

Corporate Governance Statement

Embark Early Education Limited (the "Company") is an Australian incorporated owner and provider of early childhood education services in Australia. The Company is listed on the ASX. The Company trades under the ticker EVO.

The Company's Board is committed to upholding the highest standards in corporate governance, business behaviour and accountability in order to promote investor confidence. Consistent with this, the Board has adopted and complied with the Corporate Governance Code set out in the ASX Listing Rules (except as noted below under Principle 3) and has approved various corporate governance policies and charters.

To promote high standards of corporate governance and ethical business conduct, the Company has a clear vision, a set of overarching values, and a range of key policies and procedures to guide the actions of the Company, its Board, senior management, and its employees in all areas of the business. Copies of key policies are available on the Company's website (www.embarkeducation.com.au).

Under listing rule 4.10.3, Embark Early Education is required to provide a statement disclosing the extent to which it has followed the ASX Corporate Governance Principles and Recommendations in the reporting period. Embark's Corporate Governance Statement, structured with reference to the ASX Governance Recommendations is set out below.

Principle 1 – Lay solid foundations for management and oversight

Board Charter

The Board has adopted a Board Charter which is to be read in conjunction with the constitution of the Company, Corporations Act 2001 and the ASX Listing Rules.

The Board Charter specifies that the Board is the ultimate decision-making body of the Company and is responsible for setting the tone which determines the culture to permeate the Company's relationships with shareholders, investors, employees, customers, suppliers and the local and business communities. Further, the Board is responsible for setting the strategic direction of the Company and it is responsible for selecting a CEO or Managing Director who is charged with operating the business.

The Board also advises, oversees and counsels the CEO or MD and is ultimately responsible for monitoring the performance of the Company on behalf of all shareholders.

The Board Charter provides guidance on a number of other areas for the Board including values, Board responsibilities and delegated authorities, responsibilities of individual directors, conflicts of interest, independent advice and compliance with laws and policies.

Role of the Board

The Board has ultimate responsibility for ensuring that the Company is properly managed and for protecting and enhancing shareholders' interests. The Board's key responsibilities include setting and overseeing the execution of the Company's strategy and supervising management in the operation of the Company's business. In addition to this, the Board is responsible for:

- monitoring the financial performance of the Company including approving its dividend policies and financial forecasts;
- approving transactions relating to acquisitions and divestments and capital expenditure above delegated authority limits;
- monitoring the Company's compliance and risk management systems;
- providing a specific governance focus on risks relating to the Company's physical operations, health and safety policy, and risk mitigation programmes;
- adopting reporting and disclosure policies and procedures and monitoring the integrity of such procedures;
- establishing and overseeing succession plans for senior management; and
- providing timely and complete communications to shareholders.

The Board has delegated authority for the operations and administration of the Company to the CEO or MD assisted by senior management. The CEO or MD manages the Company in accordance with the strategy, plans and delegations approved by the Board.

The Board will ensure that, at all times, it has implemented appropriate procedures for the assessment of senior management performance. All policies and delegated limits of authority are reviewed on a regular basis.

On appointment, each new director signs a written agreement that outlines the terms of their appointment. The agreement covers: expected time commitments, the role of the Board, remuneration, independence requirements, disclosure requirements, shareholding qualification, confidentiality obligations, indemnity and insurance provisions, intellectual property rights and cessation of appointment.

Embark also has written agreements with executives that set out the terms of their employment.

Company Secretary and Managing Director

The Company Secretary is accountable directly to the Board of Directors through the chair on all matters relating to the proper functioning of the Board.

The Managing Director is responsible for executing Board approved strategy and ensuring day-to-day management and operation of the Company is in accordance with policies and procedures adopted by the Board.

Performance Management

The Board has established a Remuneration and People Committee which is responsible for evaluating the performance of the CEO or MD and makes recommendations to the Board in relation to remuneration and incentive arrangements for the CEO or MD.

The performance of the Company's CEO or MD and senior management is measured against set criteria including the Company's financial performance, the Company's accomplishment of its strategic objectives and other non-quantitative objectives as determined by the Board and Remuneration and People Committee at the beginning of the year.

The Chair discusses individual performance with directors while the Board and Board sub-committees self-evaluate their performance against their charter responsibilities with a commitment to identifying any opportunities for improvement. This process was undertaken during the FY ended 31 December 2023.

Diversity Policy

The Company has adopted a Diversity and Inclusion Policy and is committed to being an inclusive workplace that embraces and values diversity while always upholding the principle of meritocracy.

The Board believes that embracing diversity in its workforce contributes to the achievement of its corporate objectives (including optimising financial performance in a competitive labour market) and enhances its reputation. It assists the Company to recruit and retain the right people from a diverse pool of talented candidates which, in turn, should assist the Company to:

- make more informed and innovative decisions drawing on the wide range of ideas, experiences, approaches and perspectives that employees from diverse backgrounds, with differing skill sets, bring to their roles; and
- better represent the diversity of its stakeholders and markets.

In order to have a properly functioning diverse workplace, discrimination, harassment, vilification, dishonesty, inappropriate behaviour and victimisation will not be tolerated within the Company.

Gender Diversity

As noted above, the Board is responsible for monitoring the Company's performance in meeting objectives set out in the Diversity and Inclusion Policy. Information relating to the current gender representation of employees of the Company, including holding senior executive positions and on the Board is as follows:

| Gender | Board | Senior Management | Workforce |
|--------|-------|-------------------|-----------|
| Female | 40% | 100% | 97% |
| Male | 60% | - | 3% |

Principle 2 – Structure the board to be effective and add value

Nomination and Appointment

The procedures for the appointment and removal of directors are ultimately governed by the Company's constitution. The Company does not have a Nomination Committee however, the Board has established a Remuneration and People Committee whose role is to identify and recommend to the Board individuals for nomination as members of the Board taking into account such factors as it deems appropriate including experience, qualifications, judgement and the ability to work with other directors. Embark's induction of a new director enables them to gain a full understanding of Embark's financial position, operations, strategies, risk management policies, values and culture which enables them to actively participate in Board decision making as soon as possible.

Directors are responsible for ensuring that they remain current in understanding their duties as directors and sector issues.

Each Director will hold office until the Director vacates the office or is removed in accordance with the Constitution.

The Board recognises the importance of succession planning and this is considered by the Board and Remuneration and People Committee on an ongoing basis.

Director biographies can be found on pages 11 and 12 of the Annual Report.

Composition of the Board

The Company's constitution provides for the Board to consist of a minimum of three directors and a maximum of eight directors. The current composition of the Board and details of the skills, qualifications, experience, expertise, and special responsibilities of each current Director is disclosed under the Board of Director profiles on pages 11 and 12 of the Annual Report.

Director Independence

The Company's constitution specifies that the minimum number of directors is three, with the maximum number being 10.

As at 31 December 2023, Hamish Stevens, Renita Garard, Michelle Thomsen and Kim Campbell were independent directors within the meaning of the ASX Listing Rules.

While the Board believes that all boards need to exercise independent judgement, it also recognises that the need for independence is to be balanced with the need for relevant skills, industry experience and a workable board size. The Board believes that it has recruited directors with the skills, experiences, and characters necessary to discharge the Board's duties.

A majority of the Embark Board are independent directors.

Board and Committee Meetings

The Board has established a regular schedule of Board and Committee meetings in order to carry out its obligations under its Board Charter. A summary of the Directors' attendances at each of the scheduled Board and Committee meetings between 1 January 2023 and the date of approving the financial statements (that is, 26 February 2024) as compared to the number of scheduled meetings that each Director was eligible to attend as a member is shown on page 19 of the Director's Report.

Conflicts of Interest

The Company's Conflict of Interest Policy provides guidance regarding the impartial conduct of directors and identifying and impartially managing any conflicts of interest. Where a Director has a conflict of interest, the Director is obliged to disclose their conflict to the Board and enter it in the Interests Register in accordance with the Board Charter. The Conflict of Interest Policy also addresses the extent to which an interested Director may participate in and be present at meetings when the conflict matter is being dealt with.

Selection and Role of Chairperson

The Chair of the Board will be appointed by the directors from time to time and the terms of office will be at the Board's discretion. The Chair must be an Independent Director.

The role and responsibilities of the Chair include:

- providing leadership to the Board and to the Company;
- ensuring the efficient organisation and conduct of the Board;
- monitoring Board performance annually;
- facilitating Board discussions to ensure core issues facing the Company are addressed;
- briefing all directors in relation to issues arising at Board meetings;
- facilitating the effective contribution and on-going development of all directors;
- promoting consultative and respectful relations between Board members and between the Board and management; and
- chairing Board and shareholder meetings.

The Chair of Embark is an independent director and is separate to the MD.

Board Access to Information and Advice

All directors have access to the senior management team to discuss issues or obtain information on specific areas in relation to items to be considered at Board meetings or other areas as considered appropriate. Key executives and managers are invited to attend and participate in appropriate sessions at Board meetings. Directors have unrestricted access to the Company's records and information.

Directors are entitled to have access to external auditors, without management present, to seek explanations or additional information and to seek independent professional advice with the Chair's consent which will not be unreasonably withheld or delayed and which will be at the Company's expense to assist them in carrying out their responsibilities.

Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal Code of Conduct which sets out Embark's values, to be followed by all directors, senior management, and employees. The key aspects of this code are to:

- act with honesty, integrity and fairness and in the best interests of the Company and in the reasonable expectations of shareholders;
- act in accordance with all applicable laws, regulations, policies and procedures;
- have responsibility and accountability; and
- use the Company's resources and property properly.

In addition to establishing a Code of Conduct, Embark recognises the need to provide protections and measures to employees who make Protected Disclosures, so that they may do so confidentially and without fear of intimidation, disadvantage, or reprisal.

The Board is committed to the highest standards of conduct and ethical behaviour in all our business activities. The organisation facilitates and encourages the reporting of any instances of serious wrongdoing.

Other Key governance documents are available to investors and stakeholders on the Embark website. They include the Market Disclosure Policy, Conflict of Interest Policy, Securities Trading Policy, the Guidelines, Diversity and Inclusion Policy, Risk Management Policy, Shareholder Communications Policy, Dividend Policy, Takeover Response Policy, Protected Disclosures (“Whistleblower”) Policy and Board and Committee Charters which can be found on the Embark website:

<https://embarkeducation.com.au/investor-relations/investor-information/>

Share Ownership

The Company’s Securities Trading Policy details the Company’s policy on, and rules for, dealing in shares and other securities in the Company. The Securities Trading Policy provides that insider trading is prohibited at all times. The policy applies to all directors, officers and employees of the Company. More specific and stringent rules apply to trading in the Company’s securities by directors and certain senior employees or employees performing certain functions.

The Policy also prescribes certain ‘black-out’ periods in which it is not permissible, subject to a limited number of exceptions, for any officer or employee of the Company to deal in the Company’s securities.

The table of directors’ shareholdings is included in the audited Remuneration report on page 24 of the Annual Report. While Directors may choose to hold shares in the Company, it is not mandatory to do so.

Principle 4 – Safeguard the integrity of corporate reports

The Company has established an Audit and Risk Committee of which the below independent, non-executive directors are members:

- Renita Garard (Chair)
- Kim Campbell
- Michelle Thomsen

Details of these Directors including their experience and attendance at Audit and Risk Committee meetings can be found on pages 17 to 19 of the Annual Report.

The Audit and Risk Committee is responsible for considering the independence of the external auditor and any potential conflicts of interest. The Audit and Risk Committee reviews policies for the provision of non-audit services by the external auditor and, where applicable, the framework for pre-approval of audit and non-audit services. Under the Audit and Risk Committee Charter, the Committee is responsible for recommending the appointment and assessing the performance of the external auditor. Further information is set out in note 20 (Auditor’s Remuneration) of the financial statements included in this annual report.

In combination with the establishment of the Audit and Risk Committee, the Board has approved a Risk Management Policy because the Company views effective risk management as key to achieving and maintaining its operational and strategic objectives.

In accordance with Recommendation 4.2, the Managing Director and Chief Financial Officer make the below declarations before the Board approves the entity’s financial statements:

- Embark Early Education’s financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of Embark 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;
- Embark’s risk management and internal compliance and control framework is operating efficiently and effectively in all material respects in relation to financial reporting risks.

Grant Thornton were appointed as Embark’s external auditor on 23 September 2020 and a rotation of the lead auditor/audit partner for Embark took place in 2023 in accordance with the Corporations Act 2001. The external auditors provide an annual declaration of their independence to the Audit and Risk Committee as required by the Corporations Act 2001.

The Embark external auditor is invited to the annual shareholder meeting. The Chair of the Board announces the auditor’s attendance and shareholders can ask questions of them should they wish.

Embark Early Education undertakes a verification process in respect of any periodic corporate reports that are not audited or reviewed by an external auditor. The Managing Director is responsible for the verification process to ensure that the information presented is verifiable against a source document or reference point.

The Managing Director reports to the Board on the process undertaken prior to the Board approving the release of such documents to the market.

Principle 5 – Make timely and balanced disclosure

The Board has adopted a Market Disclosure Policy to seek to ensure that timely and balanced disclosures are communicated to the market in accordance with the Company's continuous disclosure obligations under the ASX Listing Rules.

All information published on the ASX is published to Embark's website. Other key investor information can also be found at <https://embarkededucation.com.au/investor-relations/investor-information/>.

Embark publishes interim and audited full-year financial statements that are prepared in accordance with relevant financial reporting standards.

Each year, non-financial information is disclosed in the annual report. Material risks are discussed (including how those risks are managed and how non-financial targets are measured) and are also covered in this Corporate Governance Statement (see Principle 7).

In addition to interim and full-year financial statements and annual reporting, Embark regularly publishes investor presentations including six-monthly result announcements. These presentations provide readers with regular updates on the progress against Embark's strategy and longer-term sector developments.

The Company considers that it does not currently have any other material exposures to environmental, economic, or social sustainability risks.

Principle 6 – Respect the rights of security holders

Embark is committed to timely and balanced disclosure which includes advising shareholders on any major decisions. Embark follows the mandatory listing rule requirements relating to change in the essential nature of the business including major transactions under the Corporations Act 2001.

The Board recognises the importance of keeping investors informed by communicating information in a timely, clear and accurate way.

The Company is committed to providing a high standard of communication to its shareholders so that they have sufficient information to make informed assessments of the Company's value and prospects. The Board has adopted a Shareholder Communications Policy to promote effective communication with shareholders and encourage effective participation at general meetings.

The Shareholder Communications Policy requires the Company to:

- ensure its website (<https://embarkededucation.com.au>) is maintained and updated within a reasonable timeframe;
- ensure shareholder communications are distributed in accordance with the Corporations Act 2001 and the
- the ASX Listing Rules;
- ensure it will use available channels and technologies to communicate widely and promptly to shareholders.

The Shareholder Communications Policy outlines specific requirements and guidelines relating to the communication of and access to the Company's annual meetings including access to the external auditor, annual report, share registry access, communication of full-year and half-year results, corporate governance, media releases, investor and analyst briefings.

The Company's Shareholder Communications Policy is designed to ensure that communications with shareholders and all other stakeholders are managed efficiently.

The Company currently keeps shareholders informed through:

- the Annual Report;
- the Interim Financial Report;
- the Annual Meeting of shareholders;
- disclosure to the ASX in accordance with the Company's Shareholder Communications Policy and Continuous Disclosure Policy; and
- the Investor Announcements section on the Company website.

The Chair, MD and CFO are the points of contact for shareholders.

The Board considers the Annual Report to be an essential opportunity for communicating with shareholders. The Company publishes its annual and interim results and reports electronically on the Company's website. Investors may also request a hard copy of the Annual Report by contacting the Company's share registrar, Link Market Services Limited. Contact details for the registrar appear at the end of this report.

The Company considers the annual meeting to be a valuable element of its communications programme. The meeting will provide an opportunity for shareholders to raise questions about the governance, operations and management of the Company. The Company's external auditors will also attend the annual meeting and are available to answer questions relating to the conduct of the external audit and the preparation and content of the Auditor's Report.

Embark's Notice of Meeting will be made available at least 20 working days prior to the meeting.

Principle 7 – Recognise and manage risk

Embark has established an Audit and Risk Committee which must have at least three independent directors as members, including the Chair.

The Audit and Risk Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The committee monitors 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.

Management reports on risk management at each meeting of the Board and the Audit and Risk Committee.

The Company views effective risk management as key to achieving and maintaining its operational and strategic objectives. The directors of the Company are responsible for reviewing and ratifying the risk management structure, processes and guidelines which are to be developed, maintained and implemented by management. The active identification of risks and implementation of mitigation measures is a primary responsibility of management.

The Board has delegated certain activities to the Audit and Risk Committee and has adopted a Risk Management Policy.

As a leading provider of early childhood education, the safety of our employees and children is paramount. As is best practice, appropriate governance structures have been established at the Board level to ensure that matters such as health and safety risk for staff, contractors and our children is effectively governed and managed. The Board has adopted measures that will allow the Company to monitor and proactively identify risks and events to ensure continuous improvement, and ultimately, a reduction in the rate of accidents. A Health and Safety Management system which accommodates all aspects of the Company's health and safety requirements has been implemented.

The Company does not have an internal audit function but, through the steps outlined above, the Board ensures the Company is reviewing, evaluating, and continually improving the effectiveness of its risk management and internal control processes.

The Company is not materially exposed to any environmental or social risks in its operations of early childhood centres.

Principle 8 – Remunerate fairly and responsibly

Overall Remuneration Philosophy

The Board has established a Remuneration and People committee, of which the below independent directors are members of:

- Kim Campbell (Chair)
- Hamish Stevens
- Renita Garard

Details of these Directors including their experience and attendance at Remuneration and People Committee meetings can be found on pages 17 to 19 of the Annual Report.

The Board is committed to an executive remuneration framework that is focused on achieving a high-performance culture and linking executive pay to the achievement of the Company strategy and business objectives which, ultimately, create sustainable long-term value for shareholders.

As part of ensuring that management is motivated to create and deliver sustainable shareholder wealth, the Board utilises a Remuneration and People Committee which operates under the delegated authority of the Board.

The Committee ensures that rewards for executives are strongly aligned with the Company's performance. The Company is committed to ensuring clarity and transparency about its remuneration policy and practice. The objectives of the Committee are to:

- establish a clear framework for oversight and management of the Company's remuneration structures, policies, procedures and practices;
- consider and recommend new appointments to the Board and oversee management succession planning;
- fairly and responsibly reward directors and senior management and other employees of the Company having regard to the performance of the Company, the performance of these officers and employees and the general pay environment; and
- implement policies, procedures and practices for the Company and Board to ensure compliance with all laws, rules and regulations which are applicable to the Company and the directors, including the Corporations Act 2001, the Constitution and the ASX Listing Rules.

The number of committee meetings and attendance records of committee members is specified on page 19.

The performance of all directors and senior management is reviewed periodically in accordance with the terms of the Remuneration and People Committee Charter.

The Chairperson receives \$115,000 per annum. The non-executive directors each receive \$75,000 per annum. Chairs of the Audit and Risk Committee and Remuneration and People Committee receive an additional \$10,000 per annum.

The Director fee pool for all directors is \$465,000 per annum in aggregate. The Directors are also entitled to be paid for reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or shareholder meetings or otherwise in connection with the Company's business. Directors do not receive any share option or retirement benefits.

Executive Remuneration

The Company's total remuneration policy for the senior management team provides the opportunity for them to be paid, where performance merits, at the market median for equivalent market-matched roles. In determining an executive's total remuneration, external benchmarking is undertaken where necessary to ensure comparability and competitiveness along with consideration of an individual's performance, skills, expertise, and experience.

The Remuneration and People Committee reviews and approves annual performance appraisal outcomes for all members of the senior management team reporting to the MD and utilises market information and trends when considering and confirming remuneration arrangements. External benchmarking may be conducted independently to provide industry specific data to assist the Remuneration and People Committee in approving

appropriate levels of remuneration for these executives. The review was carried out for financial year ended 31 December 2023.

The annual remuneration review process requires “one over one” approval (approval from a higher authority than the person or committee recommending the remuneration). This means that approval of the Board is required for any changes to the remuneration of direct reports of the Managing Director on recommendation by the Remuneration and People Committee. Recommendations from the Managing Director in relation to remuneration of other members of the senior management team require Remuneration and People Committee approval.

Total executive remuneration may incorporate fixed and variable components. Executive remuneration may contain any or all of the following:

- fixed remuneration;
- performance-based remuneration;
- equity-based remuneration; and
- termination payments.
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There are no performance share rights or long-term executive incentive scheme in place for the current senior management team.