

CORPORATE GOVERNANCE STATEMENT

Combined Code and ASX Principles

The Directors support the high standards of corporate governance contained in the Combined Code and the ASX Principles, as referred to on page 14 of the Corporate Responsibility Report. The Company became the holding company of the Henderson Group through the Scheme which became effective on 31 October 2008. Prior to that date, the holding company of the Henderson Group was Henderson Group plc (registered number 2072534) (Old Henderson Group plc).

Old Henderson Group plc and the Company complied with the Combined Code and the ASX Principles during the periods from 1 January to 31 October 2008 and from 31 October to 31 December 2008 respectively. This Statement, together with the Report on Directors' Remuneration, describes how Old Henderson Group plc and the Company applied the 'main principles' set out in Section 1 of the Combined Code and complied with the ASX Principles. Further details are in the corporate governance section of the Company's website. The ASX Principles also encourage companies that are not subject to the Australian Corporations Act 2001 to adopt practices and make disclosures to achieve the aims of the provisions contained in certain sections of that Act. Old Henderson Group plc and the Company achieved the aims of those provisions, although not fully in respect of senior executives' remuneration (see the generic disclosures on senior executive remuneration on page 29).

The Board's structure

The Board comprises the Non-Executive Chairman, the Chief Executive, the Chief Financial Officer and five other Non-Executive Directors. On 5 November 2008, Roger Yates resigned as the Chief Executive of the Company and was succeeded by Andrew Formica. Tim How joined the Board as a Non-Executive Director on 28 November 2008. John Roques is the Senior Independent Director. Although the Chairman, Rupert Pennant-Rea, met the independence criteria on appointment, the Combined Code provides that the test of independence is not appropriate thereafter. The Board considers all the other Non-Executive Directors – Gerald Aherne, Duncan Ferguson, Anthony Hotson, Tim How and John Roques – to be independent, as they do not have any interest or business or other relationship which could, or could reasonably be perceived to, interfere materially with their ability to act in the best interests of the Company. The Board has considered the criteria proposed by the Combined Code and the ASX Principles in assessing the independence of the Directors. Materiality, as referred to in the ASX Principles, has been assessed on a case-by-case basis by reference to each Director's individual circumstances rather than general materiality thresholds. However, the Board is satisfied that the independent Directors meet a quantitative materiality threshold for independence that no Director has a relationship with the Group which generates or accounts for more than 5% of the Group's revenue or expenses. Biographical details of the Directors are set out on page 3.

There is a division of responsibility between the Chairman, who is responsible for the effective operation of the Board, and the Chief Executive, Andrew Formica, who is responsible to the Board for the overall management and performance of the Group. The Chairman's other significant commitments, and any changes to them during 2008, are shown in the Board of Directors section on page 3.

Non-Executive Directors are appointed for a fixed term, normally of three years, and any subsequent terms are considered by the Nomination Committee. The remuneration of the Non-Executive Directors is shown on page 26. The terms and conditions of their appointment are on the Company's website, as is the process for their appointment and reappointment.

At the AGM of Old Henderson Group plc held on 1 May 2008, shareholders reappointed Rupert Pennant-Rea, Gerald Aherne and Anthony Hotson as Directors. The Company's first AGM is

due to take place on 11 May 2009 when all the Directors will seek reappointment, apart from Anthony Hotson who will be standing down as a Director at the AGM. At future AGMs, about one-third of the Directors will retire by rotation and may seek reappointment.

Performance of the Board

The Directors conducted a formal evaluation of the performance of the Board, Board Committees and individual Directors (including the Chairman) during the period from September to November 2008. As Roger Yates had given notice of his resignation on 28 August 2008, and was succeeded by Andrew Formica as the Company's Chief Executive on 5 November 2008, neither of these Directors took part in this exercise. Furthermore, Tim How joined the Board after the evaluation exercise had been completed.

The evaluation exercise regarding the Board and Board Committees involved Directors completing a questionnaire about Board composition, Board process, Group strategy and shareholders; a similar approach was followed for each Committee. The results of the evaluation were collated and presented to the Board, which then decided what changes it would make to the way it operates, including an assessment of the changes which have been implemented to ensure that the Company continues to be tax-resident in the Republic of Ireland.

With regard to the evaluation of individual Directors, the Chairman held a formal evaluation meeting with each of the other Non-Executive Directors and the Chief Financial Officer, taking into account the views of the Directors who had completed a questionnaire about the skills and experience of the members of the Board. The Chairman's own performance evaluation was led by the Senior Independent Director. This involved the Directors completing a questionnaire, which focused upon the Chairman's performance. In addition, the Chairman conducted a self-evaluation which was disclosed to the Senior Independent Director. After taking account of the results of these questionnaires, the Senior Independent Director then met with each Director (excluding the Chairman) and evaluated the Chairman's performance. The Senior Independent Director later agreed his findings at a meeting with only other Non-Executive Directors present (excluding the Chairman) and then met with the Chairman to discuss the outcome of the evaluation.

As a separate exercise, the performances of Roger Yates and Andrew Formica, as the Chief Executives of Old Henderson Group plc and the Company respectively in 2008, were evaluated by the Chairman and the Remuneration Committee. The evaluation of the senior executives reporting to the Chief Executive was undertaken by the Chief Executive and the Remuneration Committee. The performance evaluations were conducted in accordance with the process disclosed on the Company's website.

To ensure that the Directors continually update their skills and their knowledge of the Company, all Directors receive regular presentations on different aspects of the Company's business and on financial, legal and regulatory issues. For example, during the year, the Board received regular presentations on what Henderson has done to embed the principle of 'Treating Customers Fairly' into its business, together with detailed legal briefings in respect of Directors' responsibilities regarding the Prospectus (dated 4 September 2008), the duties and responsibilities of being a director of a Jersey company, as well as a refresher briefing on the duties and responsibilities of being a director of a listed company. In addition, Andrew Formica and Tim How, as newly appointed Directors, have each received further training as part of their induction.

As a result, the Directors have concluded that the Board and its Committees operate effectively and that each Director contributes to promoting the overall success of the Group.

Operation of the Board

The Board of Old Henderson Group plc and the Company met 10 times in 2008, of which eight were scheduled meetings. All of the Board and Board Committee meetings of the Company took place in Dublin. Attendance by each of the Directors was:

	Date appointed	Number of meetings held in 2008 while a Director	Number of meetings attended in 2008 while a Director	Percentage of meetings attended in 2008 while a Director
Rupert Pennant-Rea	01/10/2004	10	9	90
Anthony Hotson	29/11/2002	10	9	90
Roger Yates ¹	16/06/2003	8	8	100
Toby Hiscock	11/08/2003	10	9	90
John Roques	14/01/2004	10	8	80
Duncan Ferguson	01/07/2004	10	8	80
Gerald Aherne	01/10/2004	10	8	80
Andrew Formica	05/11/2008	2	2	100
Tim How	28/11/2008	1	1	100

Note

1. Roger Yates resigned as a Director on 5 November 2008.

The Board is scheduled to meet seven times in 2009. Additional meetings will be held as required, or at the request of a Director. During 2008, the Non-Executive Directors met the Chairman without the Executive Directors being present and this will happen again during 2009.

The Board is responsible for making all key strategic, management and commercial decisions which are necessary for the conduct of the Company's business as a whole. Those decisions include: the approval of commercial strategy, annual budgets, half-year and full-year financial statements and reports, interim management statements, trading updates, dividends, accounting policies, delegated authorities and all significant capital projects, investments and disposals. A schedule of matters reserved for approval by the Board is reviewed annually and is on the Company's website. The Chief Executive and his management team are responsible for developing business strategy and, once approved by the Board, for ensuring that the strategy is implemented in accordance with the approved operating plan and within a sound system of internal control.

To enable the Directors to perform their role effectively, they are given the means and information necessary for them to make informed decisions and to follow best corporate governance practice. At each of its meetings, the Board receives detailed reports on the various aspects of the business and of any major issues affecting it.

The Board has approved corporate governance policies. These include a policy on trading in the shares of the Company by Directors and employees, a market disclosure policy and a code of conduct. Together, these set a framework within which the Directors and other employees are expected to protect the interests of shareholders, customers, employees and suppliers. During 2008, these policies were reviewed and updated as were other corporate governance documents, all of which are on the Company's website.

All Directors have access to the advice and services of the Company Secretary, who can be appointed or removed only with the approval of the Board. The Directors are entitled to seek independent professional advice, at the Company's expense, where they judge it necessary to discharge their responsibilities as Directors.

Board Committees

The Board has delegated specific responsibilities to three standing Committees of the Board. The membership of the Board Committees and a summary of their main duties and terms of reference are set out below. Their full terms of reference are on the Company's website. References in this Statement to these Board Committees refer to the Board Committees of Old Henderson Group plc and the Company during 2008.

Audit Committee

John Roques is the Chairman of the Audit Committee. The other members are Anthony Hotson and Duncan Ferguson. All members of the Committee have "recent and relevant financial experience" and "financial expertise" as recommended by the Combined Code and the ASX Principles respectively. The details of the qualifications of the Committee members are set out on page 3. The Audit Committee met seven times in 2008, all of which were scheduled meetings. Attendance by each of the members was:

	Date appointed	Number of meetings held in 2008 while a Director	Number of meetings attended in 2008 while a Director	Percentage of meetings attended in 2008 while a Director
John Roques	11/06/2004	7	7	100
Anthony Hotson	28/08/2003	7	7	100
Duncan Ferguson	09/06/2005	7	7	100

The Audit Committee is responsible for making recommendations to the Board on such matters as the appointment of the external auditors and their terms of engagement (including audit fees) and for reviewing the performance, independence and objectivity of the external auditors. The Audit Committee is also responsible for assessing the effectiveness of the internal audit function, which is subject to an external review every three to five years. As set out below, the Audit Committee receives and reviews the Annual Report and Accounts and other related financial disclosures. However, ultimate responsibility for reviewing and approving the Annual Report and Accounts and other public reports and statements remains with the Board.

Audit Committee's principal activities during 2008

During the year, the Audit Committee:

- received and reviewed reports from management and the external auditors relating to the Annual Report and Accounts of the Company and Old Henderson Group plc, as well as the half-year financial statements, interim management statements, related disclosures and the financial reporting process;
- assessed the effectiveness and independence of both the external auditors and internal audit function;
- reviewed compliance with legal and regulatory requirements and accounting standards;
- assessed the effectiveness of the Group's system of internal control and risk management procedures;
- received regular reports from the internal audit, risk management (including credit risk) and compliance functions. Further information on the Audit Committee's role in monitoring and assessing the Henderson Group's management of risk is set out in the Oversight of internal controls and risk management section on page 21;
- reviewed the financial forecasts prepared by management for 2009 to 2011, together with the downside sensitivity analysis on the key assumptions underpinning the forecasts, in support of the assumption that the Group will continue as a going concern;
- reviewed and approved the external auditors' remuneration and engagement letter;
- reviewed and authorised details of the non-audit services provided by the external auditors during the year – refer to note 4.3 to the financial statements. The amount paid for non-audit services and the type of services provided were not considered by the Audit Committee to affect the external auditors' objectivity or independence;
- reviewed arrangements for whistleblowing should an employee wish to raise concerns, in confidence, about any possible improprieties; and
- received a presentation regarding the Company's structured products business.

The internal and external auditors attended all Audit Committee meetings during the year and, on one occasion, met the Non-Executive Directors without the Executive Directors being present.

The Company has adopted a Charter of Statutory Auditor Independence, which requires both the Company and the external auditors to take measures to safeguard the objectivity and independence of the external auditors. These measures include a prohibition regarding any non-audit services in respect of specific areas (e.g. secondments to management positions) or which could create a conflict or perceived conflict. It also includes information on the procedures for the rotation of the external audit engagement partner. The Charter is on the Company's website.

The external auditors will be asked to attend the Company's AGM on 11 May 2009 and will be available to answer questions from shareholders about the conduct of the audit and the preparation and content of the Independent Auditors' Report.

Nomination Committee

Rupert Pennant-Rea is the Chairman of the Nomination Committee. All the other Non-Executive Directors are members of the Committee and the Executive Directors attend the meetings. The Committee met four times in 2008. Attendance by each of the members was:

	Date appointed	Number of meetings held in 2008 while a Director	Number of meetings attended in 2008 while a Director	Percentage of meetings attended in 2008 while a Director
Rupert Pennant-Rea	01/03/2005	4	4	100
Anthony Hotson	01/03/2005	4	4	100
Gerald Aherne	12/05/2005	4	4	100
Duncan Ferguson	12/05/2005	4	4	100
John Roques	12/05/2005	4	4	100
Tim How	28/11/2008	1	1	100

The Nomination Committee has responsibility for considering the size, composition and balance of the Board, and the retirement and appointment of Directors and making recommendations to the Board on these matters. In identifying suitable candidates for recommendation for appointment to the Board, the Nomination Committee is responsible for ensuring that Directors have the right mix of expertise and experience. In 2008, the Committee was involved in appointing both Andrew Formica and Tim How as Directors.

Andrew Formica was chosen to succeed Roger Yates as the Company's Chief Executive after the Committee had considered at least one external candidate and interviewed a short-list of internal candidates and had recommended to the Board that he be appointed. In the case of Tim How, the Committee instructed an external search consultancy to identify suitable candidates for an additional Non-Executive Director. The Committee then interviewed a short-list of candidates and recommended to the Board that Tim How be appointed as a Director. In each case, the Board approved the proposed appointments. During the year, the Committee also reviewed succession planning for the Board and senior management.

Remuneration Committee

Gerald Aherne is the Chairman of the Remuneration Committee. The other members are Anthony Hotson, Duncan Ferguson and Tim How. The Committee met six times in 2008. Attendance by each of the members was:

	Date appointed	Number of meetings held in 2008 while a Director	Number of meetings attended in 2008 while a Director	Percentage of meetings attended in 2008 while a Director
Gerald Aherne	01/10/2004	6	6	100
Anthony Hotson	28/08/2003	6	6	100
Duncan Ferguson	09/06/2005	6	6	100
Tim How	28/11/2008	1	1	100

The Remuneration Committee has responsibility for making recommendations to the Board on the Company's remuneration and compensation plans, policies and practices and for determining, within agreed terms of reference, specific remuneration packages for each of the Executive Directors and other senior executives. These include pension rights, compensation payments (if any) and the implementation of executive incentive schemes. The Remuneration Committee operates on the principle that members of executive management should be provided with incentives to encourage superior performance and should, in a fair and responsible manner, be rewarded for their individual contributions to the success of the Group. In 2008, the Committee approved Andrew Formica's service agreement as the Company's Chief Executive and the terms under which Roger Yates left the Company.

The Report on Directors' Remuneration (refer pages 22 to 29) provides details on how the Remuneration Committee exercised its responsibilities during 2008. Towers Perrin, acting as a remuneration consultant, advises the Remuneration Committee. Towers Perrin does not have any connection with the Company other than to provide compensation data and information on remuneration developments.

Investor relations

The Company welcomes the views of all investors and their representative bodies. The Board receives regular feedback about investors' views and a monthly report from management.

The Company's website includes online services to help shareholders manage their holding and engage with the Company. Archives of market briefings and other Company announcements and presentations are also available on the website. In addition, shareholders can contact shareholder information lines, send emails and attend shareholder meetings. The Chief Executive and Chief Financial Officer met institutional shareholders and equity analysts regularly during 2008 and the Company's largest shareholders were also offered meetings with the Chairman. The Company's Market Disclosure and Communication Policy and Shareholder Communication Policy are on the Company's website.

The Company publishes its financial results on both the London Stock Exchange and the Australian Securities Exchange. In 2008, Old Henderson Group plc sent an Annual Report and Accounts to all shareholders that had requested one and notified all other shareholders, via post or email, that the information was available on its website.

All shareholders and CHESS Depository Interest (CDI) holders were invited to the 2008 AGM of Old Henderson Group plc, held on 1 May 2008. Notice of the AGM was given to shareholders at least 21 clear days before the meeting. In line with the Combined Code, proxy forms for general meetings (including the AGM) made it clear that shareholders could vote for or against any resolution or withhold their vote. The AGM was held in London and simultaneously broadcast to a venue in Sydney. All Directors attended the AGM. A summary of the questions asked at the AGM and the answers given, together with the results of resolutions put to the AGM, is on the Company's website.

All shareholders and CDI holders were also invited to the Court and General Meetings (the Meetings) held on 30 September 2008. A Scheme of Arrangement Circular (Scheme Circular), which contained the formal notices of the Meetings and included information to assist shareholders in understanding the proposals, was sent to all shareholders at least 14 clear days before the Meetings. Both the Scheme Circular and a Prospectus relating to the Company are on the Company's website. Shareholders approved the Scheme at the Court Meeting. At the General Meeting, shareholders approved a resolution to give effect to the Scheme and related actions and also approved eight other resolutions which authorised the Directors to allot one A ordinary share in Old Henderson Group plc and approved seven employee share plans. The Meetings were held in London and were simultaneously broadcast to a venue in Sydney. All Directors attended the Meetings and the results of the Meetings are on the Company's website.

Financial reporting and going concern

The Directors have acknowledged their responsibilities in the Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2008 (refer to page 30).

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 4 to 10. The financial position of the Group, its cash flows and liquidity position are described in the financial statements and notes. In particular, note 28 to the financial statements summarises the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to liquidity and credit risks.

The Group has considerable financial resources together with diverse revenue streams. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have made appropriate enquiries into the material uncertainties inherent in current and expected future market conditions, the trading performance of the Group and the debt instrument issued by the Group in 2007 which matures in 2012. Due regard has also been given to the material post balance sheet events disclosed in note 34 to the financial statements. Furthermore, the Directors have considered the Financial Reporting Council guidance on going concern (reprinted in November 2008) and the key questions for audit committees contained within that guidance. After thorough examination, the Directors are satisfied that the Company has and will maintain sufficient financial resources to enable it to continue operating in the foreseeable future and therefore, continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Oversight of internal controls and risk management

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss. The Board considers risk assessment and the existence of effective controls to be fundamental to achieving its corporate objectives within an acceptable risk and reward profile. Throughout 2008, and up until the date of this report, there has been in place an ongoing process for identifying, evaluating and managing significant risks within the Group's control which accords with the guidance set out in the "Turnbull Report – Internal Control: Revised Guidance for Directors on the Combined Code – October 2005". Necessary action has been taken, or is being taken, to remedy any significant failings or weaknesses identified by this process. A summary of the Group's risk policy is on the Company's website.

Risk management

The effectiveness of the Group's system of internal control is reviewed at least annually by the Board in order to safeguard the Group's assets as well as clients' and shareholders' investments. In 2008, this review covered all material controls including financial, operational and compliance controls and risk management systems. As part of its review, the Board received assurances from the Chief Executive and the Chief Financial Officer that the statement provided on page 30 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. In addition, management reported positively to the Board on the effectiveness of the Group's system of internal control and the mitigation of any material business risks.

The Group's system of internal control requires managers, each month, to confirm the adequacy of the controls in their area. These controls, and the risks which they are designed to mitigate, are maintained within Henderson's operational risk database, which reflects the risk profiles of each part of Henderson's business. Quarterly risk reports are then provided to the Board through the Audit Committee; their coverage includes material business risks such as Group credit, market and operational risks. Regular reports are also made to the Audit Committee by the internal audit, risk management and compliance functions, covering, in particular, financial, operational and regulatory processes and controls.

The Board considers that this reporting framework gives it sufficient information upon which to monitor the Group's system of internal control and review its effectiveness.

The management of risk within the Group is overseen by the Audit Committee. There are also a number of management committees chaired by, and consisting of, senior managers that have responsibility for specific areas of risk. These provide forums for resolving and managing any significant risk and regulatory issues. The Head of Business Assurance is responsible for ensuring that these management committees discharge their responsibilities effectively and for bringing any relevant matters to the attention of senior management and the Audit Committee.

The day-to-day responsibility for the management of risk lies with the Group's line management, which works closely with the risk management function to maintain an effective risk and control self-assessment process. The risk management function also maintains an incident reporting process and provides regular and frequent management information to the Audit Committee and senior management. The compliance function works with the risk management function and the business units to ensure that all regulatory risks have been understood and are being effectively managed.

Additional assurance is provided by the internal audit function, which operates and reports independently of line management.