

NEXT SCIENCE[®]

NEXT SCIENCE LIMITED

Audit and Risk Committee Charter

1 Role of the Committee

The Board of Next Science Limited (the Company) (Board) has established the Audit and Risk Committee (Committee) to assist the Board in the establishment and maintenance of a framework of internal control and appropriate ethical standards to provide oversight of the integrity and quality of the Company's corporate reporting and assist with the Board's oversight of the Company's risk management framework.

In discharging its duties, the Committee will seek to coordinate its activities with the People, Remuneration and Nomination Committee where appropriate. The Chair of the Committee must liaise with the Chair of the People, Remuneration and Nomination Committee on an ongoing basis to ensure that no material matter coming within their charters is overlooked by the two Committees.

2 Composition of the Committee

2.1 Membership

The members of the Committee will be appointed by the Board and the Committee should consist of:

- (a) only non-executive Directors;
- (b) at least three members, the majority of whom are independent*;
- (c) at least one member who has accounting or related financial expertise and qualifications;
- (d) a chair appointed by the Board who is an independent Director and is not Chair of the Board;
and
- (e) Directors who are familiar with and able to read and understand financial statements.

The Board will decide appointments, rotations and resignations within the Committee having regard to the ASX Listing Rules, the prevailing edition of the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" and the Company's Constitution.

2.2 Secretary

The Company Secretary will act as Secretary to the Committee.

3 Responsibilities

3.1 Risk management

The Committee will:

- (a) oversee the establishment, and maintenance by management, of processes to ensure that there is an adequate and effective system to identify and manage material business risks;
- (b) monitor the Company's Risk Register to confirm that key risks have been identified and adequate controls are in place to mitigate risks so far as reasonably practicable
- (c) receive reports from management on new and emerging sources of risk and the proposed risk controls to mitigate those risks;
- (d) receive reports from management and the external auditor on any material incident involving fraud or a breakdown of the Company's risk controls and the lessons learned;

*In this Charter, "independent" means assessed by the Board to be independent in accordance with the Board Charter.

NEXT SCIENCE[®]

- (e) review, at least annually, the Company's risk management framework to confirm that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board;
- (f) monitor the need for, and if considered necessary, require, an internal or external audit of critical areas of risk;
- (g) oversee the establishment of procedures for the receipt, handling and investigation of whistleblower disclosures;
- (h) oversee the establishment of, and monitor, assurance mechanisms for monitoring:
 - a. the Company's culture and compliance with the Company's Values; and
 - b. compliance with the Company's corporate governance policies and procedures, contractual obligations and the laws applicable to the Company and its operations;
- (i) oversee the Company's annual insurance program, having regard to the Company's business and the insurable risks within its business;
- (j) assess the adequacy of controls, including disaster recovery and business continuity plans, for preserving and re-establishing financial and operational information in the event of a disaster; and
- (k) review and make recommendations to the Board in relation to public disclosures made by the Company regarding material business risks.

3.2 Audit

The Committee will:

- (a) Consider, and make recommendations to the Board on, the appointment, reappointment or replacement of the Company's external auditor;
- (b) approve the scope of the audit, the terms of the annual engagement letter and audit fees;
- (c) meet with the auditor at least twice each year, once in the audit planning stage and once post completion of the audit at the reporting stage;
- (d) oversee arrangements relating to the rotation of the audit engagement partner;
- (e) monitor, and report to the Board on, the effectiveness of the external audit, placing emphasis on areas where the Committee or the external auditor believe special attention is required;
- (f) after the completion of each end-of-year audit, review the performance, effectiveness and independence of the external auditor;
- (g) oversee the development, and implementation of, the Company's policy on the engagement of the external auditor to supply non-audit services and monitor compliance with that policy;
- (h) report to the Board, at least annually, on whether the Committee is satisfied that the provision of non-audit services is compatible with the general standard of auditor independence and if applicable, an explanation of why those non-audit services do not compromise auditor independence; and
- (i) ensure the external auditor attends the Company's Annual General Meeting and is available to answer questions from shareholders of the Company relevant to the audit.

3.3 Financial statements

The Committee will:

- (a) engage in the proactive oversight of, and assess the adequacy of, the Company's financial and corporate reporting and make recommendations to the Board in relation to those matters;
- (b) monitor the consistency of accounting policies on a year to year basis and across the Group;
- (c) review with management and the external auditor (as appropriate) and challenge where necessary, the Company's financial statements (including quarterly, half-yearly and annual) including the following matters:
 - key accounting policies and practices and any changes to them;

NEXT SCIENCE[®]

- significant estimates and judgements in the financial statements;
 - any unusual transactions affecting the financial statements or significant variances from prior year results or current year budget;
 - any significant adjustments resulting from the audit;
 - the clarity of disclosures for shareholders and other stakeholders;
 - the going concern assumption; and
 - compliance with ASX Listing Rules and other legal requirements;
- (d) review all reports which are required by law to accompany the Company's published financial statements to the extent that the reports discuss the financial position or performance of the Company and assess whether such reports are consistent with the Committee members' information and knowledge;
- (e) make recommendations to the Board in respect of:
- a. the Company's management and reporting of taxation matters; and
 - b. any proposed payment of a dividend to shareholders; and
- (f) oversee the provision by the Managing Director and CFO of the declarations required by the *Corporations Act 2001* in respect of the Company's financial reports.

3.4 Reporting

The Committee Chair will:

- (a) report to the Board on the proceedings and resolutions of each Committee meeting at the following Board meeting; and
- (b) be available at the Company's Annual General Meeting to respond to any shareholder questions on the Committee's areas of responsibility.

The Company will disclose in its annual corporate governance statement in relation to each reporting period whether an annual review of the Company's risk management framework has taken place.

4 Authority and Access

4.1 Access

In carrying out its responsibilities, the Committee will have unrestricted access:

- (a) to all employees of the Company and to the Company's financial and legal advisers; and
- (b) to all Company records,

except in circumstances where there is a conflict of interest.

4.2 External advisers

The Committee is authorised to obtain, at the Company's expense, outside legal or other independent professional advice on any matter within the Committee's responsibilities.

5 Meetings

5.1 Meeting frequency

The Committee will meet at least twice each year and more frequently if it is considered necessary to fulfil the Committee's role.

NEXT SCIENCE[®]

5.2 Attendance

Directors who are not members of the Committee may attend Committee meetings except in circumstances where there is a conflict of interest.

The Committee may invite any person to attend all or part of a meeting of the Committee. The Managing Director will normally be invited to attend Committee meetings.

5.3 Committee Chair

In the absence of the Committee Chair, the members shall elect one of their number who is an independent non-executive Director to chair the meeting.

6 Review

The Committee will review this Charter at least annually and any proposed changes will be recommended by the Committee to the Board for approval.

7 Approved and adopted

This version of the Charter was adopted by the Board on 9 November 2021.