



Modern Slavery Statement

Magellan Financial Group Limited (ACN 108 437 592)

Financial year ended 30 June 2023

APPROVAL

This Modern Slavery Statement was approved by the Board of Magellan Financial Group Limited on 8 December 2023.

This Modern Slavery Statement was approved by the Board of Magellan Asset Management Limited on 8 December 2023.

It is submitted as a joint statement by the following reporting entities:

Magellan Financial Group Limited (ACN 108 437 592)

Magellan Asset Management Limited (ACN 120 593 946)

Magellan Global Fund (ARSN 126 366 961)

Magellan High Conviction Trust (ARSN 634 789 754)



Andrew Formica

Executive Chairman, Magellan Financial Group Limited



Robert Fraser

Chairman, Magellan Asset Management Limited

REPORTING ENTITIES & CONSULTATION PROCESS

(REPORTING CRITERIA 1 & 6)

This section outlines the Reporting Entities covered in this Statement and the approval process.

I. REPORTING ENTITIES

This Modern Slavery Statement ("**Statement**") is a joint statement made pursuant to section 14 of the *Modern Slavery Act 2018* (Cth) (the "**Act**") in respect of the reporting period 1 July 2022 to 30 June 2023 ("**Reporting Period**") and covers the entities set out in the table below (together, "**Magellan**"), each a "**Reporting Entity**" under the Act.

REPORTING ENTITY	IDENTIFIER
Magellan Financial Group Limited (" MFG ")	ACN 108 437 592
Magellan Asset Management Limited (" MAM ") (wholly owned subsidiary of MFG)	ACN 120 593 946
Magellan Global Fund (" MGF ") ¹	ARSN 126 366 961
Magellan High Conviction Trust (" MHHT ")	ARSN 634 789 754

Given the very minimal changes to our operational structure and supply chain, Magellan continued to review and build upon the work completed in the last three reporting periods. We have undertaken an overarching review of our operations and supply chains, with the intention of identifying and assessing our exposure to modern slavery. Despite making progress over the current reporting period, we understand there is always the potential for more to be done.

This Statement will discuss our review, provide an overview of our due diligence and remediation processes, and outline areas for improvement over future reporting periods.

II. CONSULTATION & GOVERNANCE

In the preparation of this Statement, we have undertaken a consultation process with senior staff members who have responsibilities across the Reporting Entities. MAM's Risk & Compliance Committee ("**RCC**"), which includes MAM's Chief Compliance Officer and Responsible Managers, is also a key stakeholder in the governance of our modern slavery response. The RCC reviews all work conducted during the Reporting Period including our risk assessment, risks identified and actions taken, as well as providing feedback on draft copies of this Statement. We have provided further details on the individual responsibilities for modern slavery and how the consultation process works throughout this Statement.

We also engaged with our controlled entities as outlined in Criterion 2 to understand the modern slavery risks in their operations and supply chains, given they mostly have their own policies and procedures and use their own suppliers. A summary of the results of this engagement is included in this Statement.

III. APPROVAL

This joint Statement has been prepared in consultation with key stakeholders across the Reporting Entities and was reviewed and approved by the MAM and MFG Boards of Directors.

The MAM Board has approved the joint statement on behalf of MGF and MHHT as Responsible Entity. The modern slavery risks faced, and the policies and processes followed by, MGF and MHHT are the same as MAM.

¹ Magellan Global Fund has two-unit classes - an open-ended unit class (ASX: MGOC / APIR: MGE0001AU) and a closed-ended unit class (ASX: MGF)

STRUCTURE, OPERATIONS AND SUPPLY CHAIN

(REPORTING CRITERION 2)

This section describes the structure, operations, and supply chain of Magellan's Reporting Entities.

I. STRUCTURE

A. MAGELLAN FINANCIAL GROUP LIMITED

MFG is an Australian Public Company listed on the Australian Securities Exchange ("ASX": MFG) and is governed by a Board of Directors.

MFG's main operating entity is MAM which is a wholly owned subsidiary. MAM is considered a Reporting Entity in its own right and is discussed below.

MFG has several other subsidiaries in Australia and the United States of America ("USA"), which are listed in its [Annual Report](#). Other than MAM, none of these subsidiaries are Reporting Entities, however they have still been considered in this Statement where applicable:

- The Magellan Capital Partners² segment comprises a portfolio of selective investments in businesses in which MFG has a strategic interest. A review of these investments has been undertaken to assess where we may be exposed to modern slavery risks. They are referred to throughout this Statement as "**External Principal Investments**".
- Frontier North America Holdings Inc is the holding company of the "**Frontier Group**" of companies through which MFG maintains its North American distribution business. Frontier Group is the investment adviser to the Frontier MFG Funds (refer to the Appendix, International Funds) that are USA open ended mutual funds offered to institutional clients. Frontier Group's operations and supply chain have been considered when assessing our exposure to modern slavery.

B. MAGELLAN ASSET MANAGEMENT LIMITED

MAM is an Australian Public Company and is governed by its own Board of Directors. It holds an Australian Financial Services Licence ("AFSL") No. 304301 and is registered as an investment adviser in the USA and as a Promoter and Investment Manager to Irish Authorized collective investment schemes. Please refer to the Appendix for a list of international funds, where MAM acts as investment manager.

MAM trades as MFG Asset Management in jurisdictions outside Australia and New Zealand and under the trading name Airlie Funds Management ("**Airlie**") for the Australian equity portfolios it manages.

MAM is the main operating entity of the Group and is Responsible Entity/Trustee and/or Investment Manager for the Australian funds outlined in the Appendix (collectively referred to in this Statement as "**Funds**"), as well as a number of international funds. MAM is also investment manager to a number of separately managed accounts.

C. MAGELLAN GLOBAL FUND and MAGELLAN HIGH CONVICTION TRUST

MGF and MHHT are structured as trusts, with MAM acting as the Responsible Entity and Investment Manager.

Despite only MGF and MHHT meeting the revenue threshold to be considered Reporting Entities, this Statement may be treated as encompassing all Funds listed in the Appendix given the modern slavery risks are typically the same and policies and processes followed are consistent across Magellan.

² Magellan Capital Partners Pty Limited, Magellan Capital Partners No.2 Pty Limited and Magellan Capital Partners No.4 Pty Limited (together "**Magellan Capital Partners**")

II. OPERATIONS

Magellan's operations include any activity or business relationship undertaken to pursue its business objectives and corporate strategy. This includes:

- the provision and delivery of funds management services (undertaken by MAM);
- management of an internal and external principal investment portfolio (undertaken by MFG); and
- corporate activities, including corporate development, governance, arrangements with suppliers, purchasing, marketing and sales activities in both Australia and the USA.

A. EMPLOYEES

As at 30 June 2023, MAM directly employed 107 staff on a permanent basis, with Frontier Group having an additional 8 permanent staff. Of the total 115 employees, 9% are part time and 48% are female.

MAM employs an additional two full time staff on a fixed term contract basis but has no casual staff.

MAM's highly skilled workforce spans across its Investment Teams and corporate functions, the latter of which includes investment operations, distribution, marketing, legal, risk and compliance, finance and administration.

MAM's employment framework covers all employees and complies with Australian law as a minimum, including core employment conditions such as minimum wage, hours of work and leave entitlements.

B. LOCATIONS

All 115 staff are located across three countries, Australia, New Zealand and the USA. All 8 Frontier staff are based in the USA.

Key functions are managed from MAM's registered office; Level 36, 25 Martin Place, Sydney, NSW 2000 Australia, with 83% of staff working from this office or remotely from home. A further 9% of staff work in the capital cities of other Australian states (Melbourne, Brisbane, Adelaide and Perth) and 8% work internationally in New Zealand and the USA.

C. FUNDS MANAGEMENT (INVESTMENT OPERATIONS)

MAM offers global equity, infrastructure, global sustainable and Australian equity investment strategies to institutional investors located throughout the world and intermediated investors in Australia and New Zealand. Australian equities are offered via Airlie. MAM also manages these strategies in segregated, advisory, sub-advisory relationships and via globally focused investment funds for institutional and retail investors internationally. In the USA, Frontier Group coordinates the distribution of MAM's institutional business in North America.

MAM earns management fees and performance fees in return for these investment offerings.

As at 30 June 2023, MAM had funds under management of AUD \$39.7 billion across the strategies: Global Equities (\$19.1 billion)³, Infrastructure Equities (\$16.1 billion) and Australian Equities (\$4.5 billion).

MAM's philosophy is long-term investment in companies that can generate excess returns on capital for years to come. The Investment Team seeks to find such stocks by conducting company analysis, together with macroeconomic analysis and risk management to construct portfolios that aim to generate attractive returns over the medium to long term. Further information on our approach to investing is set out under Criteria 3 and 4 in this Statement and in our Annual Report and Product Disclosure Statements, which can be found on our website: <https://www.magellangroup.com.au/>.

MAM's investment portfolio spans Australian and international equity markets, across (but not limited to) the following sectors: Franchises⁴, Healthcare, Infrastructure, Technology, Communications & Media, Energy, Industrials and Materials.

As at 30 June 2023, Magellan held investments listed in 25 countries.

As part of this Statement, Magellan reports on how it has sought to understand the modern slavery risk of each of

³ Includes the Global Sustainable Strategy

⁴ Includes household and personal care, food, consumer staples and retailing, restaurants, textiles, apparel, luxury goods and specialty retailing.

our portfolio companies, the process and outcome of which is outlined in this Statement under Reporting Criteria 3 and 4. This Statement also outlines how we intend to respond to material modern slavery risks identified.

D. PRINCIPAL INVESTMENT PORTFOLIO (INVESTMENT OPERATIONS)

i. INTERNAL

A meaningful portion of MFG's capital is invested in its strategies alongside its clients. Through this, MFG invests in Magellan Funds (listed in the Appendix) and seeds new strategies and initiatives. MFG earns revenue from its internal principal investment portfolio through distributions from the Magellan Funds and, if these investments grow over time, MFG may realise a capital gain (or capital loss, if these investments decline over time).

ii. EXTERNAL

MFG also makes selective principal investments external to Magellan's Funds. During the Reporting Period, MFG had non-controlling interests in the companies: Barrenjoey Capital Partners Group Holdings Pty Limited ("**Barrenjoey**") and FinClear Holdings Limited ("**Finclear**").

As part of this Statement, Magellan has conducted an overarching review of these external investee companies to assess where there may be exposure to modern slavery risks. We have reported our findings under Reporting Criteria 3 and 4.

III. SUPPLY CHAIN

Magellan has around 300 direct ("**Tier 1**") suppliers, located in Australia and around the world with a total spend of approximately \$44 million⁵. The majority of this spend is by MAM (90%) with MAM's top 20 suppliers making up 66% of the total spend.

A. SERVICES

Across Magellan's supply chains, the main services procured are external administration, registry and custodial services to Magellan's registered and unregistered funds. Other key services procured include managed IT services, professional services (i.e. legal advice, accounting, advisory and consulting), brokerage services, settlement services, telecommunications, insurance, web design/development and research services. Office based services include leasing of office space and cleaning. The majority of suppliers are from the financial sector.

B. GOODS

Magellan also procures goods from suppliers with the majority of spend allocated to IT software and hardware. Other lower spend goods include marketing merchandise.

C. LOCATIONS

Magellan's Tier 1 supplier engagements are typically long-term. Suppliers with whom Magellan has a direct contractual relationship are located in countries with a lower risk of modern slavery according to the Global Slavery Index such as Australia, the USA, the UK, Singapore, Ireland and Taiwan. However, some services provided to Magellan are offshored by our top direct suppliers to locations with a higher geographic risk of modern slavery such as India and the Philippines⁶.

We are also aware that our direct suppliers have suppliers of their own, who then rely on their own suppliers (tier 2,3 etc.), meaning our overall supply chain footprint remains large and complex and spans worldwide.

In this Statement Magellan explains how we are working with our suppliers of goods and services to assess and address modern slavery risks in our supply chains. We also describe our actions to address risks identified. Please refer to Criteria 3 and 4 for further information.

⁵ Spend data is for FY22 given we did not have the full set of FY23 data until post 30 June 2023. Our supply chain assessment is based on this data.

⁶ Ranked on The Global Slavery Index 2023 for prevalence of modern slavery as 34 and 36, respectively, out of 160.

RISKS OF MODERN SLAVERY

(REPORTING CRITERION 3)

This section describes the risks of modern slavery Magellan has identified following a review of our operations and supply chains and our progress over each reporting period.

Over each reporting period, Magellan has applied a risk-based methodology to assess modern slavery in our operations and supply chains, to consider the risk that we are causing, contributing to, or are directly linked to modern slavery practices.

After doing so, Magellan has identified the lowest risk of modern slavery occurring within our direct workforce given the skills and location of employees. However, Magellan understands that it is possible to be directly linked⁷ to modern slavery practices through our supply chains and investment activities. Magellan's focus is on our supply chains and investment activities.

I. RESPONSIBILITIES

Magellan has split the responsibility for identifying and assessing modern slavery risks across its teams as follows:

A. INVESTMENT TEAMS

The Magellan Investment Team (including the ESG Team), covers the global equities, infrastructure and global sustainable investment strategies. The Airlie Investment Team covers Australian equities. Each Investment Team is responsible for identifying and assessing modern slavery risks in the operations and supply chains of their respective portfolio companies.

B. RISK & COMPLIANCE TEAM

The Risk & Compliance Team is responsible for assessing and managing modern slavery risks outside of our portfolio companies i.e., Magellan's direct workforce, external principal investment portfolio and supply chains.

In completing their assessments, each team considers the inherent country and industry risks of modern slavery. Where relevant, risks are informed by reputable tools including the Global Slavery Index (for country risk), known risk factors (for industry risks such as the use of unskilled, temporary or seasonal labour, outsourced labour, foreign workers), as well as modern slavery data⁸, research reports⁹ and resources (where known controversies are published)¹⁰.

The teams also consult with each other and other stakeholders across the group of entities and have a formal escalation process in place for identified modern slavery risks.

II. RISKS IDENTIFIED

A. DIRECT WORKFORCE

Magellan has assessed the risk of modern slavery in our direct workforce to be very low. As a supplier of funds management services, we operate in a highly regulated sector, with an inherently lower modern slavery risk. There is also a low country risk attributed to Australia (where the majority of our workforce is based), New Zealand and the USA (for Frontier Group), which results from legislation mandates and enhanced government oversight in these countries.

The risk is further mitigated by a strong policy environment and robust recruitment and employment practices that are designed to provide reasonable assurance that our hiring and workplace conditions are compliant with relevant

⁷ "Directly linked" means the risks that MFG and MAM's operations, or their financial products and services may be connected to modern slavery through the activities of another entity with whom there is a business relationship.

⁸ Via review of the Modern Slavery Statements on Australian Border Force's Online Register.

⁹ Monash University Modern Slavery Statement Disclosure Quality, KPMG Financial Services and Modern Slavery Guide and ACSI Modern Slavery Reporting Guide.

¹⁰ MSCI ESG Manager Database.

laws and reflect industry standards. Please refer to Criterion 4 for further details.

B. INVESTMENT OPERATIONS

MFG and MAM understand that it is possible to be directly linked⁷ to modern slavery practices through the activities and supply chains of companies in which they choose to invest directly, or on behalf of clients and Funds. We acknowledge that some of our large global portfolio companies, operate in certain higher risk sectors and countries and often have long and complex supply chains, with suppliers located in higher risk locations. We have determined that we have a low to moderate risk of being directly linked to modern slavery through our investment operations.

i. PORTFOLIO COMPANIES

The assessment of modern slavery risk within our investment portfolios is within Magellan's framework for assessing Environmental, Social and Governance ("ESG") risks.

Magellan and Airlie analysts assess a company's ESG risks, including modern slavery and human rights, as part of the initial decision on whether to invest in a company. A specific modern slavery assessment on all companies held in Magellan and Airlie portfolios is conducted annually thereafter. This is in addition to analysts actively monitoring their portfolio companies for risks (including controversies in their operations and supply chains). Utilising both proprietary analysis and other data (including Modern Slavery Statements, Ethical Sourcing Statements, press articles, MSCI ESG Manager Database, and expert networks), each company's exposure to modern slavery risk is assessed based on factors including:

- sector and industry exposures (e.g. outsourcing of security and cleaning services);
- product and services exposures (e.g. products with long, offshore supply chains);
- geographic exposures (country specific risks due to poor governance, socio-economic factors); and
- entity exposures (e.g. poor governance structures, a record of treating workers poorly).

The analysis is aimed at assessing whether the operations or supply chain of a company causes, contributes to, or is directly linked to modern slavery.

• MAGELLAN INVESTMENT TEAM

Individual modern slavery assessments have been completed for 100% of portfolio companies held across portfolios managed by the Magellan Investment Team. The primary industries with elevated risks of modern slavery are identified below:

- Manufacturers;
- Utilities;
- Construction & engineering;
- General merchandise and hypermarkets;
- Semiconductors; and
- Household & personal products.

Common across these elevated industries are companies that are exposed to manufacturing or sourcing of goods from geographies with less mature labour standards.

The vast majority (97%) of our portfolio companies held as at 30 June 2023 were assessed as having a "low" or "moderate" risk of modern slavery in their operations and supply chains. Those companies with a "moderate" risk rating (44%) were mostly due to their dependency on long and complex supply chains e.g. portfolio companies selling apparel, food or IT hardware, their supply chains located in emerging markets e.g. China, Vietnam, Turkey and Thailand (some of which have a higher risk of modern slavery according to the Global Slavery Index), or have operations involving low-skilled, potentially vulnerable workers e.g. apparel.

Magellan has evaluated the modern slavery risk at these portfolio companies to be "moderate", because despite the

inherent risk, there is evidence present that the companies are addressing the risks appropriately i.e. the companies have well-articulated and credible processes in place for mitigation such as a strong governance framework.

In cases where the Investment Team viewed a company as having insufficient processes in place to address a risk of modern slavery, the portfolio company was assigned a "high" rating. During the Reporting Period, a total of 8 portfolio companies were assigned a "high" modern slavery risk. These companies primarily operated in higher risk manufacturing industries and had an elevated risk due to their supply chain sourcing and operations, particularly in the production of goods involving low-skilled, potentially vulnerable workers and concerns around labour standards.

A key driver of the "high" assessment was a lack of transparency in disclosure around how these companies are addressing the risk of modern slavery, both within its operations and supply chain. For example, there was no evidence of regular audits or sufficient oversight of their supply chains, hence the higher risk ratings. The Magellan Investment Team intend to engage with these companies rated as "high" to further understand the risk. Please refer to Criterion 4 for further details of the proposed actions taken by Magellan with regard to this risk.

• AIRLIE INVESTMENT TEAM

Individual modern slavery assessments have been completed for 100% of portfolio companies held across portfolios managed by the Airlie Investment Team.

In the Reporting Period, 100% of Airlie portfolio companies were assessed. The vast majority (97%) were assessed as having a "low" or "moderate" risk of modern slavery in their operations and supply chains. Those companies with a moderate risk rating (15%) operate in sectors having an inherently higher risk of modern slavery such as manufacturing and apparel which often attract vulnerable workers. Some companies also have long and complex supply chains extending to higher risk countries such as China, Papua New Guinea and India, where migrant workers face a greater risk of exploitation. The Airlie Investment Team is reasonably satisfied that these companies all have strong governance frameworks and due diligence processes in place and are taking actions to address any issues or mitigate their risk.

In the Reporting Period, Airlie assessed two portfolio companies as having a "high" risk of modern slavery in their operations and supply chains. As disclosed in our Previous Statement, one of these companies was elevated from a "moderate" to "high" rating in the current Reporting Period following allegations of forced labour in the company's supply chain. The company has third-party suppliers in locations with an increased risk of modern slavery such as Malaysia. The Airlie team has engaged with this company on multiple occasions to further understand how the company actively addresses the risk. Please refer Criterion 4 for further details.

The other portfolio company was assessed as "high" due to its operations in geographic locations in which it operates where there is a high or moderate risk of labour unrest. In addition, the company has a large, diversified workforce in higher risk locations. The risk of modern slavery is mitigated through governance arrangements and implementation of, in our opinion, robust due diligence procedures. The company acknowledges the risk of modern slavery and is actively working on enhancing its oversight procedures. Airlie will continue to monitor this company.

• FRONTIER GROUP

- **Frontier MFG Funds** - Portfolio companies held by the Frontier MFG Funds form part of the Magellan Investment Team review described above.
- **Non-Magellan Frontier Funds** – Frontier is an investment adviser to a non-Magellan mutual fund ("**non-Magellan Frontier Fund**") and a non-Magellan Australian asset management company is sub-adviser ("**External Sub-adviser**"). The External Sub-adviser is considered a supplier of Frontier and has been discussed in Section C: Supply Chain below.

ii. **PRINCIPAL INVESTMENTS**

Magellan's Risk & Compliance Team has conducted an overarching review of our External Principal Investments to identify and assess the exposure to modern slavery risks. We have engaged with each investee company by requesting they complete a modern slavery questionnaire and where available have reviewed their own Modern Slavery Statements. Meetings have also been held with company representatives in previous reporting periods for further clarification on risks and processes in place. In our opinion, given the nature of these businesses, modern slavery risk is deemed to be low.

C. SUPPLY CHAIN

Many of Magellan's suppliers are global entities, with established governance structures and their own Corporate Social Responsibility programs, including addressing modern slavery. However, Magellan acknowledges that the risks of modern slavery may increase in certain areas of our supply chains due to the geographical location of our suppliers and the source of goods used in products supplied to us. Overall, we have determined that we have a moderate risk of being directly linked to modern slavery through our supply chains. However, due to the lack of visibility in the lower tiers of our supply chains (i.e. the suppliers of our direct suppliers), at this point, we do not yet have a completely accurate picture of our total supply chain modern slavery risk.

We are aware that the key risk areas for financial services businesses' supply chains include IT procurement, shipping and logistics, promotional marketing and building services including facilities management, utilities, cleaning, waste management and security. This awareness has helped inform our approach to evaluating our supply chain.

i. INITIAL SUPPLIER ASSESSMENT

In 2020, Magellan performed an initial risk-based assessment of its Tier 1 material business suppliers for risks of modern slavery. The assessment also included key suppliers to the Frontier Group. Consideration was given to supplier spend, the industry or sector in which our suppliers operate, along with their location.

Most of our key suppliers operate within the financial services sector, providing fund administration, registry, custodial, brokerage and research services and are based across Australia and in the USA. Many of our key suppliers are global entities that report under the modern slavery legislation and therefore are also assessing their own supply chain and modern slavery risk.

Due to their lower risk geographic locations and the fact that services are typically provided by a highly skilled professional workforce, Magellan considers that our key service providers have a low risk of modern slavery in their direct operations, however see some risk where services are provided from offshore centres, or where services are subcontracted to third party organisations that may reside in higher risk countries. Magellan also sees risks emanating from third party supply chains.

Following consultation with key suppliers on their business processes, one key supplier disclosed that they had exited 2 relationships following screening processes that identified modern slavery related concerns. The supplier confirmed that these did not relate to services provided to Magellan.

ii. PROGRESS IN OUR SUPPLIER ASSESSMENT

During subsequent reporting periods we have continued to adopt a risk-based approach, taking into consideration supplier spend, the industry sector and the supplier location. We have extended our assessment to higher risk areas such as the procurement of office-based products including IT equipment via our IT service provider (Tier 2), facilities management and procurement of goods for marketing purposes.

In the Reporting Period, we identified risks via a review of our suppliers' own Modern Slavery Statements, requesting the completion of a modern slavery questionnaire and meeting with certain suppliers as part of our annual compliance review. The results of our review were reported to the RCC for consideration.

iii. KEY RISKS

- **FACILITIES MANAGEMENT**

Our office management supplier is deemed higher risk given it also provides cleaning services. Cleaning is a higher risk area given the sector more commonly employs base skill migrant workers. It also falls within the lower tiers of our supply chain (i.e. suppliers of our direct suppliers), where we have less visibility. With Magellan offices located in Australia and New Zealand only, and Frontier Group in the USA, we are reasonably satisfied that the risk is mitigated by strong worker protections and governance oversight in these countries. We will however continue to monitor this supplier by sending them a modern slavery questionnaire to complete on an annual basis, requesting confirmation there have been no instances of modern slavery identified.

- **IT EQUIPMENT**

IT is a higher risk area for Magellan, given the known risks of modern slavery in this sector, which include debt bondage, forced labour and conflict mineral sourcing in the lower tiers of supply chains. During the Reporting

Period, we identified exposure to modern slavery in the supply chains of two of our IT equipment suppliers via review of their FY22 Modern Slavery Statement. Indicators included charging of recruitment fees, withholding of passports, forced labour and child labour. The suppliers in question are addressing the issues and working with their own suppliers to provide remedy and implement corrective actions. One of our Tier 1 IT Suppliers disclosed in their FY22 Modern Slavery Statement that supplier audits conducted in FY22 had identified instances of forced labour among foreign migrant workers within their supply chain. The supplier is actively implementing corrective actions. Overall, our IT suppliers are large global companies with established frameworks in place with regard to modern slavery. We are reasonably satisfied these suppliers are taking the necessary steps to mitigate modern slavery risk in their supply chains and have reported such in their Modern Slavery Statements.

- **TELECOMMUNICATIONS**

This sector's use of outsourcing, indirect workforce and exposure to higher risk countries increases the exposure to modern slavery risk. One of MAM's higher spend suppliers operates in this area and over the last three reporting periods have identified and reported concerning labour practices and behaviours in their Modern Slavery Statement, however no instances of modern slavery were noted. We are reasonably satisfied that the supplier has an established framework in place to identify risks and has taken action to remediate.

- **BROKERS**

Due to our high dollar spend on broker commissions used to execute client trades, we extended our analysis during the Reporting Period to include the top 3 Airlie brokers (by spend) in addition to all brokers used by the Magellan trading desk. No instances of modern slavery were reported, however risks and areas for improvement were identified during the brokers' own supply chain audits. This included non-conformance with local labour laws and suppliers demonstrating a low level of maturity in their internal policies and procedures, in particular where they were located in higher risk countries such as India and the Philippines. We are reasonably satisfied that the equity brokers have strong policies and frameworks in place and are mitigating risks as required.

- **MARKETING**

In the last three reporting periods we have extended our analysis to a number of marketing suppliers by requesting completion of our modern slavery questionnaire. The companies were lower spend suppliers and were not reporting entities for modern slavery purposes. No risk areas were reported, however we understand this is a higher risk area and we intend to continue to conduct due diligence in future reporting periods.

- **FRONTIER GROUP**

During the last three reporting periods, Magellan gave further consideration to Frontier Group suppliers. The Frontier Group does not directly source any goods or services from outside the USA, however there are potential risk areas around IT procurement and facilities management/cleaning services as described above. We understand this is an area of higher risk and we will continue to conduct due diligence in future reporting periods.

iv. NON-MAGELLAN FRONTIER FUNDS

The External Sub-Adviser to the non-Magellan Frontier Fund is considered a supplier to the Frontier Group, which Magellan has considered in its modern slavery risk assessment. As a supplier of portfolio management services, we considered the processes the External Sub-Adviser has in place to consider modern slavery risks as part of its own investment process. The External Sub-Adviser has reported a zero tolerance for modern slavery in its operations and supply chain and a low ESG risk in its portfolio companies.

ACTIONS TAKEN TO ASSESS AND ADDRESS RISKS

(REPORTING CRITERION 4)

This section outlines the actions taken by Magellan to assess and address modern slavery risk in our operations and supply chain and our progress over each reporting period.

I. DIRECT WORKFORCE

A. TRAINING

Modern slavery training forms part of Magellan's Induction Training for all new employees and Annual Compliance Training for existing employees in Australia and New Zealand, to ensure staff are informed and refreshed on the subject of modern slavery and the reporting process for modern slavery risks. Training comprises a description of the types of modern slavery, how Magellan may be directly linked to modern slavery risks, and the process for reporting any modern slavery risks identified, whether it be in Magellan's direct workforce, via a portfolio/investee company or a supplier. Magellan also reinforces that if any staff member has a question on modern slavery, they should contact the Risk & Compliance Team. Annual Compliance Training also includes modules on Magellan's Code of Ethics, Discrimination and Health & Safety, with a quiz to assess understanding.

In FY23, an external human rights consultant delivered a presentation on modern slavery to Magellan staff, which included members of the Investment Team and the Risk and Compliance team. The purpose of this session was to provide a refresher on our legal obligations, provide a clear understanding of the definition and interpretation of modern slavery risks, and highlight the role that asset managers can play in managing this risk.

During the Reporting Period, the Magellan ESG team joined the RIAA¹¹ human rights working group which is held quarterly. This is a collaborative group of investors who discuss human rights regulatory changes, approaches to assessing this risk and engaging with companies. It includes regular presentations from industry experts.

B. POLICIES

Magellan is committed to acting responsibly and ethically in all areas of our business. We seek to engender a culture of building trust with all of those that do business with us.

Magellan has established a set of policies and procedures that govern our operations and align with our core business values. The key policies and procedures relevant to how Magellan manages modern slavery and human rights issues with regard to our employees, business operations and supply chains are noted in the table below, all of which are readily accessible to staff on our internal network. Where the policy is also available on Magellan's website, a link has been provided.

Our Annual Compliance Training discussed above, includes a refresher on many of these policies and other relevant policies. When material updates are made to any policy, a company-wide email is distributed with a summary of the key changes and the policy is uploaded to the internal network.

MFG also publishes a Corporate Sustainability and Responsibility Report, which discusses our approach and management across Responsible Investment, Environment, People and Community. Please refer to pages 90 - 101 of our [Annual Report](#).

POLICY	DESCRIPTION
Anti-Bribery & Corruption Policy	This Policy outlines Magellan's commitment to conducting business in an honest and ethical manner. The Policy sets out key legal obligations and reporting requirements.

¹¹ Responsible Investment Association Australasia

POLICY	DESCRIPTION
<u>Code of Ethics</u>	This Code communicates standards of behaviour that Magellan expects, outlines responsibilities and sets out procedures to report and investigate reports of unethical practices. Staff are required to certify compliance with the Code of Ethics annually.
<u>Corporate Governance Statement</u>	This statement outlines Magellan’s commitment to achieving high corporate governance standards and defines our approach to governance issues.
<u>ESG Policy</u>	This Policy outlines how ESG issues are linked to Magellan’s investment analysis framework and how they are incorporated as part of the investment process. In particular the Policy lists the types of social issues that are considered when undertaking investment research, which includes human rights, worker rights, labour relations and child labour, amongst others.
Incident & Breach Management Policy	This Policy sets out the procedures Magellan adopts to identify, assess, notify, rectify and monitor incidents and breaches. Each reporting period we conduct a check of reported incidents and breaches to identify whether any relate to modern slavery risks. None have been identified thus far.
Outsourcing Policy	This Policy assists Magellan in managing the specific risks (including modern slavery) associated with appointing and monitoring third parties providing outsourced services in relation to material business activities.
<u>Responsible Investment Principles</u>	This document outlines and summarises Magellan’s approach to responsible investing, ESG integration, engagement and proxy voting.
Risk Management Framework	This Framework sets out the governance structures, policies, procedures and controls that Magellan has adopted to satisfy our regulatory obligations. Modern slavery has been identified as a risk at the corporate level which is considered annually by the MFG and MAM Boards.
<u>Whistleblowing Policy</u>	This Policy sets out the principles for making, receiving, investigating and addressing disclosures raised by whistleblowers. Staff may report issues in person, by phone, by post or by email. At the first instance, staff are advised to make disclosures to the Chief Compliance Officer (“CCO”) / Whistleblower Protection Officer, however a disclosure can also be made to another eligible recipient within Magellan, being any member of Key Management Personnel (as defined in MFG’s most recent Annual Report) or to Magellan’s auditor, Ernst & Young. Each reporting period we request confirmation from Magellan’s Whistleblower Protection Officer, as to whether there have been any instances of modern slavery reported. None have been reported thus far. Post Reporting Period, the Policy was updated to explicitly refer to modern slavery as a reportable matter.
Workplace Conduct Policy	This Policy outlines Magellan’s position in relation to harassment in the workplace and provides procedures for dealing with complaints.
<u>Workplace Diversity and Inclusion Policy</u>	This Policy outlines Magellan’s commitment to valuing a diverse workforce and accommodating the needs of different employees. Magellan aims to promote a culture that embraces equality, diversity and inclusion at all stages of the employment cycle.

C. EMPLOYMENT PRACTICES AND GRIEVANCE MECHANISMS

Our hiring and workplace conditions are compliant with relevant laws and reflect industry standards.

Magellan’s recruitment process is the responsibility of the relevant business function. The recruitment and selection process adopts a uniform approach, ensuring consistency in the quality and capabilities of candidates interviewed and subsequently employed. The process includes interviews, applicant background checks, skills assessment, aptitude tests (for relevant positions) and confirmation of eligibility to work in Australia.

All MFG Directors, MAM Directors and MAM staff have an employment agreement, which complies with applicable employment legislation and outlines each party's rights and obligations.

Magellan's Workplace Conduct Policy outlines a formal process should any employee have a complaint or grievance by any other employee or individual connected with Magellan. This includes details of Contact Officers who are trained to assist with these types of issues.

As part of staff training, the process for the escalation of modern slavery incidents in Magellan's direct operations is outlined. This operates in conjunction with the grievance mechanism described above and our Whistleblowing procedures.

II. INVESTMENT OPERATIONS

A. PORTFOLIO COMPANIES

Magellan is committed to responsible investment, becoming a signatory to the United Nations-sponsored Principles of Responsible Investment in 2012 and a signatory to the Responsible Investment Association of Australasia in 2017. Magellan believes that companies engaging in business that undermines the rule of law or that have major detrimental impacts on human health warrant scrutiny by investors.

ESG issues are a natural component of Magellan's investment process, as gaining a robust understanding of these issues is a key part of assessing the outlook for future earnings and risks. Magellan's Responsible Investment Principles outline and summarise Magellan's approach to responsible investment, ESG integration, engagement and proxy voting.

Within Magellan's ESG framework, modern slavery is considered a 'social' issue, which encompasses human rights, worker rights, health and safety, labour relations, child labour and respect for the rule of law. Magellan seeks to invest in companies that avoid engaging in activities that undermine the rule of law and having detrimental impacts on people or society. Should our portfolio companies face risks of modern slavery in their operations or supply chains, or any social issue, we seek to understand it, engage with the companies, and encourage their efforts to mitigate these risks.

Magellan's ESG Team, overseen by the Head of ESG, are responsible for working with the Magellan Investment Team to understand and assess ESG risks, including modern slavery risks within our investment portfolios. Where there are potential risks and/or insufficient disclosures, the ESG Team, in conjunction with the relevant analyst, engage with the company to understand its approach to identifying and reducing the risk of modern slavery; and where possible, encourage improvements.

The review of portfolio companies by the Investment Teams occurs at least annually. Each company is allocated a score (either "low", "moderate" or "high") with regard to the risk of modern slavery in their operations and supply chains. Each Investment Team then prepares a report which details:

- the risk identification and assessment process;
- new risks identified during the period;
- details of any moderate or high modern slavery risks identified; and
- engagement with companies on modern slavery issues during the period.

Where any high risks of modern slavery occur, the Investment Teams are committed to engaging with the company with the objective of effecting positive change. All engagements on modern slavery topics are documented and included in an annual report to the RCC, or on an ad hoc basis where a modern slavery risk rating is elevated to high.

i. MAGELLAN INVESTMENT TEAM

On an ongoing basis, analysts actively monitor each portfolio company's risks and how the company manages its exposure to ESG risk factors including modern slavery. The Investment Team assesses the level of these risks and how well they are managed. Should an analyst believe the risks have sufficiently increased, this will be reported to the applicable Portfolio Manager and/or Investment Committee and the Risk & Compliance Team.

Remediation/Engagement: Magellan strives to engage directly with portfolio companies where we have formed the view that a material modern slavery risk exists (i.e. those portfolio companies assigned a "high" rating), with

the objective to effect positive change. This is documented as part of Magellan's ESG interaction with covered companies and included in the annual report to the RCC.

During the Reporting Period, Magellan actively engaged with more than 50 portfolio companies to better understand modern slavery risks and their supply chain management practices.

Case Study: In the Reporting Period, the Magellan Investment Team engaged with one of two portfolio companies rated as "high" in the previous Reporting Period (the other company was divested in FY22). The company is in the higher risk manufacturing industry, with exposure to raw materials. Through engagement, the Investment Team gained a deeper understanding of how the company is adequately committed and has taken reasonable steps to manage the risk of modern slavery. These measures include regular audits, structured supplier assessments and collaboration with an industry body. This resulted in the company's rating being revised from "high" to "moderate" for the current Reporting Period.

Note: The above process is also the same for the portfolio companies held by the Frontier MFG Funds and for our internal principal investment portfolio.

ii. AIRLIE INVESTMENT TEAM

Airlie analysts assess all modern slavery risks identified in their portfolio companies for materiality, including the impact on people. The analyst will also determine if the risks are being satisfactorily addressed by the company. Risks are recorded in an ESG Risk Register (including follow up actions to be taken, if applicable) and reported to the Portfolio Manager. The team has also developed a modern slavery checklist used when assessing a company.

Remediation/Engagement: The team track any material incidents of modern slavery, via MSCI ESG Manager and engagement directly with the portfolio company. Incidents are logged on an ESG Risk Register and reported to the Risk & Compliance Team.

Over the past 12 months, Airlie analysts have engaged directly with a number of companies to discuss modern slavery. The team's analysts will continue to monitor companies where they feel there is a risk and engage directly where they are not satisfied that the risks are being adequately addressed or remedied by the company.

In the Reporting Period, for the Airlie portfolio company that was elevated to "high" risk, Airlie actively engaged with the company to manage the heightened risk. In 2022, Airlie held a total of 5 meetings with the CEO/CFO and two meetings with the Board.

B. PRINCIPAL INVESTMENTS

Our external principal investee companies each complete a modern slavery questionnaire. We engage with the company where we need further information on how they intend to mitigate any material modern slavery risks.

III. SUPPLY CHAIN

MFG and MAM maintain an Outsourcing Policy which details the due diligence and ongoing monitoring processes for a material business supplier to Magellan. Modern slavery risks are incorporated into the initial due diligence performed on any new key suppliers.

As part of our modern slavery review, we have conducted due diligence activities over a sample of our suppliers taking a risk-based approach i.e. according to level of spend and based on sectors or countries with a known high risk of modern slavery.

We have created a modern slavery questionnaire that is sent to selected suppliers on an annual basis to ensure we capture any new or elevated modern slavery risks. Where possible, we have aimed to conduct follow up enquiries where we have identified risks of modern slavery. We also review our suppliers' own Modern Slavery Statements (where available) each reporting period to identify risks, actions taken and if any instances of modern slavery have been identified (and remedied sufficiently).

We have extended the number and type of suppliers reviewed over each reporting period and record all findings. Results are reported to the RCC annually. Refer to Criterion 3 and 5 for our key findings.

Monthly compliance attestations completed by our external registries request confirmation that there has been no

outsourcing of the services provided to Magellan (unless already approved by Magellan) and, if approved, there have been no changes to the location of these services. This allows us to identify any new modern slavery risks and assess them as required.

We have created a modern slavery clause for inclusion in selected supplier contracts (those that were being reviewed or renewed). The clause obligates the suppliers to promptly report any instances of modern slavery within their operations or supply chains to Magellan. Post Reporting Period, this was completed for 6 out of 7 selected supplier contracts.

If a supplier is found to be in breach of its agreement, or if a supplier reports a modern slavery risk, Magellan will engage with the supplier with the intention to effect positive change. Magellan may terminate a relationship with a supplier if a situation involving modern slavery is not remedied to our satisfaction.

IV. REMEDIATION PROCESS

Following identification of a modern slavery risk and the assessment of its severity, the general approach to remediate a material modern slavery issue is as follows:

- where Magellan is directly linked to severe instances of modern slavery through a business relationship, whilst Magellan is not responsible for remediating the impact, it is Magellan's intention to use our influence with the entity (if appropriate) to effect positive change;
- if a supplier is found to be in breach of its agreement, or if a supplier reports a modern slavery risk, Magellan will engage with the supplier to effect positive change. Magellan may terminate a relationship with a supplier if the situation is not remedied to our satisfaction and
- for modern slavery risks in the operations of companies in which MAM invests on behalf of its clients and funds, Magellan strives to engage directly with investee companies where it has formed the view that a material modern slavery risk exists, with the objective of effecting positive change. This is documented as part of Magellan's interaction with covered companies.

The Risk & Compliance Team, in consultation with relevant stakeholders, review reported modern slavery risks and/or instances of modern slavery and determine the escalation process to the RCC and/or the MFG and MAM Boards.

EFFECTIVENESS OF ACTIONS

(REPORTING CRITERION 5)

This section explains how Magellan assesses the effectiveness of our actions taken to identify and assess risks of modern slavery in our operations and supply chains.

I. GOVERNANCE

The MAM and MFG Board of Directors are responsible for the oversight and approval of our Modern Slavery Statement. MAM's RCC (which includes MAM's CCO and Responsible Managers) is also a key stakeholder in the governance of our modern slavery response. The RCC reviews work completed by Magellan's Risk & Compliance and Investment Teams during the period, and in particular reports on the effectiveness of our actions to identify and address modern slavery risks in our operations and supply chains.

The engagement process during the Reporting Period involves senior staff across the business who participate in the review and provide input into the improvements that can be made going forward. Representatives include members of the HR Team, Investment Team (including the ESG Team), Legal and the Frontier Group.

Magellan's Head of ESG is responsible for monitoring the effectiveness of our actions in respect of our investment operations.

II. EFFECTIVENESS OF OUR ACTIONS

A. KEY PERFORMANCE INDICATORS

Our focus areas when monitoring the effectiveness of our actions are detailed below. Individual key performance indicators ("KPIs") fall within the following areas:

- **Direct Workforce Operations** – delivery of training, reviewing applicable policies and monitoring for any grievances raised by employees with regard to modern slavery, ensuring that any instances reported have been escalated and any remedial actions taken have been recorded.
- **Investment Operations** – conducting an annual assessment of modern slavery risks in our portfolio companies and in MFG's principal investments.
- **Supplier Due Diligence** – conducting an annual review of selected suppliers which may include reviewing their own modern slavery statements, requesting completion of our modern slavery questionnaire, or discussing modern slavery as part of their annual compliance review.

On an annual basis, we report the following KPIs to the RCC:

- number of modern slavery incidents reported;
- percentage of investee companies reviewed;
- number of portfolio companies evaluated as a high risk of modern slavery in their supply chain or operations;
- number of portfolio companies engaged with on modern slavery issues by our investment analysts;
- percentage of staff trained;
- number of reports of modern slavery through the Whistle-blower Program;
- percentage of total MAM supplier spend covered in our annual due diligence of suppliers;
- number of supplier contracts updated with modern slavery clause; and
- any gaps in Magellan's processes for assessing the risks of modern slavery, and if any, details of the proposed updates to these processes.

In future reporting periods, we may consider engaging external experts to help test the adequacy of our modern slavery approach, risk assessment and controls.

B. KEY FINDINGS FOR FY23 SUPPLIER REVIEW

FINDING	RISKS TO MAGELLAN
<p>Most of Magellan’s suppliers operate in sectors that rely on a highly skilled workforce, meaning their direct business operations have a low risk of modern slavery. However, like Magellan, they are still exposed to the risk of modern slavery via their supply chains through activities such as IT procurement, sourcing of promotional merchandise and facilities management (e.g. cleaning and building maintenance).</p>	<p>The risk of modern slavery is hard to avoid given many businesses have long and complex supply chains. We will continue to monitor this risk.</p>
<p>Magellan has some suppliers with a greater risk of modern slavery due to outsourcing models or licensee business operations.</p>	<p>Where the supplier has less visibility over their operations, the risk of modern slavery increases. We will continue to monitor this risk.</p>
<p>Most of our top spend Australian suppliers are Reporting Entities for Modern Slavery and have undertaken a review of their supply chain, in particular their Tier 1 direct suppliers. There also seems to be improvement year on year with reviews extending to indirect suppliers.</p> <p>Suppliers that had not reviewed their supply chain (or where there was insufficient evidence from the documentation available) were not reporting entities under the Modern Slavery Act.</p>	<p>Current visibility beyond our Tier 1 suppliers is still low, therefore we do not have a full picture of the modern slavery risks in our supply chain.</p> <p>This may improve in future reporting periods.</p>
<p>Our suppliers operate globally and/or source products and services from several high-risk countries and regions e.g. Philippines and India.</p> <p>Some of our key suppliers also offshore services provided to Magellan to higher risk countries.</p>	<p>Our modern slavery risk is increased when suppliers are exposed to higher risk geographies. These countries pose a greater risk, due to poor governance and/or socio-economic factors. We will continue to monitor this risk.</p>
<p>The majority of suppliers on which we conducted further due diligence, had due diligence frameworks in place and most reference policies and/or training to help bring attention to, or mitigate against, modern slavery risk.</p> <p>Those that had no framework in place (or where it was unclear from the information we had) were not reporting entities under the Modern Slavery Act.</p>	<p>A good framework, policies and training highlight that our suppliers are taking their responsibilities around modern slavery seriously.</p> <p>This reduces our overall risk.</p>
<p>Indicators or instances of modern slavery have been found in our indirect supply chain. The suppliers that reported these issues operate in higher risk sectors, with their suppliers located in higher risk countries. Our suppliers had in-depth due diligence processes in place that identified these risks, with good governance frameworks and are working to address and remedy the issues with their suppliers in question.</p>	<p>Details have been provided under Criterion 3 - Risks Identified.</p>

APPENDIX – as at 30 June 2023

FUND NAME	Modern Slavery Reporting Entity	MAM as Responsible Entity	MAM as Trustee	MAM as Investment Manager or Sub-adviser
AUSTRALIAN FUNDS				
Magellan Global Fund ¹²	✓	✓		✓
Magellan Global Fund (Hedged)		✓		✓
Magellan Global Equities Fund (Currency Hedged)		✓		✓
Magellan Infrastructure Fund		✓		✓
Magellan Infrastructure Fund (Unhedged)		✓		✓
Magellan Infrastructure Fund (Currency Hedged)		✓		✓
Magellan High Conviction Fund		✓		✓
Magellan High Conviction Trust	✓	✓		✓
MFG Core Infrastructure Fund		✓		✓
MFG Core International Fund		✓		✓
MFG Core ESG Fund		✓		✓
Magellan Sustainable Fund		✓		✓
Magellan Global Wholesale Fund			✓	✓
Magellan Energy Transition Fund			✓	✓
Airlie Australian Share Fund		✓		
Airlie Concentrated Share Fund			✓	
Airlie Small Companies Fund		✓		
INTERNATIONAL FUNDS				
MFG Global Fund ¹³				✓
MFG Select Infrastructure Fund ¹⁴				✓
MFG Global Sustainable Fund ¹⁴				✓
Frontier MFG Global Equity Fund				✓
Frontier MFG Core Infrastructure Fund				✓
Frontier MFG Select Infrastructure Fund ¹⁴				✓
Frontier MFG Global Sustainable Fund				✓

¹² Magellan Global Fund has two-unit classes, an open-ended unit class (ASX: MGOC / APIR MGE0001AU) and a closed-ended unit class (ASX: MGF).

¹³ Funds authorised under the European Commission (Undertakings for Collective Investment in Transferable Securities).

¹⁴ Frontier MFG Select Infrastructure Fund was closed and liquidated effective 23 August 2023.