



Modern Slavery Statement

1 Introduction

This Modern Slavery Statement is prepared by Australian Foundation Investment Company Limited (ABN 56 004 147 120) (**AFIC** or the **Company**) pursuant to the requirements of the Modern Slavery Act 2018 (Cth). The reporting entities covered by this Statement are AFIC and its subsidiary Australian Investment Company Services Limited (**AICS**) (ACN 117 732 635) (together the "Group"). It describes the risks of modern slavery practices in the operations and supply chains of AFIC and AICS, and the steps we are taking to minimise those risks. The reporting period for this Statement is 1 July 2024 to 30 June 2025. In preparing this Statement, we have had regard to the Modern Slavery Act 2018: Guidance for Reporting Entities.

1.1 About AFIC

AFIC is a listed investment company investing primarily in Australian and New Zealand equities. The Company's primary investment goals are: to pay a stable to growing dividend over time; and to provide attractive total returns over the medium to long term.

Our Purpose

- To deliver attractive investment returns which exceed the Australian equity market over the long term.
- To invest in quality companies taking a long term, low turnover approach, which aims to provide both capital growth and a stable to growing stream of dividends over time.
- To produce tax effective returns that are less volatile than the market, at a very low cost with no performance fees.
- To effectively utilise the internally managed, listed closed-end company structure to support our investment approach, ensure transparency for all stakeholders, provide strong governance oversight, and produce alignment of interests between employees and shareholders.
- To sustain our culture over time through a team of high-quality people who have a deep sense of purpose, passion, and conviction for: the way we invest, the way we manage the business, our long history of success, and our privileged position of serving our shareholders.

Values

To deliver on our purpose we are guided by the following qualities:

- Professionalism, Passion and Experience
- Integrity
- Respect
- Collaboration

1.2 Our Structure & Operations

AFIC is a listed public company with one subsidiary, AICS. AICS is also an Australian public company.

AFIC in turn is owned by approximately 150,000 shareholders.

Our operations

AFIC has been operating since 1928. AFIC invests directly in large companies listed on the ASX and NZX. It holds a diversified portfolio and would rarely hold a substantial holding (i.e. above 5% of share capital) in the investee company. During the period under review AFIC continued to invest in a portfolio of overseas listed companies representing approximately 1.6% of the whole portfolio as at 30 June 2025.

AFIC has no employees.

AICS undertakes the day-to-day administration of AFIC's investments and its operations, including financial reporting, whilst the AFIC Investment Committee, through powers delegated by the AFIC Board, reviews and approves investment transactions. AICS holds an Australian Financial Services (AFS) Licence (303209).

AICS has one office, located in Melbourne, Australia, and currently employs 23 people on a full-time permanent basis.

Our supply chain

The services that AFIC and AICS utilise are office-based and relate to the purchase of products and services needed for the business's day-to-day operations. These products and services include office supplies, the employment and training of staff, external audit services, external legal advice, external share registry services and the leasing of office space which includes office cleaning, IT infrastructure, and support services and travel. External audit, legal, share registry, IT and support services are all sourced from Australian providers.

1.3 Modern slavery risks in our operations and supply chain and how we address these risks

Our operations

AFIC considers the risk of modern slavery in the Group's operations – comprised of its employment arrangements – to be low. We are committed to complying with relevant local and national laws, community expectations and ethical standards related to human rights and modern slavery in respect to our employees and our business operations. The majority of AICS's employees are on permanent employment arrangements and we have not traditionally engaged contractors. We are committed to ensuring our employment conditions meet minimum wages, appropriate hours of work and leave provisions, as well as the ability to sustain the health, safety and wellbeing of our employees, and visitors.

Our approach to addressing risks of modern slavery in the Group's investment activities is set out below.

Our supply chain

AFIC considers its supply chain to be low risk in relation to modern slavery. Most of the Group's supply chain involves the provision of services from professional services firms based in Australia, which are inherently low-risk.

We recognise that some modern slavery risk may exist in the second-tier suppliers that supply goods or services. For example AICS would utilise hospitality, food and catering services, and purchase IT equipment through third party vendors which are both areas that have been identified as having a higher inherent risk of potential modern slavery practices.

The remaining transactions take place on a retail basis with no formal agreement in place.

In circumstances where longer term contractual relationships are in place, we attempt to engage with those suppliers on the issue of modern slavery risks. This engagement includes requesting information from suppliers on their Modern Slavery policies and practices. During the period under review the Company continued to use iPRO, to conduct Modern Slavery assessments on suppliers that met a certain threshold.

How we assess and address modern slavery risks in the companies in which we invest

The Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities states that "an investment firm is not required to individually monitor or report on each of its investees and their operations and supply chains".

Although the companies in which AFIC invests do not form part of our supply chain, assessment of Environmental, Social and Governance (ESG) factors (including modern slavery risk) forms part of the investment framework. The Investment Team incorporates a risk-based approach using factors such as the location of Investee companies' operations and their supply chains when considering modern slavery risk.

We operate an investment policy that considers matters including safety, diversity, social impacts, environmental impact, and modern slavery where material or appropriate in the context of that company. Our Investment Team regularly review and meet with companies to ensure ongoing alignment with our investment frameworks. Our process may include an assessment of the Board in terms of their past performance, history of capital allocation, level of accountability, mix of skills, relevant experience and succession planning. We also consider a company's degree of transparency and disclosure.

As stated above, AFIC holds a diversified portfolio and would rarely hold a substantial holding in the investee company and therefore is limited in its ability to exercise control over the investee company.

AFIC acknowledges that high-quality companies may face ESG challenges (which may include matters related to Modern Slavery) from time to time. We seek to stay engaged with the companies and satisfy ourselves that the issues are taken seriously and worked through constructively. As there is less consistency of reporting on Modern Slavery for the international portfolio a risk-based approach is applied to those holdings.

2 Controls to address the risk of modern slavery in our operations and supply chains

In summary, as an Investment Company with a small office and an office-based supply chain, it is the Board's opinion that the risk of modern slavery is relatively low.

AFIC has determined key focus areas to maximise our contribution to the prevention, assessment, and mitigation of modern slavery risks.

Prevention:

- Providing regular training for our employees on these risks and the need to manage them. Providing opportunities for concerns to be raised through the relevant policy detailed below.

Assessment:

- AFIC utilises the iPRO Modern Slavery Assessment Tool to evaluate modern slavery risks within our supply chain. During the reporting period, we engaged iPRO to conduct a bulk assessment of our suppliers, and we plan to make this an annual process to maintain a current understanding of our supply chain risks. Participating suppliers completed an online self-assessment questionnaire. Based on their responses, each supplier was assigned a risk category. To determine the appropriate risk category, responses are first evaluated for risks inherent to a supplier's operations, production, and sourcing. This is referred to as the Inherent Risk Score. The Inherent Risk Score was calculated based on the geographical, type of goods, industry sector, and workforce parameters that the supplier indicated in the Modern Slavery Assessment Tool (MSAT). Next, the Residual Risk Score was evaluated. This score was calculated based on the policy and procedure responses on the questionnaire. A supplier's Residual Risk Score determined whether they were categorised as having inadequate, partial, or adequate risk control.
- The Investment Team incorporates a sector and geographic based risk-based approach when reviewing Investee Companies' Modern Slavery Risk.

Mitigation:

The key mitigation effort will be focussed on engaging with suppliers on their modern slavery policies and procedures and collecting information on their compliance efforts.

Policies

AFIC has a Whistleblower Protection Policy, which provides detail and guidance on how employees and third parties can raise issues in a confidential manner without victimisation or retaliation. These issues include risks of modern slavery or other human rights breaches.

AFIC continues to review its exposure to modern slavery risk as part of its risk management framework. A copy of the current Risk Management Policy and Framework is included on the Company's website, www.afi.com.au.

Effectiveness of Controls

The company has formulated several KPIs to assess the effectiveness of AFIC's approach to managing modern slavery risk:

- Supplier communication - the number of suppliers completing our modern slavery questionnaire using IPRO Modern Slavery Assessment Tool (MSAT).
- Reviewing changes in the inherent and residual risk scores generated by the MSAT across the aggregated supply chain after each engagement to evaluate the effectiveness of our actions in reducing supplier modern slavery risks.
- Employee communication and engagement – completion rates for modern slavery awareness training.

Over subsequent reporting periods we will continue to review and enhance these KPIs and seek to develop further metrics to assess the effectiveness of the Company's actions.

3 Process of consultation

For the purpose of preparing this Modern Slavery Statement, AFIC has consulted with the AICS Board who have the opportunity to review and comment upon the draft statement. Three Directors of AICS sit on the Board of AFIC, and so both entities are aware of any actions they need to take. Neither AFIC nor AICS owns or controls any other entities. This Modern Slavery Statement was approved by the Board of AFIC.

Signed



R Mark Freeman
Managing Director and Chief Executive Officer
Australian Foundation Investment Company Limited
Dated: 21 November 2025