

SUSTAINABILITY REPORT

EMBRACING CHANGE

Sustainability-linked loan that focusses on centre quality and team member safety

As the largest listed early education provider in Australia, G8 Education strives to achieve best practice in social, ethical, environmental and commercial business performance across all of its operations. We recognise our responsibility to have a profoundly positive impact on the future of our most valuable and vulnerable members of society and are committed to creating environments where children and families can feel safe, included and are able to thrive.

2020 was a year like no other. It highlighted how critically important the essential services offered by G8 Education are to our stakeholders, and we endured in the face of adversity by working together in new and innovative ways to support our children, families, communities, employees and investors.

During 2020, G8 Education began the process of revising its sustainability strategy by undertaking a materiality assessment to identify and understand the most material areas of focus for long-term value creation for our stakeholders. This materiality assessment has shaped the contents of this report and will guide G8 Education's strategic sustainability initiatives and commitments moving forward.

Over the next 12 months the materiality assessment will be used to implement an enhanced reporting framework to clearly demonstrate and monitor achievements as a responsible and sustainable business. By implementing effective sustainability strategies, measures and governance practices that are aligned with the sustainability topics that are most material to G8 Education we can maximise long-term value for our stakeholders and achieve our vision of being Australia's best-in-class early childhood educator that is the first choice for parents to care for their child.



MATERIALITY ASSESSMENT

During the year Ernst & Young were engaged as an independent consultant to conduct a materiality assessment designed to understand the most material issues to G8 Education. The following research methods were used to conduct the materiality assessment:

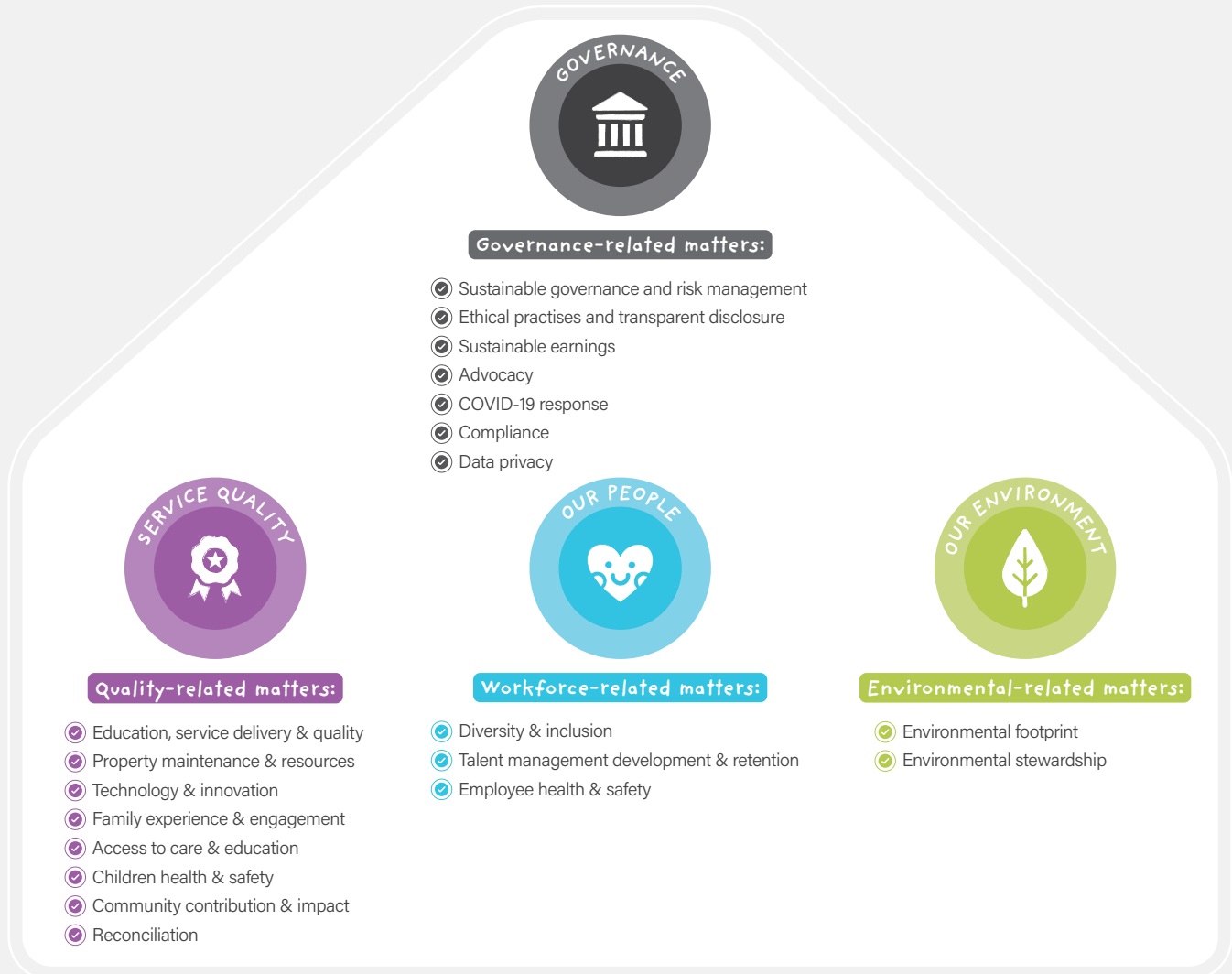
- desktop assessment and analysis of relevant internal and external documentation;
- a review of media and peer activities across Australia, as well as global megatrends;
- engagement with G8 Education's stakeholders to discuss material topics, covering short, medium and long-term perspectives;
- in-depth interviews with seven internal stakeholders and one external stakeholder, including members of G8 Education's Board; and
- a validation workshop with relevant business representatives to confirm and prioritise the most significant topics and areas of focus.

This materiality assessment is a fundamental step towards G8 Education understanding how to leverage sustainability performance to provide long-term value to all stakeholders. Regular materiality assessments will be completed and there is an intention to expand the scope to include key industry stakeholders. By identifying and prioritising the topics most significant to our business and applying those learnings to our risk management framework, we proactively manage material economic, social and environmental risks identified by our stakeholders and make more informed decisions that better reflect their needs and expectations of our business.



SUSTAINABILITY PILLARS

The material topics identified in the materiality assessment were grouped against four sustainability pillars:



GOVERNANCE

Governance is the overarching pillar, representing half of G8's top material topics also reflecting how critical strong governance is to G8 Education's success. Stakeholders have increasingly high expectations in relation to financial performance, governance issues and risk management, as well as ethical practices and reporting in the current COVID-19 context, and want to ensure that management is kept accountable for improving sustainability performance through transparent disclosures. We must demonstrate ethical practices and decision-making throughout all levels of our organisation in order to succeed.

SERVICE QUALITY

Child health and safety is a key focus as well as curriculum delivery and family experience and engagement. Service Quality is G8 Education's core business and is directly linked to our families' satisfaction with our services and centre occupancy driving financial returns.

OUR PEOPLE

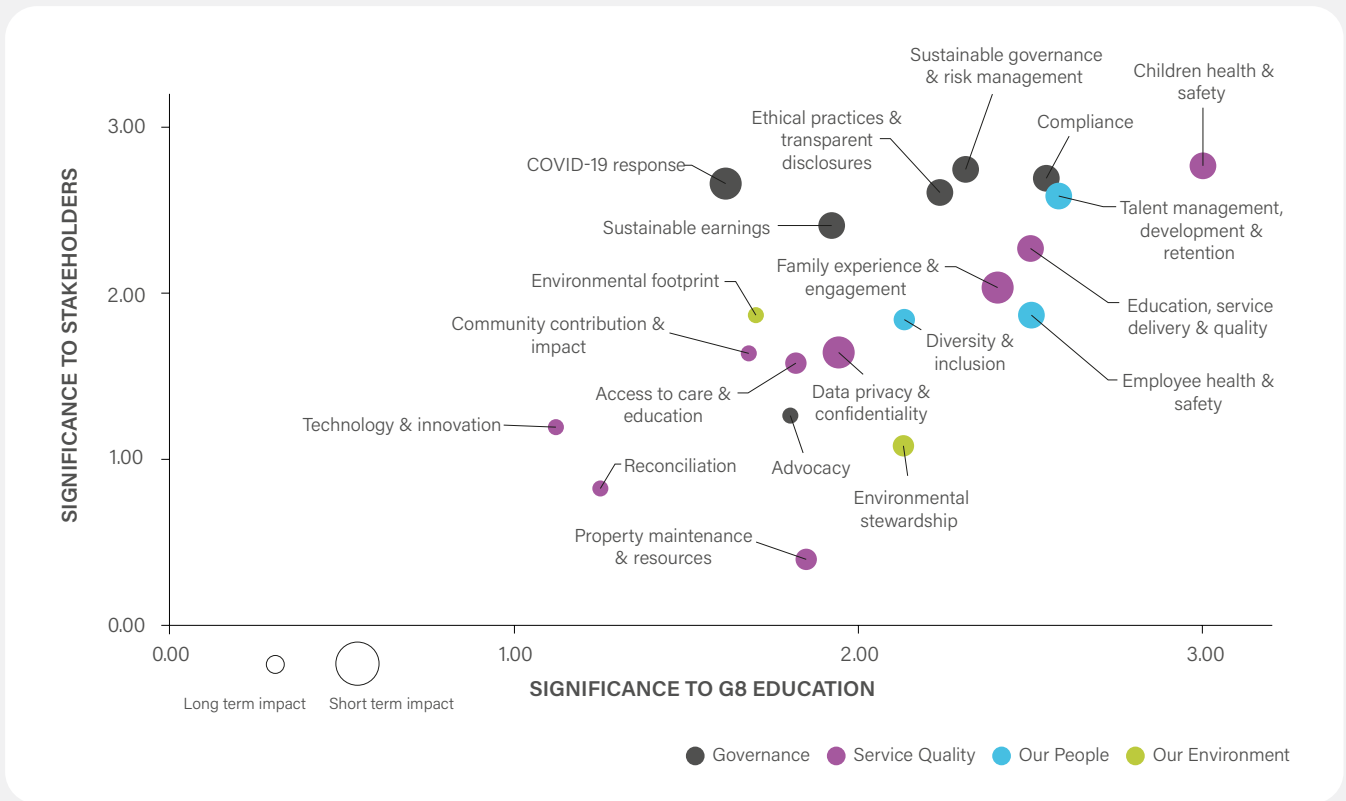
Our People and the culture of our teams are what create and maintain our reputation. As a people-focused business, employee health and safety, talent management, development and retention drive the success of G8 Education. It is critical that we retain and invest in values-driven team members who are committed to the best interest of children under our care.

OUR ENVIRONMENT

Climate change is one of the defining issues of our time, and the natural disasters of 2020 have highlighted the ongoing risk and importance of responding to climate change in Australia and around the world. G8 Education plays an important role in educating our children on the impacts of climate change and the importance of reducing our environmental footprint. We are monitoring which potential risks and opportunities are most material to us in the context of our environmental footprint, our environmental stewardship and climate change generally, which will inform our strategic and policy adjustments to best mitigate risk and seize opportunities moving forward.

MATERIALITY MATRIX

The materiality assessment identified 20 topics grouped within our four pillars that are most material to our stakeholders. The below materiality matrix maps the importance of these material topics to stakeholders against their business impact. Large dots represent short-term priorities whereas smaller dots, while still important, form part of G8 Education's long-term sustainability goals. The colours represent the four pillars.



WHAT MATTERS MOST?

This table sets out the top five material topics identified via the materiality assessment, along with G8's response, progress and commitment moving forward.

PILLAR	TOPIC DESCRIPTION	RESPONSE	TARGET
Service Quality	<p>Child health and safety</p> <p>Looking after the physical and mental health, safety and wellbeing of the children in our care is our highest priority. Getting our culture right and providing the necessary training, policies, resources, infrastructure, spaces and support services to go beyond standard occupational health and safety and optimise physical and mental health outcomes for our children.</p>	<p>Children and their families are at the heart of everything we do. With more than 46,000 children across Australia in our care per week, we are deeply aware that our approach to child protection is able to have a significant impact. G8 Education is a committed champion in the development of the safest and most secure environments possible for children and families.</p> <p>Various G8 Education policies and documents frame the Children Health & Safety issue to ensure procedures are in place to keep children safe from harm. Incidents are reviewed weekly and each centre has its own risk register, with managers required to complete risk assessments on a regular basis.</p> <p>In 2020 we continued our commitment to improving child safety practices through our partnership with Bravehearts and Ernst & Young to develop a Child Protection Program that includes comprehensive training, communications and organisational culture change elements. Designed to ensure that all children in our centres are safe, and our Educators are courageous and vigilant in responding to any suspicion of child abuse or neglect, this program outlines that we can all do our part to advocate for the safety of the tens of thousands of children who attend our centres each day.</p> <p>The G8 Education team embraced an #iwill Statement of Commitment as a testament to the dedication we all possess in ensuring each child is protected, safe, and heard.</p>	<p>95% of team members complete Child Safety Training learning modules on an annual basis¹</p>
Governance	<p>Compliance</p> <p>Compliance with Australian law, industry regulation and standards for childcare services.</p>	<p>Compliance is critical to ensure safety, health and wellbeing of children and to improve their education and development outcomes.</p> <p>G8 Education implements risk management frameworks, training, policies and procedures to enable it to comply with national regulations. We apply best-practice guidelines and meet the ISO31000 Risk Management Principles and Guidelines.</p> <p>In 2020 we merged our legal and compliance team under one consolidated Legal, Quality & Risk team. As well as providing advice directly at a centre level, this dedicated team is embedded and sits on strategic projects across the business to advise G8 on compliance with its legal and regulatory requirements.</p> <p>G8 Education completed 250 safety and compliance projects in 2020 and is budgeted to improve on this number in 2021.</p>	<p>At least 95% of all Centres achieving either 'meeting' or 'exceeding' the National Quality Standards by 31 December 2023</p>
People	<p>Talent management, development and retention</p> <p>Attracting and retaining highly capable individuals with a range of relevant skills, experiences and capabilities to support a high performance and positive culture within G8 Education. This includes providing quality and appropriate training and remuneration to employees and promoting high employee engagement.</p>	<p>Building a culture that values, invests in and engages a high performing workforce is essential to G8 Education's long-term growth and success.</p> <p>G8 Education continues to invest in the retention and development of values-driven team members through its various professional development opportunities and Bachelor Scholarship program, investing \$2.9m into professional learning and development in 2020.</p> <p>Key achievements in 2020 included:</p> <ul style="list-style-type: none"> – 150 team members currently undertaking Bachelor study programs throughout the G8 Education network – Provided Traineeships to more than 650 team members; – Assessed more than 7,500 Standout Educator Nominations for the standout educator of the year within G8 Education network – \$16m in child care discounts saved by team members utilising the G8 Team Member Childcare Benefit Policy 	<p>85% employee engagement score by 31 December 2023</p> <p>Centre manager turnover <15%</p>

1. Excluding team members on maternity leave, extended unpaid or on workers compensation leave.

PILLAR	TOPIC DESCRIPTION	RESPONSE	TARGET
Governance	Sustainable Governance and Risk Management Proactively managing and mitigating material risks and opportunities to G8 Education operations, including sustainability matters within the organisation. Lead by the identification and clear articulation of responsibilities at the highest levels of governance at G8 Education.	<p>Good governance is at the heart of any successful business and supports effective service quality and delivery as well as a safe and positive organisational culture.</p> <p>We recognise that the way we do business is critical in order for us to earn and maintain the respect and trust of not only G8 Education families but all stakeholders, including our employees, shareholders and the community. G8 Education's risk management policy, framework and Code of Conduct inform our risk management strategy. Enterprise risks are reviewed monthly by the Board and quarterly by the Audit and Risk Management Committee to ensure risk management and initiatives remain current. Each centre has its own risk register including environment, social, governance and financial risks and risk assessments are performed by centre managers.</p> <p>G8 Education and its Board are committed to good corporate governance practices and comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition). The Board of Directors guides and monitors the business and affairs of G8 Education on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board sees this commitment as fundamental to the sustainability and performance of its business and to enhance shareholder value.</p>	95% of all active team members complete mandatory training annually ¹
	Ethical practices and transparent disclosure High-quality governance, transparency, communication, and ethical practices embedded throughout all levels of the organisation.	<p>There is increasing demand for transparent disclosures and reporting coming from stakeholders, including investors, especially in the context of COVID-19.</p> <p>Compliance and risk management is embedded in our operations. G8 Education's whistle-blower policy enables anonymous reporting without fear of retribution to promote a culture of openness, honesty and transparency.</p> <p>G8 Education complies with the ASX Listing Rules with respect to its continuous disclosure obligations and publishes its Continuous Disclosure and Shareholder Communication Policy on its website.</p> <p>Our Code of Conduct and team member induction and training program are focused on embedding good communication skills and ethical practices across our day-to-day activities.</p>	95% of all active team members complete mandatory training annually ¹ 100% of all whistle-blower reports investigated and resolved.

1. Excluding team members on maternity leave, extended unpaid or on workers compensation leave.