

## CORPORATE GOVERNANCE STATEMENT

Fiducian Group Limited (**Company**) and its board of directors (**Board**) are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the '**Group**' in this statement.

A description of the Company's main corporate governance practices is set out below. This Corporate Governance Statement (**Statement**) is current as at 17 August 2017 and has been approved by the Board.

### Principle 1: Lay solid foundations for management and oversight

The relationship between the Board and senior management is critical to the Group's long term success. The directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. The Board's focus is to enhance the interests of shareholders and to ensure that the Group is properly managed.

#### 1.1 Key Responsibilities of the Board

The key responsibilities of the Board include:

- contributing to the development and approval of corporate strategy, including setting performance objectives and approval levels for management;
- reviewing and approving business plans, the annual budgets and financial matters, including available resources and major capital expenditure, acquisitions and divestiture initiatives;
- monitoring corporate and organisational performance and the implementation of the Group's strategies, policies and objectives, compliance with the Group's code of conduct and the progress of major capital expenditure and other significant corporate projects, including any acquisitions or divestments;
- monitoring and reviewing management's existing processes aimed at ensuring the integrity of financial performance and other reporting, including the approval of annual and half yearly financial reports to shareholders and the Australian Securities Exchange (**ASX**) and liaison with the Group's auditors;
- selecting, appointing and appraising the performance of, determining the remuneration of, and if necessary determining the removal of, the Managing Director, and ensuring there are adequate plans and procedures in place for succession planning;
- reviewing procedures for the appointment and /or removal of senior employees of the Group, including management team members, and monitoring their performance; and
- ensuring there are adequate policies in relation to risk identification and management, and that internal controls and procedures are in place regarding the same. In summary, these policies are designed to ensure that strategic, operational, legal, reputational and financial risks are identified, assessed,

addressed, adequately controlled and monitored to allow achievement of Group business objectives, with adequate accountability and reporting mechanisms in place.

The following matters are specifically reserved for the Board:

- appointment of the Chairperson;
- appointment and removal of the Managing Director; and
- appointment of directors (either to fill a vacancy or additional directors).

The Board has delegated the responsibility for the day-to-day management of the operation and administration of the Group to the Managing Director. Management team members report directly to the Managing Director.

## 1.2 Appointment and Election of Directors

The Board has procedures in place to conduct appropriate checks before putting forward candidates for election as a director. As part of the election and/or re-election process, the Company will provide shareholders with all material information in the Company's possession relevant to the shareholder's decision on whether or not to elect or re-elect a director.

## 1.3 Terms of Appointment of Directors and Senior Executives

The Board ensures that on or prior to their respective appointment, each director and senior executive is provided with a written agreement setting out the terms of their appointment. Officers of the Group may also be provided with Deeds of Access and Indemnity.

## 1.4 Company Secretary

The Company Secretary is accountable to the Board through the Chairperson on all matters relevant to the proper functioning of the Board, including assisting the Board (and Board committees) with meetings and advising on corporate governance and directors' duties.

## 1.5 Diversity Policy

The Company has a diversity policy in place which applies to the Group. Whilst that diversity policy may not exactly follow the ASX Corporate Governance Council recommendations, the Group is an equal opportunity employer and does not discriminate on gender, age, cultural background or country of origin. The Group's training programs are aimed at developing the full potential of each director and staff member. Given the size of the Group, the Company believes that all appointments and hiring decisions should be based on an assessment of merit.

The diversity of the employees of the Group can be found in the latest Annual Report which is available at [www.fiducian.com.au/Resources/info/FGLAnnualReport2017.pdf](http://www.fiducian.com.au/Resources/info/FGLAnnualReport2017.pdf)

The Company has lodged its first report under the Workplace Gender Equality Act 2012 which details the Gender Equality Indicators for the financial year ending 30 June 2017. The Company has previously not lodged such a report as it had not met the pre-requisites of the Act for reporting. As this is the Company's first report, the Company will monitor future reports and assess progress made in future years.

The Gender Equality Indicators Report of the Group is available at the following:  
[http://www.fiducian.com.au/Resources/info/Fiducian\\_Workplace\\_Gender\\_Equality\\_Public\\_Report\\_FY2016-17.pdf](http://www.fiducian.com.au/Resources/info/Fiducian_Workplace_Gender_Equality_Public_Report_FY2016-17.pdf)

## 1.6 Board Performance Assessment

The Board undertakes an annual self-assessment of its collective performance, the performance of the Chairman and of its committees. The assessment also considers the adequacy of induction and continuing education, access to information and the support provided by the Managing Director. The results and any action plans are documented together with specific performance goals which are agreed for the coming year. An assessment was carried out in accordance with this process in July 2017.

## 1.7 Management Performance Assessment

The Company has procedures in place for the appointment and/or removal of senior executives of the Group, including the monitoring their performance on an annual basis. An evaluation of senior executives of the Group was conducted in June and July 2017.

## Principle 2: Structure the Board to add value

The Board operates in accordance with the broad principles set out in its charter which is also available on the company's website at [www.fiducian.com.au](http://www.fiducian.com.au). The charter details the Board's composition and responsibilities

### 2.1 Nomination Committee

The Board has considered recommendation 2.1 of the ASX Corporate Governance Principles and Recommendations and has taken the view that participation by the full Board is more effective than a smaller Nomination Committee, particularly given the size of the Board. The Company currently does not have a Nomination Committee and as such, does not follow ASX Corporate Governance Council recommendations.

### 2.2 Directors and their skills

#### Board members

The following persons were directors of Fiducian Group Limited during the financial year:

<b>Chairman</b> (non-executive)	Robert Bucknell
<b>Executive Managing Director</b>	Inderjit (Indy) Singh
<b>Non-executive directors</b>	Frank Khouri
	Samir (Sam) Hallab (Appointed 12 August 2016)

Christopher Stone (Resigned 20 October 2016)

Under the terms of the Board Charter, the Company is to maintain a mix of directors on the Board from different backgrounds with complementary skills and experience. This is to be particularly considered in relation to current and emerging issues at the time of nomination of a person to be a director. Further, the Board is to ensure that, at any point in time, the Board's constitution represents an appropriate balance, firstly, between directors with experience and knowledge of the Group (or a specific aspect of it) and directors with an external perspective and, secondly, that the size of the Board is conducive to effective discussion and efficient decision making.

It is the opinion of the Board that the directors should collectively possess a combination of skills and experience in the following business areas:

- Financial and commercial acumen;
- Executive leadership;
- Strategy
- Governance;
- Investment;
- Superannuation; and
- Financial planning.

Details of each director's experience, expertise and qualifications are set out each year in the Directors' Report section of the latest Annual Report under the heading 'Information on Directors' which is available at the following:

[www.fiducian.com.au/Resources/info/FGLAnnualReport2017.pdf](http://www.fiducian.com.au/Resources/info/FGLAnnualReport2017.pdf)

### 2.3 Independent Directors

Non-executive Directors are obliged to be independent in judgement and ensure that all reasonable steps and due care are taken by the Board to arrive at sound decisions.

The Board has adopted specific guidelines in relation to directors' independence. These state that when determining independence, a director must be a non-executive director and:

- not be a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- not have been employed in an executive capacity by the Group within three years before commencing to serve on the Board;
- not have been, within the last three years, a principal of a material professional adviser or a material consultant to the Group, or an employee materially associated with the service provided;
- not have been a material supplier or customer of the Group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- not have a material contractual relationship with the Group, other than as a director of Fiducian; and

- not have been on the Board for a period which could, or could reasonably be perceived, to materially interfere with the director's independent exercise of their judgement.

Materiality for these purposes is determined on both quantitative and qualitative bases. With good cause, the Board may, at its discretion, determine that a director is independent, or has lost their independence, notwithstanding that all the above criteria are or are not satisfied.

The Board assesses independence each year. To enable this process, the directors must provide all information that may be relevant to the assessment. Matters that could affect the independence of directors are detailed below:

- Mr. Bucknell brings a depth of experience and independent judgement to his role as director and remains vital to the growth of the Group.
- Mr Khouri has business dealings with the Group as disclosed in the latest Annual Report. However, these are not of such a value or significance that adversely affect Mr. Khouri's independence. He has declared his interests in relation to those dealings with the Group and does not participate in any discussions or decision making processes relating to them.
- Mr. Hallab has no business dealings with the Group either independently or through his employer.

The length of service of each director is set out in Directors' Report section of the latest Annual Report under the heading 'Information on Directors' which is available at the following:

[www.fiducian.com.au/Resources/info/FGLAnnualReport2017.pdf](http://www.fiducian.com.au/Resources/info/FGLAnnualReport2017.pdf)

#### 2.4 Majority of Independent Directors on the Board

All of the non-executive directors are considered by the Board to be independent. As such, the majority of the Board are constituted by independent directors.

#### 2.5 Independent Chairperson

The current Chairman of the Board is independent and has never been an executive of the company.

#### 2.6 Director Induction and Professional Development

The Company has an induction process in place whereby non-executive directors undergo an induction programme and receive an induction pack of documents necessary for them to understand the Company's charters, policies, procedures culture and ethical values to enable the new directors to carry out their duties in an effective and efficient manner.

The aim of the induction process is to enable new directors to actively participate in the Board decision-making process as soon as possible. It also aims to assist new directors in getting a full understanding of the company's financial position, strategies, operations and

risk management policies. It also explains the respective rights, duties, responsibilities and roles of the Board.

The Company also provides appropriate professional development opportunities to assist directors, together with their other continuing professional development, to maintain the skills and knowledge needed to perform their roles.

### **Principle 3: Promote ethical and responsible decision making**

#### **3.1 Code of conduct**

The Directors and management of the Group actively promote ethical and responsible decision making in line with the Group's motto of 'Integrity, Trust and Expertise.' Additionally the Board and management believe that shareholder and public confidence is based upon the procedures in place internally which work to promote and ensure the highest standards of ethical behaviour are maintained.

The company has developed a Code of Conduct (**Code**) which has been fully endorsed by the Board and applies to all directors and employees. The Code sets out the expectations of the Company in areas of corporate and personal conduct. The Code is reviewed and updated by the Board as and when necessary.

The Code of Conduct is available at [www.fiducian.com.au/linkref/FG\\_CodeofConduct.pdf](http://www.fiducian.com.au/linkref/FG_CodeofConduct.pdf)

### **Principle 4: Safeguard integrity in financial reporting**

#### **4.1 Audit Risk and Compliance Committee (ARCC)**

The Board has established the ARCC which is responsible for, amongst other things, consideration of all matters relevant to the Group's audit, risk management and compliance responsibilities and make recommendations to the Board. The ARCC currently consists of the following:

- Mr. Robert Bucknell (Chairman)
- Mr. Frank Khouri
- Mr. Sam Hallab

All members of the ARCC are independent non-executive directors. They are financially literate and have the appropriate understanding of the industry in which the Group operates. The Chairman of the ARCC, Mr. Bucknell has relevant qualifications and experience by virtue of being a former managing partner in a major accounting firm. Due to his deep understanding of the operations of the Group since its inception and his role in mentoring the Managing Director, Mr. Bucknell has been elected the Chairman of the ARCC despite also being the Chairman of the Board and as such, does not follow ASX Corporate Governance Council recommendations.

Mr. Khouri, is a partner in a public accounting practice and a registered company auditor. Mr. Hallab is a chartered accountant with experience in audit, taxation and superannuation matters. He also acts as company secretary for another listed entity, Ensurance Limited (ASX Code: ENA).

More information on the qualifications and experience of these directors, together with details of the number of Board and Committee meetings held during the Financial Year ending 30 June 2017 (including attendance) are available in the Annual Report which is available at [www.fiducian.com.au/Resources/info/FGLAnnualReport2017.pdf](http://www.fiducian.com.au/Resources/info/FGLAnnualReport2017.pdf)

The ARCC operates in accordance with a charter which is available on the Company's website at [www.fiducian.com.au/linkref/FGL\\_ARCC\\_Charter.pdf](http://www.fiducian.com.au/linkref/FGL_ARCC_Charter.pdf)

#### 4.2 Managing Director and CFO Declarations

The Managing Director and CFO have made declarations in accordance with section 295A of the Corporations Act 2001 that in their opinion (the opinion having been formed on the basis of a sound system of risk management and internal control which is operating effectively):

- the financial records of the Company and the consolidated entity have been properly maintained in accordance with section 286 of the Corporations Act 2001;
- the financial statements, and the notes to the financial statements, of the Company and the consolidated entity, for the financial year ended 30 June 2017:
  - comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2017 and of their performance for the financial year ended on that date.

#### 4.3 External auditors

It is Company and ARCC policy to appoint external auditors who clearly demonstrate quality and independence. PricewaterhouseCoopers (**PWC**) is the appointed external auditor and their performance is reviewed annually since the inception of the Group in 1996. It is PWC's policy to rotate audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in each Annual Report to Shareholders. As required by the Corporations Act, the external auditors provide an annual declaration of their independence to the ARCC which is also set out in the Annual Report. A copy of the Annual Report is available at [www.fiducian.com.au/Resources/info/FGLAnnualReport2017.pdf](http://www.fiducian.com.au/Resources/info/FGLAnnualReport2017.pdf)

The external auditor will attend the annual general meeting to be available to answer shareholder questions about the conduct of the audit of the financial statements.

#### **Principles 5: Make timely and balanced disclosures**

The company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the company's shares. In addition, the Company releases quarterly cash flow reports to the ASX.

General Counsel has been nominated as the person who has primary responsibility for the administration of the Company's continuous disclosure policy, which include communications with the Australian Securities Exchange (**ASX**). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public. Shareholders can receive updates on the Group's information released to the ASX on the ASX's website at [www.asx.com.au](http://www.asx.com.au). All communications are authorised prior to disclosure to the ASX by either the Chairman, Managing Director, Chief Financial Officer or General Counsel. Where necessary, authorisation is obtained from the Board.

When analysts are briefed on aspects of the Group's operations, the material used in such presentations is that already released to the ASX, released on the day of the presentation and posted on the company's website.

All shareholders receive a copy of the company's annual and half-yearly reports. In addition, the company provides opportunities for shareholders to engage with the company through electronic means with company announcements, media briefings, details of company meetings, press releases for the last three years and financial reports for the last five years, which are all available on the ASX's website.

## 6 Respect the rights of Shareholders

### 6.1 Website Disclosure of Corporate Governance Information

The Company is committed to providing shareholders with appropriate information and facilities to allow them to exercise their rights as shareholders.

The Company provides information about itself and its corporate governance on its website at <http://www.fiducian.com.au/Content/AboutCorporate.aspx>

In addition, the Company maintains a shareholder centre which displays:

- copies of its Annual Reports;
- copies of notices of meetings; and
- other relevant material of interest to investors.

### 6.2 Investor Relations Program

The Company is a small ASX listed company and actively engages with its shareholders at the AGM or meets them at their request. In addition, regular updates are made available to investors through the ASX or on the Company's website at [www.fiducian.com.au](http://www.fiducian.com.au). Investor presentations by the Company are also conducted from time to time. Given the above, the Company does not feel that there is a need to implement a formal investor relations program at this time and as such, does not follow ASX Corporate Governance Council recommendations in this respect.

### 6.3 Policies to facilitate investor meeting participation

The Company is a small ASX listed company that currently has approximately 910 investors. The Company has reviewed and considered whether technology can be used to enable greater investor meeting participation but believes that given the small number of investors (the majority of which are based in Australia), the traditional method of holding meetings is satisfactory. As such, the Company does not have any policies in place to facilitate electronic investor meeting participation at this time and does not follow ASX Corporate Governance Council recommendations.

### 6.4 Electronic Delivery of Information

Fiducian provides electronic reports and other communication to shareholders, who provide their email address. Hard copies are sent to other shareholders.

## **Principle 7: Recognise and manage risk**

### 7.1 ARCC

The Board, through the ARCC, is responsible for ensuring that there are adequate policies in relation to risk management, compliance and internal control systems (refer also to paragraph 4.1 above). The ARCC currently comprises of three independent non-executive directors. More information on the qualifications and experience of these directors, together with details of the number of Board and Committee meetings held during the Financial Year ending 30 June 2017 (including attendance) are available in the Annual Report which is available at [www.fiducian.com.au/Resources/info/FGLAnnualReport2017.pdf](http://www.fiducian.com.au/Resources/info/FGLAnnualReport2017.pdf)

The ARCC operates in accordance with a charter which is available on the Company's website at [www.fiducian.com.au/linkref/FGL\\_ARCC\\_Charter.pdf](http://www.fiducian.com.au/linkref/FGL_ARCC_Charter.pdf)

In addition, the Company has also appointed a Chief Risk Officer who is responsible for Group risk and also reports to the ARCC.

### 7.2 Risk Management Framework Review

The Group has a detailed Risk Management Framework in place which sets out the policies in place in relation to risk management processes, compliance and internal control systems, procedures, registers and reporting.

Under the terms of its charter, the ARCC is charged with overseeing compliance with the Group's risk management obligations. The Board also reviews the Risk Management Framework annually and a review occurred during the Financial Year ending 30 June 2017.

### 7.3 Internal Audit

The Group has appointed an external professional audit firm to carry out a formal internal audit function in relation to the superannuation operations of the Group. The Company also has an Internal Review Program in place that performs an internal review of the Group's operating procedures. The Internal Review Program is part of a framework of complementary controls and procedures to ensure that the governance framework is, on an operational level, continuous and effective.

### 7.4 Economic, Environmental and Social Sustainability Risks

The Group does not have material direct exposure to environmental or social sustainability risk. The Group is mainly impacted by economic risks. However, the Group may be indirectly impacted by the manner in which environmental or social sustainability risks inherently manifest themselves within the investment options offered to clients and the financial services flowing from these outcomes. The management of economic risks are provided for and covered in the Risk Management Framework.

## **Principle 8: Remunerate fairly and responsibly**

### 8.1 Remuneration Committee

The Board has established a Remuneration Committee which, amongst other things, considers all matters relevant to and makes recommendations to the Board in relation to the remuneration of directors (including executive and non-executive directors) and key management personnel.

The Remuneration Committee consists of the following:

- Mr. Robert Bucknell (Chairman)
- Mr. Frank Khouri
- Mr. Sam Hallab

All members of the ARCC are independent non-executive directors. More information on the qualifications and experience of these directors, together with details of the number of Board and Committee meetings held during the Financial Year ending 30 June 2017 (including attendance) are available in the Annual Report which is available at [www.fiducian.com.au/Resources/info/FGLAnnualReport2017.pdf](http://www.fiducian.com.au/Resources/info/FGLAnnualReport2017.pdf)

A copy of the Remuneration Committee charter is available on the Company's website at [www.fiducian.com.au/linkref/FGL\\_RemCom\\_Charter.pdf](http://www.fiducian.com.au/linkref/FGL_RemCom_Charter.pdf)

### 8.2 Remuneration Policies and Practice

As set out above, the Remuneration Committee considers all matters relevant to and makes recommendations to the Board in relation to the remuneration of directors (including executive and non-executive directors) and key management personnel.

Under the terms of the Remuneration Committee charter, the Managing Director has been delegated with responsibility to review the performance and remuneration of senior executives who report directly to the Managing Director. The Managing Director performs a review of senior executives around June or July of each year and the performance of the senior executives is measured against the KPIs set out in their respective business plans.

A copy of the Remuneration Committee charter is available on the Company's website at [www.fiducian.com.au/linkref/FGL\\_RemCom\\_Charter.pdf](http://www.fiducian.com.au/linkref/FGL_RemCom_Charter.pdf)

### 8.3 Equity-based Remuneration Scheme

Senior managers are prohibited from entering into arrangements under which they may alter the economic benefit/risk derived from their security holdings in the Company.