



REDHILL EDUCATION

# RedHill Education Limited

## Corporate Governance Statement

### 27 September 2019

This Corporate Governance Statement is dated 27 September 2019 when it was approved by the Board of RedHill.

The following table contains the ASX Corporate Governance Council's Recommendations (3<sup>rd</sup> Edition), RedHill's Corporate Governance Statement, and a note of its compliance with the Recommendations.

ASX CGC Recommendations	RedHill Corporate Governance Statement	Compliance	
<b>Principle 1 – Lay solid foundations for management and oversight</b>			
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of the board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>The Board is responsible for the overall corporate governance and management of RedHill.</p> <p>The Board has adopted a Board Charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management.</p> <p>The Board has adopted a Delegations of Authority that sets specific limits of authority for senior executives.</p> <p>RedHill's Board Charter is available on its website at the following URL: <a href="http://www.redhilleducation.com/investor-centre/">www.redhilleducation.com/investor-centre/</a></p>	Complies.
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect, or re-elect a director.</p>	<p>The Board takes reasonable steps to ensure before nomination or appointment that each new director is appropriate for RedHill.</p> <p>This includes checks as to the candidate's character, experience, education, criminal record and bankruptcy history.</p> <p>Refer to paragraphs 5 and 6 of the Board Charter for the considerations involved when appointing and recommending the re-election of directors.</p> <p>At each annual general meeting (AGM) the notice to shareholders contains appropriate background information on all nominated directors to allow RedHill's shareholders to make an appropriate and informed decision.</p>	Complies.

ASX CGC Recommendations		RedHill Corporate Governance Statement	Compliance
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<p>The terms of each appointment of a director is set out in a letter of appointment in accordance with paragraph 5.1 of the Board Charter.</p> <p>All senior executives are appointed under a written agreement specifying the terms of their appointment.</p>	Complies.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<p>RedHill's Company Secretary is responsible to the Board, through the Chair, as set out in the Board Charter on all matters to do with the proper functioning of the Board.</p> <p>The RedHill Company Secretary is directly available to all Board members for advice and communications.</p>	Complies.
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measureable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose the diversity policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them.</p>	<p>The Board has adopted a Diversity Policy that considers the benefits of diversity, and factors to be taken into account in the selection process of candidates for Board and executive positions.</p> <p>RedHill's Diversity Policy establishes measureable objectives for achieving gender diversity with strategies for achieving them.</p> <p>RedHill's Diversity Policy is available on its website at the following URL:  <a href="http://www.redhilleducation.com/investor-centre/">www.redhilleducation.com/investor-centre/</a></p> <p>The Board annually assesses progress against RedHill's diversity objectives.</p> <p>RedHill annually seeks to maintain or increase where necessary the proportion of appropriately qualified women in executive or senior executive positions to at least 30% of all such positions.</p> <p>The proportion of women employed by RedHill at 30 June 2019 is set out at the end of this Corporate Governance Statement.</p>	Complies.
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p>	<p>The Board Charter requires the periodic performance evaluation of directors.</p> <p>The process normally involves an internal review. From time to time as RedHill's needs and circumstances require, the Board will commission an external review.</p>	Complies.

<b>ASX CGC Recommendations</b>	<b>RedHill Corporate Governance Statement</b>	<b>Compliance</b>
	<p>The most recent internal board performance evaluation review was undertaken in June 2018. The Board did not conduct a formal performance evaluation during FY 2019. In light of the retirement of Dr Chris Clark on 30 June 2019 and the fact that the Board appointed two new directors on 1 September 2019, the Board considered it would be appropriate to conduct a performance evaluation following these changes.</p>	Complies.
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of senior executives.</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Board annually reviews the Chief Executive Officer’s performance against targets and his overall performance.</p> <p>The RedHill Chief Executive Officer annually reviews the performance of each senior executive.</p> <p>RedHill’s senior executives prepare strategic objectives and financial budgets that are reviewed and approved by the Board.</p> <p>The agreed strategic objectives and financial budgets are incorporated into senior executive performance targets.</p> <p>A performance evaluation in accordance with this process was conducted during the reporting period.</p>	Complies.

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<b>Principle 2 – Structure the board to add value</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which consists of at least three members, a majority of whom are independent directors, and is chaired by an independent director;</p> <p>and disclose the charter of the committee; the members of the committee; and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if the board does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Board has established a Nomination Committee which operates under a committee charter to focus on the selection and appointment practices of RedHill and the recommendation to the Board of a new member of the Board, the Chief Executive Officer / Managing Director and senior executives.</p> <p>During the reporting period, the RedHill Nomination Committee consisted of three independent directors and was chaired by a person who is not the Chairman of the Board. Members of the Nomination Committee during the reporting period were Dr Clark (Chairman), Mr Beerworth and Mr Deane. Ms Hook and Mr Heath will join the Nominations Committee following their election at the 2019 AGM.</p> <p>The charter of RedHill’s Nomination Committee is available on its website at the following URL:  <a href="http://www.redhilleducation.com/investor-centre">www.redhilleducation.com/investor-centre</a></p> <p>Details of the number of committee meetings held and the attendance at those meetings is disclosed in the Directors’ Report in the Annual Report.</p>	Complies.
2.2	<p>A listed entity should have and disclose 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.</p>	<p>The directors in aggregate have significant knowledge, experience and skills in education, tertiary education, management, strategy, sales and marketing, retail and consumer brands, digital innovation, finance, accounting, law, corporate governance, venture capital, capital raising, mergers and acquisitions, government relations and policy, and foreign investment.</p>	Complies.

<b>ASX CGC Recommendations</b>		<b>RedHill Corporate Governance Statement</b>	<b>Compliance</b>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in guidance to Principle 2, but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>All RedHill directors are independent other than the Managing Director who is an Executive Director.</p> <p>The length of service of each of RedHill's directors is set out at the end of this Corporate Governance Statement.</p>	Complies.
2.4	<p>A majority of the board of a listed entity should be independent directors.</p>	<p>The majority of the Board is independent. See response to 2.3 above.</p>	Complies.
2.5	<p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>Mr Beerworth is the Chairman of the Board and is an independent non-executive director.</p> <p>The Chairman is not the same person as the Chief Executive Officer.</p>	Complies.
2.6	<p>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>Induction and continuing education requirements are mandated in paragraph 6 of RedHill's Board Charter for both directors and senior executives.</p> <p>RedHill's induction and education process enables each person to gain a better understanding of financial, strategic, operational and risk management policies and procedures; the rights, duties and responsibilities of the directors; the roles and responsibilities of senior executives; and the role of board committees.</p>	Complies.

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<b>Principle 3 – Act ethically and responsibly</b>			
3.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a code of conduct for directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it.</li> </ul>	<p>The Board has adopted a Code of Conduct incorporating a clear set of values that emphasises a culture of strong corporate governance, sound business practices and good ethical conduct.</p> <p>The Code confirms RedHill’s belief in treating all individuals with respect, and recognises that different skills and diversity are essential to enrich RedHill’s perspective, to improve corporate performance, to increase shareholder value and to maximise the achievement of objectives and goals.</p> <p>RedHill’s Code of Conduct is available on its website at the following URL:  <a href="http://www.redhilleducation.com/investor-centre/">www.redhilleducation.com/investor-centre/</a></p>	Complies.
<b>Principle 4 – Safeguard integrity in corporate reporting</b>			
4.1	<p>The board of a listed entity should have an audit committee which:</p> <ul style="list-style-type: none"> <li>– has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>– is chaired by an independent director, who is not the chair of the board,</li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>– the charter of the committee;</li> <li>– the relevant qualifications and experience of the members of the committee; and</li> </ul> <p>in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</p>	<p>The Board has established an Audit and Risk Management Committee which operates under a committee charter to focus on issues relevant to risk management and the integrity of the consolidated entity’s financial reporting.</p> <p>The RedHill Audit and Risk Management Committee consists of three independent non-executive directors and is chaired by a person who is not the Chairman of the Board.</p> <p>During the reporting period, members of the Audit and Risk Management Committee were Mr Deane (Chairman), Mr Beerworth and Dr Clark. Ms Hook and Mr Heath will join the Audit and Risk Management Committee following their election at the 2019 AGM.</p> <p>The charter of RedHill’s Audit and Risk Management Committee is available on its website at the following URL:  <a href="http://www.redhilleducation.com/investor-centre/">www.redhilleducation.com/investor-centre/</a></p> <p>Details of the number of committee meetings held and the attendance at those meetings is disclosed in the Directors’ Report in the Annual Report</p>	Complies.

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<p>4.2 – The board of a listed entity should, before it approves the entity’s financial statements for a financial period, receive from its CEO 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.</p>	<p>The Board receives a declaration from RedHill’s Chief Executive Officer who, during the reporting period, also acted as RedHill’s Chief Financial Officer stating that, in his opinion, the financial records of the entity are properly maintained, that the financial statements comply with the appropriate accounting standards, and that they 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.</p>	<p>Complies.</p>
<p>4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>The Audit Partner of Grant Thornton Audit Pty Ltd, Mr Andrew Rigele, will attend RedHill’s annual general meeting (AGM) to answer any queries from shareholders.</p> <p>The contact details of Grant Thornton Audit Pty Ltd form part of RedHill’s corporate directory in its Annual Report.</p> <p>The Notice of the AGM states that shareholders may ask questions of the auditors at the AGM.</p>	<p>Complies.</p>
<p><b>Principle 5 – Make timely and balanced disclosure</b></p>		
<p>5.1 A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>RedHill has adopted a <b>Continuous Disclosure Policy</b> to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act 2001.</p> <p>This policy is available on RedHill’s website at the following URL:</p> <p><a href="http://www.redhilleducation.com/investor-centre/">www.redhilleducation.com/investor-centre/</a></p>	<p>Complies.</p>

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<b>Principle 6 – Respect the rights of shareholders</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	RedHill uses its website to provide information about itself and its governance.  The website is available at the following internet address:  <a href="http://www.redhilleducation.com">www.redhilleducation.com</a>	Complies.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	RedHill uses its website, annual and interim financial reports, market announcements, letters to shareholders and media disclosures to communicate with its shareholders, as well as encouraging participation at general meetings.	Complies.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	RedHill sends to its shareholders a detailed Notice of Meeting (Notice) for its annual general meeting and a detailed Annual Report.  The Notice states that shareholders may make comments or raise questions on the reports, the business, or management.	Complies.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	RedHill has provided security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies.



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<b>Principle 7 – Recognise and manage risk</b>		
<p>7.1</p>	<p>The board of a listed entity should have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> <li>– has at least three members, a majority of whom are independent directors; and</li> <li>– is chaired by an independent director,</li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>– the charter of the committee;</li> <li>– the members of the committee; and</li> <li>– as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</li> </ul>	<p>RedHill has adopted a risk management statement within the <b>Audit and Risk Management Committee Charter</b>. The Audit and Risk Management Committee is responsible for managing risk; however, ultimate responsibility for risk oversight and risk management rests with the Board.</p> <p>The charter of RedHill’s Audit and Risk Management Committee is available on its website at the following URL:</p> <p><a href="http://www.redhilleducation.com/investor-centre/">www.redhilleducation.com/investor-centre/</a></p> <p>The members of the Committee are listed at 4.1 above.</p> <p>The Board has also adopted a <b>Risk Management Policy</b> for the oversight and management of material business risks.</p> <p>This policy provides a formal process to identify business risks and to develop and implement risk management and internal controls.</p> <p>This policy is available on RedHill’s website at the following URL:</p> <p><a href="http://www.redhilleducation.com/investor-centre/">www.redhilleducation.com/investor-centre/</a></p> <p>Complies.</p>
<p>7.2</p>	<p>The board or a committee of the board should:</p> <p>(a) review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The Board has adopted a process annually to review the Risk Management Policy and associated procedures to ensure that it continues to be sound.</p> <p>The scheduled dates for review of the Risk Management Policy are noted on the policy document.</p> <p>Complies.</p>

ASX CGC Recommendations		RedHill Corporate Governance Statement	Compliance
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Because of its relative size, RedHill does not have a separate internal audit function.</p> <p>The Board meets with the auditors at least twice a year without any executives present to discuss an oral report whether the auditors have discovered any matters requiring an independent internal report.</p> <p>If the Board has any concerns with controls or processes, it may request the external auditors to carry out additional audit work.</p>	Complies.
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>RedHill is exposed to economic, environmental, governmental policy and social sustainability risks. The Board holds a meeting each year at which it reviews these and other risks and ways of assessing and mitigating them</p>	
<b>Principle 8 – Remunerate fairly and responsibly</b>			
8.1	<p>The board of a listed entity should have a remuneration committee which:</p> <ul style="list-style-type: none"> <li>– has at least three members, a majority of whom are independent directors; and</li> <li>– is chaired by an independent director,</li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>– the charter of the committee;</li> <li>– the members of the committee; and</li> <li>– as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</li> </ul>	<p>The Board has established a Remuneration Committee and has adopted a <b>Remuneration Committee Charter</b>.</p> <p>The Charter of the Remuneration Committee is available on RedHill’s website at the following URL:  <a href="http://www.redhilleducation.com/investor-centre/">www.redhilleducation.com/investor-centre/</a></p> <p>The RedHill Remuneration Committee consists of independent directors, is chaired by an independent director and has three members.</p> <p>During the reporting period, the members of the Remuneration Committee were Dr Clark (Chair), Mr Beerworth and Mr Deane. Ms Hook and Mr Heath will join the Remuneration Committee following their election at the 2019 AGM.</p>	Complies.

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8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	RedHill's principles of remuneration are fully set out in its Remuneration Report in its Annual Report.	Complies.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	RedHill's Corporate Governance Policy – Securities Trading – Directors, Executives and Employees prohibits participants in its Employee Share Option Plan (Plan), or any equity-based remuneration scheme (Scheme) entering into transactions (whether through the use of derivatives or otherwise) to limit the economic risk of participating in the Plan or Scheme.  The Plan and the Policy is available on RedHill's website at the following URL: <a href="http://www.redhilleducation.com/investor-centre/">www.redhilleducation.com/investor-centre/</a>	Complies.

### Structure of the Board

RedHill's constitution governs the regulation of meetings and proceedings of the Board.

The Board determines its size and composition, subject to terms of the constitution. The Board does not believe that it should establish a limit on tenure other than stipulated in the constitution. The constitution requires that one third of the non-executive directors must retire at each AGM and may stand for re-election. In addition, no non-executive director can hold office for more than three years without retiring and, if they wish, stand for re-election.

While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into RedHill and its operation and, therefore, an increasing contribution to the Board as a whole.

The Board comprises independent non-executive directors other than the Managing Director. It comprises directors with a broad range of skills, expertise and experience from a diverse range of backgrounds. The Chairman is an independent non-executive director. The Board assesses the independence of each director in light of their interests disclosed to the Board.

The Board considers directors to be independent only if they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of RedHill during the reporting period and as at the date of this report are considered to be independent:

<u>Name</u>	<u>Position</u>
Mr William J. Beerworth	Non-Executive Director, Chairman
Mr William Deane	Non-Executive Director
Sandra Hook	Non-Executive Director (appointed 1 September 2019)
Stephen Heath	Non-Executive Director (appointed 1 September 2019)
Dr Christopher Clark	Non-Executive Director (resigned 30 June 2019)

There are procedures in place, agreed by the Board, to enable directors in furtherance of their duties to seek independent professional advice at RedHill's expense.

The appointment date of each director in office at the date of this report is as follows:

<u>Name</u>	<u>Position</u>	<u>Appointment Date</u>
Mr William J. Beerworth	Non-Executive Director, Chairman	Appointed 25 June 2010
Mr William Deane	Non-Executive Director	Appointed 1 July 2006
Ms Sandra Hook	Non-Executive Director	Appointed 1 September 2019
Mr Stephen Heath	Non-Executive Director	Appointed 1 September 2019
Mr Glenn Elith	Executive Director	Appointed 11 May 2012

Further details on each director can be found in the Directors' report included in RedHill's Annual Report.

### **Diversity Policy**

RedHill is committed to diversity, including in relation to the promotion of qualified women to executive and senior executive positions.

As required by the ASX Listing Rules, RedHill is required to establish measureable objectives for achieving gender diversity and assess these objectives on an annual basis.

The Board consists of five directors, one of whom is female.

The table below illustrates the proportion of female employees (including in senior executive positions) employed by RedHill as at 30 June 2019.

<u>Operating Segment</u>	<u>Number of Employees</u>				<u>Number of Senior Executives</u>			
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>% Female</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>% Female</u>
Corporate, Finance, IT	21.0	16.0	<b>37.0</b>	43.2%	8.0	5.0	<b>13.0</b>	38.5%
Technology and Design	71.0	91.0	<b>162.0</b>	56.2%	8.0	6.0	<b>14.0</b>	42.9%
Greenwich	75.0	125.0	<b>200.0</b>	62.5%	1.0	7.0	<b>8.0</b>	87.5%
Go Study Australia	11.0	24.0	<b>35.0</b>	68.6%	4.0	4.0	<b>8.0</b>	50.0%
	<b>178.0</b>	<b>256.0</b>	<b>434.0</b>	<b>59.0%</b>	<b>21.0</b>	<b>22.0</b>	<b>43.0</b>	<b>51.2%</b>

\*Source WGEA Submission for FY19 (Full Employee List File)

\* Senior Executives are those that fall under the categories of:  
 CEO, KMP and Other Executives/General Managers