



Corporate Governance Statement

Magellan Financial Group Limited
ACN 108 437 592

Current as at and approved by the Board on 16 August 2021

OVERVIEW

The Board of Directors ("Board") and management of Magellan Financial Group Limited ("MFG" or the "Company") (ASX:MFG) recognise the importance of, and are committed to, achieving high corporate governance standards. The Company believes that achieving high corporate governance standards adds value to stakeholders and raises regulator and investor confidence.

The Company's key operating subsidiary is Magellan Asset Management Limited ("MAM"). The Company and MAM are referred to as "**Magellan**" in this Statement.

The Board, in consultation with management, determines appropriate corporate governance practices, taking into account the Corporations Act 2001 (*Cth*), ASX Listing Rules, ASX Corporate Governance Council Principles and Recommendations ("**Governance Principles**"), regulatory requirements of the Australian Securities and Investments Commission and legislative and regulatory requirements of jurisdictions in which Magellan operates. Where, after due deliberation, Magellan's corporate governance practices differ from the Governance Principles, this Corporate Governance Statement ("**Statement**") sets out the reasons for the difference.

MAM is the holder of an Australian Financial Securities Licence ("**AFSL**") 304301 and is registered as an investment adviser in the United States and as a Promoter and Investment Manager to Irish authorised collective investment schemes. MAM is the Responsible Entity of:

- Magellan Global Fund Hedged;
- Magellan Infrastructure Fund;
- Magellan Infrastructure Fund Unhedged; and
- Magellan High Conviction Fund.

together with the ASX AQUA quoted Funds:

- Magellan Global Fund Open Class (ASX: MGOC);
- Magellan Global Equities Fund (Currency Hedged) (ASX: MHG);
- Magellan Infrastructure Fund (Currency Hedged) (ASX: MICH); and
- Airlie Australian Share Fund (ASX: AASF).

the ASX listed Funds:

- Magellan Global Fund Closed Class (ASX: MGF); and
- Magellan High Conviction Trust (ASX: MHH).

and the Chi X quoted Funds:

- Magellan FuturePay (CHA: FPAY);
- MFG Core Infrastructure Fund (CHA: MCSI);
- MFG Core ESG Fund (CHA: MCSE);
- MFG Core International Fund (CHA: MCSG); and
- Magellan Sustainable Fund (CHA: MSUF).

MAM is also the Trustee of the unregistered managed investment scheme, Airlie Concentrated Share Fund.

MAM has statutory and fiduciary obligations to act in the best interest of its Funds, the unit holders and direct investors and clients.

As part of the governance process, the Board and management regularly review Magellan's policies and practices to ensure that they meet the requirements of stakeholders and that there is a process of continual improvement in governance standards. A copy of the charters and policies mentioned in this Statement are available in the Shareholder Centre section on the MFG website at www.magellangroup.com.au under Corporate Governance.

This Corporate Governance Statement reports against the ASX Corporate Governance Council's *Corporate Governance*

Principles and Recommendations 4th Edition, February 2019 ('ASX Corporate Governance Principles').

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 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**

The Board is responsible for the overall operation and stewardship of Magellan and is responsible for its overall success and long-term growth and corporate governance. The Board has approved a formal Charter which details its role, powers, duties and functions. The Charter is reviewed regularly, or whenever significant change occurs, to remain relevant to Magellan and its activities. The Board has retained all authority required by law and has specifically reserved various powers including:

- approving the strategic direction of Magellan and significant corporate initiatives;
- approving the code of ethics to underpin the desired culture within the company;
- approving the annual budget and financial statements and monitoring financial performance against forecast and prior periods;
- overseeing the entity's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the entity's securities;
- ensuring Magellan has in place an appropriate risk management framework and setting the risk appetite;
- assessing and determining whether to accept risks beyond the approval discretion provided to management;
- monitoring the effectiveness of risk management and compliance including satisfying itself through reporting and oversight that appropriate internal control mechanisms (for both financial and non-financial risks) are in place and are being implemented;
- determining capital management policies including dividend policy and the amount, timing and nature of dividends to be paid;
- appointing and removing the Chairman, Chief Executive Officer and the Company Secretary;
- establishing Committees of the Board and, in relation to each Committee, appointing the members and the Chairman, setting Committee charters and delegating authority to relevant Committees;
- assessing the performance of the Board and individual Directors and determining the remuneration of Directors and Committee member; and
- satisfying itself that the entity's remuneration policies are aligned with the entity's purpose, values, strategic objectives and risk appetite.

A copy of the Board Charter can be found in the Shareholder Centre section on Magellan's website at www.magellangroup.com.au under Corporate Governance.

Management is responsible for implementing the strategic objectives and operating within the risk appetite set by the Board and for all other aspects of the day to day running of Magellan. Management is also responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

Recommendation 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**

Prior to appointing a Director or senior executive, or putting forward a new candidate for election, appropriate screening checks are undertaken as to the person's character, experience, education, criminal record and bankruptcy history. In putting forward a Director to shareholders for election or re-election the Company will provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect the Director including, but not limited to:

- biographical details, including their relevant qualifications and experience together with the skills they bring to the Board;
- details of any interest, position, association or relationship that might influence or be perceived to influence the independence or ability to act in the best interests of the Company of that Director;
- the term of office currently served by the Director;
- whether the Board considers the Director to be an independent Director;
- details of any other material directorships currently held by the candidate;
- a statement by the Board as to whether it supports the election of the candidate; and
- any other material information that the Board considers to be relevant to the election or re-election of the Director.

Recommendation 1.3 – A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment

Upon appointment, each Director and senior executive is required to sign a letter which sets out the terms and conditions of their appointment or employment.

Recommendation 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

The Company Secretary is accountable directly to the Board, through the Chairman, for all corporate governance matters.

The role of the Company Secretary for Magellan is to:

- advise the Board and its Committees on governance matters;
- monitor that Board and Committee policies and procedures are followed;
- co-ordinate the timely completion and despatch of Board and Committee papers;
- ensure that the business at Board and Committee meetings is accurately captured in the minutes; and
- help to organise and facilitate the induction of Directors.

Each Director can communicate directly with the Company Secretary and vice versa.

Recommendation 1.5 – A listed entity should:

- a) **have and disclose a diversity policy;**
- 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;**
- c) **disclose in relation to each reporting period:**
 1. **the measurable objectives set for that period to achieve gender diversity;**
 2. **the entity's progress towards achieving those objectives**
 3. **either:**
 - (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**

(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.

Magellan recognises the value of attracting and retaining employees with different backgrounds, knowledge, experience and abilities. Magellan’s policy is to recruit and manage on the basis of competence and performance regardless of age, race, gender, nationality, religion, sexuality, physical ability or cultural background. The Board annually reviews the measurable objectives it has set to achieve improvement in the diversity of employees. Magellan’s Diversity Policy can be found in the Shareholder Centre section on Magellan’s website at www.magellangroup.com.au under Corporate Governance.

Details of the gender diversity targets set by the Board and an overview of Magellan’s gender diversity are set out in the Corporate Sustainability and Responsibility Report contained in MFG’s Annual Report.

Recommendation 1.6 – A listed entity should:

- a) **have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and**
- 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.**

The Board’s Charter requires the Board to review its performance and the performance of its Committees and Directors every two years.

The review considers the Board’s role, the processes of the Board and its Committees as well as the collective and individual performance of the Board, its Committees and each Director. The review may be conducted through a combination of written and oral communications and is discussed by the whole Board. An individual Director’s performance is considered when the Board determines whether or not to support the Director for re-election.

A performance evaluation was undertaken for the year ended 30 June 2021 in accordance with this process.

Recommendation 1.7 – A listed entity should:

- a) **have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and**
- 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.**

Annual performance evaluations are conducted for senior executives of Magellan by the Chief Executive Officer and the Chairman. Details of the process are included in the Remuneration Report attached to the Annual Report, a copy of which can be found in the Shareholder Centre section on Magellan’s website at www.magellangroup.com.au under Reports & ASX Releases.

The Remuneration and Nominations Committee monitors performance of the Chairman and the Chief Executive Officer against set key performance indicators.

A performance evaluation was undertaken for the year ended 30 June 2021.

PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

Recommendation 2.1 – The board of a listed entity should:

- a) have a nomination committee which:**
 - 1. has at least three members, a majority of whom are independent directors; and**
 - 2. is chaired by an independent director,**
 - and disclose:**
 - 3. the charter of the committee;**
 - 4. the members of the committee; and**
 - 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**
- 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.**

Remuneration and Nominations Committee

The Board has established a Remuneration and Nominations Committee.

The Committee comprises solely of the six (6) independent Non-Executive Directors, information in respect of which is contained in the Annual Report and can be found in the Shareholder Centre section on Magellan's website at www.magellangroup.com.au under Reports & ASX Releases.

The role of the Committee is to make recommendations to the Board in relation to:

- Magellan's remuneration framework for directors;
- induction programs for directors;
- the development and implementation of a process for evaluating the performance of the board, its committees and directors;
- the selection, appointment and re-election of directors; and
- Board succession plans.

The Committee operates under a separate Charter which can be found in the Shareholder Centre section on Magellan's website at www.magellangroup.com.au under Corporate Governance.

The number of times the Committee met during the year, including individual attendances of members, is set out in the Annual Report.

The Chairman of the Committee (an independent Non-Executive Director) reports to the Board in respect of each Committee meeting.

The Board has decided that a Director must retire from office no later than three years following the Director's last election or appointment.

Recommendation 2.2 – A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Board skills matrix

The Board actively seeks to maintain a balance of skills, knowledge and experience to direct and oversee the activities of Magellan. The Board considers that collectively the Directors have an appropriate range of skills, experience and expertise to understand and competently deal with current and emerging business issues and effectively monitor and review the performance of Magellan and exercise independent judgement.

The following table sets out the key skills and experience of the Directors that the Board considers to be most relevant to the needs of the Company and the extent to which they are represented on the Board and its Committees.

In addition and equally important as the skills and experience outlined in the table, the Board considers that each Director has the following attributes:

- honesty, integrity and high ethical standards;
- a proven track record of creating shareholder value;
- the available time to undertake the role appropriately;
- an inquiring mind able to be applied to all matters of the Board;
- the ability to consider materiality thresholds and risk tolerance in decision making; and
- a commitment to the highest standards of governance.

Board skills and experience	Board	Audit & Risk	Remuneration & Nominations
Total Directors	8 Directors	6 Directors	6 Directors
Executive leadership Success at a senior executive level in a successful career	8 Directors	6 Directors	6 Directors
Governance Commitment to the highest standards of governance, including experience in a major organisation subject to rigorous governance standards. An ability to assess effectiveness of senior management.	8 Directors	6 Directors	6 Directors
Strategy Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in the context of regulatory framework and business objectives.	8 Directors	6 Directors	6 Directors
Risk and compliance Ability to identify key risks related to each area of the business. Ability to monitor effectiveness of risk and compliance function and knowledge of legal and regulatory requirements.	6 Directors	4 Directors	4 Directors
Financial acumen Senior executive or equivalent experience in financial accounting and reporting, analysing financial statements, capital structure and internal financial controls.	6 Directors	4 Directors	4 Directors
Financial services industry Senior executive experience in financial services such as funds management, corporate advisory and managed investment schemes.	5 Directors	3 Directors	3 Directors

Board skills and experience	Board	Audit & Risk	Remuneration & Nominations
Total Directors	8 Directors	6 Directors	6 Directors
Marketing Senior executive experience in marketing and distribution of financial services.	6 Directors	4 Directors	4 Directors
Remuneration/Human Resources Experience in critically evaluating the performance of senior management. Board Remuneration Committee or human resource management experience in relation to remuneration incl. incentive programs and superannuation.	6 Directors	4 Directors	4 Directors

Recommendation 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.**

The Board comprises eight (8) directors: two (2) Executive Directors and six (6) independent Non-Executive Directors as detailed below:

Director Name	Independent Yes/No	Reason if No	Length of Service (Date Appointed)
Brett Cairns (Chief Executive Officer)	No	Executive, Performance-based remuneration	22 January 2007
Hamish Douglass (Chairman)	No	Executive, Performance-based remuneration, Significant shareholding	21 November 2006
John Eales	Yes	-	1 July 2017
Robert Fraser	Yes	-	23 April 2014
Paul Lewis	Yes	-	20 December 2006
Hamish McLennan	Yes	-	1 March 2016
Karen Phin	Yes	-	23 April 2014
Colette Garnsey	Yes	-	30 November 2020

An independent Director is a Non-Executive Director who is independent of Magellan and free of any interest, position, association or relationship that could materially influence (or could reasonably be perceived to influence) in a material respect, their capacity to bring an independent judgement to bear on issues before the Board and to act in the best

interests of Magellan and its securityholders generally. In making this determination, the Board has reviewed and assessed previous and current relationships.

Details of each Director's background and attendance at Board and Committee meetings are set out in the Directors' Report attached to the Annual Report for MFG, which can be found in the Shareholder Centre section on Magellan's website at www.magellangroup.com.au under Reports & ASX Releases.

Recommendation 2.4 – A majority of the board of a listed entity should be independent directors.

The Board comprises a majority of independent Non-Executive Directors.

Recommendation 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

The Chairman of the Board is an Executive Director (not the CEO). More information about the Chairman's responsibilities is contained in MFG's Board Charter.

The Board believes that the wealth of knowledge and expertise of the current Chairman, his interest in the Company as a substantial shareholder and his role as co-founder of the Company make it appropriate for him to be the Chairman and align his interests with those of other shareholders.

MFG has a Deputy Chairman who is an independent Non-Executive Director and the Chairman of Magellan Asset Management Limited is an independent Non-Executive Director.

Recommendation 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.

New director induction

Directors are provided with induction training similar to that provided to senior executives.

Magellan has an induction program in place for all of its new employees, including senior executives. As part of this induction program, new senior executives will receive briefings on Magellan's business and its policies and procedures. These briefings will focus on the core governance and corporate structures as well as key operational, financial, regulatory, risk and compliance issues that are of relevance to Magellan.

Directors are expected to maintain the skills and knowledge required to discharge their obligations. As part of the evaluation of Board performance described in Recommendation 1.6, the professional development requirements and skills of the Directors are biannually reviewed.

PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

Recommendation 3.1 - A listed entity should articulate and disclose its values.

Magellan aims to conduct its business in a responsible and ethical manner in compliance with applicable laws, regulations and licence requirements of the jurisdictions in which Magellan operates.

Magellan's key objectives are to:

- have processes in place to conduct business in a manner where financial services are provided efficiently, honestly and fairly;
- obtain and retain the trust of its clients by managing their money with care and diligence; and
- develop and maintain good regulatory standing and a good reputation in the market place.

Magellan's Code of Ethics sets out the behaviours required of all employees to ensure they act in accordance with Magellan's values and to allow Magellan to meet its objectives.

A copy of the Code of Ethics can be found in the Shareholder Centre section on Magellan's website at www.magellangroup.com.au under Corporate Governance.

Recommendation 3.2 – A listed entity should:

- a) **have and disclose a code of conduct for its directors, senior executives and employees; and**
- b) **ensure that the board or a committee of the board is informed of any material breaches of that code.**

Code of Ethics

Magellan's Code of Ethics applies to all Directors and employees of Magellan. The Board requires all Directors and employees to comply with the Code of Ethics. The purpose of this Code is to:

- communicate the standards of behaviour that Magellan expects of its employees;
- encourage the observance of obligations and standards of conduct to protect and promote the interests of Magellan, its clients, funds under management, shareholders and other stakeholders;
- guide employees through the practices thought necessary to maintain confidence in Magellan's integrity; and
- set out the responsibilities and accountabilities of employees to report and investigate reports of unethical practices.

All employees of Magellan are required to make an annual declaration confirming their compliance with the Code of Ethics.

The Chief Compliance Officer (CCO) provides (at least annually) a written report to the Board of Directors that describes any issues arising under the Code of Ethics including, but not limited to, information about material violations of the Code of Ethics and procedures and sanctions (if any) imposed in response to any material violations

A copy of the Code of Ethics can be found in the Shareholder Centre section on Magellan's website at www.magellangroup.com.au under Corporate Governance.

Recommendation 3.3 – A listed entity should:

- a) **have and disclose a whistleblower policy; and**
- b) **ensure that the board or a committee of the board is informed of any material incidents reported under that policy.**

Whistleblowing Policy

Magellan has a Whistleblowing Policy and is committed to an environment where employees (and those covered by the policy) can report issues in an environment free from victimisation. The purpose of the Whistleblowing Policy is to:

- support individuals who make an eligible disclosure about wrongdoing to do so safely, securely and with confidence that they will be protected and supported;
- ensure disclosures are dealt with appropriately and on a timely basis;
- provide transparency around Magellan's framework for receiving, handling and investigating disclosures;
- ensure Magellan's officers and other senior managers understand their obligations if they receive a report from a whistleblower; and
- support a thorough, objective, fair and independent investigation of disclosures.

The CCO provides the Board with any disclosures made under the Whistleblowing Policy together with a summary of the matter and actions taken (if any).

A copy of the Whistleblowing Policy can be found in the Shareholder Centre section on Magellan's website at www.magellangroup.com.au under Corporate Governance.

Recommendation 3.4 – A listed entity should:

- a) **have and disclose an anti-bribery and corruption policy; and**
- b) **ensure that the board or a committee of the board is informed of any material breaches of that policy.**

Magellan's Code of Ethics prohibits Directors and employees giving improper payments or benefits to Government Officials.

Directors and employees wishing to extend gifts or entertainment to Government Officials must obtain pre-approval from the CCO or Chief Executive Officer.

Any material violations of the Code of Ethics are reported by the CCO to the Board of Directors.

A copy of the Code of Ethics can be found in the Shareholder Centre section on Magellan's website at www.magellangroup.com.au under Corporate Governance.

PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

Recommendation 4.1 – The board of a listed entity should:

- a) have an audit committee which:**
 - 1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and**
 - 2. is chaired by an independent director, who is not the chair of the board, and disclose:**
 - the charter of the committee;**
 - the relevant qualifications and experience of the members of the committee; and**
 - 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**
- 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.**

Audit and Risk Committee

The Board has established an Audit and Risk Committee (“ARC”) under a separate Charter which can be found in the Shareholder Centre section on Magellan’s website at www.magellangroup.com.au under Corporate Governance.

The ARC comprises the six (6) independent Non-Executive Directors. The Chairman of the ARC is an independent, Non-Executive Director who is not the Chairman of the Board.

Details of the ARC members’ qualifications and experience, and the number of times the ARC met during the year, including individual attendances of members, are set out in the MFG Annual Report available on Magellan’s website.

The role of the ARC is to oversee Magellan’s responsibilities relating to financial reporting, relevant statutory requirements, internal controls, statutory external financial audits and audits in relation to certain aspects of the risk management and compliance frameworks. The ARC will meet at a minimum, three times each year. The Chairman of the ARC will report to the Board in respect of each ARC meeting.

The ARC conducts an assessment of its performance in accordance with the Charter every two years. The last review was conducted in 2021.

Magellan’s independent external auditor is Ernst & Young. The ARC is responsible for recommending to the Board the appointment and removal of the external auditor. The independence and effectiveness of the external auditor is reviewed periodically. The ARC is also responsible for ensuring that the external audit engagement partners are rotated in accordance with relevant statutory requirements. The external auditors regularly attend the ARC’s meetings and when MFG’s Financial Statements are being considered or where relevant items are on the ARC’s agenda.

Recommendation 4.2 – 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.

CEO and CFO Declaration

The Chief Executive Officer and Chief Financial Officer have made the following certifications to the Board prior to the approval of MFG’s half year and annual financial statements:

- the financial records of the Company and its controlled entities (“the **Group**”) for the financial year have been properly maintained;

- the Financial Statements and notes applicable thereto give a true and fair view of the financial position and performance of the Company and Group and comply with the requirements of the Accounting Standards, Corporations Act 2001 (*Cth*) and Corporations Regulations 2001 (*Cth*);
- the integrity of both the Company's and Group's financial statements are founded on a sound system of risk management and internal compliance and control which, in all material aspects, implements the policies adopted by the Board; and
- the Company's and Group's risk management and internal compliance and control systems are operating effectively in all material respects.

Recommendation 4.3 – 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.

Company reports which are not audited such as the directors' report are subject to review by Magellan's Finance Team (including verification to source records and cross checking to audited results) and approval by the MFG Board.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1 – A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

Continuous disclosure policy

The Board has adopted a Continuous Disclosure Policy that assists with clear and effective communication with shareholders by ensuring:

- the Company as a minimum complies with its continuous disclosure obligations under the Corporations Act 2001 (*Cth*) and the ASX Listing Rules;
- the Company provides shareholders and the market with timely, direct and equal access to information issued by it; and
- that information which is not generally available and which may have a material effect on the price or value of the Company's securities be identified and appropriately considered by the Directors for disclosure to the market.

The Continuous Disclosure Policy can be found in the Shareholder Centre section on Magellan's website at www.magellangroup.com.au under Corporate Governance.

Recommendation 5.2 – A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

Company announcements that are deemed to contain material price sensitive information must be approved by the Board (or by such other persons authorised by the Board) ahead of the market announcement being made.

Company announcements that are not deemed to contain material price sensitive information must be approved by either Magellan's CEO and/or the Chairman of the Board or their delegate. The Board receives promptly a copy of all announcements made that are related to the Company.

Recommendation 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.

The Company's policy for conducting investor or analyst presentations is not to disclose any information which is, or potentially is, material price sensitive information, that has not already been announced to the ASX and the market generally. Any presentation containing such information will be released to the ASX and on the Company's website ahead

of the presentation.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1 – A listed entity should provide information about itself and its governance to investors via its website.

The Company maintains information about itself and its governance on Magellan's website including:

- the names and biographical information on its directors and senior executives;
- a copy of the Company's Constitution, Board and Committee Charters and various corporate governance policies referred to in this Statement;
- ASX Releases;
- Share Registry details and a link to ASX for share price information;
- its Dividend Schedule; and
- an annual calendar of key events.

Recommendation 6.2 – A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

Investor relations

The Board recognises that shareholders, as the ultimate owners of the Company, are entitled to accurate, timely and relevant information and should be fully informed of material matters that affect the Group's position and prospects. Any prospective investors should be able to make informed investment decisions regarding the Company. The Company seeks to accomplish this through:

- a) ensuring access to information publicly released by the Company including:
 - the Group's Half Year Results released in February each year;
 - the Group's Full Year Results and Annual Report including the Chairman's Report and the Chief Executive Officer's Annual Letter released in August each year;
 - the release of the Chairman's and Chief Executive Officer's addresses to the Annual General Meeting; and
 - the posting of significant information on Magellan's website promptly after it is disclosed to the market.

All information is available on Magellan's website after it has been disclosed to the ASX and can be found in the Shareholder Centre section at www.magellangroup.com.au under Reports & ASX Releases.

- b) an investor relations program which has been designed to facilitate effective two way communication with investors. The program includes half yearly and annual results briefings, the ability to submit questions via the website and a formal process for the submission of questions to be answered at the Annual General Meeting.

Recommendation 6.3 – A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

Shareholder participation at meetings

The Company recognises the importance of shareholder interaction and supports the principle of participation.

The Company holds half yearly and annual results briefings and interested stakeholders are encouraged to participate or attend. A copy of the briefing is disclosed on the ASX prior to the meeting and those participating or attending have an opportunity to ask questions.

A copy of the notice of Annual General Meeting is posted on Magellan's website and mailed to shareholders. In addition, shareholders are invited to submit questions about or make comments on, the management of the Group. The Board encourages shareholders to participate or attend the Annual General Meeting or to appoint a proxy to vote on their behalf.

if they are unable to participate or attend. The formal addresses by the Chairman and Chief Executive Officer at the Annual General Meeting are disclosed on the ASX prior to the commencement of the meeting.

Recommendation 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.

If any meetings are held, the Company encourages unitholders to participate or attend, or to appoint a proxy to vote on their behalf if they are unable to participate or attend.

Substantive resolutions will instead be decided by a poll rather than a show of hands.

During virtual meetings, all resolutions are required to be submitted ahead of the meeting or via an electronic voting platform during the meeting.

Recommendation 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.

Option for electronic shareholder communications

The Company recognises the benefits of using electronic communications and shareholders have the option to receive communications from, and send communications to, the unit registry electronically. The following information can be received electronically:

- dividend statements;
- Annual Reports;
- notices of meetings and proxy forms and the ability to vote online; and
- other general Company communications.

Shareholders can log into their account to make these changes.

The share registry can also be contacted via email or telephone. Contact details can be found in the Shareholder Centre section on Magellan's website at www.magellangroup.com.au under Share Registry.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1 – The board of a listed entity should:

- a) have a committee or committees to oversee risk, each of which:**
 - 1. has at least three members, a majority of whom are independent directors; and**
 - 2. is chaired by an independent director**
 - and disclose:**
 - 3. the charter of the committee;**
 - 4. the members of the committee; and**
 - 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**
- 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.**

Audit and risk committee

Refer to Recommendation 4.1 for a description of the Audit and Risk Committee

In relation to risk, the Committee assists the Board to discharge its responsibilities in relation to the effectiveness of the financial risk management framework and associated internal controls.

The MAM Board, chaired by an independent Non-Executive Director, otherwise has oversight of the operational risk and compliance frameworks as it considers risk management matters should be a strong focus of the entire Board.

The MAM Board has established a Risk and Compliance Committee ("RCC") to assist it in discharging its corporate governance and oversight responsibilities in relation to Magellan's obligations, which include the requirement for adequate risk management and compliance systems. The RCC consists of the Chief Executive Officer, Chief Financial Officer, Responsible Managers, and senior Magellan employees including the Chief Compliance Officer.

The MAM Board has also established a Management Information Technology Risk Committee ("ITRC") which has oversight and provides direction on Magellan's information technology risk management activities. The ITRC consists of the Chief Executive Officer, Chief Compliance Officer and senior Magellan employees responsible for information technology.

Recommendation 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.**

Magellan has adopted a risk management framework based on AS/NZS ISO 31000:2018 *Risk management—Guidelines* and RG 259 *Risk Management Systems of responsible entities*. The Framework supports a structured and focused approach to identifying, managing and reviewing risk to complement the strategies adopted to achieve the corporate objectives of Magellan.

The Board conducts a review of the risk management framework at least annually. This review includes whether any changes are required to the Board's risk appetite and whether the risk management framework remains sound.

A review of the risk management framework was conducted in the 2021 financial year.

Recommendation 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 risk management and internal control processes.

The Company does not have an internal audit function although periodic monitoring of compliance with key policies and procedures is performed by MAM's Risk and Compliance team and the results are reported to the MAM Board.

MAM is subject to an external audit of the design and operating effectiveness of MAM's control environment relating to asset management services. In addition, Magellan's culture, size, simple and scalable operations, transparent reporting and flat organisational structure allow the Board and management full and direct visibility of the key activities undertaken.

The Board and senior management have the skills and expertise to understand and rigorously review and challenge the information provided and recommendations submitted for approval. Where additional assurance is desired, the Board can commission external independent advice and reviews as necessary.

Recommendation 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.

The Company discloses its environmental and social risks in the Corporate Sustainability and Responsibility Report contained in MFG's Annual Report at www.magellangroup.com.au.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**Recommendation 8.1 – The board of a listed entity should:**

- a) have a remuneration committee which:
 - 1. has at least three members, a majority of whom are independent directors; and
 - 2. is chaired by an independent director,
 - and disclose:
 - 3. the charter of the committee;
 - 4. the members of the committee; and
 - 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
- 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.

Remuneration and nominations committee

The Board has established a Remuneration and Nominations Committee as detailed under Recommendation 2.1.

Recommendation 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.**Disclosure of remuneration policies and practices**

The policies and practices regarding the remuneration of Non-Executive Directors, Executive Directors and other senior executives are disclosed in the Remuneration Report contained within the Annual Report, available on Magellan's website.

Recommendation 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.

Equity based remuneration schemes

The Company has in place a voluntary Share Purchase Plan ("SPP") that provides financial assistance to Non-Executive Directors and employees, by way of an interest free full recourse loan, to invest in shares in the Company. The issue price of shares under the SPP is the weighted average sale price of the shares on the ASX over the five trading days immediately preceding the day the offer is made.

Further details of the operation of the SPP can be found in the Annual Report and in the Shareholder Centre section on Magellan's website at www.magellangroup.com.au under Reports and ASX Releases.

The Company's Trading Policy prohibits Directors, officers, employees and their associates from entering into transactions designed to limit the economic risk of investing in MFG securities. Further details are in the Trading Policy which can be found in the Shareholder Centre section on Magellan's website at www.magellangroup.com.au under Corporate Governance.