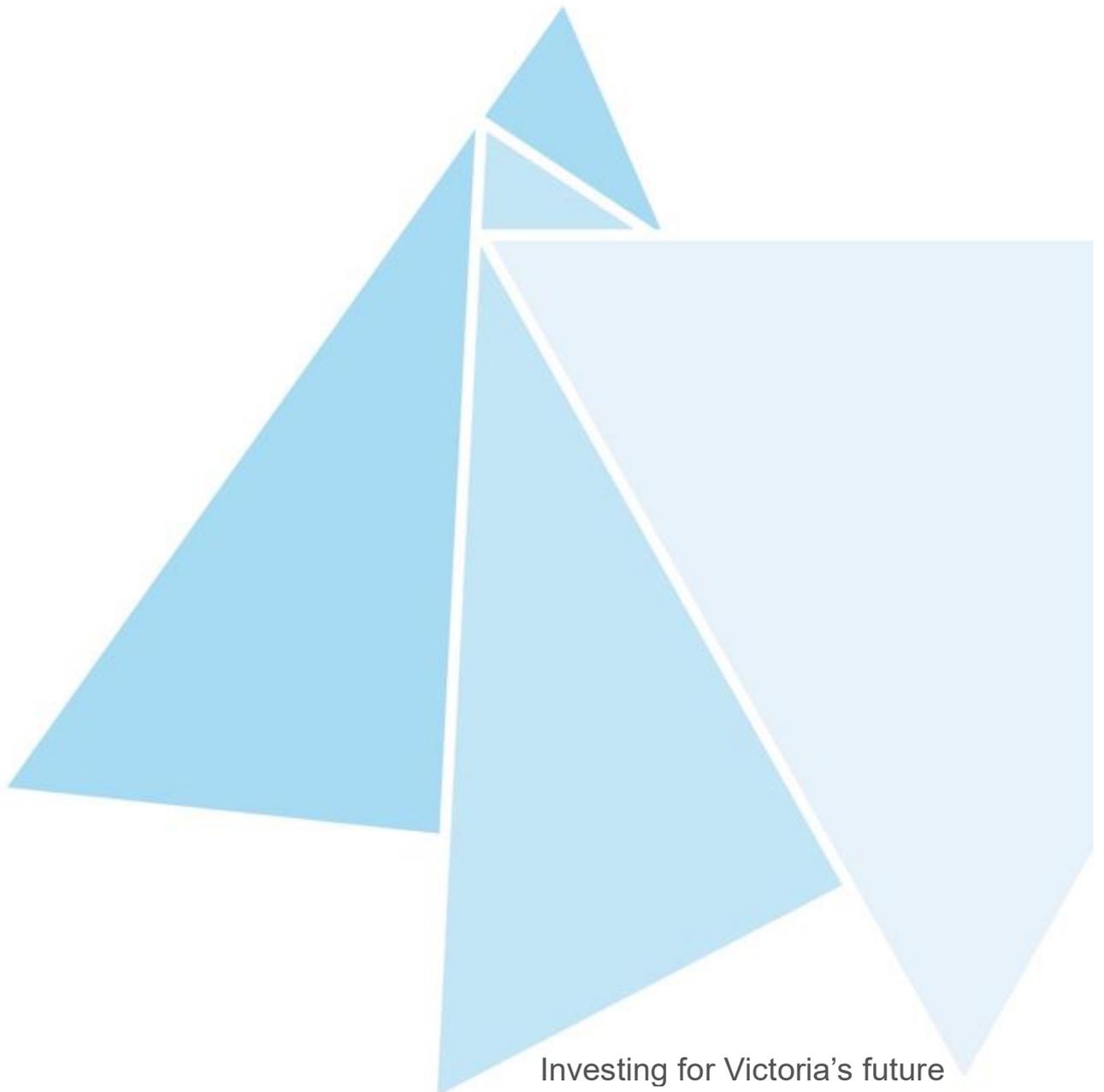


# VFMC Modern Slavery Statement

## FY2025



Investing for Victoria's future

# 1 Australian Modern Slavery Act 2018 (Cth)

## Reporting Criteria

Criterion	Reference Page
<i>Identify the reporting entity</i>	<i>Section 2: Reporting Entity</i> Page 3
<i>Describe the reporting entities':</i> <ul style="list-style-type: none"> <li>• <i>Structure</i></li> <li>• <i>Operations</i></li> <li>• <i>Supply chains</i></li> </ul>	<i>Section 3: About VFMC</i> Page 4 Page 6 Page 5
<i>Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls</i>	<i>Section 4: Approach to Modern Slavery Risk</i> Page 8
<i>Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes</i>	<i>Section 4: Approach to Modern Slavery Risk</i> Page 8-9
<i>Describe how the reporting entity assesses the effectiveness of these actions</i>	<i>Section 4: Approach to Modern Slavery Risk</i> Page 12
<i>Describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)</i>	<i>Section 2: Reporting Entity</i> Page 3
<i>Provide any other relevant information</i>	<i>Section 5: Modern Slavery Activities for the year ahead</i> Page 13



## 2 Reporting Entity

Victorian Funds Management Corporation (**VFMC**) provides investment and funds management services to Victorian public authorities.

VFMC and the following investment trusts, of which it is the sole trustee, are reporting entities of this joint Modern Slavery Statement (**Statement**):

- VFMC Cash Trust
- VFMC Fixed Income Trust
- VFMC Inflation Linked Bond Trust
- VFMC International Fixed Income Trust
- VFMC Fixed Income Alpha Trust
- VFMC Emerging Markets Debt Trust 2
- VFM Emerging Markets Trust
- VFMC Equity Trust 1
- VFMC Equity Trust 2
- VFMC International Equity Trust 1
- VFMC International Equity Trust 2
- VFMC Low Volatility Equity Trust 1
- VFMC Low Volatility Equity Trust 2
- VFMC Investment Trust IV
- VFMC Infrastructure Master Trust
- VFMC Infrastructure Feeder Trust 2
- VFMC Opportunistic Strategies Trust
- VFMC Balanced Fund
- VFMC Enhanced Income Trust (Class A & B)
- VFMC Growth Fund
- VFMC Investment Fund

VFMC is the trustee for other Investment (unit) trusts, which are below the \$100m threshold requirement, as set out in the FY25 Annual Report. This is VFMC’s fourth Statement under the Australian *Modern Slavery Act 2018* (Cth) (**MSA**), and it is a joint statement made pursuant to section 14 of the MSA, on behalf of VFMC in its own right and as trustee of the entities listed above. The trusts do not have employees and are used solely to facilitate VFMC’s investments. As these entities are under the sole operation and governance of VFMC as trustee, VFMC policies and processes (including arrangements under the modern slavery program) were formulated in connection with, and apply to, all the investment trusts. VFMC is a single entity, but it is recognised as a separate reporting entity in its capacity as Trustee for each of the investment trusts listed above. In this respect, consultation across those respective reporting entities is effectively achieved through joint consideration, approval and application of its policies and processes by the VFMC Board of Directors, its Executives, Corporation Secretary, Investment Stewardship team and supporting business units.

This Statement outlines the actions taken by VFMC and all entities it owns or controls to identify and address the risk of modern slavery in its business operations, supply chain and investments for the year ending 30 June 2025 (FY25).

This Modern Slavery Statement was approved by the Board of Victorian Funds Management Corporation.

Signed – <i>Lisa Gay, Chair</i>	 <p style="font-size: small; margin: 0;">DocuSigned by: 932910DBA7D0451...</p>
Date            12-12-2025	

### 3 About VFMC

VFMC is a contemporary public authority investing for the benefit of all Victorians, managing funds of \$98 billion<sup>1</sup> for 32 Victorian public authorities and related organisations.

It was established under the *Victorian Funds Management Act 1994* and is governed by an independent Board of Directors, whose members are appointed by the Governor in Council. The Chair and Deputy Chair are appointed by the Treasurer.

#### 3.1 Purpose

VFMC’s diverse team is united by a single purpose: Improving the future prosperity of Victoria.

VFMC’s main objective is to manage the long-term investments of Victorian State Government entities using its well-defined investment approach, including tailored asset mixes where appropriate and incorporating sustainability considerations.

#### 3.2 Governance and Policy Framework

As detailed in Figure 1, the Investment Stewardship team has responsibility for identifying, managing and monitoring modern slavery related issues, overseen by the Chief Investment Officer. Any instances of modern slavery that are identified will be reported to VFMC’s Audit Risk and Compliance Committee (ARCC) via the Chief Finance and Risk Officer (CFRO) report. Where required by law, VFMC will report any identified instances of modern slavery practice to the relevant authorities.

A number of policies, as set out in Figure 1 below, support VFMC’s modern slavery risk and compliance activities. Please refer to VFMC’s corporate [website](#) for further information on its approach to corporate governance.

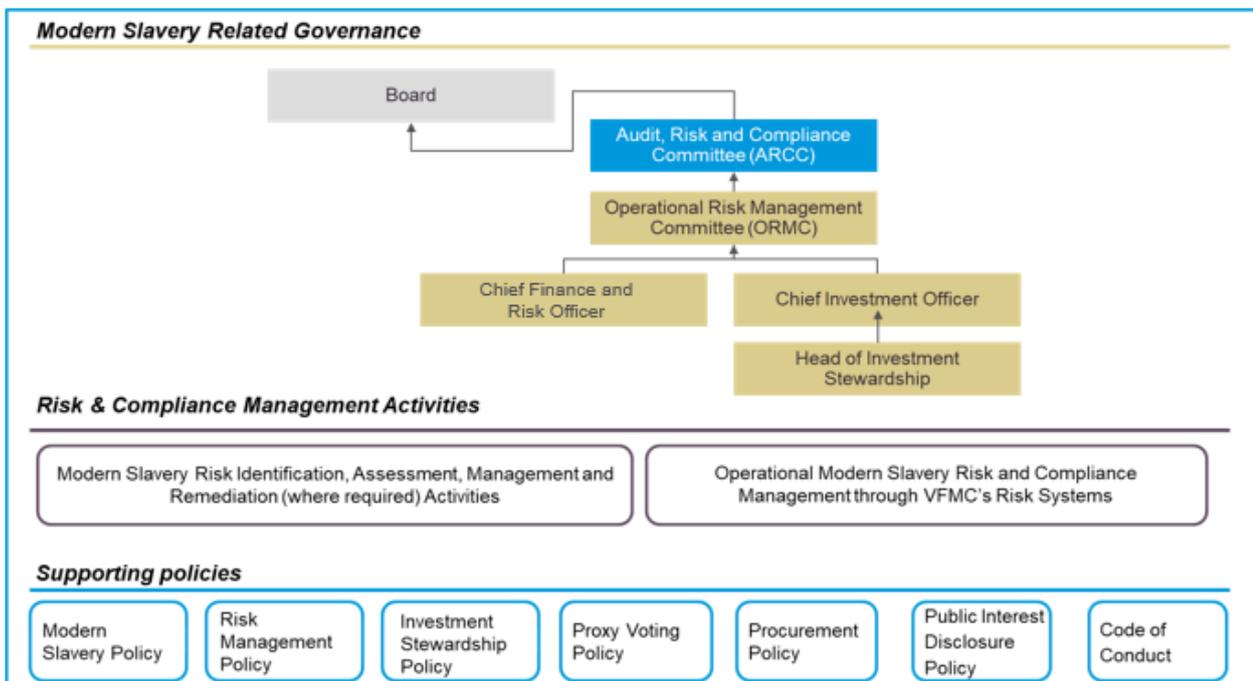


Figure 1: VFMC Modern Slavery Governance Structure

<sup>1</sup> As at 30 September 2025

### 3.3 VFMC's Supply Chain

VFMC recognises the value of human capital within organisations. It seeks to ensure investee companies and managers embrace business practices that safeguard labour rights and promote safe operating environments for their people.

In developing VFMC's [Modern Slavery Policy](#) and approach to managing modern slavery risk, VFMC has considered the nature of activities across its operations and supply chains where modern slavery risks may exist. VFMC's operations and supply chain include third parties and outsourced providers appointed for the purpose of providing investment services and supporting the business operations, which are asset management related. An indicative overview of VFMC's operations and supply chains is outlined below in Figure 2.

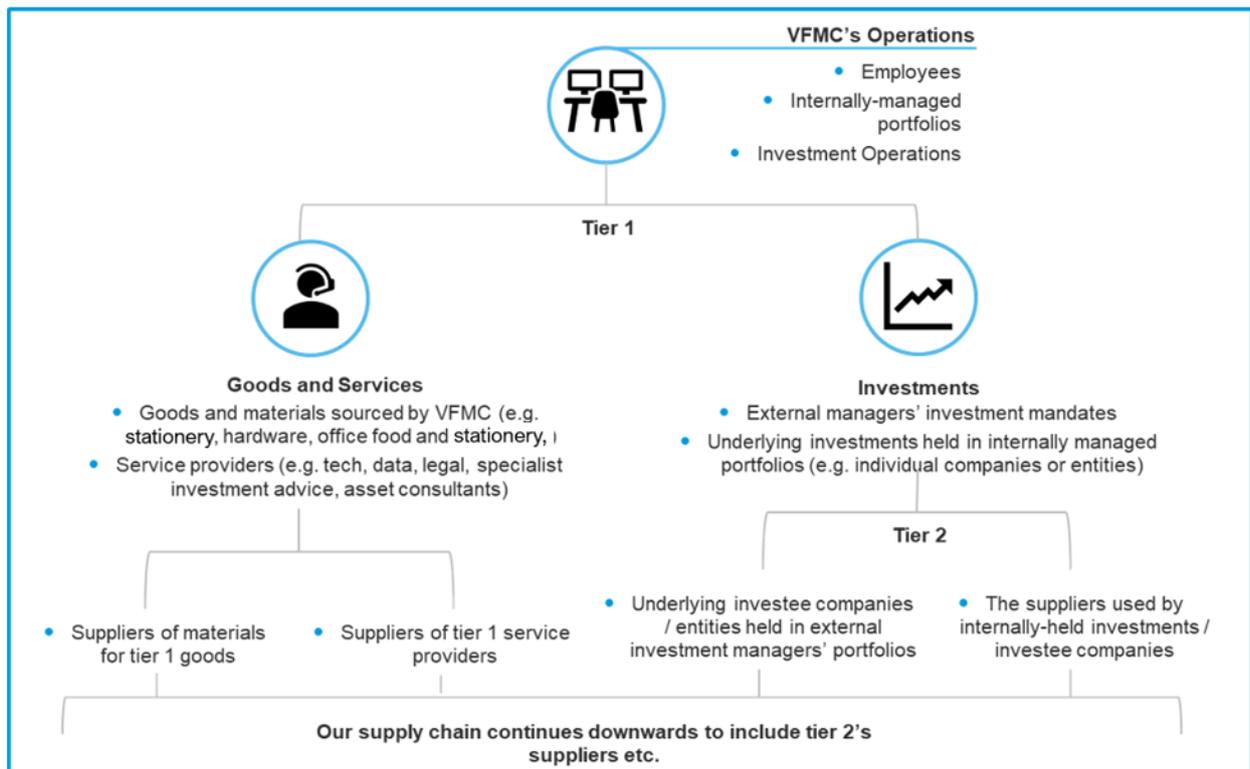


Figure 2: VFMC's high level supply chain

#### VFMC Workforce

VFMC employs 154 people, and its operations are headquartered in Melbourne, Victoria in Australia. In the general course of business and as part of its commitment to flexible and hybrid ways of working, some of its people may work in locations outside Victoria, from time to time in accordance with its Flexible Working Policy. All of these arrangements are undertaken in line with Australian employment law. VFMC's workforce consists of predominantly permanent employees across a variety of professional roles (a breakdown of employees is provided in the [VFMC Annual Report](#)).

Utilising the Modern Slavery Risk Assessment, at an organisational level, VFMC's potential exposure to modern slavery risk within its workforce is assessed to be low. This is attributed to its Victorian domiciled, office-based, professional workforce coupled with its strong commitment to health and safety in its workplace and robust governance framework. Relevant policies that support a safe working environment include:

- Code of Conduct
- Diversity, Inclusion and Belonging policy
- Flexible Work Policy

- Guidance and Procedure for Workplace Complaints
- Workplace Behaviour Policy
- Occupational, Health and Safety Policy

**VFMC Operations**

VFMC provides investment and fund management services to Victorian public authorities and the State of Victoria in a commercially effective, efficient, and competitive manner. VFMC manages investment risks and builds portfolios that aim to optimise returns and meet client objectives, as such, VFMC’s supply chain includes third parties and outsourced providers appointed for the purpose of providing investment services and supporting business operations which are asset management related. Approximately 33% of VFMC’s funds are managed internally.

Effective management of environmental, social and governance (ESG) risks, including managing human rights risks within supply chains, is integral to VFMC’s investment processes. VFMC believes that being an active steward of investment capital adds value to clients’ portfolios by managing these risks, identifying opportunities and influencing positive ESG outcomes in the value chains of its operations and portfolio. VFMC became a signatory to the UN-supported Principles for Responsible Investment (PRI) in 2007 and regularly collaborates with peer investors and other industry participants.

**VFMC Suppliers**

VFMC has a significant network of local and global suppliers, with goods and services procured to support its investment management operations. A Tier 1 supplier is defined as a direct supplier to VFMC, with the main supply chain categories comprising professional services, IT and software services, and investment management services. These categories account for approximately 77% of suppliers by count and approximately 95% of supplier spend. A breakdown of VFMC’s key suppliers is summarised below.

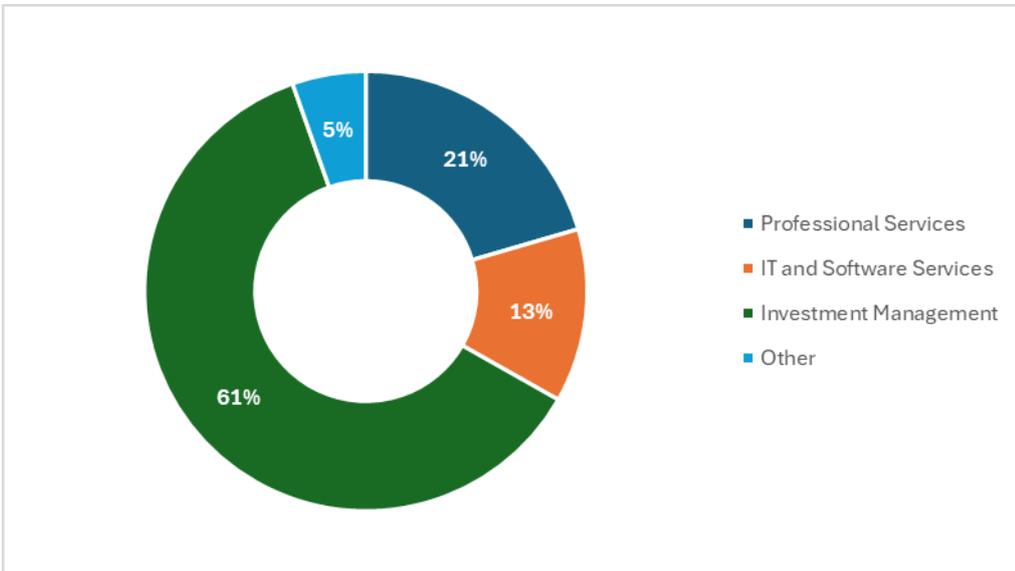


Figure 3: VFMC Supplier breakdown by Spend.

Irrespective of whether they are themselves captured by the MSA, VFMC expects its suppliers to actively implement adequate measures to identify, assess and address the risk of modern slavery in their own operations, supply chains and investment activities.

The VFMC Procurement Policy aims to ensure goods and services purchased by comply the Victorian Government’s Code of Conduct for suppliers, which works to ensure that businesses and supply chains meet expectations around integrity, conflict of interest, corporate governance, labour and human rights, health and safety and environmental management.



Additionally, VFMC also has a VFMC Social Procurement Policy aligned to the Victorian Government’s Social Procurement Framework, which seeks to use VFMC’s buying power to generate social value above and beyond the value of the goods and services being procured.

**VFMC Investments**

VFMC provides investment and fund management services to Victorian public authorities and the State of Victoria through a centralised investment model. These client funds are invested across a range of asset classes and across the globe, with Tier 1(external fund managers) exposure through Tier 2 investee companies spanning 67 countries. These include Australian and International Equities, Infrastructure, Property, Hedge Funds, Private Credit, Emerging Market Debt, Inflation Linked Bonds, Australian Bonds, US Bonds and Cash. Figure 4 below provides a breakdown of VFMC’s investment portfolio by geography and size of exposure (denoted by the size of the circle).

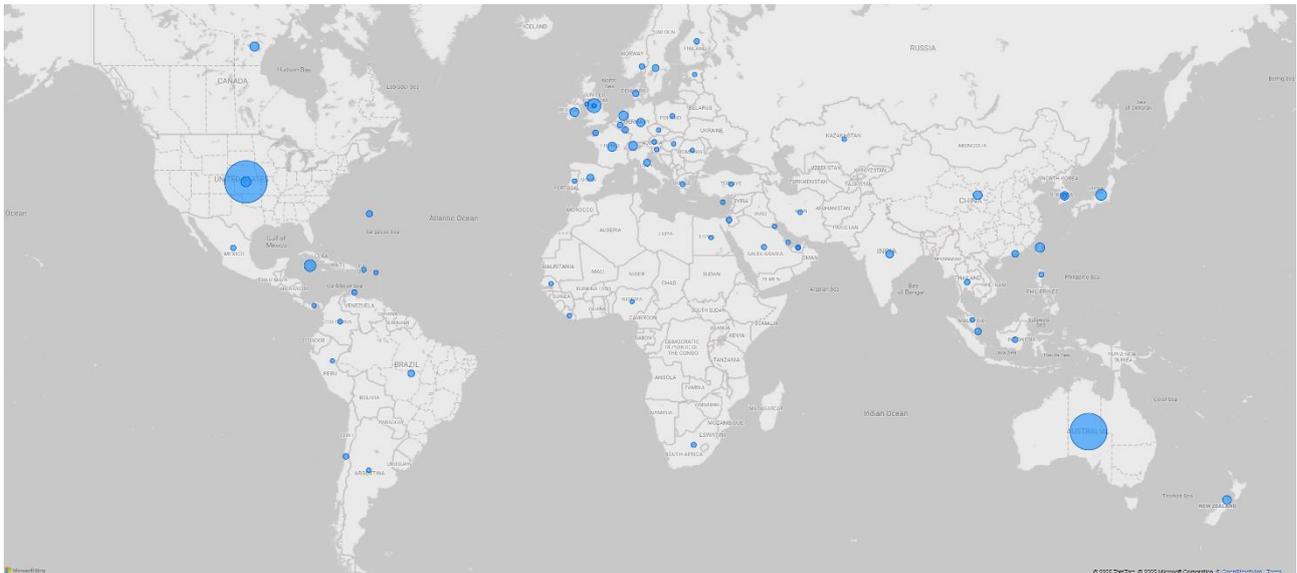


Figure 4: VFMC Investments by Geography

## 4 Approach to Modern Slavery Risk

VFMC’s approach to understanding, identifying, assessing and managing modern slavery risks in its operations and supply chain is informed by regulation, industry guidance and research resources. An overview of VFMC’s approach is set out in Figure 5.

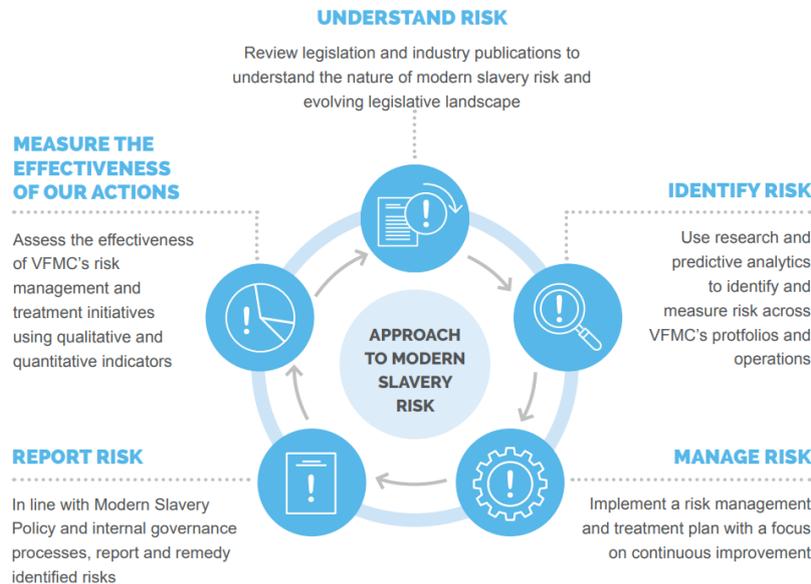


Figure 5: VFMC’s approach to Modern Slavery Risk Assessment Management and Mitigation

### 4.1 Understanding Modern Slavery Risk

Modern slavery refers to situations of exploitation that a person cannot refuse or leave because of threats, violence, coercion, deception, or abuse of power. It is a hidden crime that affects every country in the world<sup>2</sup>.

In complying with the MSA and in line with the UN Guiding Principles on Business and Human Rights, VFMC seeks to continually develop its understanding of modern slavery, its risk, and prevalence in its value chains, to better address human rights risks related to business activities. This understanding also supports VFMC’s efforts to support resilient and stable operating environments, minimising the potential risk of business disruptions, penalties for non-compliance with human rights-related regulations, productivity challenges and broader reputational issues.

### 4.2 Identifying VFMC’s Modern Slavery Risk

The prevalence of modern slavery and human rights risks is influenced by factors such as labour force structures, social, political and environmental conditions in the geographies within which it and its suppliers operate, regulatory and governance regimes, as well company specific organisational values. As supply chains are becoming increasingly global, dynamic, and complex, companies are increasingly exposed to business risks stemming from human rights issues embedded in or associated with their supply chains.

VFMC employs a multi-factor process to identify modern slavery risks in its investments and investment supply chain. This process enables VFMC to monitor and assess identified modern slavery risks, incidents, United Nations Guiding Principles on Business and Human Rights (UNGP) breaches, remediation and ongoing risk management efforts. It also reflects industry best-practice guidance from ACSI, Investors Against Slavery and Trafficking (IAST), UNPRI, KPMG, Monash University and the Global Slavery Index.

<sup>2</sup> Walk Free (2022) “What is Modern Slavery?” <<https://www.walkfree.org>>

As outlined in Figure 2, VFMC's Tier 1 supply chain encompasses both Operations and Investments. Given the material size of investments in the broader context of VFMC's overall supply chains (accounting for over 60% of total spend) and due to it being a core function of the organisation, VFMC has prioritised undertaking further supply chain risk analysis at the tier 2 level of our investments.

#### 4.2.1 Methodology

As part of its commitment to continuous improvement with respect to how VFMC identifies modern slavery risks across its organisational supply chains, VFMC has evolved its process and has appointed a third-party data vendor to support VFMC's Modern Slavery Risk Assessment across our supply chains. This enhancement allows us to better systematically evaluate these risks and also access more timely data for ongoing monitoring. The Modern Slavery Risk Assessment evaluates a company's exposure to modern slavery risks in its operations and its supply chain. The measure is an average of Location Risk, Supply Chain Risk and Controversy as it relates to human and labour rights. These are explained below. Identifying and quantifying such exposure is essential to understanding the systemic and ongoing risks associated with modern slavery and the maturity of corporate practices in the management of labour rights.

- The Location Risk assessment follows the United Nations Guiding Principles on Business and Human Rights (UNGPs), categorising risk as high, medium, or low.
- The Supply Chain Risk assessment rates a company's modern slavery risk based on the relevance of its suppliers' industries and links to at-risk products, resulting in a high, medium, or low risk rating.
- The Controversy Exposure assessment identifies companies connected to modern slavery incidents through their operations or business relationships. Frequent controversies may indicate that existing policies are ineffective and that systemic risks persist.

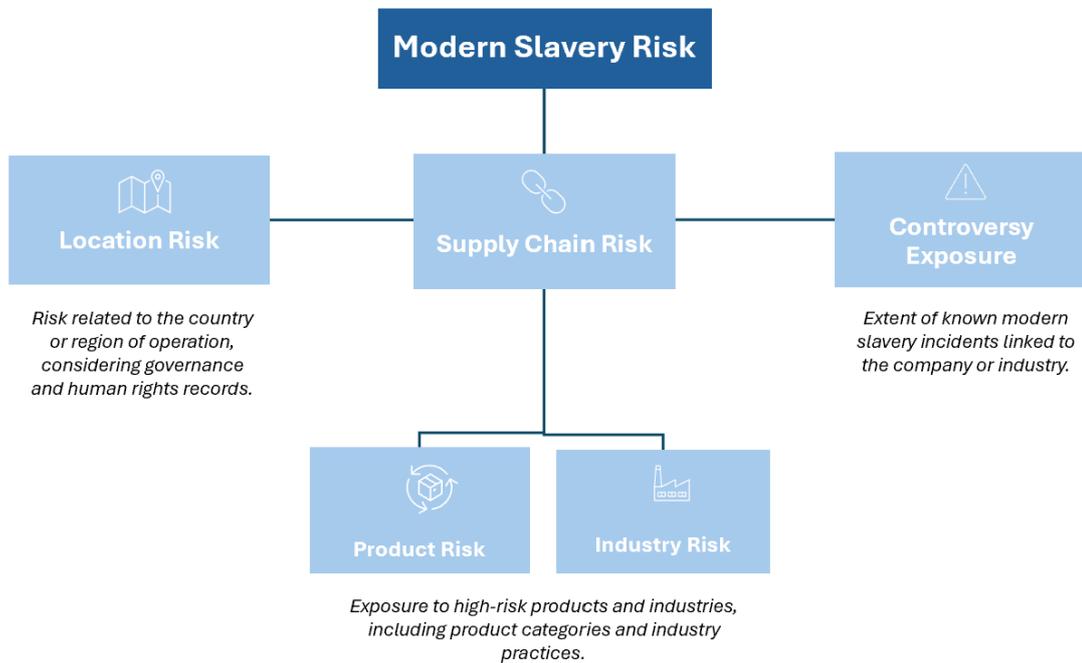


Figure 6: Modern Slavery Risk Assessment

### 4.2.2 Risk Assessment Results

**Tier One: Suppliers**

Figure 7 below summarises the risk profile for VFMC’s top 10 investment and operations suppliers as measured by VFMC’s spend. The purple bar indicates the combined country and GICS risk rating and the blue bar indicates the residual risk once mitigating controls, such as if the supplier is reporting and/or captured by the Modern Slavery Act in Australia or the UK, has governance and policy frameworks to manage human rights risk and/or whether they are captured by the US UFLPA and EU CSDDD, have been taken into account. As detailed below, after considering mitigating controls, 19 of VFMC’s largest suppliers are deemed to be low risk and 1 supplier is deemed to be medium risk.

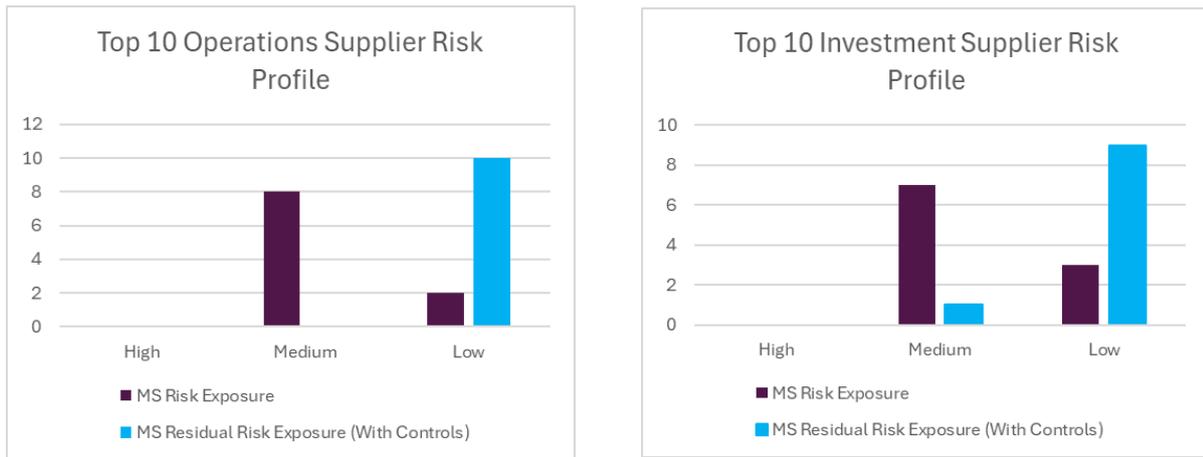


Figure 7: VFMC Top 10 Operations Suppliers and Investment Management Modern Slavery Risk Rating

**Tier Two: Investee Companies**

The assessment found that VFMC’s top 10 listed investment holdings, whilst domiciled in Australia and United States of America, had some exposure to supply chains in high-risk geographies such as China and sector exposure to textiles and mining. When considered in the context of global portfolios, these risk exposures are in line with industry benchmarks. These companies have been flagged for future engagement activities through our external fund managers.

### 4.3 Managing VFMC’s Modern Slavery Risks

Utilising the results of the MS risk analysis, VFMC integrates modern slavery risk and broad labour rights assessment analysis into its existing ESG assessment processes. VFMC engages directly with many of its largest external investment managers and underlying investee companies as part of its active ownership activities.

**FY25 MS Engagement Snapshot**



### Tier One Suppliers: Operations

In FY25, VFMC:

- completed an annual review of the VFMC Modern Slavery policy.
- Reviewed any high value and/or business critical new vendor goods and services contracts so that they comply with the Victorian Supplier Code of Conduct (including labour and human rights).
- progressed a training module on modern slavery to be rolled out in FY26 to staff.

### Tier One Suppliers: Investment Management

In FY25, VFMC:

- assessed modern slavery risk, human rights controversies, and labour rights indicators using external ESG providers.
- engaged with portfolio companies identified as modern slavery risk laggards and monitored progress over time.
- integrated Modern Slavery Clauses into Investment Management Agreements where feasible; and
- engaged a specialist data vendor to enhance supply chain risk mapping and reporting capabilities.

### Tier Two Suppliers: Investee Companies

In FY25, VFMC:

- participated in various modern slavery and human rights collaborative initiatives, including the Investors Against Slavery and Trafficking (IAST) initiative.
- voted in support of human rights related shareholder resolutions; and
- through its engagement provider, engaged 24 companies on modern slavery to assess the due diligence practices, mitigation of risk and how they are addressing modern slavery if any is found.

## 4.4 Reporting Risk and Responding to Identified Cases of Modern Slavery Practices

Where incidents of modern slavery are identified in VFMC's indirect operations through its supply chain, VFMC will use its influence to support improvements in the supplier or investee company's business practices. In VFMC's investments, this will typically take the form of engagement with investee companies, fund managers and other suppliers and like-minded investors.

In line with VFMC's governance of modern slavery risk structure (refer section 3.2), any identified instances of modern slavery in its Tier 1 supply chains are reported to VFMC's Audit Risk and Compliance Committee (ARCC) via the Chief Finance and Risk Officer's reports.

Where practicable, VFMC may consider options to terminate subject to contractual arrangements or divest an investment in its portfolio in instances where a modern slavery impact is irremediable. This may also apply where an investment manager, other supplier or investee has consistently, over a set timeframe, failed to implement appropriate due diligence measures regarding modern slavery risks in their operations or supply chain. Where required by law, VFMC will report any identified instances of modern slavery practice to the relevant authorities.

#### 4.5 Measuring Effectiveness

Drawing on the MSA Guidance for Reporting Entities, VFMC has developed a framework to monitor the effectiveness of its ongoing modern slavery activities, including tracking the following indicators of progress:

- percentage of engagements that advocate for addressing modern slavery and human rights;
- number of high-risk entities where further due diligence is undertaken;
- number and percentage of new or renewed contracts containing modern slavery clauses; and
- number and percentage of identified high risk suppliers reviewed, with targeted discussions advocating for modern slavery compliance.



## 5 Modern Slavery Activities FY2026

VFMC is planning to undertake the following actions in FY26 as part of its continuous improvement approach:

<p>Policies, Process and Governance</p>	<ul style="list-style-type: none"> <li>Review and refresh <i>Modern Slavery Policy</i> in line with evolving best practice expectations and updated Modern Slavery Act</li> <li>Formalise review of modern slavery risk management effectiveness by Operational Risk Management Committee</li> </ul>
<p>Procurement and Operations</p>	<ul style="list-style-type: none"> <li>Procurement processes and controls for Modern Slavery risk identification and compliance with VGPB Code of Conduct requirements</li> <li>Formally integrate Modern Slavery risk training into corporate training</li> <li>Identify high risk suppliers and undertake engagement to understand the robustness of their approach to managing Modern Slavery risks within their supply chains</li> </ul>
<p>Investments</p>	<ul style="list-style-type: none"> <li>Continuously assess modern slavery risk, human rights related controversies and leading indicators of labour rights abuses, using its external ESG providers</li> <li>Engage with modern slavery risk laggards across the portfolio and report outcomes as part of a multi-year engagement plan.</li> <li>Where feasible, systematically integrate Modern Slavery Clauses in Investment Management Agreements (IMAs)</li> <li>Integrate new supply chain data sets into existing processes to better evaluate and monitor risks</li> </ul>