



**Smiles**<sup>Inclusive</sup>  
*Together We Smile*

# Directors' Code of Conduct

Smiles Inclusive Limited ACN 621 105 824

adopted on 12 March 2018

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## 1. Introduction

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- 1.1 This code of conduct (**Code**) seeks to give the board of directors (**Board**) of Smiles Inclusive Limited ACN 621 105 824 (**Company**) guidance on how best to perform their duties, meet their obligations and understand the corporate governance practices of the Company and its wholly-owned subsidiaries (**Group**).
- 1.2 The values and policies set out in this Code are not exhaustive and are merely designed to focus on particular values identified by the Company as central to its integrity.

## 2. Compliance with the Code and law

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- 2.1 A director of the Company (**Director**) must, at all times, comply with this Code as well as the law.
- 2.2 All Directors must act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.
- 2.3 A position on the Board involves important legal and ethical responsibilities and a commitment to upholding the values of good corporate citizenship, in both individual conduct and corporate actions. A person should not accept a position on the Board if they have any doubt about their ability to comply with this Code.

## 3. General duties

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- 3.1 Directors must:
- (a) act in good faith in the best interests of the Group and for a proper purpose;
  - (b) avoid any potential conflict of interest or duty;
  - (c) exercise a reasonable degree of care and diligence;
  - (d) not make improper use of information; and
  - (e) not make improper use of their position.
- 3.2 Breaches of these duties may expose Directors to potential liability in damages, fines and disqualification.
- 3.3 A Director, in the exercise of his or her powers, and in the discharge of his or her duties, must exercise the degree of care and diligence that a reasonable person would exercise if he or she were a Director:
- (a) in the circumstance prevailing;
  - (b) occupying the same position; and
  - (c) with the same responsibilities within the Company as the Director.
- 3.4 A Director is a fiduciary and must act with fidelity and trust in Group matters. The Board has been appointed to oversee the Group's affairs and should have regard not only to the interests of shareholders but (in appropriate circumstances) the interests of other third parties including creditors, regulators and the community.

- 3.5 Directors must act with a reasonable degree of care and diligence in the exercise of their powers and duties and to carry out their duties.
- 3.6 A Director who is appointed but fails to acquire and maintain a reasonable level of competence may be considered negligent.
- 3.7 The Company maintains a directors' and officers' liability insurance. Directors must be fully aware of the terms of this insurance to qualify for protection under it.

#### **4. Business judgment rule**

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- 4.1 A Director's duty to act with care and diligence may be satisfied where the director:
- (a) makes a decision in good faith and for a proper purpose;
  - (b) has no material personal interest in the subject matter of the decision made;
  - (c) is informed about the subject matter of the decision to the extent the director reasonably believes to be appropriate; and
  - (d) rationally believes the decision to be in the best interest of the Group.
- 4.2 The business judgment rule:
- (a) relates only to decisions about the ordinary business operations of the Group; and
  - (b) does not relieve a director from other duties, such as to act in good faith, not to misuse the position of director and not to make improper use of information obtained because they are, or have been, a director or other officer or employee of the Group.
- 4.3 A business judgment is any decision to take or not to take action relating to the business operations of the Group, it does not apply to any failure to make a decision.

#### **5. Independent decision making and soundness of decisions**

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- 5.1 A Director must be independent in his or her judgement and actions, and must take all reasonable steps to be satisfied about the soundness of all Board decisions.
- 5.2 To satisfy this requirement a Director must:
- (a) make a reasonable effort to become and remain familiar with the affairs of the Group;
  - (b) attend all Board meetings and board functions unless there are valid reasons for non-attendance; and
  - (c) commit the necessary time and energy to Board matters.
- 5.3 Directors may rely on advice relating to the Group or its affairs only where that advice is given or prepared by:
- (a) an employee whom the Director believes on reasonable grounds to be reliable and competent in the relevant subject;
  - (b) a professional adviser or expert in a subject the Director believes on reasonable grounds to be within the person's professional or expert competence;

- (c) another Director or officer on the subject within that Director's or officer's authority; or
  - (d) a committee (on which the Director did not serve) on a subject within the committee's authority.
- 5.4 Directors should only rely on information or advice if the Director's reliance was made in good faith, after independently assessing the information and advice, considering the Director's knowledge of the Group and the complexity of its structure and operations.

## **6. Confidentiality of Board matters and other information**

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- 6.1 Directors must keep confidential any Board matters and all confidential information (which includes price sensitive information and information that is not price sensitive information but might reasonably be of use or of interest to retail investors) received by the Directors in the course of the exercise of their duties.
- 6.2 All information received by Directors to carry out their duties must be regarded as confidential and is the property of the Group.
- 6.3 A Director may not disclose information, or allow it to be disclosed, to any other person unless disclosure is authorised by the Group or the information is required by law to be disclosed.
- 6.4 All discussions and resolutions of the Board must also be kept confidential and their content must not be disclosed, or allowed to be disclosed to persons who are not directors, except in cases where disclosure:
- (a) has been authorised by the Company; or
  - (b) is required by law.
- 6.5 Authorisation by the Company is presumed to the extent the Board (or committee) minutes state or imply that it is intended that disclosure should be made to third parties.
- 6.6 Any Director in any doubt about his or her obligations of confidentiality or in relation to any matter of disclosure should consult with the chair of the Board (**Chair**) before making any disclosure.

## **7. Improper use of information**

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A Director must not make improper use of information acquired as a Director to gain, directly or indirectly, any personal advantage or any advantage for any other person detrimental to the Group.

## **8. Cooperation**

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- 8.1 Directors must observe solidarity with Board resolutions and cooperate in their implementation.
- 8.2 Directors are part of a team and should work cooperatively with the Chair and other Directors and with management.

## **9. Personal interests and conflicts**

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- 9.1 A Director must not take improper advantage of their position as a director or officer.
- 9.2 No Director may allow any personal interest, or the interest of any associated person, to influence or prejudice the Director's conduct or any Board (or committee) decision.
- 9.3 A Director has a duty to avoid any conflict between:
- (a) the interests of, or duty to, the Group; and
  - (b) his or her own personal interests or the interests of, or duty to, any third party.
- 9.4 Every Director should be actively vigilant for both actual and potential conflicts of interest or duty.
- 9.5 A Director with a conflict of interest or duty should refrain from voting, or entering into any discussion, at, or even being present during, relevant Board discussions.
- 9.6 A Director who has any material personal interest (whether direct or indirect, pecuniary or otherwise) in a matter must not be present at a meeting while the matter is being considered and must not vote on the matter.
- 9.7 Papers relevant to any matter on which there is a known conflict of interest, or in relation to which there is a material personal interest, will not be provided to any Director concerned.

## **10. Conduct by Directors**

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- 10.1 A Director must not engage in conduct likely to discredit the Company or the Group.
- 10.2 Each Director should be aware of, and observe, any standing orders adopted by the Board from time to time for the conduct of Board and committee meetings.
- 10.3 Directors must at all times comply with the spirit as well as the letter of the law and with the principles of this Code.
- 10.4 Directors should conduct themselves at all times in a polite, lawful and restrained manner in carrying out their duties, at both Board and committee meetings, at Group functions and meetings, and where otherwise dealing with matters about or involving the Group.

## **11. Dealings in securities**

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Each Director must comply with the Securities Trading Policy in respect of any dealings in securities.

## **12. Complaints procedure**

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Directors may be approached by shareholders, staff or other persons who have a complaint about a matter relating to the Group. Any such complaint must be handled under the relevant Group policies and procedures.