



FIDUCIAN
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Fiducian Group Limited

Remuneration Committee Charter

17 August 2017

Control Sheet

Policy	FGL – Remuneration Committee Charter	
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Modifications		
Date of Modification	Brief Description of Modification	Approved By
September 2015	Development of Charter	Board (circular) 16 September 2015
August 2016	Amendment of Charter	Board 15 August 2016
August 2017	Annual review – no modifications	Board 17 August 2017

1. Role and Responsibilities

1.1 Purpose

1.1.1 This Charter sets out the broad principles that apply to the Remuneration Committee's role to oversee the remuneration arrangements¹ of Fiducian Group Limited (**Company**) and its subsidiary companies from time to time, currently being Fiducian Portfolio Services Ltd (**FPS**), Fiducian Investment Management Services Ltd, Fiducian Services Pty Ltd, Fiducian Financial Services Pty Ltd and Fiducian Business Services Pty Ltd (together known as **Group**).

1.1.2 To the extent any of the entities within the Group have their own separate remuneration committee, the charter pertaining to that separate remuneration committee shall prevail over the principles set out in this Charter in relation to that particular entity.

1.2 Role

1.2.1 The fundamental roles of the Remuneration Committee are:

- a. to consider all matters relevant to, and make recommendations to the Board in relation to, the remuneration of:
- the Directors of the Company;
 - all other persons determined to meet the definition of a Responsible Person (excluding the External Auditor and Actuary) as contained in APRA Prudential Standard SPS 520 – Fit and Proper², as a consequence of the services provided to FPS;
 - all persons determined to meet the definition of Key Management Personnel as contained in ASX Listing Rules 19.12³;
 - each person whose primary role is risk management, compliance, internal audit, financial control or actuarial control (collectively the **risk and compliance personnel**);
 - all other persons for whom a significant portion of their total remuneration is based on performance and whose activities, individually or collectively⁴, may affect the interests of unitholders of the Fiducian Funds, beneficiaries of the Fiducian Super Funds, the financial position of the RSE Licensee or of any connected entities, or any other relevant prudential matter; and

¹ In accordance with **APRA Prudential Standard SPS 510 – Governance (July 2013) (Paragraph 23)** 'remuneration arrangements' include measures of performance, the mix of forms of remuneration (such as fixed and variable components, and cash and equity-related benefits) and the timing of eligibility to receive payments that a person receives by virtue of the role that they undertake for the RSE Licensee.

² **APRA Prudential Standard SPS 520 – Fit and Proper (July 2013) (Paragraph 11)** defines a 'responsible person' as a director, secretary or senior manager of the RSE Licensee, or an external auditor appointed to conduct an audit of any super fund for which the RSE Licensee is the trustee (or of any connected entity of the RSE Licensee), or an actuary who is appointed to perform an actuarial function under RSE Licensee Law, or a person who performs activities for a connected entity of the RSE Licensee where those activities could materially affect the whole, or a substantial part of the RSE Licensee's business operations, or its financial standing, either directly or indirectly.

³ The term 'key management personnel' is defined in **ASX Listing Rule 19.12** to have the same meaning as in **Accounting Standard AASB124 – Related Party Disclosure**, which requires subject entities to disclose the remuneration and shareholdings of, and various other transactions involving, key management personnel. AASB124 defines 'key management personnel' as 'Those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.'

⁴ Non-executive employees receiving material financial incentives may take actions which are individually immaterial but collectively detrimental to the soundness of the Group's business operations. See **APRA Prudential Practice Guide SPG 511 – Remuneration (Paragraph 10)**.

- any other category of person covered by the Remuneration Policy (other than those persons for whom such recommendations are already required).
- b. to review and recommend to the Board performance incentives proposed for Executive Officers, Key Management Personnel and staff of the Group;
- c. to ensure remuneration is accurately calculated, at such time and in such a manner so as to include details about remuneration in the Company's Annual Report and on the Company's website as required under specific regulations; and
- d. to provide assurance to the Board that the policies and procedures in place to assist the Group to meet its remuneration obligations are sound and up-to-date at all times.

1.3 Responsibilities Overview

- 1.3.1 The responsibilities of the Remuneration Committee apply to all aspects of the Group unless a responsibility is specifically noted to only apply to one or more particular aspects of the Group (either in this Charter or any other document).

1.4 Specific Responsibilities

Remuneration Arrangements

- 1.4.1 Ensure a formal performance evaluation process is in place for Directors, Executive Officers and Key Management Personnel using established Company objectives, key result areas, key performance indicators and other criteria such as business performance, accomplishment of short and long term strategic objectives, development of management and prevailing market conditions.⁵ Report the outcomes of the formal performance evaluation process to the Board.
- 1.4.2 With respect to the recommendations made following the performance evaluations, make these with a particular emphasis on alignment of remuneration with the Group's:
- a. objectives and performance; and
 - b. retirement, termination, retention and redundancy policies.
- 1.4.3 Ensure a sustainable management succession plan is in place.
- 1.4.4 To ensure that performance incentives proposed for Executive Officers, Key Management Personnel and staff of the Group do not encourage risk taking that may cause them or any members of the Group to breach any of its fiduciary duties.

Review of the Remuneration Policy

- 1.4.5 Conduct an annual review of, and make recommendations to the Board on, the Remuneration Policy. This includes making an annual assessment of the Policy's appropriateness, effectiveness and adequacy, as well as its compliance with any relevant laws, regulatory guides or standards.

Review of the Committee and the Charter

- 1.4.6 Review the performance of the Remuneration Committee annually and report to the Board, having regard to:
- a. the fulfilment of the responsibilities as outlined in the Charter;

⁵Suitable remuneration arrangements should extend to termination and retirement benefits for the Executives and senior management personnel.

- b. any relevant comments made by the regulators as contained in any reports issued by them or in any review conducted by them; and
 - c. the results of any survey or performance evaluation conducted by the Board or by an external entity engaged by the Board for such a purpose.
- 1.4.7 Describe the Remuneration Committee's composition, how its responsibilities were discharged and any other information required by regulation, on the Group's website.
- 1.4.8 Review the Committee Charter every three (3) years, make recommendations to the Board regarding proposed changes and implement changes upon Board approval.

Miscellaneous

- 1.4.9 Consider any other matters relevant to the Group's remuneration responsibilities.
- 1.4.10 Update the Board, as required, about the Remuneration Committee's activities, provide appropriate recommendations and advice to ensure the Board is aware of known matters which might significantly impact the financial condition or affairs of the business or which otherwise may facilitate the decision making process of the Board.
- 1.4.11 Assist the Board with any deliberations or issues as requested, and carry out other functions as may be delegated by the Board from time to time.

1.5 Interaction with the Regulators

- 1.5.1 Members of the Remuneration Committee must make themselves available to meet with APRA, ASIC, AUSTRAC, ASX, ATO, the Privacy Commissioner or any other relevant governmental body or authority on request.

2. Access and Delegated Authority

2.1 Access

- 2.1.1 The Remuneration Committee has, at all times, free and unfettered access to the Group's senior executives (**Management**) and all financial and risk compliance personnel.
- 2.1.2 It is expected that the Remuneration Committee may wish to source support or advice from internal parties when conducting remuneration reviews, including those responsible for risk management, human resource management and internal audit. Any actual or potential conflicts of interest which may arise when advice from such parties is sought will be addressed with reference to the Group's conflict management procedures.
- 2.1.3 If the Remuneration Committee engages expert external advisers to provide support and/or advice when conducting remuneration reviews, the advisers must be commissioned in a manner that ensures that their engagement, including any advice received, is independent.⁶ The Remuneration Committee must exercise its own judgment and not rely solely on the judgment or opinion of others.

⁶ In engaging an advisor, the Remuneration Committee is expected not to engage an advisor who is acting concurrently, or has acted recently, on behalf of management or any executive of the Group in relation to remuneration.

2.2 Delegated Authority

- 2.2.1 The Remuneration Committee is delegated with the general authority to seek further information, including any external advice or assistance it requires, in order to make any decisions it considers necessary to manage its affairs and fulfil its responsibilities, and to do so in a manner that ensures that the engagement, including any advice received, is independent.
- 2.2.2 This general authority includes the authority:
- a. to obtain independent professional advice in relation to remuneration levels in the market, and any performance criteria, once the estimated costs have been approved by the Board;
 - b. to ensure remuneration arrangements are appropriate and are balanced between fixed (salary) components and variable (performance-based) components;
 - c. to conduct remuneration reviews in a manner and at a time and place of its choosing but so as to meet objectives as previously approved by the Board;
 - d. to delegate to the Managing Director the responsibility to review the performance and agree the remuneration of persons directly reporting to the Managing Director. The Managing Director must ensure that in carrying out this responsibility, all relevant legal and regulatory requirements (including ASX Listing Rule 19.12), are satisfied at all times; and
 - e. to ensure and delegate to the Managing Director that there are appropriate procedures in place such that all staff receive a proper performance and remuneration review at least once a year by their relevant manager.
- 2.2.3 The Remuneration Committee does not have executive powers or authority to implement actions in areas over which Management has responsibility, nor any delegated financial responsibility or management functions.

3. Accountability and Reporting Obligations

3.1 Accountability

- 3.1.1 The Remuneration Committee is accountable to, and reports directly to the Board.
- 3.1.2 Individual Remuneration Committee members are accountable to the Chairman of the Remuneration Committee to:
- a. declare any actual or potential conflicts of relevant interests and/or conflicts of relevant duties and ensure that they do not become a disqualified person (or otherwise make an immediate disclosure to the Board if they do become a disqualified person);
 - b. allocate sufficient time to ensure the discharge of duties and responsibilities with an appropriate level of care and diligence;
 - c. attend and participate in Remuneration Committee meetings and bring a robust exchange of views and independent judgments to bear on the issues and decisions at hand; and
 - d. stay abreast of broad issues affecting the financial services industry, with particular reference to remuneration arrangements.
- 3.1.3 Individual Remuneration Committee members must:
- a. act openly, honestly and with integrity in all circumstances;
 - b. exercise the care, skill and diligence;

- c. give priority to the duties to, and interests of, stakeholders; and
 - d. not improperly use their position or information gained by virtue of their position to gain an advantage for themselves or someone else or cause detriment to another.
- 3.1.4 The Remuneration Committee may not delegate its authority to another person other than as set out in this Charter.

3.2 Reporting Obligations

Reporting to the Remuneration Committee

- 3.2.1 The Remuneration Committee is to receive and consider:
- a. a report from the Managing Director regarding his or her review and establishment of the remuneration of Key Management Personnel and staff of the Group;
 - b. a report from the Managing Director regarding performance incentives proposed for Executive Officers, Key Management Personnel and staff of the Group; and
 - c. ad hoc reports from external remuneration experts as required.

Reporting by the Remuneration Committee

- 3.2.2 The Remuneration Committee shall report to the Board at least annually by way of tabling and discussion of Committee meeting minutes.
- 3.2.3 The Remuneration Committee shall report to the Board on any matters it decides should be brought to the attention of the Board for its information or consideration, and will provide specific reports and recommendations on issues raised by the Board as appropriate.

4. Composition and Meetings

4.1 Composition

- 4.1.1 The Board shall determine the membership of the Remuneration Committee from time to time subject to the following:
- a. the Remuneration Committee must have at least three members; and
 - b. all members of the Remuneration Committee must be non-executive directors.
- 4.1.2 A person may not be appointed to the Remuneration Committee unless he or she consents to the appointment either before or at the time of the appointment.
- 4.1.3 The appointed non-executive directors will remain as members of the Remuneration Committee unless they resign from the Remuneration Committee, cease to be a Director, or are removed by the Board. The Board must fill any non-executive director vacancy arising on the Remuneration Committee within 90 days.
- 4.1.4 Collectively, the Remuneration Committee is expected to have experience in setting remuneration and sufficient industry knowledge to allow for effective alignment of remuneration with the Group's obligations to its stakeholders (including any parties to which the Group owes fiduciary duties). The Remuneration Committee must immediately report to the Board if it forms the view that a member of the Remuneration Committee, or a proposed member, does not, in the context of the Remuneration Committee, have skills appropriate to fulfil their responsibilities as a Remuneration Committee member.

4.1.5 The Board will annually review the status of the Remuneration Committee's members and make such reappointments, additional appointments or replacements as deemed necessary.

4.2 Alternates

4.2.1 A non-executive director may appoint an alternate to exercise some or all of their powers for a specified period.⁷

4.3 Quorum

4.3.1 A quorum will be constituted by two members of the Remuneration Committee being present for the whole meeting and with a capacity to vote.⁸

4.4 Chair

4.4.1 The Board will elect the Chairperson of the Remuneration Committee.

4.4.2 The Chairperson of the Board may be a member of the Remuneration Committee and may be the Chairperson of the Remuneration Committee.

4.5 Remuneration Committee Meetings

4.5.1 The Remuneration Committee is expected to meet at least annually. However the Remuneration Committee may also, at the request of the Board or one or more members of the Remuneration Committee, meet at other times to discuss the remuneration arrangements of the Group.

4.5.2 The Chairperson must call a meeting of the Remuneration Committee if requested to do so by any member of the Remuneration Committee.

Attendees

4.5.3 The Remuneration Committee may request certain individuals, from time to time, to attend Remuneration Committee meetings in order to provide expert advice or act as an observer, provided that there are no issues relating to independence and/or conflicts of interest.

4.5.4 Any Director of the Board may attend meetings of the Remuneration Committee as an observer.

Meeting Method

4.5.5 The meetings of the Remuneration Committee may be held face to face or held by telephone, facsimile, electronic mail or by using any other technology consented to by all Remuneration Committee members. The consent may be a standing one.⁹

4.5.6 The Remuneration Committee may deal with particular issues by circular resolution if desired, so long as all the Remuneration Committee members present in Australia entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document.¹⁰

⁷ See the **Constitution of Fiducian Group Limited (Clause 8.15)**.

⁸ See the **Constitution of Fiducian Group Limited (Clause 8.11)**.

⁹ See s 248D of the *Corporations Act 2001* (Cth).

¹⁰ See the **Constitution of Fiducian Group Limited (Clause 8.14)**.

4.6 Committee Agenda, Papers and Minutes

- 4.6.1 An agenda will be prepared by the Chairperson of the Remuneration Committee. The agenda and supporting papers for each meeting will be distributed to Remuneration Committee members and other attendees in sufficient time to enable attendees to read the material and prepare for the meeting.
- 4.6.2 The Chairperson of the Remuneration Committee will arrange to have formal and accurate minutes of all Remuneration Committee meetings prepared. The minutes of the previous Remuneration Committee meeting should be approved by the Committee at the following meeting.
- 4.6.3 The Chairperson of the Remuneration Committee must ensure that minutes are produced within 1 month of meeting being held, and that such minutes are an accurate and complete record of the proceedings and resolutions of the Remuneration Committee.
- 4.6.4 Copies of the minutes of all Remuneration Committee meetings will be provided to all Directors and made available to the External Auditor. The Chairperson of the Remuneration Committee may choose to make the minutes, or parts of the minutes, available to certain employees of the Group at his/her discretion.

4.7 Remuneration Committee Voting

- 4.7.1 A resolution of the Remuneration Committee must be passed by a majority of the votes cast by Remuneration Committee members entitled to vote on the resolution.
- 4.7.2 Each member of the Remuneration Committee present at a meeting of the Remuneration Committee has one vote.
- 4.7.3 In the case of an equality of votes, the Chairperson of the Remuneration Committee shall have a casting vote.