

MAGELLAN FINANCIAL GROUP YEAR 1 REPORT FINANCIAL SERVICES HUMAN RIGHTS BENCHMARK

Company Name	MAGELLAN FINANCIAL GROUP LIMITED
Industry	investment management/ funds management
FY end	30 June 2019
Revenue FY19	\$617.39 million
Employees	125
Retail divisions	direct retail funds management
CLIS divisions	institutional funds management
Law reform contributions	None in our sample
Overall level of disclosure	Moderate disclosure

Our overall rating of Magellan Financial Group's human rights performance for each domain is set out below

RETAIL DOMAIN: AMBER

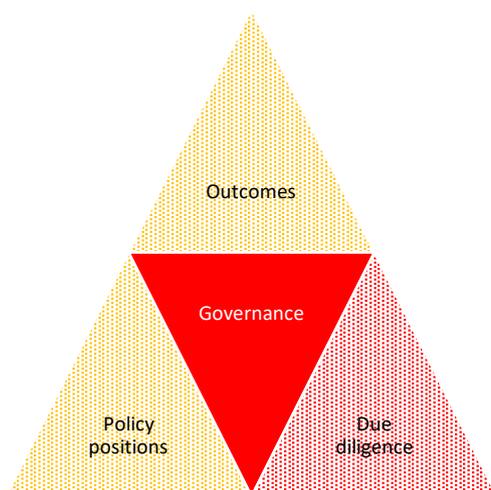
There is no recognition at Board level of how Magellan Financial Group's relationships with its retail customers is a source of human rights risk. We note the Code of Ethics includes a commitment to acting ethically and with integrity.

This lack of recognition is reflected in our coding for Governance. We could not find much information on its policy positions, other than privacy and some statements in the Code of Ethics around providing full and fair disclosure of all material facts to clients and prospective clients (which speaks to information). What was missing was evidence of policies targeting retail customers. Our coding also reflects the fact that we found little in the way of public disclosures.

Similarly, Magellan provides little to no information or commentary on any feasible human rights due diligence process for retail customers.

We observed some good outcomes for Magellan Financial Group across many of

our indicators: no regulatory actions in relation to their treatment of retail customers, and no evidence of retail customer complaints lodged with AFCA. However our coding for Outcomes reflects the absence of disclosures by Magellan Financial Group in relation to these customers, such as an internal complaints handling processes, including statistics as to its performance.



COMMERCIAL LENDING INVESTMENT AND SERVICES: AMBER

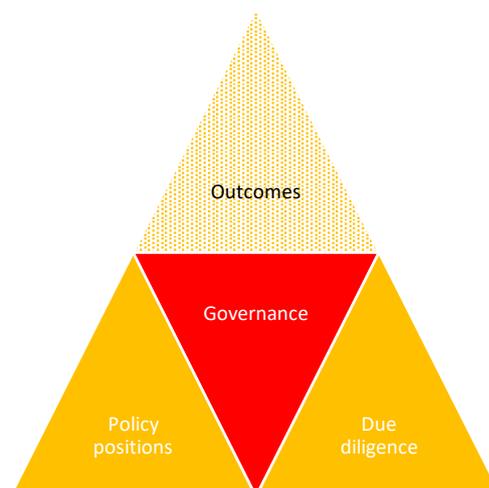
Magellan's main areas of CLIS relate to the Group's investment activities as well as its relationships with its wholesale clients.

We note that Magellan Financial Group has a detailed ESG Policy for its investments, and approaches social risks as an aspect of business risk. The social issues checklist within this document covers a broad range of issues that would speak to our human rights categories. The ESG policy similarly outlines a due diligence process, including the requirement for each of the social and environmental checklists to return a rating of 'A' for the investment to be classified as low risk.

However, beyond acknowledging that social risk carries with it reputation and brand risk issues that can impact investment valuations Magellan's ESG policy does not contain any recognition of whether and how the Group might contribute to human rights impacts and nor any overarching commitment to respecting human rights.

Our coding for due diligence reflects concerns similar to those regarding policy. In particular we note that there is little information about how it performs human rights due diligence in respect to specifics on its ongoing monitoring processes, as well as what actions beyond engagement with issuers are deployed.

Our coding for outcomes reflects a lack of disclosure of information by the Group. We noted a clear disclosure of the CO2 emissions across different funds, but there wasn't much in the way of information about the social outcomes from its investment activities.

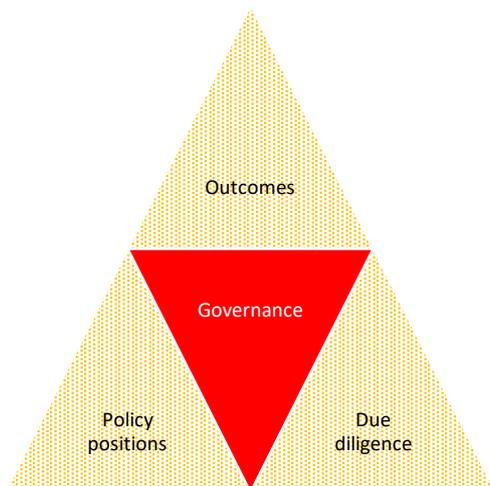


This report is presented for the purpose of disseminating information and research findings for the benefit of the public. It has been prepared on the basis of evaluation of human rights performance based on publicly available material for the 22 ASX listed entities included in the sample.

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EMPLOYEES: AMBER



As one of the smallest employers in our sample, Magellan Financial Group has given attention to many aspects of the human rights of its employees, particularly those that are reflected in current Australian law. We also observed some clear statements within its Responsible Investment section of its 2019 Annual Report that could be said to be a recognition of these human rights.

Our coding for Governance reflects a lack of a more holistic management of this risk as reflected in our indicators.

We observed mention of a broad suite of policies (relative to its size as an employer) to manage many of the human rights risks in this area. We were only able to observe some of these policies in full: our coding reflects this.

Our coding for due diligence reflects our view that while some activity is likely occurring in this area based on disclosures we were able to find, we were unable

to conclude how extensive this due diligence was in practice.

Our coding for outcomes reflects a mix of some good outcomes (for example, a WGEA report disclosure indicating the pay gap had been removed during the year) and a lack of fuller disclosures that can only come from Magellan Financial Group itself.

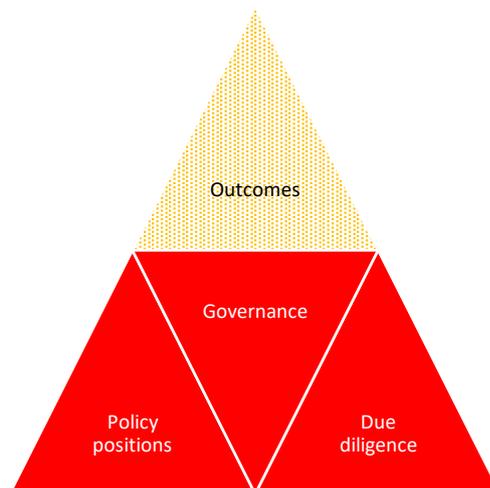
SUPPLY: RED

This is one area where the 2019 disclosures did not indicate any awareness of how Magellan Financial Group’s relationships with its supplies and its supply chain can be a source of human rights risk. It’s simply not discussed in the 2019 annual report or the 2019 corporate governance statement issued by the Group. Our coding for governance, policy positions and due diligence reflects this.

Our coding for outcomes is common across our FSE sample.

We note the Group has released its first modern slavery statement for the financial year ended 30 June 2020. From this statement we understand more about the nature of Magellan’s supplier arrangements, the countries where these suppliers are located and the services they provide.

We also note that statement contains a recognition that Magellan Financial Group can be directly linked with modern slavery through the activities and supply chains of the global companies it chooses as investments in its funds and on behalf of its clients. Just over one-half of its investee companies were included in its FY20 analysis of modern slavery risks.

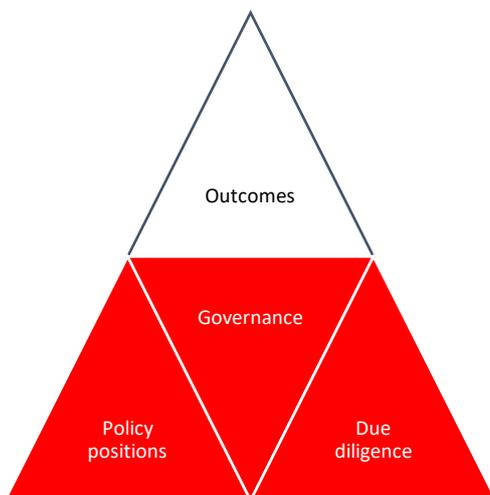


SOCIETY: RED

There is no recognition at Board level of public policy advocacy as a source of human rights risk. There is a policy regarding political donations for its US-based employees, and comments within its ESG policy for investments that indicate awareness of companies that threaten the rule of law present a social risk. To which we point we note that public policy advocacy can also undermine the human rights soundness of our laws. What Magellan is missing is the joining of dots between what it seeks to do as an investor with respect to social risk and how those sample principles and concepts apply to its own business.

We found no evidence of appropriate governance of this source of human rights risk, no evidence of policy positions and no evidence of a feasible due diligence process. Our coding reflects our intuition that these things don’t yet exist, and are not simply a lack of public disclosure or discussion.

Magellan did not make any submissions to the law reform inquiries we examined



in this Year 1 study. Our coding for outcomes reflects this.