

ASX Announcement

G8 Education Limited
(ASX:GEM)



31 May 2018

Market Announcement Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

In accordance with Listing Rule 4.7.4 and 4.10.3, I **attach** a copy of G8 Education Limited's Corporate Governance Statement 2017.

The Corporate Governance Statement is accurate and up to date as at 26 February 2018 and has been approved by the board.

Tracey Wood

General Counsel and Company Secretary

G8 Education Limited
ABN: 95 123 828 553

Corporate Governance Statement

Corporate Governance Statement

Under Listing Rule 4.10.3, G8 Education is required to provide a statement in its annual report disclosing the extent to which it has followed the Recommendations in the reporting period. Where a Recommendation has not been followed, the fact must be disclosed, together with reasons for departure from the Recommendation. In addition, a number of the Recommendations require the disclosure of specific information in the corporate governance statement of the annual report.

G8 Education corporate governance statement is structured with reference to the Council's Principles and Recommendations 3rd Edition. The key principles are as follows:

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 other key stakeholders and to ensure the Group is properly managed.

The responsibilities of the Board include:

- providing strategic guidance to the Group including contributing to the development of and approving of the corporate strategy;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring
 - organisational performance and the achievement of the Group's strategic goals and objectives;
 - compliance with the Company's Code of Conduct;

- progress in relation to the Company's diversity objectives and compliance with the diversity policy;
- progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments;
- monitoring financial performance including approval of the annual and half year financial reports and liaising with the Group's auditors;
- appointment, performance assessment and if necessary, removal of key executives;
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the CEO, CFO and the Company Secretary;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the organisation;
- overseeing the operation of the Group's system for compliance and risk management reporting to shareholders; and
- ensuring appropriate resources are available to senior management.

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

The Group has developed a process for annual appraisal of senior management measuring performance, including contribution to the overall success of the business. The appraisal is designed to measure success in achieving objectives set for the past twelve months and to set objectives for the next twelve months.

All Executives enter into a written agreement with the Company which sets out the terms of their appointment.

The Company Secretary is accountable directly to the board of directors through the Chair on all matters to do with the proper functioning of the Board.

Diversity Policy

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has developed a diversity policy, a copy of which can be found on the Company's website. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity.

It includes requirements for the Board to establish measurable objectives for achieving diversity and for the Board to assess annually both the objectives and the Company's progress in achieving them.

The table below illustrates the number of women employees and percentage of total workforce in the entire organisation, senior executive positions and on the Board.

The Board set measurable objectives for achieving gender diversity during 2017. As at 31 December 2017 G8 Education Limited had three females on the Board from a total of seven Directors, and three females in the management team, from a total of eight. The measurable objective set by the Board for 2017 are as follows:

Actual		
	Number	%
Number of females in senior leadership team	3	37.5%
Number of females on the board	3	42%

Target		Actual	
Diversity target	%	No	%
Executives in leadership roles will be female	>30		37.5%

In accordance with the requirements of the Workplace Gender Equality Act 2012, G8 Education Group workplace profile for Australia only is set out in on our website at: <https://g8education.edu.au/about-us/corporate-social-responsibility/>

Principle 2: Structure the Board to add value

The Board operates in accordance with the broad principles set out below:

Board Composition

The Board is to be comprised of both Executive and Non-Executive Directors. On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company. The agreement summarises the Board policies and terms, including remuneration, relevant to the office of Director.

Non-Executive Directors bring perspective to the Board's consideration of strategic, risk and performance matters and are best placed 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 key executives. The Board is to establish measurable Board gender diversity objectives and assess annually the objectives and progress in achieving them. The Group 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 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.

Board Renewal, Succession Planning and Board Matrix

The Board regularly reviews its composition, skills and succession plans to ensure it aligns with the company's Strategic Plan. The People and Culture Committee developed a Board skills matrix. This contains the mix of skills, experience, knowledge and diversity that the Board currently has and is looking to achieve in its composition. The People and Culture Committee also oversee the professional development of Directors to ensure that identified skill sets are strengthened and deepened.

Skills Matrix

A skills matrix based on the listing of "Core Business Skills and Knowledge" in AICD's 'Selecting A New Director' was completed in June 2017 using the following criteria, and two new Directors with Education and Marketing experience were brought on to enhance the Boards breadth of qualifications and experience.

Directors Skills

- Core Business Skills and Knowledge
- Strategic expertise
- Financial literacy
- Relevant legal knowledge
- Managing risk
- Managing people
- Achieving change
- Financial markets experience
- Relevant industry knowledge
 - 1- Education
 - 2- Child care operations
 - 3- Branch networks
 - 4- Property Management and Leasing
 - 5- Regulation & Compliance

Relevant corporate experience:

- Technology and Digital Management
- Business development
- Brand management and marketing
- Customer relationship management
- Director by turnover (excluding G8)
- Assurance
- Governance
- Government Relations
- Human Resources/Industrial Relations
- Information Management & technology
- Mergers & Acquisitions
- Project Management

Role experience

- CEO by turnover (excluding G8)
- CFO by turnover (excluding G8)
- ASX 200 Director

Qualifications (highest by category):

- Accounting
- Business
- Law
- Clinical
- Other
- Professional

Board Members

Details of the members of the Board, their experience, expertise, qualifications, term of office and independent status are set out in the Directors' Report. During 2017 the Board consists of seven Directors, six of whom are Non-Executive. All six (M Johnson, B Bailison, D Foster, J Cogin, M Zabel and S Forrester) are considered independent under the principles set out below. Chris Scott resigned as Executive Director from 29 May 2017 and Matthew Reynolds resigned as Non-Executive Director from 31 August 2017. Margaret Zabel and Julie Cogin were appointed as Non-Executive Directors from 1 September 2017.

Directors Independence

The Board has adopted specific principles in relation to Directors' independence. These state that to be independent, a Director must be a Non-Executive and:

- not be a substantial shareholder of the Group or an Officer of, or otherwise associated directly with, a substantial shareholder of the Group;
- within the last three years, not have been employed in an executive capacity by the Company or any other Group member, or been a Director after ceasing to hold any such employment;
- within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other Group member, or an employee materially associated with the service provided;
- not be a material supplier or customer of the Company or any other Group member, or an Officer of or otherwise associated directly or indirectly with a material supplier or customer;
- must have no material contractual relationship with the Company or a controlled entity other than as a Director of the Group; and
- be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Directors ability to act in the best interests of the Company.
- Materiality for these purposes is determined on both a quantitative and qualitative basis.

In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the Directors' performance. Recent thinking on corporate governance has introduced the view that

a Director's independence may be perceived to be impacted by lengthy service on the Board. To avoid any potential concerns, the Board has determined that a Director will not be deemed independent if he or she has served on the Board of the Company for more than ten years.

In 2017, the Board established a policy that the maximum term of service for a Non-Executive Director should be approximately ten years. However, this term may be extended for reasons such as Board or Committee chairmanship, providing continuity or a particular capability of a Non-Executive Director.

Term of Office

The Company's Constitution specifies that all Directors, other than a Managing Director, must retire from office no later than the third annual general meeting following their last election. Where eligible, a Director may stand for re-election.

Chairman and Managing Director

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's senior executives.

In accepting the position, the Chairman has acknowledged the significant time commitment that will be required and confirmed that other positions will not hinder their effective performance in the role of Chairman. The Chairman is an independent director.

The Managing Director is responsible for implementing Group strategies and policies.

Induction

The induction provided to new Directors and senior managers 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, culture, values and risk management policies.

It also explains the respective rights, duties, responsibilities, interaction and roles of the Board and senior executives and the Company's meeting arrangements.

Commitment

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 31 December 2017, and the number

of meetings attended by each Director is disclosed on page 27.

It has been the Company's practice to allow Executive Directors to accept appointments outside the Company with approval of the Board. There are currently no Executive Directors with outside appointments.

The commitments of Non-Executive Directors are considered by the Nomination Committee prior to the Directors' appointment to the Board of the Company and are to be reviewed each year as part of the annual performance assessment.

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 discharge their responsibilities to the Company.

Conflict of interests

There were no conflicts of interests during the year ended 31 December 2017.

Independent professional advice

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

Nominations

The Board established a Remuneration and Nomination Committee in 2014 and established a separate Nomination Committee in 2017.

The Nomination Committee operates under a charter approved by the Board.

The Nomination Committee comprises the following members:

- D Foster (Chair)
- M Johnson
- S Forrester
- J Cugin
- M Zabel
- B Bailison

For details of Directors' attendance at meetings of the Nomination Committee, please refer to page 27 of the Directors' Report.

The Terms of Reference of the Nomination Committee is publicly available on the Company's website:

www.g8education.edu.au/about-us/corporate-governance

The main responsibilities of the Nomination Committee include:

- assessing periodically the skill set required to discharge competently the Board's duties including the skills, experience and diversity currently represented on the Board;
- regularly reviewing and making recommendations to the Board regarding the structure, size, diversity and composition (including the balance of skills, knowledge and experience) of the Board and the effectiveness of the Board as a whole, and keeping under review the leadership needs of G8 Education, both executive and non-executive;
- preparing a description of the role and capabilities required for a particular appointment;
- identifying suitable candidates (executive and non-executive) to fill Board vacancies as and when they arise and nominating candidates for the approval of the Board having regard to G8 Education's diversity aspirations. This will include any subsequent decisions to extend an appointment;
- ensuring that, on appointment, all Directors receive a formal letter of appointment, setting out the time commitment and responsibility envisaged in the appointment including any responsibilities with respect to Board committees or in acting in a capacity other than as a Director (e.g. as Chair or as a lead independent Director);
- identifying the existing Directors who are due for re-election by rotation at Annual General Meetings, in accordance with the Constitution;
- in carrying out its duties under this paragraph 7.1 in relation to any re-appointment of a Non-Executive Director on conclusion of their specified term of office, undertaking a process of review of the retiring Non-Executive Director's performance during the period in which the Non-Executive Director has been a member of the Board;
- reviewing annually the performance of the Board;
- reviewing annually the performance of the CEO;

- giving full consideration to appropriate succession planning, satisfying itself that processes and plans are in place in relation to the Board;
- reviewing disclosures, including a statement in the Annual Report detailing the Committee's activities and the process used for appointments; and
- making publicly available the Committee's Charter, explaining its role and the authority delegated to it by the Board.

Board Performance Assessment

The Board has developed an annual self-assessment process for its collective performance and the performance of the Chairman and its committees. A questionnaire is to be completed by each Director, evaluating his or her individual performance, that of other Board members and of the Board as a whole.

The results and any action plans are to be documented together with specific performance goals which are to be agreed for the coming year.

The Board performance assessment was completed in December 2017.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

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 available at

www.g8education.edu.au/investor-information/corporate-governance

or by contacting the registered office.

The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

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.

Trading in Company Securities

The purchase and sale of Company securities by Directors and employees is only permitted in accordance with the Company's Securities Trading Policy.

The Company's Securities Trading Policy is available at www.g8education.edu.au/investor-information/corporate-governance or by contacting the registered office.

The Directors are satisfied that the Directors and Employees have complied with its policies on ethical standards, including trading in securities.

Principle 4: Safeguard integrity in financial reporting

Audit and Risk Management Committee

The Audit and Risk Management Committee (ARM Committee) consisted of the following Non-Executive Directors:

- B Bailison (Chair);
- D Foster; and
- M Johnson

Details of these Director's qualifications and attendance at audit committee meetings are set out in the Directors' Report on pages (24 & 25) and 27 respectively.

All members of the ARM Committee are financially literate and have an appropriate understanding of the industry in which the Group operates.

The ARM Committee operates in accordance with a charter which is available on the Company's website:

www.g8education.edu.au/investor-information/corporate-governance

The main responsibilities of the committee are to:

- review, assess and approve the annual report, the half year financial report 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 control environment covering:
 - effectiveness and efficiency of operations;
 - reliability of financial reporting; and
 - compliance with applicable laws and regulations.
- oversee the effective operation of the risk management framework;
- 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 it does not adversely impact on auditor independence;
- review all acquisitions and developments including all relevant governance;
- review and monitor related party transactions and assess their propriety; and
- report to the Board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the ARM Committee:

- receives reports from management and the external auditors;
- meets with external auditors at least twice a year, or more frequently if necessary;
- reviews the processes the Managing Director and Chief Financial Officer have in place to support their certifications to the Board; and
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved.

The ARM Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

Before the Board approves the entity's financial statements for a financial period it receives from its MD and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

External Auditors

The Company 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.

Following a tender in late 2015, Ernst & Young were appointed as the Company's external auditor, effective from 1 January 2016.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in the Directors' Report and in note 31 to the financial statements. The external auditors provide an annual declaration of their independence to the ARM Committee in accordance with the requirements of the Corporations Act 2001.

The external auditor attends the annual general meeting to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principle 5 and 6: Make timely and balanced disclosures and respect the rights of shareholders

Continuous disclosure and shareholder communication

The Company has 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 impact on the price of the Company's securities.

These policies and procedures also include the arrangements the Group has in place to promote communication with shareholders and encourage effective participation at general meetings.

The Company Secretary 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 coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means via the Company's website. A copy of the Company's Constitution and main Corporate Governance documents, have been posted to a dedicated section of the Company's website at www.g8education.edu.au/investor-information/corporate-governance.

Principle 7: Recognise and manage risk

Risk assessment and management

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the ARM Committee and reviewed by the full Board.

The ARM Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. They monitor the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks.

In providing this oversight, the committee:

- reviews the framework and methodology for risk identification, the degree of risk the Company is willing to accept, the management of risk and the processes for auditing and evaluation of the Company's risk management system;
- reviews Group wide objectives in the context of the above mentioned categories of corporate risk;
- reviews and where necessary, approves guidelines and policies governing the identification, assessment and management of the Company's exposure to risk;
- reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis; and
- reviews compliance with agreed policies.

The committee recommends any actions it deems appropriate to the Board for its consideration.

Responsibility for risk management and internal control is delegated to the appropriate level of management within the Group, with the Managing Director having ultimate responsibility to the Board

for the risk management and internal control framework.

The Group has a Risk Management policy to formally document the policies and procedures already in place to manage risk. The Company's Risk Management policy is available at www.g8education.edu.au/investor-information/corporate-governance or by contacting the registered office.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority.

Adherence to the Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity.

Corporate Reporting

In complying with recommendation 4.2, the Managing Director and Chief Financial Officer have made the following certifications to the Board:

- 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;
- the above statement is founded on a system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Group's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects in relation to financial reporting risks.

The Company appointed HLB Mann Judd in May 2016 to provide an internal audit function for the Company. This ensures key internal controls and processes are operating effectively to mitigate the risks identified.

Principle 8: Remuneration fairly and responsibly

People & Culture Committee

The Board established a People & Culture Committee in August 2014 that operates under a charter approved by the Board.

The People & Culture Committee comprised the following members:

- S Forrester (Chair)
- J Cogan
- M Johnson

For details of Directors' attendance at meetings of the Remuneration Committee, please refer to page 27 of the Directors' Report.

The Terms of Reference of the People & Culture Committee is publicly available on the Company's website and detailed in the Nomination Committee Terms of Reference:

www.g8education.edu.au/investor-information/corporate-governance

The People & Culture 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 executive Directors, other Senior Executives and Non-Executive Directors.

Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The contract includes a specific formal job description.

Further information on Directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Directors' Report under the heading "Remuneration Report", which is disclosed on pages 28 to 44.

Non-Executive Directors do not receive options or bonus payments and are not provided with retirement benefits other than superannuation.

The committee also assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions. This includes overseeing processes in relation to meeting diversity objectives for executives and staff below Board level.