

31 August 2023

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ASX Market Announcements  
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**Electronic Lodgement**

**Australian Foundation Investment Company Limited  
Corporate Governance Statement and Appendix 4G**

Dear Sir / Madam

Please find attached a copy of the Company's Corporate Governance Statement and Appendix 4G.

Yours faithfully



Matthew Rowe  
Company Secretary

Authorised by the Company Secretary

Income,  
Capital Growth,  
Low Cost

**AUSTRALIAN  
FOUNDATION  
INVESTMENT  
COMPANY**

Corporate Governance  
Statement 2023



## Introduction

The Board of Australian Foundation Investment Company Limited ('AFIC' or 'the Company') is committed to having high standards of ethical behaviour and an effective system of corporate governance for the Group, commensurate with our size and the scope of our operations. 'The Group' entails AFIC and its subsidiary Australian Investment Company Services Limited (AICS).

This Corporate Governance Statement describes AFIC's key corporate governance policies and practices during the 2023 reporting period through to the date of this report. It has been approved by AFIC's Board and is dated 26 July 2023.

AFIC has followed each of the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (fourth edition) (ASX Principles) throughout the period covered by this report.

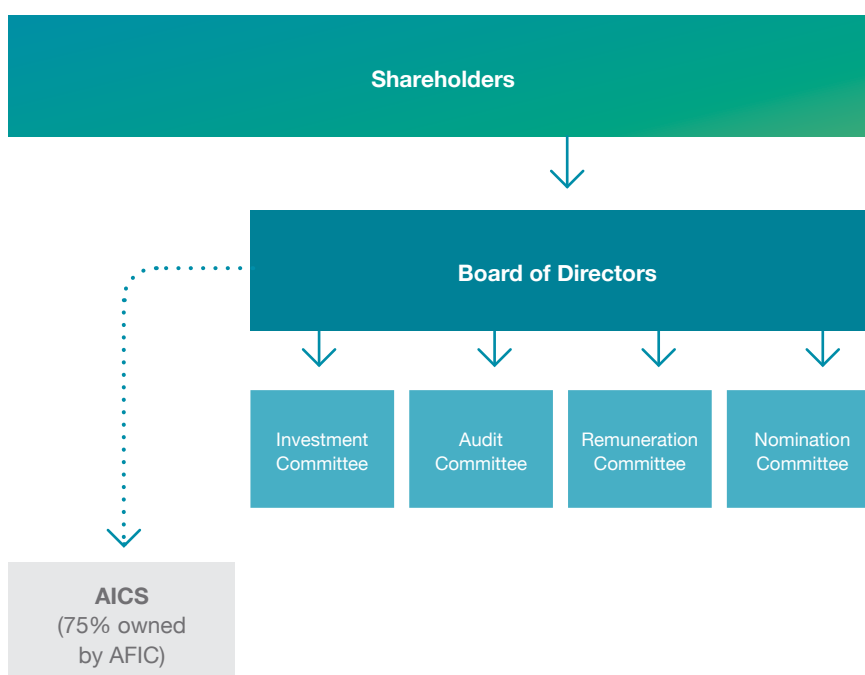
In addition to having its shares listed on the Australian Securities Exchange (ASX), AFIC also has shares listed on the New Zealand Stock Exchange (NZX). As an overseas listed issuer on the NZX, AFIC is generally deemed to comply with the NZX Listing Rules provided that the Company remains listed on the ASX, follow the ASX Listing Rules, and give the NZX the same information that the Company provides to the ASX.

The ASX Governance Principles differ from the NZX's corporate governance rules and the principles contained in the NZX Corporate Governance Code. The ASX's corporate governance rules and principles can be found at [www.asx.com.au](http://www.asx.com.au); details regarding the NZX are at [www.nzx.com](http://www.nzx.com).

## ASX Principles and Recommendations

		Section Reference
<b>Principle 1</b>	Lay solid foundations for management and oversight	1, 2, 4
<b>Principle 2</b>	Structure the Board to be effective and add value	2, 3
<b>Principle 3</b>	Instil a culture of acting lawfully, ethically and responsibly	4
<b>Principle 4</b>	Safeguard the integrity of corporate reports	3, 7
<b>Principle 5</b>	Make timely and balanced disclosure	7
<b>Principle 6</b>	Respect the rights of security holders	6
<b>Principle 7</b>	Recognise and manage risk	3, 5
<b>Principle 8</b>	Remunerate fairly and responsibly	2, 3, 4

## Governance Structure



Each Board Committee operates under a formal charter available at [www.afi.com.au](http://www.afi.com.au).

The number of meetings held by the Board and each Committee during the reporting period and each member's attendance at those meetings is detailed in AFIC's FY23 Director's Report. All Directors are invited to attend Investment, Audit and Nomination Committee meetings.

## Section 1: Role and Responsibilities of the Board

The role of the Board underpins and supports the Company's corporate objective. The Board generally sets objectives and goals for AFIC's operations, oversees the Company's management, regularly reviews the Company's performance and monitors its affairs in the Company's best interests. In executing these responsibilities, the Board is accountable to its shareholders as owners of AFIC.

AFIC's Board operates under a charter, available on our website. This charter documents the Board's role and the matters that the Board has reserved for itself, including:

- setting the Corporate Objective of the Company and approving business strategies and plans of the Company designed to meet that Objective;
- approving the expense budget at least annually;
- approving changes to the Company's capital structure and dividend policy;
- setting the Company's risk appetite;
- appointing and removing the CEO and carrying out succession planning for the CEO;
- reviewing the performance of the CEO, his/her remuneration and contractual arrangements;
- with the assistance of recommendations from the Remuneration Committee: overseeing the Company's remuneration framework, ensuring it is aligned with its Corporate Objective and risk appetite;
- with the assistance of recommendations from the Nomination Committee: overseeing the Board's performance and succession plans;
- reviewing the performance of management and the Company, including in relation to the corporate governance, risk management, internal controls and compliance frameworks, systems, policies and processes adopted by the Company;

- dealing with any matters in excess of any specific delegations that the Board may from time to time delegate to the CEO and senior executives;
- approving the half-year and full-year results;
- approving the Company's values and statement of purpose; and
- any other matters as decided by the Board.

The Directors meet formally as a Board, usually monthly with an annual strategy session. The Non-Executive Directors meet regularly without the Managing Director and other senior executives.

### Relationship with AICS

AFIC has entered into an agreement with AICS for AICS to provide a comprehensive range of services under the leadership of the AICS' Managing Director.

The Managing Director of AICS has been appointed Managing Director of AFIC, and the AICS services provided include day-to-day maintenance of AFIC's portfolios and associated research. AICS is 25 per cent owned by Djerriwarrh Investments Ltd and 75 per cent owned by AFIC.

The Managing Director is responsible to AFIC for AICS' performance, and the Board acts in close consultation with AICS regarding the provision of services. AICS is paid a fee based on its costs in providing these services. The senior executives of AICS have also been appointed as officers of AFIC; their details are in the 2023 Annual Report.

## Section 2: Board Structure and Composition

The Board currently consists of an Independent Non-Executive Chairman, J Paterson; a Managing Director, RM Freeman; and six Non-Executive Directors; CM Drummond, R Dee-Bradbury, JA Fahey, GR Liebelt, DA Peever and CM Walter AM.

The Directors' Report in the 2023 Annual Report details each Director's skills, experience, and expertise.

The roles of the Chairman and Managing Director are separate. The role of the Managing Director is set out in Section 1 above. The role of the Chairman is detailed in the Board charter, including being responsible for:

- the business of the Board, taking into account the issues and the concerns of all Directors and the requirements of the Board charter;
- the leadership and conduct of Board and Company meetings in accordance with the agreed agenda and AFIC's corporate objective and principles of conduct; and
- encouraging active engagement by Directors and an open and constructive relationship between the Board, Managing Director and senior executives.

The Chairman also has the authority to act and speak for the Board between meetings, subject to any agreed consultation processes.

## Skills Matrix

The Board has determined that it is best served by having a mix of individuals with different perspectives, deep and relevant expertise and a breadth of significant experience in the following areas:

- leading, managing and overseeing corporations in a range of industry sectors, at both executive and Board level;
- developing and managing business strategies and assessing opportunities and threats;
- risk management and managing strategic, regulatory, operational and financial risk;
- advising corporations (including legal, tax and accounting advice);
- the investment industry; and
- organisations with diverse governance and regulatory regimes (including charities, not-for-profit organisations, government bodies, private companies and international organisations).

In addition to the skills and experience outlined above, current and prospective directors must demonstrate the following qualities:

- Professionalism, passion and experience
- Integrity
- Respect
- Collaboration

The Nomination Committee uses this matrix when considering Board appointments.

## Independence of Directors

The Nomination Committee reviews the independence of each of the Non-Executive Directors annually. This review considers the factors set out in the ASX Principles and Recommendations, including situations where an individual Director may be a partner in, controlling shareholder of, or executive of an entity that has a material commercial relationship with AFIC.

Being a long-term investor is an essential part of AFIC's corporate objective. For this reason, having Directors with experience in different investment cycles is an important factor in the Board's approach. The Board believes that length of tenure is not an indication of a lack of

independence. What is essential is how each Director acts in the boardroom, including the ability to constructively challenge management and add value to discussions.

Details of the length of service of each Director are below.

We consider AFIC's seven Non-Executive Directors to be independent.

## Conflicts of Interest

Several AFIC Directors are also Directors of companies we invest in. Any potential conflicts of interest are dealt with by procedures consistent with Corporations Act requirements. Conflicted Directors do not take part in the decision-making process on relevant issues. On this basis, we believe that their independence is not compromised.

## Appointment and Renewal

Consistent with ASX Listing Rules, AFIC's constitution provides that Non-Executive Directors must seek re-election by shareholders at least every three years if they wish to remain on the Board. Any new Non-Executive Director appointed by the Board must seek election by shareholders at the next Annual General Meeting.

While there is no limit on tenure, directors who have served more than three terms will be subject to extension at the discretion of the Board.

Details of the term of office held by each Director as of the date of this report are:

<b>J Paterson</b>	18 years and Alternate Director 1987 to 2005
<b>RP Dee-Bradbury</b>	4 years
<b>CM Drummond</b>	2 years
<b>JA Fahey</b>	2 years
<b>RM Freeman (MD/CEO)</b>	5 years
<b>GR Liebelt</b>	10 years
<b>DA Peever</b>	9 years
<b>CM Walter AM</b>	20 years

To help Directors meet their responsibility to bring an independent view to matters coming before them, the Board has agreed to pay for Directors to obtain independent professional advice as appropriate.

Once appointed, Directors are encouraged to meet with AFIC's senior executives to develop a strong understanding of their areas of expertise and responsibility.

The Board receives regular reports updating Directors on legal, regulatory, governance and financial developments in Australia and internationally. These developments are shared as they could impact AFIC, the companies that AFIC invests in, or the Directors in their roles at AFIC or other companies. Directors are also invited to attend meetings with investee companies and subject matter experts on various business and economic issues.

All Directors are encouraged to have a meaningful shareholding in the Company to ensure that they benefit from AFIC's growth in the same way as our regular shareholders.

## Pre-appointment Checks and AGMs

Prior to their appointment of a Non-Executive Director to the Board, the Nomination Committee will determine the appropriate pre-appointment checks. Relevant details of each Director standing for election or re-election are in the explanatory notes of the Notice of Annual General Meeting.

## Agreements

All Directors have entered into an agreement with AFIC regarding their appointment, including access to documents, Director's indemnity against liability, Directors' and Officers' insurance, conflicts of interests, taking independent professional advice and dealing in the Company's securities. Each Director is engaged individually and not via a separate legal entity.

## Company Secretary

The Company Secretary's details and experience appear in the 2023 Annual Report. While the Company Secretary is an employee of AICS, he is accountable to the AFIC's Board, via the Chairman, on all matters relating to the proper functioning of the Board.

## Performance Assessments

### Non-Executive Directors

The Chairman is responsible for conducting a formal Director review process each year.

As part of these evaluations, the Chairman meets with each Director individually. Prior to this meeting, each Director is required to provide their assessment of matters including performance and Board and Board Committee effectiveness to facilitate mutual feedback.

An independent Director also meets with other Directors to discuss the Chairman's performance.

The Chairman and this independent Director report on the outcome of these meetings to the Nomination Committee and the Board where necessary. Evaluations under this process were carried out during the financial year.

## Management

The Remuneration Committee is responsible to the Board for evaluating the performance of the Managing Director and senior executives and remunerating them appropriately. To encourage and reward high performance, the Board has adopted a remuneration structure which includes a significant component of 'at risk' remuneration.

Full details of the remuneration process and benchmarks used for assessment are in the remuneration report in the 2023 Annual Report. Such an assessment was carried out in respect of the Managing Director's and Senior Executives' performance for the financial year.

## Section 3: Committees of the Board

### Audit Committee

**J Fahey (Chairman)**  
**J Paterson**  
**DA Peever**  
**CM Walter AM**

The Audit Committee is responsible for reviewing:

- the Company's accounting policies;
- the content of financial statements;
- issues relating to the controls applied to the Company's activities;
- the conduct, effectiveness and independence of the external audit;
- risk management (including taxation risk) and related issues; and
- compliance issues.

Members of the Audit Committee have the requisite financial experience and understanding to discharge the Committee's mandate effectively. In addition, some members of the Committee have relevant experience and qualifications as set out in the 2023 Annual Report, but these individuals have no responsibilities additional to other members of the Audit Committee.

### Remuneration Committee

**GR Liebelt (Chairman)**  
**J Paterson**  
**CM Walter AM**

The Remuneration Committee has been established to advise the Board on remuneration and related issues. This includes:

- Reviewing the level of fees for directors and the Chairman
- Reviewing the Managing Director's remuneration arrangements
- Evaluating the Managing Director's performance
- Reviewing the annual remuneration policies for other senior executives.

### Nomination Committee

**CM Walter AM (Chairman)**  
**C Drummond**  
**RP Dee-Bradbury**  
**J Paterson**

The Nomination Committee periodically reviews Board and Board Committee composition and succession planning and, where applicable, recommends suitable Directors for appointment. The Committee may also involve other Directors or the Board in this process. Complementary to this responsibility, the Committee oversees the Board's Diversity Policy.

### Investment Committee

**J Paterson (Chairman)**  
**M Freeman (CEO)**  
**RP Dee-Bradbury**  
**C Drummond**  
**D Peever**  
**CM Walter AM**

The Investment Committee manages AFIC's investments and oversees the investment process.

The Investment Committee:

- approves all purchases, sales, and other investment decisions to maintain the investment and trading portfolios at the subsequent meeting;
- makes decisions about how other portfolio-related activities are carried out, including voting instructions and lodgement of proxies for general meetings of companies in which AFIC has invested;
- receives reports on portfolio performance, transaction reports, portfolio position reports and performance attribution analysis; and
- receives reports and recommendations concerning the review and analysis of companies/ securities in which AFIC can invest or has invested in.



## Section 4: Integrity, Conduct and Diversity

The Board and senior executives are committed to maintaining a high standard of integrity – a fundamental aspect of our purpose.

### Our Purpose

- To deliver attractive investment returns that exceed the Australian equity market over the long term.
- To invest in quality companies taking a long-term, low turnover approach that aims to provide both capital growth and a growing stream of dividends.
- To produce tax-effective returns that are less volatile than the market, at a very low cost with no performance fees.
- To use the internally managed, listed closed-end company structure to support our investment approach, ensure transparency for all stakeholders, provide strong governance oversight, and align 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 history of success, and our privileged position of serving our shareholders.

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

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

AFIC maintains a high level of transparency consistent with the need to maintain the confidentiality of commercial-in-confidence material and, where appropriate, to protect the shareholders' interests.

## Corporate Principles of Conduct

The Board has adopted Corporate Principles of Conduct which outline the ethical standards to be followed by Directors and senior executives. Directors and senior executives must:

- conduct business in good faith in the best interests of the Company with efficiency, honesty and fairness;
- perform their duties with the utmost integrity and the standard of care and diligence expected of a high calibre organisation;
- treat others with dignity and respect; and
- not engage in conduct likely to affect AFIC's reputation adversely.

The Corporate Principles of Conduct also detail how conflicts of interest should be avoided. AFIC's Directors and employees must disclose any material personal interest that they or any associate may have in a matter that relates to the affairs of the Company and inform the Board, via the Company Secretary, of any changes to this interest.

If a conflict of interest arises, full disclosure must occur, and appropriate arrangements followed so that interested persons are not included in the relevant decision making.

AICS also has its own Principles of Conduct that cover the behaviours and actions of its employees. Compliance with those principles is a condition of the appointment of each Senior Executive with the Company and a condition of their employment with AICS.

As set out in AFIC's Securities Dealing Policy, senior executives are prohibited from using financial products to protect against or limit the risk associated with unvested Company securities they may receive as part of their remuneration. Breaches of this policy will typically result in the termination of that senior executive's employment.

## Board Diversity Policy

The Board recognises that diversity will support the effective performance of its role and has established a diversity policy under the oversight of the Nomination Committee.

The Board views diversity as including, but not being limited to: skills, qualifications, experience, gender, age, disability, race, ethnicity and cultural background.

AFIC has several characteristics that have an important influence on how the Board approaches diversity:

- As a long-term shareholder, it is beneficial to have Directors who serve for long periods and experience different economic and business cycles.
- The Company has no employees as all executives, management, financial, business development/marketing and securities/stock market services are provided by its subsidiary, AICS.

As such, our Diversity Policy is limited to Board diversity.

When the Board is looking for an additional member, the overarching priority is to appoint an individual based on merit who the Board believes will provide AFIC with the best opportunity to meet its corporate objective.

While AFIC was not in the S&P/ASX300 Index, we have undertaken to comply with Recommendation 1.5 of the ASX Governance Principles, and the Board has set as an objective to have at least 30 per cent of each gender represented on the Board. As of 30 June 2023, the Board had met this objective.

Gender diversity has been a continuing focus of the Nomination Committee during the financial year.

## AFIC Board Composition as of 30 June 2023

	Male	Female
Board (including Managing Director)	5	3
Other Senior Executives	3	0
Employees (all employed by AICS, including Managing Director and other Senior Executives)	14	9

AICS has a small yet diverse workforce. Due to its size and flexibility, AICS can attract outstanding candidates whose flexible working needs may not easily be met in the broader investment/financial services sector.

## Whistleblower Protection Policy

AFIC has a whistleblower protection policy that establishes a formal framework within which individuals are able to express genuine concerns about unlawful behaviour or breaches of policy, free from the threat of victimisation or reprisal and on the understanding that their concerns will be investigated and that, where appropriate, action will be taken to redress the situation.

Any individual making a report in good faith under the policy will be protected from any form of detriment. A copy of this policy is available on the AFIC website.

## Anti-bribery and Corruption Policy

AFIC's anti-bribery and corruption policy establishes the Company's prohibition of bribery and facilitation payments and its approach to political contributions/donations, gifts and entertainment. A copy of this policy is available on the AFIC website.

## Modern Slavery Statement

AFIC is required to lodge an annual modern slavery statement with the Australian Border Force under the Modern Slavery Act and has complied with this requirement. The Board is 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, our business operations and supply chains.

## Section 5: Risk Management

The Board believes it has established and maintains a sound system of risk oversight, management and internal control. Our Risk Management Framework is available on the AFIC website.

The Board has approved the overarching risk appetite of the Company and is assisted in its risk management activities by the Audit Committee. The Chief Financial Officer coordinates risk management activities and reports to the Audit Committee on such matters. The Audit Committee reviews the framework annually; a review was completed this financial year.

This approach involves establishing the context in which AFIC operates, identifying the risks, analysing those risks, treating the risks where appropriate and monitoring, reviewing and reporting risks and the overall performance of the framework. This process is underpinned by regular communication and consultation with key business stakeholders. The framework forms the basis for embedding enterprise risk management within the organisation's culture. Its objectives are to:

- enable the Company to meet its obligations and objectives efficiently and reliably;
- increase the likelihood that the Company will be successful in its business operations by mitigating potentially damaging events occurring (e.g. operational risk) and maximising the results of positive events (e.g. financial position, investment strategies, etc.), through the implementation of risk management strategies;
- provide decision-makers with the means to identify risks and determine whether the controls in place are adequate to mitigate those risks;
- provide a mechanism to assess acceptable levels of risk;
- ensure that the application of risk management practices is understood by AFIC's agents, employees, officers and directors, and a strong risk culture is well entrenched; and
- reduce the consequence and/or likelihood of potentially damaging events with regular reviews of investments and investment strategies

or by transferring the impact of potentially damaging events to third parties (e.g. by insurance and contractual arrangements) for outsourced arrangements, where appropriate.

There are two main areas of risk that have been identified:

- investment risk; and
- operational risk.

## Investment Risk

Investment risk includes:

- market risk;
- credit, counterparty and settlement risk;
- liquidity risk; and
- reputational risk (insofar as it relates to the investments that the Company makes).

The Investment Committee is primarily responsible for dealing with issues arising from investment risk. Day-to-day administration of the portfolios is performed by AICS. The Investment Committee manages the portfolio, and reviews, discusses and approves all purchases and sales and other matters in connection with the maintenance of the portfolios, including the voting of proxies.

AFIC will always carry investment risk because it must invest its capital in securities that are not risk-free. However, the Company seeks to reduce this investment risk by diversifying investments across industries and companies operating in various market sectors.

In addition to the investment portfolio, AFIC also operates a trading portfolio to take advantage of short-term opportunities. We seek to enhance the return from that portfolio by selling call and put options. In normal circumstances, the Board restricts the size of the trading portfolio to a maximum of 10 per cent of company assets.

The Board maintains close control of option transactions via the Investment Committee. Option transactions are limited to stocks held in the trading portfolio or in a small sub-category of the investment portfolio for the purpose of enhancing returns and buying and/or selling stocks at attractive prices.



## Operational Risk

AFIC's management is primarily responsible for recognising and managing operational risk issues such as:

- compliance risk;
- governance risk;
- reputation risk;
- strategic risk;
- political risk; and
- operation risk (including outsourcing risk, business continuity risk, fraud risk, people risk and cyber risk).

A further risk is ensuring compliance with AICS' Australian Financial Services Licence requirements. This specific aspect is overseen by AICS' Risk Management, Audit and Remuneration Committee and reported to AFIC's Audit Committee.

The Chairman of AFIC's Audit Committee, J Fahey, is invited to attend each meeting of the AICS Risk Management, Audit and Remuneration Committee. C Drummond is Chairman of AICS. J Paterson also represents the Company on the Board of AICS.

## Internal Audit and Written Affirmation From AICS

AFIC has received a report from AICS outlining the control objectives for AICS and the specific policies and procedures established to meet these procedures. These policies include management oversight, segregation of duties, multiple signoffs and specific authorisation levels. AICS advises that these policies have been in place throughout the financial year and have effectively met the control objectives.

While AFIC does not have an internal audit function, AICS has appointed Ernst & Young as its internal auditor. The Company has received a report from Ernst & Young, under the requirements of Auditing Standard on Assurance Engagements ASAE 3150 "Assurance Engagements on Controls", stating their opinion that, in all material respects, the internal controls put in place by AICS for this financial year are suitably designed to meet the control objectives and have operated effectively.

## Economic, Environmental and Social Risks

Economic risk is principally dealt with under investment risk. In respect of environmental and social risks, AFIC utilises AICS staff and AICS' office space for meetings, so it is not subject to material direct environmental and social sustainability risks. AICS has resources to identify if any environmental risks arise that need to be considered in the future.

## Investment Philosophy

Our investment philosophy is built on taking a medium to long term view on companies in a diversified portfolio with an emphasis on identifying and investing in quality companies that are likely to sustainably grow their earnings and dividends over this time frame.

Quality in this context is an outcome of our assessment of the following factors:

1. We prefer companies that have a leadership position or are developing one within the industry in which they operate. This will often mean we are investing in a unique set of assets with competitive advantages that produces attractive returns on invested capital.
2. As a long term, tax aware investor we seek to be in companies that have a long-term sustainable business model, with low risk of disruption. This helps to ensure portfolio turnover remains low. The analysis may consider technological disruption, environmental issues, including the impact of climate change, and social risks as all of these factors can have a material impact on the assessment of a company's long-term sustainability.
3. We consider how a company's business can be potentially impacted by influences outside the control of management such as change in government regulation and or policy.
4. We are attracted to companies with outstanding management teams and boards with strong governance processes, whose interests are closely aligned with shareholders, and act in the best interest of all their stakeholders, including their employees, customers, suppliers and wider communities. We consider matters including safety, diversity, social impacts, environmental impact, and modern slavery where material or appropriate in the context of that company. We 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.
5. We prefer companies with more stable income flows. We are wary of companies that have large, inconsistent profit streams.
6. We like our companies to be financially strong and the assessment of the balance sheet and the degree to which the company is self-funding is critical in our analysis. Cash generation is also an important consideration.

Analysis of the above factors help to inform us of the structure of the industry and a company's sustainable competitive position as well as the quality of the people running the business, strength of the balance sheet and consistency of earnings. Within this analysis some key financial metrics are considered. These include return on capital employed, return on equity, the level of gearing in the balance sheet, margins and free cash flow generation.

Alongside the assessment of quality is an analysis of the ability of companies to grow earnings over time, which ultimately should drive dividend growth.

Recognising value is also an important aspect of sound long term investing. Short term measures such as the price earnings ratio, price to book or price to sales may be of some value but aren't necessarily strong predictors of future performance. Our assessment of value tries to capture the opportunity a business has to prosper and thrive over the medium to long term.

Reporting of social and environmental issues will be influenced by the development of standards by the International Sustainability Standards Board (ISSB). Their potential introduction in Australia should enable investors over time to better make informed decisions on these issues based on company disclosures arising from these standards. Assessment of commitments and plans by companies to reach net zero by 2050 may also be considered having regard to several factors. These include the industry in which they operate, progress against their plans, their broader contribution to social good in addressing the challenge of reducing global carbon emissions, and the impact on their value if they fail to achieve their stated goals. In applying external data for benchmarking\*, the current carbon intensity of AFIC's portfolio is (considerably) less than the S&P/ASX 200 Index.

In building the investment portfolio with the principles outlined, we believe we can offer investors a well-diversified portfolio of quality companies structured to deliver total returns ahead of the Australian equity market over the long term with less volatility and with more consistent dividends.

From time to time, some borrowings may be used where potential investment returns justify the use of debt.

AFIC is managed for the benefit of its shareholders with fees based on the recovery of costs rather than as a fixed percentage of the portfolio. There are no additional fees. As a result, the benefit of scale over time results in a very low expense ratio for investors. For the 12 months to 30 June 2023 this was 0.14 per cent, or 14 cents for each \$100 invested.

\* Data provided by ISS ESG. Portfolio at 30 June 2023.

## Section 6: Engaging With Our Shareholders

AFIC is owned by its shareholders, and the Board's primary responsibility to them is to do its utmost to meet the Company's objectives and increase its value.

The Board maintains active communication with shareholders. Our website contains ASX announcements, Annual Reports, Half-Yearly Reports, details of corporate governance practices, presentations to shareholders, NTA announcements, key date information, dividend and security issue history and relevant related material for shareholders and investors. Key governance documents are available at [www.afic.com.au/corporate-governance](http://www.afic.com.au/corporate-governance).

In addition to communicating with shareholders via the Annual Report and the non-statutory Annual and Half-Yearly Reviews, AFIC holds an Annual General Meeting to:

- fulfil statutory requirements;
- provide shareholders with the opportunity to learn more about the Company's activities; and,
- provide an opportunity for shareholders to question the Board and management about any aspect of the Company's activities.

The documentation produced for the Annual General Meeting makes provision for shareholders to submit questions to the Company. In 2022 the Annual General Meeting was held via a hybrid model with shareholders able to attend the meeting in person or via an Online AGM Platform. Shareholders using the Online AGM Platform were able to vote and ask questions. All resolutions at the Annual General Meeting were decided by poll. The Company will continue to use voting by poll for all resolutions.

In addition to the Annual General Meeting, the Company held non-statutory Shareholder Information Meetings in the Australian capital cities following the half-year results. In the financial year ended 30 June 2023, shareholder meetings were held in Adelaide, Auckland, Brisbane, Canberra, Launceston, Hobart, Melbourne, Perth and Sydney. The Company also held two results webcast presentations following the release of the full year and half year results.

The Company views the holding of non-statutory meetings and webcasts as being very important in terms of communicating with its shareholders as it allows shareholders around the country the opportunity to question management and Directors in an informal setting on the Company's activities and approach.

AFIC ensures that shareholders have the option to communicate electronically with the Company via the share registry. We also maintain an email address, [invest@afic.com.au](mailto:invest@afic.com.au), and offer a free telephone service, 1800 780 784, that shareholders can call to hear the latest NTA information.

## Section 7: Integrity in corporate reports and ensuring timely and balanced disclosure

### Written affirmations

Prior to approving the Company's financial statements, the Board has received written affirmations from the Managing Director and the Chief Financial Officer concerning these financial statements, as required by the Corporations Act and set out in the Directors' Declaration in the 2023 Annual Report.

In respect of both the financial statements for the year ended 30 June 2023 and the half-year ended 31 December 2022, the Board has also received written affirmation from the Managing Director and the Chief Financial Officer that:

- in their opinion, the entity's financial records have been properly maintained and the financial statements comply with the appropriate accounting standards and give a true and fair view of AFIC's financial position and performance
- this opinion has been formed based on a sound system of risk management and internal control which is operating effectively.

The Audit Committee and the Board have also received reports from senior executives as to the effectiveness of AFIC's management of its material business risks whilst noting that the Company, as a listed investment company, actively takes on appropriate levels of investment risk as part of its investment activities.

### External audit

AFIC has a process to ensure the independence and competence of the Company's external auditor, including the Audit Committee reviewing any non-audit work to ensure that it does not conflict with audit independence. Information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners is detailed in the Committee's charter. The firm conducting the external audit sets policies relating to rotating audit partners in accordance with the Corporations Act and international best practice requirements.

The Audit Committee meets regularly with the external auditor in the absence of management. The external auditor attends the Company's Annual General Meeting to answer questions from shareholders pertaining to the audit.

The Company's external auditor audits and reviews the annual and half-yearly financial reports respectively. Before the release and publication of any corporate report, a robust review process confirms that information provided is accurate and sends a consistent and balanced message to shareholders.

### Continuous disclosure

As a listed entity, AFIC has an obligation under the ASX Listing Rules and the Corporations Act to maintain an informed market in its securities. Accordingly, the market is advised of all information required to be disclosed under the Listing Rules which it is believed would or may have a material effect on the price or value of the Company's securities.

The Company has a documented continuous disclosure policy and procedures designed to ensure compliance with ASX Listing Rules and Corporations Act disclosure requirements. This policy ensures senior management accountability for compliance with disclosure requirements and clarifies individual, management and Board responsibilities. The policy is available on the AFIC website.

Board approval is required on any material market announcements before release.

AFIC always releases any shareholder presentation material to the ASX Market Announcements Platform ahead of the presentation.

# Appendix 4G

## Key to Disclosures

### Corporate Governance Council Principles and Recommendations

Name of entity

AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED
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ABN/ARBN

56 004 147 120
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Financial year ended:

30 June 2023
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Our corporate governance statement<sup>1</sup> for the period above can be found at:<sup>2</sup>

- ☐ These pages of our annual report:
- ☒ This URL on our website: **[www.afi.com.au/corporate-governance](http://www.afi.com.au/corporate-governance)**

The Corporate Governance Statement is accurate and up to date as at 26 July 2023 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.<sup>3</sup>

Date: 31 August 2023

Name of authorised officer  
authorising lodgement:

Matthew Rowe

<sup>1</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

<sup>2</sup> Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

<sup>3</sup> Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<input checked="" type="checkbox"/> and we have disclosed a copy of our board charter at: <b><a href="http://www.afi.com.au/corporate-governance">www.afi.com.au/corporate-governance</a></b>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> Tick the box in this column only if you have followed the relevant recommendation **in full** for the **whole** of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “[www.entityname.com.au/corporate-governance/charters/](http://www.entityname.com.au/corporate-governance/charters/)”).

<sup>5</sup> If you have followed all of the Council's recommendations **in full** for the **whole** of the period above, you can, if you wish, delete this column from the form and re-format it.



## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<p>1.5 A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a diversity policy;</li> <li>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</li> <li>(c) disclose in relation to each reporting period: <ul style="list-style-type: none"> <li>(1) the measurable objectives set for that period to achieve gender diversity;</li> <li>(2) the entity's progress towards achieving those objectives; and</li> <li>(3) either: <ul style="list-style-type: none"> <li>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</li> <li>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul> </li> </ul> </li> </ul> <p>If the entity was in the S&amp;P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	<p><input checked="" type="checkbox"/> and we have disclosed a copy of our diversity policy at:  <b>www.afi.com.au/corporate-governance</b>  <i>[insert location]</i>  and we have disclosed the information referred to in paragraph (c) at:  <b>in our Corporate Governance Statement available at www.afi.com.au/corporate-governance</b></p> <p>and if we were included in the S&amp;P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p><b>in our Corporate Governance Statement available at <a href="http://www.afi.com.au/corporate-governance">www.afi.com.au/corporate-governance</a></b></p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p><b>in our Corporate Governance Statement available at <a href="http://www.afi.com.au/corporate-governance">www.afi.com.au/corporate-governance</a></b></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p><b>in our Corporate Governance Statement available at <a href="http://www.afi.com.au/corporate-governance">www.afi.com.au/corporate-governance</a></b></p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p><b>in our Corporate Governance Statement available at <a href="http://www.afi.com.au/corporate-governance">www.afi.com.au/corporate-governance</a>.</b></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p><input checked="" type="checkbox"/> <i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p><b>www.afi.com.au/corporate-governance</b></p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p><b>in our Corporate Governance Statement available at www.afi.com.au/corporate-governance</b></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively at:</p> <p><i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed our board skills matrix at:</p> <p><b>in our Corporate Governance Statement available at www.afi.com.au/corporate-governance.</b></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	<input checked="" type="checkbox"/> and we have disclosed the names of the directors considered by the board to be independent directors at: <b>in our Corporate Governance Statement available at <a href="http://www.afi.com.au/corporate-governance">www.afi.com.au/corporate-governance</a> [insert location]</b> and, where applicable, the information referred to in paragraph (b) at: N/A . [insert location] and the length of service of each director at: <b>in our Corporate Governance Statement available at <a href="http://www.afi.com.au/corporate-governance">www.afi.com.au/corporate-governance</a></b>	<input type="checkbox"/> set out in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should articulate and disclose its values.	<input checked="" type="checkbox"/> and we have disclosed our values at: <b>in our Corporate Governance Statement available at <a href="http://www.afi.com.au/corporate-governance">www.afi.com.au/corporate-governance</a></b>	<input type="checkbox"/> set out in our Corporate Governance Statement
3.2	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</li> <li>(b) ensure that the board or a committee of the board is informed of any material breaches of that code.</li> </ul>	<input checked="" type="checkbox"/> and we have disclosed our code of conduct at: <b><a href="http://www.afi.com.au/corporate-governance">www.afi.com.au/corporate-governance</a>.</b>	<input type="checkbox"/> set out in our Corporate Governance Statement
3.3	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a whistleblower policy; and</li> <li>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</li> </ul>	<input checked="" type="checkbox"/> and we have disclosed our whistleblower policy at: <b><a href="http://www.afi.com.au/corporate-governance">www.afi.com.au/corporate-governance</a>.</b>	<input type="checkbox"/> set out in our Corporate Governance Statement
3.4	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose an anti-bribery and corruption policy; and</li> <li>(b) ensure that the board or committee of the board is informed of any material breaches of that policy.</li> </ul>	<input checked="" type="checkbox"/> and we have disclosed our anti-bribery and corruption policy at: <b><a href="http://www.afi.com.au/corporate-governance">www.afi.com.au/corporate-governance</a>.</b>	<input type="checkbox"/> set out in our Corporate Governance Statement



## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p><input checked="" type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:  <b>www.afi.com.au/corporate-governance</b></p> <p>and the information referred to in paragraphs (4) and (5) at:  <b>Page 14 to 16 of the Annual Report located</b>  <b>www.afi.com.au/our-</b>  <b>company#Companyreports and also at this</b>  <b>location: https://www.afi.com.au/people</b></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner at:  .....  <i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
4.3	<p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy at: <b>www.afi.com.au/corporate-governance</b>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: <b>www.afi.com.au/corporate-governance</b>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders at: <b>in our Corporate Governance Statement available at www.afi.com.au/corporate-governance</b>	<input type="checkbox"/> set out in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p><input checked="" type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p><b>www.afi.com.au/corporate-governance</b></p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p><b>Page 14 to 16 of the Annual Report located</b>  <b>www.afi.com.au/our-</b>  <b>company#Companyreports and also at this</b>  <b>location: https://www.afi.com.au/people</b></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<input type="checkbox"/> set out in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	<input checked="" type="checkbox"/> and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at:  <b>in our Corporate Governance Statement available at <a href="http://www.afi.com.au/corporate-governance">www.afi.com.au/corporate-governance</a></b>	<input type="checkbox"/> set out in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	<input checked="" type="checkbox"/> <i>[If the entity complies with paragraph (a):]</i> and we have disclosed how our internal audit function is structured and what role it performs at: ..... <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at:  <b>in our Corporate Governance Statement available at <a href="http://www.afi.com.au/corporate-governance">www.afi.com.au/corporate-governance</a> and our Risk Management Framework Section located at <a href="http://www.afi.com.au/corporate-governance">www.afi.com.au/corporate-governance</a></b>	<input type="checkbox"/> set out in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	<input checked="" type="checkbox"/> and we have disclosed whether we have any material exposure to environmental and social risks at:  <b>in our Corporate Governance Statement available at <a href="http://www.afi.com.au/corporate-governance">www.afi.com.au/corporate-governance</a> <i>[insert location]</i></b> and, if we do, how we manage or intend to manage those risks at:  <i>[insert location]</i>	<input type="checkbox"/> set out in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p><input checked="" type="checkbox"/> <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: <b>www.afi.com.au/corporate-governance</b> <i>[insert location]</i> and the information referred to in paragraphs (4) and (5) at: <b>Page 14 to 16 of the Annual Report located</b> <b>www.afi.com.au/our-</b> <b>company#Companyreports</b> and also at this location: <b>https://www.afi.com.au/people</b> ..... <i>[insert location]</i></p> <p><input type="checkbox"/> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:  <i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p><input checked="" type="checkbox"/> and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at:</p> <p>in the Remuneration Report of the 2023 Annual Report (page 18-29) at this location:</p> <p><b>www.afi.com.au/our-</b> <b>company#Companyreports</b></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>



## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	<input checked="" type="checkbox"/> and we have disclosed our policy on this issue or a summary of it at: in our <b>Corporate Governance Statement</b> available at <b>www.afi.com.au/corporate-governance</b> [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES</b>			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	<input type="checkbox"/> and we have disclosed information about the processes in place at: ..... [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	<input type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<input type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable <input type="checkbox"/> we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<input type="checkbox"/> and we have disclosed the information referred to in paragraphs (a) and (b) at: ..... <i>[insert location]</i>	<input type="checkbox"/> set out in our Corporate Governance Statement
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<input type="checkbox"/> and we have disclosed the terms governing our remuneration as manager of the entity at: ..... <i>[insert location]</i>	<input type="checkbox"/> set out in our Corporate Governance Statement