



Corporate Governance Statement

MFF Capital Investments Limited

ABN 32 121 977 884

Approved by the Board on 31 July 2020

Overview

MFF Capital Investments Limited (the '**Company**') is a company with a focus upon listed investments. Its shares are traded on the Australian Securities Exchange ('**ASX**'). The Company's sole employee is its Managing Director (and Portfolio Manager). Magellan Asset Management Limited ('**MAM**') provides investment research and administrative services to the Company.

Responsibility for governance rests with the Company's Board and management. Any statements, policies and procedures are subject to this overriding responsibility.

The Company's Directors and management recognise the importance of good corporate governance. The Company's corporate governance framework, policies and practices are designed to provide reasonable assurance of the effective management and operation of the Company and are reviewed as necessary.

This Corporate Governance Statement reports against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ('**ASX Recommendations**') 3rd Edition. To the extent they are relevant to the Company, the ASX Recommendations have been adopted by the Company. Where, after due consideration, the Company's corporate governance practices depart from an ASX Recommendation, this Corporate Governance Statement will set out the reasons for the departure.

Principle 1: Lay solid foundations for management and oversight

1.1 Roles and Responsibilities of the Board

The Board is responsible for the overall operation and stewardship of the Company and is responsible for its overall corporate governance. The Board will act in the best interests of the Company to provide reasonable assurance that the business of the Company is properly governed. The Company's corporate governance policies revolve around its Board Charter, the purpose of which is to:

- promote high standards of corporate governance;
- clarify the roles and responsibilities of the Board; and
- enable the Board to provide strategic guidance for the Company and effective operational oversight.

The Board Charter will apply subject to applicable legal and regulatory requirements, including duties and obligations imposed on the Board by statute and general law. The Board may review and amend the Board Charter at any time. The Board Charter is available on the Company's website.

The principal responsibilities of the Board include:

- assessing the Company's overall performance;
- reporting to shareholders;
- appointing and removing the Managing Director (and Portfolio Manager) and carrying out succession planning for the Managing Director (and Portfolio Manager) as applicable;
- reviewing the performance of the Managing Director (and Portfolio Manager), and his/her remuneration and contractual arrangements;
- exercising all rights conferred on it and performing all obligations imposed on it under agreements with service providers;
- setting the designated authorities for the Managing Director (and Portfolio Manager) in respect to portfolio construction and investment management decisions;

- providing strategic guidance to the Managing Director (and Portfolio Manager);
- monitoring the services provided by service providers and agents appointed by the Company;
- reviewing at appropriate intervals the relevant aspects of agreements with service providers and agents;
- overseeing and ensuring compliance with corporate governance standards and requirements; and
- providing reasonable assurance that the risk management systems, including internal controls, operating systems and compliance processes, are operating efficiently and effectively.

Subject to any legal requirement and the Company's Constitution, the Board may delegate any of the above powers to individual Directors, committees of the Board, or management. Any such delegation shall be in compliance with the law and the Company's Constitution. The Board has authorised MAM to act as agent in certain circumstances but has expressly reserved certain matters which require a decision of the Board.

1.2 Board composition

The Company's Board comprises Directors:

- with an appropriate range of skills, experience and expertise;
- who can understand and competently deal with current and emerging business issues; and
- who can effectively monitor and review the performance of the Managing Director (and Portfolio Manager), MAM and other service providers and exercise independent judgement.

The Directors of the Company are:

- Annabelle Chaplain (Chairman and Independent Non-executive Director)
- John Ballard (Independent Non-executive Director)
- Robert Fraser (Independent Non-executive Director)
- Andy Hogendijk (Independent Non-executive Director)
- Chris Mackay (Managing Director and Portfolio Manager).
- Peter Montgomery (Independent Non-executive Director).

Details of each Director's background, date of appointment, attendance at Board and committee meetings and any other material information in the Company's possession are set out in the Directors' Report. The Board is confident that each Director brings the skills and qualifications to the Company, which enable them to discharge effectively their individual and collective responsibilities as Directors of the Company.

The Company's Constitution provides that there must be a minimum of three and a maximum of 10 Directors. Having regard to the size of the Company and the nature of its business, the Board has determined that up to a six member Board of Directors is the appropriate composition at present. This would enable the Board to continue to discharge effectively its responsibilities to the Company.

When appointing new Directors, the Board will undertake an appropriate selection process having regard to the current Board composition, the Directors' experience and other factors.

A Director must retire from office no later than three years following the Director's last election or appointment and may seek re-election at the Company's Annual General Meeting ('AGM').

1.3 Written agreements with directors and senior executives

Each Director has signed a letter which sets out the terms and conditions of their appointment.

1.4 Role of Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

The role of the Company Secretary is to:

- advise the Board and the Audit and Risk Committee (**'Committee'**) on governance matters;
- monitor that policies and procedures of the Board and the Committee are followed;
- co-ordinate the timely completion and despatch of Board and Committee papers;
- provide reasonable assurance that the business at Board and Committee meetings is accurately captured in the minutes; and
- help to organise and facilitate the induction of Directors.

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

1.5 Diversity

The Company has not established a Diversity Policy or set measurable objectives for gender diversity in accordance with ASX Recommendation 1.5. Given the Company has one employee, the Board has determined that a Diversity Policy and the setting of measurable objectives for achieving gender diversity are not warranted. Gender diversity is reviewed periodically in the context of Board renewal and the appointment of Annabelle Chaplain as Chairman and Independent Non-executive Director has increased the gender diversity of the Board.

1.6 Evaluation of Board performance

Under the Company's Board Charter, the Board will conduct a review of its collective performance and the performance of its Directors every two years.

This review will consider:

- the Board's role;
- the processes of the Board and the Committee;
- the Board's performance; and
- each Director's performance before the Director stands for re-election.

The evaluation was undertaken covering the year to 30 June 2020. The key points made by the directors are that the Board is experienced, professional, and diverse in terms of director skill set.

1.7 Evaluation of senior executive performance

As the Company has no executives other than the Managing Director (and Portfolio Manager), it is considered appropriate that this be addressed as part of the evaluation of Board performance above at section 1.6 of this Corporate Governance Statement. The Managing Director (and Portfolio Manager) is a substantial shareholder of the Company whose interests are closely aligned to the interests of all shareholders. His performance may also be measured based on total returns to shareholders over relevant time periods.

Principle 2: Structure the Board to add value

2.1 Nominations Committee

ASX Recommendation 2.1 provides that the Board should establish a Nominations Committee. Given the size and the nature of the Company, the Board has determined that a Nominations Committee is not warranted. The Board considers the issues that would otherwise be considered by a Nominations Committee.

2.2 Board skills matrix

The following table sets out the key skills and experience of the Directors and the extent to which they are represented on the Board and the Committee.

In addition and equally importantly the Board considers that each Director has appropriate attributes relating to:

- honesty and integrity;
- understanding shareholder value;
- sufficient time to undertake the role appropriately;
- an inquiring mind able to apply to matters of the Board;
- considering materiality thresholds and risk tolerance in decision making; and
- demonstrated commitment to appropriate standards of governance.

Board skills and experience	Board	Audit and Risk Committee
Total Directors	6 Directors	3 Directors
Executive leadership	6 Directors	3 Directors
Governance	6 Directors	3 Directors
Strategy	6 Directors	3 Directors
Risk	6 Directors	3 Directors
Financial acumen	6 Directors	3 Directors
Remuneration/Human Resources	6 Directors	3 Directors
Regulatory & Compliance	6 Directors	3 Directors
Tax Governance	6 Directors	3 Directors

2.3 Details of independent Directors

The following table provides details of the independence of the Directors of the Company:

Director Name	Independent Yes/No	Reason if No	Date Appointed
Annabelle Chaplain (Chairman)	Yes	-	21 May 2019
John Ballard	Yes	-	19 October 2006
Robert Fraser	Yes	-	21 May 2019
Andy Hogendijk	Yes	-	19 October 2006
Chris Mackay	No	Executive, substantial shareholding	29 September 2006
Peter Montgomery	Yes	-	21 May 2019

2.4 Board comprises a majority of independent directors

The Board has a majority of Independent Non-executive Directors. An Independent Non-executive Director is a Non-executive Director who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere materially with, the exercise of their unfettered and independent judgement. Mr Robert Fraser is a Non-executive Director of MAM, a material service provider to the Company. The Board has assessed that Mr Robert Fraser is independent as he exercises due care and skill in relation to Company matters and brings independent judgement to bear in decision-making.

2.5 Board Chairman independence

The Chairman of the Board is an independent Non-executive Director and a resident Australian citizen. More information about the Chairman's responsibilities are contained in the Board Charter, a copy of which can be found on the Company's website.

2.6 New Director induction

The Company has an induction program for new Directors when appointed and they are expected to understand the Company's business and its policies and procedures. Directors are required to maintain the skills and knowledge required to discharge their obligations.

Principle 3: Act ethically and responsibly

3.1 Code of Conduct

The Company has a Corporate Code of Conduct ("**Code**") that applies to Directors of the Company.

The purpose of this Code is to:

- articulate the high standards of honest, ethical and law-abiding behaviour that the Company expects of its Directors;
- encourage the observance of those standards, to protect and promote the interests of shareholders and other stakeholders;
- guide the Company's Directors as to the practices thought necessary to maintain confidence in the Company's integrity; and
- set out the responsibilities and accountabilities of Directors to report and investigate reports of unethical practices.

A copy of the Code is available on the Company's website.

Principle 4: Safeguard integrity in corporate reporting

4.1 Audit Committee

Committee composition

The Company has established an Audit and Risk Committee. The Committee comprises the following three independent Non-executive Directors:

- Andy Hogendijk (Chairman, Independent Non-executive Director)
- John Ballard (Independent Non-executive Director)
- Robert Fraser (Independent Non-executive Director)

Details of each Committee member's qualifications, experience and attendance at Committee meetings are set out in the Annual Report and can be found on the Company's website.

The Chairman of the Committee is an Independent Non-executive Director and is not the Chairman of the Board.

Objectives and responsibilities of the Committee

The key objectives of the Committee are to assist the Board to discharge its responsibilities in relation to:

- effective management of financial and operational risks;
- compliance with applicable laws and regulations;
- accurate financial reporting; and
- maintenance of an effective and efficient audit.

A copy of the Committee's Charter is available on the Company's website.

The Committee will endeavour to:

- maintain and improve the quality, credibility and objectivity of the financial reporting process;
- promote effective communication between the Board, MAM and other service providers;
- provide reasonable assurance of effective audit functions and communication between the Board and the Company's auditor;
- provide reasonable assurance that compliance strategies are effective; and
- provide reasonable assurance that Directors are provided with financial and non-financial information that is of high quality and relevant to the judgements to be made by them.

The Committee will meet a minimum of four times each year. The Chairman of the Committee will report to the Board in respect of each Committee meeting. The Committee conducts an assessment of its performance every two years in accordance with the Charter.

Independent external audit

The Company's independent external auditor is Ernst & Young. The Committee is responsible for recommending to the Board the appointment and removal of the external auditor. The independence and effectiveness of the external auditor is reviewed during each reporting period. The Committee is also responsible for ensuring that the external audit engagement partners are rotated in accordance with relevant statutory requirements.

The external auditor attends the Committee's meetings when the Company's half year and full year Financial Statements are being considered. The external auditor also attends other meetings where relevant items are on the Committee's agenda.

4.2 CEO and CFO Declaration

In respect of the half year and annual Financial Statements, the Managing Director (and Portfolio Manager) for the Company has made certifications to the Board to the effect that:

- the financial records of the Company have been properly maintained;
- the Company's Financial Statements and notes applicable thereto give a true and fair view of its financial position and performance and comply with the requirements of the Accounting Standards, Corporations Act and Corporations Regulations;
- the integrity of the Company's Financial Statements is founded on a sound system of risk management and internal compliance and control which, in all material aspects, implements the policies adopted by the Board; and
- the risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

All statements are internal documents and are subject to the terms thereof, including references to the Company's utilisation of MAM and other service providers.

It is noted that the Managing Director (and Portfolio Manager) makes a single declaration referencing the financial and executive functions. The Managing Director (and Portfolio Manager) and the Board receive quarterly reports from MAM in respect of the services provided, which include the maintenance of the Company's financial records and the production of the Company's financial statements. The Managing Director (and Portfolio Manager), the Committee and the Board receive an annual report on internal controls from MAM and other service providers.

4.3 External auditor attends AGM

The Company's external auditors attend the Company's AGM and are available to answer questions from shareholders in relation to the conduct of the audit, the Audit Report, the accounting policies adopted by the Company in preparing the Financial Statements and the independence of the auditor.

Principle 5: Make timely and balanced disclosure

The Company is committed to complying with its continuous disclosure obligations under the Corporations Act 2001 and the ASX Listing Rules.

5.1 Continuous disclosure policy

The Board has adopted a Continuous Disclosure Policy that is designed to provide reasonable assurance that:

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

The Continuous Disclosure Policy, which is available on the Company's website, also sets out the procedures in relation to releasing announcements to the market and discussions with analysts, the media or shareholders.

The Company's market announcements will also be available on its website after they are released to the ASX.

Principle 6: Respect the rights of security holders

6.1 Provision of information to investors

The Board is committed to ensuring that shareholders are properly informed of material matters that affect the Company's position and prospects. It seeks to accomplish this through:

- the release of the Company's half year results;
- the release of the Company's full year results;
- the release of the Chairman's Letter to Shareholders each year;
- the release of the Company's Annual Report each year;
- the release of the Portfolio Manager's Report each half year;
- the release of the Chairman's and Managing Director (and Portfolio Manager) addresses to the AGM;
- the posting of the Company's weekly and monthly NTA on the Company's website, as soon as it is disclosed to the market; and
- the posting of significant information on the Company's website, promptly after it is disclosed to the market.

The Company also maintains the following information on its website:

- A copy of the Constitution, Board and Committee Charters and various policies;
- ASX releases;
- Share Registry details and where to access share price information;
- Dividend schedule and policy; and
- An annual calendar of key events.

6.2 Investor relations

The Company does not have an investor relations program. The Company releases weekly written communication to the market designed to facilitate and promote effective communication with investors.

The Company provides a formal process for the submission of questions to be answered at the Annual General Meeting by the Chairman, Managing Director (and Portfolio Manager) or the external auditor, as well as receiving questions from the floor or electronically (if offered) at the meeting.

6.3 Shareholder participation at meetings

The Company holds an AGM each year and a copy of the Notice of Annual General Meeting is posted on the Company's website and mailed to shareholders.

The Board encourages shareholders to attend the AGM, ask questions or to appoint a proxy to vote on their behalf if they are unable to participate or attend. The formal addresses by the Chairman and Managing Director (and Portfolio Manager) at the AGM are disclosed to the market.

The Company's external auditor will be invited to participate or attend any AGM and will be available to answer questions about the conduct of the audit and the preparation and contents of the Auditor's Report.

6.4 Option for electronic shareholder communications

The Company recognises the benefits of the use of electronic communications and shareholders have the option of selecting to receive the following information electronically from the share registry:

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

Shareholders can log into their account to select or amend their communication preference. The share registry can also be contacted via email or telephone. Contact details can be found on the Company's website.

Principle 7: Recognise and manage risk

7.1 Risk Committee

The Company's Audit and Risk Committee complies with the ASX Recommendations in terms of recognising and managing risk. Details of the required disclosures are set out at section 4.1 of this Corporate Governance Statement.

7.2 Review of risk management framework

The Board, through the Committee, is responsible for ensuring:

- the oversight and management of material business risks to the Company;
- the review of reports provided by MAM and other service providers appointed by the Company;
- that effective systems are in place to identify, assess, monitor and manage the risks of the Company and to identify material changes to the Company's risk profile; and
- the monitoring of compliance with laws and regulations applicable to the Company.

Risks assessed include:

- implementing strategies (strategic risk);
- outsourced services and operations or external events (operational and investment risk);
- legal and regulatory compliance (legal risk);
- changes in community expectation of corporate behaviour (reputation risk);
- being unable to fund operations or convert assets into cash (liquidity risk); and
- contingency plans in the event of incapacity of the Managing Director (and Portfolio Manager) (personnel risk).

The Company has implemented risk management and compliance frameworks. These frameworks provide reasonable assurance that:

- an effective control environment is maintained;
- accountability and delegations of authority are clearly identified;
- risk profiles are in place and periodically reviewed and updated;
- timely and accurate reporting is provided to the Board and its Committee; and
- compliance with the law, contractual obligations and internal policies (including the Corporate Code of Conduct) is communicated and demonstrated.

The Company has a risk management framework which defines the process used to identify risks, the execution of appropriate responses, the monitoring of risks and the controls applied to mitigate

risks associated with its arrangements with MAM and other service providers. The risk management framework is subject to annual review consistent with the size and complexity of the Company's operations. A review of the risk management framework was conducted in the 2020 financial year.

7.3 Internal audit function

The Company does not have an internal audit function. The internal audit aspects are closely monitored by the Committee as part of the risk management framework outlined above in section 7.2 of this Corporate Governance Statement. At this stage, the Board does not consider the structure of the Company warrants an internal audit function.

7.4 Economic, environmental and social sustainability risks

The principal activity of the Company is the investment into a portfolio of a minimum of 20 exchange listed international and Australian companies.

The companies in which the Company invests may have a material exposure to economic, environmental or social sustainability risks and these risks are evaluated as part of the investment decision making process. The Company does not otherwise believe it has any material exposure to economic, environmental or social sustainability risks.

Principle 8: Remunerate fairly and responsibly

8.1 Remuneration Committee

ASX Recommendation 8.1 provides that the Board should establish a Remuneration Committee. Given the size and the nature of the Company and the fact the Company has only one employee, the Board has determined that a Remuneration Committee is not warranted, nor does it have a Remuneration Policy to disclose.

Remuneration for the Independent Non-executive Directors is set at market rates commensurate with the responsibilities borne by the Independent Non-executive Directors. Remuneration for the Managing Director (and Portfolio Manager) is determined by the Board. Further information is provided in the Remuneration Report contained within the Directors' Report.

8.2 Disclosure of remuneration policies and practices

The policies and practices regarding the remuneration of Non-executive Directors and the remuneration of the Managing Director (and Portfolio Manager) are disclosed in the Remuneration Report contained within the Annual Report, available on the Company's website.

8.3 Equity based remuneration schemes

The Company does not have an equity based remuneration scheme.