



smiles<sup>®</sup>  
inclusive

# Corporate governance statement

Smiles Inclusive Limited ACN 621 105 824

Current as at 12 October 2018

## 1. Overview

Smiles Inclusive Limited ACN 621 105 824 (**Smiles Inclusive** or the **Company**) and the Board of Directors (**Board**) are committed to achieving and demonstrating the highest standards of corporate governance.

The Board considers there is a strong link between good corporate governance policies and practices and enhancing shareholder value.

The Board has established a framework for managing the Company, including adopting relevant internal controls and risk management processes, which it believes to be appropriate for the business of the Company and its related bodies corporate (**Group**). The Board, in establishing its corporate governance framework, has had regard to the ASX Corporate Governance Principles and Recommendations (3rd Edition) (**ASX Recommendations**).

This Corporate Governance Statement provides an overview of the Company's governance practices for the financial year ended 30 June 2018, and was approved and adopted by the Board on 12 October 2018. It sets out the Company's compliance with the ASX Recommendations, and also provides reasons where any ASX Recommendation has not been followed.

The Company's corporate governance policies and charters are available at the Company's website at <http://smilesinc.com.au/investor-centre/>.

## 2. ASX Recommendations

The following table indicates where specific ASX Recommendations are dealt with in this Corporate Governance Statement:

a	Principles and Recommendations	Status	Reference
	<b>Principle 1: Lay solid foundations for management and oversight.</b> A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitor and evaluated.		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Complying	Page 7
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (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.	Complying	Page 7
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complying	Page 7
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.	Complying	Page 8
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and	Part Complying	Page 8

to assess annually both the objectives and the entity's progress in achieving them;

- (b) disclose that policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measureable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:
  - 1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
  - 2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

1.6	A listed entity should:	Complying	Page 8
	(a) have and disclose a process for periodically evaluating the performance of the board, its Committees and individual directors; and		
	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		
1.7	A listed entity should:	Complying	Page 8
	(a) have and disclose a process for periodically evaluating the performance of its senior executives; and		
	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		

**Principle 2: Structure the board to add value.**

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

2.1	The board of a listed entity should:	Complying	Page 9
	(a) have a nomination Committee which: <ul style="list-style-type: none"> <li>1) has at least three members, a majority of whom are independent directors; and</li> <li>2) is chaired by an independent director, and disclose:</li> <li>3) the charter of the Committee;</li> <li>4) the members of the Committee; and</li> <li>5) 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</li> </ul>		
	(b) if it 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.		
2.2	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.	Not complying	Page 9

2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in box 2.3 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 (c) the length of service of each director.	Complying	Page 9
2.4	A majority of the board of a listed entity should be independent directors.	Not complying until 1 August 2018	Page 9
2.5	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.	Complying	Page 9
2.6	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.	Complying	Page 7

**Principle 3: Act ethically and responsibly.**

A listed entity should act ethically and responsibly.

3.1	A listed entity should: (a) have a code of conduct for its conduct, senior executives and employees; and (b) disclose that code or a summary of it.	Complying	Page 9
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**Principle 4: Safeguard integrity in corporate reporting.**

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

4.1	The board of a listed entity should: (a) have an audit Committee which: 1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and 2) is chaired by an independent director, who is not the chair of the board, and disclose: 3) the charter of the Committee; 4) the relevant qualifications and experience of the members of the Committee; and 5) in relation to each reporting period, the number of times the Committee met throughout the period and the individual attendees of the members at those meetings; or (b) if it does not have an audit Committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Part complying	Page 10
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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.	Complying	Page 11
4.3	A listed entity that has an AGM should ensure that its external auditor attends it AGM and is available to answer questions from security holders relevant to the audit.	Complying	Page 11

**Principle 5: Make timely and balanced disclosure.**

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

5.1	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	Complying	Page 11
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**Principle 6: Respect the rights of security holders**

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complying	Page 12
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complying	Page 12
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.	Complying	Page 12
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.	Complying	Page 12

**Principle 7: Recognise and manage risk**

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

7.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a Committee or Committees to oversee risk, each of which: <ol style="list-style-type: none"> <li>1) has at least three members, a majority of whom are independent directors; and</li> <li>2) is chaired by an independent director,</li> </ol> and disclose: <ol style="list-style-type: none"> <li>3) the Charter of the Committee;</li> <li>4) the members of the Committee; and</li> <li>5) as at 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</li> </ol> </li> </ul>	Complying	Page 12
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	(b) if it does not have a risk Committee or Committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.		
7.2	The board or a Committee of the board should:	Complying	Page 12
	(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and		
	(b) disclose, in relation to each reporting period, whether such a review has taken place.		
7.3	A listed entity should disclose:	Complying	Page 12
	(a) if it has an internal audit function, how the function is structured and what role it performs; and		
	(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.		
7.4	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.	Complying	Page 13

#### **Principle 8: Remunerate fairly and responsibly**

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

8.1	The board of a listed entity should:	Complying	Page 13
	(a) have a remuneration Committee which:		
	1) has at least three members, a majority of whom are independent directors; and		
	2) is chaired by an independent director, and disclose		
	3) the charter of the Committee;		
	4) the members of the Committee; and		
	5) 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		
	(b) if it does not have a remuneration Committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		
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.	Complying	Page 13
8.3	A listed entity which has an equity-based remuneration scheme should:	Complying	Page 13
	(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.		

## **Principle 1: Lay solid foundations for management and oversight**

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### **1.1 Roles and responsibilities of the Board**

The Board has adopted a Board Charter that formalises the functions and responsibilities of the Board (including the process for evaluating the performance of the Board and its committees).

The Board Charter requires that the Board comprise Directors with a range of experience, expertise, skills, diversity and contacts relevant to the Company and its business.

The responsibilities of the Board, as set out in the Board Charter, include to:

- provide leadership and set the Group's strategic objectives and policy;
- oversee the Group and management;
- appoint and oversee the performance of, and determine the remuneration of, the chief executive officer and other senior executives;
- ensure appropriate systems of risk management and internal control, codes of conduct, and legal compliance;
- approve strategic and business plans;
- approve and monitor progress of major capital expenditure, capital management, acquisitions and sales; and
- monitor corporate performance and implementation of strategy and policy.

Day to day management of the Group's affairs and the implementation of the strategic objectives developed by the Board are formally delegated by the Board to the Chief Executive Officer of the Group. Delegations are reviewed periodically as appropriate.

A copy of the Board Charter is available at <http://smilesinc.com.au/investor-centre/>.

### **1.2 Appointment, induction and training**

The Board has established the Nomination and Remuneration Committee which has the responsibility (among others things) to make recommendations to the Board with respect to the appointment of new directors to the Company. As set out in the Nomination and Remuneration Committee Charter, the Committee has the responsibility to undertake checks before making recommendations for the consideration of the Board.

The Company undertakes appropriate checks on all of its directors, to the extent possible, before appointing a person or putting forward to shareholders a candidate for election, as a Director.

The Company will provide information to shareholders about Directors seeking re-election at a general meeting to enable them to make an informed decision on whether to re-elect that Director.

In the event a person stands for election as a Director for the first time, the Company will provide sufficient background and material information to its shareholders to allow them to make an informed decision.

Upon appointment, each Director and member of senior management receives a formal letter of appointment or contract setting out the key terms, conditions and expectations of the engagement.

The Board Charter provides for new Directors to be given information about the Company as well for the continuing education of ongoing Directors to allow them to perform their role as directors effectively. The Company secretary also has the responsibility to help organise and facilitate the induction and professional development of the Directors.

### 1.3 Company Secretary

The Company Secretaries are accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Directors have access to the Company Secretaries for all Board and governance-related issues and the appointment and removal of any Company Secretary is determined by the Board.

As at 30 June 2018, Paul Innes and Jessica Watter were Joint Company Secretaries.

### 1.4 Performance of Board and senior management

The Board Charter sets out that the Board will review the performance of the Board, the Directors and its Committees. The Nomination and Remuneration Committee will assist the Board in ensuring that the performance of each Director is reviewed and assessed each year in accordance with procedures adopted by the Board.

The Board Charter provides that the Board may review and assess the performance of its senior executives in accordance with the same process for reviewing and evaluating its Directors, however senior executives may also be subject to performance reviews in accordance with their terms of engagement.

Given the short period since listing, performance evaluations have not yet been conducted.

### 1.5 Diversity

The Board and the Company's employees have diverse skills, backgrounds, perspectives and experiences.

The Company aims to actively promote a corporate culture that supports diversity. To facilitate this, the Company has adopted a Diversity Policy which gives responsibility to the Nomination and Remuneration Committee to implement and review the Company's Diversity Policy.

The Board had not yet set measureable objectives for achieving gender diversity. However, the Board intends to progress this during the current financial year.

The following table shows the proportional representation of women at various levels within the Group as at 30 June 2018:

	<b>Women % as at 30 June 2018</b>	<b>Men % as at 30 June 2018</b>
Board representation	25%	75%
Senior management personnel representation (CEO, Deputy CEO, CFO and their respective direct reports)	28%	62%
Group representation (employees only)	84%	16%

## Principle 2: Structure the board to add value

### 2.1 Independence of the Board

The Board assesses the independence of non-executive Directors upon appointment, having regard to the definition of independent Director and the factors set out in Box 2.3 of the ASX Recommendations.

The Board's assessment of the independence of each current Director is set out below, together with their length of service:

Director name	Independent Yes/No	Reasons if No	Date of appointment / length of service
David Herlihy	Yes		15 August 2017
David Usasz	Yes		15 August 2017
Michael Timoney	No	Executive Director	15 August 2017
Tracy Penn	No	Executive Director	9 October 2017
Peter Evans	Yes		1 August 2018
Joshua Lowcock	Yes		17 September 2018

Although David Herlihy, David Usasz and Peter Evans are shareholders of the Company (personally or through entities they control), and Peter Evans has had a stockbroking career, they are not substantial holders and are considered to be free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgement.

The Chair of the Board is an independent, non-executive Director. The Chair of each Committee (detailed below) is also an independent and non-executive Director.

The Board did not comprise a majority on independent Directors for the financial year ended 30 June 2018, however the Board considered there was an appropriate combination of independent Directors who brought objective and unbiased judgement to the Board's deliberations, and executive Directors with deep understanding of the Company's business and the dental industry.

Following the appointment of Peter Evans on 1 August 2018, the Company complies with the ASX Recommendation of having a majority of independent directors. This structure helps ensure strong independence throughout the Board and its Committees.

### 2.2 Board skills matrix

The Board has not yet adopted a board skills matrix.

However, the Board Charter sets out that the Board should comprise members with a broad range of skills and diversity and the Company will report in its annual report 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 of the Board.

### 2.3 Nomination and Remuneration Committee

At listing, the Board had established a Nomination and Remuneration Committee comprising three members: David Herlihy (independent chair of the Committee), David Usasz and Tracy Penn. From 1 August 2018, Peter Evans has been appointed as a fourth member of the Committee.

The required composition of the Nomination and Remuneration Committee is set out in the Nomination and Remuneration Committee Charter and provides that it must comprise of not less than three members.

The Committee comprises of a majority of independent members (being David Herlihy and David Usasz). Peter Evans is also an independent member of the Committee.

The Committee is required to meet at least once during each year and more often as required and the Company will disclose in its annual report the number of times the Committee meets throughout each financial year and the individual attendances of the members at those meetings.

A copy of the Nomination and Remuneration Committee Charter is available at <http://smilesinc.com.au/investor-centre/>.

### **Principle 3: Act ethically and responsibly**

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The Company expects all Directors, managers, employees and other team members to conduct themselves in accordance with its Code of Conduct which contains principles and standards of conduct which are based on the Company's values and represent the Company's commitment to uphold ethical business practices and meet applicable legal requirements.

The key aspects of this code are to:

- require team members to develop and maintain a working knowledge of, and act in accordance with, the Company's policies and procedures, with specific focus on workplace, health and safety and human resources policies;
- require team members to act fairly with honesty and integrity, treating all persons with respect;
- require team members to use resources properly, efficiently and for authorised purposes;
- set a framework prohibiting certain unethical behaviours and restricting activities that may give rise to a conflict of interest of team members,
- outline responsibilities for confidential and personal information; and
- provide a process for reporting breaches of the code, which applies in conjunction with the Company's whistle-blower policy that has been separately adopted by the Board. The whistle-blower policy applies to all persons engaged in the Group's business, establishing a protected framework for the reporting of illegal, unacceptable, unethical or undesirable behaviour or conduct.

The Board has also adopted a Directors' Code of Conduct, which applies specifically in relation to the Directors' legal and ethical obligations regarding their position within the Company.

The Directors' Code of Conduct and the Whistleblower Policy are available at <http://smilesinc.com.au/investor-centre/>.

### **Principle 4: Safeguard integrity in corporate reporting**

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#### **4.1 Audit and Risk Committee**

The Board has established an Audit and Risk Committee comprising David Usasz (independent chair of the Committee), David Herlihy and Tracy Penn. From 1 August 2018, Peter Evans has been appointed as a fourth member of the Committee.

As David Usasz, David Herlihy and Peter Evans are considered by the Board to be independent Directors, the majority of the Audit and Risk Committee is independent. David Usasz (independent chair of the Committee) is not the chair of the Board.

However, as the Committee includes Tracy Penn, an executive Director, the Company is only part complying with the ASX Recommendation regarding composition of audit committees.

Notwithstanding the Audit and Risk Committee includes an executive Director, the Board is of the view that the current members of the Audit and Risk Committee are the most appropriate to carry out its objectives and all of the members will bring independent judgement to its deliberations.

The Audit and Risk Committee meets at least twice during each year and more often as required and the Company will disclose this as well as the individual attendances in its annual report.

The relevant qualifications and experience of the Committee members will also be included in the annual report.

A copy of the Committee's charter is available at <http://smilesinc.com.au/investor-centre/>.

#### **4.2 Financial statements**

The Board is responsible for approving and monitoring financial and other reporting of the Company, and is committed to ensuring the financial statements of the Company represent a true and fair view of the Company's financial position and performance.

The Board has established the Audit and Risk Committee to assist the Board with the quality and reliability of financial information prepared by the Company and monitor an appropriate internal control framework.

The Board receives assurances from the Chief Executive Officer and the Chief Financial Officer that the declarations provided in relation to the annual and half-yearly financial statements, in accordance with sections 295A and 303(4) of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects.

#### **4.3 External auditor**

The Company has a policy that its external auditing firm must be independent. The Audit and Risk Committee reviews and assesses the independence of the external auditor on an ongoing basis.

The Company's external auditor will attend the Company's AGM and be available to answer any question which shareholders may have about the conduct of the external audit for the relevant financial year and the content of the Financial Report.

### **Principle 5: Make timely and balanced disclosure**

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The Company is committed to complying with all continuous disclosure obligations imposed by the ASX Listing Rules and otherwise as required by law. The Company has adopted a Continuous Disclosure Policy which establishes procedures and protocols aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price sensitive information.

Pursuant to the Continuous Disclosure Policy, the Company will immediately notify the market, by announcing to the ASX, any information concerning the business of the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities (subject to applicable exceptions).

Each Company Secretary has been nominated as the person responsible for communication with the ASX.

All information disclosed to the ASX is also posted on the Group's corporate website at <http://smilesinc.com.au/investor-centre/> following release to the market by the ASX.

A copy of the Continuous Disclosure Policy is available at <http://smilesinc.com.au/investor-centre/>.

## **Principle 6: Respect the rights of security holders**

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The Company aims to ensure that investors are kept fully up to date in relation to major developments and activities of the Group.

The Company has adopted a Shareholder Communications Policy. The Shareholder Communications Policy is designed to promote effective communication with Shareholders and to encourage them to attend and participate at general meetings. The Shareholder Communications Policy is available on the Company's website at <http://smilesinc.com.au/investor-centre/> as are links to recent announcements, presentations (where applicable) and past and current reports to shareholders.

Shareholders are encouraged to participate in the annual general meeting and other general meetings to ensure a high level of accountability and identification with the Company's strategies and goals. Important issues are presented to shareholders as single resolutions.

Shareholders are given the opportunity to receive communications from, and send communications to, the Company and its share registry electronically and new shareholders are advised of this option in the Welcome Pack issued by the share registry to new shareholders.

## **Principle 7: Recognise and manage risk**

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### **7.1 Risk Committee**

The Board, through the Audit and Risk Committee, is responsible for ensuring the adequacy of the Group's risk management and compliance framework and system of internal controls, and for regularly reviewing its effectiveness.

The Company has a combined Audit and Risk Committee (as noted above at section 4.1). The Audit and Risk Committee comprises a majority of independent Directors, and is chaired by an independent Director, David Usasz.

The Committee's risk management functions include to:

- establish and maintain an appropriate internal control framework;
- assess corporate risk and compliance with internal controls; and
- oversee business continuity planning and risk mitigation arrangements.

Further details regarding the Committee are included at section 4.1 above, and a copy of the Committee's charter is available at <http://smilesinc.com.au/investor-centre/>.

### **7.2 Review of risk management**

The Board has adopted a Risk Management Policy to outline the Board's responsibility and authority to oversee and manage the Company's risk. The Board has established the Audit and Risk Committee to assist the Board in day-to-day oversight of the Company's risk management program and the Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes.

The Board will review the effectiveness of the Company's risk management and internal control system annually, and may disclose the results of such review in its annual reports.

### **7.3 Internal audit**

The Company does not have a formal internal audit function. However, the Board has established the Audit and Risk Committee to perform internal functions, including monitoring and evaluating the Company's internal control and risk management framework. The Board has also adopted a Risk Management Policy to assist the Board and the Audit and Risk Committee in performing their internal control roles.

Both the Committee's charter and the Risk Management Policy are available at <http://smilesinc.com.au/investor-centre/>.

#### **7.4 Economic, environmental and social sustainability risks**

The Company is subject to various risk factors, with some of these specific to its business activities and others of a more general nature. A summary of risk factors is included in the prospectus issued by the Company dated 13 March 2018.

Smiles Inclusive has not identified any specific, material exposure to the following long term risk factors:

- economic sustainability, being the ability of the Company to continue operating at a particular level of economic production over the long term;
- environmental sustainability, being the ability of the Company to continue operating in a manner that does not compromise the health of the ecosystems in which it operates over the long term; and
- social sustainability, being the ability of the Company to continue operating in a manner that meets accepted social norms and needs over the long term.

### **Principle 8: Remunerate fairly and responsibly**

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#### **8.1 Remuneration committee**

The Company has a combined Nomination and Remuneration Committee (as noted above at section 2.3). The Nomination and Remuneration Committee comprises a majority of independent Directors, and is chaired by an independent Director, David Herlihy. The other members of the Committee are David Usasz and Tracy Penn, and (from 1 August 2018) Peter Evans.

The principal role of the Nomination and Remuneration Committee is to assist the Board and make recommendations to it about the appointment of new Directors and advise on remuneration and issues relevant to remuneration policies and practices.

The Nomination and Remuneration Committee is required to meet at least once each year and more often as required and the Company will disclose in its annual report the number of times the Committee meets throughout each financial year as well as the individual attendances.

A copy of the Nomination and Remuneration Committee Charter is available at <http://smilesinc.com.au/investor-centre/>.

#### **8.2 Remuneration policies**

A Remuneration Report is disclosed with Smiles Inclusive's Annual Financial Report, and contains remuneration policies, practices and amounts for each Director and senior executive considered key management personnel.

Remuneration for executive Directors and senior executive management is appropriately structured for each based on the duties allocated to them, the size of the Group's business and the industry in which the Group operates. Executive remuneration includes a mix of fixed and performance-based remuneration as set out in the Remuneration Report.

Fees and payments to non-executive Directors are based on recommendation of the Nomination and Remuneration Committee bears, and reflect the demands which are made on, and the responsibilities of, the Directors. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting of the Company. The maximum amount which has been approved by the Company's shareholders for payment to non-executive Directors is \$800,000. Fees for non-executive Directors are not linked to the performance of the Group.

The Company does not have an equity-based remuneration scheme, however may consider adopting such a scheme in the future.

The Nomination and Remuneration Committee Charter sets out the scope of the Committee's review in relation to remuneration matters, including of equity participation and other incentive programs.

### **8.3 Securities Trading Policy**

The Company has a Securities Trading Policy, available at <http://smilesinc.com.au/investor-centre/>, which outlines when key management personnel (including Directors) and certain other employees nominated by the Board may trade Company securities.