	-	-
Kate Greenhill	6	6	-	-
Julie Orr	-	-	7	7
Sandra McCullagh	-	-	7	6
Sean Henaghan [#]	-	-	7	6
Steve Rankine [#]	-	-	7	6
Michael Anderson [#]	-	-	7	5
Ludovic Theau	-	-	7	5
Mara Bûn	-	-	3	3
Richard Brandweiner [^]	-	-	0	0

[#] Sean Henaghan, Steve Rankine and Michael Anderson are independent Investment Committee members. They are not AEI Board directors.

[^] Richard Brandweiner was appointed to the Investment Committee on 27 June 2025.

Changes to our Boards

Fiona Reynolds joined the Australian Ethical Superannuation Board as an independent Non-Executive Director in July 2024. Ms Reynolds was formerly CEO of the Principles for Responsible Investment (PRI) and brings more than three decades' experience in responsible investing and superannuation.

Mara Bün announced her retirement from the Boards of Australian Ethical Investment, Australian Ethical Superannuation and associated committees in October 2024. Mara has played a significant role in the transformation of Australian Ethical since 2013 and, though standing down from these two boards, remains on the Board of the Australian Ethical Foundation.

Richard Brandweiner joined the Australian Ethical Investment Board as an independent Non-Executive Director in September 2024. Richard has spent 30 years working across all asset classes in the investment management industry. Most recently he was Chief Executive Officer Australia of Pandal Group and prior to this was Chief Investment Officer of Aware Super and Group Executive at Perpetual Limited.

Brian Bissaker joined the Australian Ethical Investment Board as an independent Non-Executive Director in April 2025. Brian has a successful career spanning more than 30 years in financial services and consulting, including as CEO of Colonial First State, CEO of Virgin Money and Group Executive of Bank of Queensland. Brian has also held numerous Board positions and is a former adjunct professor at the University of Sydney Business School.

Indemnity and insurance of officers

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 33 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 33 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of KPMG

There are no officers of the Company who are former partners of KPMG.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Sustainability reporting developments

Our Sustainability Report, which will be published as part of our full Annual Report in October 2025, will be prepared with reference to the recently finalised Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures (AASB S2). We are working toward full alignment with AASB S2 over the next few years commencing with the Australian Ethical Retail Super Fund in FY27.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor

KPMG continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



JOHN MCMURDO
Managing Director and Chief Executive Officer

27 August 2025
Sydney

Remuneration Report

For the year ended 30 June 2025

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to present our remuneration report for the 2025 financial year (FY25).

The remuneration report provides our shareholders and other stakeholders with a thorough and transparent outline of our remuneration framework and the philosophies behind the remuneration arrangements and other employee benefits. It specifically focuses on the remuneration outcomes of Non-Executive Directors, the Chief Executive Officer (CEO) and senior executives, collectively referred to as Key Management Personnel (KMP), and how they align with the longer-term interests of our shareholders, customers and other stakeholders.

A strong year for Australian Ethical

Australian Ethical delivered strong financial performance in FY25 with underlying profit after tax of \$23.8 million and net profit after tax attributable to shareholders of \$19.9 million, up 29% and 68% respectively on the prior year. This was achieved despite a turbulent year for investment markets.

During the year, our growth was driven by both organic and inorganic successes. Funds under management (FUM) reached \$13.94 billion at the end of FY25, an increase of 34% compared to FY24. This was driven by continued positive organic net flows of \$593 million — despite volatile and uncertain market conditions — and positive investment performance of \$1.05 billion, with the successful acquisition of the Altius Asset Management business in September 2024 contributing \$1.93 billion to the FUM balance.

We continue to deliver long term value creation for shareholders, reporting a 3 year Total Shareholder Return ("TSR") of 47%, with FY25 total dividends up 56% on prior year to 14 cents per share, whilst continuing to maintain a strong balance sheet.

Our momentum and growth has not only seen us delivering higher profits and dividends but also further improvements to our operating leverage with underlying cost to income ratio¹ improving further from 73.7% in FY24 to 71.4% in FY25, as our business scales.

Alongside the strong financial results of our business, FY25 saw the delivery of a number of important strategic initiatives, including: the transfer of custodian and investment administration services from National Australia Bank Limited (NAB) and BNP Paribas (BNP) to State Street Australia Limited, and the first tranche of our superannuation administration transition to GROW Inc. These transformational initiatives enable improvements to our investment management capabilities; using data and technology to digitalise, remove friction and further enhance super member and investment customer experience; and create efficiencies that continue to enable scalable, cost-effective growth. The uplift to our investment management platform is expected to complete in FY26.

These strong results reflect the continued successful execution of our strategy, which, aside from driving significant business growth, is also delivering positive outcomes across many other areas of our business, including:

- continued strong customer retention
- increasing brand awareness
- continued recognition for our responsible investment standing
- recognition of our high quality product offering through improved ratings and awards
- our talented and engaged workforce.

And importantly, our financial success also benefits the community – for FY25, we will contribute a record \$2.8 million to the Australian Ethical Foundation, which will allow the Foundation to continue its philanthropic work focused on delivering positive impact.

¹ Underlying cost to income ratio is calculated as: total expenses excluding UPAT adjusted expenses, excluding the net profit/loss attributable to the Foundation and excluding tax, divided by total revenue excluding UPAT adjusted revenue.

I am proud of Australian Ethical's significant achievements in FY25 right across our business and am confident of the business momentum as we look ahead to FY26 and beyond. These results are enabled through the significant contribution and commitment of our employees, with their high levels of engagement being a testament to the shared purpose that underpins the resilience of our business.

Annual General Meeting

At the 2024 Annual General Meeting, the Company's remuneration report received a 'yes' vote of 84.14% cast on the resolution that the remuneration report be adopted.

Remuneration changes

The Board continues to enhance the remuneration arrangements for Executive KMP. In FY25, changes were made to better align our arrangements with market practice, the Financial Accountability Regime (FAR) and in response to suggestions from proxy advisors.

Key changes to Executive KMP remuneration arrangements in FY25 were:

- Executive KMP are no longer eligible for Employee Share Plan (ESP) grants from 1 July 2024 (FY24: 10% allocation), as the allocation of long term incentives for KMP has been rationalised into a single scheme, being the Executive Long-Term Incentive (ELTI scheme). The ESP remains relevant to employees not eligible for the ELTI, and provides a mechanism to ensure all employees are able to participate in company ownership and hold an interest in the success of the organisation.
- The target Short Term Incentive (STI) opportunity for some Executive KMP have been increased to better align with market remuneration benchmarks.
- Executive Long-Term Incentive (ELTI) financial measures were expanded and thereby made more stretching. In addition, the ELTI weighting to each financial measure is now specified.

Remuneration philosophy and framework

Our remuneration policy aligns to the philosophy of the Company that sees our people as key stakeholders in the Company's success. Our remuneration framework aims to reward our management and employees fairly and competitively. Further, our framework aims to provide a direct link between contribution and reward and alignment with the long-term performance of the Company, and in turn, long term value creation for shareholders.

Each year, the Board and its People & Remuneration Committee (PRC) (prior to 1 July 2025 known as the People, Remunerations & Nominations Committee, or PRN) review the remuneration framework and have oversight of remuneration arrangements for all employees, setting company key performance objectives to align employee performance and behaviour with remuneration outcomes.

All elements of our remuneration framework seek to drive our growth aspirations which will amplify our impact and realise our purpose of better outcomes for all stakeholders, including people, planet and animals.

Other than the reporting changes disclosed above, and changes that might be necessary to further align to the Financial Accountability Regime (FAR), no changes are contemplated for FY26.

FY25 variable remuneration outcomes

The PRC and the Board spend considerable time each year evaluating the contributions and performance of the company, CEO and other Executive KMP to arrive at the variable incentive outcomes for each Executive KMP, measuring achievements against the Balanced Scorecard and individual objectives. Objectives combine both financial and non-financial business and customer outcomes whilst ensuring an appropriate risk culture is maintained. All employees, including Executive KMPs, have objectives underpinned by the company's core values, whilst also incentivising ethical behaviour and positive customer outcomes.

FY25 was a very successful year as outlined above.

Reflecting on Australian Ethical's business performance, outcomes for FY25 include:

- CEO's STI at 78% of maximum opportunity
- STI's for other Executive KMP range from 53% to 68% of maximum opportunity
- The agreed hurdle for achievement of ESP, 3-year EPS CAGR of 10% based on 'Adjusted NPAT pre performance fee' has been exceeded, resulting in the vesting of the 2022 ESP tranche for all relevant employees

No ELTI vested in FY25. The first tranche of ELTI awards, which were granted in 2021, was assessed against the pre-determined performance hurdles at the end of FY25 and did not vest (see section 4.7).

Looking forward

We annually review our remuneration framework to ensure it remains contemporary and is aligned with the Company's strategy and industry trends, whilst remaining focused on current and upcoming regulatory changes.

We are committed to ensuring our remuneration arrangements remain fair to all stakeholders and are effective in attracting and retaining talented people who are motivated, professional and contribute positively to Australian Ethical's growth aspirations.



STEVE GIBBS

Chair

People, Remuneration & Nominations Committee

1. Key Management Personnel

Name	Position	Term as KMP in FY25
Executive Key Management Personnel (KMP)		
John McMurdo	Managing Director & CEO	Full year
Karen Hughes	Chief Risk Officer & Company Secretary	Full year
Maria Loyez	Group Executive, Superannuation (from 1 July 2025) Chief Customer Officer (until 30 June 2025)	Full year
Mark Simons	Chief Financial Officer	Full year
Ludovic Theau	Chief Investment Officer	Full year
Non-Executive Directors		
Steve Gibbs	Non-Executive Chair	Full year
Katherine Greenhill	Non-Executive Director	Full year
Julie Orr	Non-Executive Director	Full year
Sandra McCullagh	Non-Executive Director	Full year
Richard Brandweiner	Non-Executive Director	1 September 2024 to 30 June 2025
Brian Bissaker	Non-Executive Director	15 April 2025 to 30 June 2025
Mara Bûn	Non-Executive Director	1 July 2024 to 31 October 2024

2. Our people

AE People Plan

Success in achieving our strategic goals is largely contingent on the quality and performance of our people and the health of our organisation's culture. Our People Plan (people and culture strategy) is focused on delivering people and culture solutions to enable our people to achieve their potential and do the most rewarding work of their careers so that we can become a global role model in responsible investing.

The AE People Plan focus areas are:

- **Diversity, Equity and Inclusion ("DEI")** to foster a DEI led organisation to enable better performance
- **Talent and Capability** to secure talent and capability now and for the future
- **Performance and Reward** to motivate and reward our people to act in the best interests of our stakeholder groups
- **Culture and Employee Experience** to bring to life our 'Purpose Driven and High Performing' culture

FY25 was a year of high emphasis on investing in our people and our purpose driven and high performing culture.

FY25 achievements

Key People Plan initiatives and achievements are outlined below.



Diversity Equity & Inclusion

- Published our Gender Pay Gap Statement alongside WGEA report
- Maintained our gender diversity
 - Board – 43% female, 57% male
 - Executive – 50% female, 50% male
 - Investment & Ethics Team – 39% female, 61% male
 - Organisation – 47% female, 53% male
- Signed onto 40:40 vision; an investor-led initiative dedicated to achieving gender balance in executive leadership within Australia's largest listed companies.
- Recognised Neurodiversity Week and partnered with NeuroEdge, a social impact organisation driving neuroinclusion in the workplace, to help us better understand and embrace neurodiversity in both the workplace and beyond.



Talent & Capability

- Implemented the People Leader Forum – a series of ongoing workshops developed to inspire and equip leaders to fulfil their leadership potential with strategies to build confidence and capability. The forums have a particular focus on action and commitment and building a sense of community among the group.
- Continued to invest in talent and capability with a number of key new senior hires during the year.



Performance & Reward

- Developed and implemented Lead with Purpose, a framework to provide clarity on what it means to be a high performing and impactful leader at every level — individual contributor, people leader, senior leader, or part of the executive team. The framework has been integrated into our talent management practices and underpins how we attract, develop, retain and reward people with the capabilities AE needs to be successful now and in the future.
- Designed and introduced a formal recognition program to recognise and reward employees across two categories, Values and Business Excellence. Each quarter we celebrate a Values Award recipient and a Business Excellence Award recipient, and at the end of the year we grant an AE Excellence award the highest recognition for the year.



Culture & Employee Experience

- Strengthened our opportunity and risk culture so that everyone understands AE’s approach to opportunity and risk management, takes personal responsibility to manage risk in everything they do, and to encourage others to follow their example. A risk assessment is applied when determining all incentive compensation outcomes.
- Achieved a Financial Services second quartile engagement score of 76%*, down from 79% in FY24 and 1% below the Financial Services top quartile threshold of 77%.
- Continued investment in employee wellbeing offerings including a wellbeing allowance, flu vaccinations and skin checks, organised fitness events, additional wellbeing leave, EAP support and a health support program, volunteering events so employees can bring their best selves to work.

* Second quartile for Financial Services Australia. See: cultureamp.com/science/insights/financial-services-australia

3. Remuneration philosophy and structure

3.1 Remuneration guiding principles

Australian Ethical’s remuneration approach is designed to facilitate the attraction, retention and engagement of talent, within the organisation’s capacity to pay, to achieve Australian Ethical’s corporate objectives and purpose of Investing for a Better World.

Our remuneration approach is guided by the following principles:

- Pay fairly and equitably, and market competitively, to attract and retain talented people,
- Align and balance the interests of clients, shareholders, and employees,
- Recognise and differentiate for contribution to the Group’s performance,
- Promote our values, behaviours, risk and conduct expectations,
- Be simple to administer and to communicate to stakeholders,
- Adhere to all applicable legislation and regulations, and
- Support the long-term financial stability of AEI Group.

Australian Ethical’s remuneration philosophy is consistent with the principles of the Australian Ethical Constitution and Charter contained in the AEI and AES Constitutions. It is designed to:

- ensure that the Group facilitates “the development of workers’ participation in the ownership and control of their work organisations and places” – Charter element (a)
- not “exploit people through the payment of low wages or the provision of poor working conditions” – Charter element (ix)
- not “discriminate by way of race, religion or gender in employment, marketing, or advertising practices” – Charter element (x)

The Board, before declaring any dividend, is required by the Company’s Constitution to provide a bonus or incentive for employees of up to 30% of what the profit for that year would have been had not the bonus or incentive payment been deducted.

3.2 Elements of remuneration

The following framework applied to employees and KMPs of Australian Ethical Investment Limited (not including Non-Executive Directors and Investment Committee members) for the financial year ended 30 June 2025, as indicated in the table. Employees of Australian Ethical Superannuation Pty Limited are entitled to receive all the below elements of remuneration with the exception of the Employee Share Plan (ESP) and Executive Long-Term Incentives (ELTI).

There were no significant changes to the remuneration framework in the FY25 year.

Element	Description	Detail	Paid as
Fixed Remuneration (FR)	Comprises base salary, superannuation, packaged employee benefits and associated fringe benefits tax.	<ul style="list-style-type: none"> Reviewed annually, or on promotion. Benchmarked against market data¹ for comparable roles based on position, skills and experience brought to the role. Target remuneration is based around the median of the relevant comparator group for each job role, taking into consideration companies in a similar industry and of a similar size. 	Cash and superannuation
Short Term Incentive (STI)	An annual incentive aimed at motivating and rewarding employees for achievement of annual performance objectives. A risk modifier applies where non-compliance with risk and values expectations.	<ul style="list-style-type: none"> Actual outcome is linked to performance against individual KPIs and contribution against annual financial and non-financial metrics in the Board approved Balanced Scorecard. Maximum achievable for Executive KMPs is two times the target incentive, based on a percentage of Fixed Remuneration. For Executive KMPs (except CEO and CIO), STI in any given year that exceeds \$130,000 will typically be deferred for up to 4 years (prior to 30 June 2025: amounts exceeding \$100,000 were typically deferred for up to 3 years), is not subject to further hurdles and is paid in shares. The CEO and CIO have additional deferral components within their remuneration. Short term incentives are treated as follows in the following circumstances: <ul style="list-style-type: none"> – resignation – usually forfeited, subject to Board discretion; – termination for serious misconduct – forfeited; – retirement – at discretion of the Board; – death or total and permanent disablement – at discretion of the Board; and – redundancy – at discretion of the Board. 	Cash and deferred shares

¹ Benchmarked to data provided by the Financial Institutions Remuneration Group Inc (FIRG). FIRG is a peer group provider of remuneration and benefits data in the financial services industry.

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Element	Description	Detail	Paid as
Employee Share Plan (ESP)	Aimed at enabling employees to share in the ownership of the company, in keeping with our Constitution and Ethical Charter. Aligns employee performance and behaviour with the long-term success of the Company. The ESP also supports the retention of employees. Applies to all employees who have satisfied the risk and values gate. Does not apply to Executive KMPs for grants after 1 July 2024.	<ul style="list-style-type: none"> Awarded as percentage of Fixed Remuneration (10%). Shares are issued or purchased and held in trust for 3 years. Vest in the name of the employee after 3 years, provided that: <ul style="list-style-type: none"> employee remains employed; and subject to 3-year compound annual growth in diluted earnings per Share (EPS) as follows: <ul style="list-style-type: none"> 0 – 5% – nil vests 5% – 10% – pro rata up to 100% > 10% – fully vests. The Board applies an 'Adjusted NPAT pre performance fee' for the purpose of calculating the 3-year EPS CAGR achievement. Adjustments are agreed in advance by the Board as part of the annual budget setting process, for strategic development initiatives e.g M&A, transformational initiatives that impact short term NPAT, but are highly advantageous to medium term shareholder value accretion. Employees participate in dividends and have voting rights from the date of grant. On cessation of employment, no unvested shares shall vest unless the Board in its absolute discretion determines otherwise. 	Shares
Executive Long-Term Incentive (ELTI)	Designed to align Executive KMPs and key executives to the business strategy. The ELTI includes specific KPIs reflecting strategic targets to drive long- term shareholder value creation, encourage the achievement of AEI's long-term strategic goals, and to support the retention of key senior talent.	<p>Awarded as percentage of Fixed Remuneration, ranging from 10% to 75% for selected senior executives.</p> <p>Issued as performance rights and vest as ordinary shares after 4 years, provided that:</p> <ul style="list-style-type: none"> Employee remains employed; and Stretching financial and non-financial performance hurdles are achieved. <p>Refer to section 4.7.1 for the specific performance hurdles relating to each grant.</p> <p>During the vesting period, ELTI participants are not entitled to receive dividends nor hold voting rights.</p> <p>On cessation of employment, all performance rights are forfeited unless the Board in its absolute discretion determines otherwise.</p> <p>Shareholder approval was sought for the CEO's FY25 Long Term Incentive grant (equity rights) under the ELTI.</p>	Performance Rights

3.3 FY26 Changes and considerations

There are no material changes to compensation structures anticipated in FY26.

A new FY26 ELTI grant with a vest date of 1 September 2029 is being considered which is expected to be based on a similar percentage of fixed remuneration for KMPs as in FY25. The performance hurdles for this grant are yet to be determined. Shareholder approval will be sought for the CEO's Long Term Incentive grant (equity rights) under the ELTI.

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4. Executive KMP remuneration outcomes for FY25

4.1 Corporate performance

In considering the Company's short-term incentive payments, regard is had to the following measures which reflect Australian Ethical's performance across a range of metrics over the last five years:

	2021	2022	2023	2024	2025	2025 % change
FUM at year end (\$ billion)	6.07	6.20	9.20	10.44	13.94	34%
Net inflows (\$ billion) – organic growth	1.03	0.94	0.47	0.61	0.59	-3%
Net inflows (\$ billion) – M&A	–	–	1.93	–	1.93*	–
Operating Revenues (\$'000)	59,110	70,784	81,096	100,491	119,384	19%
Performance fees (\$'000) included above	2,895	375	–	187	–	–
Underlying Profit After Tax (UPAT) (\$'000)^	11,052	10,284	11,789	18,519	23,802	29%
Net Profit After Tax attributable to shareholders (\$'000)	11,261	9,597	6,576	11,847	19,938	68%
UPAT pre performance fee (\$'000)	9,167	10,044	11,789	18,441	23,802	29%
NPAT pre performance fee (\$'000)	9,377	9,356	6,576	11,769	19,938	69%
Adjusted NPAT (pre performance fee)^	9,377	10,043	9,189	16,281	23,802	46%
Diluted Earnings Per Share attributable to shareholders (cents per share)	10.02	8.55	5.84	10.51	17.51	67%
Diluted EPS growth (based on Adjusted NPAT pre performance fees) (3 years)	23.2%	19.1%	8.4%	20.2%	32.7%	–
Dividends (cents per share)	7	6	7	9	14	56%
Special performance fee dividend (cents per share)^	1	–	–	–	–	–
Staff engagement scores	82%	79%	70%	79%	76%	-3%

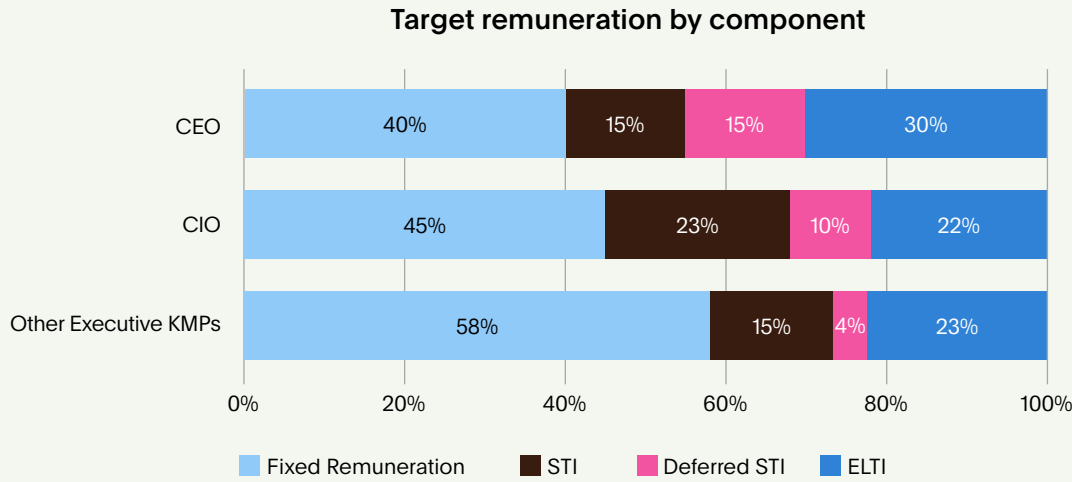
^ Underlying Profit After Tax and 'Adjusted NPAT pre performance fee' are non-IFRS measures and are not audited albeit reconciled to the audited statutory profit.

^^ The special performance fee dividend is linked to the performance fee achieved on the Emerging Companies Fund outperformance in FY21.

* Altius FUM at acquisition in September 2024 was \$1.93 billion, of which \$1.91 billion was retained at 30 June 2025.

4.2 Weighting of remuneration components

The following are the weightings of the various components of target remuneration for the CEO, CIO and all other Executive KMP. Target remuneration is the remuneration that KMP expect to be paid if all of their strategic initiatives are achieved. Changes have been made to the CEO remuneration to reflect a lower weighting to fixed remuneration and short term incentives with an increased weighting to long term incentives to ensure greater alignment with long term shareholder value creation.



4.3 Short-Term incentive (STI) outcomes

4.3.1 Performance measures for short term incentives

Performance measures for Short-Term Incentives (STI) are based on a Balanced Scorecard of financial and non-financial metrics and an individual’s specific performance objectives. Employees have no contractual right to receive an STI award and the Board retains discretion to amend or withdraw the STI at any time. Adherence to the Company’s values and risk culture are required to remain eligible for an STI award. The following table provides the overall Balanced Scorecard and the performance outcomes for these objectives for the financial year ended 30 June 2025. The following outcomes have been taken into account when assessing short term incentives for Executive KMPs.

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Measure	Weight	Target	Weighted Outcome	Why this metric is appropriate	Achievement comments
Financial	50%	UPAT \$20.5m	<p>Not met Met Exceeded </p>	UPAT & NPAT targets provide alignment to the Group's financial performance.	FY25 UPAT of \$23.8m exceeds target by 16%
		NPAT \$15.9m	<p>Not met Met Exceeded </p>	The targets set reflect further strategic investment in the business to drive a scalable operating platform and continued growth.	FY25 NPAT of \$19.9m exceeds target by 25%
		Cost to income ratio <75%	<p>Not met Met Exceeded </p>	Metric reflects goal of achieving improved operating leverage as the business scales	Cost to income ratio of 71.4% better than target by 3.6ppts
Business Transformation	20%	\$750m net flows	<p>Not met Met Exceeded </p>	Growth and scale will benefit our customers through lower fees and better products and service. It also allows us to deliver greater social and environmental impact.	Organic net flows of \$593m is 21% below target of \$750m
		Delivery of key transformational projects:	<p>Not met Met Exceeded </p>	Delivery of key transformation strategic initiatives is critical to underpin the growth strategy, which will deliver improved shareholder returns.	<ol style="list-style-type: none"> Transition from Mercer to GROW Inc completed in FY25 with unit cost savings realised. Custody transition, including unit cost savings, completed in FY25. Strong M&A exploration focus with Altius integration steps completed in FY25 & FUM retention target met.
		<ol style="list-style-type: none"> Consolidation of super administration – transition from Mercer to Grow Inc with planned UPAT delta realised Custodian migration completed with planned UPAT delta realised Exploration and pipeline of accretive M&A including the integration of Altius Asset Management with retention of >\$1.75b FUM 			

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Measure	Weight	Target	Weighted Outcome	Why this metric is appropriate	Achievement comments
Reputation & Customer experience	10%	Responsible Investment Leadership recognition	<p>Not met </p> <p>Met </p> <p>Exceeded </p>	Provides an evidence point for our strategy of becoming a powerful influence in ethical investing. Supports our brand strength and growth in customer numbers.	AE continues to be a RIAA RI leader
		<ul style="list-style-type: none"> RIAA RI leader 			
People	10%	B Corp Leadership	<p>Not met </p> <p>Met </p> <p>Exceeded </p>	An independent certification to reflect high standards of verified social and environmental performance, accountability and transparency. An evidence point of our deeply ethical business.	AE continued to be in the top 5% of Certified B Corp scores in Australia and NZ* in FY25 after having achieved a record score in FY24.
		<ul style="list-style-type: none"> Top 5% rated B Corp in Australia and NZ 			
People	10%	Compelling customer experience	<p>Not met </p> <p>Met </p> <p>Exceeded </p>	Customer satisfaction with product and service drives improved customer and business outcomes, improved reputation and underpins long term growth and shareholder returns.	3rd highest NPS**. As measured and externally benchmarked by Investment Trends in March 2025 and published in May 2025.
		<ul style="list-style-type: none"> Superannuation Customers NPS top 10 			
People	10%	Employee engagement	<p>Not met </p> <p>Met </p> <p>Exceeded </p>	Providing a motivating and inspiring workplace and high employee engagement has been proven to drive better business outcomes for customers and shareholders.	Employee engagement score of 76% was 1% below the Financial Services top quartile threshold of 77%***.
		<ul style="list-style-type: none"> Top Quartile Finance Australia 			

* As at 13 July 2023, the date of our last assessment

** Investment Trends Super Member Engagement Report 2025. Independent research with 23 major super funds

*** Top quartile for Financial Services Australia. See: cultureamp.com/science/insights/financial-services-australia

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Measure	Weight	Target	Weighted Outcome	Why this metric is appropriate	Achievement comments	
Investment Performance*	10%					
		MF ASF exceeds benchmark for 2/3 of time horizons				
		MF ECF achieves benchmark for 2/3 of time horizons				
MF BF achieves benchmark for 2/3 of time horizons						
Superfund - Balanced Accum option v peers- achieve 2nd quartile for 2/3 of time horizons						

Most of our funds had good performance in FY25. The two third time horizon target was met by the Emerging Company Fund (ECF) but not met for the other two specified funds.

Delivering long term competitive investment returns for our customers is core to our offering. It underpins growth in net flows, FUM and revenue which in turn enhances shareholder returns.

Met target for one of the three time horizons (1-year) but below target for 5-year and 10-years.
Source: June 2025 Superratings SR50 Balanced (60-76) ranking.

* Investment performance is calculated net of management fees.

Short-Term incentive modifier

The Board recognises that the Balanced Scorecard outcome needs to be assessed in combination with other factors in order to make effective reward decisions.

As such, an overall risk assessment is applied to the scorecard outcome, through assessment of the following factors:

- Risk appetite compliance
- Embedded risk culture as evidenced by: managing incidents and risks out of tolerance back into tolerance; lack of significant regulatory issues; training compliance; behaviours demonstrating AE acting in the best interests of customers

Measurement is made via a combination of factual and subjective assessment and if triggered, the impact has a modifier impact on overall STI allocation for all staff including the KMP. The modifier can vary between zero and 100%, and therefore acts as a gateway and a downwards adjustment mechanism.

The Chief Risk Officer has determined that no risk matters have been identified which would justify the application of a modifier. The Board has determined that no downward modifier is applicable for 2025 STI outcomes for Executive KMPs.

Short-Term incentive assessment

The CEO’s performance is assessed on the Company Balanced Scorecard and a number of equally weighted strategic initiatives such as:

- Leadership and team development,
- Strategy development and execution,
- Brand and reputation,
- Strategic partnerships including mergers and acquisitions.

The PRC considered the Executive KMP’s STI awards in light of the Balanced Scorecard achievements, and each individual’s contribution to the results and approved or, in the case of the CEO, recommended to the Board, each Executive KMP STI award, as reflected in the statutory table in section 4.6. In addition to the Balanced Scorecard, each Executive KMP is also assessed on a range of individual objectives relevant to their role and responsibilities. The awards reflect recognition of the performance of each Executive KMP, their team and the achievement of strategic initiatives.

4.3.2 Short-Term incentives awarded

The below table shows for each Executive KMP how much of their STI was awarded, in relation to the maximum incentive pay they were entitled to. The CEO STI is subject to Board approval following a recommendation from the PRC. The other Executive KMP STI are subject to PRC approval following a recommendation from the CEO and all other employee STI are approved by the CEO. In all instances, the minimum is 0%.

Total STI Bonus (Cash and Deferred Shares)

Name	Opportunity as a % of Fixed Remuneration		Target Opportunity	Maximum Opportunity (2 x Target)	Awarded	Achieved as % of Maximum Opportunity ¹
	Target %	Max %				
J McMurdo	75%	150%	430,425	860,850	670,000	78%
K Hughes	20%	40%	67,000	134,000	88,000	66%
M Loyez	40%	80%	164,800	329,600	175,000	53%
M Simons	40%	80%	184,000	368,000	250,000	68%
L Theau	75%	150%	385,250	772,500	500,000	65%

¹ Forfeiture %, in accordance with Corporations Regulation 2001 – Reg 2M.3.03 clause 12(f), is calculated as 100% less the Achieved %

4.4 Employee share plan (ESP)

The ESP is currently awarded at 10% of fixed remuneration to all eligible staff (excludes Executive KMP from 1 July 2024). It serves the intent of the Australian Ethical Charter, and Company Constitution which seeks to enable all employees to share in ownership of the company and encourage behaviours and achievement consistent with the long-term success of the Company.

The ESP vesting outcome is determined against a pre-approved metric, being 'Adjusted NPAT pre performance fee'.

Adjusted NPAT pre performance fee of \$23.8 million was achieved in FY25, which reflects 3 year EPS cumulative average growth rate (CAGR) of 32.7%, well above the 10% hurdle for 100% vesting of the ESP.

The items approved by the Board at the start of FY25 for adjustments to NPAT, for the purpose of calculating achievement of the targeted measures, reflect transformational strategic initiatives which required a short-term investment to drive attractive medium to long-term shareholder value creation. It is considered that these costs reflect Board approved investment decisions to underpin the growth strategy.

The below table outlines the Board pre approved adjustments for the calculation of 'Adjusted NPAT pre performance fee' as compared to statutory NPAT and UPAT for FY25.

Profit item	\$m	Reason for adjustment
NPAT attributable to shareholders (pre performance fee)	19.9	Incentive payments relating to performance fees are allocated separately to select members of the Investment Team. Performance fees do not form part of this calculation.
Add: Superannuation administrator transition expenses (less the linked insurance cost recovery income) & Altius transition expenses	2.6	The superannuation administrator transition is a Board agreed transformational initiative to underpin the growth strategy, and encompasses the consolidation of administration providers. This initiative has started to deliver substantial savings to ongoing super administration expenses.
Add: Merger & acquisition expenses	1.2	The transition of the Altius business is a Board agreed initiative that delivers enhanced Fixed Income capability and scale. Board agreed initiative to pursue specific inorganic growth opportunities to drive long term business growth. Expenses reflect due diligence and transaction costs for the acquisition of Altius Asset Management and other merger and acquisition pipeline activities.
Add: Amortisation of Altius intangibles	0.1	This acquisition-related accounting charge does not impact Australian Ethical's ongoing cash flows.
Adjusted NPAT pre performance fee	23.8	Measure against which ESP vesting is assessed
UPAT (pre performance fee)	23.8	

All adjustments are shown net of tax

4.5 Executive Long-Term Incentive (ELTI)

There were no Executive KMP or Senior Executive Long-Term Incentive awards vested or paid in FY25.

The first tranche of ELTI awards lapsed without vesting at the end of FY25 as the relevant ELTI performance measures were not achieved.

4.6 Executive KMP Remuneration Outcomes – statutory and cash and vesting basis

The following two tables set out Executive KMP remuneration.

- The table 'Executive KMP Remuneration Outcomes – Statutory Basis' is aligned to the way the Company expenses (accrues) the remuneration of the Executive KMP under the accounting standards and the Corporations Act.
- The table 'Executive KMP Remuneration Outcomes – Cash and Vesting Basis' shows amounts received by the Executive KMP in cash and shares vested during the financial year ended 30 June 2025.

The movement in the Executive KMP remuneration outcomes (statutory basis) between FY24 and FY25 is due to:

- Chief Executive Officer (CEO) – the total statutory remuneration decreased compared to FY24. An increase in salary in line with industry benchmarking and an increase in cash STI were more than offset by a decrease in the value attributable to ELTI rights. The cash STI increase in FY25 reflects the significantly improved financial performance of the organisation, successful transformation agenda implementation and accretive M&A completion (Altius).
- Chief Investment Officer (CIO) – the total statutory remuneration increase is primarily due to higher cash STI. The STI cash increase in FY25 reflects the successful integration of Altius Asset Management, significant uplift in research ratings achieved, above market investment performance in core superannuation options and significant progress on the implementation of our investment operating platform (Charles River Investment Management System and Alpha Data Platform).
- Other Executive KMP – increases in individual salaries and STI opportunity in line with responsibilities and industry benchmarking to ensure reward remains competitive and fair. Bonuses vary from year to year based on STI % benchmarking, individual and company performance.
- Performance rights (ELTI) – FY25 ELTI expense relates to ELTI granted on 1 December 2023 and 1 December 2024 partially offset by the write-back of the rights granted on 1 December 2022 to reflect the low probability of those rights achieving the performance hurdles before 30 June 2026 (refer to section 4.7.1)

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Executive KMP remuneration outcomes – statutory basis

The table below outlines Executive KMP remuneration as calculated in accordance with accounting standards and the Corporations Act 2001 requirements. The amounts shown are equal to the amount expensed (accrued) in the Company’s financial statements for the particular year based on the Balanced Scorecard and other agreed KPIs.

Name	Short-Term Benefits		Post-Employment Benefits		Long-Term Benefits			Total \$	STI as a % of Fixed Remuneration	Variable Rem as a % of Total Remuneration	
	Salary \$	STI – Cash ¹ \$	Super-annuation \$	Termination Benefits \$	Long Service Leave \$	Deferred STI – Equity ² \$	ESP – Equity ³ \$				ELTI – Rights ⁴ \$
2025 financial year											
Current Executive KMP											
J McMurdo ⁵	540,732	335,000	29,932	-	14,222	302,256	35,900	53,204	1,311,246	111.7%	55.4%
K Hughes	303,645	88,000	29,932	-	14,163	-	21,333	22,062	479,135	26.4%	27.4%
M Loyez	380,368	130,000	29,932	-	11,161	22,500	25,999	21,158	621,118	37.2%	32.1%
M Simons	427,902	130,000	29,932	-	19,797	60,000	28,835	36,539	733,005	41.5%	34.8%
L Theau	463,917	350,000	29,932	-	11,053	63,477	20,778	118,790	1,057,947	83.7%	52.3%
Total 2025	2,116,564	1,033,000	149,660	-	70,396	448,233	132,845	251,753	4,202,451	65.4%	44.4%
2024 financial year											
J McMurdo ⁵	520,497	285,000	27,399	-	10,726	297,077	52,567	129,173	1,322,439	106.2%	57.8%
K Hughes	296,172	71,500	27,399	-	10,026	-	31,333	15,348	451,778	32.0%	37.3%
M Loyez	375,361	110,000	27,399	-	8,829	-	38,000	74,842	634,431	22.1%	26.2%
M Simons	413,751	100,000	27,399	-	15,260	41,667	42,167	83,006	723,250	27.3%	35.1%
L Theau	474,864	263,688	27,399	-	9,663	28,252	20,779	49,552	874,197	13.5%	26.9%
R Piper ⁶	416,263	60,000	27,399	-	12,946	-	23,530	84,403	624,541	32.1%	36.9%
M Enander ⁶	352,579	121,406	27,399	-	8,388	-	36,950	72,777	619,499	58.1%	41.4%
Total 2024	2,849,487	1,011,594	191,793	-	75,838	366,996	245,326	509,101	5,250,135	45.3%	40.6%

¹ The Short-term Incentive (“STI”) expense is the amount accrued for performance during the respective financial year using agreed KPI’s. The 2025 amounts were approved by the PRC or, in the case of the CEO, the Board. STI in excess of \$130,000 (prior to 30 June 2025; \$100,000) is typically paid in deferred shares (with exception of the CEO and CIO who have additional deferral requirements).

² The Deferred Short-term incentive (“DSTI”) expense for 2025 includes the current year expense impact of deferred shares in the FY22, FY23, FY24 and FY25 grants. The cost of shares is fixed at the time of grant and expensed on a straight-line basis over the vesting period which ranges from 1 to 4 years.

³ The ESP Equity expense for 2025 includes the relevant 2025 expense impact of the FY23 and FY24 grants under the Employee Share Plan. The cost of shares is fixed at time of the grant and expensed over a three-year period using an annual probability assessment of the hurdles being met at the end of the vesting period. The FY23 tranche will vest at an individual level in September 2025. There was no FY25 grant to KMP.

⁴ The ELTI rights expense includes the current year expense impact of the Executive LTI (ELTI) granted in FY22, FY23, FY24 and FY25. The life-to-date expense relating to the FY23 grant was written back in FY25 as the probability of achieving the performance hurdles was assessed as nil. The life-to-date expense relating to the FY22 grant was written back in FY24 as the probability of achieving the performance hurdles was assessed as nil.

⁵ The CEO was awarded 78% (2024: 69%) of his maximum STI incentive by the Board. The maximum incentive is 2 times his target STI at 30 June 2025. 50% of this award is paid in cash and the remaining 50% is paid in deferred shares over each of the next 3 years (subject to any additional deferral over 4 years to align with FAR), with first shares vesting in September 2026.

⁶ M Enander and R Piper were KMP until 30 June 2024.

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Executive KMP remuneration outcomes – cash and vesting basis (non-IFRS, audited)

The table below reflects actual benefits received by each Executive KMP during the reporting period including prior year bonus paid in cash in the current year and the value of shares vested under the employee share plans.

Name	Short-Term Benefits			Post-Employment Benefits			Long-Term Benefits			Performance related
	Salary ¹ \$	Cash Bonus \$	Equity \$	Super-annuation ¹ \$	Termination Benefits \$	Long Service Leave \$	ESP – Equity ^{2,3} \$	ELTI – Rights \$	Total \$	
2025 financial year										
Current Executive KMP										
J McMurdo	559,417	335,000	186,589	29,932	-	14,222	20,619	-	1,145,779	31.0%
K Hughes	305,090	88,000	-	29,932	-	14,163	12,370	-	449,555	22.3%
M Loyez	382,130	130,000	-	29,932	-	11,161	14,844	-	568,067	25.5%
M Simons	430,343	130,000	84,058	29,932	-	19,797	16,496	-	710,626	20.6%
L Theau	468,357	350,000	-	29,932	-	11,053	-	-	859,342	40.7%
Total 2025	2,145,337	1,033,000	270,647	149,660	-	70,396	64,329	-	3,733,369	29.4%
2024 financial year										
J McMurdo	531,076	285,000	128,812	27,399	-	10,726	184,092	-	1,167,105	40.2%
K Hughes	297,423	70,000	-	27,399	-	10,026	26,671	-	431,519	22.4%
M Loyez	376,951	100,000	11,454	27,399	-	8,829	31,976	-	556,609	23.7%
M Simons	416,773	100,000	40,085	27,399	-	15,260	31,819	-	631,336	20.9%
L Theau	475,277	-	-	27,399	-	9,663	-	-	512,339	0.0%
R Piper	416,731	70,000	-	27,399	-	12,946	-	-	527,076	13.3%
M Enander	354,308	92,500	28,731	27,399	-	8,388	32,199	-	543,525	22.9%
Total 2024	2,868,539	717,500	209,082	191,793	-	75,838	306,757	-	4,369,509	23.4%

¹ Fixed remuneration – includes base salary, payments made to superannuation funds and dividend income on unvested shares.

² ESP – Equity 2025 represents the market value of vested shares during the financial year relating to employee share plan shares granted in September 2021. 100% of these shares vested as the performance criteria was fully achieved. The market value on the vesting date was \$4.04 (price at grant was \$9.80).

³ ESP – Equity 2024 represents the market value of vested shares during the financial year relating to employee share plan shares granted in September 2020. 100% of these shares vested as the performance criteria was fully achieved. The market value on the vesting date was \$4.24 (price at grant was \$4.53).

4.7 ELTI - performance rights

Rights to ordinary shares under the Executive LTI program are granted each year on 1 December. The number of performance rights allocated to each Executive KMP was determined as follows:

- Granted 2022: based on the average share purchase price supporting the ESP program up to grant date.
- Granted 2023: using an allocation price based on the 60-day variable weighted average price for the period 25 August to 16 November 2023.
- Granted 2024: using an allocation price based on the 20-day variable weighted average price for the period 4 September 2024 to 1 October 2024.

On vesting, each right automatically converts into one ordinary share.

The fair value of the performance rights was determined based on the market price of the company's shares at the grant date, with adjustments including the forecast dividend yield forgone and the likelihood that the total shareholder return target is met.

	Allocation Price	Fair Value Price
Granted 1 December 2022	\$5.29	\$4.54
Granted 1 December 2023	\$4.37	\$4.49
Granted 1 December 2024	\$4.25	\$4.43

The table below shows the number of rights granted on 1 December 2022 and the grant date fair value of those rights. The FUM growth performance hurdle for the Performance Rights granted 1 December 2022 have not yet been met. The Board's assessment is that the likelihood of meeting the performance hurdle by 30 June 2026 is less likely than more likely given the organic netflows still required to achieve the threshold. Accordingly, the fair value of these rights has been written down to nil. Statutory expense in the 'Remuneration Outcomes – Statutory Basis' table above includes the impact of the write-back.

This probability assessment does not change the ambitious growth that is still being targeted including both organic and complementary inorganic growth. Should the assessment be probable at a future date, then this write-back will be revisited.

Granted 1 December 2022	Granted as % of Fixed Remuneration	No. of Rights Granted	Grant Date Fair Value of Rights	Fair Value of Rights
J McMurdo	50%	49,622	225,284	–
K Hughes	10%	5,955	27,034	–
M Loyez	40%	28,733	130,450	–
M Simons	40%	31,758	144,181	–

The table below shows the number of rights granted on 1 December 2023 and 2024 and the grant date fair value of those rights. The Board's assessment is that it is probable that the performance hurdles for these tranches will be achieved.

Granted 1 December 2023	Granted as % of Fixed Remuneration	No. of Rights Granted	Grant Date Fair Value of Rights
J McMurdo	50%	63,158	283,579
K Hughes	10%	7,437	33,392
M Loyez	40%	36,613	164,392
M Simons	40%	40,732	182,886
L Theau	40%	45,974	206,423

Granted 1 December 2024	Granted as % of Fixed Remuneration	No. of Rights Granted	Grant Date Fair Value of Rights
J McMurdo	75%	101,276	388,606
K Hughes	30%	23,647	112,595
M Loyez	40%	38,776	184,631
M Simons	50%	54,118	257,682
L Theau	50%	60,588	288,488

4.7.1 ELTI Performance measures

The performance measures for the tranches granted in 2022, 2023 and 2024 are outlined below.

	Granted 1 December 2024	Granted 1 December 2023	Granted 1 December 2022
Performance measures	<p>Financial measures:</p> <ul style="list-style-type: none"> • 50% - net flows, including no more than 50% from M&A activity, over the 4-year vesting period of \$6.0bn • 25% - diluted earnings per share growth (hurdle 15%* CAGR, based on adjusted NPAT pre performance fees) • 25% - Total Shareholder Return (TSR) (hurdle of 10%** CAGR) <p>Non-financial measures:</p> <ul style="list-style-type: none"> • Median NPS (Net Promoter Score) for Financial Services companies in Australia^ • Median employee engagement score for financial services companies in Australia^^; and • Continued compliance with the aims of our Ethical Charter. 	<p>Financial measures:</p> <ul style="list-style-type: none"> • Net flows, including no more than 50% from M&A activity, over the 4-year vesting period of \$6.05bn • Underlying cost to income ratio of no more than 75%*** <p>Non-financial measures:</p> <ul style="list-style-type: none"> • Median NPS for Financial Services companies in Australia^ • Median employee engagement score for financial services companies in Australia^^; and • Continued compliance with the aims of our Ethical Charter. 	<p>Financial measures:</p> <ul style="list-style-type: none"> • Net flows, including no more than 50% from M&A activity, over the 4-year vesting period of \$6.05bn • Underlying cost to income ratio of no more than 75%** <p>Non-financial measures:</p> <ul style="list-style-type: none"> • Median NPS for Financial Services companies in Australia^ • Median employee engagement score for financial services companies in Australia^^; and • Continued compliance with the aims of our Ethical Charter.
Vesting period	Four years, ending 30 June 2028	Four years, ending 30 June 2027	Four years, ending 30 June 2026

* CAGR is cumulative annual growth rate. For diluted earnings per share growth: Less than 10% CAGR = 0% vesting. 10% to 15% CAGR = Straight-line vesting from 50% to 100%. 15% or above CAGR = 100% vesting.

** For TSR: Less than 7% CAGR = 0% vesting. 7% to 10% CAGR = Straight-line vesting from 50% to 100%. 10% or above CAGR = 100% vesting.

*** Based on achievement of the underlying cost to income ratio for the year in which the rights vest.

^ Achievement of at least median NPS. This includes NPS scores for both super and managed funds based on Investment Trends survey, or a comparable survey approved by the Board. NPS is to be monitored on an annual basis and KPI specifically references the results achieved in the financial year in which the rights vest.

^^ Achievement of at least median employee engagement score, based on Culture Amp Employee Engagement Survey based on employee responses to Say, Stay, Strive questions for the year in which the rights vest.

In implementing the ELTI opportunity, the Board was cognisant of the remuneration philosophy remaining consistent with the Ethical Charter and ensuring that the structure of the ELTI closely aligns the interests of Executive KMP with those of shareholders. The ELTI opportunity was designed to drive greater long-term business impact and purpose, with challenging stretch targets and longer vesting horizons and to reward those key to that success.

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4.8 Unvested and ordinary shares

The movement during the reporting period in the number of unvested shares and ordinary shares in the Company, held directly, or beneficially, by each key management person, including their related parties is outlined in the table below.

Name	Grant Date	Vesting Date	Share Price at Grant Date	Balance at 1-Jul-24	Number of shares/rights granted	Number of shares/rights forfeited	Number of shares vested	Number of shares sold	Balance at 30-Jun-25
J McMurdo									
Unvested Deferred STI shares & ESP	1-Sep-21	1-Sep-24	9.80	12,562	-	-	(12,562)	-	-
Unvested Deferred STI shares	1-Sep-22	1-Sep-24	5.29	17,722	-	-	(17,722)	-	-
Unvested Deferred STI shares & ESP	1-Sep-22	1-Sep-25	5.29	27,646	-	-	-	-	27,646
Unvested Deferred STI shares	1-Sep-23	1-Sep-24	4.53	20,989	-	-	(20,989)	-	-
Unvested Deferred STI shares	1-Sep-23	1-Sep-25	4.53	20,989	-	-	-	-	20,989
Unvested Deferred STI shares & ESP	1-Sep-23	1-Sep-26	4.53	33,185	-	-	-	-	33,185
Unvested Deferred STI shares	1-Sep-24	1-Sep-27	4.25	-	67,059	-	-	-	67,059
Ordinary shares				91,628	-	-	51,273	-	142,901
Unvested Performance rights	1-Dec-21	1-Sep-25	10.34	24,178	-	(24,178)	-	-	-
Unvested Performance rights	1-Dec-22	1-Sep-26	5.29	49,622	-	-	-	-	49,622
Unvested Performance rights	1-Dec-23	1-Sep-27	4.37	63,158	-	-	-	-	63,158
Unvested Performance rights	1-Dec-24	1-Sep-28	4.25	-	101,276	-	-	-	101,276
Total				361,679	168,335	(24,178)	-	-	505,836
K Hughes									
Unvested ESP shares	1-Sep-21	1-Sep-24	9.80	3,061	-	-	(3,061)	-	-
Unvested ESP shares	1-Sep-22	1-Sep-25	5.29	5,955	-	-	-	-	5,955
Unvested ESP shares	1-Sep-23	1-Sep-26	4.53	7,180	-	-	-	-	7,180
Ordinary shares				19,545	-	-	3,061	-	22,606
Unvested Performance rights	1-Dec-21	1-Sep-25	10.34	2,901	-	(2,901)	-	-	-
Unvested Performance rights	1-Dec-22	1-Sep-26	5.29	5,955	-	-	-	-	5,955
Unvested Performance rights	1-Dec-23	1-Sep-27	4.37	7,437	-	-	-	-	7,437
Unvested Performance rights	1-Dec-24	1-Sep-28	4.25	-	23,647	-	-	-	23,647
Total				52,034	23,647	(2,901)	-	-	72,780

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Name	Grant Date	Vesting Date	Share Price at Grant Date	Balance at 1-Jul-24	Number of shares/rights granted	Number of shares/rights forfeited	Number of shares vested	Number of shares sold	Balance at 30-Jun-25
M Loyez									
Unvested ESP shares	1-Sep-21	1-Sep-24	9.80	3,673	-	-	(3,673)	-	-
Unvested ESP shares	1-Sep-22	1-Sep-25	5.29	7,183	-	-	-	-	7,183
Unvested ESP shares	1-Sep-23	1-Sep-26	4.53	8,837	-	-	-	-	8,837
Ordinary shares				-	-	-	3,673	-	3,673
Unvested Performance rights	1-Dec-21	1-Sep-25	10.34	13,926	-	(13,926)	-	-	-
Unvested Performance rights	1-Dec-22	1-Sep-26	5.29	28,733	-	-	-	-	28,733
Unvested Performance rights	1-Dec-23	1-Sep-27	4.37	36,613	-	-	-	-	36,613
Unvested Performance rights	1-Dec-24	1-Sep-28	4.25	-	38,776	-	-	-	38,776
Total				98,965	38,776	(13,926)	-	-	123,815
M Simons									
Unvested ESP shares	1-Sep-21	1-Sep-24	9.80	4,082	-	-	(4,082)	-	-
Unvested ESP shares	1-Sep-22	1-Sep-25	5.29	7,940	-	-	-	-	7,940
Unvested ESP shares	1-Sep-23	1-Sep-26	4.53	9,832	-	-	-	-	9,832
Unvested Deferred STI shares	1-Sep-22	1-Sep-24	5.29	5,671	-	-	(5,671)	-	-
Unvested Deferred STI shares	1-Sep-23	1-Sep-24	4.53	11,047	-	-	(11,047)	-	-
Unvested Deferred STI shares	1-Sep-23	1-Sep-25	4.53	4,419	-	-	-	-	4,419
Ordinary shares				46,955	-	-	20,800	(20,000)	47,755
Unvested Performance rights	1-Dec-21	1-Sep-25	10.34	15,474	-	(15,474)	-	-	-
Unvested Performance rights	1-Dec-22	1-Sep-26	5.29	31,758	-	-	-	-	31,758
Unvested Performance rights	1-Dec-23	1-Sep-27	4.37	40,732	-	-	-	-	40,732
Unvested Performance rights	1-Dec-24	1-Sep-28	4.25	-	54,118	-	-	-	54,118
Total				177,910	54,118	(15,474)	-	(20,000)	196,554
L Theau									
Unvested ESP shares	1-Sep-23	1-Sep-25	4.53	13,772	-	-	-	-	13,772
Unvested Deferred STI shares	1-Sep-24	1-Sep-27	4.25	-	26,590	-	-	-	26,590
Unvested Performance rights	1-Dec-23	1-Sep-27	4.37	45,974	-	-	-	-	45,974
Unvested Performance rights	1-Dec-24	1-Sep-28	4.25	-	60,588	-	-	-	60,588
Total				59,746	87,178	-	-	-	146,924

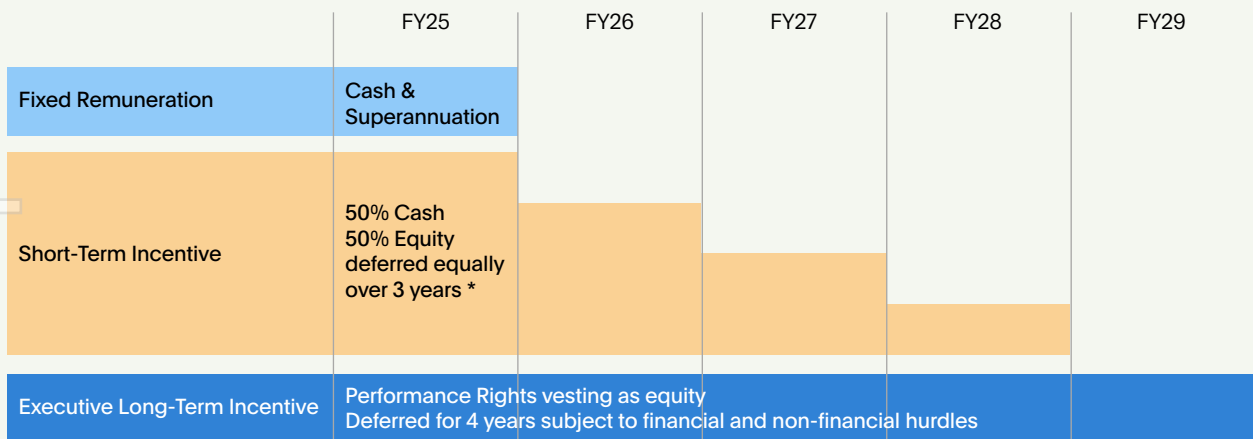
4.9 Contract terms

All Executive KMP’s, except the Managing Director are permanent employees with a 12-week notice period.

The Managing Director & CEO remuneration structure is outlined below:

Salary	Term	Notice period	STI	ESP	ELTI	Malus Provision
Fixed salary from 1 September 2025 is \$660,000 inclusive of super-annuation	No fixed term	6 months however, could be terminated, without notice due to negligence in carrying out responsibilities, dishonesty, breaching Company policies or criminal activity.	Target STI of 75% of fixed remuneration with a maximum STI of 2 times the target, based on a Balanced Scorecard of KPIs and specific objectives. Of the amount payable each year, 50% shall be paid in cash and 50% shall be deferred in the form of Company shares vesting as follows – one third one year after grant date, one third two years after grant date and one third three years after grant date. An additional 4 year deferral may be applied to align with FAR.	No ESP grant from 1 July 2024 (previously 10% of fixed remuneration). The shares are subject to the rules and terms of the Employee Share Plan.	Executive LTI – performance rights at 75% of fixed remuneration.	The Board has the discretion to reduce or cancel any STI or LTI for: <ul style="list-style-type: none"> • Fraudulent or dishonest conduct; • Material misstatements or omission in the financial statements; or • Circumstances that occur that the Board determines to have resulted in unfair or inappropriate benefit

The below graph summarises the structure of the variable incentive compensation paid or granted to the CEO in FY25. The graph depicts the combination of short and long term incentives granted and the upcoming vesting dates.



* An additional 4 year deferral may be applied to align with FAR.

5. Non-Executive Director arrangements

The director fee pool available for payment to Non-Executive Directors (NEDs) of the Company is approved by shareholders. The maximum annual aggregate pool for directors' remuneration is \$1,300,000, which was approved at the AGM in November 2024 (the amount was previously \$1,000,000). A review of NEDs' remuneration is undertaken annually by the Company Board, taking into account relevant benchmarking and recommendations from the PRC.

The following table sets out the agreed remuneration for NEDs by position for a full year, with effect from 1 November 2024. NEDs do not receive performance-related pay and are not provided with retirement benefits apart from statutory superannuation.

In total, in FY25 directors' fees of \$822,186 were paid out of the director fee pool of \$1,300,000.

In addition to fixed remuneration, NEDs are entitled to be paid reasonable expenses, remuneration for additional services and superannuation contributions. Non-Executive Directors are not eligible to participate in employee incentive plans and the Chair of Australian Ethical Superannuation Ltd does not receive any additional fees for chairing this Board.

From 1 November 2024	AEI \$	AES \$	The Foundation \$
Base fees			
Chair	158,097	39,524	–
Other non-executive directors	90,341	39,524	–
Additional fees			
ARC – chair	29,643	19,762	–
ARC – member	16,939	11,293	–
Investment Committee (IC) – chair	29,643	–	–
Investment Committee (IC) – member	16,939	–	–
Due Diligence Committee – chair	5,646	–	–
Due Diligence Committee – member	5,646	–	–
Insurance Benefits Committee (IBC) – chair	–	5,646	–
Insurance Benefits Committee (IBC) – member	–	5,646	–
PRC – chair	–	–	–
PRC – member	–	–	–
NC – chair	–	–	–
NC – member	–	–	–

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5.1 Non-Executive Directors' remuneration

The table below outlines NED reward as calculated in accordance with accounting standards and the Corporations Act 2001 requirements for the directors of the consolidated group. The amounts shown are equal to the amount expensed in the Company's financial statements.

Name	Board Fee	People, Audit, Risk & Remuneration				Investment Committee	Due Diligence Committee	Insurance Benefits Committee	Super-annuation	Total
		Compliance & Nominations Committee	Competition & Remuneration Committee	Compliance Committee	Risk & Remuneration Committee					
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
2025										
S Gibbs	175,241	25,035	-	-	5,007	5,007	24,183	234,473		
K Greenhill	115,159	43,810	-	-	5,007	5,007	19,433	188,416		
S McCullagh	80,110	-	-	26,286	-	-	12,236	118,632		
J Orr	80,110	21,652	-	15,021	-	-	13,430	130,213		
R Brandweiner* (from 1 Sep 2024)	67,063	-	-	127	-	-	7,727	74,917		
B Bissaker (from 15 May 2025)	17,187	-	-	-	-	-	1,976	19,163		
M Bün (until 31 Oct 2024)	34,510	10,030	-	6,018	-	-	5,814	56,372		
Total	569,380	100,527	-	47,452	10,014	10,014	84,799	822,186		
2024										
S Gibbs	169,050	24,150	-	-	4,830	4,830	22,315	225,175		
K Greenhill	111,090	42,263	-	-	5,341	4,830	17,988	181,512		
S McCullagh	77,280	-	-	25,357	-	-	11,290	113,927		
J Orr	77,280	14,490	-	14,490	-	-	11,689	117,949		
M Bün	111,090	24,150	-	14,490	-	-	16,470	166,200		
Total	545,790	105,053	-	54,337	10,171	9,660	79,752	804,763		

* Mr Brandweiner also received \$59,159 (including superannuation) for leading a strategic Board project in addition to his NED duties (not included in the table above).

Michael Anderson is a Director of Australian Ethical Superannuation Pty Limited but is not a Director of Australian Ethical Investment Limited and is not a KMP. His remuneration is not included in the Director fee pool, and is not disclosed in the table above.

5.2 Shares owned by Non-Executive Directors

Name	Purchase date	Balance at 1 July 2024	No. of shares purchased	No. of shares at retirement	Balance at 30 June 2025
Non-Executive Directors					
M Bùn					
AEF Ordinary shares	13-Nov-17	57,000	-	57,000	-
Total		57,000	-	57,000	-

6. Governance

6.1 The Role of the People and Remuneration Committee (PRC)

The role of the PRC is to help the Board fulfil its responsibilities to shareholders through a strong focus on governance and in particular, the principles of accountability and transparency. The PRC operates under delegated authority from the Board. The terms of reference include oversight of remuneration as well as executive development, talent management and succession planning.

The PRC was formed on 1 July 2025 by separating the previous People, Remuneration & Nominations Committee (PRN) into two separate committees being the People & Remuneration Committee (same members as the PRN) and the Nominations Committee (comprised of Steve Gibbs, Sandra McCullagh and Julie Orr).

The PRN members for the financial year ended 30 June 2025 were:

- Steve Gibbs (Chair),
- Kate Greenhill,
- Julie Orr,
- Sandra McCullagh,
- Brian Bissaker (from 15 May 2025),
- Mara Bùn (until 31 October 2024).

The PRN met seven times during the year. Attendance at these meetings is set out in the Directors' Report. At the PRN's invitation, the Managing Director and Chief People & Culture Officer attended all meetings except where matters were associated with their own performance evaluation, development and remuneration were to be considered. The PRN considers advice and views from those invited to attend meetings and draws on services from a range of external sources, including engaging remuneration consultants from time to time.

Annually, the PRN assesses the eligibility for vesting of deferred shares.

6.2 CEO and Executive KMP Performance

The CEO is responsible for reviewing the performance of Executive KMPs and determining whether their performance requirements were met. In addition, the CEO has oversight of all employees' performance appraisals. Both quantitative and qualitative data is used to determine whether performance criteria are achieved.

An annual assessment of the CEO is completed by the Chair and is overseen by the Board, with input from the PRC. The review includes measurement of performance against agreed KPI's and Company performance. The PRC also has oversight of other Executive KMP performance.

6.3 Malus Provisions

The Board has the discretion to reduce or forfeit awards where:

- the participant has acted fraudulently or dishonestly or is in breach of their obligations to the Company
- the Company becomes aware of material misstatement or omission in the financial statements of the Company, or
- circumstances occur that the Board determines to have resulted in unfair or inappropriate benefit to the recipient.

6.4 Hedging Policy

Senior executives participating in the Company's equity-based plans are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in the Company's securities.

6.5 Trading Restrictions and Windows

All directors and employees are constrained from trading the Company's shares during 'blackout periods'. These periods occur between the end of the half year and two days after the release of the half-year results, and between the end of the full year and two days after the release of the full year results. In addition, where potential price sensitive information is known and not required to be disclosed to the market, the directors and relevant employees are constrained from trading the Company's shares.

The Directors' report, incorporating the Remuneration report, is signed in accordance with a resolution of the Board of Directors.



STEVE GIBBS

Chair

People, Remuneration & Nominations Committee

27 August 2025



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Australian Ethical Investment Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Ethical Investment Limited for the financial year ended 30 June 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Jessica Davis

Partner

Sydney

27 August 2025

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Financial Statements and notes

Statements of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2025

	Note	Consolidated		Parent	
		2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Revenue					
Operating revenue	5	119,384	100,491	101,266	84,866
Expenses					
Employee benefits	6	(39,262)	(33,963)	(38,683)	(33,471)
Fund related	7	(22,428)	(18,768)	(12,213)	(7,223)
Marketing	8	(9,602)	(9,113)	(9,602)	(9,113)
IT	9	(3,430)	(3,128)	(3,387)	(3,084)
External services	10	(2,607)	(3,143)	(2,170)	(2,513)
Foundation expenses	11	(2,566)	(2,159)	(2,804)	(1,822)
Other operating expenses	12	(2,415)	(2,099)	(1,943)	(1,596)
Depreciation	19	(1,073)	(881)	(1,073)	(881)
Amortisation	26	(309)	(239)	(309)	(239)
Occupancy		(760)	(685)	(760)	(685)
Finance charges	18	(151)	(173)	(151)	(173)
Integration & transformation costs	13	(4,322)	(5,068)	(454)	(213)
Due diligence & transaction costs	14	(1,719)	(1,379)	(1,719)	(1,379)
Total expenses		(90,644)	(80,798)	(75,268)	(62,392)
Change in fair value of investment	22	–	(2,159)	–	(2,159)
Profit before income tax expense		28,740	17,534	25,998	20,315
Income tax expense	15	(8,544)	(6,003)	(7,800)	(6,742)
Net Profit for the year		20,196	11,531	18,198	13,573
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Gain/(Loss) on revaluation of investments		15	(4)	–	–
Other comprehensive income for the year, net of tax		15	(4)	–	–
Total comprehensive income for the year¹		20,211	11,527	18,198	13,573
		Cents	Cents		
Basic earnings per share	37	18.08	10.33		
Diluted earnings per share	37	17.74	10.23		

1 Comprehensive income includes the results of The Foundation (refer to Note 39)

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Statements of financial position

AS AT 30 JUNE 2025

	Note	Consolidated		Parent	
		2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Assets					
Current assets					
Cash and cash equivalents	16	18,842	26,391	11,998	18,179
Term deposits		20,000	10,000	20,000	10,000
Trade and other receivables	17	12,413	3,647	9,564	6,610
Prepayments		1,834	1,626	1,534	1,254
Right-of-use assets	18	–	11	–	11
Total current assets		53,089	41,675	43,096	36,054
Non-current assets					
Deferred tax	15	6,346	4,409	5,736	3,863
Right-of-use assets	18	2,152	2,865	2,152	2,865
Property, plant and equipment	19	822	895	822	895
Term deposit		749	749	749	749
Investments in subsidiary	20	–	–	316	316
Related party loan	21	–	–	6,568	3,698
Financial assets through other comprehensive income		77	67	3	1
Intangibles and goodwill	26	6,497	574	6,497	574
Total non-current assets		16,643	9,559	22,843	12,961
Total assets		69,732	51,234	65,939	49,015
Liabilities					
Current liabilities					
Trade and other payables	23	11,335	9,242	8,205	5,446
Employee benefits	24	10,480	7,429	10,439	7,354
Deferred consideration	25	1,000	–	1,000	–
Tax payable	15	3,066	760	3,081	1,036
Lease liabilities	18	654	590	654	590
Total current liabilities		26,535	18,021	23,379	14,426
Non-current liabilities					
Lease liabilities	18	1,526	2,180	1,526	2,180
Employee benefits	24	523	390	523	390
Provisions		508	492	508	492
Deferred tax	15	189	7	189	7
Total non-current liabilities		2,746	3,069	2,746	3,069
Total liabilities		29,281	21,090	26,125	17,495
Net assets		40,451	30,144	39,814	31,520
Equity					
Issued capital	27	12,166	10,236	12,166	10,236
Reserves	28	4,078	3,459	4,061	3,457
Retained profits		24,207	16,449	23,587	17,827
Total equity		40,451	30,144	39,814	31,520

The above statements of financial position should be read in conjunction with the accompanying notes.

Statements of changes in equity

FOR THE YEAR ENDED 30 JUNE 2025

	Issued capital \$'000	Share-based payment reserve \$'000	FVOCI ¹ reserve \$'000	Retained profits \$'000	Total equity \$'000
	Note 27	Note 28	Note 28		
Consolidated					
Balance at 1 July 2023	10,515	2,293	6	13,940	26,754
Profit after income tax expense for the year	–	–	–	11,531	11,531
Other comprehensive income for the year, net of tax	–	–	–	(4)	(4)
Total comprehensive income for the year	–	–	–	11,527	11,527
<i>Transactions with owners in their capacity as owners:</i>					
Dividends provided for or paid (Note 29)	–	–	–	(9,022)	(9,022)
Shares vested under deferred shares plan during the year	2,388	(2,388)	–	–	–
Employee deferred shares & rights	–	3,552	–	–	3,552
Employee share plan – shares purchased on-market	(2,667)	–	–	–	(2,667)
Revaluation of investments	–	–	(4)	4	–
Balance at 30 June 2024	10,236	3,457	2	16,449	30,144

	Issued capital \$'000	Share-based payment reserve \$'000	FVOCI ¹ reserve \$'000	Retained profits \$'000	Total equity \$'000
	Note 27	Note 28	Note 28		
Consolidated					
Balance at 1 July 2024	10,236	3,457	2	16,449	30,144
Profit after income tax expense for the year	–	–	–	20,196	20,196
Other comprehensive income for the year, net of tax	–	–	–	15	15
Total comprehensive income for the year	–	–	–	20,211	20,211
<i>Transactions with owners in their capacity as owners:</i>					
Dividends provided for or paid (Note 29)	–	–	–	(12,438)	(12,438)
Shares vested under deferred shares plan during the year	1,930	(1,930)	–	–	–
Employee deferred shares & rights	–	2,534	–	–	2,534
Employee share plan – shares purchased on-market	–	–	–	–	–
Revaluation of investments	–	–	15	(15)	–
Balance at 30 June 2025	12,166	4,061	17	24,207	40,451

1 Fair value through other comprehensive income (FVOCI)

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Statements of changes in equity (continued)

FOR THE YEAR ENDED 30 JUNE 2025

	Issued capital \$'000	Share-based payment reserve \$'000	Retained profits \$'000	Total equity \$'000
	Note 27	Note 28		
Parent				
Balance at 1 July 2023	10,515	2,293	13,276	26,084
Profit after income tax expense for the year	-	-	13,573	13,573
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	13,573	13,573
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid (Note 29)	-	-	(9,022)	(9,022)
Shares vested under deferred shares plan during the year	2,388	(2,388)	-	-
Employee deferred shares & rights	-	3,552	-	3,552
Employee share plan – shares purchased on-market	(2,667)	-	-	(2,667)
Balance at 30 June 2024	10,236	3,457	17,827	31,520

	Issued capital \$'000	Share-based payment reserve \$'000	Retained profits \$'000	Total equity \$'000
	Note 27	Note 28		
Parent				
Balance at 1 July 2024	10,236	3,457	17,827	31,520
Profit after income tax expense for the year	-	-	18,198	18,198
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	18,198	18,198
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid (Note 29)	-	-	(12,438)	(12,438)
Shares vested under deferred shares plan during the year	1,930	(1,930)	-	-
Employee deferred shares & rights	-	2,534	-	2,534
Employee share plan – shares purchased on-market	-	-	-	-
Balance at 30 June 2025	12,166	4,061	23,587	39,814

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Statements of cash flows

FOR THE YEAR ENDED 30 JUNE 2025

	Note	Consolidated		Parent	
		2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Cash flows from operating activities					
Receipts from customers		108,914	98,150	97,876	83,486
Payments to suppliers and employees		(74,008)	(69,603)	(63,002)	(56,098)
		34,906	28,547	34,874	27,388
Interest received		1,705	1,129	1,302	862
Grants to non-profit organisations		(1,890)	(1,660)	(1,822)	(1,099)
Income taxes paid		(7,833)	(5,724)	(7,833)	(6,166)
Net cash from operating activities	36	26,888	22,292	26,521	20,985
Cash flows from investing activities					
Payments relating to integration & transformation costs		(5,124)	(4,242)	(512)	(213)
Payments relating to due diligence & transaction costs		(1,911)	(1,079)	(1,911)	(1,079)
Acquisition of Altius	25	(4,278)	–	(4,278)	–
Payments for other intangible assets		(264)	(90)	(264)	(90)
Purchase instalment of investment in Sentient Impact Group		–	(429)	–	(429)
Distributions received		7	–	–	–
Purchase of investment		(1)	–	(1)	–
Investment in term deposit		(20,000)	(5,000)	(20,000)	(5,000)
Funds returned from term deposit		10,000	600	10,000	–
Payments for property, plant and equipment	19	(277)	(933)	(277)	(933)
Net cash used in investing activities		(21,848)	(11,173)	(17,243)	(7,744)
Cash flows from financing activities					
Purchase of employee's deferred shares		–	(2,667)	–	(2,667)
Interest on lease liabilities	18	(151)	(173)	(151)	(173)
Dividends paid	29	(12,438)	(9,022)	(12,438)	(9,022)
Loan to subsidiary entity - AES		–	–	(2,870)	(3,698)
Net cash used in financing activities		(12,589)	(11,862)	(15,459)	(15,560)
Net (decrease)/increase in cash and cash equivalents		(7,549)	(743)	(6,181)	(2,319)
Cash and cash equivalents at the beginning of the financial year		26,391	27,134	18,179	20,498
Cash and cash equivalents at the end of the financial year	16	18,842	26,391	11,998	18,179

The above statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

NOTE 1. ABOUT THIS REPORT

The financial report covers the consolidated entity of Australian Ethical Investment Limited, the ultimate parent entity, and its wholly owned subsidiaries (together referred to as the 'Group' and individually as 'Group entities') consisting of Australian Ethical Investment Limited (referred to hereafter as 'Australian Ethical', the 'Company' or 'Parent' entity), Australian Ethical Superannuation Pty Limited ('AES'), Australian Ethical Foundation Limited (the 'Foundation'), Christian Super Pty Ltd, August Investment Pty Ltd, Australian Ethical Investment Limited Employee Share Plan Trust and American Ethical Investment PBC and Australian Ethical Investment Limited as an individual parent entity. The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

The Company is a listed public company limited by shares (ASX: AEF) that is both incorporated and domiciled in Australia.

The Group is a for-profit entity for the purposes of preparing financial statements.

The Group's registered office is at Level 8, 130 Pitt Street, Sydney NSW 2000.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 August 2025. The directors have the power to amend and reissue the financial statements.

NOTE 2. MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the accruals basis and are based on historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets at fair value through other comprehensive income, and financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Parent entity information

These financial statements include the results of both the parent entity and the Group in accordance with Australian Securities and Investments Commission Corporations (Parent Entity Financial Statements) Instrument 2021/195.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Australian Ethical Investments Limited ('Company' or 'Parent Entity') as at 30 June 2025 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these new standards did not have an impact on the financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New accounting policies adopted during the year in respect to business combinations, intangibles assets and goodwill are disclosed in note 26.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

Income tax & deferred tax assets/liabilities – refer to Note 15

The Group is subject to income taxes in the jurisdictions in which it operates. Estimation is required in determining the provision for income tax. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is yet to be finalised.

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Estimation of useful lives of assets – refer to Note 19

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets based on the available information at balance date. The useful lives could change in future periods as a result of technical innovations, planned use and benefits or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Lease term – Note 18

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Employee benefits provision – refer to Note 24

The liability for employee benefits expected to be settled more than 12 months from the reporting date is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates have been taken into account.

Share-based payment transactions – refer to Note 38

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. At the date the shares are granted the fair value is determined as the on-market purchase price if the shares are purchased or a volume-weighted average price (VWAP) post year end results announcement if the shares are issued. Judgement is used in estimating the probability of performance hurdles being met in determining the value of equity instruments expensed in profit or loss. Performance rights are measured at fair value at the date at which they are granted, and the likelihood of performance conditions being met.

The accounting estimates and assumptions relating to equity-settled share-based payments have no impact on the carrying amounts of assets and liabilities but will impact profit or loss and equity.

Measurement of contingent consideration – refer to Note 31

Any contingent consideration is measured at fair value at the date of acquisition. Contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

NOTE 4. BUSINESS SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group comprises of one main operating segment being Funds Management (which includes Altius).

NOTE 5. REVENUE

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Management fees	89,893	75,753	71,212	59,383
Performance fees	=	187	=	187
Administration fees*	21,823	17,172	19,931	16,537
Principal investment advisory fee	=	=	8,889	7,650
Member fees (net of rebates)	5,403	6,012	=	=
Interest income	1,636	1,367	1,234	1,109
Other income (cost recovery linked to insurance harmonisation)	629	=	=	=
Revenue	119,384	100,491	101,266	84,866

* Net of Operational Risk Financial Reserve contributions.

Recognition and measurement**Management, administration and member fees**

Fee revenue is earned from provision of funds management services to customers outside the Group. Fee revenue is measured based on the consideration specified in the relevant disclosure document or agreement with the customer. The Group recognises revenue as the services are provided.

The parent entity earns investment management and administration fees from its subsidiary AES in accordance with service agreements. The parent entity also earns a principal investment advisory fee from AES for the provision of services relating to developing, implementing and maintaining investment strategies including strategic advice and portfolio construction for the Australian Ethical Retail Superannuation Fund ('Super Fund'). The Group recognises these revenues as the services are provided.

AES earns member fees from the Super Fund from the provision of services to members.

The administration fee entitlement earned is net of \$618k (2024: \$2,297k) paid directly to the Operational Risk Financial Reserve ('ORFR') of the Super Fund.

Performance fees

Performance fees in relation to the Emerging Companies Fund and High Conviction Fund are dependent on fund outperformance and are recognised when it is highly probable that performance hurdles have been achieved and a reversal is unlikely.

Interest income

Interest revenue is recognised as interest accrues.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

NOTE 6. EMPLOYEE BENEFITS

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Employee remuneration	35,347	30,404	35,029	30,141
Directors' fees	956	896	734	695
Strategic project contractors	=	255	=	255
Other committee member fees	112	107	112	107
Other employment related costs	2,847	2,301	2,808	2,273
	39,262	33,963	38,683	33,471

Employee expenses increased during the period due to the onboarding of the Altius team which enhanced our investment team capability. The increase in employee expense also reflects the run rate of key hires in FY24, inflationary salary increases, superannuation guarantee increases and other employee expense increases. Other employment related costs include payroll tax, employee training and development, workers compensation insurance and other benefits of employment with Australian Ethical.

Recognition and measurement

Employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The fair value of short and long-term equity-settled share-based payment arrangements is recognised as an employee remuneration expense based on the value at grant date, with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the number of awards expected to vest based on the likelihood or probability assessment that the performance conditions are met at the vesting date.

NOTE 7. FUND RELATED

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Administration and custody fees	13,776	14,389	4,686	4,222
Asset managers, ratings and platform fees	1,392	971	1,385	964
Regulatory & industry body fees	1,541	1,493	513	460
Investment systems	2,304	1,142	2,304	1,142
Ethical research	242	174	242	174
Strategic projects - Regulatory related	353	501	263	172
Strategic projects - Fund related	2,820	98	2,820	89
	22,428	18,768	12,213	7,223

Administration and custody fees decreased due to the improved commercial rate cards following transitions to Grow Super Ops Pty Ltd ("GROW Inc") for Super Fund administration and State Street Australia Limited ("State Street") for custody & investment administration services in the second quarter of the financial year. The unit cost improvements were partially offset by growth in funds under management. The new scalable rate cards provide a return on the multi-year transformation project costs and over time, allow the Group to reinvest in the business to deliver an enhanced member experience improving retention and acquisition and an institutional grade investment platform.

Regulatory projects costs were incurred to implement regulatory changes in the superannuation industry, including those in respect to operational risk management and the financial accountability regime. Strategic projects costs primarily relates to implementing new front office systems.

Investment systems costs increased due to the acquisition of Altius and the cost of new front office system and data licences. During the reporting period, the Group modified the classification of 'Investment systems' costs so that it is classified together with other fund investments related costs within 'Fund related' costs (previously included in 'IT' costs). Comparative amounts in the statement of comprehensive income were reclassified for consistency. As a result, \$1,142,000 has been reclassified in the 30 June 2024 comparative (consolidated and parent).

Recognition and measurement

Expenses are recognised at the fair value of the consideration paid or payable for services rendered.

NOTE 8. MARKETING

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Distribution costs	4,288	4,540	4,288	4,540
Brand awareness	4,006	2,902	4,006	2,902
Other	1,308	1,671	1,308	1,671
	9,602	9,113	9,602	9,113

Marketing costs increased primarily due to higher brand spend as we drove greater brand awareness as part of our strategy. Distribution costs reduced due to the rationalisation of employment platforms and employment platform cost savings following a renegotiation of the rate card. The reduction in distribution spend was partially tempered by higher superannuation acquisition costs because of the increasingly competitive marketplace for super member acquisition.

NOTE 9. IT

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Client-facing systems	1,247	1,264	1,204	1,187
Support systems, infrastructure and security	2,087	1,666	2,087	1,649
Strategic projects	96	198	96	248
	3,430	3,128	3,387	3,084

Investing in technology, systems and security continues to be a strategic focus.

NOTE 10. EXTERNAL SERVICES

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Internal & external audit and tax services	1,260	1,117	954	781
Consultants	743	955	626	754
Legal services	201	426	187	384
Other	403	645	403	594
	2,607	3,143	2,170	2,513

External audit and tax services increased primarily due to new fund audits following the Altius acquisition and non-recurring assurance services in respect to the custody transition to State Street, administrator transition to GROW Inc, and the acquisition of Altius.

NOTE 11. FOUNDATION EXPENSES

The Group's constitution states that the Directors before recommending or declaring any dividend to be paid out of the profits of any one year must have first gifted or provisioned for gifting an amount equivalent to 10% of what the profit for that year would have been had bonuses and the amount gifted not been deducted.

Grants amounting to \$2,804,000 (2024: \$1,822,000) have been expensed and accrued for gifting from the parent entity to The Foundation. The Foundation has already committed to granting \$2,500,000 (2024: \$2,159,000) to non-profit organisations through its gifts program.

NOTE 12. OTHER OPERATING EXPENSES

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Insurance	994	854	527	379
Travel	749	691	748	690
ASX listing fees and registry costs	252	257	250	257
Printing and subscriptions	101	66	99	62
Foreign currency loss	96	48	96	48
Other	223	183	223	160
	2,415	2,099	1,943	1,596

NOTE 13. INTEGRATION & TRANSFORMATION COSTS

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Project Management and Project Team costs	2,615	2,623	352	183
Fund related transition costs	1,573	2,407	78	–
Legal and consulting	134	3	24	3
Marketing and member communications	–	8	–	–
Other	–	27	–	27
	4,322	5,068	454	213

Australian Ethical is transitioning its superannuation administration services to a single service provider. The first phase, which included over 80 per cent of superannuation members, was completed in the first half of FY25. The second phase is expected to be completed in FY26 with planning and preparatory project work costs being incurred in second half of FY25. This transformational project delivers a modern technology stack, improving growth flexibility with a more compelling commercial rate-card. The integration and transformation costs include external administrator costs to facilitate the configuration and transfer of member data alongside project management and team costs.

NOTE 14. DUE DILIGENCE & TRANSACTION COSTS

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Due diligence team employment costs	272	691	272	691
Consulting	1,438	688	1,438	688
Marketing and member communications	9	–	9	–
	1,719	1,379	1,719	1,379

Due diligence and transaction costs includes costs to acquire Altius Asset Management business (completed in September 2024) and due diligence on a pipeline of other inorganic opportunities.

NOTE 15. INCOME TAX

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Income tax expense				
Current tax	10,312	6,445	9,504	7,162
Deferred tax asset – temporary differences	(1,734)	(435)	(1,670)	(413)
Deferred tax liability – temporary differences	(34)	(7)	(34)	(7)
Aggregate income tax expense	8,544	6,003	7,800	6,742
Deferred tax included in income tax expense comprises:				
Increase in deferred tax assets	(1,734)	(435)	(1,670)	(413)
Decrease in deferred tax liabilities	(34)	(7)	(34)	(7)
Deferred tax – temporary differences	(1,768)	(442)	(1,704)	(420)
Numerical reconciliation of income tax expense and tax at the statutory rate				
Profit before income tax expense	28,740	17,534	25,998	20,315
Add / less: Tax exempt (profit) / loss attributable to The Foundation	(258)	316	–	–
Taxable profit before income tax	28,482	17,849	25,998	20,315
Tax at the statutory tax rate of 30% (2024: 30%)	8,545	5,355	7,800	6,094
Tax effect amounts which are not deductible / (taxable) in calculating taxable income:				
Other non-deductible items	(1)	648	–	648
Income tax expense	8,544	6,003	7,800	6,742

The effective tax rate for the consolidated group is 30.0% (2024: 34.2%) and for the parent entity is 30.0% (2024: 33.2%).

In the year ended 30 June 2024 the effective tax rate was higher than 30% primarily due to non-deductible expenses incurred in relation to the write-down of the investment in Sentient which is on capital account and not deductible. Excluding the impact of the change in fair value of the Sentient investment, the effective tax rate for the year ended 30 June 2024 was 30.0% for the consolidated group and 30.0% on profit attributable to shareholders.

NOTE 15. INCOME TAX (CONTINUED)

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Deferred tax asset				
Deferred tax asset comprises temporary differences attributable to:				
Employee benefits	1,837	1,237	1,837	1,227
Provision for employee leave	1,306	1,030	1,294	1,019
Costs deductible over five years	984	379	819	296
Accruals	243	231	198	140
Grants to non-profit organisations	841	547	841	547
Provision for lease make-good	152	102	152	102
Other payables	975	709	587	358
Lease liabilities	8	174	8	174
Deferred tax asset	6,346	4,409	5,736	3,863
Movements:				
Opening balance	4,409	3,974	3,863	3,450
Altius acquisition	203	-	203	-
Charged to profit or loss	1,734	435	1,670	413
Closing balance	6,346	4,409	5,736	3,863
Deferred tax liability				
Deferred tax liability comprises temporary differences attributable to:				
Amounts recognised in profit or loss:				
Property, plant and equipment	5	7	5	7
Intangibles	184	-	184	-
Deferred tax liability	189	7	189	7
Movements:				
Opening balance	7	14	7	14
Altius acquisition	216	-	216	-
Charged to profit or loss	(34)	(7)	(34)	(7)
Closing balance	189	7	189	7
Provision for income tax payable	3,066	760	3,081	1,036

Recognition and measurement

Tax expense comprises current and deferred tax recognised in the profit and loss except where related to items recognised directly in equity. Tax expense is measured at the tax rates that have been enacted or substantially enacted based on the notional tax rate for each applicable jurisdiction at the reporting date.

Current tax is the expected tax payable or receivable on taxable income or loss for the year and any adjustment in respect of previous years.

NOTE 15. INCOME TAX (CONTINUED)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be utilised. These are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. The carry forward values of deferred tax assets and liabilities have been adjusted to reflect applicable future corporate tax rates.

Australian Ethical Investment Limited and its wholly owned eligible subsidiaries, Australian Ethical Superannuation Pty Limited, Christian Super Pty Ltd and August Investment Pty Ltd, have formed an Australian income tax consolidated group. Australian Ethical Investment Limited is responsible for recognising the current tax assets and liabilities for the tax consolidated Group.

The tax consolidated group has a tax sharing agreement whereby each company in the group contributes towards income tax liabilities based on a stand-alone allocation method.

The tax liability for the subsidiary entities is recognised through intercompany payable or receivable.

NOTE 16. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Cash at bank	122	26	20	20
Deposits at call	18,720	26,365	11,978	18,159
	18,842	26,391	11,998	18,179

Recognition and measurement

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Deposits at call earn interest at a higher rate than cash at bank which are low interest earning transactional accounts.

NOTE 17. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Trade receivables	12,413	3,460	3,220	937
Receivable from subsidiary	–	–	6,344	5,486
Performance fee receivable	–	187	–	187
	12,413	3,647	9,564	6,610

Trade receivables are primarily fee revenue for the month of June which were received in July. Trade receivables increased relative to the prior year due to a change in the timing of cash receipts to align with standard industry practice.

Recognition and measurement

Trade receivables are initially recognised when they are originated and are measured at the transaction price.

Expected credit losses on trade and other receivables are estimated to be nil as there are currently no past due receivables as at 30 June 2025 (2024: nil) and management have not identified any additional concerns regarding collectability of the receivables as the receivables are predominantly due from related parties.

NOTE 18. LEASES

Leases includes the lease for the Sydney office premises, for printing and copying equipment for the office.

The Group entered into a 5-year lease commencing 1 July 2023 for the Sydney office at 130 Pitt Street. The new lease includes the existing space and an additional half floor. The Group does not have an option to purchase the premises at the expiry of the lease period.

A bank guarantee of \$749,000 has been provided by the Group to the property owners as a security deposit.

A right-of-use asset and lease liability have been recognised in the Statement of Financial Position.

The Group entered into a new lease for printing and copying equipment in November 2023 for a period of 4 years.

Consolidated & Parent	Office premises \$'000	IT hardware & infrastructure \$'000	Total \$'000
Right-of-use assets			
Balance at 1 July 2023	2,268	46	2,314
Additions	1,198	19	1,217
Depreciation	(616)	(39)	(655)
Balance at 30 June 2024	2,850	26	2,876
Comprising of:			
Current	–	11	11
Non-current	2,850	15	2,865
	2,850	26	2,876

Consolidated & Parent	Office premises \$'000	IT hardware & infrastructure \$'000	Total \$'000
Right-of-use assets			
Balance at 1 July 2024	2,850	26	2,876
Disposals	(1)	–	(1)
Depreciation	(712)	(11)	(723)
Balance at 30 June 2025	2,137	15	2,152
Comprising of:			
Current	–	–	–
Non-current	2,137	15	2,152
	2,137	15	2,152

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Amounts recognised in statement of cash flows				
Interest on lease liabilities – financing	151	173	151	173
Payments to landlord – operating	590	384	590	384
Total cash outflow for leases	741	557	741	557

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

NOTE 18. LEASES (CONTINUED)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. These includes a short-term lease for offices in Melbourne. These are not included in Right-of-use assets or lease liabilities as the terms of these leases are 12 months or under. Lease payments on these assets are expensed to profit or loss as incurred.

Consolidated & Parent	Office premises \$'000	IT hardware & infrastructure \$'000	Total \$'000
Lease liabilities			
Balance at 1 July 2023	2,156	46	2,202
Additions	1,279	19	1,298
Payments	(519)	(38)	(557)
Interest on lease liabilities	(172)	(1)	(173)
Balance at 30 June 2024	2,744	26	2,770
Comprising of:			
Current	579	11	590
Non-current	2,165	15	2,180
	2,744	26	2,770

Consolidated & Parent	Office premises \$'000	IT hardware & infrastructure \$'000	Total \$'000
Lease liabilities			
Balance at 1 July 2024	2,744	26	2,770
Additions	–	–	–
Payments	(730)	(11)	(741)
Interest on lease liabilities	151	–	151
Balance at 30 June 2025	2,165	15	2,180
Comprising of:			
Current	646	8	654
Non-current	1,519	7	1,526
	2,165	15	2,180

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a market review; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 19. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Consolidated	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2023	54	134	188
Additions	745	188	933
Asset transfer	(27)	27	–
Disposals	–	(4)	(4)
Depreciation expense	(110)	(112)	(222)
Balance at 30 June 2024	662	233	895
Additions	142	135	277
Disposals	–	–	–
Depreciation expense	(187)	(163)	(350)
Balance at 30 June 2025	617	205	822

Recognition and measurement

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. The carrying amount of property, plant and equipment is reviewed annually to ensure that it is not in excess of the recoverable amount. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives. The estimated useful lives for current and comparative periods are as follows:

Leasehold improvements	the lesser of unexpired lease term or useful life, 2-5 years
Plant and equipment	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

NOTE 20. NON-CURRENT ASSETS – INVESTMENTS IN SUBSIDIARY

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Investment in AES (as trustee of the Super Fund)	–	–	316	316

NOTE 21. NON-CURRENT ASSETS – RELATED PARTY LOAN

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Loan to subsidiary	-	-	6,568	3,698

The loan was provided to subsidiary AES to support the ongoing costs of the Super Fund administrator transition to GROW Inc. The loan is non-interest bearing until completion of the transition, expected to be before 31 December 2025. On completion, the loan becomes interest bearing and due to be repaid over a 5 year period. The parent entity support for AES includes waiving any loan repayment obligations to ensure AES continues as a going concern at all times.

NOTE 22. FINANCIAL ASSETS THROUGH PROFIT OR LOSS

Consolidated	2025 \$'000	2024 \$'000
Balance as at 1 July – Investment in Sentient Impact Group	-	2,600
Fair value write-down	-	(2,159)
Cancellation of final Instalment payment	-	(441)
Balance as at 30 June	-	-

AE recorded a fair value write-down of \$2.16m in respect to its investment in Sentient Impact Group Pty Ltd during FY24.

NOTE 23. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Trade payables and accruals	8,816	7,400	5,401	3,624
Grants to non-profit organisations	2,519	1,842	2,804	1,822
	11,335	9,242	8,205	5,446

Refer to Note 30 for further information on financial instruments.

Recognition and measurement

Trade payables and accruals represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of an invoice being rendered.

NOTE 24. EMPLOYEE BENEFITS

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Current				
Annual leave	2,089	1,712	2,076	1,694
Long service leave	1,741	1,332	1,713	1,311
Accrual for employee entitlements	6,650	4,385	6,650	4,349
	10,480	7,429	10,439	7,354
Non-current				
Long service leave	523	390	523	390

NOTE 24. EMPLOYEE BENEFITS (CONTINUED)**Recognition and measurement**

Employee benefit accruals are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Employee Benefits Liabilities including employee short term incentive compensation, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating benefits, such as sick leave, are not provided for but are expensed as the benefits are taken by the employees.

NOTE 25. ACQUISITION OF ALTIUS

The group acquired the Altius Asset Management (“Altius”) business on 25 September 2024. Altius is a sustainable fixed income asset management business previously owned by Australian Unity Funds Management Limited. The acquisition is consistent with the Group’s strategy to serve the growing potential addressable market created by the structural drivers favouring responsible investing, and to offer super fund members and investors increased access to ethical investment capability. The acquisition broadens Australian Ethical’s fixed income capability consistent with our strategy, theory of change and Ethical Charter.

Total consideration of \$5,278,000 comprised of \$4,028,000 payable at the acquisition date, \$250,000 deferred consideration paid in December 2024 following the completion of certain transition steps and \$1,000,000 deferred consideration that remains wholly contingent on Australian Unity maintaining agreed minimum FUM targets in September 2025.

The fair values of the Altius assets and liabilities acquired on 25 September 2024 were:

	\$'000
Assets	
Intangibles – customer contracts and brand	721
Deferred tax assets	203
Total assets	924
Liabilities	
Employee benefits	(677)
Deferred tax liabilities	(216)
Total liabilities	(893)
Identifiable net assets at fair value	31

Goodwill was determined as follows.

Consideration	5,278
Identifiable net assets at fair value	(31)
Goodwill on acquisition	5,247

All of the above amounts have been measured on a provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

The goodwill is attributable mainly to the future prospects and expected synergies that will arise from the acquisition, including the broadening of the Group’s fixed income capability, strengthened ratings and opportunities for efficiency and future growth prospects. The goodwill has been allocated to the Fund Management segment cash-generating unit. The goodwill and other intangible assets recognised on acquisition are not deductible for tax purposes.

Transaction costs of \$236,000 (2024: \$647,000) have been expensed as incurred in the consolidated statement of comprehensive income.

Altius has contributed revenues of \$3,478,000 and net profit after tax of \$413,000 to the Group for the period since acquisition, being 25 September 2024 to 30 June 2025. If the acquisition had occurred from the beginning of the period, the Altius contribution to the Group’s revenue and net profit after tax for the year ended 30 June 2025 is estimated to be \$4,550,000 and \$706,000 respectively.

NOTE 26. NON-CURRENT ASSETS – INTANGIBLES AND GOODWILL

Consolidated & Parent	Goodwill \$'000	Customer contracts \$'000	Brand \$'000	Software development \$'000	Total \$'000
Balance at 1 July 2023	–	–	–	723	723
Additions	–	–	–	90	90
Amortisation expense	–	–	–	(239)	(239)
Balance at 1 July 2024	–	–	–	574	574
Additions (note 25)	5,247	597	124	264	6,232
Amortisation expense	–	(90)	(19)	(200)	(309)
Balance at 30 June 2025	5,247	507	105	638	6,497

No impairment indicators were identified in respect to intangible assets or goodwill.

During the reporting period, the Group modified the classification of software development from 'Property, plant and equipment' to 'Intangibles and goodwill' so that it is classified together with other intangibles. Comparative amounts in the statement of financial position were reclassified for consistency. As a result, \$574,000 has been reclassified in the 30 June 2024 comparative.

Relevant accounting policies**Business combinations**

The Group accounts for business combinations under the acquisition method. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred.

Any contingent consideration is measured at fair value at the date of acquisition. Contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Intangible assets and goodwill

Goodwill arising on the acquisition of businesses is measured at cost less accumulated impairment losses.

Other intangible assets, including customer contracts and brands, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets under the straight-line method over their estimated useful lives and is recognised in profit or loss. The estimated useful lives are 5 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Goodwill is not amortised.

Impairment

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

The recoverable amount of the CGU is assessed based on the fair value less costs of disposal, estimated using a quoted market price.

NOTE 27. EQUITY – ISSUED CAPITAL

	Consolidated			
	2025 Shares	2024 Shares	2025 \$'000	2024 \$'000
Ordinary shares – fully paid	113,419,775	112,782,052	12,166	10,236

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	30 June 2023	112,387,138		10,515
Vesting of deferred shares in the Employee Share Plan (255,234 shares)	15 September 2023	-	\$4.53	1,156
Vesting of deferred STI shares (108,628 shares)	15 September 2023	-	\$6.10	663
Vesting of deferred shares in the Employee Share Plan (8,528 shares)	10 November 2023	-	\$5.29	45
Purchase of deferred shares in the Employee Share Plan – on-market (568,032)	23 October to 12 December 2023	-	\$4.53	(2,571)
Purchase of deferred shares in the Employee Share Plan – on-market (18,261)	22 December 2023	-	\$5.27	(96)
Vesting of deferred shares in the Employee Share Plan (2,271 shares)	1 February 2024	-	\$7.37	16
Vesting of deferred shares in the Employee Share Plan (7,013 shares)	1 March 2024	-	\$5.68	40
Vesting of deferred shares in the Employee Share Plan (72,121 shares)	6 March 2024	-	\$6.49	468
Balance	1 July 2024	112,782,052		10,236
Vesting of deferred shares in the Employee Share Plan (117,886 shares)	2 September 2024	-	\$9.80	1,157
Vesting of deferred STI shares (107,061 shares)	2 September 2024	-	\$7.03	754
Issue of deferred shares to the Employee Share Plan (treasury shares)	5 December 2024	637,723	\$4.25	-
Vesting of deferred STI shares (3,915 shares)	28 March 2025	-	\$4.91	19
Balance	30 June 2025	113,419,775		12,166

The Company measures the value of deferred shares at the price at which the shares are purchased on-market, or a VWAP post results announcement where shares are issued. The Company recognises share grants as a reduction in Issued Capital if shares are purchased on-market.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote, including deferred shares.

Recognition and measurement

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

NOTE 27. EQUITY – ISSUED CAPITAL (CONTINUED)**Capital risk management**

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The capital risk management policy remained unchanged during the year.

(i) Regulatory capital requirements

In connection with operating a funds management business in Australia, the Parent entity is required to hold an Australian Financial Services Licence (AFSL). As a holder of an AFSL, the Australian Securities & Investments Commission (ASIC) requires the Company to:

- prepare 12-month cash-flow projections which must be approved at least quarterly by Directors, and reviewed annually by auditors;
- hold at all times minimum Net Tangible Assets (NTA) the greater of:
 - (a) \$150,000;
 - (b) 0.5% of the average value of scheme property (capped at \$5m); or
 - (c) 10% of the historical 3-year average responsible entity revenue (uncapped).

The minimum NTA was \$8.52m at 30 June 2025.

The Company must hold at least 50% of its minimum NTA required as cash or cash equivalents and hold at least \$50,000 in Surplus Liquid Funds (SLF).

The Company has complied with these requirements at all times during the year.

(ii) Dividend policy

Dividends paid to shareholders are typically in the range of 80-100% of the Group's net profit after tax attributable to shareholders. The Board may declare a dividend outside that range with due consideration to retained earnings and business activities. Refer also to Note 11 which discusses the provisioning of staff bonuses and grants to non-profit organisations prior to recommending or declaring a dividend under the Group's constitution.

NOTE 28. EQUITY – RESERVES

Consolidated	Share-based payment reserve \$'000	FVOCI reserve \$'000	Total \$'000
Balance at 30 June 2023	2,293	6	2,299
Shares vested under deferred share plan during the year	(2,388)	–	(2,388)
Employee deferred shares & rights*	3,552	–	3,552
Revaluation of investments	–	(4)	(4)
Balance at 30 June 2024	3,457	2	3,459
Shares vested under deferred share plan during the year	(1,930)	–	(1,930)
Employee deferred shares & rights*	2,534	–	2,534
Revaluation of investments	–	15	15
Balance at 30 June 2025	4,061	17	4,078

* includes employee share plan and deferred shares and ELTI rights granted to employees

Parent	Share-based payment reserve \$'000	FVOCI reserve \$'000	Total \$'000
Balance at 30 June 2023	2,293	–	2,293
Shares vested under deferred share plan during the year	(2,388)	–	(2,388)
Employee deferred shares & rights*	3,552	–	3,552
Balance at 30 June 2024	3,457	–	3,457
Shares vested under deferred share plan during the year	(1,930)	–	(1,930)
Employee deferred shares & rights*	2,534	–	2,534
Balance at 30 June 2025	4,061	–	4,061

* includes employee share plan and deferred shares and ELTI rights granted to employees

NOTE 28. EQUITY – RESERVES (CONTINUED)**Share-based payment reserve**

This reserve relates to shares granted by the Group to its employees under its share-based payment arrangements. Further information about share-based payments to employees is set out in Note 38.

Financial assets at FVOCI reserve

The Group has elected to recognise changes in the fair value of certain investments in equity financial instruments in OCI. These changes are accumulated within the FVOCI reserve within Equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

NOTE 29. EQUITY – DIVIDENDS

Dividends

Dividends paid during the financial year were as follows:

	2025	2024
	\$'000	\$'000
Final dividend for the year ended 30 June 2024 of 6 cents (2023: 5 cents) per ordinary share – fully franked (Paid 18 September 2024)	6,767	5,639
Interim dividend for the year ended 30 June 2025 of 5 cents (2024: 3 cents) per ordinary share – fully franked (Paid 21 March 2025)	5,671	3,383
	12,438	9,022

Subsequent to year end the Directors have declared a final dividend of 9 cents per fully paid ordinary share (2024: 6 cents final dividend). The aggregate amount of the declared dividend expected to be paid on 19 September 2025 out of profits for the year ended 30 June 2025, but not recognised as a liability at year end, is \$10,208,000 (2024: \$6,767,000). All dividends paid during the year were fully franked based on tax paid at 30%. The final dividend to be paid in September 2025 will be fully franked at 30%.

Franking credits

Dividends paid during the financial year were as follows:

	2025	2024
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2024: 30%)	17,007	14,502

Accounting policy for dividends

Dividends are recognised when declared during the financial year.

NOTE 30. FINANCIAL INSTRUMENTS

Financial risk management objectives and framework

The Group's activities expose it to a variety of financial risks, including market risk arising from Funds under Management (FUM), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group does not have a material exposure to currency and interest rate risk.

The Group recognises that risk is part of doing business and that the ongoing management of risk is critical to its success. The approach to managing risk is articulated in the Risk Management Strategy and the Risk Appetite Statement. The Chief Risk Officer is responsible for the design and maintenance of the risk and compliance framework, establishing and maintaining group wide risk management policies, and providing regular risk reporting to the Audit, Risk & Compliance Committee (ARCC). The Board regularly monitors the overall risk profile of the Group and sets the risk appetite, usually in conjunction with the annual strategy and planning process.

The Board is responsible for ensuring that management has appropriate processes in place for managing all types of risk. To assist in providing ongoing assurance and comfort to the Board, responsibility for risk management oversight has been delegated to the ARC. One of the main functions of the Committee is to identify emerging risks and determine treatment and monitoring of emerging and current risks. In addition, the Committee is responsible for seeking assurances from management that the systems and policies in place to assist the Group to meet and monitor its risk management responsibilities contain appropriate, up-to-date content and are being maintained. The Group is complying with its licences, and there is a structure, methodology and timetable in place for monitoring material service providers.

The following discussion relates to financial risks the Group is exposed to.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Exposure

The Group's revenue is dependent on FUM which is influenced by equity market movements. Management calculates that a 10% movement in FUM linked to equity markets would change annualised revenue by approximately \$8,420,000 (2024: \$7,083,000).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is predominantly exposed to credit risk on its deposits with banks and financial institutions. The Group manages this risk by holding cash and cash equivalents at financial institutions with S&P's rating of 'A' or higher. The maximum exposure of the Group to credit risk on financial assets which have been recognised on the Consolidated Statements of Financial

Position is the carrying amount of cash and cash equivalents, and trade receivables. For all financial instruments other than those measured at fair value their carrying value approximates fair value.

All trade and other receivables are short term in nature and are not past due or impaired.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 6 months.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents).

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets. In addition, a twelve-month rolling forecast of liquid assets and cash flows, and profit & loss statements are reviewed by the Board quarterly to ensure there is sufficient liquidity within the Group.

NOTE 30. FINANCIAL INSTRUMENTS (CONTINUED)**Remaining contractual maturities**

The Group's and Company's remaining contractual maturity for its financial instrument liabilities. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTE 31. FAIR VALUE MEASUREMENT**Recognition and measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

The following tables detail the group's assets measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Relate to the Company's nominal holdings of shares in listed entities held for advocacy purposes.
Level 2:	Fair value measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial assets that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, referenced to the current fair value of a substantially similar other instrument or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.	Relate to The Foundation's investment in the Social Ventures Australia (SVA) Diversified Impact Fund (DIF) unlisted unit trusts.
Level 3:	Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).	Relates to deferred consideration payable in respect to the Altius business. Previously related to the Company's investment in Sentient Impact Group.

NOTE 31. FAIR VALUE MEASUREMENT (CONTINUED)

The following table shows a reconciliation of opening balance to the closing balance of Level 3 financial liability fair values. There were no transfers between levels during the financial year.

Consolidated & Parent	2025 \$'000	2024 \$'000
Opening balance	-	-
Deferred consideration assumed in Altius business combination	1,250	-
Deferred consideration paid	(250)	-
Closing balance	1,000	-

Financial assets & liabilities measured at fair value	Consolidated				Parent		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 3 \$'000	Total \$'000
2024							
Investments	1	66	-	67	1	-	1
Total assets	1	66	-	67	1	-	1
Deferred consideration	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
2025							
Investments	3	74	-	77	3	-	3
Total assets	3	74	-	77	3	-	3
Deferred consideration	-	-	1,000	1,000	-	1,000	1,000
Total liabilities	-	-	1,000	1,000	-	1,000	1,000

The deferred consideration liability of \$1,000,000 (2024: \$0) is valued based on the amount expected to be paid in September 2025. The liability is classified as Level 3 on the basis that the expected cash flow is an unobservable input.

NOTE 32. KEY MANAGEMENT PERSONNEL DISCLOSURES**Compensation**

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated		Parent	
	2025 \$	2024 \$	2025 \$	2024 \$
Short-term employee benefits*	3,886,951	4,668,202	3,764,625	4,487,077
Post-employment benefits	234,459	280,575	220,391	260,651
Long-term benefits	70,396	75,839	70,396	75,839
Share-based payments	832,831	1,121,423	832,831	1,121,423
	5,024,637	6,146,039	4,888,243	5,944,990

* Mr Brandweiner also received \$59,159 (including superannuation) for leading a strategic Board project in addition to his NED duties (not included in the table above).

Information regarding key management personnel's remuneration and shares held in the Company is provided in the Remuneration Report.

NOTE 33. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Company, and its network firms:

	Consolidated		Parent	
	2025 \$	2024 \$	2025 \$	2024 \$
Audit services – KPMG				
Audit and review of financial statements – Group	161,471	119,639	136,283	95,608
Audit and review of financial statements – managed funds for which the Company acts as Responsible Entity*	380,818	278,796	380,818	278,796
Audit and review of financial statements – superannuation fund for which the subsidiary entity acts as Responsible Superannuation Entity*	57,585	50,554	–	–
	599,874	448,989	517,101	374,404
Assurance services – KPMG				
Regulatory assurance services – Group	69,129	65,955	63,997	61,058
Regulatory assurance services – managed funds and superannuation fund*	91,125	80,028	12,420	–
Assurance services in respect to custody & administrator transitions	58,995	–	29,498	–
Assurance services in relation to the Sustainability Report	43,044	86,652	43,044	86,652
	262,293	232,635	148,959	147,710
Other services – KPMG				
Tax compliance and advisory services	244,625	150,854	210,077	117,655
Tax services in respect to custody & administrator transitions	87,125	–	87,125	–
	331,750	150,854	297,202	117,655
Total remuneration of KPMG	1,193,917	832,478	963,262	639,769

* These fees are incurred by the Company and are effectively recovered from the funds via administration or management fees.

The increase in total remuneration for KPMG is primarily attributable to the custody and administrator transitions (\$146,120), and audit and tax compliance work relating to the expanded asset base following the acquisition of Altius (\$118,421) and other new Australian Ethical funds.

The Board considered the other non-audit / assurance services provided by the auditor and is satisfied that the provision of the non-audit services is compatible with, and does not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services are subject to the corporate governance procedures adopted by the Company and are reviewed by the Audit, Risk and Compliance Committee to ensure that they do not impact the integrity and objectivity of the auditor, and
- non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

NOTE 34. COMMITMENTS

The Group did not have any material capital commitments at 30 June 2025 (2024: none).

NOTE 35. RELATED PARTY TRANSACTIONS**Parent entity**

Australian Ethical Investments Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in the Consolidated Entity Disclosure Statement.

KMP remuneration

Disclosures relating to key management personnel are set out in Note 32 and the remuneration report included in the Directors' report.

Other related parties

The Company acts as the responsible entity for the Australian Ethical Trusts ('AETs'). The AETs are considered structured entities that have not been consolidated by the Group, as the Group does not have control over these entities.

Australian Ethical Employee Share Trusts (EST) acts as trustee for the employee deferred share plan. Pacific Custodian Pty Limited acts as trustee to the trust.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Receipts from AES:				
Administration fees	–	–	19,931	16,536
Investment management fees	–	–	44,135	38,395
Principal investment advisory fee	–	–	8,889	7,650
Transactions between the parent and subsidiary entities under tax consolidation and related tax sharing agreement	–	–	669	5,105
Payments to The Foundation:				
Grants paid to non-profit organisations	–	–	2,804	1,822
Current receivables:				
Amounts receivable from AES – trade payables	–	–	6,331	5,475
Amounts receivable from AES – loan	–	–	6,568	3,698
Amounts receivable from The Foundation – trade payables	–	–	13	11
Current payables:				
Amounts payable to The Foundation	–	–	(2,804)	(1,822)

NOTE 36. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	Consolidated		Parent	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Profit after income tax expense for the year	20,196	11,531	18,198	13,573
Adjustments for:				
Depreciation and amortisation	1,382	1,120	1,382	1,120
Non-cash employee benefits expense - deferred shares and rights	2,627	3,070	2,627	3,068
Change in fair value of investment	–	2,159	–	2,159
Integration & transformation costs	4,322	4,242	454	213
Due diligence & transaction costs	1,719	1,079	1,719	1,079
Interest on lease liabilities	151	173	151	173
Change in operating assets and liabilities:				
(Increase) in trade and other receivables	(8,765)	(1,172)	(2,633)	(966)
(Increase) in lease assets	–	(562)	–	(562)
(Increase) in other current assets	(211)	(151)	(282)	(151)
(Increase) in deferred tax assets	(1,561)	(435)	(1,497)	(435)
Increase/(Decrease) in trade and other payables	3,089	(763)	2,691	(548)
Increase in employee benefits	2,241	1,117	2,275	1,102
(Decrease)/Increase in lease liability	(590)	568	(590)	568
Decrease in other provisions	16	168	16	168
Increase in current tax liability	2,306	155	2,044	431
(Decrease) in deferred tax liability	(34)	(7)	(34)	(7)
Net cash from operating activities	26,888	22,292	26,521	20,985

NOTE 37. EARNINGS PER SHARE

	Consolidated	
	2025 \$'000	2024 \$'000
Profit after income tax attributable to the owners of Australian Ethical Investment Limited and its Controlled Entities	20,196	11,531
	Cents	Cents
Basic earnings per share	18.08	10.33
Diluted earnings per share	17.74	10.23
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	111,720,362	111,634,688
Adjustments for calculation of diluted earnings per share:		
Deferred shares and rights	2,138,856	1,043,689
Weighted average number of ordinary shares used in calculating diluted earnings per share	113,859,218	112,678,377

NOTE 37. EARNINGS PER SHARE (CONTINUED)**Recognition and measurement****Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to the owners of Australian Ethical Investment Limited and its Controlled Entities, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of shares assumed to have been issued for no consideration (which relate to deferred shares and rights issued as part of the Company's long term employee benefits).

NOTE 38. SHARE-BASED PAYMENTS

Share-based payments include shares issued to employees under the employee share plan (ESP), deferred short-term incentives, and rights granted under the Executive long-term incentives plan (ELTI).

As at 30 June 2024, the Employee Share Trust holds 1,659,899 shares (30 June 2024: 1,251,039 shares) on behalf of employees until vesting conditions are met.

In the current year, 637,723 shares were issued to be granted under the Deferred ESP and STI plans. In the prior year, \$2,667,000 was paid to purchase all deferred shares on-market. The Board has discretion to decide whether to issue new shares or purchase shares.

The below table provides a reconciliation of the number of deferred shares in the Employee Share Trust.

2024						
Grant date	Vesting date	Balance at the start of the year	Granted	Vested	Forfeited	Balance at the end of the year
1/9/2020	31/8/2023	324,938	-	(324,938)	-	-
1/9/2021	31/8/2023	32,086	-	(32,086)	-	-
1/9/2021	31/8/2024	41,351	-	(41,351)	-	-
1/9/2021	31/8/2024	207,139	-	(20,612)	(20,997)	165,530
1/9/2022	31/8/2024	29,300	-	(1,122)	-	28,178
1/9/2022	31/8/2025	427,421	-	(29,893)	(52,467)	345,061
1/9/2023	31/8/2026	-	479,259	(11,011)	(34,220)	434,028
1/9/2023	31/8/2025	-	206,925	-	-	206,925
		1,062,235	686,184	(461,013)	(107,684)	1,179,722
		Unallocated treasury shares				71,317
		Total deferred shares in the Employee Share Trust at 30 June 2024				1,251,039
2025						
Grant date	Vesting date	Balance at the start of the year	Granted	Vested	Forfeited	Balance at the end of the year
1/9/2021	31/8/2024	165,530	-	(164,734)	(796)	-
1/9/2022	31/8/2024	28,178	-	(28,178)	-	-
1/9/2022	31/8/2025	345,061	-	(2,016)	(29,330)	313,715
1/9/2023	31/8/2026	434,028	-	(1,899)	(65,964)	366,165
1/9/2023	31/8/2025	206,925	-	(32,036)	-	174,889
1/9/2024	31/8/2027	-	498,623	-	(38,271)	460,352
1/9/2024	31/8/2026	-	264,551	-	-	264,551
		1,179,722	763,174	(228,863)	(134,361)	1,579,672
		Unallocated treasury shares				80,227
		Total deferred shares in the Employee Share Trust at 30 June 2025				1,659,899

NOTE 38. SHARE-BASED PAYMENTS (CONTINUED)**Recognition and measurement**

Equity-settled transactions are awards of shares that are provided to employees in exchange for the rendering of services.

The grant-date fair value of equity-settled transactions are recognised as an employee expense over the vesting period with a corresponding increase in Share based payment reserve. Upon vesting, the employees become unconditionally entitled to the awards and the shares are transferred from the Share based payment reserve to Contributed equity.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related performance and service conditions are expected to be met at the vesting date.

The following share-based payment arrangements existed as at 30 June 2025.

Deferred Shares - ESP

Under the Group's long-term incentive employee share plan (ESP), participants are granted shares annually based on a fixed percentage of their fixed remuneration. The number of shares that the participant receives is determined at the time of grant with the shares being held in trust. These shares are issued for nil consideration with the shares having voting rights and employees receive dividends over the vesting period. The deferred shares are subject to 3-year vesting periods after which time, the shares vest to the employee as ordinary shares. Vesting is subject to meeting specified performance criteria over the performance period, service hurdles and Board approval.

Included under employee benefits expense in the Consolidated Statement of Comprehensive Income is \$1,206,000 (2024: \$1,432,000) relating to the deferred shares granted under the long-term employee share plan.

Deferred Shares – STI

For certain employees a portion of their short-term incentive (STI) is also paid in deferred shares which vest subject to meeting service conditions. Depending on the grant, deferred STI shares have a 3-year vesting period and no further performance hurdles. All share vesting is subject to Board approval.

Included under employee benefits expense in the Consolidated Statement of Comprehensive Income is \$1,350,000 (2024: \$1,050,000) relating to the deferred portion of the short-term incentive plan.

Executive Long-Term Incentives (ELTI)

The ELTI was introduced to retain key senior executives and provide reward for future outstanding performance.

The FY28 tranche comprises 445,054 hurdled performance share rights issued on 12 November 2024 for the CEO or 6 December 2024 for all other participants. Each component of the share right in the table below was fair valued and the average fair value price was \$4.43, which is derived from the share price at grant date with adjustments including the forecast dividend yield forgone and the likelihood that the total shareholder return target is met. These share rights will be equity settled at the end of the vesting period.

During the vesting period, employees are not entitled to receive dividends nor hold voting rights. Vesting is subject to meeting specified performance criteria over the performance period, service hurdles and Board approval.

Included under employee benefits expense in the Condensed Statement of Comprehensive Income is \$209,000 (2024: \$636,000 expense) for the executive long-term incentive plan rights.

NOTE 38. SHARE-BASED PAYMENTS (CONTINUED)

The performance measures for the ELTI tranches granted in 2022, 2023 and 2024 are outlined below.

	Granted 1 December 2024	Granted 1 December 2023	Granted 1 December 2022
Performance measures	Financial measures: <ul style="list-style-type: none"> • 50% - net flows, including no more than 50% from M&A activity, over the 4-year vesting period of \$6.0bn • 25% - diluted earnings per share growth (hurdle 15%* CAGR, based on adjusted NPAT pre performance fees) • 25% - Total Shareholder Return (TSR) (hurdle of 10%** CAGR) 	Financial measures: <ul style="list-style-type: none"> • Net flows, including no more than 50% from M&A activity, over the 4-year vesting period of \$6.05bn • Underlying cost to income ratio of no more than 75%*** 	Financial measures: <ul style="list-style-type: none"> • Net flows, including no more than 50% from M&A activity, over the 4-year vesting period of \$6.05bn • Underlying cost to income ratio of no more than 75%**
	Non-financial measures: <ul style="list-style-type: none"> • Median NPS (Net Promoter Score) for Financial Services companies in Australia[^] • Median employee engagement score for financial services companies in Australia^{^^}; and • Continued compliance with the aims of our Ethical Charter. 	Non-financial measures: <ul style="list-style-type: none"> • Median NPS for Financial Services companies in Australia[^] • Median employee engagement score for financial services companies in Australia^{^^}; and • Continued compliance with the aims of our Ethical Charter. 	Non-financial measures: <ul style="list-style-type: none"> • Median NPS for Financial Services companies in Australia[^] • Median employee engagement score for financial services companies in Australia^{^^}; and • Continued compliance with the aims of our Ethical Charter.
Vesting period	Four years, ending 30 June 2028	Four years, ending 30 June 2027	Four years, ending 30 June 2026

* CAGR is cumulative annual growth rate. For diluted earnings per share growth: Less than 10% CAGR = 0% vesting. 10% to 15% CAGR = Straight-line vesting from 50% to 100%. 15% or above CAGR = 100% vesting.

** For TSR: Less than 7% CAGR = 0% vesting. 7% to 10% CAGR = Straight-line vesting from 50% to 100%. 10% or above CAGR = 100% vesting.

*** Based on achievement of the underlying cost to income ratio for the year in which the rights vest.

[^] Achievement of at least median NPS. This includes NPS scores for both super and managed funds based on Investment Trends survey, or a comparable survey approved by the Board. NPS is to be monitored on an annual basis and KPI specifically references the results achieved in the financial year in which the rights vest.

^{^^} Achievement of at least median employee engagement score, based on Culture Amp Employee Engagement Survey based on employee responses to Say, Stay, Strive questions for the year in which the rights vest.

Additional details are available in the Remuneration Report on these employee incentive plans.

NOTE 39. RESULTS OF THE FOUNDATION

All income received and net assets including cash of The Foundation are restricted to The Foundation's activities and are not available for distribution to AEI's shareholders or to settle liabilities of other Group entities.

As at and for the year ended 30 June 2025, the impact of The Foundation before intercompany eliminations is noted below:

	2025 \$'000	2024 \$'000
Statement of comprehensive income		
Revenue from parent entity	2,804	1,822
Interest income	20	34
Grants to non-profit organisations	(2,358)	(2,159)
Employee benefits expense	(167)	–
Audit fees and other operating expenses	(41)	(13)
Profit/(loss) for the year	258	(316)
Other comprehensive income		
Fair value adjustment of investment	15	(4)
Total comprehensive income for the year	273	(320)

	2025 \$'000	2024 \$'000
Statement of financial position		
<i>Assets:</i>		
Cash and cash equivalents	58	98
Receivables from parent entity	2,804	1,822
Other receivables	–	–
Financial assets at fair value through profit or loss	74	66
<i>Liabilities:</i>		
Grants to non-profit organisations	(2,519)	(1,842)
Trade payables	(24)	(24)
Net assets	393	120
<i>Equity:</i>		
Retained earnings	376	118
FVOCI reserve	17	2
Total Equity	393	120

NOTE 40. CONTINGENT LIABILITIES

As of the 30 June 2025 there are no contingent liabilities (2024: Nil)

NOTE 41. EVENTS AFTER THE REPORTING PERIOD

Apart from the dividend declared as disclosed in Note 29, no other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Basis of preparation

This Consolidated Entity Disclosure Statement has been prepared in accordance with the Corporations Act (s.295(3A)(a)) and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Entity name	Body corporate, partnership or trust	Place incorporated / formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign tax resident
Australian Ethical Investment Limited (the Company)	Body Corporate	Australia	-	Australian	-
Australian Ethical Superannuation Pty Limited*	Body Corporate	Australia	100%	Australian	-
Australian Ethical Foundation Limited**	Body Corporate	Australia	0%	Australian	-
Christian Super Pty Limited	Body Corporate	Australia	100%	Australian	-
August Investment Pty Limited	Body Corporate	Australia	100%	Australian	-
Australian Ethical Investment Limited Employee Share Plan Trust	Trust	Australia	n/a	Australian	-
American Ethical Investment PBC	Body Corporate	USA	100%	Foreign	USA

* Trustee of the Australian Ethical Retail Superannuation Fund.

** The Foundation share capital is held in trust for charitable organisations.

Key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has adopted the following interpretations:

- **Australian tax residency**

The consolidated entity has applied current legislation and judicial precedent, including having regards to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

- **Foreign tax residency**

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency.

The Company and consolidated group do not operate any Partnerships or Branches (permanent establishments).

Directors' declaration

1. In the opinion of the directors of Australian Ethical Investment Limited (the 'Company'):
 - a. the consolidated financial statements and notes that are set out on pages 54 to 87 and the Remuneration report in sections 26 to 52 in the Directors' report, are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Group's Financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and
 - ii. complying with the Australian Accounting Standards and the Corporations Regulations 2001.
 - b. the consolidated entity disclosure statement as at 30 June 2025 set out on page 88 is true and correct; and
 - c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by section 295A of the Corporations Act 2001 for the chief executive officer and the chief financial officer for the year ended 30 June 2025.
3. The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with the International Financial Reporting Standards.

Signed in accordance with a resolution of directors:

On behalf of the Directors



JOHN MCMURDO

Managing Director and Chief Executive Officer
Sydney
27 August 2025



Independent Auditor's Report

To the shareholders of Australian Ethical Investment Limited

Report on the audits of the Financial Reports

Opinions

We have audited the consolidated **Financial Report** of Australian Ethical Investment Limited (the Group Financial Report). We have also audited the Financial Report of Australian Ethical Investment Limited (the Company Financial Report).

In our opinion, each of the accompanying Group Financial Report and Company Financial Report give a true and fair view, including of the **Group's** and of the **Company's** financial position as at 30 June 2025 and of their financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The respective **Financial Reports** of the Group and the Company comprise:

- Statements of financial position as at 30 June 2025;
- Statements of comprehensive income, Statements of changes in equity, and Statements of cash flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2025;
- Notes, including material accounting policies; and
- Directors' Declaration.

The **Group** consists of Australian Ethical Investment Limited (the **Company**) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinions

We conducted our audits in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audits of the Financial Reports* section of our report.

We are independent of the Group and Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audits of the Financial Reports in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our respective audits of the Financial Reports of the current period.

This matter was addressed in the context of our audits of each of the Financial Reports as a whole, and in forming our opinions thereon, and we do not provide a separate opinion on this matter.

Management fees (\$89.9m) and Administration fees (\$21.8m) – Group; and Management fees – (\$71.2m), Administration fees (\$19.9m) and Principal Investment advisory fee (\$8.9m) - Company

Refer to Note 5 to the Group Financial Report and Company Financial Report

The key audit matter	How the matter was addressed in our audits
<p>Management, Administration and Principal investment advisory fees were a key audit matter due to the:</p> <ul style="list-style-type: none"> individual fee arrangements in place for each of the managed funds and the Australian Ethical Retail Superannuation Fund (the superannuation fund) which necessitated considerable audit effort; and significance of the fees to the Group and Company, constituting 94% and 99% of the total revenue, respectively. <p>Funds Under Management (“FUM”) used in the calculation of fees is dependent on information sourced from third party service organisations which are both the custodian and the administrator. This required us to understand and assess the key processes and controls in determining the FUM, including that of the third party service organisations.</p>	<p>Our procedures included:</p> <p>For Group and Company:</p> <ul style="list-style-type: none"> We assessed the appropriateness of the Group and Company’s accounting policies against the requirements of Australian Accounting Standards and our understanding of the business and industry practice. We read and understood the individual Management and Administration fee arrangements in the Product Disclosure Statements (“PDS”) of each of the managed funds and the superannuation fund. We performed a recalculation of Management and Administration fees charged using the fee percentages and FUM, obtained from each of the PDS and underlying fund financial records respectively as the basis for revenue recognition in accordance with the Group and Company’s accounting policy. We compared the independently calculated Management and Administration fee revenue to those of the Group and Company and investigated significant differences. We assessed funds under management (“FUM”) by: <ul style="list-style-type: none"> testing key controls over the input of valuation data into the Group and Company’s fund management system such as daily price movement checks performed by management; reconciling daily FUM sent by the custodian to the FUM used by the Group and

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	<p>Company in the calculation of revenue;</p> <ul style="list-style-type: none"> - obtaining and reading the custodian service organisation's <i>Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services</i> assurance report to understand the processes and assess the controls relevant to the determination of the FUM; - checking the quantity of assets held to external custodian service provider reports at balance date; and - using valuation specialists, testing the fair value of a sample of investments held by underlying by comparing the value to market data such as global and domestic equity prices. <ul style="list-style-type: none"> • We assessed the disclosures in the Financial Reports using our understanding obtained from our testing against the requirements of the accounting standards. <p>For Company:</p> <ul style="list-style-type: none"> • We read and understood the Management and Administration fee arrangements in the Investment Management and Trustee Service Agreements and the Principal Investment Advisory Agreement (collectively referred to as Agreements) between the Company and its subsidiary, Australian Ethical Superannuation Pty Limited (AES). • We performed a recalculation of the Management, Administration and the Principal Investment Advisory fees between the Company and AES, using the fee percentages obtained from the Agreements and FUM as a basis for revenue recognition in accordance with the Company's accounting policy. • We compared the independently calculated fee revenue to the fee revenue recorded by the Company and investigated significant differences.
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Other Information

Other Information is financial and non-financial information in Australian Ethical Investment Limited's annual report which is provided in addition to the Financial Reports and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report and the Remuneration Report. The Message from CEO, Message from the Chair, Financial year highlights, CIO's Report, Investment performance, Shareholder information of the Annual report are expected to be made available to us after the date of the Auditor's Report.

Our opinions on the Financial Reports does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audits of the Financial Reports, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Reports or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Reports

The Directors are responsible for:

- preparing the Financial Reports in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of each of the Group and Company, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- implementing necessary internal controls to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of each of the Group and Company, and that is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audits of the Financial Reports

Our objective is:

- to obtain reasonable assurance about whether each of the Financial Reports as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinions.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audits of the Financial Reports is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Australian Ethical Investment Limited for the year ended 30 June 2025, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 26 to 52 of the Directors' report for the year ended 30 June 2025.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300A* of the *Corporations Act 2001*, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Jessica Davis

Partner

Sydney

27 August 2025

Sustainability Report

2025

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The Australian Ethical Charter[©] our North Star since 1986

Our Charter is the foundation for how we invest and how we've always invested. These principles guide the development of our more detailed Ethical Criteria. They help us determine what we support, avoid or restrict+.

Positive principles

We seek investments assessed to support:

- (a) the development of workers' participation in the ownership and control of their work organisations and places
- (b) the production of high quality and properly presented products and services
- (c) the development of locally-based ventures
- (d) the development of appropriate technological systems
- (e) the amelioration of wasteful or polluting practices
- (f) the development of sustainable land use and food production
- (g) the preservation of endangered eco-systems
- (h) activities which contribute to human happiness, dignity and education
- (i) the dignity and wellbeing of non-human animals
- (j) the efficient use of human waste
- (k) the alleviation of poverty in all its forms
- (l) the development and preservation of appropriate human buildings and landscape

Negative principles

We restrict+ investments assessed to unnecessarily:

- (i) pollute land, air or water
- (ii) destroy or waste non-recurring resources
- (iii) extract, create, produce, manufacture, or market materials, products, goods or services which have a harmful effect on humans, non-human animals or the environment
- (iv) market, promote or advertise, products or services in a misleading or deceitful manner
- (v) create markets by the promotion or advertising of unwanted products or services
- (vi) acquire land or commodities primarily for the purpose of speculative gain
- (vii) create, encourage or perpetuate militarism or engage in the manufacture of armaments
- (viii) entice people into financial over-commitment
- (ix) exploit people through the payment of low wages or the provision of poor working conditions
- (x) discriminate by way of race, religion or sex in employment, marketing, or advertising practices
- (xi) contribute to the inhibition of human rights generally

+ For more information on how we restrict+ investments see note on page 121.

Our reporting

Our purpose is investing for a better world. This means that as well as striving to deliver great investment outcomes for our customers, we also strive to understand, measure and mitigate our impacts on people, on animals and on the world around us.

In our sustainability reporting we include commentary addressing material topics identified in our 2025 GRI Index; our climate and nature reporting, the alignment of our portfolio with the UN Sustainable Development Goals (SDGs); along with a number of other important sustainability metrics we choose to track.

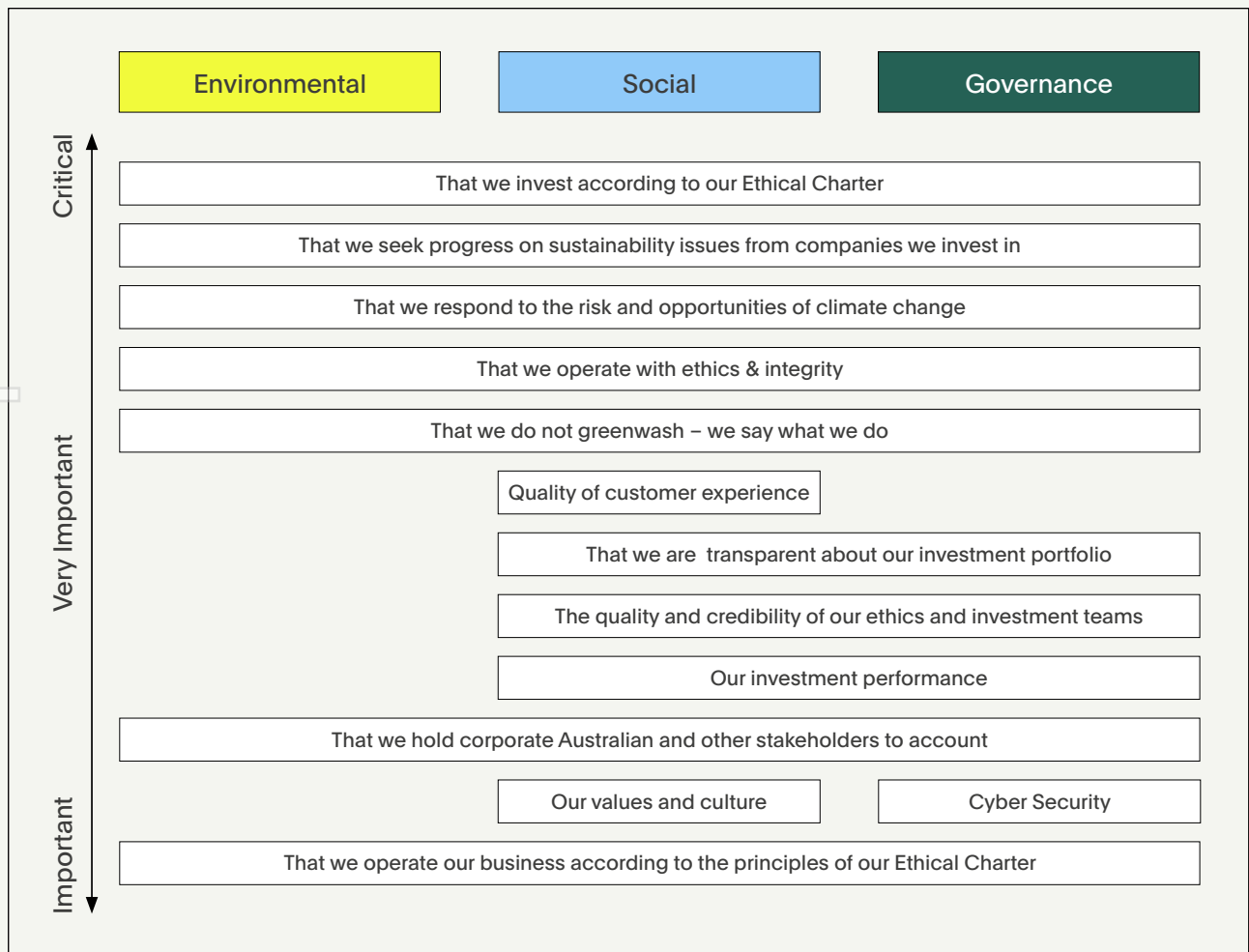
Reporting to the GRI

We have used the Global Reporting Initiative (GRI) framework to help us track and report our impacts since 2002. To ensure we report on our most important sustainability impacts, the GRI requires us to conduct a 'materiality assessment' every few years. In the revised GRI Standards issued in 2021, 'material topics' are defined as topics that represent an organization's most significant impacts on the economy, environment, and

people. Australian Ethical has a long history of striving to understand and report on its positive and negative impacts on 'people, planet and animals'.

In FY25, we conducted a desktop review of our past materiality assessments, gathered stakeholder feedback and insights and surveyed Australian Ethical employees to help us identify and prioritise our list of potential material topics. This weighted list was reviewed by the leadership and the Board. The 13 materiality topics identified through this process are set out below and though the relative importance of the topics has realigned since our last materiality process, the topics themselves remain the same. We have also applied an Environmental, Social and Governance lens to our material topics, with 10 of the 13 topics aligning to at least two of these dimensions.

This year we report with reference to the GRI and cover our material topics in this report, our FY25 GRI Index and Data Book and 2025 Stewardship Report. All of these documents are available on our website at australianethical.com.au/shareholder/sustainability-insights/



Sustainability metrics

Our three-year sustainability metrics scorecard is designed to give a snapshot of our performance, and where relevant, provide comparability with previous years. As our portfolio expanded in FY25 through the addition of Altius, we now include public corporate fixed income securities in our sustainability metrics. Where this means previous data is no longer comparable, we have noted in the table below.

A subset of the metrics in this scorecard (identified by an asterisk*) have been subject to limited assurance by KPMG. KPMG's limited assurance report is included on pages 156 to 158 of this report.

Metric	FY23	FY24	FY25
How we invest			
Proportion of investments in public offer funds and options ethically evaluated ¹	100%	100%	100%*
Proportion of revenue from sustainable impact solutions (investments in listed shares) ^{2,3}	2.3 x Benchmark	2.3x Benchmark	2.3x Benchmark
Proportion of revenue from sustainable impact solutions (investments in listed shares and public corporate fixed income securities ^{4,6})	–	–	2.3x Benchmark
MySuper (Balanced accumulation) option delivers its objective (returns of 3.25% p.a. above CPI over 10 years). Objective as at 30 June 2024	1.0% (p.a. above objective)	0.6% (p.a. above objective)	0.7% (p.a. above objective)
Australian Shares Fund (wholesale) objective (to significantly exceed the return of its benchmark after management costs over a 7-year period)	1.4 (p.a. above benchmark)	0.6% (p.a. above benchmark)	2.3% (p.a. above benchmark)
Pursuing net zero emissions (investments in listed shares)			
Carbon intensity ^{3,5} (scope 1 & 2) compared to Benchmark	77% less	75% less*	79% less
Carbon intensity ^{3,5} (scope 1, 2 & 3) compared to Benchmark	–	80% less*	79% less
Proportion of our investments in renewables and energy solutions ^{2,3}	4.6x Benchmark	5.2 x Benchmark*	3.6 x Benchmark
Pursuing net zero emissions (investments in listed shares and public corporate fixed income securities⁶)			
Carbon intensity ⁵ (scope 1 & 2) compared to Benchmark [#]	–	–	75% less*
Carbon intensity ⁵ (scope 1, 2 & 3) compared to Benchmark [#]	–	–	74% less*
Proportion of our investments in renewables and energy solutions [#]	–	–	4.1 x Benchmark*
Influencing for change			
Companies (or other entities) engaged with on ethical issues ⁷	250+	330+	400+
Number of proactive engagements and % followed by commitments to change ⁸	65+/approx. 25%	140+/approx. 30%*	130/approx. 25%*
Divestments on ethical grounds ⁹	5	2	3
Proportion of votable meetings where proxy votes cast ¹⁰	100%	99%	100%
Votes cast against management recommendation - overall	17%	18%	16%
Ethical outcomes			
B Corp Best for the World / certification ¹¹	Achieved	Score: 168.5	Score: 168.5
Yearly profits donated to the Foundation (after tax and before bonuses)	10% (\$1.1 million)	10% (\$1.8m)	10% (\$2.8 million)
\$ allocated for impact through the Australian Ethical Foundation	\$1.1 million	\$2.2 million	\$2.5 million
Stakeholder engagement			
Super NPS ¹²	+16% (No.5)	+1% (No.4)	+15% (No.3)
Super – customer advocacy	No.4	–	–
Our people			
Employee Engagement ¹³	70%	79%	76%
Diversity of Board (target: 40% each gender)	67% female	67% female	43% female
Diversity of leadership team (target: 50%) ¹⁴	50% female	50% female	50% female
Diversity of investment team (target: female 30% by 2025)	28% female	36% female	39% female

- 1 Subject to Ethical Assessment as described on page 121.
 - 2 Based on the revenue from sustainable impact solutions earned by companies in which we invest, through listed shares and the proportion of our investments in the relevant category of solutions.
 - 3 Compared to a blended share market Benchmark of S&P ASX200 Index (for Australian and NZ shareholdings) and MSCI World ex Australia Index (for international shareholdings). Based on shareholdings at 30 June 2025 and analysis tools provided by external sources which cover ~97% of the listed companies we hold shares in by value.
 - 4 Based on the revenue from sustainable impact solutions earned by companies in which we invest, through both listed shares and public corporate fixed income securities, and the proportion of our investments in the relevant category of solutions.
 - 5 Source: MSCI. Carbon intensity is measured as tonnes CO₂e/\$m revenue.
 - 6 Sustainable impact criteria and data provided by external sources aim to measure revenue exposure to sustainable impact solutions and support actionable thematic allocations in line with the U.N. Sustainable Development Goals (SDGs), EU Taxonomy of Sustainable Activities, and other sustainability related frameworks. Year to year movements can be for a range of reasons, which may not be reflective of change in performance. See pages 153 to 155 for more information. Both carbon intensity and sustainable impact solutions revenue relate to the listed shares and public corporate fixed income securities in which we invest across our funds and options. This should not be considered representative of individual funds or options which will have their own mix of share and other investments. See pages 153 to 155 for more information about this comparison.
 - 7 We count one engagement where we engaged with a company on a topic or series of topics. There may be multiple activities within that engagement. For example, our engagement with Westpac is counted as one engagement which included meetings, emails and co-filing a shareholder resolution. We may count two engagements with a company if there were separate activities on entirely separate topics. For example, we had one engagement with CBA in relation to its fossil fuel exposure and a separate meeting with CBA to discuss its exposure to deforestation in Australia.
 - 8 Our 'proactive' engagement count includes where we engaged directly with a company, government or other entity; we actively contributed to collective engagements (as distinct from simply 'signing on'); or we co-filed a resolution. Commitments to change are commitments made by the engaged entity after our engagement commenced, that reflect progress towards the ultimate objectives of the engagement beyond acknowledgment of an issue. They may be identified through e.g. direct company responses, company reporting or actions taken, changes to government policies or draft legislation, or actions taken by industry associations. For examples of commitments, see our Stewardship Report: <https://www.australianethical.com.au/why-ae/ethical-stewardship/>
 - 9 Investments exited during the year due to ethical re-assessment. Not including companies excluded from initial investment.
 - 10 Our proxy voting record is published on our website annually. See our FY25 Proxy Voting Report at <https://www.australianethical.com.au/shareholder/corporate-governance/>
 - 11 Our latest B Corp score, 168.5, awarded at recertification on 13 July 2023, was the highest score for any B Corp in Australia and Aotearoa New Zealand.
 - 12 Investment Trends Super Member Engagement Report 2025. Independent research with 23 major super funds
 - 13 Culture Amp Employee engagement survey June 2025. Top quartile for Financial Services Australia is 77% and above: cultureamp.com/science/insights/financial-services-australia
 - 14 Comprising members of Australian Ethical Senior Leadership Team. Refer Workplace Equality Reporting [<https://www.australianethical.com.au/shareholder/corporate-governance/>]
- indicates that comparable data was not available or not tracked.
 ^ This year we also report on our investments in listed shares and fixed income securities because these comprise a large proportion of our total funds under management (~81.0%), and because data is less readily available across our other investments.
 # Compared to a blended benchmark that best reflects the benchmarks used by the underlying investment strategies. Based on holdings at 30 June 2025 and analysis tools provided by external sources which cover ~74% of the investments we hold by value other than wholesale cash fund and mandates.

We are ethical investors

We believe the power of money can be harnessed to deliver both competitive returns and positive change for people, planet and animals. To create this capital for good we start by determining our investable universe. We do this by assessing whether our investments align with the 23 principles of the Australian Ethical Charter. We interpret and apply the general principles of the Charter using our more detailed Ethical Criteria, which we outline in the next section.

These beliefs have been driving our investment philosophy and business practices since 1986.

Our ethical investing approach aims to:

- Give investors access to ethical portfolios of companies and other investments which are more aligned with their values than general market portfolios;
- Influence progress towards a better future for people, animals and the environment by engaging with select companies to improve key business practices;
- Help us identify, understand and manage investment risk and opportunity, at a company, portfolio and systemic level which we believe can help construct better investment portfolios.

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Our investment process has three key elements:

1. Ethical assessment

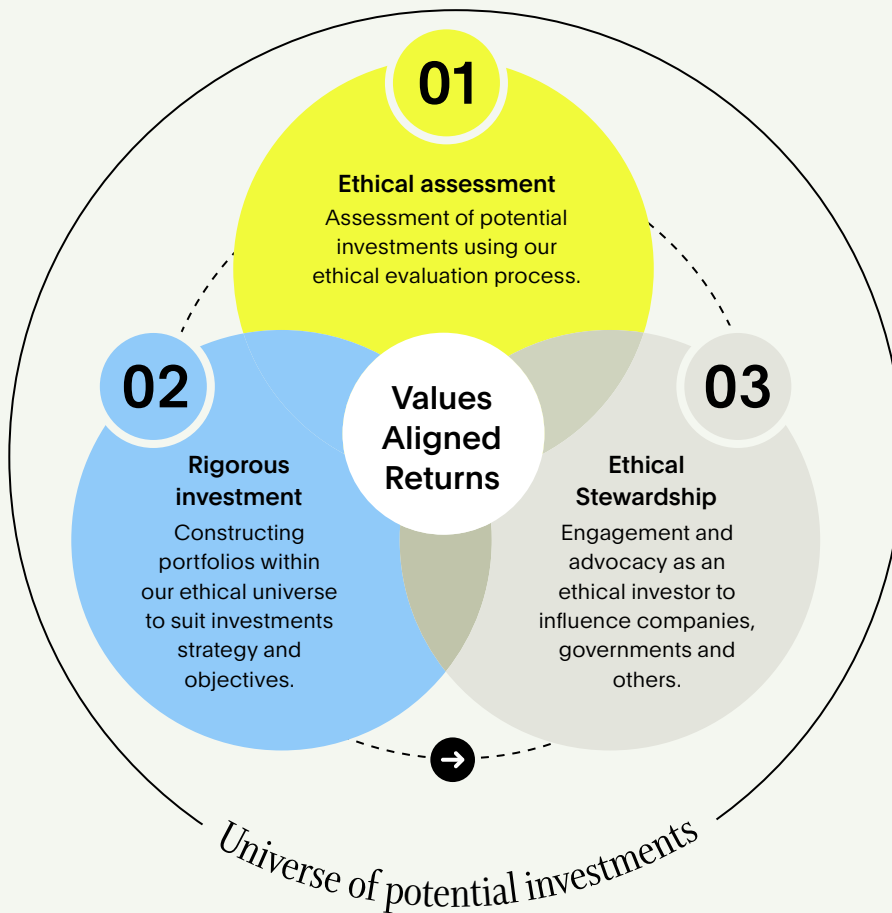
Our in-house Impact & Ethics team assess possible investments identifying companies we believe can influence progress towards a better future for people, animals and the environment, and restricts+ investment in those that we believe are a threat to that progress. This research defines our universe of potential ethical investments. Where we invest via an external investment manager, then our processes involve some important differences which you can read about in section 5.13 'Externally Managed Investments' of our Ethical Guide.¹⁵

2. Investment analysis and portfolio construction

Our investment team then constructs portfolios suitable for the investment strategies and objectives of our Funds.

3. Ethical stewardship

We don't just set and forget. Monitoring our investee companies and engaging to influence companies, governments and others is an important part of our process. See our [Ethical Stewardship Report](#) for more.



¹⁵ <https://www.australianethical.com.au/globalassets/pdf-files/why-ae/ae-guide-to-our-ethical-investment-process.pdf>

+ Our investment restrictions include some thresholds. Thresholds may be in the form of an amount of revenue that a business derives from a particular activity, but there are other tolerance thresholds we can use depending on the nature of the investment. We apply a range of qualitative and quantitative analysis to the way we apply thresholds. For example, we may make an investment where we assess that the positive aspects of the investment outweigh its negative aspects. For information on how we make these assessments for a range of investment sectors and issues such as fossil fuels, nuclear power, gambling, tobacco, human rights, and many others, please read our Ethical Guide: <https://www.australianethical.com.au/globalassets/pdf-files/why-ae/ae-guide-to-our-ethical-investment-process.pdf>

Our portfolio is aligned to our values

Ethical Assessment

Ethical assessment isn't black and white, for example when we think about the listed companies we might invest in, some are complex and may have different business lines, some of which meet our Ethical Criteria and some of which don't. This is why we have an Ethics Research team, and why we use our Ethical Criteria to help us decide which potential investments can enter our investible universe. These criteria cover a wide range of positive and harmful effects we consider when evaluating the impact companies can have on people, animals and the environment.

To pass our ethical evaluation an investment must first be assessed against the principles of our Ethical Charter as having positive activities. If they meet our positive activity requirements after this assessment but have other negative impacts from their products or operations, we look at where their revenue comes from, and assess this against our revenue tolerance thresholds and other Ethical Criteria. For example, we won't invest in a company making weapons or tobacco products because we have a zero-revenue threshold for these activities, but if a large, diverse company is positive in other parts of its business, our tolerance thresholds allow some limited revenue from some negative products such as alcohol or fossil fuels.

As another example, we may invest in a company which generates over 70% of its electricity from renewables but falls back on gas when low rainfall reduces its hydropower.

We also consider how closely a potential investment is involved in activities we consider harmful under our Ethical Criteria. For example, we treat a producer of harmful products differently to a company which sells or transports harmful products along with other products. This allows us to invest, for example, in a supermarket that on balance provides a positive social impact even though they derive a small amount of their revenue from retailing cigarettes and alcohol.

We also consider how an investment conducts its business, evaluating serious misconduct, as well as potential benefit and harm from its operations. So a company or investment which produces positive products may still be excluded if they are mistreating workers or highly polluting.

This is a complex area, but we provide more detail in our Ethical Guide (available on our website at australianethical.com.au/why-ae/ethics/) on our thresholds, positive starting points, how we consider the appointment of external managers, how often we assess, and instances when investments may not meet our Ethical Charter.

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Values-aligned customers

We help purpose driven organisations seeking to grow the reserves that fund their work to align their investment portfolio with their values.

One of these customers is the International Women’s Development Agency, an organisation that exists to defend and advance the rights of women, girls and gender-diverse people. We are proud to have called IWDA a client since 2001. While their roots lie in the development sector, IWDA’s journey has brought the organisation into global feminist movements.

As an Australia-based organisation, IWDA works for feminist movements by resourcing diverse women’s rights and aligned organisations, primarily in Asia and the Pacific, with the money, skills and access they need to achieve their priorities. This work is changing the reality on the ground for women, girls and gender-diverse people – providing life-saving services to those escaping violence, supporting women to lead and transform societies, equipping communities with the skills and knowledge they need to access their rights, and working from the local to the global to change the systems that limit them.

Another values aligned organisation we have recently introduced as a customer is Wyatt Trust, Australia’s oldest philanthropic trust, operating since 1886.

Wyatt Trust is committed to using all its resources to help create a South Australia free from poverty through its grant making, advocacy and investments. Wyatt distributes more than \$4 million in grants annually to help reduce poverty and financial hardship.

In recent years, Wyatt has been on a journey to embed the wisdom of people with lived and living experience of poverty across its grant making, program design and beyond, while also taking action in support of truth telling and reconciliation.

With a long history of exploring alternative finance options that support people in financial hardship and an active impact investor, Wyatt has recently sought to further extend its impact through the creation of a bespoke Catalytic Local Investment Fund in 2024 to back Adelaide-based enterprises that are doing good for people and planet.



Image source: IWDA
Rebecca Kossin, Project Officer for Women Human Rights Defenders, Nazareth Centre for Rehabilitation (NCfR), Chabai, Autonomous Region of Bougainville, PNG

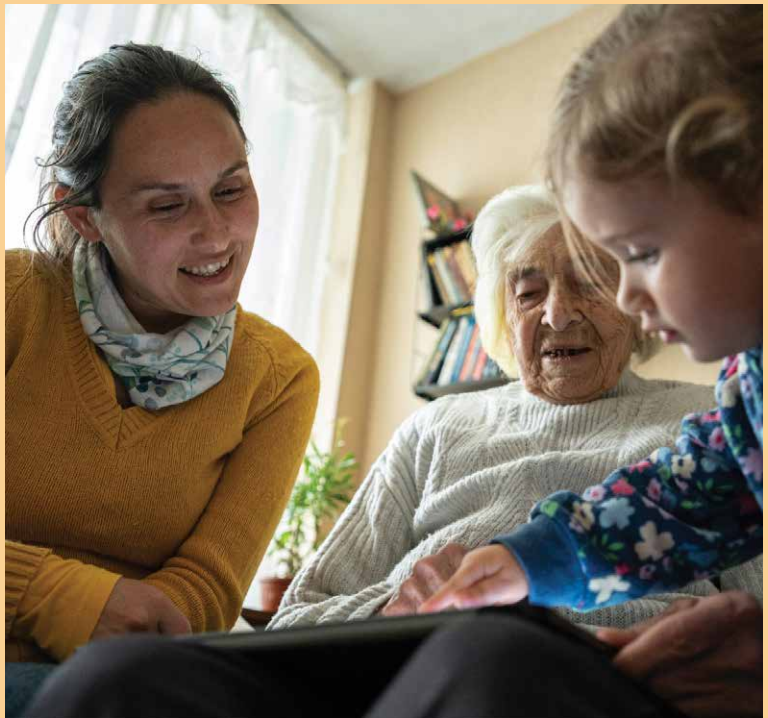


Image source: Wyatt Trust

“ We help purpose driven organisations seeking to grow the reserves that fund their work to align their investment portfolio with their values

Ins & Outs

In FY25 we looked at around 350 companies and we present some of the outcomes of our ethical assessments here.

Most of the 'Outs' are companies that we excluded from our investable universe and therefore never invested in them. Others such as Tesla were held by Australian Ethical, but we decided to divest from them because of changes in ethical performance.

Low carbon mobility

- **In:** 100% of Contemporary Amperex Technology Co., Limited (CATL)'s revenue is from technology (EV battery and battery storage) that accelerates the transition to low emissions transport. CATL is a market leader in long life and long-range batteries for heavy duty vehicles. The company meets our human rights expectations for a large high-risk supplier.
- **Out:** We divested from Tesla due to concerns centred on CEO conduct and persistent issues regarding the treatment of employees. Our Ethical Guide states that we will exclude companies where we identify systematic disregard for employee rights, including suppression of the right to organise and join unions. Divestment followed efforts to voice concerns regarding director independence, excessive compensation and working conditions, through proxy voting at six Tesla AGMs since 2019.
- **In:** Vertelo is a fleet electrification solutions platform in India with a mission to transform transportation by enabling large-scale adoption of electric vehicles, with a focus on passenger transport buses (public transport and private transport through corporate staff transport, schools, tourist buses), taxis, short-medium haul trucking and charging infrastructure.
- **Out:** Schaeffler AG is a Germany-based company primarily engaged in the manufacture of automotive parts. Ethical assessment resulted in an exclude rating as a majority of revenue is derived from automotive components where end-use is new ICE (internal combustion engine) vehicles, and therefore not aligned with the Paris Agreement. Shares received as part of a demerger were divested.

Sustainable travel

- **In:** Siteminder an Australia-based company, providing software for accommodation providers allowing for more efficient booking and management of hotels and other accommodation. The company is taking steps to limit its emissions, including through the use of 100% renewable powered data centre providers.
- **Out:** WEBJET Group, a new entity demerged from Web Travel Group (formerly Webjet Limited) received an uninvestible rating on initial assessment for greater than 67% of revenue from facilitating air transport without adequate response to its climate change contribution. Shares in the new entity received at demerger were divested.

Green digitalisation

- **In:** Aligned's air-cooled system, using their proprietary closed loop design, eliminates the need for added outside water use in cooling requirements for their data centres. With 100% of annual electricity consumption matched with zero-carbon renewable energy certificates and a net zero pathway outlined for 2040, the company is in a position to support decarbonisation goals for customers.
- **Out:** Cogent Communications is responsible for carrying approximately 25% of all internet traffic globally and is heavily reliant on data centres which are energy intensive (via server power needs and cooling systems). Excluded from investment for demonstrating no effort to address the environmental impact and energy intensity of its business.

Clean energy

- **In:** Neoen: 100% of revenue from renewable energy power generation (wind, solar and storage). We closely examined Neoen's approach to land clearing and impacts on endangered species and were satisfied that the company is meeting our expectations.
- **Out:** Vector Limited is a New Zealand-based company engaged in electricity and gas distribution, natural gas and LPG sales, metering, telecommunications, and new energy solutions. Fossil gas revenue exceeds 33% resulting in the company being excluded from our ethical universe.

Transition minerals

- **In:** MAC Copper Limited: MAC Copper earned a starting positive for revenue over 50% from copper - a transition mineral - becoming the first copper miner we have ethically approved.
- **Out:** Aurizon Holdings Ltd was assessed as uninvestible because the company derives more than 50% of its revenue from transportation of coal and coal mining services.

New housing

- **In:** 50 Quay Street, a 32-story, 475 apartment build-to-rent project contributing to housing supply in Brisbane with more than 50% of apartments to be provided at a discount. The project is registered under the Green Building Council Australia's Buildings v.1 tool to achieve 5-stars upon practical completion. The 50 Quay St development is one of our most recent private markets investments which aims to generate investment returns while providing diversification for our portfolios.



Image: Architectural rendering of 50 Quay St development.

Our approach to climate change

For nearly 40 years, Australian Ethical has been investing to protect our planet. During these decades, scientists with the Intergovernmental Panel on Climate Change (IPCC) have been issuing major reports about the state of the climate, gradually expressing more certainty about what is happening, and why, and the action needed to limit global warming.

The climate crisis is not just a threat to future generations; we are already feeling the consequences today. If we continue the current global trajectory, the crisis will only worsen, deepening the impact of irreversible changes to our world.

The climate threat is also bringing climate investment opportunity in reducing emissions and helping communities adapt to the changes already underway and locked in by historical emissions.

In the following pages we report on the carbon emissions associated with our investments and our operations (carbon footprint) and how, through our investments and stewardship, we are working towards the emissions reductions for our portfolio and beyond consistent with the most ambitious aims of the Paris Agreement.

This report has been prepared with reference to the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) and to the recently finalised Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures. We are working toward full alignment with AASB S2 over the next few years.

Governance

AEI's Ethical Charter, embedded in its Constitution and overseen by the Board, guides all investment decisions. The Charter's 23 principles are applied using our ethical frameworks, policies and measurement systems. These ensure we prioritise action to avoid dangerous climate change and its serious impacts on the planet, people, and animals.

Our investment beliefs recognise that preventing dangerous climate change is essential to both our ethical and our financial goals.

Management responsibilities are delegated to the Chief Investment Officer and the Chief Impact & Ethics Officer, supported by our in-house Impact & Ethics team of six, which includes members with climate knowledge and experience. Climate risks are monitored using diverse sources including scientific, regulatory, and industry data.

Our response to climate change is considered by our Board in reviewing and approving our corporate strategy and public disclosures, and via our investment committee, where climate change related topics are regular agenda items. The Board includes members with climate change knowledge.

Risk management

Climate change poses systemic risks to our business, investments, and the broader financial system. Our main activity is investing in a broad range of asset classes and jurisdictions on behalf of our customers. As a result, our main climate risks relate to our investment portfolios.

Climate-related physical risks

Physical Risks resulting from climatic changes, both chronic and acute, can affect costs, revenues, and asset values. As a diversified investor, the securities we invest in are exposed to a broad range of physical climate risks, for example:

- Changes in temperature and rainfall are already affecting the productivity and viability of different types of agriculture,
- Sea level rise and extreme weather are changing where and how buildings and infrastructure can be safely built, with flow on effects to building and operating costs,
- Increased flood and fire risk affects insurance costs, and whether property is insurable at all.

Increased variability of returns across all asset classes is already arising from climate change to date. A further amount of climatic change is unavoidable due to historical emissions, regardless of how effective emission reduction efforts are going forward. If the world fails to curb emissions, the higher warming that follows threatens to disrupt trade and financial markets with implications for all investment portfolios.

Climate-related transition risks

Transition risks stem from the shift to a low-carbon economy. High emitters in particular face technological, regulatory, legal and reputational risks, as do their value chains, including those who finance their activities. This risk can manifest as increased costs, changes in demand, and declines in asset values, including asset stranding.

Management approach

Climate change is a key factor we consider when applying our Ethical Charter to companies because of its wide-ranging implications for people, animals and the planet. We restrict+ investments in companies assessed to be obstructing the objectives of the Paris Agreement to limit global warming to well below 2°C and to pursue a limit of 1.5°C. The way this test is applied depends on the company and its sector (read more about our ethical criteria at: australianethical.com.au/globalassets/pdf-files/why-ae/ae-guide-to-our-ethical-investment-process.pdf).

Our ethical research and company engagement guides us to sectors and companies which are aligning their businesses with the transition needed to limit climate change consistent with the global goals set out in the Paris Agreement. We believe these investments are better positioned to manage many climate transition risks, such as the risk of introduction / increase in carbon pricing. Our approach can also strengthen specialist investment capabilities to navigate technological change associated with climate disruption and transition.

However, the effects of climate change are projected to be felt across the economy and society.

We consider these system level implications of climate change for our portfolios through active and strategic asset allocation processes. Our:

- Active asset allocation process considers the resilience of our portfolio in the short term (up to one year) to shocks like extreme weather events. This shows strong resilience for individual extreme events and is informing our thinking about portfolio positioning as extreme events increase in frequency and number with escalating climate change.

- Strategic asset allocation (SAA) approach (which guides our long-term investment positioning) is informed by scenario analysis that includes social and environmental factors over a 10-year time frame and address our global investment scope (Emerging Markets, Global Developed Markets and Australia).

Climate scenarios are embedded in each of the seven core economic scenarios of our SAA, and reflect a subset of Network for Greening the Financial System (NGFS) scenarios covering a range of potential outcomes, from severe to positive, as well as the most likely outcome (hot house world). The NGFS involve experts to produce long term scenarios that support exploration of how climate change (physical risk) and climate policy and technology trends (transition risk) could evolve in different futures. We utilise scenarios from the following NGFS sets in our SAA:

- Orderly scenarios assume climate policies are introduced early and become gradually more stringent keeping average temperature rises below 2°C. Both physical and transition risks are relatively subdued.
- Hot house world scenarios assume that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. The scenarios result in severe physical risk including irreversible impacts from average temperature rises exceeding 2°C above pre-industrial levels by the end of the century.
- Too little, too late scenarios assume that a late and uncoordinated transition fails to limit physical risks.

Our Asset Allocation Forum meets quarterly to monitor signposts (like renewable energy investment and climate ambition) and review probabilities for each scenario, as well as considering whether new scenarios should be added. Our model was updated in March 2024 (and after year-end in July 2025) and scenarios were run during FY25 and at the start of FY26.

+ For more information on how we restrict investments see note on page 121.

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Strategy

Our early climate leadership strengthens our brand, reputation, and competitive position.

In all scenarios, imperfect information on climate attributes creates challenges to investment management as well as opportunities for outperformance given our priority on active management. Rapid action to address climate change would contribute further to already rapid growth in climate investment opportunities (such as renewables, clean tech, and transition minerals).

We also see opportunities to develop climate-focused products to meet growing demand from ethically-minded investors.

All of these factors support our business resilience. But we also expect high-temperature scenarios to bring lower economic output and higher variability of returns, increasingly over longer timeframes, undermining trust in investment markets and overall demand for investment management that will impact all players.

Metrics & ambition

We pursue net zero outcomes for our investments and the world (our climate ambition) aligned with the emissions reduction needed to limit temperature rise consistent with the most ambitious aims of the Paris Agreement.

We use a range of measures to check the effectiveness of our ethical investment approach in managing climate risk and pursuing our climate ambition. However, it is uncertain whether we will achieve our climate ambition. The impact of our actions is uncertain, and there are many factors outside our control, including climate policy and regulation in Australia and globally, as well as the action of companies, other investors and individuals. While we aim to influence stronger climate action by others, we do not control their actions.



75%

Metric: Emissions intensity of investments
75% lower* scope 1 & 2 CO₂ intensity¹⁶ for our investments in listed share and public corporate fixed income securities compared to Benchmark[^]

On the following pages we report the carbon footprint and fossil fuel reserves relative to Benchmark for our listed share and public corporate fixed income investments.

We report on our listed share and fixed income investments because these comprise a large proportion of our total funds under management (~81.0%), and because data is less readily available across our other investments.

We believe this measurement remains a useful demonstration that our ethical investing approach – which is applied across all investments – results in our portfolio maintaining an emissions intensity well below the relevant Benchmark.



4.1x

Metric: Investment in clean energy
4.1x the benchmark level of renewables and energy solutions revenue for our investments in listed share and public corporate fixed income securities^{17*}

Investment in renewable power generation and other clean energy solutions is critical to support the massive global shift to renewables required to limit warming consistent with the aims of the Paris Agreement. Our analysis this year showed that our investments in listed share and public corporate fixed income securities have proportionately 4.1 times the renewables and energy solutions revenue of a comparable Benchmark.[^]

¹⁶ Source: MSCI. Carbon intensity is measured as tonnes CO₂e per million \$ revenue.

¹⁷ We report on our investments in listed shares and fixed income securities because these comprise a large proportion of our total funds under management (~81.0%), and because data is less readily available across our other investments.

* Indicates FY25 metric included in KPMG's Limited assurance scope.

[^] Compared to a blended benchmark that best reflects the benchmarks used by the underlying investment strategies. Based on holdings at 30 June 2025 and analysis tools provided by external sources which cover ~74% of the investments we hold by value other than wholesale cash fund and mandates. Both carbon intensity and sustainable impact solutions revenue relate to the listed companies and public corporate fixed income securities in which we invest across our funds and options. This should not be considered representative of individual funds or options which will have their own mix of share and other investments. See pages 153 to 155 for more information about this comparison.



Metric: Climate-related engagement, voting and advocacy

In FY25, our stewardship action in pursuit of our climate ambition undertaken by our inhouse Impact & Ethics team, included:

- Engagement and advocacy to help stop finance for expansion of the fossil fuel sector; and to help stop and reverse land clearing and deforestation for animal agriculture.
- Seeking to leverage the collective power of aligned investors by leading and participating in collaborative engagements with high emissions companies, including through the global initiative Climate Action 100+.
- Work to encourage better government climate policy, including through active participation in the Investor Group on Climate Change (IGCC). During the year we chaired an investor initiative, coordinated via the IGCC, seeking corporates exercise their influence positively to encourage the Australian government to set a science-based national climate target for 2035. We also joined the PRI Sovereign Engagement Steering Group and commenced as lead investor on engagement with the West Australian government.

Further detail on progress from our engagement and advocacy efforts is available in our Stewardship and Proxy Voting reports published on our website.¹⁸



Metric: Foundation giving targeting emissions reduction

The Australian Ethical Foundation targets initiatives that accelerate the transition to a regenerative economy that values and protects nature, thereby lowering emissions and strengthening the resilience of communities most impacted by climate change. Read highlights of our Foundation's work on page 150.

¹⁸ www.australianethical.com.au/shareholder/sustainability-insights/

Carbon footprint

One way to check the effectiveness of our ethical investment approach to manage climate risk and to support the transition to a net zero-emissions economy and society is the carbon footprint of our investments - also known as 'Financed Emissions', part of Scope 3 Category 15 (investments) as defined in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

We also report the emissions arising from the operation of our business (scopes 1-3). Because of the nature of our business, being office-based service delivery, our operational emissions are very small relative to our financed emissions – see our data book for details of operational emissions and use of carbon credits in offsetting operational emissions.

We report four carbon footprint measures in the table below, including total financed emissions for the first time this year.

This year we have expanded our reporting to include public corporate fixed income securities (debt issued by publicly listed companies) as well as our listed share investments that we have historically reported. This change reflects the increased importance of fixed income investments to our business following the acquisition during the year of the Altius Asset Management business. The extent to which our portfolios are lower than Benchmark has remained similar to prior years, providing confirmation that our ethical approach produces consistently strong climate and sustainability outcomes across asset classes.

We will continue to look for ways to expand the scope of our reporting in coming periods, as data availability and methodologies evolve.

Measure	Financed carbon intensity	Financed carbon emissions share	Carbon exposure (WACI)	Total Financed Emissions
Description	Investor share of company carbon emissions / Investor share of company revenue	Investor share of company carbon emissions / Amount invested	Average carbon intensity of companies invested in (weighted by % of investment portfolio); also known as WACI	Total carbon emissions attributable to all financiers (debt and equity). If a position is not covered, adjustments are applied on other covered positions to assign proportionally scaled up coverage <i>adjusted weights</i> . This measure is equivalent to scope 3 Category 15 (investments) emissions as defined in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).
Significance	Measures carbon relative to value of products and services	Measures carbon relative to \$ invested	Measures portfolio exposure to carbon-intensive companies	Measures the total carbon emissions for which an investor is responsible by their equity and debt holdings.
Metric	tCO ₂ e per AUD m sales	tCO ₂ e per AUD m invested	tCO ₂ e per AUD m sales	tCO ₂ e
Scope 1 & 2 emissions				
AE listed share and public corporate fixed income investments	24.3	7.7	26.8	97,081.7
Benchmark [^]	97.6	29.7	67.1	373,762.1
AE % below Benchmark	75%*	74%	60%	74%
Total emissions (Scope 1, 2 & 3)				
AE listed share and public corporate fixed income investments	226.7	72.1	235.9	906,493.2
Benchmark [^]	880.8	268.5	729.1	3,374,270.2
AE % below Benchmark	74%*	73%	68%	73%

Source: MSCI

[^] Benchmark: See footnote on page 128 for more information.

The table includes four carbon metrics for our investments in listed share and fixed income securities (which comprise 81.0% of our total funds under management).

The carbon intensity of those investments is around one quarter of the Benchmark — 75% lower^{^*} than the market — considering scope 1 and 2 emissions only. Scope 1 and 2 emissions arise directly in the business operations of investee companies (from things like car and truck fleets, and furnaces and boilers) and from their purchase of fossil fuel-based electricity.

We also present the same metrics extended to include additional ‘upstream’ and ‘downstream’ emissions sources (scope 3 emissions of our investee companies). Upstream may include emissions of the companies’ suppliers and from transport of business inputs. Downstream scope 3 may include emissions from customers’ use of purchased products and services including transport of goods to the end consumer, fossil fuel energy used to power an item purchased, and from ultimate disposal at end of a product’s life. While scope 3 emissions involve more uncertainty than scope 1 & 2 emissions, they are also significant in scale and importance to the climate challenge.

Our portfolio also has far lower relative emissions (74% below Benchmark^{^*}) when scope 3 emissions are included. This is a result of our strong restrictions on investment in fossil fuel companies, whose scope 3 emissions include the burning of these fossil fuels (coal, petrol, gas) by their customers.

Fossil fuel reserves

Carbon footprinting doesn’t capture all important climate risks. Fossil fuel reserves aren’t included in emissions totals while they remain in the ground, but they will frustrate all efforts to limit global warming if they are extracted and burned. To supplement our carbon footprint comparison, the following table shows that our listed share and public corporate fixed income investments have zero exposure to fossil fuel reserves compared to the share market Benchmark.[^]

Fossil Fuel Reserves	Our listed share and public corporate fixed income investments	Benchmark [^]
Coal, oil and gas	Zero	1175.2 tCO ₂ e per A\$1,000,000 invested

In addition, Australian Ethical has no metallurgical coal reserves but we do not calculate this for the Benchmark.

Source: MSCI

* Indicates FY25 metric included in KPMG’s Limited assurance scope.

[^] Benchmark: See footnote on page 128 for more information.

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Who are the most carbon intensive companies in our portfolios?

Even for low carbon portfolios like ours, it's important to check the ethical rationale for our investment in any higher emissions companies. The table below lists our most carbon intensive companies and why we still invest in them under our Ethical Charter.

To put these numbers in context, AGL – a company we do not invest in – is among the highest emitting Australian companies in the Benchmark at 2,395 tCO₂e (Scopes 1&2) / A\$M revenue.

Portfolio issuers with highest carbon intensity

Company	Country	tCO ₂ e (scopes 1&2) per A\$M revenue	Positive under our Ethical Charter
NEXTDC Limited	Australia	925	Data centres. They are energy hungry but overall help efficient use of resources.
AUSNET Services Holdings Pty Ltd	Australia	856	Energy infrastructure provider – electricity poles and wires companies play a key role in connecting renewables to the grid.
Republic Services, Inc.	USA	577	Waste services businesses have high emissions as they account for the end-of-life emissions of all the items disposed of by others. They play a critical role in diverting waste via recycling and managing the rest safely.
Victoria Power Networks	Australia	537	Energy infrastructure provider – electricity poles and wires companies play a key role in connecting renewables to the grid.
Waste Management, Inc.	USA	488	Waste services businesses have high emissions as they account for the end-of-life emissions of all the items disposed of by others. They play a critical role in diverting waste via recycling and managing the rest safely.
Digital Realty Trust, Inc.	USA	419	IT servers and data centre infrastructure are energy hungry but overall help efficient use of resources
DFDS A/S	Denmark	418	More efficient modes of transport and increasing electrification can help reduce emissions from moving goods around the world.
Hilton Worldwide Holdings	USA	384	Hotels with appropriate environmental policies can be part of sustainable tourism.
Canadian Pacific Kansas City Ltd	Canada	332	Lower emissions transport (rail)
Cleanaway Waste Management Limited	Australia	327	Waste services businesses have high emissions as they account for the end-of-life emissions of all the items disposed of by others. They play a critical role in diverting waste via recycling and managing the rest safely.
Veolia Environnement SA	France	298	Water supply and treatment, along with waste management results in high emissions as they account for the end-of-life emissions of all the waste the treat and manage. They play a critical role in diverting waste via recycling and managing the rest safely.

Source: MSCI; internal commentary.

Our clean energy investment

Our carbon footprint metrics capture the emissions of renewable energy companies from their production of electricity from sources like wind, solar, hydro and geothermal. But the metrics don't capture the emissions-lowering effects of these companies when they create new renewable energy capacity which displaces higher emissions fossil fuel energy. That's one of the reasons we measure our investment in renewable power generation and other clean energy solutions for listed shares and public corporate fixed income securities, which this year is proportionately 4.1 times* that of a comparable Benchmark.^ This includes investment in renewable energy generation from wind, solar, geothermal, biomass, small scale hydro (25 MW or less) and wave tidal energy. Also included are biofuels, waste-to-energy, renewables equipment (e.g. solar inverters and wind turbines), transmission of renewable energy, and batteries and other energy storage supporting renewable energy.

Investing in climate transition minerals

Our ethical assessment of investments in the mining sector balances three factors: the value that the mined mineral has to the well-being of society; the harms of the mining process and mineral for people, planet and animals; and the scarcity and recyclability of the mineral.

Considering these factors, we restrict* investment in most mining companies, including those mining fossil fuels and uranium. 'Transition minerals' may be investible where they meet our ethical criteria which address:

- the balance between positive and negative uses of the mineral, and
- the projected growth in demand for the mineral over the period to 2030 to help transition the economy to net zero emissions.

Lithium, copper and nickel satisfy our transition minerals criteria, recognising that the production of these minerals need to grow significantly for decarbonisation of high emissions sectors like energy and transport.

Individual mining companies are ethically assessed based on the proportion of their revenue earned from transition minerals and other minerals. In addition, we examine whether the mining company is responsibly managing its impacts on people, planet and animals in their mining and processing operations.

^ Benchmark: See footnote on page 128 for more information.

* Indicates FY25 metric included in KPMG's Limited assurance scope.

+ For more information on how we restrict investments see note on page 121.

Climate metrics calculation and limitations

Company carbon and other climate-related data often includes estimates and errors, and so footprint, reserve and clean energy calculations need to be used with caution. There are also different measurement methodologies and metrics which can be used to assess climate performance. There is more information on pages 153 to 155.

Assurance

KPMG have provided limited assurance over key metrics in sustainability disclosures, including some carbon metrics. KPMG's assurance opinion is available on pages 156 to 158.

Our approach to Nature

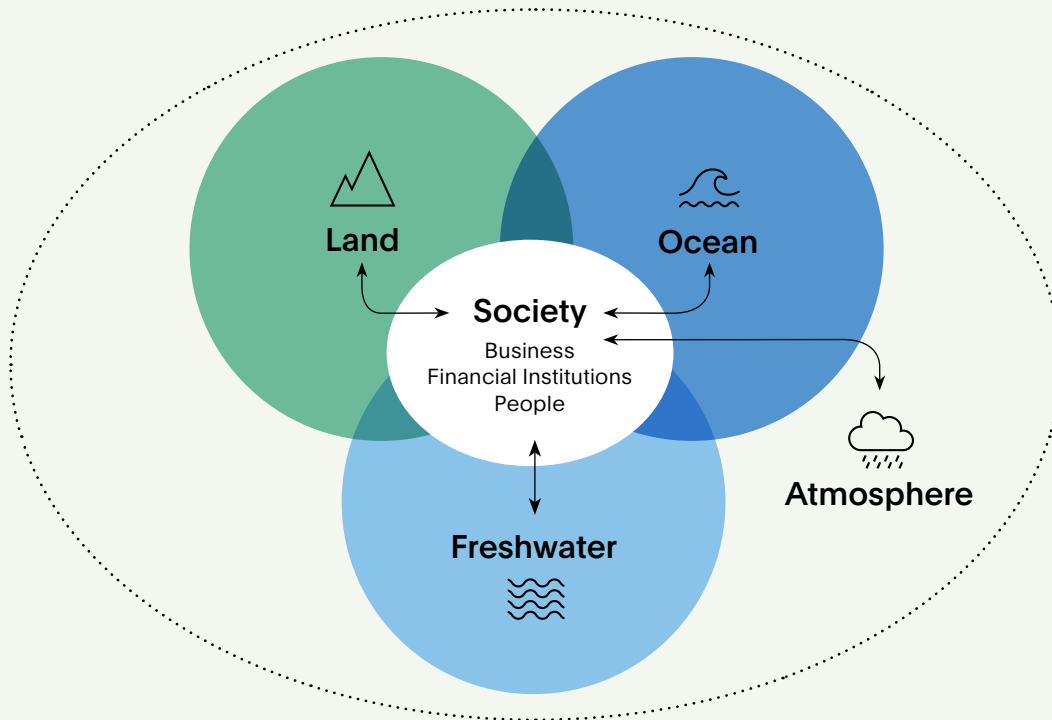
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Why it matters

Nature¹⁹ is under threat from multiple sources of human activity on almost every part of the planet and is deteriorating worldwide at rates unprecedented in human history²⁰, including in Australia, which is one of only 17 megadiverse²¹ countries globally and home to almost 10% of the world's unique biodiversity²².

In addition to its immeasurable intrinsic value, Nature loss poses an existential threat to society, to the economy, to financial markets and therefore to investors like ourselves. The degradation of nature and the damage to critical life support systems causes (and will increasingly cause) harm to humankind and to the other sentient beings with which we share this planet. The loss of Nature means the loss of critical ecosystem services which we and our investee companies depend upon – clean air, water and food.

For nearly forty years we have invested and operated our business according to our Ethical Charter principles which direct us to consider our impact on the environment and animals, as well as people. We have sought to measure our impact on Nature through our carbon footprint and our alignment to the UN SDGs, as well as progress on our stewardship activities. We have also sought to support nature protection through our Foundation and volunteering. As data, tools and frameworks for understanding, assessing and disclosing nature impacts, risks and dependencies evolve, we strive to better understand and quantify our impact on Nature.



19 The working definition of nature in the TNFD framework is the natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment. People and societies interact with nature and are not separate from it. <https://tnfd.global/wp-content/uploads/2022/03/220321-TNFD-framework-beta-v0.1-FINAL.pdf>

20 PBES (2019): Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. E. S. Brondizio, J. Settele, S. Díaz, and H. T. Ngo (editors). IPBES secretariat, Bonn, Germany. Source: <https://www.ipbes.net/global-assessment>

21 To be classified as megadiverse, a nation must have at least 5,000 plants that occur naturally only within its borders, as well as a marine ecosystem

22 <https://www.dcceew.gov.au/environment/land/nrs/about-nrs/protecting-biodiversity>

“

The loss of Nature means the loss of critical ecosystem services which we and our investee companies depend upon – clean air, water and food.”

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Avoiding harm to Nature is integral to our ethical approach

Our Ethical Charter guides us to seek out investments that are positive for people, animals and the planet, and avoid investments which cause unnecessary harm. As a result, we restrict* investment in many of the industries that drive Nature loss, such as fossil fuels, mining, animal agriculture, fish farming, native and old growth forest logging and palm oil.²³ We also integrate nature into how we assess investments in other sectors, including food, retail, renewable energy, fashion and real estate sectors.

While nature is already deeply embedded in our ethical assessment process, we have been developing and testing a comprehensive and formalised position on Nature to guide assessment of companies directly or indirectly linked to the key drivers of nature loss, impacts on vulnerable / endangered species or sites with high biodiversity value. We have also been developing a Land Use Framework which outlines our criteria for assessing deforestation and conversion.

Our portfolio's impact on Nature

In order to better understand the overall impact of our portfolio on biodiversity, this year we utilised ISS Biodiversity Impact Assessment Tool (BIAT).²⁴ This tool leverages a bottom-up analysis of a company's business activities and supply chain to quantify the potential impacts of the company on biodiversity.

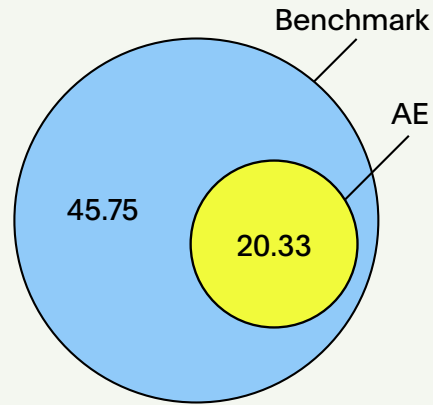
The main indicator used to measure impact on biodiversity is the 'Potentially Disappeared Fraction' (PDF) of species. The PDF quantifies the potential loss of species' richness²⁴ due to adverse environmental pressures, relative to species' richness in undisturbed ecosystems. A larger PDF indicates a higher level of impact on biodiversity, which is negative for nature.

We used the BIAT tool to assess our investments in listed shares and fixed income securities as at 30 June 2025, compared to the benchmark[^].



Metric: Biodiversity impact

55% lower biodiversity impact than the benchmark[^]



The ISS BIAT tool estimates biodiversity impact by calculating the biodiversity intensity of a portfolio versus the weight of its holdings (Weighted Average Intensity). According to the ISS BIAT tool, the biodiversity impact of Australian Ethical's portfolio is 20.53 (PDF.KM2.yr/€M); this is more than 55% lower than the biodiversity impact of the benchmark[^] at 45.75 (PDF.KM2.yr/€M).

This difference is largely driven by Australian Ethical's lack of exposure to investments categorised as 'Very High' biodiversity impact by the ISS BIAT tool. In fact, according to this analysis, at 0.2% we have almost no exposure to companies classified as 'Very High' biodiversity impact. In comparison, the benchmark[^] is calculated as having 6.8% exposure to companies classified as 'Very High' biodiversity impact – a figure which is 34 times greater. See our 2025 Data Book for more information about these calculations.²⁶

²³ Find out more about our ethical approach to these sectors at <https://www.australianethical.com.au/why-ae/our-positions/>

²⁴ For more see our 2025 Data Book available at <https://www.australianethical.com.au/shareholder/sustainability-insights/>

²⁵ Species richness refers to the number of unique species in an area. PDF is defined over both area (m2, or km2) and time (year). PDF output values will vary depending on the methodology and LCIA model applied, and the types of economic activity and regions affected. In BIAT the area is displayed in km2, and the time-period is set to one year. For example, 100 PDF.km2.yr can be interpreted as: an area of 100 km2 has lost 100% species richness over a year.

²⁶ www.australianethical.com.au/shareholder/sustainability-insights/

[^] Benchmark: See footnote on page 128 for more information.

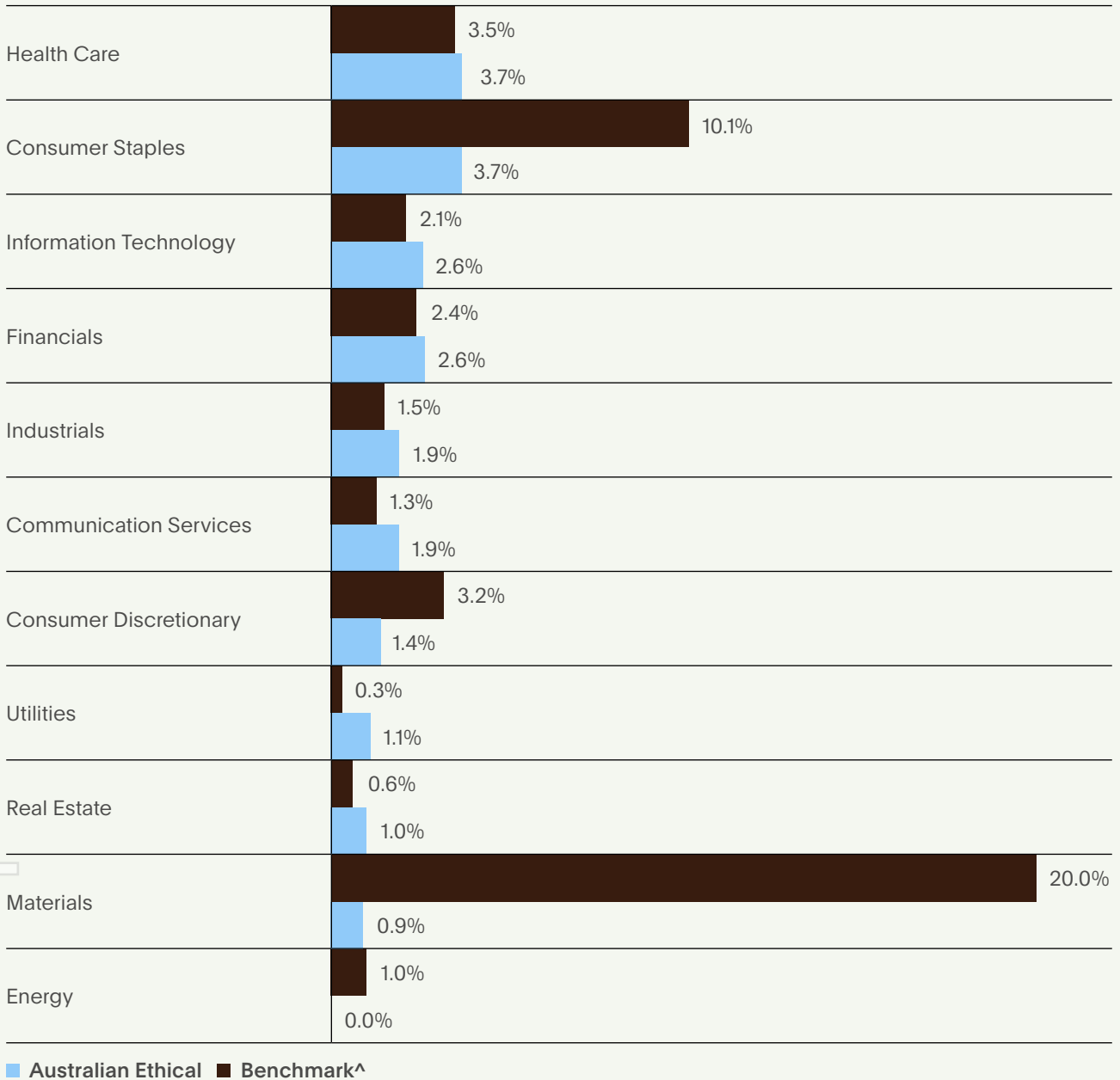
⁺ For more information on how we restrict investments see note on page 121.

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When we look at the Breakdown by Sector²⁷ this difference is driven by our ethical restrictions on investment in the Materials, Energy, Consumer Staples and Consumer Discretionary sectors, all of which are significant contributors to biodiversity impact. The benchmark's[^] exposure to the Materials sector is of particular note (typically Mining, refining, construction materials, chemical and forestry products) and to Consumer Staples (consisting of agricultural products, tobacco, alcoholic and non-alcoholic beverages, household and hygiene products).

Breakdown by sector



27 Measured using the weighted average intensity PDF metric. See note 25 for further detail and refer to our 2025 Data Book available at <https://www.australianethical.com.au/shareholder/sustainability-insights/>

^ Benchmark: See footnote on page 128 for more information.

We focus on improving real world Nature impacts via our stewardship

We currently consider that the most effective way for us to address Nature impacts is through stewardship and advocacy activities targeting those sectors that (i) are having the greatest impact and (ii) we are in a position to influence.

Since 2021 we have prioritised stewardship efforts directed at stopping livestock-driven deforestation in Australia, with a focus on the retailers and banks we invest in. You can read about our stewardship efforts in our 2025 Stewardship Report (www.australianethical.com.au/shareholder/sustainability-insights/).

Another example of our longstanding nature-related stewardship is our engagement, divestment and advocacy around Australian real estate developer Lendlease, over its planned housing development that impacts one of the last healthy koala colonies in NSW. Following four years of engagement with the company about this development, we divested our Lendlease shares because we believed Lendlease failed to produce critical information needed to independently assess the impact of its housing development on koalas. Following divestment we shared our concerns publicly through the media, with other investors, and had direct engagement with the NSW Environment Minister's office. We believe our efforts contributed to delays in the approval process. It is now unclear whether the high-impact stage 2 of the development will proceed, following rezoning delays that have affected Lendlease's ability to secure the land.

In FY25, we led or participated in 20 engagements on nature and biodiversity with a range of entities including companies, governments and other investors. For example, we voted to support nature related shareholder resolutions at Woolworths Group and Coles Group.

These resolutions requested that 1. Woolworths and Coles report on the impacts of farmed seafood on endangered species, and 2. transition their procurement of farmed salmon out of Macquarie Harbour (a UNESCO World Heritage Site) due to biodiversity impact concerns. While the resolutions relating to the first point received high support (39% support for Coles Group, 30% support for Woolworths Group), we were one of only a few investors to support the second resolution asking Coles and Woolworths to transition their supply chain away from salmon farmed in Macquarie Harbour.

Our Foundation is working to protect and restore nature

The Australian Ethical Foundation

We have recently updated our Foundation strategy to focus especially on nature. By targeting in nature protection, restoration, and market development, the Foundation strives to play a catalytic role—supporting Indigenous-led stewardship, driving systemic change, and helping unlock scalable solutions and capital that ensure a just and regenerative future.

Two examples of this strategy in action are:

- A grant to fund the Biodiversity Council to assess the biodiversity impacts of ASX200 companies using leading commercial datasets. The project aims to raise awareness of corporate responsibility for nature loss and support the development of biodiversity markets by identifying and quantifying impacts. This work is vital to inform investor decisions, promote stronger environmental accountability, and drive demand in emerging nature repair markets, unlocking capital for nature protection and restoration.
- Our support for Environs Kimberley, an organisation working to protect one of Australia's most ecologically pristine and culturally significant regions, the Kimberley in WA. It campaigns to safeguard the Martuwarra Fitzroy River, Scott Reef, and the broader Kimberley landscape from threats such as fracking, gas drilling, industrial agriculture and climate change. It works in close partnership with Traditional Owners and other allies and promotes regenerative economic models and long-term protection of the region's lands and waters.

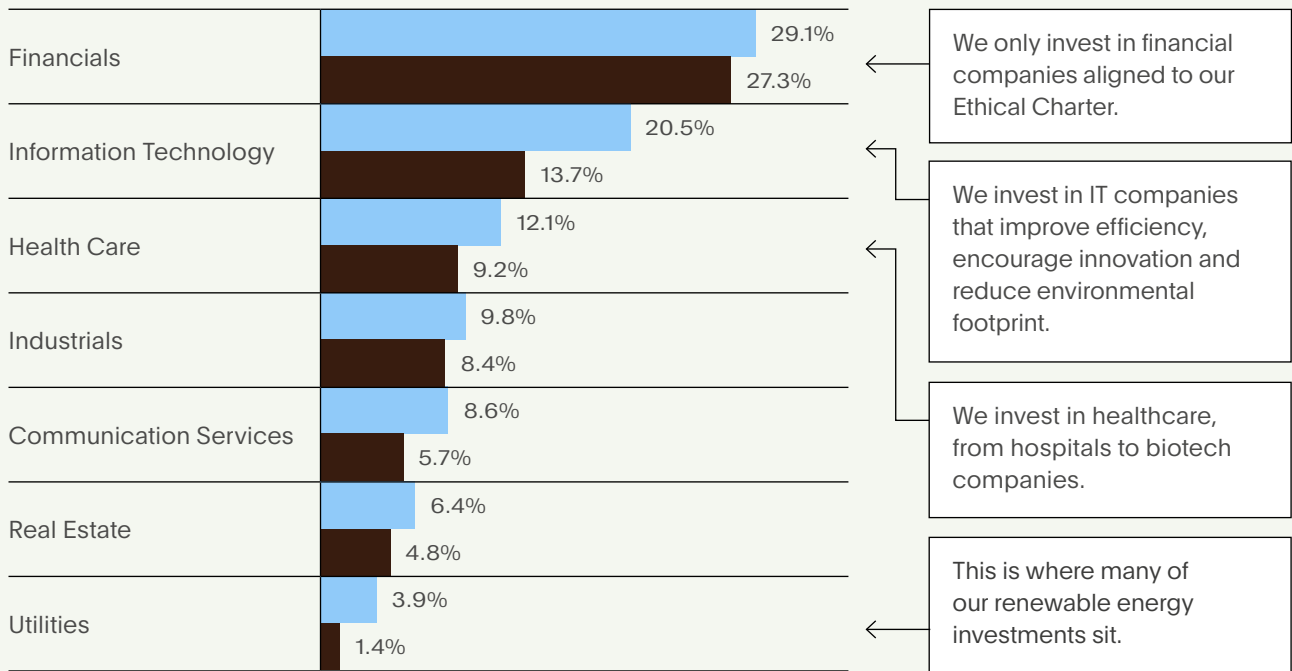


Our portfolio looks different

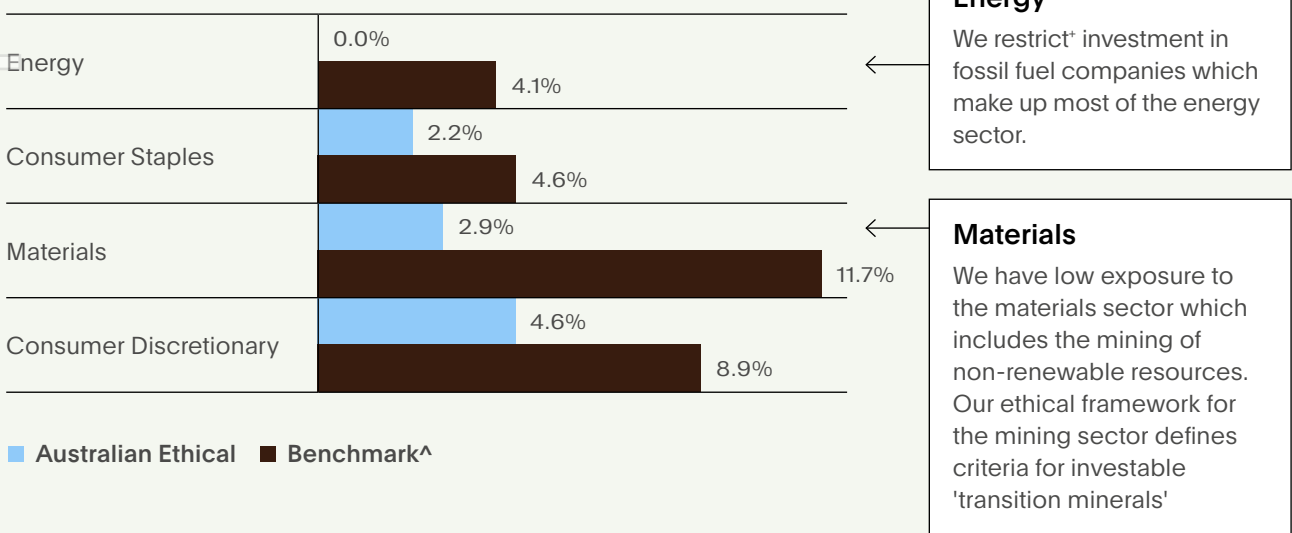
While we are more likely to invest in renewables and energy generation solutions than the Benchmark (4.1 times more likely, see page 128), we find opportunities to invest in ethical companies across most sectors. This means our portfolio is overweight in Charter-positive sectors such as Health Care, Communication Services and Information Technology, and underweight in Materials, Energy and Consumer Discretionary and Consumer Staples making it look quite different to the mainstream.

Here's a snapshot of how our listed shares portfolio compared to the benchmark.²⁸

Where we invest more compared to the market²⁸



Where we invest less compared to the market



²⁸ Compared to a blended share market Benchmark of S&P ASX200 Index (for Australian and NZ shareholdings) and MSCI World ex Australia Index (for international shareholdings). For the purpose of this sector analysis, GREIT exposures within our Property strategy have been excluded from portfolio calculations.

+ For more information on how we restrict investments see note on page 121.

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Image source: Octopus Energy



Examples

Octopus Energy

Founded in 2015 and based in the UK, Octopus Energy Group operates in over 30 countries through its retail energy business and Kraken, a software platform used by utilities worldwide. While the company supplies both electricity and gas, its electricity is 100% renewable, and it's actively working to help households transition off gas through technologies like heat pumps and EV chargers. These services are still small but seen as essential for long-term decarbonisation.

Octopus is also expanding its renewable generation portfolio, now at 3GW across seven countries, and trialing community models like the "Fan Club", which offers cheaper electricity when local wind turbines are active. Despite the retailing of gas remaining a revenue source, the company is focused on reducing its reliance over time, supported by smart meter rollouts and electrification initiatives.

Kraken, Octopus's energy management software, is licensed to utilities serving over 70 million customer accounts globally, helping integrate renewables and manage grid flexibility. Through its combined retail and technology efforts, Octopus is contributing to the broader energy transition and the decarbonisation of household energy use.

EROAD

EROAD helps transport companies run safer, more efficient fleets. By tracking things like driver fatigue and risky driving, their technology helps reduce accidents and improve how fleets operate. This also leads to lower fuel use and fewer greenhouse gas emissions.

The company provides in-vehicle devices and online software that work together to give transport businesses a full picture of their operations. EROAD operates in North America, New Zealand, and Australia.

Their key product is the Ehubo—a small device installed in trucks and other vehicles. It records how far the vehicle travels and sends that data securely over mobile networks. This helps companies monitor vehicle activity in real time.

EROAD's system replaces old paper-based methods for things like road tax and safety checks. It helps businesses stay compliant with regulations, improve driver safety, and cut down on fuel and emissions. These benefits align with government and industry goals for safer, cleaner transport.

Our alignment to the Sustainable Development Goals (SDGs)

We support the Sustainable Development Goals (SDGs), a set of 17 interconnected global objectives established by the United Nations in 2015 to address a wide range of social, economic and environmental challenges facing the world, including climate change. The SDGs are designed as a blueprint to guide global efforts toward a more sustainable, equitable and prosperous future for all by 2030. You can find out more about these important goals here: sdgs.un.org/goals.

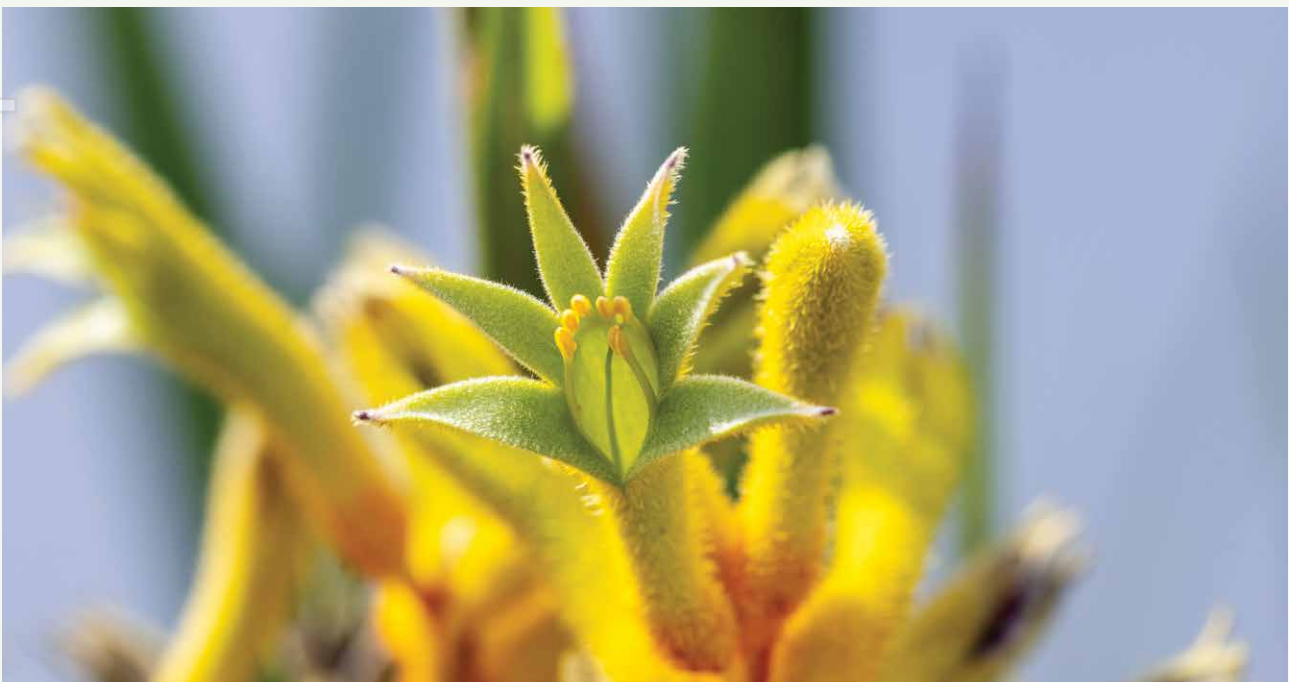
Our investments can provide products and services that can contribute toward the SDGs. In this chart we compare the revenue earned from products and services provided through both the listed shares and public corporate fixed income investments in our portfolio, with that of the companies in the Benchmark portfolio, to determine if our portfolio is meeting or exceeding the market's contribution to the SDGs. We use the MSCI Sustainable Impact Metrics framework and data to make this comparison²⁹.

Through this analysis we can see how our investments (categorised under 13 of MSCI's global impact themes) are helping to support the delivery of the SDGs.

Highlights:

- Overall, revenue from sustainable impact solutions is 2.3 times the sustainable impact revenue for an equivalent investment in the Benchmark.
- Revenue from sustainable water and agriculture and pollution prevention solutions is 5.2 times Benchmark.
- On the climate front, revenue from Alternative Energy is 2.7 times, Green Building 2.5 times and Energy Efficiency is 1.8 times that of the Benchmark.
- In terms of human flourishing, our investments in Education are 3.0 times that of the Benchmark and in Connectivity (an enabler of social interaction and efficiency) we are 13.5 times the Benchmark.

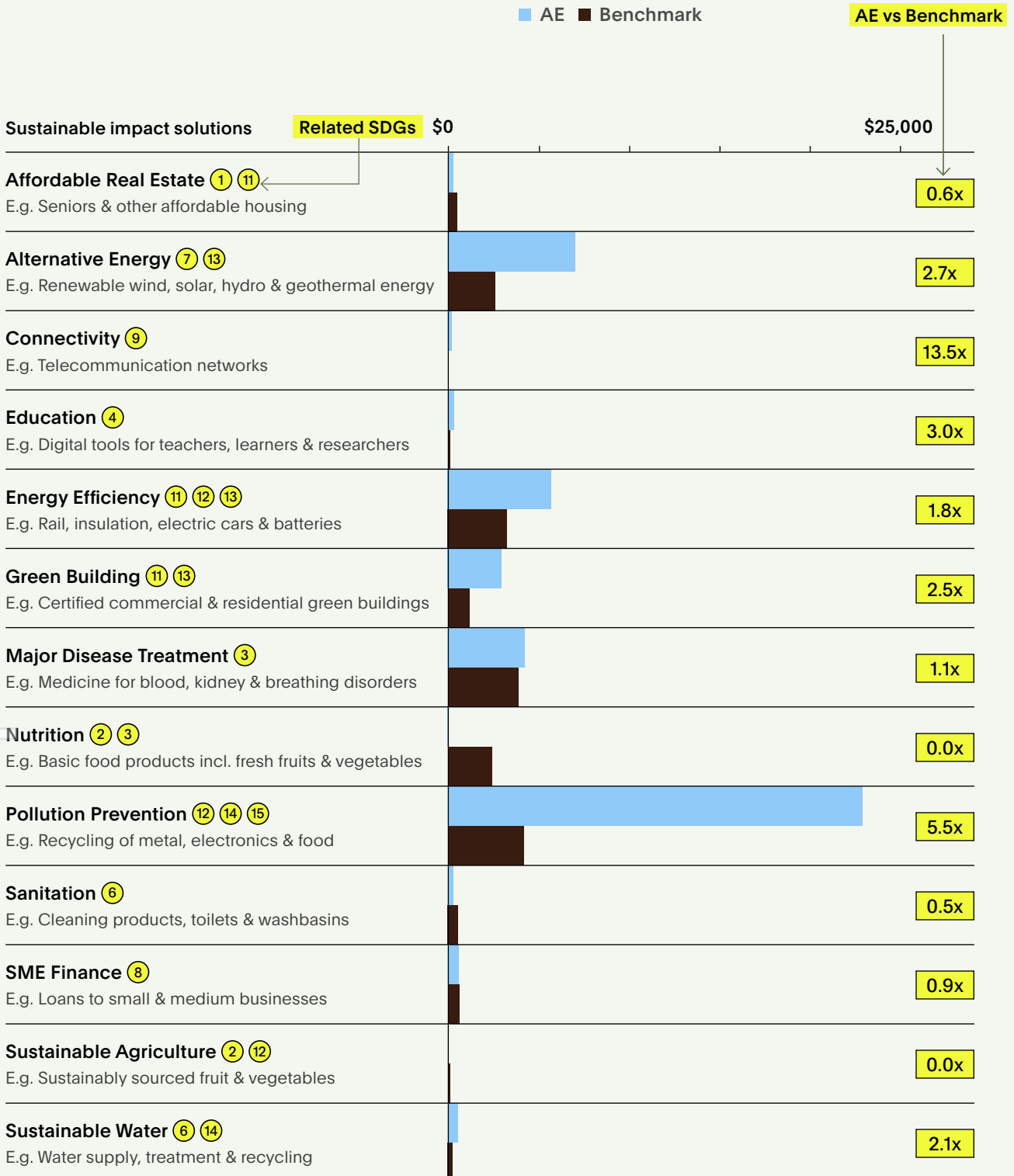
²⁹ Carbon intensity (tonnes CO₂-e / \$ revenue), sustainable impact solutions revenue, and investment in renewables and energy solutions measures all relate to our investment in listed shares and public corporate fixed income securities across our funds and options for which we have relevant data. This should not be considered representative of individual funds or options which will have their own mix of share and other investments. We report on our investments in listed shares and fixed income securities because these comprise a large proportion of our total funds under management (~81.0%), and because data is less readily available across our other investments. See pages 153 to 155 for more information about this comparison.



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Alignment with the SDG targets

This graph shows the revenue of ‘sustainable impact’ products and services produced annually by Australian and international companies in which we invest through listed shares and public corporate fixed income securities, per \$million invested, compared to Benchmark²⁹.



Source: MSCI see pages 153 to 155 for more information.

Examples of companies we invest in and their alignment to the SDGs

For Purpose Aged Care loan

For Purpose Aged Care Australia is a not-for-profit organisation that runs aged care homes across the country. As Australia’s population ages, the demand for quality aged care is growing, especially in regional areas where services are often limited. With close to 2,000 beds under management and around 500 new beds in development, they are expanding access to high-quality care, especially in underserved areas.

As a not-for-profit backed by For Purpose Investment Partners, they are mission-driven. Their unique model aligns financial sustainability with measurable social outcomes. For example, they’ve increased the number of hours Registered Nurses spend with residents and reduced serious incidents to about one-third of the industry average. External complaints have also dropped to about one-third of the industry average.

For Purpose Aged Care has grown through acquisitions, including Luson and Signature Care, and now operates nationally. Their homes aim to be well-run, respectful environments that prioritise resident wellbeing. They also use technology to reduce paperwork and improve communication with families, helping staff spend more time with residents and less on admin. Their approach ensures the wellbeing and respect of people under care, making them a standout in the aged care sector and an important investment for Australian Ethical.

SDG contribution

No Poverty 1

Good Health and Well-being 3

Sustainable Cities and Communities 11

Image source: Purpose Aged Care



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Australian Ethical Infrastructure Debt Fund

Capital is crucial for tackling big challenges like the global energy transition. The Australian Government estimates that over \$80 billion is needed in the next six years to fund renewable energy projects like solar, wind, and battery technology.

Our Infrastructure Debt Fund is stepping up by providing debt to develop these renewable energy projects, as well as loans for social infrastructure like schools, hospitals, and social housing.

The Fund aims to support Australian projects that generate positive, measurable social and environmental impact alongside a financial return. In its first 12 months the fund has delivered returns while financing renewable energy for the equivalent of 350,000 homes.

One of the fund's latest loans include a hybrid battery and solar farm with a ten-year power purchase agreement from the Victorian government, located in Fulham, Victoria. Another recent investment is through Green Tech Limited Renewables where batteries and solar installations can be fitted to homes under cost-effective financing arrangements in return for a flat monthly fee.

These are the kinds of compelling projects the fund continues to look for in need of debt financing to support Australia's renewable energy transition.

SDG contribution

Affordable and clean energy 7

Sustainable Cities and Communities 11

Climate action 13



How we consider human rights

Our Ethical Charter sets out the types of potential harm we should aim to restrict+. So in line with element xi. of the Charter, we strive to restrict+ any investment which contributes to the inhibition of human rights. Assessing human rights and modern slavery risks has growing importance in an environment where companies and supply chains can be increasingly global and decreasingly transparent.

The human rights framework embedded in our ethical assessment process means every investment is assessed through this lens and guides us to focus on high-risk companies and sectors.

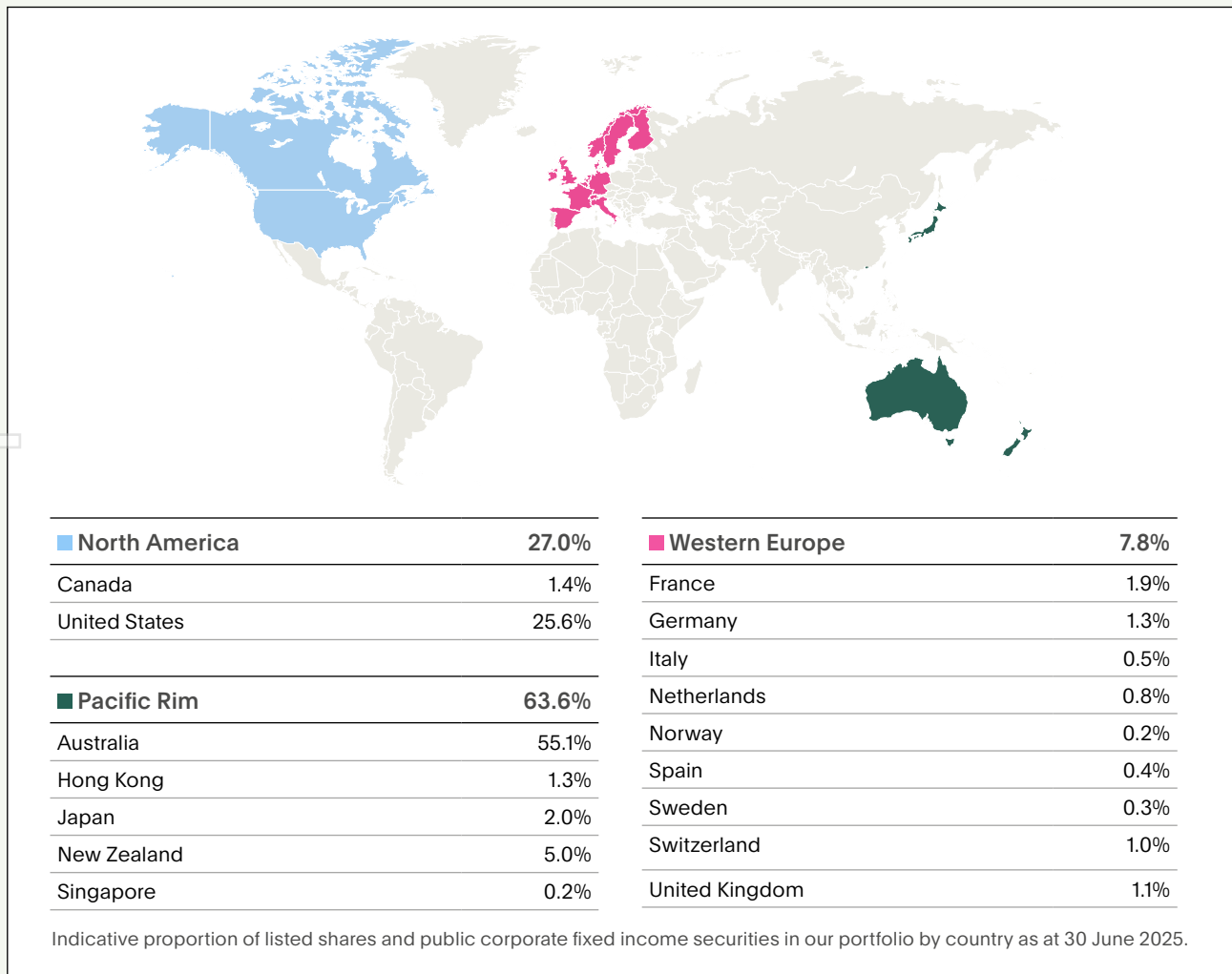
At a high level, we may choose to exclude companies where:

1. The company is considered high-risk and their risk management efforts do not meet our policy and due diligence expectations.
2. The company’s actions (or lack thereof) do not indicate genuine efforts to fulfil its human rights responsibility.
3. The company fails to respond to an identified human rights breach.

Our latest Modern Slavery Statement is available on our website, with the next update due to the regulator by the end of the year: <https://www.australianethical.com.au/globalassets/pdf-files/sustainability-reports/2024/modern-slavery-statement-2024.pdf>.

Equities and public corporate Fixed Income holdings by country

Our equities and fixed income portfolio is heavily weighted to companies in Australia, the United States, and New Zealand. We restrict+ investments in companies operating in occupied or disputed territories where they are supporting illegitimate government control of those territories. We also avoid investment in companies that have connections with authoritarian regimes that prevent them from fulfilling their human rights responsibilities.



+ For more information on how we restrict investments see note on page 121.

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People with purpose

Our purpose-driven, high-performance culture allows us to attract and retain high calibre talent and is driven from the top. As set out in our Corporate Governance Statement, our Board plays a critical role in overseeing all aspects of our human capital. The Board's People, Remuneration and Nominations Committee (PRN Committee) has been tasked by the Board to fulfil its responsibilities to shareholders and regulators in relation to our key people governance activities.

The PRN Committee oversees the people and culture policies and practices designed to attract, retain, develop and motivate employees. It reviews and oversees the effectiveness of initiatives designed to achieve our desired organisational culture. From a diversity and inclusion perspective, the PRN Committee sets the targets, monitors our ongoing progress and assesses the effectiveness of our diversity and inclusion policy and initiatives³⁰.



Employee volunteering

With values-aligned organisations.

- 7 organisations
- 357 hours of community support



Workplace Gender Equality (WEGA) Report submitted with improvement in average total remuneration gender pay gap



Gender diversity

50% female representation on executive leadership team, 43% on the board



76% employee engagement³¹

138 FTE at 30 June 2025³²

Supporting our culture

In addition to the People activities set out on page 31 of this report, we continued to support our purpose-driven culture through a number of new and existing initiatives in FY25.

Building on our refreshed values from last year, we developed, designed and implemented 'Lead with Purpose', a framework to provide clarity on what it means to be a high performing and impactful leader at every level, and to guide employees to act purposefully in their day-to-day actions. The framework has been integrated into our talent management practices and underpins how we attract, develop, retain and reward people with the capabilities Australian Ethical needs to be successful now and in the future.

Our quarterly recognition program is an important part of our culture, celebrating the people who bring our values to life every day. Over the year, we received 86 nominations, resulting in 8 awards across some of our values: Action, Empathy, Connection, Curiosity and some Business Excellence categories in Customer Centricity and Change Agility. The annual AExcellence Award also honoured one employee who consistently demonstrates our values and drives excellence. This program keeps our culture strong by recognising and rewarding the impact our people make.

To further support our employees as we grow, we introduced Atlassian's Team Health Monitor (THM) tool in FY25. This tool helps teams reflect on how they work together and identify practical steps for improvement. THM complements the broader employee engagement survey, focusing on nine key attributes within each team's control, encouraging targeted conversations and action. These sessions are held quarterly and provide a valuable opportunity to strengthen team dynamics and performance.

A third cohort participated in the CFA Investment Foundations course, which provided foundational investment knowledge throughout the business. The program has received positive feedback regarding its effectiveness in improving understanding of core investment concepts.

³⁰ The full PRN charter is available at: <https://www.australianethical.com.au/shareholder/corporate-governance/>

³¹ Culture Amp Employee engagement survey June 2025. Top quartile for Financial Services Australia is 77% and above: <https://www.cultureamp.com/science/insights/financial-services-australia>

³² Excluding fixed term contractors working on strategic projects.

In FY25 we also rolled out the Microsoft 365 Adoption Program designed to deepen employee understanding of the Microsoft tools already available to them, helping teams become more self-sufficient, productive, and collaborative.

AEx Week

This year's "AEx Week" theme was Mastering Resilience: Thriving in Times of Disruption, inspired by the book *The Obstacle is the Way* by Ryan Holiday. Our speakers shared powerful perspectives on themes such as turning adversity into opportunity; building mental strength through intentional action; and navigating uncertainty with ethical decision-making and clarity of purpose. The event reinforced Australian Ethical's commitment to innovation, with overwhelming support for its return in 2026.

Diversity, equity & inclusion

During the year, we strengthened our focus on inclusion, health and community impact through a range of awareness activities. We marked the *16 Days of Activism Against Gender-Based Violence* with a presentation from ReLove co-founders Ren Fernando and Ben Stammer, who shared stories of supporting women escaping domestic violence and people experiencing homelessness. We also raised awareness of neurodiversity by offering practical guidance on ways to build inclusive, strengths-based workplaces.

For the sixth year, we took part in the *Feast for Freedom*, raising \$3,528 for the Asylum Seeker Resource Centre and celebrating cultural diversity through shared meals and stories. We enjoyed a presentation by Kelli Caught, a Program Director at ACROSS, one of our Foundation grantees highlighting climate justice and the impact of energy policy on vulnerable communities supporting our mission to help those most affected by climate change.

Employee wellbeing

The Wellbeing@AE program is a vital part of our culture and values, designed to support employees in bringing their best selves to work by nurturing their physical, emotional, financial, and social wellbeing. The initiatives we offer reflect our commitment to creating a workplace where people feel energised, valued, and supported.

Employees are able to access a range of wellbeing offerings including five days of additional wellbeing leave; free flu vaccinations and skin checks; participation in active challenges like City2Surf and Run Melbourne; \$299 personal wellbeing allowance on related items; weekly and monthly social gatherings, and Metlife360: confidential and free support for mental health, nutrition, fitness and mobility, expert medical opinion, menopause support, recovery support and more.



AE employees at Feast for Freedom lunchtime event

AE Giving

Now in its second year, AE Giving is a powerful way we bring our purpose and values to life. This month-long volunteering initiative reflects our commitment to ethical action and social responsibility, encouraging employees to use their volunteer leave to make a real impact. This year, 54 people volunteered across seven organisations, contributing 357 hours of community support. AE Giving continues to strengthen our purpose-driven culture and our impact beyond the workplace.

99% of respondents to the employee engagement survey agreed "Australian Ethical's commitment to social responsibility (e.g. community support, sustainability, etc.) is genuine".



Volunteering for ReLove

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The Australian Ethical Foundation

Every year, Australian Ethical distributes 10% of its profits to its Foundation, demonstrating its commitment to protecting people, planet and animals.

In FY25, the Foundation will distribute a record \$2.5 million to organisations whose work aligns with our strategic focus. Our strategy has three key pillars: supporting place-based solutions that empower First Nations and local communities to protect and restore ecosystems; unlocking capital for nature through policy advocacy and market development; and advancing climate justice by backing initiatives that protect low-income and marginalised communities and nature.

As we scale up, our vision is for communities to be resourced and empowered to preserve nature and regenerate ecosystems. At the same time, investors and markets begin valuing nature more accurately and advocacy shapes bold reforms in environmental regulation and markets.



Image source: Andrew Quilty

Case Studies:

Original Power – Ngardara Community Microgrid Project

Original Power is a First Nations-led organisation enabling community-driven solutions and advocating for Indigenous rights in the energy transition. The Foundation's support in FY25 centred on the Ngardara Community Microgrid Project in Borrooloola, Northern Territory, the first utility-scale, First Nations-led and owned microgrid of its kind in Australia.

This renewable energy project features a 2.1 MW solar PV array and 1.8 MW/6.2 MWh battery storage, connecting to the existing township grid to deliver clean, reliable power and direct relief to the Borrooloola community from energy poverty. The project is majority-owned by the Ngardara Co-operative—a member-owned cooperative of First Nations residents—and is co-designed to ensure local community benefit, self-determination, and long-term sustainability.

The Foundation's funding contributed to the critical start-up phase: establishing the legal and financial structure, recruiting key operational roles, and building governance and administrative capacity. The project will then be funded by government and private investment capital. The model is built for replicability, with a robust community benefit plan, training and employment pathways, and an explicit focus on reducing the community's reliance on diesel power generators and the associated carbon emissions.

Original Power's partnership with government and other private capital funders, combined with its knowledge-sharing commitments, is setting a new benchmark for Indigenous-led clean energy projects. The project's impact extends beyond energy—strengthening local governance, creating jobs, and offering a blueprint for equitable energy transition in remote and regional communities.

In FY25, the Foundation's scale and ambition have grown in step with the urgency of the climate and biodiversity crises. Through targeted, collaborative and catalytic granting—made possible by Australian Ethical's ongoing profit distribution—we aim to drive systems change and support grassroots innovation and nation-wide advocacy that benefits people, planet, and future generations.

Our commitment remains: as Australian Ethical grows, so does our capacity to accelerate the transition to a regenerative, just, and sustainable Australia.

Environmental Justice Australia

Environmental Justice Australia (EJA) is a public interest legal organisation using the power of the law to challenge environmental destruction, hold governments and corporations to account, and drive lasting change. With over three decades of experience, EJA represents frontline communities and runs landmark cases that have set legal precedents for climate, nature, and justice.

Grants from the Foundation enable EJA to deliver on its mission across three strategic pillars:

- **Climate:** Holding fossil fuel companies and governments accountable for the real risks of ongoing extraction, driving a significant decline in national emissions.
- **Nature:** Enhancing legal protection for ecosystems and strengthening government and corporate accountability regarding destructive industries.
- **Justice:** Supporting First Nations clients and frontline communities to access remedies, remove systemic barriers, and secure equitable environmental outcomes.

By supporting Environmental Justice Australia's legal advocacy, the Foundation contributes to system-level change by ensuring environmental laws are used to protect communities and ecosystems. EJA's strategic litigation delivers tangible outcomes for affected groups and establishes legal precedents that can be replicated to strengthen environmental protections across Australia.



Image source: EJA

Memberships and certifications

Our wide-ranging memberships and certifications are testament to our leading approach to ethical investing and an important part of our authenticity.

Certifications



CERTIFIED BY RIAA

Certified Responsible Investment by Responsible Investment Association Australasia (RIAA).



Corporation

Certified B Corp since 2014. The first company on the ASX to achieve this.

Principles of Responsible Investment (PRI)



Policy, Governance and Strategy	★★★★★
Direct – Listed equity – Active fundamental	★★★★★
Direct – Fixed income – SSA	★★★★★
Direct – Fixed income – Corporate	★★★★★
Confidence building measures	★★★★★

Memberships, engagement and organisations we support



Longstanding member of the Responsible Investment Association Australasia (RIAA)

On the Nature Working Group, Human Rights Working Group and First Nation’s Peoples sub-working group



Community member - 2022

- Global Reporting Initiative (GRI)
- Australian Chapter of the 30% Club
- Farm Animal Investment Risk and Return (FAIRR): Investor network



Tobacco free

We have excluded investment in tobacco production since we were established in 1986 and have been a Supporter of Tobacco Free Portfolios since they started in 2018



GIIN - The Global Impact Investing Network

Investor Council



Member of the Investor Group on Climate Change

- IGCC Policy & Advocacy Working Group
- IGCC Corporate Engagement Working Group



Climate Action 100+

Lead and support investor

Signatory to:

- ➔ Principles for Responsible Investment
- ➔ CFA Institute Asset Manager Code
- ➔ The Finance Sector Deforestation Action (FSDA) Initiative
- ➔ FSC Women in Investment Management Charter
- ➔ RIAA Investor Statement on Human Rights
- ➔ Finance for Biodiversity Pledge
- ➔ Investors Against Slavery and Trafficking APAC

The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services licence.

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More information

+Investment Restrictions

Our investment restrictions include some thresholds. Thresholds may be in the form of an amount of revenue that a business derives from a particular activity, but there are other thresholds we can use depending on the nature of the investment. We apply a range of qualitative and quantitative analysis to the way we apply thresholds. For example, we may make an investment where we assess that the positive aspects of the investment outweigh its negative aspects. For information on how we make these assessments for a range of investment sectors and issues, such as fossil fuels, nuclear power, gambling, tobacco, human rights, and many others, please read our Ethical Guide available on our website at:

<https://www.australianethical.com.au/why-ae/ethics/>

Sustainability information calculation and limitations

This year we have expanded our reporting to cover our investments in public corporate fixed income investments as well as our listed share investments, as at 30 June 2025 and for which we have relevant sustainability data. This aggregate data should not be considered representative of individual funds or options which will have their own mix of share, debt and other investments. Sustainability information will change with changes to investments, the sustainability performance of companies, and the companies for which we have sustainability data.

We have used carbon and sustainable impact revenue data and analysis tools provided by global research firms MSCI ESG Research LLC and ISS STOXX. These tools mainly focus on listed equity and public fixed income securities issued by corporates. In order to leverage all the data these providers have available, we upload the bulk of our holdings into these tools, excluding mandates and the Wholesale Cash Fund that are not public offer funds.

74% of the holdings uploaded had data in the MSCI tool.

83% of the holdings uploaded had data in the ISS STOXX BIAT tool.

We present the sustainability information and the benchmark comparison only for investments which have been analysed by MSCI ESG Research for their carbon intensity and sustainable impact revenue; and ISS STOXX for their biodiversity impact.

The data providers (ISS STOXX and MSCI ESG Research) are not responsible for the way we have used their data and tools to calculate the amounts in this report.

Comparison benchmark

The comparison benchmark is a blended benchmark designed to reflect, as closely as possible, the benchmarks used by the underlying investment strategies. In most instances, the benchmarks disclosed for each individual investment strategy are applied. For a few Fixed Income strategies that utilise synthetic benchmarks, however, Carbon, Biodiversity and Sustainability data cannot be calculated. In these cases, alternate benchmarks have been applied that appropriately reflect the risk profile of the respective strategies.

The selection of securities in the comparison indices does not consider ethical, sustainability or ESG factors. The industry mix and other characteristics of companies comprising the Australian Ethical investment portfolio and the indices are different.

Use of sustainability information

The sustainability information is limited to the specific sustainability metrics reported. Sustainability characteristics of an investment may or may not be relevant to individuals' investment decisions. The sustainability metrics relate to the impacts of companies which Australian Ethical invests in, and they are not a measure of the impact of acquiring an investment in those companies or in an Australian Ethical fund. Investment decisions should take into account the financial, risk, fee and other characteristics of potential investments.

The information in this report is general information only and does not take account of your individual investment objectives, financial situation or needs. Before acting on it, consider its appropriateness to your circumstances and read the Financial Services Guide (FSG), the Product Disclosure Statement (PDS) and Target Market Determination (TMD) for the relevant product available on our website for information on the benefits and risks of our Funds. You should consider seeking advice from an authorised financial adviser before making an investment decision.

Investing ethically and sustainably means that the investment universe will generally be more limited than non-ethical, non-sustainable portfolios in similar asset classes. This means that the Portfolio may not have exposure to specific assets which over or underperform over the investment cycle. This means that the returns and volatility of the Portfolio may be higher or lower than non-ethical, non-sustainable portfolios over all investment time frames.

Past performance is not a reliable indicator of future performance.

Carbon footprinting, biodiversity impact and sustainability measurement limitations

Investment carbon footprint metrics need to be used with caution. Company carbon data is historical, it often includes estimates or is incomplete, and it may include errors and be out of date. Companies make different decisions about what they do and don't include when calculating and reporting their operational footprints, and will apply different emissions factors in arriving at emissions estimates. Data providers undertake their own estimates for some companies and types of emissions.

There are also different carbon metrics which can be used to assess carbon footprint, each with different strengths and weaknesses.

Similar limitations apply to measurement of other types of impact of companies, such as their sale of sustainable products and services. Company reporting of the revenue they earn from different products and services may be inaccurate or incomplete, and data providers may make estimates in breaking down and categorising company revenue. There are different methodologies and frameworks for classifying products and services and for taking account of negative impacts of a company's operations.

The Biodiversity model utilized (BIAT) covers the most material biodiversity impact indicators and LCA databases available as of today. However, it is important to note that biodiversity impact assessment frameworks are still in early stages of development. In addition, similar to other biodiversity assessment models, BIAT is built upon proxies and assumptions. Some of the limitations of the current methodology include:

- Input/Output Model: EXIOBASE limitation related to covered activities, regions, and relevant resources and emission data
- Environmental pressures, for example: lack of availability of comprehensive data on invasive species and water-related environmental impact indicators

External tool and data provider MSCI ESG Research LLC

We have used data and tools provided by MSCI ESG Research when calculating the sustainability information in this report about financed emissions, carbon intensity, share of carbon emissions, carbon exposure, sustainable impact revenue, fossil fuel reserves and investment in renewables and energy solutions. We accessed the MSCI tools and data for our calculations on 08 August 2025.

More information on MSCI carbon footprinting methodology and metrics is available here:

<https://www.msci.com/legal/climate-disclosures>

The Sustainable Impact Solutions table in this report shows links between MSCI's categories of sustainable impact solutions and selected Sustainable Development Goals (SDGs). We have determined these links based on our own assessment of how MSCI's criteria for their Sustainable Impact Solutions relate to SDGs. There is more information about MSCI's categories here:

<https://www.msci.com/documents/1296102/15233886/MSCI+Sustainable+Impact+Metrics+Methodology+2024.pdf>

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External tool and data provider ISS STOXX

We have used data and tools provided by Institutional Shareholder Services Inc. and/or its subsidiaries ("ISS STOXX") when calculating the sustainability information in this report about Biodiversity Impacts. We accessed the ISS tools and data on 22 August 2025.

More information on the ISS Biodiversity Impact Assessment Tool methodology and metrics is available here:

<https://www.issgovernance.com/file/publications/methodology/Biodiversity-Impact-Assessment-Tool-Methodology.pdf>

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Currency conversion for sustainability Information

Some of the sustainability data we use is provided to us in US\$ or EURO terms, and some of this data has been converted using exchange rates selected by the data provider. Where we convert sustainability information into A\$ terms, we have used an average exchange rate as published by the Australian Taxation Office for the 2025 Financial year.



Independent Limited Assurance Report to the Directors of Australian Ethical Investments Limited

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Information Subject to Assurance, has not been prepared by Australian Ethical Investments Limited, in all material respects, in accordance with the Criteria for the year ended 30 June 2025.

Information Subject to Assurance

Australian Ethical Investments Limited engaged KPMG to perform a limited assurance engagement in relation to the Select Sustainability Information as presented in the Australian Ethical Investments Limited Sustainability Report 2025 ("the Report") for the year ended 30 June 2025, which will be published on Australian Ethical Investments Limited website. The Information Subject to Assurance is comprised of the following Select Sustainability Information presented in the Report:

Select Sustainability Information	UoM	Value Assured FY25
Pursuing net zero emissions (investments in listed shares and public corporate fixed income securities)		
Carbon intensity (Scope 1 & 2) compared to Benchmark (%)	%	75
Carbon intensity (Scope 1,2 & 3) compared to Benchmark (%)	%	74
Proportion of our investments in renewables and energy solutions	Multiple	4.1 x Benchmark
How we invest		
Proportion of investments in public offer funds and options ethically evaluated	%	100
Influencing for change		
Number of proactive engagements and % followed by commitments to change	Number / %	130 / approx. 25



Criteria Used as the Basis of Reporting

We assessed the Information Subject Assurance against Management's Criteria. The Information Subject to Assurance need to be read and understood together with the Criteria used by Australian Ethical Investments Limited to prepare the Select Sustainability Information which is included in the 2025 Sustainability Report.

Basis for Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ASAE 3000) and ASAE 3410 Assurance Engagements on Greenhouse Gas Statements (ASAE 3410). We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the information subject to assurance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures Performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- enquiries with relevant Australian Ethical Investments Limited personnel to understand the internal controls, governance structure and reporting process of the Select Sustainability Information;
- reconciling the Select Sustainability Information to underlying data sources on a sample basis;
- analytical procedures over the Select Sustainability Information;
- testing the arithmetic accuracy of a sample of calculations of the Select Sustainability Information; and
- assessing the appropriateness and application of the Criteria with respect to the Select Sustainability Information.

Inherent Limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error or material misstatement in the Information Subject to Assurance may occur and not be detected. Non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating, and estimating such data. The precision of different measurement techniques may also vary. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion. Misstatements, including omissions, are considered material if, individually or in the



aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Australian Ethical Investments Limited.

How the Standard Defines Limited Assurance and Material Misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Australian Ethical Investments Limited.

Use of this Assurance Report

This report has been prepared solely for the Directors of Australian Ethical Investments Limited who have commissioned this independent assurance over the Information Subject to Assurance to enhance transparency and confidence in their oversight and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Australian Ethical Investments Limited, or for any other purpose than that for which it was prepared.

Management's Responsibility

Management are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring, evaluating and preparing the Information Subject to Assurance;
- ensuring that those criteria are relevant and appropriate to Australian Ethical Investments Limited and the intended users; and

establishing and maintaining systems, processes and internal controls that enable the preparation and presentation of the information subject to assurance that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Information Subject to Assurance for the year ended 30 June 2025, and to issue an assurance report that includes our conclusion based on the procedures we have performed and evidence we have obtained.

Our Independence and Quality Management

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board, and complied with the applicable requirements of Auditing Standard on Quality Management 1 to design, implement and operate a system of quality management.

KPMG

Sydney

23 September 2025

Disclaimers

Zenith - 'Recommended' rating applies to the Altius Green Bond Fund, Altius Sustainable Bond Fund, and Altius Sustainable Short Term Income Fund

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating AUS9041AU Altius Green Bond Fund, AUS0071AU Altius Sustainable Bond Fund, AUS1392AU Altius Sustainable Short Term Income Fund assigned June 2025 referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. All rights reserved. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at Fund Research Regulatory Guidelines.

Zenith - 'Recommended' rating applies to our Multi-Asset funds

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating AUG0020AU Australian Ethical High Growth Fund (Wholesale), AUG0017AU Australian Ethical Balanced Fund (Wholesale), AUG7454AU Australian Ethical Moderate Fund (Wholesale), AUG6267AU Australian Ethical Conservative Fund (Wholesale) assigned September 2024) referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and

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The rating published on 04/2025 for AUG0020AU Australian Ethical High Growth Fund (Wholesale), AUG0017AU Australian Ethical Balanced Fund (Wholesale), AUG7454AU Australian Ethical Moderate Fund (Wholesale), AUG6267AU Australian Ethical Conservative Fund (Wholesale) is issued by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec Research). Ratings e general advice only and have been prepared without taking account of investors' objectives, financial situation or needs.

RIAA Responsible Investment Leader since 2024

Australian Ethical was recognised as a Responsible Investment Leader 2024 by the Responsible Investment Association Australasia (RIAA). This means we are placed in the top 20% of organisations assessed, demonstrating leading practice in our commitment to responsible investing; our explicit consideration of environmental, social and governance factors in investment decision making; our strong and collaborative stewardship; and our transparency in reporting activity, including the societal and environmental outcomes being achieved.

SuperRatings

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Shareholder information

Shareholder information as at 1 September 2025

Security	Number of holders	Number on issue	Voting rights
Fully paid ordinary shares	11,061	113,419,775	One vote per share

Top 20 shareholders of fully paid ordinary shares

Shareholders	Balance	%
HSBC Custody Nominees (Australia) Limited	16,436,185	14.49
J P Morgan Nominees Australia Pty Limited	9,530,596	8.40
Citicorp Nominees Pty Limited	7,849,088	6.92
James Andrew Their	6,596,620	5.82
Ms Caroline Le Couteur	3,955,899	3.49
Mrs Judith Margaret Boag	2,241,000	1.98
Mr Trevor Roland Lee	2,025,000	1.79
Mr Bruce Allan McGregor & Mrs Ann Marion McGregor	1,850,000	1.63
HB Sarjeant & Assoc Pty Ltd	1,507,000	1.33
Mr Anthony Scott Cook	1,383,800	1.22
Pacific Custodians Pty Limited	1,282,540	1.13
Mr Howard Pender	1,205,059	1.06
BNP Paribas Noms Pty Ltd	1,100,961	0.97
Pacific Custodians Pty Limited	1,047,068	0.92
Mr Michel Beuchat & Mrs Ann Beuchat	966,700	0.85
Dr Judith Ingrouille Ajani	939,654	0.83
Mr Phillip Andrew Vernon	809,844	0.71
Netwealth Investments Limited	750,341	0.66
BNP Paribas Nominees Pty Ltd	721,241	0.64
BNP Paribas Nominees Pty Ltd	681,498	0.60
Total	62,880,094	55.44
Balance of register	50,539,681	44.56
Grand total	113,419,775	100.00

Distribution of Holdings

Range	Securities	%	Holders
100,001 and over	80,099,713	70.62	75
10,001 to 100,000	21,111,720	18.61	750
5,001 to 10,000	3,862,093	3.41	518
1,001 to 5,000	5,821,086	5.13	2,513
1 to 1,000	2,525,163	2.23	7,205
Total	113,419,775	100.00	11,061

On Monday 1 September 2025:

- AEF shares closed at \$7.64
- Accordingly, 66 or more shares constituted a marketable parcel
- The Company had 474 shareholders whose holding was not a marketable parcel, these shareholders owned a total of 18,409 shares

Company directory

AEI Group

Responsible Entity

Australian Ethical Investment Limited
ACN 003 188 930
AFSL Number 229949

Registrable Superannuation Entity

Australian Ethical Superannuation
Pty Limited
ACN 079 259 733
RSEL Number L0001441
AFSL Number 526055

Australian Ethical Foundation Limited

ACN 607 166 503

Offices

Head Office

Australian Ethical Investment Limited

Level 8, 130 Pitt Street
Sydney NSW 2000

Registered office

Care of Company Matters Pty Limited

Level 41, Liberty Place
61 Castlereagh Street
Sydney, NSW 2000
Phone +61 8280 7355
PO Box 20547
World Square NSW 2002

Share Registry

MUFG Pension & Market Services

Locked Bag A14
Sydney South, NSW 1235
Phone +61 1300 554 474
Fax +61 2 9287 0303
Email support@cm.mpms.mufg.com
<https://www.mpms.mufg.com/en/mufg-corporate-markets/>

Security Exchange Listing

Australian Ethical Investment Limited is listed on the Australian Securities Exchange
ASX Code: AEF

Directors

Steve Gibbs (Chair)
Brian Bissaker (Non-Executive Director)
Richard Brandweiner (Non-Executive Director)
Kate Greenhill (Non-Executive Director)
Sandra McCullagh (Non-Executive Director)
Julie Orr (Non-Executive Director)
John McMurdo (MD & CEO)

Company Secretary

Karen Hughes

Banker

National Australia Bank Limited

Level 3, 255 George Street
Sydney NSW 2000

Custody and investment administration
State Street Australia Limited
Level 14, 420 George Street,
Sydney, NSW 2000, Australia

Administrator

For superannuation

Grow Super Ops Pty Ltd (Grow Inc)

Level 14, 99 Elizabeth Street,
Sydney, NSW 2000

For managed funds

Boardroom Pty Ltd GPO Box 3993
Sydney NSW 2001

Auditors and taxation

KPMG Australia

International Towers
300 Barangaroo Avenue
Sydney NSW 2000

Media enquiries

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Past performance is not a reliable indicator of future performance.

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Find out more

Phone: 1800 021 227
Email: enquiries@australianethical.com.au
Website: australianethical.com.au

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