

# NEXT SCIENCE®

## NEXT SCIENCE LIMITED

### Minimum Shareholding Policy

#### 1 Purpose of this Policy

The purpose of this Policy is to assist in aligning the interests of all Directors and other key management personnel (**KMP**) of Next Science Limited (**Next Science**) with the interests of Next Science's shareholders.

The Policy requires Non-Executive Directors to build over a three year period, and maintain, a minimum shareholding of Next Science shares. The policy requires the Managing Director and Chief Technical Officer (**CTO**) to maintain a shareholding of Next Science shares equivalent to or greater than three times their annual base salary and all other KMP, equivalent to their annual base salary after tax in the previous year.

#### 2 Minimum shareholding requirements

Each Non-Executive Director, the Managing Director, the Chief Technical Officer (**CTO**) and all other KMP must establish and maintain a level of Next Science share ownership equal to the minimum holding requirements set out below:

- (i) Non-Executive Directors must hold the equivalent of one year's after tax director's fees (excluding any Committee fees but inclusive of superannuation) within three years of appointment to the Next Science Board of Directors. This minimum can be achieved either by acquiring shares on market subject to the terms of Next Science's Securities Trading Policy, or salary sacrificing director fees into equity;
- (ii) the Managing Director and CTO are prohibited from disposing of Next Science shares acquired from equity based incentive plans (other than to fund any associated tax liability arising on vesting of the equity or to fund the exercise of their options) unless immediately after that disposal they continue to hold Next Science shares with a value equal to or greater than three times their annual base salary (inclusive of superannuation or similar retirement benefits) after tax; and
- (iii) All other KMP of Next Science, are prohibited from disposing of Next Science shares acquired from equity based incentive plans (other than to fund any associated tax liability arising on vesting of the equity or to fund the exercise of their options) unless immediately after that disposal they hold Next Science shares equivalent to their annual base salary (inclusive of superannuation or similar retirement benefits) after tax,

the "**Minimum Shareholding Requirements**".

### **3 Shares counted in minimum holding**

The shares or interests in shares that count towards the calculation of a shareholding under this policy are shares that are:

- (i) owned by the relevant individual or the relevant individual's associated entities and close associates, each as defined in the *Corporations Act 2001* (Cth); or
- (ii) owned through a trust or in a superannuation fund or are otherwise held for the benefit of a person or entity referred to above.

### **4 How and when is the minimum shareholding measured?**

The Company Secretary will annually assess the shareholdings of the Directors and all KMP to determine whether the Minimum Shareholding Requirements have been met.

At or around Next Science's year end, Directors and KMPs will be notified of:

- the number of shares they need to hold to satisfy the Minimum Shareholding Requirements;
- the details of their shareholding based on Next Science's records (which they will be asked to confirm); and
- whether or not based on those records, they meet the Minimum Shareholding Requirements.

The number of shares required to meet the Minimum Shareholding Requirements will be determined using the volume weighted average prices of Next Science's shares over the last three months of the calendar year or by applying such other formula as may be determined by the Board's Remuneration and Nomination Committee.

For the avoidance of doubt, the Minimum Shareholding Requirements will change to reflect incremental movements in non-executive director fees, the base salaries of KMPs and Next Science's share price. USD/AUD conversions will be based on the average FX rate over the calendar year.

The Remuneration and Nomination Committee has discretion to determine that an individual has complied in substance with the Minimum Shareholding Requirements even if the number of shares held does not match or exceed the number of shares determined under this section 4. In doing so, the Remuneration and Nomination Committee may take into account the following factors:

- the size of the Director's or CTO's shareholding;
- changes in the Managing Director's, CTO's or other KMP's base salary;
- volatility in Next Science's share price; and
- any difficulties a Non-Executive Director has had in acquiring shares.

If, in the opinion of the Board, there has been a significant drop in Next Science's share price, the value of the Minimum Shareholding Requirements will be the greater of: the market value of the relevant individual's shares as at the test date, or the acquisition cost of that individual's shares at the time of purchase.

### **5 Annual Reporting**

Next Science will include in its Annual Report details of the compliance of each Director and KMP with the minimum holding requirements set out in this Policy.

## **6 Consequences of non-compliance**

After the three year period permitted for building a minimum holding, Non-Executive Directors are prohibited from disposing of Next Science shares unless, immediately after that disposal, they would continue to hold a number of Next Science shares equivalent in value to the applicable Minimum Shareholding Requirement.

Whilst the Minimum Shareholding Requirement for Non-Executive Directors does not strictly apply during the three year transitional period, it is expected that Non-Executive Directors will accumulate shares over this period with a view to meeting the applicable Minimum Shareholding Requirement within the three year period.

The Remuneration and Nomination Committee has a discretion to determine any other consequences of non-compliance with this Policy.

By way of illustration, the Remuneration and Nomination Committee may determine, after hearing an explanation from the relevant individual about the reasons for non-compliance that it is appropriate to:

- extend the period to meet the applicable Minimum Shareholding Requirement;
- in the case of a Non-Executive Director, recommend to the Board that a portion of their fees should be paid as shares;
- in the case of a KMP, impose mandatory equity deferral of short term incentive payments until the applicable Minimum Shareholding Requirement is met; and/or
- ensure that non-compliance is considered in the context of KMP and Board performance reviews.

## **7 Exemption from compliance with Policy**

There may be exceptional circumstances in which compliance with this Policy would cause or contribute to severe financial difficulty for a Non-Executive Director, the Managing Director, the CTO or other KMP or could prevent them from complying with an order of a court of law.

In these circumstances, the individual may submit a request to the Company Secretary including details of the applicable financial difficulty or other exceptional circumstances relevant to the exemption from the Policy being sought.

The Chairman of the Board, in the case of Directors other than the Chairman of the Board, the CTO and all other KMPs, and the Chairman of the Remuneration and Nomination Committee in the case of the Chairman of the Board, will decide whether or not and to what extent any exemption may be granted. In doing so, they will consider Next Science's Securities Trading Policy and whether any related clearance to dispose of shares should be granted under that Policy.

If an exemption is granted, the Chairman of the Board or the Chairman of the Remuneration and Nomination Committee (as applicable) will work with the individual to develop an alternative arrangement.

## **8 Review of Policy**

Unless the Next Science Board determines otherwise, this Policy will be reviewed by the Remuneration and Nomination Committee every 2 years.

A copy of this Policy will be made available on Next Science's website.

Revised by the Board on 26 March 2020.