

# Appendix 4G

## Key to Disclosures

### Corporate Governance Council Principles and Recommendations

Name of entity

Smartgroup Corporation Ltd
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ABN/ARBN

48 126 266 831
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Financial year ended:

31/12/2022
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Our corporate governance statement<sup>1</sup> for the period above can be found at:<sup>2</sup>

- These pages of our annual report:
- This URL on our website: <http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance>

The Corporate Governance Statement is accurate and up to date as at 22 February 2023 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.<sup>3</sup>

Date: 23 February 2023

Name of authorised officer authorising lodgement: Jonathan Swain, Company Secretary

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<sup>1</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

<sup>2</sup> Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

<sup>3</sup> Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation in full for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should have and disclose a board charter setting out: (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.	<input checked="" type="checkbox"/> and we have disclosed a copy of our board charter on our website at: <a href="http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance">http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</a> .	
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward 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.	<input checked="" type="checkbox"/>	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/>	
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.	<input checked="" type="checkbox"/>	

<sup>4</sup> Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate-governance/charters/”).

<sup>5</sup> If you have followed all of the Council’s recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
1.5	<p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) 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.</p> <p>If the entity was in the S&amp;P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed</p> <ul style="list-style-type: none"> <li>a copy of our diversity policy on our website at: <a href="http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance">http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</a>; and</li> <li>the information referred to in paragraph (c) in our Corporate Governance Statement,</li> </ul> <p>and we were included in the S&amp;P/ASX 300 Index at the commencement of the reporting period and our measurable objective for achieving gender diversity in the composition of our board is to have not less than 40% of our directors of each gender by 2023.</p>	
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed</p> <ul style="list-style-type: none"> <li>the evaluation process referred to in paragraph (a) in our Corporate Governance Statement; and</li> <li>whether a performance evaluation was undertaken for the reporting period in accordance with that process in our Corporate Governance Statement.</li> </ul>	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed:</p> <ul style="list-style-type: none"> <li>the evaluation process referred to in paragraph (a) in our Corporate Governance Statement; and</li> <li>whether a performance evaluation was undertaken for the reporting period in accordance with that process in our Corporate Governance Statement.</li> </ul>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> <li>has at least three members, a majority of whom are independent directors; and</li> <li>is chaired by an independent director,</li> </ol> <p>and disclose:</p> <ol style="list-style-type: none"> <li>the charter of the committee;</li> <li>the members of the committee; and</li> <li>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> </ol> <p>(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.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed:</p> <ul style="list-style-type: none"> <li>a copy of the charter of the Human Resources and Remuneration Committee (which fulfils the role and responsibilities of a nomination committee under Recommendation 2.1) on our website at: <a href="http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance">http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</a>; and</li> <li>the information referred to in paragraph (4) in our Corporate Governance Statement; and</li> <li>the information referred to in paragraph (5) on page 43 of our 2022 Annual Report which is on our website at <a href="http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements">http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements</a>.</li> </ul>	
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed our board skills matrix in our Corporate Governance Statement.</p>	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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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, affiliation 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 or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	<input checked="" type="checkbox"/> and we have disclosed: <ul style="list-style-type: none"> <li>the names of the directors considered by the board to be independent directors in our Corporate Governance Statement;</li> <li>where applicable, the information referred to in paragraph (b) in our Corporate Governance Statement; and</li> <li>the length of service of each director in our Corporate Governance Statement.</li> </ul>	
2.4	A majority of the board of a listed entity should be independent directors.	<input checked="" type="checkbox"/>	
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.	<input checked="" type="checkbox"/>	
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	<input checked="" type="checkbox"/>	
<b>PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should articulate and disclose its values.	<input checked="" type="checkbox"/> and we have disclosed our values in our Corporate Governance Statement, and in our code of conduct available on our website at: <a href="http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance">http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</a> .	
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	<input checked="" type="checkbox"/> and we have disclosed our code of conduct on our website at: <a href="http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance">http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</a> .	
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	<input checked="" type="checkbox"/> and we have disclosed our whistleblower policy (entitled Speak Up Policy) on our website at: <a href="http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance">http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</a> .	

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3.4	A listed entity should: <ol style="list-style-type: none"> <li>(a) have and disclose an anti-bribery and corruption policy; and</li> <li>(b) ensure that the board or committee of the board is informed of any material breaches of that policy.</li> </ol>	<input checked="" type="checkbox"/> and we have disclosed our anti-bribery and corruption policy on our website at: <a href="http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance">http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</a> .	
<b>PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS</b>			
4.1	The board of a listed entity should: <ol style="list-style-type: none"> <li>(a) have an audit committee which:               <ol style="list-style-type: none"> <li>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, who is not the chair of the board,</li> </ol>               and disclose:               <ol style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the relevant qualifications and experience of the members of the committee; and</li> <li>(5) in relation to 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> <li>(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.</li> </ol>	<input checked="" type="checkbox"/> and we have disclosed: <ul style="list-style-type: none"> <li>• a copy of the charter of the committee on our website at: <a href="http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance">http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</a>; and</li> <li>• the information referred to in paragraph (4) in our Corporate Governance Statement and on pages 41 to 42 of our 2022 Annual Report which is on our website at <a href="http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements">http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements</a>; and</li> <li>• the information referred to in paragraph (5) on page 43 of our 2022 Annual Report which is on our website at <a href="http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements">http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements</a>.</li> </ul>	
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.	<input checked="" type="checkbox"/>	
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	<input checked="" type="checkbox"/>	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy (entitled Disclosure and Communication Policy) on our website at: <a href="http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance">http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</a> .	
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/>	
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<input checked="" type="checkbox"/>	
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: <a href="http://ir.smartgroup.com.au/Investors/">http://ir.smartgroup.com.au/Investors/</a> .	
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input checked="" type="checkbox"/>	
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders in our Corporate Governance Statement.	
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<input checked="" type="checkbox"/>	
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/>	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed:</p> <ul style="list-style-type: none"> <li>• a copy of the charter of the committee at: on our website at: <a href="http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance">http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</a>; and</li> <li>• the information referred to in paragraph (4) in our Corporate Governance Statement; and</li> <li>• the information referred to in paragraph (5) on page 43 of our 2022 Annual Report which is on our website at <a href="http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements">http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements</a>.</li> </ul>	
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period in our Corporate Governance Statement.</p>	
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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 governance, risk management and internal control processes.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed how our internal audit function is structured and what role it performs in our Corporate Governance Statement.</p>	



## Key to Disclosures Corporate Governance Council Principles and Recommendations

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7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	<input checked="" type="checkbox"/> and we have disclosed whether we have any material exposure to environmental and social risks and how we manage or intend to manage those risks in: <ul style="list-style-type: none"> <li>• our Corporate Governance Statement;</li> <li>• the Governance and risk management section set out at pages 36 to 39 of our 2022 Annual Report which is on our website at: <a href="http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements">http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements</a>; and</li> <li>• our Sustainability Report which is on our website at: <a href="https://www.smartgroup.com.au/about-us/sustainability">https://www.smartgroup.com.au/about-us/sustainability</a></li> </ul>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	The board of a listed entity should: <p>(a) have a remuneration committee which:</p> <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 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> </ol> <p>(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.</p>	<input checked="" type="checkbox"/> and we have disclosed: <ul style="list-style-type: none"> <li>• a copy of the charter of the committee on our website at <a href="http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance">http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</a>; and</li> <li>• the information referred to in paragraph (4) in our Corporate Governance Statement; and</li> <li>• the information referred to in paragraph (5) on page 43 of our 2022 Annual Report which is on our website at : <a href="http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements">http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements</a>.</li> </ul>	
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.	<input checked="" type="checkbox"/> and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives in the Remuneration Report set out at pages 44 to 57 of our 2022 Annual Report which is on our website at : <a href="http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements">http://ir.smartgroup.com.au/Investors/?page=ASX-Announcements</a>	

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8.3	A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> <li>(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</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	<input checked="" type="checkbox"/> and we have disclosed our policy on this issue or a summary of it in our Corporate Governance Statement and in our Trading Policy, a copy of which is our website at: <a href="http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance">http://ir.smartgroup.com.au/Investors/?page=Corporate-Governance</a> .	
<b>ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES</b>			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.		<input checked="" type="checkbox"/> We do not have a director in this position and this recommendation is therefore not applicable.
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.		<input checked="" type="checkbox"/> We are established in Australia and this recommendation is therefore not applicable.
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.		<input checked="" type="checkbox"/> We are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable.



# Corporate Governance Statement



Financial Year  
ended 2022

## Introduction

The Board of the Company is responsible for implementing and overseeing the corporate governance practices of the Company and its subsidiaries (Group).

The Board has adopted a corporate governance framework that the Board considers appropriate to the Group's business and which is designed to promote responsible management and sustainable value creation for shareholders. Key components of this framework, being the Charters under which the Board and its Committees operate, the Company's Code of Conduct and the Policies referred to in this Corporate Governance Statement, are available on the Company's website at <http://ir.smartgroup.com.au/Investors/>.

The Company's corporate governance framework has been developed having regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Principles and Recommendations). This Corporate Governance Statement reports against the 4th edition of the Principles and Recommendations.

The Company's corporate governance practices were consistent with the 4th edition of the Principles and Recommendations throughout the financial year ended 31 December 2022. Further details are set out below in the order of the Principles and Recommendations as they appear in the 4th edition.

This Corporate Governance Statement is current as at [22 February 2023] and has been approved by the Board.

## Principle 1 – Lay solid foundations for management and oversight

### Respective roles of Board and Management

The Board operates in accordance with the principles set out in the Company's Board Charter. The Board Charter is available on the Company's website. The Charter sets out the role and the responsibilities of the Board, the Chair of the Board and the Company Secretary, the roles of the CEO and senior management and the accountability of the CEO and management to the Board.

### Roles and responsibilities of the Board

Under the Charter, the primary roles of the Board are to demonstrate leadership, to provide overall strategic guidance for the Company and the Group, to drive performance and to oversee the activities of management. The Charter sets out a comprehensive list of the Board's responsibilities, which include:

- approving the Company's corporate strategy, strategic business plans, annual budget and performance targets and monitoring the performance of senior management against these measures;
- appointing and removing the CEO, approving the appointment or removal of other senior executives, evaluating the performance of and determining the remuneration of the CEO and other senior executives, and reviewing succession planning for directors, the CEO and other senior executives;
- reviewing, ratifying and monitoring management's framework and systems of risk management, internal controls and compliance, approving policies relating to, and overseeing, the management of financial and non-financial risks, setting the risk appetite within which the Board expects management to operate, and monitoring compliance with legal and regulatory requirements and ethical standards and policies; and
- approving the Group's statement of values and Code of Conduct and actively promoting ethical and responsible decision-making, including monitoring compliance with the Code of Conduct and establishing, and monitoring compliance with, other significant corporate policies.

### Role and responsibilities of the Chair

The Charter sets out specific roles and responsibilities of the Chair, which include:

- leading the Board to ensure its effectiveness in all aspects of its role including by setting the agenda and ensuring that adequate time is available for discussion of all agenda items, promoting a culture of debate and openness at Board meetings, and ensuring effective communication with shareholders;
- ensuring that directors receive complete, adequate and timely information and facilitating effective contribution by all directors;
- promoting constructive relations between Board members and between the Board and management;

- monitoring Board performance and ensuring that the membership of the Board comprises suitable skills, expertise and experience that are relevant and appropriate for the Company's needs; and
- promoting high standards of corporate governance and establishing and overseeing the implementation of policies and systems for Board performance review and renewal.

### Roles and responsibilities of Management

The Charter sets out key responsibilities of the CEO and the process by which the Board delegates to the CEO the authority to manage and control the day-to-day affairs of the Company within levels or limits of authority specified by the Board. Subject to the terms of its delegation, the CEO has authority to sub-delegate to the Group Executive Team (GET).

Under the Charter:

- the CEO and the GET have responsibility for the development and execution of the Company's strategy and for the day-to-day management of the Company (but ultimate approval of the Company's strategy and oversight of the Company rests with the Board);
- the CEO is accountable to the Board for the execution of the Company's strategy and exercise of authorities delegated to management; and
- management is responsible for supplying accurate, timely and complete information to the Board and its Committees to allow the Board and Committees to discharge their duties effectively.

### Appointment of directors and senior executives

Before a director or senior executive is appointed, the Company undertakes appropriate checks as to the candidate's character, experience, education, criminal record and bankruptcy history. Where a candidate is standing for election or re-election as a director by shareholders, the notice of meeting contains information on the candidate, including:

- biographical details, details of other material directorships held by the candidate, qualifications and experience;
- a statement regarding the director's independence; and
- the recommendation of the rest of the Board on the resolution.

In the case of a candidate standing for election as a director for the first time, the notice of meeting will contain details of any interest, position, association or relationship that might influence or be perceived to influence in a material respect, the director's 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 generally. In the case of a candidate standing for election as a director for the first time, the notice of meeting will also include any material adverse information revealed by the various checks the Company has performed in relation to the director. No material adverse information has been revealed in relation to any director who has stood for election at any meeting of shareholders.

In the case of a candidate standing for re-election as a director, the notice of meeting will also note the term of office currently served by the director.

As part of the director selection process, any candidate is asked to provide details of their other commitments, and an indication of the time involved, in order to ensure that they will have sufficient time to fulfil their duties as a director of the Company.

### Written terms of appointment

The Company has entered into a letter of appointment with each of its non-executive directors and a written service agreement with each of its senior executives. These documents set out the duties and responsibilities of the director or senior executive (including obligations to comply with relevant Company policies), and their remuneration, superannuation entitlements and any entitlements on termination. For non-executive directors and certain senior executives, the Company also enters into written arrangements regarding indemnity and insurance arrangements and access to corporate information.

### Company Secretaries

The Board is responsible for the appointment of Company Secretaries. The Board Charter provides that the Company Secretary is accountable directly to the Board, through the Chairman, on all corporate governance matters. The names of the Company's two Company Secretaries and their skills, experience and qualifications are contained in the Annual Report. All directors have direct access to the Company Secretaries to discuss matters at any time.

### Diversity

Diversity and inclusion are at the core of the Company's culture and reflect the diversity of the Group's customers and the communities of which they are part. The Board and Management have actively worked to promote and achieve diversity across the Company and this is demonstrated by the broad and diverse employee base in terms of gender, age, ability and cultural background.

In February 2020, the Company was recognised by the Workplace Gender Equality Agency (WGEA) as an Employer of Choice for Gender Equality for a two year period. This recognition was renewed in March 2022 for a further two year period. In addition, the Company was recognised by Diversity Council Australia as an Inclusive Employer for 2019-20 with that recognition renewed for 2021-2022. Further information on the Company's diverse and inclusive culture, including a link to the Company's 2021-22 WGEA Report, is available from our website at the following link: <https://www.smartgroup.com.au/careers/diversity-and-inclusion/>.

**Diversity Policy and gender diversity targets**

The Company has a Diversity Policy, a copy of which is available on the Company’s website.

Under the Diversity Policy, the Board is responsible for setting measurable objectives for achieving diversity, including gender diversity, at various levels within the Company. Under the Company’s 2021-2023 Gender Equality Strategy, which has been approved by the Board, the following gender diversity targets have been set for the Board, the GET, Senior Leaders (being members of management who are direct reports to the GET) and at People Leader and Team Member levels.

The table below sets out the targets approved by the Board and whether or not those targets have been achieved (or the progress towards those targets) as at 31 December 2022.

Measure	Board-approved target*	As at 31 December 2022
Board gender diversity	40% Female 40% Male by 2023	38% Female, 62% Male
GET gender diversity	Maintain 40% Female 40% Male	Achieved
Senior Leader gender diversity	Maintain 40% Female 40% Male	Achieved
People Leader and Team Member gender diversity	Maintain 40% Female 40% Male	Achieved

\* References to 40% Female 40% Male require a minimum of 40% representation of both Females and Males, with the other 20% coming from any gender. For the purposes of this Corporate Governance Statement, Tim Looi, Managing Director and CEO, is included both at the Board level and at the GET level.

In order to ensure that recruitment activity proactively seeks to support the achievement of these targets, the Gender Equality Strategy also provides that where representation of one gender is less than 40%, a target of at least 40% of applicants from the under-represented group should be applied for internal and external shortlists.

The Board has also committed to ongoing review of the gender pay gap across the Group. In 2019, as part of the Company’s submission to WGEA for recognition as an Employer of Choice for Gender Equality, the Board set a target organisation wide pay gap of 14%. The Company conducted gender pay gap reviews in both 2020 and 2021. These reviews showed that the gender pay gap had decreased to 9% by March 2021. As part of the Company’s submission to WGEA in October 2021 for renewal of its recognition as an Employer of Choice for Gender Equality, the Board set a revised target organisation wide pay gap of 6% or under by 2023. The Company’s latest gender pay gap review showed a gender pay gap of 7.4% for the WGEA reporting year ended 31 March 2022.

The Board’s Human Resources and Remuneration Committee (HRRC) reviews and monitors the effectiveness of the Company’s Diversity Policy. Smartgroup continues to be focused on promoting and improving gender diversity and met all statutory requirements prescribed by WGEA in 2022.

**Board performance evaluation**

The Board Charter provides that:

- the performance of the Board, its Committees and individual directors should be reviewed and evaluated at least annually against the requirements of the Company’s governance framework, including the Board Charter and the Charters of the Board’s Committees;
- the Board will use external facilitators to assist in this review and evaluation as appropriate; and

- the Board will consider the outcomes of each evaluation and identify areas where performance can be improved and steps for improving performance in those areas.

In August 2020, the Board commissioned external consultants Challis & Company to conduct a detailed review of the performance of the Board and its Committees based on surveys of, and face to face interviews with all directors and members of the GET. Challis & Company presented their report to the Board in December 2020. The report concluded that the Board is effective overall and included a number of recommendations to further enhance the Board’s performance. Those recommendations were actioned by the Board. Consistent with the process set out in the Board Charter, the Board has conducted further reviews of its performance in respect of the 2021 and 2022 years. These reviews were conducted by way of self-evaluation surveys completed by Directors and subsequent Board discussion of the results of those surveys. The Board currently intends to commission its next externally-facilitated review in 2024.

**Evaluation of performance of senior executives**

As part of the Board’s oversight of management, the HRRC monitors and evaluates the performance of senior executives. All senior executives are subject to annual performance reviews which involve the executive being assessed against agreed strategic goals, company-wide management goals and individual goals.

Performance evaluations for the Managing Director & CEO and all members of the GET were conducted during the calendar year in accordance with the above process.

## Principle 2 – Structure the board to be effective and add value

### Overview of Board and Board Committees

In accordance with its Charter, the Board has a majority of independent, non-executive directors. Following the retirement from the Board of non-executive director Andrew Bolam during 2022, the Board has eight directors, comprising the Managing Director & CEO, Tim Looi, and seven non-executive directors. The Chairman of the Board, Michael Carapiet, is an independent, non-executive director.

To assist the Board in meeting its responsibilities, the Board currently has the following four committees:

- the Audit and Risk Committee (ARC);
- the Human Resources and Remuneration Committee (HRRC);
- the IT and Innovation Committee (ITIC); and
- the Environment, Social and Governance Committee (ESGC).

Each of the Committees has its own Charter approved by the Board which establishes the Committee's terms of reference and operating procedures. Copies of the Committee Charters are available on the Company's website.

Amongst other responsibilities, the HRRC fulfils the role and all responsibilities of a nomination committee described in Recommendation 2.1 of the Principles and Recommendations and a remuneration committee described in Recommendation 8.1 of the Principles and Recommendations. Details of the HRRC are set out below.

Details of the composition and the audit responsibilities of the ARC are set out below in the commentary on Principle 4. Details of the risk responsibilities of the ARC and of the composition and responsibilities of the ITIC are set out below in the commentary on Principle 7. Details of the composition and responsibilities of the ESGC are set out below in the commentary on Principle 3.

### Human Resources and Remuneration Committee

The HRRC currently consists of five non-executive directors, all of whom are independent. It is chaired by an independent director, Gavin Bell. The other members of the HRRC are Michael Carapiet, Carolyn Colley, Deborah Homewood and John Prendiville.

#### Nomination responsibilities

Under its Charter, the HRRC assists and advises the Board on:

- director selection, recommendation and appointment practices;
- director performance evaluation processes and criteria;
- Board composition; and
- succession planning for the Board and the executives,

to ensure that the Board is of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of the Company as a whole.

As and when necessary, the HRRC will implement a process to identify suitable candidates for election to the Board, which may include a search being undertaken by an appropriate third party. The HRRC will evaluate prospective candidates and make recommendations to the Board for the appointment of new Board members. When the Board considers that a suitable candidate has been found, and all required background checks have been satisfactorily completed, that person is appointed by the Board and, in accordance with the Company's constitution, must stand for election by shareholders at the next annual general meeting.

#### Remuneration and other responsibilities

The HRRC advises the Board on remuneration policies and practices for the Board, CEO, other senior executives and other employees of the group. The HRRC also oversees human resources strategies and the culture of the organisation.

#### Meetings and attendance

The HRRC meets as frequently as required to undertake its role effectively. The HRRC met three times in 2022. The attendance of the members of the HRRC at each meeting held during the year ended 31 December 2022 is set out in the 2022 Annual Report.

**Board skills, experience and expertise**

The Company seeks to have directors with a range of skills, experience and expertise that is appropriate for the Company, its strategic objectives, and its values. To help ensure that this goal is met, the Company has developed a Board skills matrix which identifies the key skills and experience considered appropriate for the Board and assists in identifying any gaps in the skills and experience of the directors on the Board. The skills matrix is set out below and states against each category of experience, skill and qualification the total number of directors, out of eight, who have that experience, skill or qualification.

Experience, skills and qualifications	Number of directors
<b>Industry experience</b>	
Executive and strategic leadership – senior executive or directorship experience or public service equivalent	8
Financial and risk management – senior executive experience in financial accounting and reporting, corporate finance, risk and internal controls	8
Other board level experience or equivalent – prior experience as Board member or membership of governance bodies	6
Regulatory, government and public policy – background in legal or government	2
Industry – experience in financial services, insurance, salary packaging industries	5
<b>Knowledge and skills</b>	
Governance	7
Sales and marketing	4
Human resources and remuneration	7
Accounting and finance	7
Technology, media and communications	3
Mergers and acquisitions	6
<b>Tertiary qualifications</b>	
Economics, law, commerce and/or business	8
Science, engineering	1

The Board has a good mix of private and public sector experience, across a number of industries. The Board as a whole is strong in the areas of accounting and financial services and also in mergers and acquisitions experience. Each non-executive director also has significant experience in dealing with strategic human resources and remuneration issues in CEO or other senior executive capacities.



## Independence

In its Charter, the Board has adopted the definition of independence set out in the Principles and Recommendations. The definition of independence in the Board Charter is consistent with the definition set out in the 4th edition of the Principles and Recommendations.

A director is considered independent by the Company if the director is a non-executive director who is not a member of management and is free of any interest, position 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 as a whole rather than in the interests of an individual shareholder or other party.

The Board continually assesses whether each non-executive director is independent. The directors are required to provide all information to the Board which may be relevant to this assessment.

The Board considers that each of the non-executive directors is independent when assessed in accordance with the criteria in the 4th edition of the Principles and Recommendations. As Managing Director & CEO of the Company, Tim Looi is considered not to be independent.

In late 2021, John Prendiville was appointed as a member of the Investment Committee of River Capital Pty Limited's Growth Fund, which is an investor in listed equities, primarily in the Australian market, and has been a long standing investor in the Company over many years. In that role, Mr Prendiville does not have any control or involvement in the buying or selling of any equities in the fund, and, by agreement with River Capital,

abstains on discussion of any confidential matters relating to the Company.

In February 2022, River Capital Pty Ltd lodged a substantial shareholder notice disclosing a relevant interest in 5.15% of the Company's shares. In accordance with Recommendation 2.3 of the Principles and Recommendations, the Board considered at that time whether Mr Prendiville's relationship with River Capital, as a substantial shareholder, might affect his status as an independent director.

Having regard to the nature of Mr Prendiville's role with River Capital, the matters disclosed above, and the level and nature of River Capital's long standing shareholding in the Company, the Board concluded that the relationship between Mr Prendiville and River Capital would not interfere with Mr Prendiville's capacity to bring an independent judgement to bear on issues before the Board, and will not cause Mr Prendiville to have any bias towards the interests of River Capital rather than the interests of shareholders generally. Accordingly, the Board continued to regard Mr Prendiville as an independent director.

Whilst Mr Prendiville continues to hold the role noted above, River Capital ceased to be a substantial shareholder in August 2022. The Board continues to regard Mr Prendiville as an independent director.

The roles of Chairman and CEO are separate, and the Board Charter sets out the responsibilities of each office. The roles of Chairman and CEO are not exercised by the same individual.

The directors were appointed on the following dates and have the following tenures as at the date of this Corporate Governance Statement:

Director	Date of appointment	Tenure
Michael Carapiet	18 February 2014	9 years
Gavin Bell	18 February 2014	9 years
John Prendiville	18 February 2014	9 years
Ian Watt	1 July 2015	7 years and 7 months
Deborah Homewood	9 May 2016	6 years and 8 months
Carolyn Colley	15 March 2019	3 years and 11 months
Tim Looi	29 February 2020	2 years and 11 months
Anne McDonald	14 December 2021	1 year and 2 months

## Director induction, training and professional development

The HRRC is responsible for developing and reviewing induction procedures for any new appointees to the Board to enable them to discharge their duties effectively, and to increase their knowledge about the Company and the industry within which the Company operates. New directors are provided with all relevant charters and policies, including the Trading Policy, and details of indemnity and insurance arrangements. The HRRC is also responsible for ensuring that directors continuously develop and maintain their skills and knowledge needed to perform their roles as directors effectively.

## Independent professional advice

Subject to consultation with the Chairman, directors may in appropriate circumstances access independent professional advice at the Company's expense in order to assist them in carrying out their Board duties.

## Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

The Company is committed to acting lawfully, ethically and responsibly in all its dealings.

### Values and Code of Conduct

The Company has adopted a Code of Conduct that sets out the Company's core values and standards expected of all people who are subject to it. The Code of Conduct is available on the Company's website. The Company's core values, as set out in the Code of Conduct, are:

#### We Care

- We respect and care for each other
- We show our customers that they matter
- We create positive impacts in our community and environment

#### Accountability – We Own it

- We hold ourselves accountable for outcomes good and bad
- When we see a problem, we move to solve it
- We never say “that's not my job”

#### Team – We think of We not Me

- We share information openly and proactively
- We can count on each other
- We win together.

Both the Code of Conduct and the Company's core values within it have been considered and approved by the Board.

The Code of Conduct applies to all directors, officers and employees of the Company and its subsidiaries and all contractors, consultants and other persons that act on behalf of the Company or its subsidiaries.

### Speak Up Policy, Anti-Bribery and Corruption Policy and Ethics Policy

The Company has a Speak Up Policy, which replaced the Company's previous Whistleblower Policy. The Company also has an Anti-Bribery and Corruption Policy and an Ethics Policy. The Speak Up Policy, the Anti-Bribery and Corruption Policy, and a summary of the Ethics Policy are available on the Company's website.

Since 2021, the Company has engaged a third-party provider to receive anonymous disclosures of reportable conduct under the Speak Up Policy, and to provide independent assessment of those disclosures.

Company employees undertake training in relation to their rights and obligations under the Code of Conduct, the Speak Up Policy, the Anti-Bribery and Corruption Policy and the Ethics Policy.

### Board and ARC responsibilities

The Board requires that management creates a culture within the Company which promotes ethical and responsible behaviour. Under its Charter, the ARC is responsible for receiving and evaluating reports from management about breaches of the Code of Conduct and the Anti-Bribery and Corruption Policy and for receiving and evaluating reports about matters reported under the Speak Up Policy. The ARC is also responsible for encouraging voluntary reporting by employees of breaches of internal controls or company policies, having regard to the terms of the Speak Up Policy.

### Environment, Social and Governance Committee

The purpose of the ESGC is to consider and make recommendations to the Board on:

- the social, environmental and ethical impact of the Company's business activities;
- major corporate responsibility and sustainability initiatives and changes in policy; and
- stakeholder communication about the Company's corporate responsibility and sustainability policies.

The ESGC works in conjunction with the HRRC and the ITIC to assist the Board in fulfilling its responsibilities for ensuring Smartgroup has adopted and maintains appropriate corporate governance procedures.

The Chair of the ESGC is Ian Watt, and the other members are Gavin Bell, Michael Carapiet, Carolyn Colley and Anne McDonald. All members of the ESGC are independent directors.

The responsibilities of the ESGC include:

- reviewing the effectiveness of the Company's policies and initiatives designed to ensure environmental sustainability and the minimisation of the Company's impact on the environment;
- considering examples of how environment and sustainability related risks and opportunities could materially impact the Company's actual or potential operations, and continuing to grow the Company's organisational knowledge of environmental and sustainability issues;
- reviewing the effectiveness of the Company's policies and initiatives on community engagement, ethical business practices and social responsibility;
- monitoring the Company's community activities and giving programmes to ensure they are directed to benefit the Company's customers and clients and the communities in which the Company operates;
- considering proposals from management and making recommendations to the Board on major initiatives related to the Company's corporate responsibility and sustainability policies, principles and practices to meet changing stakeholder expectations;

- approving specific external stakeholder communications about the Company's corporate responsibility in the form of the Sustainability Report included in the Annual Report and other important matters;
- supervising the development, implementation and reporting of the Company's Sustainability Strategy by management and monitoring performance indicators; and
- monitoring how effectively the views of the Company's key stakeholder groups on social, environmental, and sustainability issues are considered through management engagement.

The ESGC met three times in 2022. The attendance of the members of the ESGC at each meeting held during the year ended 31 December 2022 is set out in the 2022 Annual Report.

## Principle 4 – Safeguard the integrity of corporate reports

### Audit and Risk Committee

The ARC currently consists of five non-executive directors, all of whom are independent. The ARC is chaired by an independent director, Anne McDonald, who assumed the chair during the year from another independent director, John Prendiville. The other members of the ARC are Gavin Bell, Michael Carapiet, Deborah Homewood and Ian Watt.

The qualifications of the directors on the ARC are set out in the 2022 Annual Report. The Board considers that the ARC is an appropriate size and is sufficiently independent. Members of the ARC are considered to have the accounting and financial expertise, and sufficient understanding of the industry in which the Group operates and the Group's internal control systems, to be able to discharge their audit responsibilities on the ARC.

#### Audit responsibilities

The ARC assists the Board in carrying out its accounting, auditing and financial reporting responsibilities including oversight of:

- the integrity of the Company's external financial reporting and financial statements and the processes that produce those statements;
- the appointment, remuneration, independence and competence of the Company's external auditors; and
- the performance of the internal and external audit functions and review of their audits.

The ARC also liaises with the Company's external auditors, reviews the scope of their activities, their remuneration and independence, and advises the Board on their appointment and removal.

The CFO, the CEO and the external auditors are invited to join ARC meetings.

The ARC has the authority to:

- require management or others to attend meetings and to provide any information or advice that the ARC requires;
- access the Company's documents and records;
- obtain the advice of special or independent counsel, accountants or other experts, without seeking approval of the Board or management; and
- access management and internal and external auditors.

The ARC meets as frequently as required to undertake its role effectively. The ARC met four times during 2022. The attendance of the members of the ARC at each meeting held during the year ended 31 December 2022 is set out in the 2022 Annual Report.

### CEO and CFO Declaration and Assurance

In accordance with the Principles and Recommendations, for both the half year ended 30 June 2022 and the financial year ended 31 December 2022, the Board received written declarations from the Managing Director & CEO and the CFO that the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control, which is operating effectively in all material respects in relation to the reporting of financial risks.

### Process for verification of integrity of periodic corporate reports

All periodic corporate reports that are not otherwise subject to audit or review by an external auditor are reviewed in accordance with an internal verification procedure to ensure the integrity and accuracy of the information included in those reports. This verification procedure involves a systematic checking and sign off procedure co-ordinated by the Chief Legal Officer and Company Secretary and the Chief Financial Officer. Where possible, each statement or number in the relevant report is linked back to an independent external or internal source document. A written declaration is then provided to the Board or other person authorising the release of the relevant report confirming the process completed, the nature of the source documents used to verify the information and the identity of the persons who have completed each part of the verification process.

### External auditor at the AGM

The Company's external auditor attended the Company's hybrid AGM in 2022 and was available to answer questions from shareholders at that AGM. The auditor will attend future AGMs in accordance with the Corporations Act. The Board recognises that it is important for shareholders to have the opportunity to question the auditor at the AGM, as an important safeguard for the integrity of the corporate reporting process.

## Principle 5 – Make timely and balanced disclosure

The Company is subject to continuous disclosure obligations under the ASX Listing Rules and Corporations Act 2001 (Cth). Subject to some limited exceptions, under the continuous disclosure requirements, the Company must immediately notify the market, through ASX, of any information which a reasonable person would expect to have a material effect on the price or value of the Company's shares.

### Disclosure and Communications Policy

To achieve these objectives and satisfy the regulatory requirements, the Board has adopted a Disclosure and Communications Policy. The Company also has Disclosure and Materiality Guidelines. These guidelines explain to employees the regulatory background to market disclosure, and help employees to identify what kinds of information require disclosure to the ASX so that all relevant information in the Company is brought to the attention of the Board. Both the Policy and the Guidelines are available on the Company's website.

The Policy aims for the proper and timely disclosure of information to shareholders and provides that the Company will:

- comply with the continuous disclosure obligations imposed by law;
- present Company announcements in a factual, clear and balanced way;
- provide all shareholders with equal and timely access to material information concerning the Company; and
- communicate effectively with shareholders and make it easy for them to participate in general meetings.

The Board or a Committee of the Board reviews drafts of all material ASX announcements and the Company Secretary releases those announcements once the Board has approved them for release. Announcements of a routine nature are approved for release by the Chairman, CEO or Company Secretary prior to release.

The Company has appointed Sophie MacIntosh, Chief Legal Officer and Company Secretary, as the person responsible for communication with the ASX in relation to listing rule matters and also for the general administration of the Disclosure and Communications Policy.

### Circulation of material market announcements to the Board

The Company Secretaries circulate to the Board copies of all material ASX announcements released by the Company promptly after they have been released on the ASX Market Announcements Platform.

### Investor and analyst presentations and shareholder briefings

All new and substantive investor and analyst presentations are released to the ASX Market Announcements Platform ahead of the presentation. The Company also provides a live-streamed audio briefing on its full-year and half-year financial results, following the release of those results to the ASX. These briefings are available to all shareholders via a link announced to the ASX, and recordings of the briefings are then made available on the Company's website.

### Trading Policy

The Company has a Trading Policy which regulates dealings in the Company's shares. A copy of the Trading Policy is available on the Company's website. The Policy sets out the restrictions on trading in the Company's securities applying to the Company's directors, employees, advisors, auditors and consultants. Subject to the overriding restriction that persons may not deal in any securities when they are in possession of inside information, directors and employees may generally only buy or sell the Company's shares during "trading windows", being the periods immediately following the release of the Company's full-year and half-year results and the AGM.

## Principle 6 – Respect the rights of security holders

The Company is committed to giving all shareholders comprehensive, timely and equal access to information about its activities so as to enable shareholders to make informed investment decisions and effectively exercise their rights as shareholders.

### Information on website

One of the Company's key communication tools is its website. The Company has a dedicated investor section on its website ([ir.smartgroup.com.au/Investors/](http://ir.smartgroup.com.au/Investors/)), and there is a link on that page to the corporate governance page. Smartgroup's investor website includes information about the Company relevant to shareholders, including:

- all announcements lodged with the ASX, including annual and half-year financial results;
- the Board and Committee Charters, the Company's constitution, and the key corporate governance policies referred to in this statement, or a summary of them;
- names, photographs and brief biographical information for each of the Company's directors and senior executives;
- the Company's most recent Annual Report;
- information about the Company's AGM, including the notice of meeting, once available;
- a key events calendar;
- historical market price of the Company's shares;
- company and registry contact details for shareholders, analysts and the media;
- financial information about the Company;
- copies of slide packs and recordings of half-year and annual briefing presentations of results.

The Company has a dedicated Investor Relations email address ([ir@smartgroup.com](mailto:ir@smartgroup.com)) to assist shareholders with any queries.

The Company endeavours to make the best use of new technologies to enhance shareholder communication.

### Investor relations program

Shareholders, analysts and the media are able to call or email members of the investor relations team, ask questions and request to set up meetings, where appropriate. When results are announced, senior management gives a number of presentations to investors. The Board considers that this policy of active engagement has served shareholders well to date. If a more detailed investor relations program is required, the Company will implement it as and when appropriate.

The Company also engages with politicians, industry groups, regulators, unions and other stakeholders, as part of its industry involvement and relationships with customers.

### Participation at shareholder meetings

The Board and Management recognise that shareholder meetings are an important forum for two-way communication between the Company and its shareholders. The Board encourages shareholder participation in shareholder meetings by enabling shareholders to ask questions both before and during each meeting, and by including details of how shareholders may do this prominently in each notice of meeting.

The Company chose to hold its 2021 AGM as a hybrid meeting in response to the ongoing effects of the COVID-19 pandemic. The Company continued to use the hybrid meeting format for the 2022 AGM, in order to provide shareholders with the flexibility either to attend the AGM in person or to participate in the AGM online.

### Voting at shareholder meetings

All resolutions considered at the 2022 AGM were decided by poll rather than on a show of hands.

### Electronic communications with shareholders

The Company provides shareholders with the option to receive communications from and send communications to the Company and its share registry, Link Market Services, electronically. All communications are designed to be easily readable on a computer screen or other electronic device, and also include a printer-friendly option for those shareholders who wish to retain a hard copy of the communication.

## Principle 7 – Recognise and manage risk

### Risk oversight and management

The Company recognises risk management as an integral part of good corporate governance and as fundamental in achieving its strategic and operational objectives.

#### Board responsibilities

The Board is responsible for:

- reviewing, ratifying and monitoring management's framework and systems of risk management, internal controls and compliance;
- approving policies relating to, and overseeing, the management of financial and non-financial risks, including economic, environmental, social and governance risks;
- setting the risk appetite within which the Board expects management to operate; and
- monitoring compliance with legal and regulatory requirements and ethical standards and policies.

#### Audit and Risk Committee responsibilities

The ARC assists the Board in carrying out its risk management, legal and regulatory compliance responsibilities. The ARC's risk management responsibilities are to have oversight of:

- the effectiveness of the Company's risk management framework and system of internal controls including the Company's policies on the management of financial and non-financial risks, including economic, environmental, social and governance risks;
- the Company's systems and procedures for compliance with applicable legal and regulatory requirements; and
- the Company's insurance program and insurance policies.

Members of the ARC are considered to have sufficient understanding of the Group's structure, controls and typical transactions, and the industry in which the Group operates, to be able to discharge their risk responsibilities on the ARC.

The ARC is also responsible for making recommendations regarding the appointment or removal of the Chief Risk Officer, the scope of the internal audit work plan, and the objectivity and performance of the internal audit function.

Details of the composition of and governance arrangements relating to the ARC are set out above in the commentary on Principle 4.

#### Management responsibilities

The task of undertaking and assessing risk management and internal control effectiveness is delegated to management through the CEO. Management reports to the ARC on:

- the Group's key risks and whether the Group is operating within the risk appetite set by the Board;
- new and emerging risks and management's responses to those risks;
- material incidents involving a failure of the Group's risk controls and management's response to any such incident; and
- results of internal audit reviews on the adequacy of risk controls and any recommendations for improvement.

The Chief Risk Officer is responsible for designing and implementing the Risk Management Framework, as well as overseeing the execution of the internal audit plan as approved by the ARC. Given this dual responsibility, appropriate safeguards have been put in place to protect the independence of internal audit.

The Chief Risk Officer and the CEO are invited to attend ARC meetings.

### Risk Management Policy and Framework

The Company has a Risk Management Policy which is reviewed annually by the ARC and the Board. The Policy was reviewed and updated in 2022 and was reviewed again in February 2023 with no further updates made. A copy is available on the Company's website.

The Risk Management Policy is supported by a Risk Management Framework which is designed to ensure that risks are identified, assessed, managed and reported on a consistent and reliable basis in accordance with the risk appetite and measures (metrics and thresholds) set by the Board. The Risk Management Framework is also reviewed annually by the ARC and the Board. The Risk Management Framework was reviewed and updated in 2022 and was reviewed again in February 2023 with no further updates made.

The Risk Management Framework requires each business function to manage the risks associated with its activities. Accountability for risk management is structured as follows:

- Management is responsible for managing all risks, where possible. This includes identifying and assessing the risks faced, determining and implementing an approach to the management of these risks, and using risk management outcomes and considerations as part of their day-to-day business decision-making processes.
- A dedicated risk function under the Chief Risk Officer provides risk management expertise and oversight, including providing specialist input to the development of policies and procedures for risk management and checking that these policies and procedures are used as part of the day-to-day management of the business. The Chief Risk Officer is the custodian of the Risk Management Framework and monitors the Company's compliance with the framework, and the associated risk management policies and procedures.

### Internal audit function

With appropriate safeguards in place, the Chief Risk Officer also has responsibility for the Company's internal audit function, providing independent assurance to the ARC and other key stakeholders regarding the adequacy and effectiveness of the Company's system of internal controls and risk management procedures. To maintain independence, when discharging the responsibilities of the internal audit function, the Chief Risk Officer reports directly to the Chair of the ARC. The Company's internal audit activities are directed by the Internal Audit Plan, which is approved annually and monitored by the ARC.

## Privacy and data security

Smartgroup recognises the importance of vigilance in the protection of customers' personal information and compliance with the Privacy Act and the Australian Privacy Principles. To ensure ongoing compliance and mitigate against the risk of privacy breaches, Smartgroup has undertaken a number of preventative measures, including extensive and regular all-staff training, at both initial staff induction and ongoing refreshers; scripting, recording and quality auditing of call centre phone interactions; implementing system user access and segregation of duties controls; investing in local Australian data storage and investing heavily in cyber security.

In the event of a privacy breach, Smartgroup has implemented procedures to ensure it can mobilise quickly to control and mitigate the breach. These procedures include the establishment of a Data Breach Response Team, supported by a Data Breach Response Plan. This team has undertaken scenario training to ensure it is well prepared to act in the event of a breach.

## Economic, environmental, social and governance risks

The Board regularly discusses all economic, environmental, social and governance risks that it considers are likely to have a material effect on the Company's financial performance or value over the short, medium and long term. All relevant risks are included and categorised on the Company's risk register and are closely analysed by the ARC and the Board. Consideration of environmental, social and governance risks and issues is also a key responsibility of the ESGC, working with the ARC.

Like all businesses, the Company is subject to economic risks, including any downturn in the economy and the effect this could have on customers and their businesses. The Board considers that a primary risk to the Company's business is change to legislation, particularly changes to Fringe Benefits Tax legislation. Accordingly, this risk is closely monitored.

Another particular risk for the Company is any decline in Australian private new car sales and/or car supply constraints. The Company is constantly reviewing this risk and it is a matter for regular discussion by the ARC and the Board.

Climate change risks can arise in several categories, such as regulatory, technological, market, and reputational. The Company is exposed to climate change risks associated with the ownership of vehicles, since any climate change legislation or government intervention which affects the cost or attractiveness of private vehicle ownership could in turn have an impact on the Company's business.

The Board considers that the Company can continue operating in a manner that does not unduly compromise the environment in which it operates over the long term. The electrification of the Australian motor vehicle fleet and the transition to zero and low emission vehicles (ZLEVs) will significantly decarbonise Australian land transport and deliver a range of social and economic benefits. With the transition to ZLEV gathering momentum through federal and state government led initiatives the Board further considers that the Company can continue operating in a manner that meets accepted social norms.

## IT and Innovation Committee

The ITIC was established to ensure that IT matters are given sufficient attention at the Board level, given their importance and associated risk.

The Chair of the ITIC is Carolyn Colley. The other members are Michael Carapiet, Deborah Homewood, John Prendiville and Ian Watt. All members of the ITIC are independent directors.

The responsibilities of the ITIC are to assist and advise the Board by:

- reviewing, assessing and recommending the IT strategy of the Company, and reviewing its implementation;
- reviewing and recommending major new IT investments;
- taking responsibility for technology tasks delegated to the ITIC;
- assisting the ARC by identifying, analysing and referring to the ARC particular risks relating to the Company's technology program;
- reviewing emerging technology innovations, advances and trends which could apply in the Company; and
- being a forum for discussion about managing the business in new or innovative ways.

The ITIC meets as frequently as required to undertake its role effectively. The ITIC met three times during 2022. The attendance of the members of the ITIC at each meeting held during the year ended 31 December 2022 is set out in the 2022 Annual Report.



## Principle 8 – Remunerate fairly and responsibly

### Remuneration oversight and management

The Board and the HRRC are primarily responsible for the oversight of the Company's remuneration framework and policies. Details of the composition of and governance arrangements relating to the HRRC are set out above in the commentary on Principle 2.

Details of the Company's remuneration framework are set out in the Remuneration Report which forms part of the 2022 Annual Report.

### Remuneration policies and practices

The Company's policies and practices regarding the remuneration of non-executive directors, executive directors and other senior executives are set out in detail in the Remuneration Report which forms part of the 2022 Annual Report. The 2022 Annual Report is available on the Company's website.

The Company's policy is to remunerate non-executive directors by way of fees and payments which may be in the form of cash, non-cash benefits and superannuation benefits. Under the Company's constitution the maximum remuneration payable by the Company for the services of non-executive directors in total must not exceed the amount approved by shareholders in general meeting. The Company's broad policy in relation to the level of non-executive directors' fees and payments is consistent with the market and enables the Company to attract and retain directors of an appropriate skill level and calibre. Details of these fees and payments are set out in the Remuneration Report.

There is no minimum shareholding requirement for non-executive directors. However, as disclosed in the Remuneration Report, each non-executive director holds a material shareholding in the Company.

The total remuneration paid to the Managing Director & CEO and other senior executives is included in the Remuneration Report. The Report describes in detail the mix of fixed, performance-based and equity-based remuneration. The Company wishes to attract and keep the best talent and the most appropriate team in place to run the Company, and the Board believes that its approach has been successful to date.

Other than as reported in the Remuneration Report, no additional fees were paid to directors for serving on Board Committees for the relevant period. As members of management, executive directors, when appointed, do not receive any additional director's fee.

### Equity-based remuneration schemes

The Company introduced a Long Term Incentive Plan (LTIP) in 2015. Resolutions were passed at the Company's AGMs held in May 2018 and May 2021 in accordance with the ASX Listing Rules approving the issue of securities under the LTIP as an exception to Listing Rule 7.1. All issues of securities to directors or their associates under the LTIP are subject to separate shareholder approval.

In 2022, the Board established a new Short Term Incentive Plan (STIP) under which the Board may offer participants options, performance rights and/or share appreciation rights subject to vesting conditions, performance hurdles and/or exercise conditions approved by the Board. The terms of the STIP were approved by shareholders at the AGM held in May 2022. All issues of securities to directors or their associates under the STIP are subject to separate shareholder approval.

The Company's Trading Policy prohibits designated persons from entering into transactions or arrangements which could have the effect of limiting the economic risk relating to an element of their remuneration that has not vested or has vested but remains subject to a holding lock, whether through the use of derivatives or otherwise. This prohibition applies to securities issued to designated persons under the LTIP and the STIP. The Trading Policy is available on the Company's website.

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