

## EVOLVE EDUCATION GROUP LIMITED – BOARD CHARTER

This charter (**Charter**) was approved by the Board of Directors (**Board**) of Evolve Education Group Limited (**Company**) on 13 November 2014.

### 1. Purpose

- 1.1 This Charter sets out the Board's Code of Ethics encompassing conflicts of interest, corporate information and property, compliance with laws, NZX Listing Rules, ASX Listing Rules, regulations and policies and Directors' obligations. This Charter is to be read together with the constitution of the Company (**Constitution**), the Companies Act 1993 (**Companies Act**), the NZX Listing Rules and the ASX Listing Rules.

### 2. Overview

- 2.1 The Board will be the ultimate decision-making body of the Company. It will set the tone which will determine the culture and permeate the Company's relationship with shareholders, investors, employees, customers, suppliers and the local and business communities.
- 2.2 The Board will set the strategic direction of the Company and will select the senior management team (**Senior Management**) which is charged with operating the business. Once selected, the Board will act as an advisor, overseer and counsellor to Senior Management and will ultimately monitor performance of the Company on behalf of all shareholders.
- 2.3 The Board is responsible for the corporate governance of the Company.

### 3. Values

- 3.1 Directors will undertake their duties in accordance with the Constitution, all applicable laws and regulations, NZX Listing Rules, ASX Listing Rules (including, having regard to the *Corporate Governance Principles and Recommendations 3rd edition*) and this Charter, and will undertake their duties with care and diligence including giving proper attention to the matters before them.
- 3.2 Directors will conduct themselves such that their honesty is beyond question and will not behave in a manner that has the potential to bring the Company into disrepute.
- 3.3 Directors will always act in good faith and in what they believe is the best interests of the Company as a whole.
- 3.4 Directors will, to the best of their ability, ensure that the Company's records and documents, including financial reports, are true, correct and conform to the Company's reporting standards and internal controls.

#### 4. **Membership, Appointment and Term**

- 4.1 The Constitution provides for the Board to consist of a minimum of 3 Directors and a maximum (other than alternative Directors) of 8 Directors.
- 4.2 At least 2 Directors must be persons who are ordinarily resident in New Zealand.
- 4.3 At all times the Board must comply with the requirements of the Constitution, the Companies Act, all applicable laws and regulations, the NZX Listing Rules, and the ASX Listing Rules.
- 4.4 A person may be appointed as a Director by ordinary resolution of the shareholders or by the Board, and in each case, subject to the Constitution, the Companies Act, all applicable laws and regulations, the NZX Listing Rules and the ASX Listing Rules.
- 4.5 At least one-third of the Directors, or, if their number is not a multiple of three, then the number nearest to one-third, shall retire from office at the annual meeting each year, but shall be eligible for re-election at that meeting. Those to retire shall be those who are been longest in office since they were last elected or deemed elected. Directors appointed by the Board and any Executive Director are exempt from this retirement obligation.
- 4.6 Any person appointed as a Director by the Directors shall retire from office at the next Annual Meeting, but shall be eligible for re-election at the meeting.
- 4.7 Any Director may appoint an alternate Director with the approval of a majority of the other Directors.
- 4.8 The Board may appoint one of its Directors as an Executive Director (who may be the Chief Executive Officer) for a term up to 5 years on such terms as the Board sees fit. The Executive Director can be removed by the Board at any time.
- 4.9 The Board will oversee nominations and appointments to the Board, with the objective of ensuring that the Company has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and to bring transparency, focus and independent judgement to decisions regarding the composition of the Board. In discharging this role, the Board will have regard to the skills referred to in clause 4.11 below and the responsibilities set out in the schedule to this Charter.
- 4.10 Skills such as leadership and previous experience as a Chief Executive Officer, chair or board member of a large organisation will be considered when assessing the appointment of a Director. In addition to these, the Board recognises that other skills gained from experience in the following areas are key skills and experience that the Board as a whole should comprise:
  - (a) relevant industry experience;
  - (b) business acquisition and integration skills;

- (c) financial literacy and legal and regulatory knowledge;
- (d) diversity;
- (e) policy and regulatory development and reform;
- (f) health, safety and social responsibility; and
- (g) organisational development and human resources.

## 5. Board Responsibilities

5.1 The Board has delegated authority for the operations and administration of the Company to the Chief Executive Officer (**CEO**).

5.2 The Board is responsible for promoting the success of the Company in a manner designed to create and build sustainable value for shareholders and in accordance with the duties and obligations imposed upon them by the Constitution and law, while having due regard to other stakeholder interests and the requirements of the NZX Listing Rules and the ASX Listing Rules.

5.3 Specifically, the Board is responsible for:

- (a) setting strategic direction, appropriate operating frameworks and budgets of the Company;
- (b) monitoring management's performance within those frameworks;
- (c) determining the high level health and safety strategy for the Company, including providing a statement of vision, belief and policy, and actively monitoring management's implementation of that policy, processes and procedures;
- (d) approving significant and/or material investments and projects, and monitoring the progress, outcomes and return on those investments and projects;
- (e) ensuring there are adequate financial and operational resources available to meet the Company's objectives;
- (f) appointing and removing the CEO and overseeing succession plans for the Senior Management;
- (g) approving and monitoring financial reporting, annual budget and capital management;
- (h) ensuring the Company satisfies its continuous disclosure obligations under the NZX Listing Rules and the ASX Listing Rules, and that the market has available all relevant information required to make informed investment decisions, and assessments of the Company's prospects, in accordance with the Company's Continuous Disclosure Policy;

- (i) monitoring the financial solvency of the Company;
- (j) ensuring that effective audit controls and systems, and other risk management procedures are in place and are being adhered to;
- (k) setting the risk appetite within which the Board expects management to operate;
- (l) providing a specific governance focus on risks relating to the Company's physical operations, health and safety policy and risk mitigation programmes;
- (m) reviewing performance, operations and compliance reports from the CEO and Chief Financial Officer (**CFO**), including reports and updates on strategic issues and risk management matters;
- (n) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material impact on the price or value of the Company's shares;
- (o) promoting and authorising ethical and responsible decision-making by the Company;
- (p) ensuring the Company has appropriate corporate governance structures in place including standards of ethical behaviour;
- (q) ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company; and
- (r) attending to matters which cannot be delegated under law, particularly those matters set out in Schedule 2 to the Companies Act.

## 6. Responsibilities of Individual Directors

6.1 Directors will comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors.

6.2 Broadly these include:

- (a) acting in good faith and in the best interests of the Company as a whole;
- (b) acting with care and diligence and for proper purpose;
- (c) avoiding conflicts of interest wherever possible, and where these do arise declaring and managing these in accordance with the intent and content of this Charter, the Companies Act, the Constitution, the NZX Listing Rules, the ASX Listing Rules and in accordance with the Conflicts of Interest Policy;

- (d) not making improper use of information gained through the position of Director and from taking improper advantage of the position of Director; and
- (e) ensuring the Company's compliance with the Constitution, all applicable laws and regulations, the NZX Listing Rules, the ASX Listing Rules, this Charter and all applicable Board policies and procedures.

6.3 Directors are expected to support the letter and spirit of Board decisions.

6.4 Subject to the Company's continuous disclosure obligations under the NZX Listing Rules and ASX Listing Rules, Directors will keep Board information, discussions, deliberations and decisions which are not publicly known confidential.

## 7. **Conflicts of Interest**

7.1 Directors must:

- (a) disclose to the Board any actual or potential conflicts of interest or duty, or matter that may bear on their independence, which may exist or be thought to exist as soon as they become aware of the issue; and
- (b) comply with the provisions of the Companies Act on disclosing interests and the Conflict of Interests Policy.

7.2 A Director who is interested in a transaction may attend a meeting of the Board at which any matter relating to the transaction arises but while the Company is listed on the NZX Main Board or the ASX:

- (a) shall not be included among the Directors present at the meeting for the purposes of a quorum; and
- (b) may not vote on any matter relating to the transaction;

except where otherwise provided in the Constitution or the Companies Act.

7.3 Directors are expected to advise the Chair of any proposed board or executive appointments to other companies as soon as practicable.

7.4 As noted in the Company's Conflict of Interests Policy, any interests identified by any Director must be noted in the Interests Register.

7.5 A non-executive Director should inform the Chair and the chair of the Governance and Remuneration committee before accepting any new appointment as a director of another listed entity, any other material directorship or other position with a significant time commitment attached.

## **8. Corporate Opportunities**

- 8.1 Directors will not take any opportunity discovered through the use of Company property, information or position for themselves or use Company property (including the Company's name), information or position for personal gain.
- 8.2 Directors will not accept gifts or personal benefits of any value from any external party if it could be perceived that these could compromise or influence any decision by the Company.
- 8.3 Directors will only trade in Company shares in accordance with the Company's Securities Trading Policy and Guidelines.

## **9. Confidentiality**

- 9.1 Directors will maintain and protect the confidentiality of information entrusted to the Company about customers, work colleagues, suppliers, stakeholders and the Company's business and financial affairs, except where disclosure is allowed or required by law or a relevant regulatory body.

## **10. Access to Information and Independent Advice**

- 10.1 Directors may access information and seek independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgement in decision making. Independent professional advice includes legal advice and the advice of accountants and other professional financial advisors on matters of law, accounting and other regulatory matters, but excludes advice concerning the personal interests of the Director concerned (such as service contracts with the Company or dealing in the Company's shares or disputes with the Company). Any advice obtained under this procedure will be made available to the other members of the Board and all expenses incurred by the Director(s) in procuring such advice will be borne by the Company, subject to the Chair first providing its consent to the procurement of such advice. Such consent must not be unreasonably delayed or withheld.
- 10.2 Directors will be entitled to:
  - (a) have access to members of management at any time to request relevant and additional information or seek explanations;
  - (b) have access to internal and external auditors, without management present to seek explanations or additional information;
  - (c) 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.
- 10.3 Directors will only create, and only retain, information and communications required for business needs or to meet legal obligations.

## **11. Compliance with Laws and Policies**

- 11.1 Directors will abide by all the laws, rules and regulations applicable to the Company, including the Companies Act, the Constitution, the NZX Listing Rules, the ASX Listing Rules, Takeovers Code, and this Charter and will comply with all statutory and internal disclosure requirements on a timely basis.
- 11.2 Directors will ensure that the Company has policies and procedures in place, and that these are adhered to, to ensure the Company complies with all applicable laws, rules and regulations, including the Companies Act, the Constitution, the NZX Listing Rules, the ASX Listing Rules, Takeovers Code and to ensure that the Company complies with all statutory and internal disclosure requirements on a timely basis.
- 11.3 Directors will ensure that the following are put in place:
- (a) Code of Conduct;
  - (b) Conflicts of Interest Policy;
  - (c) Securities Trading Policy and Guidelines;
  - (d) Continuous Disclosure Policy;
  - (e) Risk Management Policy;
  - (f) Shareholder Communications Policy; and
  - (g) Diversity Policy.

## **12. Reporting Improper Behaviour**

- 12.1 Directors will promptly report to the Chair any illegal, improper or unethical behaviour involving the Company, any employees, customers, suppliers or Directors of which they become aware, or where the behaviour involves the Chair, then promptly report to the Executive Director.

## **13. Board Committees**

- 13.1 The Board will not delegate any of its responsibilities to committees. However, committees will be formed to help the Board discharge its responsibilities by providing recommendations on specific areas of Company business.
- 13.2 The following standing committees will be established by the Board:
- (a) Audit and Risk Committee; and
  - (b) Governance and Remuneration Committee.
- 13.3 The Board may establish other committees from time to time.

13.4 Each of the standing committees must have its own written charter or terms of reference setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All charters and terms of reference of committees of the Board must be reviewed on a regular basis and also will be made available on the Company's website.

#### **14. The Board and Management**

14.1 Responsibility for the day-to-day management and administration of the Company is delegated by the Board to the CEO, assisted by Senior Management.

14.2 The CEO manages in accordance with the strategy, plans and delegations approved by the Board.

14.3 The Board will ensure at all times it has implemented appropriate procedures to assess Senior Management's performance. All policies and delegated limits of authority will be reviewed on a regular basis.

#### **15. Chair and company secretary**

15.1 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.

15.2 The role and responsibilities of the Chair include:

- (a) providing leadership to the Board and to the Company;
- (b) ensuring the efficient organisation and conduct of the Board;
- (c) monitoring Board performance annually;
- (d) facilitating Board discussions to ensure core issues facing the Company are addressed;
- (e) briefing all Directors in relation to issues arising at Board meetings;
- (f) facilitating the effective contribution and on-going development of all Directors;
- (g) promoting consultative and respectful relations between Board members and between the Board and management; and
- (h) chairing Board and shareholder meetings.

15.3 The company secretary of the Company, who may also be the CFO, is directly accountable to the Board through the Chair on all matters to do with the proper functioning of the Board.

## **16. Procedures**

- 16.1 The Directors will meet together to attend to business and adjourn and otherwise regulate their meetings from time to time in such manner as they decide but subject to the Constitution.
- 16.2 The Board agrees unanimously to have as a quorum 3 members – not including any interested Director. The Board may from time to time unanimously agree to alter the quorum, or if the Board cannot unanimously agree, the applicable default provisions in the Constitution will apply.
- 16.3 Directors' meetings may be held by a quorum of Directors assembled together in the same place or by conference call between the Directors through any technological means by which they can participate in discussion.

## **17. Reporting**

- 17.1 The Board shall ensure that minutes are kept of all proceedings at meetings of the shareholders, the Board and all Board committees. All minutes must be approved by the applicable chair of the meeting.
- 17.2 Minutes of all Board meetings will be circulated to all Directors. All passed resolutions arising from any Board meeting will be sent to any Director who was not present at the relevant meeting within 7 days.

## **18. Review of Charter**

- 18.1 The Board will review this Charter regularly to ensure it remains consistent with the Board's objectives, responsibilities and its legal and regulatory obligations.

Last Updated 13 November 2014

## SCHEDULE – BOARD NOMINATIONS

The responsibilities of the Board in relation to Board nominations are:

1. Being responsible for and disclosing a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. The current board skills matrix is included at clause 4.11 of this charter;
2. Identifying and assessing the necessary and desirable competencies and characteristics for Board membership, including:
  - (a) skills, expertise and background that add to and complement the range of skills, expertise and background of the existing Directors;
  - (b) diversity; and
  - (c) the extent to which the candidate would fill a present need on the Board;
3. Establishing processes for identifying suitable candidates for appointment to the Board to ensure an appropriate mix of expertise, experience and succession;
4. Ensuring that the Company:
  - (a) develops and discloses a Board appointment process, which includes selection criteria having regard to the skills and experience outlined in the Company's Diversity Policy and the selection process for Senior Management positions;
  - (b) undertakes appropriate checks before appointing a person, or putting forward to its shareholders a candidate for election, as a Director, including checks as to a candidate's character, expertise, education, criminal record and bankruptcy history; and
  - (c) provides its shareholders with material information relevant to a decision about whether or not to elect or re-elect a Director (including information regarding independence);
  - (d) has a written agreement with each Director and member of Senior Management setting out the terms of his or her engagement or employment;
  - (e) has and discloses a process for periodically evaluating the performance of the Board, its committees and individual Directors; and
  - (f) discloses in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with Company's process;
  - (g) has and discloses a process for periodically evaluating the performance of its Senior Management; and

- (h) discloses in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process;
  - (i) has, and discloses a summary of the main features of, a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively, particularly in relation to accounting and changes in accounting standards; and
5. See that succession plans for Board and Senior Management are in place.