

# SKIN ELEMENTS LIMITED

## CORPORATE GOVERNANCE – 1 BOARD CHARTER

### Purpose

This statement summarises the role and responsibility for the Board of Directors (**Board**) of Skin Elements Limited (the **Company**). This disclosure of the roles and responsibilities for the Board is designed to assist those affected by the corporate decisions to better understand the respective accountabilities and contributions of the Board and management of the Company.

The roles and responsibilities of the Board will evolve as the Company moves forward. As such, a regular review of the balance of responsibilities will ensure that the division of the functions remains appropriate to the needs of the Company.

This charter is a summary of the matters reserved to the Board and has been approved by the Board, formalising the functions and responsibilities of the Board (**Board Charter**).

### Role of the Board

The Board is responsible for:

- the overall operation and stewardship of Skin Elements Limited;
- charting the direction, strategies and financial objectives for Skin Elements Limited;
- monitoring the implementation of those policies, strategies and financial objectives; and
- is committed to protecting and enhancing shareholder values and conducting Skin Elements Limited's business ethically and in accordance with the highest standards of corporate governance.

The Board acknowledges its accountability to shareholders for creating shareholder value within a framework which protects the rights and interests of shareholders and ensures the Company is properly managed.

The objective of the Board is to provide an acceptable rate of return to the Company's shareholders taking into account the interests of its employees, customers, suppliers, lenders and the wider community.

The Board must at all times act honestly, fairly and diligently in all respects in accordance with the duties and obligations of the law applicable to Skin Elements Limited.

Each of the Directors, when representing Skin Elements Limited, must act in the best interest of the shareholders of Skin Elements Limited and in the best interests of the Company as a whole.

### Key Responsibilities

The management and control of the business of Skin Elements Limited is vested in the Board. The Board's primary responsibility is to oversee Skin Elements Limited business activities and management for the benefit of its shareholders.

The Board also recognises its responsibilities to Skin Elements Limited's employees, the environments and communities in which it operates and where appropriate other stakeholders.

The Board strives to create shareholder value and ensure that shareholders' funds are prudently safeguarded.

The Board is responsible for and shall give consideration to the following issues as appropriate:

(a) Strategy

- Developing and reviewing the Company's strategic and operating objectives, business plans and budgets as developed by the Board and management giving consideration to any recommendations made to the Board by any committees;
- Reviewing and approving the Company's financial position, systems of risk management and internal compliance and control, codes of conduct and legal compliance and ensuring the integrity and effectiveness of those systems by conducting annual internal reviews of the systems including reviewing the results of any review by the Audit and Risk Management Committee;
- Approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- Directing, monitoring and assessing the Company's performance against the strategic and business plans by ensuring appropriate resources are available, giving consideration to the Nomination and Remuneration Committee's recommendations;
- Establishing and monitoring succession plans for technical and operational Employees, giving consideration to the Nomination and Remuneration Committee's recommendations;
- Reviewing the Company's technical and operational competency and determining major operational and technical decisions; and
- Monitoring and reviewing procedure to identify and maintain key relationships between the Company and industry, government and community groups.

(b) Risk management

- Generally overseeing and ratifying the conduct and recommendations of the Audit and Risk Management Committee;
- Reviewing the Company's risk profile in a timely basis and ensuring the Company's objectives and activities are aligned with the risks and opportunities identified by the Board, giving consideration to reports and recommendations from the Audit and Risk Management Committee;
- Establishing, implementing and annually reviewing the Company's risk management policies;
- Overseeing and ratifying the conduct and recommendations of the Audit and Risk Management Committee in its review of the Company's financial reporting risk management;
- Reviewing and monitoring the establishment of an appropriate internal control framework, including information systems, and considering enhancements; and

- Annually reviewing internal and external audit reports to ensure that, where deficiencies in controls or procedures have been identified, appropriate remedial action is taken by management.

(c) Management

- Generally overseeing and ratifying the conduct and recommendations of the Nomination and Remuneration Committee;
- Appointing and removing the Managing Director and Chief Executive Officer;
- Ratifying the appointment and removal of the Chief Financial Officer and the Company Secretary;
- Ratifying the appointment and removal of senior executives and senior management;
- Establishing the balance of responsibility between the Chairperson and the Managing Director and Chief Executive Officer (or equivalent);
- Ensuring that the conditions of service of senior executives are appropriate;
- Delegating authority to the Managing Director and Chief Executive Officer.

(d) Performance

- Generally overseeing and ratifying the conduct and recommendations of the Nomination and Remuneration Committee;
- Approving criteria for assessing the performance of the Managing Director and Chief Executive Officer and senior executives, and ensuring appropriate resources are available;
- Determining the necessary and desirable competencies of Directors;
- Monitoring and undertaking annual performance evaluations of the Managing Director, Chief Executive Officer and key senior executives;
- Undertaking an annual performance evaluation of the Board; and
- Reviewing the Board succession plans.

(e) Remuneration

- Generally overseeing and ratifying the conduct and recommendations of the Nomination and Remuneration Committee;
- Establishing remuneration policies and practices which enable the Company to attract and retain executives and directors who will create sustainable value for members and other stakeholders and which fairly and responsibly reward executives and directors having regard to the performance of the Company, the performance of the executive and the external compensation environment;
- Reviewing and approving all remuneration policies, as recommended by the Nomination and Remuneration Committee, including:
  - i. remuneration and incentive policies including the design of all equity-based incentive plans;

- ii. the remuneration report to be included in the annual report and accounts;
  - iii. changes to the remuneration or contract terms of executive directors; and
  - iv. termination payments to executive directors and other members of the senior executive team; and
- Ensuring the integrity of remuneration decisions.

(f) Diversity

Developing a culture of diversity within the Company whereby a mix of skills and diverse backgrounds are employed by the Company at all levels. The Board will consider the benefits diversity brings and the proportions of diversity at all levels of the Company. The Board will consider setting targets and developing diversity strategies where appropriate and will review any reports from the Nomination Remuneration Committee on the levels of diversity in the Board and Company.

(g) Audit

- Generally overseeing and ratifying the conduct and recommendations of the Audit and Risk Management Committee;
- Ensuring the Company discharges its responsibility for externally reported financial information and ensuring financial integrity and credibility of that reporting; and
- Monitoring and ensuring that the Company conforms with requirements of the *Corporations Act 2001* (Cth), the Australian Securities & Investments Commission (**ASIC**) and any other relevant legislation or regulatory authority.

(h) Corporate Governance

- Ensuring that the Company has an effective corporate governance system in place which includes ensuring that policies and procedures in place are consistent with the Company's objectives and corporate governance standards;
- The Board recognises that effective corporate governance structures encourage companies to create value, through entrepreneurialism, innovation, development and exploration, and provide accountability and control systems commensurate with the risks involved. As part of Skin Elements Limited's commitment to ensuring adequate corporate governance policies and principles are in place, Skin Elements Limited seeks to abide by the Principles of Good Corporate Governance and Best Practice Recommendations C<sup>th</sup> Edition (**ASX Principles**) as established by the ASX Corporate Governance Council;
- All companies listed on the ASX are required to state whether they have complied with the ASX Principles under the "if not, why not" approach. Such a policy allows transparency for shareholders in understanding how the company is managed. Fundamental to any corporate governance structure is ensuring that there is accountability and, as such, the Board of Skin Elements Limited will ultimately be responsible for ensuring that Skin Elements Limited adopts, implements and complies with the ASX Principles where appropriate;
- The Company shall, to the extent that the Board determines is reasonable for the Company, having regard to the Company's size, nature and objectives, comply with the ASX Principles; and

- Ensuring ethical behaviour and compliance with the Company's own governing documents, including any Company Code of Conduct as adopted or amended from time to time, and ensuring that the Company and its officers act legally, ethically and responsibly in all matters.

(i) Board Committees

- Establishing the Audit and Risk Management Committee, the Nomination and Remuneration Committee and other Board committees, as and when required;
- Adopting Charters setting out the membership, responsibilities and reporting obligations of each Board committee and evaluating the performance of the Board committees; and
- Ensuring that the Board committees are of sufficient size, independence and technical expertise and have the necessary power and resources to discharge their mandates effectively.

In performing the responsibilities set out above, the Board should act at all times in a manner designed to create and continue to build sustainable value for shareholders and in accordance with the duties and obligations imposed on them by the Company's Constitution and by law.

## Membership

The Board shall, as a preference, consist of:

- a minimum number of three Directors and a maximum of nine Directors, in accordance with the Company's constitution;
- a majority of independent directors;
- at least one member with technical and commercial skills relevant to the financial sector, economics, political science and accounting industry; and
- a structure that takes into account of the ASX Principles or other such principles and guidance as the Board may consider appropriate from time to time.

However, the composition may vary, in particular the Board may be comprised of less than a majority of independent directors and the Chairperson may not be an independent director, provided that the Board considers such composition to be appropriate in the circumstances.

## Board Meetings

- Board meetings are to be held regularly and the Company Secretary will be required to give reasonable notice of a meeting and to provide the Board agenda and briefing materials in a timely manner. Other meetings may be held provided that sufficient notice is given to all Directors.
- the Chairperson will call a meeting of the Board if so requested by any Director.
- the Company Secretary shall ensure that the Board receives all of the information the Board requires to discharge its responsibilities effectively. Directors are entitled to request further information if they determine it is necessary to allow them to carry out their duties and to make informed decisions. All Directors will have adequate access to the Company Secretary.

## **Independence**

An independent director is a non-executive director (i.e. is not a member of management) and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or its subsidiaries, or been a director after ceasing to hold any such employment;
- is not a principal or employee of a professional adviser to the Company or its subsidiaries whose billings exceed five per cent of the adviser's total revenue. A director who is a principal or employee of a professional adviser will not participate in the provision of any service to the Company by the professional adviser;
- is not a significant supplier or customer of the Company or its subsidiaries, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer. A significant supplier is defined as one whose revenues from the Company exceed five per cent of the supplier's total revenue. A significant customer is one whose amounts payable to the Company exceed five per cent of the customer's total operating costs; and
- has no material contractual relationship with the Company or its subsidiaries other than as a director of the Company.

The Board has developed a questionnaire, required to be completed by each Director annually, to determine the independence of each Director. Review of the independence of each director on the Board is to be conducted by the Remuneration and Nomination Committee. If a Director gives an affirmative answer to any question, the Board shall consider whether such an interest is material and whether the Director is to be classed as an independent director. Directors should provide to the Board all information required for the Board to assess whether the Director is independent.

If the status of an independent director changes so as to become a non-independent director, this fact will, as soon as practicable, be disclosed to the market.

In the event of a conflict of interest or where a potential conflict of interest may arise, involved Directors will, unless the remaining Directors resolve otherwise, withdraw from deliberations concerning the matter.

## **Term**

In accordance with the constitution of the Company, Directors (other than the Managing Director) must offer themselves for re-election by shareholders at least every three years. Any Director initially appointed by the Board must stand for election at the next general meeting of shareholders. The Board does not specify a maximum term for which a director may hold office.

## **Selection of new directors**

Candidates for Board positions shall be nominated by the Remuneration and Nomination Committee for consideration by the Board however the whole Board shall decide on the recommendations of new directors made by the Committee.

In selecting new members for the Board, regard shall be had to the appropriate skills and characteristics needed by the Board as a whole. The Board shall endeavour to appoint individuals who would provide the mix of director characteristics, diverse experiences and background, perspectives and skills appropriate for Skin Elements Limited.

New directors are provided with a letter of appointment which sets out the key terms and conditions of their appointment. New directors will participate in an induction programme to enable them to gain an understanding of:

- the Company's financial, strategic, operational and risk management position;
- their rights, duties and responsibilities; and
- the role of Board Committees.

### **Chairperson**

The Chairperson of the Board shall be a Director. The Chairperson shall utilise their experience, skills and leadership abilities to lead the Board of Directors.

The Chairperson shall:

- Ensure that relevant issues are on the agenda and, together with the Company Secretary, that Directors receive timely, relevant information to enable Directors to be effective members;
- Be responsible for leadership of the Board, for the efficient organisation and conduct of the Board's functions, and for the briefing of all Directors in relation to issues arising at Board meetings;
- Facilitate the effective contribution of all Directors and promote constructive and respectful relations between Directors and between the Board and management;
- Monitor the efficient organisation and conduct of the Board's functions;
- Chair Board and shareholder meetings;
- Provide mentoring for the Managing Director and or Chief Executive Officer and regularly review with the Managing Director and or Chief Executive Officer and such other senior officers as the Managing Director and or Chief Executive Officer recommends, progress on important initiatives and significant issues facing Skin Elements Limited;
- Oversee Board membership to ensure it is skilled and appropriate to Skin Elements Limited 's needs;
- In the absence of the Managing Director or Chief Executive Officer or Company Secretary, receive any matters regarding disclosure issues;
- Act as an authorised spokesperson for the Company;
- Commence the annual process of Board, Board Committee and Director evaluation; and
- Promote the interests of Skin Elements Limited as a whole in relation to shareholders, governments, other public organisations, other companies and the public generally.

### **Managing Director/Chief Executive Officer**

- Develop with the Board, the Company's strategy, policies and business plans;

- Be involved in the day to day activities of the Company and such responsibilities as delegated by the Board;
- Establish with the Company's management team programs to implement the Company's strategy and business plans;
- Ensure, as far as practicable, that the conduct of employees complies with the Code of Conduct;
- Together with the Company Secretary, determine which employees, senior managers and directors are "Restricted Persons" for the purposes of the Dealings in Securities Policy;
- Confirm to the Board quarterly that the Company's financial reports presents a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- Confirm to the Board quarterly that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's Risk Management Policy and internal compliance and control systems are operating efficiently and effectively in all material respects;
- Annually assess the performance of the key executives within the Company;
- Together with the Company Secretary, administer the Company's Disclosure Policy and act as the Company's disclosure officers;
- Collate, review and, if required, draft any communication to the market to ensure that it is full and accurate and complies with the Company's obligations;
- Act as an authorised spokesperson for the Company;
- Together with the Chairperson, have primary responsibility for communications with shareholders; and
- Keep the Board informed, at an appropriate level, of all the activities of the Company.

### **Secretary**

The Secretary is responsible for ensuring all administrative and legislative requirements of the Board are complied with. The Secretary holds primary responsibility for ensuring that the Board processes and procedures run effectively and efficiently.

#### **The Secretary shall:**

- Give directors reasonable notice of Board meetings and provide the Board agenda and briefing materials in a timely manner;
- Ensure that the Board receives all information the Board requires to discharge its responsibilities effectively;
- Record, maintain and distribute the minutes of all Board or Board Committee meetings;
- Prepare for and attend all general meetings of the Company and ensure the correct procedures are followed;



- Record, maintain and distribute the minutes of all annual and extraordinary general meetings of the Company;
- Receive reports concerning any breaches of the Code of Conduct, report the breach to the appropriate senior manager or the Board and advise the employee of the outcome and actions implemented;
- Review any breaches of the Code of Conduct that have occurred and report annually on the Company's compliance with the Code of Conduct to the Board of Directors;
- Ensure each Director completes a Director's Independence Questionnaire and inform the Board of any conflict which is disclosed;
- Together with the Managing Director/Chief Executive Officer, determine which employees, senior managers and Directors are "Restricted Persons" for the purposes of the Dealings in Securities Policy;
- Receive any advice from the Directors and senior management of their or their associate's participation in any trading of the Company's securities and advise the Board of all such trades;
- Answer any employee query concerning the Dealings in Securities Policy;
- Together with the Managing Director/Chief Executive Officer, administer the Company's Disclosure Policy and be the Company's disclosure officers;
- Review all communications prior to release to the market to ensure that they are full and accurate and comply with the Company's obligations;
- Act as an authorised spokesperson for the Company;
- Act as the secretary to any Board Committees established; and
- Ensure that the Company complies with all legislative and regulatory requirements.

### **Division of responsibility between the Board and Senior Management**

Under the leadership of the Chairperson, the Board is responsible for setting the strategic direction for the Company, establishing goals for management and monitoring the achievement of these goals.

The Managing Director and or Chief Executive Officer is responsible to the Board for the executive and day-to-day management, operation and administration of the Company in accordance with the strategy and policies approved by the Board. In turn, the senior management team is responsible to the Managing Director and or Chief Executive Officer and the Board relative to their particular areas of responsibility. The Managing Director and or Chief Executive Officer is accountable to the Board for all authority delegated to the position.

### **Delegated Responsibility**

The Board has delegated responsibility for the day-to-day activities to the executive (which includes the Managing Director). The Board ensure that the team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the executive.

To the extent that the Board determines is reasonable for the Company, having regard to the Company's size, nature and objectives, the roles of the chairman and the managing director should not be combined. The Managing Director is accountable to the Board for all authority delegated to that position and the executive.

Although there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board utilises the Board committee structure to ensure this is achieved.

Each Director has the right to seek independent professional advice on matters relating to their position as a director of the Company at the Company's expense, subject to the prior approval of the Chairperson, which shall not be unreasonably withheld.

Directors shall have access to continuing education and enhance their skills and knowledge. This shall include education concerning key developments in the Company and in the industry and environment in which it operates. Further, the Board may request further information from management from time to time on any issue.

### **Measurement of the Board's performance**

The Nomination and Remuneration Committee shall undertake an annual performance evaluation of the Board that:

- Compares the performance of the Board with the requirements of this Charter;
- Recommends any improvements to the Board Charter deemed necessary or desirable; and
- Performs such other functions as prescribed by law.

The performance evaluation shall be conducted in accordance with the Performance Evaluation Procedure.

### **Policy history**

Established:	December 2015
Last review:	November 2019
Review frequency:	Annually or as required