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**G8 Education Limited**

**ABN 95 123 828 553**

**Audit and Risk Management Committee Charter**

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G8 Education<sup>ltd</sup>

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## Constitution

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The Board of G8 Education Limited (the “Company” or “G8”) has resolved to establish and maintain a Committee of the Board, to be known as the G8 Education Audit and Risk Management Committee (the “Committee” or “ARMC”).

## Membership

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The Committee will be comprised of at least three or more members, as determined by the Board. The Board shall also appoint one of the Committee members to act as Chairman. For the purpose of transacting business, a quorum of the Committee shall be not less than two members of the Committee. Only non-executives may be members and a majority of members must be independent.

The members of the Committee shall meet the independence and experience requirements of the applicable Australian regulatory bodies. All members of the Committee must be financially literate. At least one member must be a financial expert, defined for the purposes of this Charter as being professional qualified, as either a Chartered Accountant (CA) or Certified Practising Accountant (CPA) or member of a similarly recognised professional accounting body.

The Managing Director shall not be a member of the Committee.

The Company Secretary will act as secretary to the Committee.

## Objectives

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The Committee’s primary responsibility is to assist the Board in fulfilling its corporate governance and oversight responsibilities with respect to:

- assessment and analysis of the Company’s risk profile;
- application of accounting policies and reporting of financial information;
- financial management, including the capital structure and financing of the Company;
- internal and external audit practices and to ensure that effective relationships exist;
- the system of risk management and internal controls that management has established, including safety, health, environment and quality practices;
- compliance with applicable laws and regulations;
- business policies and practices;
- the Company’s capital expenditure procedures, including an effective program of post expenditure audit review;
- reviewing the effectiveness of the Company's risk management and internal control systems; and
- reviewing all acquisitions and developments including all relevant governance.



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In addition, the Committee provides an avenue for communication between internal audit, the external auditors, financial management and the Board.

The Company recognises that risk management systems are not to be applied in isolation, but rather they are to be applied in conjunction with other business routines and systems, for example, the planning, budgeting and reporting conducted by the Company.

Risk management policies developed by the Committee are to reflect the Company's risk profile. When developing a risk management policy, the Committee should consider the reasonable expectations of the Company's Stakeholders.<sup>1</sup>

## Material Business Risks

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The Committee shall in conjunction with management, monitor and review the policies and control systems established by management to identify and manage business risks. These risks may include but are not limited to operational, environmental, sustainability, compliance, strategic, ethical conduct, reputation or brand, technological, product or service quality, human capital, financial reporting and market related risks.

## Authority

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The Committee is authorised by the Board to investigate any activity within its Charter. It is authorised to seek any information it requires from any employee and all employees will be directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain, at the expense of the Company, outside legal or other independent professional advice and to arrange for attendance at meetings of outside parties with relevant experience and expertise if it considers necessary.

## Meetings

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The Committee shall meet not less than three times a year coinciding, where appropriate, with key dates in the Company's financial calendar and at other times as the Chairman of the Committee shall require.

Where considered appropriate by the Chairman, the Committee will hold a separate private session with the external auditors, without management representation.

Where considered appropriate by the Chairman, the Committee will hold a separate private session with the Group Internal Auditor\* and/ or the Managing Director and/or the Chief Financial Officer.

The external auditors and/ or the Group Internal Auditor\* may also request a separate private meeting with the Committee, if they consider that one is necessary.

Unless decided otherwise by the Chairman of the Committee, the Managing Director, Chief Financial Officer, Group Internal Auditor\*, and partner in charge of the external audit will be routinely invited

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<sup>1</sup> Stakeholders include shareholders, employees, customers, suppliers, creditor, consumers and the broader community in which the Company operates.

\* If a Group Internal Auditor is appointed



to attend meetings of the Committee. Other senior managers may be asked to attend on specific agenda items.

Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee, all other members of the Board, the Managing Director, the Chief Financial Officer, Group Internal Auditor\* and the external auditors.

## Minutes

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Minutes of the Committee signed by its Chairman shall be sufficient evidence that the matters referred to therein had been fully discussed and agreed. Minutes of Committee meetings shall be circulated to all members of the Committee in draft form and, once approved, to all members of the Board.

## Specific Responsibilities

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The Committee's main responsibilities are as follows.

### Financial Management

- review regularly with management the Company's cash flow forecasts, capital structure, including debt financing and the adherence to bank or other debt covenants and related requirements;
- consider the Company's treasury management policies, including hedging of trading, financing or balance sheet exposure.

### External Financial Reporting

- consider the appropriateness of the Company's accounting policies and principles and any changes to them;
- assess significant estimates and judgements in the financial reports and enquire of the external auditor regarding the reasonableness of those estimates;
- review compliance with accounting standards and other legal requirements;
- review the clarity of disclosures;
- review financial reports and recommend to the Board on their approval or amendment;
- where applicable, review the Company's statement on internal control systems prior to endorsement by the Board and review the policies and processes for identifying and assessing business risks and the management of these risks by the Company.

### Related Party Transactions

- review and monitor the propriety of all related party transactions.

### External Audit

- make recommendations to the Board on the appointment and remuneration of the external auditor;



- be satisfied that an effective, comprehensive and complete external audit can be conducted for the set fee;
- approve the external audit plan;
- monitor the effectiveness and independence of the auditor, ensuring that the external auditor's rotation practices, provision of non-audit services and relationships with the Company do not impair that independence;
- at least annually, obtain a formal written statement of all relationships between the external auditors and the Company;
- discuss with the external auditor, before the audit commences, the nature and scope of the audit and review the auditors' quality control procedures and steps taken by the auditors to respond to changes in regulatory and other requirements;
- review the external auditors' management letter and management's response and ensure that information provided is complete and appropriate;
- give consideration to any other matter communicated by the external auditors, in particular serious difficulties or disputes with management encountered during the course of audits;
- invite the external auditor to attend audit committee meetings to review the audit plan, discuss audit results and consider the implications of the external audit findings for the risk management and control environment;
- approve the provision of non-audit services to the Company, where such services are to be provided by the external auditors of the Company.

## Internal Audit

- determine if there is a need for a formal internal audit function, including a Group Internal Auditor and, if so:
  - draft an Internal Audit Charter for adoption by the Board;
  - ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
  - approve the appointment or dismissal of the Group Internal Auditor;
  - review and approve the scope of the internal audit plan and work program;
  - monitor the progress of the internal audit work program and consider the implications of the findings for the control environment;
  - monitor and critique management's response to internal audit findings and recommendations; and
  - evaluate the process the Company has in place for monitoring and assessing the effectiveness of the internal audit function;
- the internal auditor should report to the Chairman of the Committee with day to day reporting through the Managing Director.



## Operational Risk Management

The Committee can play a key role in establishing an appropriate culture in the Company's overall operating environment, through reviewing both key financial and also key operational risk areas. Specific areas for oversight include:

- assessing internal processes for determining and managing litigation and claims, related to both quality and non-quality issues;
- assess the adequacy of the Safety, Health, Environment and Quality (SHEQ) management system and SHEQ performance;
- assess the potential for liability arising from SHEQ issues;
- review the impact of changes in SHE legislation, community expectations, research findings and technology;
- review and monitor the SHEQ audit plan and auditing processes;
- receive and consider the results of SHEQ external and internal audits;
- review of insurance arrangements to ensure appropriate coverage in accordance with the Company's risk management policy;
- review of actions taken by management to reduce risk exposure in the key areas of compliance with the Australian Competition and Consumer Act 2010, Information Technology and Human Resources.

## General

- approve minutes of the previous Committee Meeting;
- oversee that the external auditors and internal auditors meet regularly and maintain a good working relationship;
- oversee the adequacy of the Company's capital expenditure procedures analysis;
- review and approve the Company's Code of Ethics annually and recommend any proposed changes to the Board for approval;
- develop and regularly evaluate the Company's Fraud Policy, including the adequacy of procedures related to the handling of allegations on accounting, internal accounting controls and auditing matters from whistleblowers;
- as the Committee may deem appropriate, obtain, weigh and consider expert advice as to Committee related rules and audit standards and other accounting, legal and regulatory provisions;
- review management's processes for ensuring the monitoring of compliance with laws, regulations and other requirements relating to the external reporting by the Company of financial and non-financial information;
- in addition, the Committee shall examine any other matters referred to it by the Board.

## Review of Audit and Risk Management Committee

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The Board shall undertake an annual review of the Committee's performance, including an assessment of the adequacy of this Charter, and the Committee may recommend any proposed changes to the Board for approval. Ultimate responsibility for risk oversight and risk management rests with the full Board. As such the Board should review the effectiveness of the implementation of all risk management and internal control systems at least annually.

## Disclosure of Audit and Risk Management Charter

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A copy of this Charter shall be posted on the Company's website in a clearly marked Corporate Governance section.

Review Date 17 August 2017