



Modern Slavery Statement

Magellan Financial Group Limited (ACN 108 437 592)

Financial year ended 30 June 2022

APPROVAL

This Modern Slavery Statement was approved by the Board of Magellan Financial Group Limited on 17 December 2022.

This Modern Slavery Statement was approved by the Board of Magellan Asset Management Limited on 17 December 2022.

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 Infrastructure Fund (ARSN 126 367 226)

Magellan Infrastructure Fund (Unhedged) (ARSN 164 285 830)



Hamish McLennan

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 2021 to 30 June 2022 ("**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 Infrastructure Fund (" MIF ")	ARSN 126 367 226
Magellan Infrastructure Fund (Unhedged) (" MIFU ")	ARSN 164 285 830

This is Magellan's third joint Modern Slavery Statement. Previous statements can be found on our website here: [Modern Slavery Statements](#). 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 two reporting periods. We have done this by undertaking 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 Executive 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 MIF and MIFU as Responsible Entity. The modern slavery risks faced, and the policies and processes followed by, MIF and MIFU are the same as MAM.

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 Partners¹ 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 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 INFRASTRUCTURE FUND and MAGELLAN INFRASTRUCTURE FUND (UNHEDGED)

Both MIF and MIFU are structured as trusts, with MAM acting as the Responsible Entity and Investment Manager. Both funds are unlisted managed investment schemes.

Despite only MIF and MIFU 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.

¹ Magellan Capital Partners Pty Limited, Magellan Capital Partners No.2 Pty Limited, Magellan Capital Partners No.3 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 2022, MAM directly employed 126 staff on a permanent basis, with Frontier Group having an additional nine permanent staff. Of the total 135 employees, 8% are part time and 46% are female.

MAM employs an additional two part 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 135 staff are located across three countries, Australia, New Zealand and the USA. All nine 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 85% of staff working from this office or remotely from home. A further 7% 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 and global sustainable 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 2022, MAM had funds under management of AUD \$61.3 billion across the strategies: Global Equities (\$33.3 billion)², Infrastructure Equities (\$20.1 billion) and Australian Equities (\$7.9 billion).

MAM's philosophy is a 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: Franchises³, Healthcare, Infrastructure, Technology, Communications & Media, Energy and Industrials and Materials.

As at 30 June 2022, Magellan held investments listed in 15 countries.

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

² Includes the Global Sustainable Strategy

³ 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**"), FinClear Holdings Limited ("**Finclear**") and Guzman Y Gomez (Holdings) Limited ("**Guzman Y Gomez**")⁴.

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 on this 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 \$49 million⁵. The majority of this spend is by MAM (96%) with MAM's top 20 suppliers making up 69% 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 are outsourced by our top direct suppliers and/or provided from 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.

Magellan explains in this Statement how we are working with 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.

⁴ MFG sold its interest in Guzman Y Gomez with a completion date 24 June 2022.

⁵ Spend data is for FY21 given we did not have the full set of FY22 data until post 30 June 2022. Our supply chain assessment is based on this data.

⁶ Ranked on The Global Slavery Index 2018 as 53 and 30, respectively, out of 167.

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

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.

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 areas of risk identified include:

- agricultural supply chain;
- IT supply chain;
- suppliers of retailers/online market places;
- finance services exposure to modern slavery;
- direct emerging market labour exposure; and
- apparel supply chain.

There continues to be a material risk associated with alleged forced labour in Xinjiang, China, as it relates to the Muslim-minority Uighur population. This particularly impacts the apparel and IT supply chains.

The vast majority (98%) of our portfolio companies 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 (33%) 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.

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. There were two companies rated high during the current Reporting Period, one of which is no longer a company held by Magellan. The company still held by Magellan is in a higher risk manufacturing industry, with exposure to raw materials. There is no evidence of regular audits or sufficient oversight of its supply chain, hence the higher risk rating. 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 portfolio companies 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%) are operating 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 Malaysia and Sri Lanka, 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.

Post 30 June 2022, the Airlie Investment Team has elevated the modern slavery risk rating from moderate to high for one portfolio company, which is due to claims of forced labour in its supply chain. Please refer to the Case Study under Criterion 4 for details on the actions taken by Airlie with regard to this increased risk exposure.

- **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** – During the Reporting Period, Frontier was appointed investment adviser to a non-Magellan mutual fund ("**non-Magellan Frontier Fund**") and a non-Magellan Australian asset management company was appointed as 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.

Some exposure to modern slavery risks was identified in Guzman Y Gomez due to its supply chain extending to higher risk countries such as China and Mexico and in sectors such as agriculture, meat processing, manufacturing and IT. Guzman Y Gomez is a Reporting Entity and published its first Modern Slavery Statement for the year ended 30 June 2021⁴. We are reasonably satisfied that they are assessing their risks as required and have policies and procedures in place to mitigate these risks.

C. SUPPLY CHAIN

A large number of Magellan's suppliers are global entities, with established governance structures and their own Corporate Social Responsibility programs, including in relation to 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 has helped inform our approach to our supply chain assessment.

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, Magellan identified one key supplier that outsources some services (provided to Magellan) to a third-party service provider based in the Philippines which is rated higher risk on the Global Slavery Index e.g. due to the prevalence of forced labour in certain sectors. Magellan acknowledges the possibility of modern slavery risk through this relationship; however, we are satisfied with the due diligence performed by our service provider on their third-party service provider. Furthermore, our service provider does not make use of high-risk supply chains that would compromise Magellan's standards and views on modern slavery.

ii. PROGRESS IN OUR SUPPLIER ASSESSMENT

During subsequent reporting periods we continued to adopt a risk-based approach, taking into consideration supplier spend, the industry sector and the supplier location. We 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).

In the Reporting Period, we extended our review further to areas that are considered higher risk in the financial sector, including facilities management and procurement of goods for marketing purposes.

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 their annual compliance review. The results of our review were reported to the RCC for consideration.

iii. KEY RISKS

• FACILITIES MANAGEMENT

One of the initial suppliers we identified as being higher risk was our office management supplier, given they also provide 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 one of our IT equipment suppliers, via review of their FY21 Modern Slavery Statement. Indicators included charging of recruitment fees, withholding of passports, forced labour and falsified overtime records. The supplier in question is requiring the issues to be addressed and working with their own suppliers to provide remedy and implement 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 two 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 reviewing brokers' most recently published Modern Slavery Statements. 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 two 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 will continue to conduct due diligence in future reporting periods.

- **FRONTIER GROUP**

During the last two 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. This Reporting Period we requested Frontier Group's building manager to complete our modern slavery questionnaire, however the supplier did not report any risk areas. 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

In FY21, all staff based in Australia and New Zealand received training on modern slavery which comprised 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.

The training now forms part of Magellan's Induction Training for all new employees and Annual Compliance Training for existing employees, to ensure staff are informed and refreshed on the requirements of modern slavery and the reporting process. 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.

All new employees are required to certify that they have read and understood the modern slavery training material. All new staff during the Reporting Period completed the certification. During the Reporting Period, 100% of staff (with the exception of those on any type of longer-term service leave) also completed their Annual Compliance Training.

Modern Slavery Training was extended to Frontier Group staff during FY21, with 100% of staff completing the training.

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 93 - 100 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.
Code of Ethics	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.

POLICY	DESCRIPTION
<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	<p>This Policy sets out the procedures Magellan adopts to identify, assess, notify, rectify and monitor incidents and breaches.</p> <p>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.</p>
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	<p>This Framework sets out the governance structures, policies, procedures and controls that Magellan has adopted to satisfy our regulatory obligations.</p> <p>Modern slavery has been identified as a risk at the corporate level which is considered annually by the MFG and MAM Boards.</p>
<u>Whistleblowing Policy</u>	<p>This Policy sets out the principles for making, receiving, investigating and addressing disclosures raised by whistleblowers.</p> <p>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.</p> <p>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.</p>
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 has recently hired a new ESG Manager who will be 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 Manager, in conjunction with the relevant analyst, will engage with the company to understand its approach to identifying and reducing the risk of modern slavery; and where possible, encourage improvements. The ESG Manager will be a key part of the consultation process in the preparation of our Modern Slavery Statement.

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, 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.

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 in terms of 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.

Case Study: Post Reporting Period, Airlie elevated the modern slavery risk rating of one portfolio company from 'moderate' to 'high'. This followed alleged modern slavery related incidents coming to light in the company's supply chains. Allegations include the use of forced labour in one supplier's manufacturing operations and a second supplier requiring migrant workers to pay recruitment fees, withholding their passports and subjecting them to poor living conditions, long hours and violence from factory management.

The Airlie team have engaged with the company five times since February 2021 to discuss the issue of modern slavery, to express their concerns, and to better understand how they intend to eliminate risks from that company's supply chain. This has included discussions with both the Chairman and CEO on several occasions, as well as engagement with other members of the management team. The company is working with suppliers to improve labour practices and drive positive change and has plans to increase its own manufacturing footprint to reduce reliance on third party suppliers where risks are elevated. The Airlie team will continue to monitor and engage with the company and any material updates will be reported in our future Statements.

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, over the last three reporting periods 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 before period end. 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.

During the Reporting Period, we created a modern slavery clause for inclusion in selected supplier contracts, or where these contracts are being reviewed or renewed, which will require these suppliers to report promptly any instances of modern slavery in their operations or supply chains to Magellan. This will be rolled out over the next reporting period.

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.

- **NON-MAGELLAN FRONTIER FUNDS**

During our consultation process with Frontier Group, we considered their appointment of an External Sub-Adviser to the non-Magellan Frontier Fund. We extended our supplier analysis to include a review of the External Sub-Adviser's investment process (using publicly available information such as its ESG Policy) and the nature of its investment portfolio. We will continue to monitor this supplier going forward.

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 CEO, 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 how improvements can be made going forward. Representatives include members of the HR Team, Investment Team, Legal and the Frontier Group.

Magellan has recently hired an ESG Manager who will be instrumental in the process going forward when 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;
- percentage of total MAM supplier spend covered in our annual due diligence of suppliers; 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.

Over the next reporting period, we intend to include the number of both new and existing supplier contracts renewed or reviewed containing a modern slavery clause.

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 FY22 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>There were suppliers who had 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>The majority of suppliers on which we conducted further due diligence had undertaken a review of their direct suppliers (Tier 1) and many had commenced work to review their indirect suppliers. This is an improvement from the previous reporting period.</p> <p>Those that had not reviewed their supply chain (or where it was unclear whether they had) 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>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, which 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				
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 (Hedged)		✓		✓
Magellan Infrastructure Fund	✓	✓		✓
Magellan Infrastructure Fund (Unhedged)	✓	✓		✓
Magellan High Conviction Fund		✓		✓
Magellan Global Fund ¹¹		✓		✓
Magellan Global Equities Fund (Currency Hedged)		✓		✓
Magellan High Conviction Trust		✓		✓
Magellan Infrastructure Fund (Currency Hedged)		✓		✓
Airlie Australian Share Fund		✓		✓
Magellan FuturePay ¹²		✓		✓
FuturePay Support Trust ¹³				✓
MFG Core Infrastructure Fund		✓		✓
MFG Core ESG Fund		✓		✓
MFG Core International Fund		✓		✓
Magellan Sustainable Fund		✓		✓
Airlie Concentrated Share Fund			✓	✓
MC Fund			✓	✓
Magellan Global Wholesale Fund			✓	✓
INTERNATIONAL FUNDS				
MFG Global Fund ¹⁴				✓
MFG Select Infrastructure Fund ¹⁴				✓
MFG Global Sustainable Fund ¹⁴				✓
Frontier MFG Global Equity Fund				✓
Frontier MFG Global Plus Fund				✓
Frontier MFG Core Infrastructure Fund				✓
Frontier MFG Select Infrastructure Fund				✓
Frontier MFG Global Sustainable Fund				✓
MFG High Conviction Master Fund LP				✓

¹¹ Magellan Global Fund has two-unit classes, an open-ended unit class (ASX: MGOC / APIR MGE0001AU) and a closed-ended unit class (ASX: MGF).

¹² Magellan FuturePay was terminated on 20 July 2022.

¹³ FuturePay Support Trust was terminated on 13 July 2022.

¹⁴ Funds authorised under the European Commission (Undertakings for Collective Investment in Transferable Securities).