



Smiles^{Inclusive}
Together We Smile

Board Charter

Smiles Inclusive Limited ACN 621 105 824

adopted on 12 March 2018

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1. Introduction

- 1.1 This Board Charter sets out the principles for the operation of the board of directors (**Board**) of Smiles Inclusive Limited ACN 621 105 824 (**Company**), describes the functions of the Board and sets out the Company's commitment to effective corporate governance.
- 1.2 The conduct of the Board is also governed by the Company's constitution (**Constitution**). Where there is an inconsistency between this document and the Constitution, the Constitution will prevail to the extent of the inconsistency.
- 1.3 Each director of the Company (**Director**) has an overriding responsibility to act in good faith and in the best interests of the Company. In assessing the Company's best interests, the Board may, however, have regard to the interests of:
- (a) shareholders (with a view to building sustainable value for them);
 - (b) employees of the Company and its wholly-owned subsidiaries (**Group**); and
 - (c) other people or entities with whom the Company deals.
- 1.4 The Board's broad functions are:
- (a) to chart strategy and set financial targets for the Group;
 - (b) to monitor the implementation and execution of strategy and performance against financial targets;
 - (c) to appoint and oversee the performance of responsibilities that are delegated to committees of the Board or to management, and
 - (d) generally to take an effective leadership role in relation to the Group.

2. Responsibilities of board

The Board's responsibilities include:

- (a) providing leadership and setting the Group's strategic objectives and policy;
- (b) determining the Board's composition (including appointment and retirement or removal of directors and company secretary);
- (c) oversight of the Group and management (including control and accountability systems);
- (d) reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct, and legal compliance;
- (e) appointing, and if necessary, replacing the chief executive officer and other senior executives;
- (f) monitoring management's implementation of the corporate strategy and performance objectives;
- (g) approving the strategic plan, business plan, operating budgets and major capital expenditure;

- (h) approving and monitoring the progress of major capital expenditure, capital management, acquisitions and sales;
- (i) approving and monitoring financial and other reporting (subject to receiving the declarations or approvals required under the Corporations Act or any other regulatory requirements);
- (j) monitoring industry developments relevant to the Group and its business;
- (k) developing suitable key indicators of financial performance for the Group and its business;
- (l) having input in and granting final approval of corporate strategy and performance objectives developed by management;
- (m) overseeing the Group's compliance with its continuous disclosure obligations;
- (n) approving the Group's remuneration framework;
- (o) monitoring the overall corporate governance of the Company (including its strategic direction and goals for management, and monitoring the achievement of these goals); and
- (p) oversight of committees.

3. Board composition

3.1 The chair of the Board (**Chair**):

- (a) must be appointed from the Board's membership;
- (b) is responsible for the Board's leadership and for its efficient organisation and conduct; and
- (c) should facilitate the effective contribution by all Directors and promote constructive and respectful relations between Directors and between the Board and management.

3.2 The Board should comprise:

- (a) members with a broad range of experience, expertise, skills, diversity and contacts relevant to the Group and its business;
- (b) no less than three directors, half of whom should be non-executive directors; and
- (c) more than three directors where the Board considers that additional expertise is required in specific areas or when an outstanding candidate is identified.

3.3 Subject to clause 3.1 and 3.2 above, where the chair is not considered by the Board to be independent or the Board otherwise determines it is appropriate, the Board will appoint one of the independent directors to be the deputy chair of the Board (**Deputy Chair**).

3.4 If appointed the Deputy Chair's responsibilities will include:

- (a) the chair role where the Chair is conflicted or unavailable (including but not limited to, matters, discussions or determinations in relation to the chair's appointment or performance); and
- (b) assisting the Board in reviewing the performance of the Chair.

4. Ethical standards and values

- 4.1 All Directors must act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.
- 4.2 The Directors must comply with the Company's Code of Conduct in the exercise of their duties.

5. Independence of Directors

- 5.1 The Board must regularly assess whether each Director is an independent Director in the light of the interests disclosed by them.
- 5.2 A Director should only be characterised as an independent Director if they are 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 judgment to bear on issues before the Board.
- 5.3 Each Director must provide the Board with all relevant information for this purpose.
- 5.4 The independence of Directors will be disclosed in the annual report.
- 5.5 Where the Board decides a Director has ceased to be an independent Director, this must be immediately disclosed to the market.

6. Appointment and retirement of Directors

- 6.1 The terms of the appointment of all new directors should be set out in a letter of appointment or service contract.
- 6.2 All Directors, must retire in accordance with the requirements of the Constitution and the ASX Limited ACN 008 624 691 (**ASX**) listing rules (**Listing Rules**). Retiring Directors may, in these circumstances, be eligible for re-election.

7. Performance review and evaluation of directors

- 7.1 The performance of all other Directors should be reviewed and assessed each year by the Chair.
- 7.2 The Chair's performance should be reviewed and assessed each year by the Deputy Chair (if applicable) and otherwise in consultation with other Directors.
- 7.3 The evaluation criteria and process to be followed is the same in each case.
- 7.4 The Board will determine the evaluation criteria and process from time to time.
- 7.5 A Director, whose performance is unsatisfactory, may be asked to retire.
- 7.6 The Board should satisfy itself that its performance is efficient so that all Directors meet their obligations and are not exposed to any legal liability.
- 7.7 Each Director must cooperate fully with any review or assessment of performance, whether collective or individual, and whether conducted by:
 - (a) the Chair;

- (b) any other Director; or
 - (c) any independent third party externally appointed for the purpose.
- 7.8 Unless otherwise stated in any other charter or document, the Board may also review and assess the performance of its senior executives in accordance with the above process.

8. Training and advice for Directors

- 8.1 Before accepting the appointment, Directors must be provided with information about the Group that is appropriate for them to discharge their responsibilities.
- 8.2 Directors must be given access to continuing education in relation to the Group, extending to its business, the industry in which it operates, financial and accounting matters and other information required by them to discharge their responsibilities.
- 8.3 Each Director may seek independent legal or other professional advice at the Company's expense. Prior approval from the Chair is required and may not be unreasonably withheld or delayed. Generally this advice will be available to Directors if the Chair considers the advice relevant for them to discharge their responsibilities as directors.

9. Board meetings

- 9.1 Board meetings must be conducted in accordance with the Company's Constitution.
- 9.2 Papers for Board meetings must be circulated, where practical, at least five days before the relevant meeting.
- 9.3 Draft minutes of Board meetings (for consideration and approval at the next relevant meeting) should be circulated within ten days following each meeting.

10. Secretary

The secretary of the Company (**Secretary**) is accountable to the Board, through the Chair, on all corporate governance matters and is responsible for:

- (a) advising the Board and its committees on governance matters;
- (b) advising the Board on compliance with its requirements under the Corporations Act regarding its registered office, annual returns and notices to be lodged with the Australian Securities and Investments Commission;
- (c) monitoring this policy, any corporate governance policy and any committee charter, to ensure they are followed;
- (d) helping to organise and facilitate the induction and professional development of the Directors; and
- (e) coordinating the timely completion and despatch of:
 - (i) Board agendas and committee briefing materials; and
 - (ii) draft minutes of Board and committee meetings for approval at the next meeting.

11. Delegation to chief execution officer

The Board delegates to the chief executive officer the authority over the day to day management of the Group, including responsibility for:

- (a) implementing the strategic objectives developed by the Board in accordance with the Board's approved policies and operating within the delegated limits of authority set by the Board;
- (b) the provision of information necessary for the maintenance of financial accounts of the Group to be completed;
- (c) notifying the Board of continuous disclosure matters; and
- (d) ensuring the Board is provided with adequate information to make fully informed decisions.

12. Delegation to committees

12.1 The Board may establish (and delegate powers to) committees to assist the Board to carry out its functions effectively and efficiently. The Board will adopt a charter for each committee setting the scope of its responsibility and relevant administrative and procedural arrangements.

12.2 The committees established at the date of this document are:

- (a) the Audit and Risk Committee; and
- (b) the Nomination and Remuneration Committee.

12.3 The Board will review and evaluate the performance of its committees (and the relevant members) in accordance with the review process stated in the relevant committee charter.

13. Business risks

13.1 The risks of the Group's business should be a standing item on the agenda for each regular meeting of the Board. Once a risk is identified, an action plan should be proposed by management for submission to the Board. That plan may also be submitted to the Audit and Risk Committee for review.

13.2 Corrective action should be taken as soon as reasonably practicable after adoption of an action plan.

13.3 Company policies and procedures should contain risk management procedures that aim to address risk management issues including professional indemnity claims.

13.4 The Board should record in its minutes as and when management reports on the effectiveness of the Company's management of its material business risks.

14. Communication with shareholders

14.1 The Company's continuous disclosure obligations should be a standing item on the agenda for each regular Board meeting.

14.2 Directors must promptly provide details of any matter within their knowledge that might require disclosure to the market under the continuous disclosure obligations.

- 14.3 The annual report must be distributed to all shareholders in accordance with the requirements of the Corporations Act and the Listing Rules.
- 14.4 The annual report should include relevant information about the operations of the Group during the year, the conduct of its Board committees, changes in the state of affairs of the Group, and details of future developments in addition to the other disclosures required by the Corporations Act, Listing Rules and ASX Corporate Governance Principles and Recommendations. An Appendix 4G should also be completed, lodged and released in accordance with the Listing Rules.
- 14.5 Shareholders at an annual general meeting (**AGM**) should be asked to vote on:
- (a) proposed major changes in the Group which may impact on share ownership rights; and
 - (b) the removal and appointment of Directors.
- 14.6 If resolutions are required to be put to shareholders before the next AGM, a general meeting will be convened as specified in the Constitution.
- 14.7 The Board should encourage the full participation of shareholders at the AGM and at other general meetings to ensure a high level of accountability and identification with the Company's strategy and goals.
- 14.8 The half-yearly report should contain summarised financial information and a review of the operations of the Company during the period. The report should be lodged with and available from ASX and the Australian Securities and Investments Commission. It should also be sent to any shareholder who requests it from the Company.
- 14.9 Company announcements must be made in a factual, timely, clear, and objective manner, and include any information material to decisions of shareholders and potential investors in the Company.
- 14.10 Information about the Company, including copies of announcements made through ASX, the annual report and half-yearly report, should be made available to shareholders and prospective investors in the Company on the Company's website.
- 14.11 The Company has a continuing commitment to electronic communication with shareholders and stakeholders generally, including through its website.

15. Disclosure of Board selection process

The Board undertakes to promote transparency about the Board selection process and to report to Shareholders on this process in the Company's annual report and may include information about:

- (a) details about the use by the Company of a board skills matrix to identify any gaps in the skills, qualifications, diversity and experience of the Directors on the Board;
- (b) the process by which candidates are identified and selected including whether professional intermediaries are used to identify and assess candidates;
- (c) the steps taken to ensure a diverse range of candidates is considered; and
- (d) the factors taken into account in the selection process.

16. Recognition of interests of stakeholders

The Company must function within, and operate with a sense of responsibility to, the wider community as well as to shareholders. This sense of responsibility to stakeholders generally is an important part of the Company's role within the broader community and represents not only sound ethics but also good business sense and commercial practice.

17. Disclosure to market

Price sensitive information and other information reasonably required by an investor to make an informed assessment of the Company and the Group's activities and results must be reported to ASX in accordance with continuous disclosure requirements.

18. Authority

This charter was adopted on 12 March 2018.