

CORPORATE GOVERNANCE STATEMENT

Fiducian Group Limited (the Company) and the 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. All these practices were in place for the entire year and comply with the ASX Good Corporate Principles and Recommendations read with the 2010 Amendments, except where noted. The Board notes that the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Third Edition) takes effect for a listed entity's first full financial year commencing on or after 1 July 2014.

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. Their focus is to enhance the interests of shareholders and to ensure that the Group is properly managed.

The 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 Fiducian 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.
- 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.



- Ensuring there is a disaster recovery plan and a business continuity plan in place which detail the recovery procedures to be followed in the event of a disaster or damaging event affecting the Fiducian Group.

Day to day management of the Group's affairs and the implementation of the corporate strategies and policy initiatives are formally delegated by the Board to the Managing Director.

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. The charter details the Board's composition and responsibilities.

Board members

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

Chairman (non-executive)	R Bucknell
Executive Managing Director	I Singh
Non-executive directors	F Khouri C. Stone

Details of each director's experience, expertise and qualifications are set out each year in the Directors' Report section of the Annual Report to Shareholders under the heading 'Information on Directors'.

Board composition

The charter states:-

- the Board is comprised of both executive and non-executive directors, with a minimum of three directors. The majority of directors must be non-executive directors.
- non-executive directors bring a fresh perspective to the Board's consideration of strategic, risk and performance matters.
- in recognition of the importance of independent views and the Board's role in supervising the activities of management, the majority of the Board must be independent of management and all directors are required to exercise independent judgement and review and constructively challenge the performance of management.
- the Chairman is elected by the full Board and is required to meet regularly with the Managing Director.
- the company is to maintain a mix of directors on the Board from different backgrounds with complementary skills and experience.
- the Board is required to undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group.

The Board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between directors irrespective of gender with experience and knowledge of the Group and directors with an external or fresh perspective.
- the size of the Board is conducive to effective discussion and efficient decision-making.

Chairman and Managing Director

The Board charter specifies that these are separate roles to be undertaken by separate people.

- The Chairman is responsible for leading the Board, ensuring that Board activities are organised and efficiently conducted, and directors are properly briefed for meetings.
- The Managing Director is responsible for implementing Group strategies and policies.

Non executive Directors' independence

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.
- 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 Annual Report at the end of each financial year. However, these are not of such a value or significance that adversely affect the director's independence. He has declared his interests in those dealings with the company and takes no part in decisions relating to them.
- Mr Stone has no business dealings with the Group either independently or through his employer.

All three non executive directors are considered by the Board to be independent.

Independent professional advice

Directors and members of Board committees have the right to obtain independent professional advice at the expense of the Group on matters arising in the course of their duties and responsibilities, with prior approval of the Board.

Term of office

The company's Constitution specifies that all non-executive directors must retire from office no later than the third annual general meeting following their last election. A retiring director is eligible to stand for re-election.

Induction

The induction provided to new directors enables them to actively participate in Board decision-making as soon as possible. It ensures that they have 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.

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 will shortly be carried out in accordance with this process.

Board committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of important aspects of the business and/or complex issues. Current committees of the Board are the Remuneration, Publications Committee, and Audit, Risk and Compliance Committees. With the exception of the Audit, Risk and Compliance Committee which is comprised of all non executive directors, the committees are comprised of a mix of executive and non-executives directors, and external specialists, the names and qualifications of whom are detailed in each Annual Report to Shareholders. To address regulatory requirements the name and function of various Board committees may be changed.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All of these charters are reviewed as required, but at least every three years. A summary of each charter is available on the company's website.

Minutes of all committee meetings are tabled at the next Board meeting where any significant matters are addressed and resolutions or requests for further information are sent back to the relevant committee. Specific reporting by the committees to the Board are addressed in the charter of the individual committees.

Nomination Committee

The Board has considered recommendation 2.4 of the ASX Corporate Governance Principles 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. There is therefore no Nomination Committee at present.

Remuneration Committee

The Remuneration Committee is comprised of the non-executive Chairman and two other non-executive directors. The Committee ensures a formal performance evaluation is in place for the Managing Director and senior management personnel using established company objectives, key performance indicators and other criteria such as business performance and prevailing market conditions. Performance evaluation takes place annually. External advice on remuneration levels is obtained when deemed appropriate, but at a minimum of three year intervals. The Board has delegated to the Managing Director responsibility and authority for employee remuneration.

Compliance committees

- (a) **The Publications Committee** is comprised of the non-executive Chairman, one other non-executive Director, and the Managing Director. The Committee reviews disclosure documents required to be given under statute. The compliance officer attends and participates at the meetings.
- (b) **The Audit, Risk and Compliance Committee** monitors compliance of systems, procedures, policies and programs established to ensure disclosure and reporting relating to compliance with obligations imposed by the Corporations Act. The compliance officer attends and participates at the meetings.

Audit, Risk and Compliance Committee

The Committee is comprised of the non-executive Chairman, and two other non-executive Directors. The Managing Director, the Chief Financial Officer and auditor attend and participate at meetings. The Committee monitors all accounting policies to ensure they comply with accepted accounting standards and practices and is further discussed under Principle 4.

Managing Director's attendance at Audit, Risk and Compliance Committee

The Board has ensured that Audit, Risk and Compliance Committee has a majority of independent members; but it expects the Managing Director to attend the committee as

required. Attendance by the Managing Director has been beneficial as clarification can be provided promptly and any corrective measures required can be actioned swiftly and efficiently.

Commitment

The Chairman is expected to spend at least 45 days per year preparing for and attending Board meetings and meeting with the Managing Director. Other non-executive directors are expected to spend at least 20 days per year preparing for and attending Board meetings.

All non-executive directors are expected to allow sufficient additional time to attend committee meetings and associated activities.

Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to undertake relevant educational development and discharge their responsibilities to the Board and any of its committees, of which they are a member.

The number of Board and Committee meetings attended by each director during each financial year is disclosed in the Directors' Report of each Annual Report of the Group.

The Managing Director has no appointments as a director outside the Group, other than to his own family companies.

Principle 3: Promote ethical and responsible decision making

Code of conduct

The Directors and Management 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 (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated, as necessary, to ensure it reflects the highest standards of behaviour, professionalism and practices necessary to maintain confidence in the Group's integrity and to take into account legal obligations and reasonable expectations of the company's stakeholders.

In summary, the Code requires that at all times all company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies. A copy of the Code of Conduct is available on the Company's website.

Diversity policy

Fiducian is an equal opportunity employer and does not discriminate on gender, age, cultural background or country of origin. Our training programs are aimed at developing the full potential of each director and staff member.

Share trading policy

The purchase and sale of company securities by directors and employees is detailed in a written policy statement on insider and personal trading. This policy is discussed with and made available to each new director or employee as part of the induction process. Each director and employee is required to sign an annual declaration confirming their compliance. Generally, directors and employees are only allowed to buy or sell Fiducian securities during the six weeks immediately after the release to the market of financial information or any other major statement that may affect the share price. The compliance officer advises both directors and staff when such periods commence and conclude.

The Code requires employees who are aware of unethical practices within the group or breaches of the company's trading policy to report these using the company's whistleblower program. This can be done anonymously.

The directors are satisfied that the Group has complied with its policies on trading in securities. A copy of the trading policy is available on the company's website.

Principle 4: Safeguard integrity in financial reporting

Audit committee

The audit committee consists of the following directors:-

F Khouri (Chairman)

R Bucknell

C Stone

All members of the Audit Committee are financially literate and have the appropriate understanding of the industry in which the Group operates. The Chairman, Mr F Khouri is a partner in a public accounting practice and a registered company auditor. Mr R Bucknell has relevant qualifications and experience by virtue of being a former partner in a major accounting firm. Mr C Stone is a chartered accountant with experience in taxation and superannuation matters as well as a practising lawyer.

The Audit, Risk and Compliance Committee operates in accordance with a charter which is available on the company's website.

The main responsibilities of the Audit, Risk and Compliance Committee are to:-

- review, assess and approve the annual and half-year financial reports and all other financial information published by the company or released to the market.
- assist the Board in reviewing the effectiveness of the organisation's internal financial controls covering:
 - effectiveness and efficiency of operations.
 - reliability of financial reporting, including important judgements and accounting estimates.
 - compliance with applicable laws and regulations
 - areas of financial risk
 - security of computer systems and applications
 - fraud and theft
- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance.

- consider the independence and competence of the external auditor on an ongoing basis.
- review and approve the level of non-audit services provided by the external auditors and ensure that it does not adversely impact on auditor independence.
- review and monitor related party transactions and assess their propriety.
- report to the Board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the Audit Committee

- receives regular reports from management and the external auditor.
- meets with the external auditor at least twice a year, or more frequently if necessary.
- reviews the processes the Managing Director and senior managers have in place to support their certifications to the Board
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved.
- has the right of access to the external auditors at any time
- provides the external auditor with a clear line of direct communication, at any time, to the Chairman.

The Audit, Risk and Compliance Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party. Further information on director's attendance at audit committee meetings can be found in the "Directors' Report" section of the Annual report.

External auditors

The company and Audit, Risk and Compliance Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. PricewaterhouseCoopers has been the appointed external auditor. It is PricewaterhouseCoopers 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 the Directors' Report and in each Annual Report to Shareholders. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee.

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

Principles 5 and 6: Make timely and balanced disclosures and respect the rights of Shareholders

Continuous disclosure and shareholder communication

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.

The Managing Director has been nominated as the person responsible for 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.

When analysts are briefed on aspects of the Group's operations, the material used in such presentations is that already released to the ASX and posted on the company's website. Primary responsibility for compliance with Group policy on balanced and timely disclosure rests with the Managing Director who is assisted by the Group's General Counsel and the Chief Financial Officer.

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

All shareholders receive a copy of the company's annual and half-yearly reports. In addition, the company provides opportunities for shareholders to participate 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.

Principle 7: Recognise and manage risk

The Board, through the audit, compliance and internal risk committees, is responsible for ensuring that there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the company policies are designed to ensure that strategic, operational, legal, reputational and financial risks are identified, assessed effectively and efficiently managed and monitored to achieve the Group's objectives.

A detailed Risk Management Framework is in place which details the policies in place in relation to risk management processes, compliance and internal control systems, procedures, registers and reporting. The head of each business unit reports monthly, by exception, against the Risk Management Framework to the General Counsel. Further, detailed checklist reports are prepared quarterly by each business unit to confirm compliance with all licensing, corporations and superannuation law requirements to the Audit, Risk and Compliance Committee, which then reports to the Board.

In addition, the Board each year approves a strategic plan together with operating objectives and budgets which also encompasses the Group's vision and mission. The Board monitors progress against these objectives and budgets, including the establishment and monitoring of KPIs of both a financial and non-financial nature. Also, regular financial reporting is received by the Board on such matters as the Group's liquidity, funds under management inflows and outflows, funds performances and economic and financial market changes, impacts and forecasts. These measures assist the Board in managing business risk and any necessary mitigation strategies.

The environment, health and safety management systems



The company recognises the importance of environmental and work health and safety (**WH&S**) issues and is committed to high levels of performance, whilst recognising that the Group's operations expose it to little safety risk or environmental hazards.

Corporate reporting

The Managing Director and Chief Financial Officer have made the following signed certifications to the Board

- that the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and Group and are in accordance with relevant accounting standards; and
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

Remuneration committee

The Remuneration Committee consists of the following non-executive directors (all of whom are independent):-

C Stone (Chairman)

R Bucknell

F Khouri

The Managing Director has signed a formal employment contract at the time of his appointment covering a range of matters including his duties, rights, responsibilities and any entitlements on termination. Further information on the Managing Director's remuneration, including principles used to determine remuneration, is set out in the Directors' Report under the heading "Remuneration Report" in each Annual Report issued by the Company. In accordance with Group policy, the Managing Director is not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

The Committee ensures a formal performance evaluation is in place for the Managing Director using established company objectives, key performance indicators and other criteria such as business performance and prevailing market conditions. External advice on remuneration levels is obtained when deemed appropriate, but at a minimum of three year intervals.

The Remuneration Committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for the Managing Director.

The Board assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that an appropriate candidate can be recruited for later promotion to the Managing Director's position.



Further information on director's attendance at the remuneration committee meetings can be found in the "Directors' Report" section of the Annual report.

The Managing Director is responsible for the remuneration of all other senior managers and staff.