



## **Corporate Code of Conduct**

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**Magellan Flagship Fund Limited**

**ACN 121 977 884**

# Corporate Code of Conduct

## 1. Introduction

Magellan Flagship Fund Limited ("**Company**") is an Australian Stock Exchange Limited ("**ASX**") listed investment company. The Company's investment activities are managed by Magellan Asset Management Limited ("**Manager**") pursuant to an investment management agreement dated 10 November 2006. The Company has also outsourced key aspects of its corporate administration to the Manager pursuant to an administrative services agreement dated 10 November 2006.

## 2. Purpose

The purpose of this Code of Conduct ("**Code of Conduct**") is to:

- (a) articulate the high standards of honest, ethical and law-abiding behaviour that the Company expects of its officers ("**Officers**") and the officers and employees of the Manager ("**Representatives of the Manager**");
- (b) encourage the observance of those standards so as to protect and promote the interests of shareholders and other stakeholders;
- (c) guide Officers and Representatives of the Manager as to the practices thought necessary to maintain confidence in the Company's integrity; and
- (d) set out the responsibilities and accountabilities of Officers and Representatives of the Manager to report and investigate reports of unethical practices.

This Code of Conduct applies to the Company and its Officers, and the Manager and Representatives of the Manager.

## 3. Honesty and Integrity

3.1 The Company expects all Officers and Representatives of the Manager to observe the highest standards of honesty, integrity and ethical behaviour in performing their duties and in dealing with the Company's Officers, shareholders, suppliers, the external auditor, external lawyers and other advisers.

3.2 To reinforce the Company's culture of honesty and integrity, the Company aims to provide, and requires the Manager to similarly provide, a professional and safe working environment. To achieve this, the Company:

- (a) does not permit its Officers, and requires that the Manager does not permit Representatives of the Manager, to work while under the influence of alcohol or illegal drugs; and
- (b) promotes a healthy and safe work environment and encourages Officers and Representatives of the Manager to report matters which may cause injury to colleagues or stakeholders.

## 4. Conflicts of Interest/Duty

4.1 Each Officer and Representative of the Manager needs to be sensitive to, and mindful of, the potential for conflicts to arise (directly or indirectly) between:

- (a) the interests of the Company (or the duties owed to the Company by that Officer or Representative of the Manager), on the one hand; and

- (b) any personal (or external business) interests of that Officer or Representative of the Manager (or the duties owed to an external company or entity by any such person), on the other hand.

Where an Officer or Representative of the Manager has an actual or potential conflict of interest or duty in connection with the Company's affairs, the Company expects that Officer or Representative of the Manager to be vigilant in seeking to ensure that:

- (a) he or she complies with all applicable obligations to the Company; and
- (b) adequate and appropriate steps are taken to safeguard the interests of the Company and its shareholders.

4.2 Officer and Representative of the Manager must be careful to avoid placing themselves in a position where there would be an actual or potential conflict of interest, or a reasonable perception of an actual or potential conflict of interest, between the interests of the Company (or their duties to the Company) and any personal or external business interests (or duties). If Officers or Representatives of the Manager are in any doubt as to whether a conflict arises, they must disclose the conflict to the company secretary of the Company ("**Company Secretary**") and follow his or her instructions about how to resolve the conflict.

4.3 The contracts of employment of each Officer and Representative of the Manager contain more detailed provisions dealing with how to avoid conflicts of interest and duty.

## 5. **Corporate Opportunities**

5.1 Officers and Representatives of the Manager must not improperly use:

- (a) their position with the Company or the Manager as the case may be; or
- (b) property or information of the Company obtained as a result of their position,

to gain an advantage for themselves (or for a relative or other associate) or to compete with or harm the Company.

5.2 Officers and Representatives of the Manager must not use the name of the Company (or any other business name or trademark used by the Company) for the purposes of any personal or external business transaction (such as, a business transaction that does not occur as part of the Company's ordinary business and relates to their separate business affairs).

5.3 Officers and Representatives of the Manager must keep any personal or external business dealings separate from the business dealings of the Company.

5.4 Officers and Representatives of the Manager must not use their position with the Company or the Manager as the case may be to obtain a personal gain (or a gain for a relative or other associate) from the existing or potential stakeholders, or the external auditor, external lawyers or other advisers of the Company.

5.5 The contracts of employment Officers and Representatives of the Manager include provisions which prohibit receipt or provision of improper personal gifts.

## 6. **Confidentiality**

6.1 Officers and Representatives of the Manager are required to:

- (a) maintain the confidentiality of all confidential information acquired in the course of performing their duties to the Company or the Manager as the case may be; and

- (b) not make improper use of, or improperly disclose, such confidential information to third parties,

except as otherwise approved by the board of directors of the Company ("**Board**") or required by law or the listing rules of an applicable stock exchange.

- 6.2 These obligations of confidentiality continue after Officers and Representatives of the Manager leave office or the employment of the Company or the Manager as the case may be.

## 7. **Fair Dealing**

- 7.1 The Company expects Officers and Representatives of the Manager to deal fairly (and to encourage others to deal fairly) with shareholders and with other stakeholders of the Company.

- 7.2 Officers and Representatives of the Manager must not take unfair advantage of any shareholder, supplier, competitor, employee, the external auditor, external lawyer or adviser of the Company through illegal conduct, manipulation, undue influence, concealment, abuse of privileged or confidential information, misrepresentation of material facts, or any other unfair-dealing practice.

- 7.3 Officers and Representatives of the Manager are expected to record accurately the performance and financial position of the Company and to communicate business goals and achievements in a fair and honest manner to shareholders.

## 8. **Protection and Proper Use of the Company's Assets**

- 8.1 The Company expects Officers and Representatives of the Manager to use all reasonable endeavours to protect the assets of the Company and to ensure their efficient use. Any suspected incidents of fraud or theft should be reported immediately for investigation. Incidents should be reported to the Company Secretary. Incidents in respect of the Company Secretary should be reported to the chairman of the Board ("**Chairman**").

- 8.2 Officers and Representatives of the Manager must use the assets of the Company for legitimate business purposes or other purposes approved by the Board.

- 8.3 Officers and Representatives of the Manager must protect the assets of the Company (including proprietary information such as intellectual property, investment proposals and any information that is not generally known to the public). This obligation to protect the Company's assets continues after Officers and Representatives of the Manager leave office and the employment of the Company or the Manager as the case may be.

## 9. **Compliance with Laws, Regulations, Policies and Procedures**

- 9.1 The Company requires officers and employees to comply with:

- (a) both the letter and spirit of all laws, rules and regulations that apply to the Company in the conduct of its business and affairs;
- (b) all directions issued by the Company in its protocols, policies and procedures, including (but not limited to) the Company's Corporate Code of Conduct.

- 9.2 The Company also requires its directors, officers and employees to comply with its staff share trading policy.

## 10. **Encouraging the Reporting of Unlawful and Unethical Behaviour**

- 10.1 The Company is committed to promoting and maintaining a culture of compliance with the standards, requirements and expectations set out in this Code of Conduct. To fulfil this commitment, the Company needs to be able to ensure that:

- (a) violations of those standards, requirements and expectations are detected and reported; and
  - (b) appropriate action is taken in response to any such violations.
- 10.2 Accordingly, the Company expects each Officer and Representative of the Manager to report, promptly and in good faith, any violation by other Officers or Representatives of the Manager of the standards, requirements or expectations set out in this Code of Conduct (or of any other unethical, unlawful, fraudulent or corrupt behaviour) of which he or she becomes aware or has reasonable grounds to suspect.
- 10.3 The Company recognises that the identity of the person or persons to whom any such violations should be reported might vary depending on the particular circumstances. Subject to this, as a general rule, Officers and Representatives of the Manager are encouraged to report any such violations to the Company Secretary or the Chairman.
- 10.4 Where an Officer or Representative of the Manager (**Reporting Person**) reports, in good faith, an actual or suspected violation of this Code of Conduct:
  - (a) the Company will, to the extent practicable, keep the Reporting Person's identity confidential; and
  - (b) no disciplinary or other adverse action will be taken (or tolerated) against the Reporting Person as a consequence of reporting that violation.
- 11. **Effect of this Code**
- 11.1 This Code of Conduct consists of reasonable directions issued by the Company with which each Officer and Representative of the Manager is required to comply under his or her letter of appointment or contract of employment.
- 11.2 This Code of Conduct is to be read in conjunction with the letter of appointment or contract of employment of an Officer and Representative of the Manager and is not intended to limit, in any way, any of the terms of that letter or contract.
- 11.3 A breach of this Code of Conduct may result in disciplinary action against an Officer or Representative of the Manager up to and including dismissal or other legal action.