
G8 Education Limited

ABN 95 123 828 553

Audit and Risk Management Committee Charter



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1. Introduction

General

- 1.1. This Charter sets out the principles and processes to be followed by the Committee.
- 1.2. The Committee is a committee of the Board established pursuant to the Company's Constitution.

Authorities

- 1.3. The Committee is authorised by the Board to investigate any activity within this Charter. It reviews, advises and makes recommendations to the Board with respect to developing policy and monitoring corporate activity within the scope of its responsibilities.
- 1.4. The Board authorises the Committee to:
 - (a) obtain, at the expense of the Company, independent expert advice and to arrange for attendance at meetings of outside parties with relevant experience and expertise if it considers necessary to assist the Committee; and
 - (b) seek any information it requires from any employee (who are directed to cooperate with any request made by the Committee), or from external parties.

Board approval

- 1.5. The Board has approved this Charter.
- 1.6. The Board may approve any amendments to this Charter from time to time.

Definitions

- 1.7. Unless the contrary intention is expressed in this Charter, the following words (when used in this Charter) have the meaning set out below:

Board means the Board of Directors of the Company from time to time.

Committee means the Audit and Risk Management Committee of the Board.

Company means G8 Education Limited ABN 95 123 828 553.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a Director of the Company.

G8 Education means the Company and its controlled entities.

Key Management Personnel has the meaning as defined in Accounting Standard AASB 124 *Related Party Disclosures*.

2. Objectives

- 2.1. The Committee will review the following considerations in the performance of its duties and responsibilities:
 - (a) G8 Education's enterprise risk management framework, including risk assessment, treatment, strategies and monitoring consistent with the Company's risk appetite;
 - (b) G8 Education promoting a risk-aware culture;
 - (c) G8 Education having effective internal and external audit functions and control

systems to provide accurate, relevant, timely and reliable financial and operational information;

- (d) compliance with applicable laws, regulations, standard and best practice guidelines; and
- (e) G8 Education having an ethical culture embedded throughout the organisation.

3. Responsibilities of the Committee

- 3.1. The Committee is responsible for developing, reviewing, advising and making recommendations to the Board in relation to the matters set out in this Section 3.

Financial Management

- 3.2. 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.
- 3.3. Consider the Company's treasury management policies, including hedging of trading, financing or balance sheet exposure.

External Financial Reporting

- 3.4. Consider the appropriateness of the Company's accounting policies and principles and any changes to them.
- 3.5. Assess significant estimates and judgements in the financial reports and enquire of the external auditor regarding the reasonableness of those estimates.
- 3.6. Review compliance with accounting standards and other legal requirements.
- 3.7. Review the clarity of disclosures.
- 3.8. Review financial reports and recommend to the Board on their approval or amendment.
- 3.9. 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

- 3.10. Review and monitor the propriety of all related party transactions.

External Audit

- 3.11. Make recommendations to the Board on the appointment and remuneration of the external auditor.
- 3.12. Be satisfied that an effective, comprehensive and complete external audit can be conducted for the set fee.
- 3.13. Approve the external audit plan.
- 3.14. 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.
- 3.15. At least annually, obtain a formal written statement of all relationships between the external auditors and the Company.
- 3.16. 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.

- 3.17. Review the external auditors' management letter and management's response and ensure that information provided is complete and appropriate.
- 3.18. 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.
- 3.19. 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.
- 3.20. 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

- 3.21. Determine if there is a need for a formal internal audit function, including an internal auditor for G8 Education ("**Group Internal Auditor**") and, if so:
 - (a) draft an Internal Audit Charter for adoption by the Board which includes an obligation for the internal auditor to report to the Chair of the Committee with day to day reporting through the Managing Director;
 - (b) ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
 - (c) approve the appointment or dismissal of the Group Internal Auditor;
 - (d) review and approve the scope of the internal audit plan and work program;
 - (e) monitor the progress of the internal audit work program and consider the implications of the findings for the control environment;
 - (f) monitor and critique management's response to internal audit findings and recommendations; and
 - (g) evaluate the process the Company has in place for monitoring and assessing the effectiveness of the internal audit function.

Risk Management

- 3.22. 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.
- 3.23. The Committee will carry out the following in connection with risk management:
 - (a) maintain an enterprise risk management framework and industry appropriate operational risk management frameworks;
 - (b) review the Company's risk appetite and risk tolerance (as determined by the Board) on a Company wide basis with respect to relevant categories or operational risk;
 - (c) monitor, review and report on risks which may impact on G8 Education achieving its goals and objectives or the G8 Education's performance generally;
 - (d) assess the adequacy of the Safety, Health, Environment and Quality (SHEQ) management system and SHEQ performance, including the SHEQ of employees, customers, visitors and other in relation to G8 Education's operations;

- (e) assess risks which threaten compliance with G8 Education's regulatory and legal operations;
- (f) assess internal processes for determining and managing litigation and claims, related to both quality and non-quality issues;
- (g) review the impact of changes in SHEQ legislation, community expectations, research findings and technology;
- (h) review and monitor the SHEQ audit plan and auditing processes;
- (i) receive and consider the results of SHEQ external and internal audits;
- (j) assess risks which may impact on the Company's reputation; and
- (k) review of actions taken by management to reduce risk exposure in the key areas of compliance with the legislation, IT and HR risk.

General

- 3.24. Review and propose any changes to this Charter.
- 3.25. Approve minutes of the previous Committee Meeting.
- 3.26. Oversee that the external auditors and internal auditors meet regularly and maintain a good working relationship.
- 3.27. Oversee the adequacy of the Company's capital expenditure procedures analysis.
- 3.28. Review and approve the Company's Code of Ethics annually and recommend any proposed changes to the Board for approval.
- 3.29. Review and regularly evaluate the following policies of the Company:
 - (a) Fraud Policy, including the adequacy of procedures related to the handling of allegations on accounting, internal accounting controls and auditing matters from whistleblowers;
 - (b) Continuous Disclosure & Shareholder Communication Policy;
 - (c) Securities Trading Policy;
 - (d) Dividend Policy;
 - (e) Dividend Reinvestment Plan Rules;
 - (f) Risk Management Policy and Framework;
 - (g) Tax Governance Framework;
 - (h) Delegation of Authority;
 - (i) Environmental Sustainability Policy & Strategy;
 - (j) Treasury Policy;
 - (k) Business Continuity Plans; and
 - (l) Accounting Policy.
- 3.30. Review and assess impact of changes to accounting standards.
- 3.31. Review tax reports and practices for managing impact of taxation.
- 3.32. Review the cyber security and privacy practices of the Company.

4. Size and Composition of the Committee

Composition

- 4.1. The Committee should be of sufficient size, independence and expertise to conduct its duties effectively.
- 4.2. The Committee will comprise of at least three members appointed by the Board.
- 4.3. All members of the Committee must be non-executive Directors and a majority of Committee members must be independent non-executive Directors or as otherwise required under the ASX Listing Rules.
- 4.4. The Board shall appoint the Chair of the Committee who shall also be an independent Director who is a member of the Committee. The Chair of the Committee must not be the Chair of the Board. Should the Chair of the Committee be absent from any Committee meeting, the members of the Committee present at that meeting shall appoint one of them to be Chair of that meeting.
- 4.5. 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. It is desirable (but not essential) for members of the Committee to have an appropriate level of knowledge and understanding of the industry in which the Company operates.
- 4.6. Other members of the Board are entitled to attend Committee meetings, but will not be entitled to vote on any matter being considered by the Committee.
- 4.7. The Managing Director shall not be a member of the Committee.

Removal or resignation

- 4.7 If a member of the Committee ceases to be a Director, that member ceases to be a member of the Committee. The Board may remove a member of the Committee.

Secretary

- 4.8 The Secretary of the Committee is the Company Secretary. The Secretary of the Committee will be responsible, in conjunction with the Chair of the Committee, for determining the agenda for each meeting.

5. Meetings of the Committee

Frequency

- 5.1. The Committee will meet as frequently as required but not less than three times a year.
- 5.2. The Committee may call such additional meetings as the Chair of the Committee decides are necessary for the Committee to fulfil its duties.

Minutes of meetings

- 5.3. The Secretary of the Committee will be responsible for keeping and circulating the minutes of Committee meetings.
- 5.4. Minutes shall be distributed to all Committee members after the Chair of the Committee has given preliminary approval.
- 5.5. The minutes of Committee meetings will be approved by the Committee and signed by the Chair of the Committee.

- 5.6. Copies of the minutes of each Committee meeting will be included in the papers for the next Board meeting after each meeting of the Committee.

Meeting attendance

- 5.7. Unless otherwise directed by the Board, the Managing Director, Chief Executive Officer and Group Internal Auditor (if any) will attend each meeting of the Committee.
- 5.8. The Committee may invite other people or employees to attend meetings when necessary.
- 5.9. Where considered appropriate by the Chair, the Committee may hold a separate private session with:
- (a) the external auditors, without management representation;
 - (b) the Group Internal Auditor (if any) and/or the Managing Director and/or the Chief Financial Officer;
- The external auditors and/ or the Group Internal Auditor (if any) may also request a separate private meeting with the Committee, if they consider that one is necessary.
- 5.10. Committee members or any invitees must not be in attendance during Committee meeting discussions regarding matters where they have a personal interest or a conflict of interest is deemed to exist.

Quorum and resolutions

- 5.11. A quorum will comprise any two Committee members. Should the Chair of the Committee be absent from any meeting, and there are at least two members still present, the members of the Committee present shall appoint one of their number to be Chair of that meeting.

6. Reporting to the Board

- 6.1. The Committee shall regularly report to and make any appropriate recommendations to the Board at the next Board meeting.

7. Independent External Advice

- 7.1. The Committee will have appropriate resources to discharge its duties and responsibilities, including engaging counsel, accountants or other experts such as external remuneration consultants to provide information to the Committee.

8. Assessment and Evaluation of the Committee

- 8.1. The Committee will review its performance annually having regard to the Committee's duties and responsibilities under this Charter.

9. Access to the Charter

- 9.1. This Charter will be made available on the Company's website or otherwise as required.

10. Review of the Charter

- 10.1. The Committee will review this Charter annually and the Charter may be amended by resolution of the Board.

Last Reviewed: 17 April 2019