



Board Charter

1300SMILES and its subsidiaries

(the “Company”)

Adopted 1 July 2016

ROLE AND RESPONSIBILITIES OF THE BOARD

Role of the board

The board of directors is the ultimate decision making body of the Company and is solely responsible to the stakeholders of the Company for all aspects of its operations.

Authority of the board

The board has all and exclusive authority in the operation and administration of the Company except that authority expressly reserved by the constitution or the Corporations Act to be exercised by the members in general meeting.

The board may, by resolution, delegate to committees of the board and to management such authority as it determines is appropriate. Such delegations shall be in writing. However, the board may not delegate to management the matters expressly provided by the board charter or the constitution to be exercised only by the board.

Responsibilities of the board

The board shall be responsible for assessing all aspects of the management of the Company, ensuring that the Company has the appropriate skills and experience to adequately ensure its performance and shall ensure that there are proper, adequate and effective internal controls in place at all times. In particular the following shall be responsibilities expressly reserved for the board and which may be exercised only by the board:

- Oversight of the Company, including its control and accountability systems;
- Appointing, reviewing the performance of, and removing the Chief Executive Officer, Chief Operating Officer or Managing director (howsoever titled);
- Ratifying the appointment and/or the removal, and contributing to the performance assessment of, the members of the senior management team including the Chief Financial Officer and the Company Secretary;
- Input into and final approval of the Company's corporate strategy, business plan and performance objectives;
- Reviewing and approving business plans, the annual budget and financial plans including available resources;
- Overseeing and monitoring:
 - compliance with Company's code of conduct;
 - progress in relation to the Company's diversity objectives and compliance with its diversity policy;
- Ratifying and reviewing systems of risk management and internal compliance and controls, codes of conduct, and legal compliance (including compliance with ASX listing rules);
- Monitoring senior management's performance and implementation of strategy, and ensuring proper resources are available;
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisition and divestitures;
- Ensuring there are effective management processes in place and approve major initiatives;
- Enhancing and protecting the reputation of the organisation;
- Overseeing the operation of the group's system for compliance and risk management reporting to shareholders;
- Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors; and

- From time to time, the board may establish committees to assist it in carrying out its responsibilities, and shall adopt such charters setting out matters relevant to the composition, responsibilities, powers and modus operandi, and such other matters as the board considers appropriate.

Composition of the board

The number of directors of the Company shall be determined by the board from time to time and must be not less than three (3) nor more than the number as set by the Constitution of the Company.

The Board should comprise a majority of people who are independent.

The Board should be comprised of people with a mix of skills and diversity of backgrounds to enable the Board to discharge its duties effectively.

Director independence

The board has determined that an independent director, is a director who is not a full time employee of the Company and who:

- Is not a substantial shareholder of the Company or an officer of or otherwise associated directly with a shareholder of the Company;
- Within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- Within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee of or materially associated with the service provider;
- Is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Has no material contractual relationship with the Company or other group member other than as a director of the Company;
- Has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company;
- Is free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

"material" means equivalent to 5% or more of the Company's gross revenue or expenditure (whichever is the greater) in any one financial year.

Directors' appointment and term of appointment

New directors are provided with a letter of appointment setting out matters relevant to the appointment, expectations of the director and Company information. All directors are appointed for a maximum term of three years. Any director appointed by the board to fill a casual vacancy or otherwise in accordance with the constitution, retires at the end of the next annual general meeting of members but is eligible for re-election.

Chairman

The Chairman shall be elected by the board (in accordance with the constitution) and the roles of Chairman and Chief Executive Officer shall not be exercised by the one person.

DUTY IN RESPECT OF SECURITY TRADING

Duty to Comply with Security Trading Code of Conduct

The directors of the Company shall refrain from trading in the Company's Securities (including unlisted and listed options) except in strict compliance with the Company's Share Trading Policy.

Duty to advise certain information in respect of directors' shareholding (ASX Listing Rule 3.19A and Sec 205G Corporations Act ("the Act"))

In discharge of their obligations under Section 205G of the Act and in compliance with Listing Rule 3.19A, directors must notify the Company immediately their Initial Notifiable Interest and Changes in Notifiable Interest upon the occurring of an Event concerning the director and in any event no later than two days after the occurring of an Event.

All directors have entered into an enforceable undertaking with the Company in terms of Listing Rule 3.19B.

DIRECTORS' RIGHTS

Right of Enquiry

The directors of the Company individually and collectively are entitled to enquire into and receive Company documents concerning any matter with respect of the operations of the Company. Directors shall provide management with reasonable notice for any such enquiry or documents having regard to the smooth and efficient management of the Company's operations. The directors are entitled to question any employee of the Company concerning the Company's operations.

Right to Board Papers

The directors receive board papers for each board meeting during their term as directors and have a right to access board papers for a period of seven (7) years after they cease to be directors under certain conditions. Directors must not deal with the board papers so as to:

- Disclose information that is confidential to the Company, or if such disclosure would be in breach of an obligation of confidentiality owed by the Company, to another person or party. For the purpose of this matter, all information contained in the Company's board papers shall be deemed to be confidential; and
- Breach legal professional privilege attaching to documents contained therein for the benefit of the Company.

Right to Independent Professional Advice

Directors have the right, subject to the approval of the Chairman, to seek independent professional advice, at the Company's cost, in respect of any matter concerning the Company, its operations and/or financial arrangements. The board has established and approved a procedure by which directors shall seek approval to seek independent professional advice.

Right to Indemnity and Insurance

The directors shall be entitled to be indemnified and insured by the Company at its expense for all liabilities, claims or losses incurred by the director in carrying out his/her role as a director as permitted by the Act.

Right to Payment of Certain Expenses

The directors are in addition to any other remuneration provided in accordance with the constitution, entitled to be paid from Company funds all reasonable travel, accommodation and other expenses incurred by the directors in attending meetings of the Company or of the board or of any Committees or while engaged on the business of the Company.

MANAGEMENT

Subject to the Direction of the Board

Management are in general to conduct of the day to day affairs of the Company, subject to the directions of the board.

BOARD REVIEW OF PERFORMANCE

Board Performance Evaluation

The board shall undertake an annual performance evaluation of itself that:

- Compares the performance of the board with the requirements of the board charter;
- Sets goals and objectives for the board for the ensuing year; and
- Effects any improvement to the board charter that appears necessary or desirable by the outcome of the performance review.

COMPANY SECRETARY

Statutory requirement

The Company is required to have at least one Company Secretary who shall be appointed by the board.

Role of Company Secretary

The Company secretary supports the effectiveness of the board by monitoring to ensure that board's policy, procedures and the law are followed and through the Chairman for all corporate governance matters.