

NEXT SCIENCE[®]

NEXT SCIENCE LIMITED

Board Charter

1 Introduction

This is the Charter of the Board of Directors (**Board**) of Next Science Limited (**Company** and, together with its controlled entities, the **Group**).

The key role of the Board is to set the strategic direction of the Group, to select and appoint the Group's Managing Director and to oversee the Group's management and business activities.

The purpose of this Charter is to:

- (a) clarify the respective roles and responsibilities of the Board and the Group's Managing Director; and
- (b) establish the structure and processes of the Board.

To the extent that there is any inconsistency between this Charter and the Company's Constitution, the Constitution will prevail to the extent of that inconsistency.

2 Roles and responsibilities

2.1 Matters reserved to the Board

In addition to the matters required by law to be approved by the Board, the following matters are specifically reserved to the Board:

- (a) to appoint, and to remove, the Managing Director, any executive Directors and the Company Secretary and to determine their remuneration and conditions of service, including any financial incentives;
- (b) to approve:
 - (i) the Group's strategic objectives;
 - (ii) the Group's annual budget;
 - (iii) succession plans for all of the Managing Director's direct reports;
 - (iv) significant changes to the Group's organisational structure;
 - (v) the acquisition, establishment, disposal or cessation of any significant business of the Group;
 - (vi) borrowings, other than in the ordinary course of business, and the granting of security over, or interests in, the undertaking of the Group or any of its assets;
 - (vii) any changes to the authority delegated to the Managing Director by the Board;
 - (viii) expenditure in excess of authority levels delegated at any time to the Managing Director;
 - (ix) policies of Group wide or general application; and
 - (x) all disclosures to the ASX and significant public announcements;
- (c) to set the risk appetite within which the Group is to operate;
- (d) to appoint the Chairman of the Board;
- (e) to appoint Directors;
- (f) to establish procedures in relation to the discharge of the Board's responsibilities; and
- (g) to authorise the issue of any shares, options or other securities.

2.2 Delegation to the Managing Director

Save for the matters reserved to the Board in Section 2.1, the Board has delegated responsibility for the management of the Group's business and affairs to the Managing Director.

The delegation to the Managing Director includes responsibility for monitoring clinical and patient risks, implementing risk mitigation strategies in respect of clinical and patient risks and immediately reporting any clinical or patient incidents to the Audit and Risk Committee.

2.3 Responsibilities of the Board

The Board's responsibilities include:

- (a) monitoring management's performance in carrying out the Group's strategic objectives and observing budgets, approved by the Board, and ensuring that appropriate resources are available to management;
- (b) monitoring and evaluating the performance of the Managing Director;
- (c) contributing to management's development of corporate strategy;
- (d) considering, approving and monitoring the Group's systems of risk management, accountability, compliance and control;
- (e) encouraging a culture that promotes ethical and responsible decision-making, compliance with legal responsibilities and timely reporting;
- (f) considering the social, ethical and environmental (if any) impact of the Group's operations;
- (g) determining dividend policy, the amount to be declared and the nature and timing of dividends to be paid;
- (h) reviewing, monitoring and recommending the approval of any related party transactions;
- (i) approving the Charters of all Board Committees;
- (j) reviewing and approving Non-Executive Directors', Board and Board Committee fees, subject to the Board fee pool approved by shareholders;
- (k) to convene and attend general meetings of the Company's shareholders;
- (l) to assess and approve the Company's response to proposed transactions which would affect shareholders' positions and rights as shareholders, and where relevant to make recommendations thereon to shareholders; and
- (m) to satisfy itself that appropriate mechanisms are in place for the governance of subsidiary companies and the oversight of activities of subsidiary companies.

Notwithstanding **clause 7** below, the Board may at any time remove or modify any powers delegated to the Managing Director.

3 Board size and composition

The Board should ideally comprise:

- (a) a majority of independent non-executive directors;
- (b) directors with an appropriate range of financial and other skills, experience and expertise necessary to guide the operations of the Group;
- (c) directors who can understand and competently deal with current and emerging business issues; and

- (d) directors who can effectively review and challenge the performance of management and exercise independent judgment.

The Board will regularly review the composition of the Board and consider the number of Directors and the skill mix of the Directors.

Non-Executive Directors will be appointed by way of a formal letter of appointment setting out the key terms, conditions and responsibilities of their position.

4 Director independence

An independent non-executive director is one who:

- (a) is independent of management;
- (b) is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their unfettered and independent judgment; and
- (c) otherwise meets the criteria for 'independence' set out in the current edition of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

The Remuneration and Nomination Committee will regularly assess whether each Non-Executive Director is independent and each Non-Executive Director must provide to the Board all information relevant to his or her assessment in this regard. If a Director's independent status changes, it will be immediately disclosed and explained to the ASX.

5 Chairman

The Board will appoint one of its members to be Chairman.

The Chairman will be an independent Non-Executive Director.

The Chairman represents the Board and is responsible for leading the Board, facilitating the effective contribution of all Directors, promoting constructive and respectful relations between Directors and between the Board and management, and communicating the Board's position to shareholders and the public.

6 Board Committees

The Board will determine the membership and composition of Board Committees, having regard to its workload, skills, experience, any regulatory requirements and the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

7 Managing Director

The Managing Director manages the Group in accordance with the strategy, plans and policies approved by the Board.

The Managing Director is appointed by the Board.

The responsibilities of the Managing Director include, among other things:

- (a) developing and recommending to the Board strategies, business plans and annual budgets for the Group;
- (b) implementing the strategies, business plans and budgets approved by the Board;
- (c) providing effective leadership, direction and supervision of the Group Executives to achieve the strategies, business plans and budgets adopted by the Board;

- (d) ensuring compliance by the Group with all applicable laws and regulations;
- (e) ensuring that the Board is given sufficient information in a form, timeframe and quality that will allow it to be effective in performing its functions, setting strategies, monitoring performance and discharging its duties; and
- (f) acting within the authority delegated by the Board.

8 Non-executive directors

The independent Non-Executive Directors (unless any Director is conflicted in regards to the matter) should consider the benefits of conferring regularly without management present, including at scheduled sessions or as otherwise required by the circumstances.

In discharging his/her duties, each Director must:

- (a) exercise care and diligence;
- (b) act honestly and in good faith in the best interests of the Company as a whole;
- (c) not improperly use his/her position or misuse information of the Company;
- (d) disclose to the Board any actual, perceived or potential conflicts of interest, whether of a direct or indirect nature, of which the Director becomes aware and which the Director reasonably believes may compromise the reputation or performance of the Company; and
- (e) commit the time necessary to discharge effectively his/her role as a director

All Directors are entitled to be heard at all meetings and to the extent practicable, should bring an objective judgement to bear in decision-making.

9 Company Secretary

The Board will appoint at least one Company Secretary who is directly accountable to the Board through the Chairman, on all matters to do with the proper functioning of the Board.

The responsibilities of the Company Secretary include, among other things:

- (a) advising the Board and the Board committees on governance matters;
- (b) monitoring that Board and Board Committee policies and procedures are followed;
- (c) coordinating the timely completion and dispatch of Board and Board Committee papers;
- (d) ensuring that business at Board and Board Committee meetings is accurately captured in the minutes of such meetings;
- (e) assisting with the organisation and facilitation of induction and professional development of the Company's Directors; and
- (f) communication with regulatory bodies and stock exchanges.

10 Board meetings

The Chairman is responsible, in consultation with the Managing Director and the Company Secretary, for the conduct of all Board meetings, including the setting of agendas and ensuring that they are comprehensive and that all agenda items are appropriate.

The Managing Director and CFO are invited to attend all Board Meetings, subject to any conflict of interest, and they may be contacted by Directors directly between Board Meetings.

The Non-Executive Directors will regularly meet without the Managing Director.

11 Board performance

The Board will undertake an assessment and review of the performance of the Board, its Committees and individual Directors at least annually.

12 Conflicts

Directors must:

- (a) disclose to the Board any actual, perceived or potential conflicts of interest or duty, or matter that may bear on their independence and might reasonably be thought to exist as soon as the situation arises;
- (b) take all necessary and reasonable action to resolve or avoid any actual, perceived or potential conflicts of interest or duty; and
- (c) comply with all applicable law and the Company's by-laws in relation to disclosing material personal interests and restrictions on voting.

If a conflict exists, it is expected that any Director to whom the conflict relates will recuse himself or herself when the Board is discussing any matter to which the conflict relates.

13 Other appointments

A Non-Executive Director is required to inform the Chairman of the Board and the Chair of the Remuneration and Nomination Committee before accepting any new appointment as a Director of another listed entity, a material directorship or other position with a significant time commitment attached.

14 Access to information and independent advice for directors

Directors have access to any information that they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.

Directors have unrestricted access to:

- (a) Management to seek explanations and information; and
- (b) the Company's auditor to seek explanations and information without Management present.

At the expense of the Company, Directors may seek any independent professional advice that they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions in accordance with the procedure agreed by the Directors.

If the Chairman of the Board consents, the Company will pay a Director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

Any such advice received will be provided to the whole Board.

15 Director tenure

All Directors are expected to continue as Directors only for so long as they have the confidence of their fellow Board members and the confidence of the Company's shareholders.

In accordance with the ASX Listing Rules, no Director except a Managing Director is permitted to hold office for a continuous period in excess of three years or past the third annual general meeting following that Director's appointment, whichever is the longer, without submitting himself or herself for re-election.

16 Review

The Board will review this Charter at least every two years.

17 Approved and adopted

This Charter was approved and adopted by the Board on 26 November 2018.