



Board Charter

Magellan Financial Group Limited

ACN 108 437 592

20 June 2018

Board Charter

Purpose

1. This Board Charter ('Charter') sets out the role, responsibilities, structure and processes of the Board of Magellan Financial Group Limited ("Magellan' or 'Company'). Group means the Company and its controlled entities.
2. The Board may review and amend this Charter from time to time.

Board Size, Composition and Independence

3. The size of the Board will be determined in accordance with Magellan's constitution.
4. The Board will comprise at least 50% independent Non-Executive Directors, subject to compliance with the requirements of clause 6 of this Charter.
5. An independent Non-Executive Director is one who is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.
6. Collectively, the Board should comprise:
 - (a) Directors with an appropriate range of skills, experience and expertise;
 - (b) Directors who can understand and competently deal with current and emerging business issues; and
 - (c) Directors who can effectively review and challenge the performance of Group senior executives and exercise independent judgement.
7. Whilst ever the Board has an Executive Chairman, a Senior Independent Director who can fulfil the role whenever the Chairman is conflicted will be appointed.
8. Non-Executive Directors will be engaged through a written agreement approved by the Board.

Board Role and Responsibilities

9. The role of the Board is to provide strategic guidance for Magellan and effective oversight of management. The Board is accountable to security holders for the performance of the Magellan Group's businesses.
10. The key responsibilities of the Board are as follows:
 - (a) approving the strategic direction of the Magellan Group and significant corporate initiatives;
 - (b) approving the annual budget, financial statements and monitoring financial performance against forecast and prior periods;
 - (c) determining dividend policy and the amount timing and nature of dividends to be paid;
 - (d) monitoring the effectiveness of risk management and compliance including satisfying itself through appropriate reporting and oversight that appropriate internal control mechanisms are in place and are being implemented;
 - (e) assessing and determining whether to accept risks beyond the approval discretion provided to management;

- (f) selecting, appointing and terminating the external auditor (including recommendations to shareholders thereon for approval);
- (g) oversight of the Board Audit Committee's evaluation of auditor's performance and ongoing independence;
- (h) approving the appointment and removal of:
 - (i) Chairman;
 - (ii) Chief Executive Officer; and
 - (iii) Company Secretary.
- (i) approving the remuneration package to be awarded to the Executive Chairman and CEO and their executive employment agreements;
- (j) succession planning in respect of the Board, CEO and Group senior executives;
- (k) identifying and evaluating possible future Directors of Magellan and its significant subsidiaries;
- (l) appointing Directors to fill casual vacancies on the Magellan Board;
- (m) determine and regularly review the composition of the Board giving consideration to the optimal number and skill mix of Directors, subject to the limits imposed by the Constitution and the terms served by existing Non-Executive Directors;
- (n) recommendations to shareholders on the appointment or removal of Directors.
- (o) subject to the law and Magellan's constitution, determining the remuneration of the Non-Executive Directors (including the members of all Committees of the Board);
- (p) determining the size of bonus/incentive pools as part of Magellan's annual budget;
- (q) oversight of the Performance Review and Remuneration Review processes for the Executive Chairman and the CEO and on a total basis all other employees;
- (r) providing oversight and monitoring of workplace health and safety (OH&S) issues and considering appropriate OH&S reports and information;
- (s) monitoring compliance with best practice corporate governance requirements;
- (t) recommending to shareholders any matters associated with share capital management; and
- (u) approving material Group funding facilities.

Save where, and to the extent, restricted by law, regulation or Magellan's Constitution, the Board may delegate any of the above powers to individual Directors, Committees of the Board or Group senior executives. Any such delegation shall be in compliance with the law and the Company's constitution.

Role and Delegation to Management

11. The CEO is responsible for the development of strategic objectives for the business and achievement of the planned results for the Group.
12. Management of the Group's day to day operations is undertaken by the CEO subject to specified delegations of authority approved by the Board.
13. Any matters or transactions outside the delegations of authority must be referred to the Board for approval.

Board Committees

14. The Board may establish Committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail.

15. The standing Board Committees are:
 - (a) Audit and Risk Committee; and
 - (b) Remuneration and Nominations Committee.
16. The charter of the Board Committees set out matters relevant to their composition, responsibilities and administration and must be approved by the Board. The Committees will review their charter from time to time as appropriate.
17. The Board may establish ad hoc Board Committees from time to time to consider matters of special importance or to exercise the delegated authority of the Board.
18. The Board will determine the membership and composition of Board Committees, having regard to workload, skills and experience.

Chairman of the Board

19. The Chairman of the Board is appointed by the Directors.
20. The additional responsibilities of the Chairman of the Board include:
 - (a) providing leadership to the Board;
 - (b) promoting the efficient organisation and conduct of the Board's functions;
 - (c) monitoring the performance of the Board;
 - (d) facilitating Board discussions to ensure core issues facing the Company are addressed;
 - (e) briefing all Directors in relation to issues arising at Board meetings;
 - (f) facilitating the effective contribution and ongoing development of all Directors;
 - (g) promoting constructive and respectful relations between Board members and between the Board and Group senior executives; and
 - (h) chairing general meetings.

Directors

21. Directors are expected to attend and participate in Board meetings and meetings of Committees on which they serve.
22. Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.
23. Directors are expected to review meeting materials before Board meetings and Committee meetings.
24. Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, Group senior executives. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that Group senior executives are prepared to address them.
25. Directors must exercise independent judgment when making decisions.
26. Publicly, Directors are expected to support the letter and spirit of Board decisions.
27. Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential.
28. Directors are expected to comply with their legal duties when discharging their responsibilities as Directors. Broadly, these duties are:
 - (a) to act in good faith and in the best interests of the Company;

- (b) to act with care and diligence;
- (c) to act for proper purposes;
- (d) to avoid a conflict of interest or duty; and
- (e) to refrain from making improper use of information gained through the position of Director or taking improper advantage of the position of Director.

Company Secretary

- 29. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.
- 30. The role of the Company Secretary is to:
 - (a) advise the Board and its Committees on governance matters;
 - (b) monitor that Board and Committee policy and procedures are followed;
 - (c) coordinate the timely completion and despatch of Board and Committee papers;
 - (d) ensure that the business at Board and Committee meetings is accurately captured in the minutes; and
 - (e) help to organise and facilitate the induction and professional development of Directors.
- 31. Directors are free to communicate directly with the Company Secretary and vice versa.

Conflicts

- 32. Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.
- 33. Directors must:
 - (a) disclose to the Board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
 - (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
 - (c) comply with the Corporations Act 2001 (Cth) and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.
- 34. If a conflict exists, it is expected that any Director to whom the conflict relates will leave the room when the Board is discussing any matter to which the conflict relates.
- 35. Directors are expected to inform the Chairman of the Board of any proposed appointment to the Board, Committee or executive of another company as soon as practicable.

Access to information and independent advice by Directors

- 36. Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 37. Directors have access to:
 - (a) Group senior executives to seek explanations and information from them; and
 - (b) External auditors to seek explanations and information from them without Group senior executives being present.
- 38. Directors may obtain independent professional advice at the Company's expense, subject to making a request to, and obtaining the prior authorisation of, the Chairman of the Board. Where the Chairman of the Board wishes to obtain independent professional advice, he or she is required

to make a request to, and obtain the prior authorisation of, the Chairman of the Audit and Risk Committee of the Board.

39. Notwithstanding clause 38, Directors must make independent judgement when making decisions in accordance with the procedures agreed by Directors.

Retirement of Directors

40. Clauses 40 to 44 shall be read consistently with the Company's Constitution.
41. At the end of every annual general meeting, one-third of the Directors (to the nearest whole number) must retire and may stand for re-election.
42. A Director must retire at the end of the third annual general meeting after the Director's appointment even if it means that more than one-third of Directors retire at an annual general meeting.
43. Those Directors who have been longest in office since their last appointment must retire by rotation. Directors appointed on the same day may agree among themselves or determine by lot who must retire.
44. A Director appointed to fill a casual vacancy or as an addition to the Board is not subject to retirement by rotation and is not taken into account when determining how many Directors must retire by rotation. A Director appointed to fill a casual vacancy or as an addition to the Board must retire at the next annual general meeting after their appointment.

Ethical Standards

45. The Directors and other employees are expected to act lawfully, in a professional manner and with the utmost integrity and objectivity in their dealings with clients, contractors and competitors, the community and each other, striving at all times to enhance the reputation and performance of the Company.

Communication of information

46. The Board will:
- (a) communicate effectively with shareholders;
 - (b) give shareholders ready access to balanced and understandable information about the Company and its goals; and
 - (c) make it easy for shareholders to participate in general meetings.

Review of Board performance

47. The performance of the Board and the Directors will be reviewed every two years.
48. This review will consider:
- (a) the Board's role;
 - (b) the processes of the Board and Committees of the Board;
 - (c) the Board's performance; and
 - (d) each Director's performance before the Director stands for re-election.