

# IDP Education Limited

## Board Charter

### 1 Introduction

The Board of IDP Education Limited (the **Company**) is responsible for the overall management of the Company and for directing its strategic goals, with the aim of increasing shareholder value through maximising the performance of the Company.

The Board has adopted this Board Charter to outline the manner in which its role, powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance and applicable laws.

This Charter includes an overview of:

- (a) Board composition and process;
- (b) the relationship and interaction between the Board and management;
- (c) the authority delegated by the Board to management and Board Committees; and
- (d) conflicts procedures and restrictions on access to information.

The Board Charter and the charters adopted by the Board for its standing Committees have been prepared and adopted on the basis that strong corporate governance can add to the performance of the Company, create shareholder value and engender the confidence of the investment market.

This Charter is to be reviewed by the Board as required and at least annually.

### 2 Board composition

#### 2.1 Board composition and size

- (a) The Board is appointed by the shareholders. Non-executive directors are engaged through a letter of appointment.
- (b) The size of the Board is determined by the Board, subject to the limits contained in the Company's Constitution, and shareholders.
- (c) The Company's Constitution requires that a majority of the Board is to be comprised of A Class Directors.
- (d) It is the Board's policy that the non-executive directors, with the executive directors, comprise an appropriate mix of skills to provide the necessary breadth and depth of knowledge and experience to meet the Board's responsibilities and objectives. It is intended that the Board will be made up of directors with a broad range of skills, expertise and experience, and from a diverse range of backgrounds, including gender.
- (e) The Board, together with the Nomination and Remuneration Committee, will review the background, skills, experience and Independent status of directors on the Board and determine whether the composition and mix of those backgrounds, skills, experience and independence remain appropriate for the Company's strategy, subject to limits imposed by the Company's Constitution and the terms served by existing non-executive directors.
- (f) As provided for in rule 47(d) of the Company's Constitution, the Board may, from time to time and at any time, send to a director or a person standing for election as a director a pro forma statutory declaration, in a form approved by the Board, which makes provisions

for the person to set out information reasonably required by the Board to enable the Board to determine whether the person is Independent (**Required Information**). The person must, within 7 days of the pro forma statutory declaration being sent to them (or within such other period, not being less than 7 days, as the Board may permit), provide to the Board a statutory declaration in the form of the pro forma statutory declaration sent to them, which statutory declaration sets out the Required Information and is made by them.

- (g) The Company's Constitution also includes various rules relating to the appointment and removal of directors and the vacation of office of a director to ensure that the Board's composition reflects section 2.1(c).

## **2.2 Director independence**

- (a) The Board regularly reviews the Independence of each non-executive director in light of information relevant to this assessment as disclosed by each non-executive director to the Board.
- (b) As prescribed by the Company's Constitution, the Board considers a director to be Independent if the director is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders. As also prescribed by the Company's Constitution, a person is Independent, without limitation, if they:
  - (i) are not, and have not been, employed in an executive capacity by the Company or any of its Child Entities within the last 3 years, and there has been a period of at least 3 years between ceasing any such employment and being appointed as a director;
  - (ii) are not, and have not been within the last 3 years, a partner, director or senior employee of a provider of material professional services to the Company or any of its Child Entities;
  - (iii) are not, and have not been within the last 3 years, in a material business relationship with the Company or any of its Child Entities, or an officer of, or otherwise associated with, someone with such a relationship;
  - (iv) are not a substantial holder of the Company or an officer of, or otherwise associated with, a substantial holder of the Company;
  - (v) do not have a material contractual relationship with the Company or any of its Child Entities other than as a director of the Company;
  - (vi) do not have close family ties with any person who falls within any of the categories described above;
  - (vii) have not been a director of the Company for such a period that their independence may have been compromised; and
  - (viii) are not, and have not been within the last 3 years, a Competitor or a Competitor's Associate.

## **3 Board responsibilities**

### **3.1 Board key responsibilities**

The Board is accountable to shareholders for the Company's performance. The Board's responsibilities include:

- (a) Strategy – reviewing strategic direction and approving corporate strategic initiatives developed by management;
- (b) Financial performance – reviewing the Company’s budget, monitoring management and financial performance;
- (c) Risk management – together with the Audit and Risk Committee – overseeing the effectiveness of risk management and compliance in the organisation, including the Code of Conduct and legal compliance;
- (d) Financial and other reporting – including considering and approving the Company’s half-yearly and annual financial statements – and monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- (e) Board performance and composition – together with the Nomination and Remuneration Committee, evaluating the performance of the Board, and determining its size and composition having regard to the matters in section 2.1;
- (f) Leadership selection – evaluating the performance of, selecting and (where appropriate) removing, the CEO, the CFO and the Company Secretary;
- (g) Succession and remuneration planning – together with the Nomination and Remuneration Committee – planning for Board, CEO and senior executive succession and remuneration, and settling non-executive director remuneration within shareholder approved limits;
- (h) Social responsibility – considering the social, ethical and environmental impact of the Company’s activities and operations and setting standards and monitoring compliance with the Company’s social responsibilities and practices;
- (i) Major expenditure and capital initiatives in excess of authority levels delegated to management – approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- (j) Corporate governance – reviewing and monitoring the Company’s corporate governance policies and practices;
- (k) External auditor – together with the Audit and Risk Committee, selecting and recommending to shareholders the appointment of the external auditor; and
- (l) Performing such other functions as are prescribed by law or are assigned to the Board.

### **3.2 Role of the Chair**

- (a) The Board will appoint one of its members to be chair.
- (b) The Chair will be an Independent non-executive director.
- (c) The Chair’s responsibilities include:
  - (i) representing the Board to shareholders and communicating and consulting with relevant stakeholders on significant issues;
  - (ii) leading the Board and facilitating, encouraging and providing constructive discussion and debate during Board meetings;
  - (iii) assessing the development requirements of the non-executive directors and agreeing and reviewing development plans for each non-executive director;
  - (iv) monitoring the contribution of individual directors and counselling them on any areas which might improve Board performance and effectiveness;

- (v) promoting constructive and respectful relations between directors and between the Board and management; and
- (vi) chairing general meetings of the Company.
- (d) The remuneration of the CEO is the responsibility of the Chair in direct consultation with the full Board. The CEO's performance is evaluated by the Chair in conjunction with the Nomination and Remuneration Committee and the non-executive directors.
- (e) Each non-executive director will take into account the views of other non-executive directors of the Company when considering whether to stand for re-election.
- (f) Each non-executive director will evaluate the number of boards (and board committees) on which they serve, to ensure that the director can give sufficient time and attention to each company (in addition to any review of this matter by the Nomination and Remuneration Committee).
- (g) Non-executive directors will notify the Chair prior to accepting office as a director of any other public company or related body corporate of a public company. The director will have regard to any objections which may be raised by the Board in relation to that appointment.
- (h) Executive directors will not accept office as a director of any company (other than the Company or a related body corporate of the Company) without the prior approval of the Board.

### **3.3 Directors**

- (a) Directors will act at all times with honesty and integrity and will observe the highest standards of ethical behaviour. Directors will comply with the Company's Code of Conduct, and are expected to uphold the ethical standards and corporate behaviour described in the Code.
- (b) Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests.
- (c) Directors should avail themselves as appropriate of induction and orientation programs and continuing education, training or development programs arranged for them by the Company.
- (d) The Board collectively, its standing Committees and each director individually, has the right to seek independent professional advice, as considered necessary, at the Company's expense, subject to prior consultation with the Chair. If appropriate, any advice so received will be made available to all directors.

## **4 Authority Delegated to Senior Management**

The Board has delegated to the CEO and the senior executive team authority over the day to day management of the Company and its operations. This delegation of authority includes responsibility for:

- (a) developing business plans, budgets and strategies for the Board's consideration and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- (b) operating the Company's businesses within the parameters set by the Board from time to time and keeping the Board informed of all material developments relating to the businesses;
- (c) where proposed transactions, commitments or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;

- (d) identifying and managing operational and other risks and, where those risks could have a material impact on the Company's businesses, formulating strategies for managing these risks for consideration by the Board;
- (e) managing the Company's current financial and other reporting mechanisms to ensure that these mechanisms are functioning effectively to capture all relevant material information on a timely basis;
- (f) implementing the Company's internal controls and procedures for monitoring these controls and ensuring that these controls and procedures are appropriate and effective;
- (g) taking all reasonable steps to ensure that the Board is provided with accurate and sufficient information regarding the Company's operations on a timely basis and, in particular, that the Board is made aware of all relevant matters relating to the Company's performance (including future performance), financial condition, operating results and prospects and potential material risks so that the Board is in an appropriate position to fulfil its corporate governance responsibilities; and
- (h) implementing all policies, processes and codes of conduct approved by the Board.

## **5 Committees**

- (a) The Board from time to time establishes Committees to streamline the discharge of its responsibilities and support the Board in matters that require more intense review.
- (b) There are two standing committees:
  - (i) Audit and Risk Committee
  - (ii) Nomination and Remuneration Committee
- (c) It is intended that each non-executive director will be appointed to at least one of these Committees. The Board is responsible for appointments to Committees and revocations of those appointments.
- (d) Each standing Committee adopts a formal charter setting out the matters relevant to the composition, responsibilities and administration of the Committee. The Board is responsible for approving and reviewing the terms of the formal charters.
- (e) The Board may also delegate specific functions to ad hoc Committees on an 'as needs' basis.

## **6 Board process**

- (a) The Board will meet regularly and directors will allocate sufficient time to perform their duties effectively.
- (b) Periodically, non-executive directors will meet without executive directors or management present.
- (c) Directors will use all reasonable endeavours to attend Board meetings in person, however attendance may also be via other forms of technology permitted by the Company's Constitution.
- (d) The Company's Constitution governs the regulation of the Board and Committee meetings and proceedings, including a quorum for a Board meeting and the procedure for passing circular resolutions outside of meetings.
- (e) Directors will discuss, debate, challenge and critique key strategic and Company issues at Board meetings.

- (f) In addition to attending formal Board and Board Committee meetings, the directors undertake other duties including attending strategic review sessions and research studies.
- (g) Draft minutes of each Board meeting will be prepared by the Company Secretary promptly following the meeting for review by the Chair.

## **7 Company Secretary and Board co-ordination**

- (a) The Board will appoint at least one Company Secretary.
- (b) The Company Secretary is accountable to the Board through the Chair.
- (c) All directors will have direct access to the Company Secretary.
- (d) The Company Secretary (or another person nominated by the Board) is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings.
- (e) The Company Secretary (or another person nominated by the Board) will oversee and regularly review the director induction process.
- (f) The Company Secretarial function supports directors by providing:
  - (i) continuing education to update and enhance their knowledge as the business environment changes;
  - (ii) access to information in appropriate form, currency and quality, including the procedures to cover additional requests of management; and
  - (iii) access to independent professional advice, where requested.

Sections 8, 9 and 10 of the Board Charter set out the disclosure obligations of each director with respect to conflicts of interest and duty, and the procedures to be followed should a conflict of interest or duty arise.

## **8 Disclosure of Conflicts of Interest and Duty**

- (a) Directors will disclose to the Board:
  - (i) any material personal interest that they may have in a matter relating to the affairs of the Company; and
  - (ii) any other interest or conflict of duty in a matter relating to the affairs of the Company, which may give rise to, or be perceived to give rise to, a real or substantial possibility of conflict.
- (b) A director will disclose such conflict of interest or duty immediately on becoming aware of the conflict to the Board. A director may at any time declare a conflict of interest or duty in relation to a matter by notification to the Company Secretary in writing, who will notify the other directors of the conflict as soon as practicable.
- (c) Each director will have and maintain a standing notice register, disclosing the nature and extent of their interests. Each standing notice register, and any amendments or additions to it, will be tabled at the next Board meeting, and recorded in the minutes of that meeting.
- (d) Where a change in circumstance results in an interest which is declared on a standing notice register as giving rise to a material personal interest or other conflict of interest or duty described in section 8(a), a director is required to disclose such conflict of interest or duty immediately to the Board or to the Company Secretary.

## **9 Conflicts Procedures**

### **9.1 Identification by a director**

- (a) Where a director has disclosed a material personal interest, or any other interest or duty which may give rise to, or be perceived to give rise to, a real or substantial possibility of conflict, in relation to any matter which is or is likely to be brought before the Board, the conflicted director:
- (i) will continue to receive Board papers or other information which relate in any way to the matter or issue which is the subject of the conflict of interest or duty, unless the director requests, or the Chair (or an appointed lead Independent director where the conflicted director is the Chair) determines, that they not receive any or all of those documents;
  - (ii) will withdraw from any part of a Board or Committee meeting for the duration of any discussion on that matter; and
  - (iii) will not vote on the matter.
- (b) If a majority of directors who do not have an interest in such a matter resolve that a disclosed material personal interest should not disqualify a director from being present while the matter is being considered, then section 9.1(a)(ii) will not apply and the director may be present. If a majority of directors who do not have an interest in such a matter resolve that a disclosed material personal interest should not disqualify a director from voting while the matter is being considered, then section 9.1(a)(iii) will not apply and the director may vote on the matter. The minutes will record the decision taken by the directors who do not have an interest in the matter, including the nature and extent of the director's interest in the matter and its relation to the affairs of the Company.
- (c) A director should request that they not receive any Board papers or other information relating to a matter, where receipt of those documents would place the director in a position of conflict.

### **9.2 Identification by the Board**

- (a) If there is any matter which is or is likely to be brought before the Board, and the Chair, a director or the CEO has a concern that the disclosure of such matter to a particular director:
- (i) would not be in the best interests of the Company; or
  - (ii) place that particular director in a position of conflict,
- then the matter should be referred to the Chair. After the Chair has considered the matter in consultation with the CEO, the Chair may determine that the particular director is in a position of conflict, and in such circumstances, the conflicted director:
- (iii) will not receive Board papers or other information which relates in any way to the issue or matter the subject of the conflict of interest;
  - (iv) will withdraw from any part of a Board or Board Committee meeting for the duration of any discussion on that matter; and
  - (v) will not vote on the matter.
- (b) Where disclosure of a particular matter may place the Chair in a position of conflict, the directors will appoint a lead Independent director, who will consider the matter in consultation with the CEO, and make a determination on the matters set out in section 9.2(a)(iii) to (v).

## 10 Access to Information

- (a) Where a director has been excluded from the receipt of Board papers or Board discussion on a matter, the Company Secretary will advise the director concerned in writing of the broad nature of the withheld information and why it has been withheld from them.
- (b) Where a director:
- (i) is uncertain as to whether an interest or conflict should be disclosed in accordance with this Policy;
  - (ii) has been excluded from receipt of Board papers or consideration of a matter by the Board; or
  - (iii) is uncertain whether to request that they not receive any Board papers or other information relating to a matter,
- the director is authorised to obtain (at the cost of the Company) outside independent legal or other independent professional advice in such circumstances.
- (c) Once information withheld from a director in accordance with this protocol becomes public knowledge or if, in the opinion of the CEO, after consultation with the Chair (or where the matter concerns the Chair, the appointed lead Independent director), the potential for conflict has passed, the excluded director will be entitled to, should they request it, a briefing by the CEO as to the current status of the matter and the particulars of any decision of the Board in respect of that matter.

## 11 Currency and Review of Charter

This Charter was adopted by the Board on 12 November 2015.

The Board will review this Charter to ensure it remains relevant to the current needs of the Company and the Board. This Charter may be amended by resolution of the Board.

This Charter will be made available on the Company's website and the key features will be published in the annual report.

## 12 Definitions

**A Class Director** means:

- (a) until such time as Education Australia ceases to have voting power in the Company of at least 10% – a director who is:
- (i) Independent; or
  - (ii) a representative of Education Australia; and
- (b) thereafter – a Director who is Independent.

**ASX** means ASX Limited (ABN 98 008 624 691) and the market operated by it, the Australian Securities Exchange, as applicable.

**B Class Director** means a Director who is not an A Class Director.

**Child Entities** has the meaning given in the Listing Rules.

**Competitor** means:

- (a) Educational Testing Service and any person it controls (from time to time), or that controls it (from time to time);



- (b) Pearson PLC and any person it controls (from time to time), or that controls it (from time to time);
- (c) any other person who is a competitor to the Company in connection with the Company's interest in IELTS, or otherwise in connection with the production, distribution or administration of IELTS, from time to time (including any person engaged in the production, distribution or administration of any English language test that competes or may compete with IELTS); or
- (d) any person with whom a person referred to in paragraph (a), (b) or (c) above is acting, or proposing to act, in concert in relation to:
  - (i) the Company;
  - (ii) the Company's affairs; or
  - (iii) the production, distribution or administration of any English language test that competes or may compete with IELTS.

For the purposes of this definition of 'Competitor':

- (a) **control** has the meaning given in section 50AA of the Corporations Act as though references to the word 'entity' in that section were references to the word 'person'; and
- (b) for the avoidance of doubt, the Company and each of its 'subsidiaries' (within the meaning given in the Corporations Act) cannot be a 'Competitor'.

**Competitor's Associate** means:

- (a) a person who holds a relevant financial interest, or is entitled to exercise a relevant power in a Competitor, and by virtue of that interest or power, is able to exercise a significant influence over or with respect to the management or operation of the Competitor;
- (b) a person who is an executive officer of a Competitor; or
- (c) any person with whom a person referred to in paragraph (a) or (b) above is acting or proposing to act in concert in relation to:
  - (i) the Company;
  - (ii) the Company's affairs; or
  - (iii) the production, distribution or administration of any English language test that competes or may compete with IELTS.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Education Australia** means Education Australia Ltd (ACN 008 597 831).

**executive officer** means, in relation to a body (whether incorporated or not):

- (a) a director, secretary or member of the committee of management of the body (by whatever name called); or
- (b) any other person who is concerned with, or takes part in, the management of the body.

**IELTS** means the International English Language Testing System.

**Independent** has the meaning given to that term in the Company's Constitution (and as restated in section 2.2(b) above).

**Listing Rules** means the Listing Rules of ASX and any other rules of ASX that are applicable while the Company is admitted to the Official List of ASX, each as amended or replaced from time to time.

**relevant financial interest** means:

- (a) 15% or more of the issued share capital of a Competitor;
- (b) any entitlement to receive 15% or more (on a recurring basis) of any income derived from the business of a Competitor; or
- (c) any entitlement to receive any payment (in excess of AUD\$1 million for any individual payment or in excess of AUD\$10 million in aggregate in any period of 12 consecutive calendar months) as a result of money advanced to a Competitor.

**relevant power** means any power, whether exercisable by voting or otherwise and whether exercisable alone or in association with others:

- (a) to participate in any directorial, managerial or executive decision; or
- (b) to elect or appoint any person as an executive officer.