

# NEXT SCIENCE<sup>®</sup>

## Next Science Limited 2022 Corporate Governance Statement

*The Board of Directors of Next Science Limited (**Next Science**) is responsible for the overall corporate governance of Next Science and its related entities (the **Group**), including adopting appropriate policies and procedures designed to ensure that Next Science is properly managed to protect and enhance shareholder interests.*

*The Board monitors the operational and financial position and performance of Next Science and oversees its business strategy, including approving the strategic goals of Next Science. The Board is committed to generating shareholder value and sustaining the growth and success of Next Science.*

*The Board has created a corporate governance framework for managing Next Science including internal controls and other risk management processes, which it believes are appropriate for Next Science's business and that are designed to promote the responsible management and conduct of Next Science's business.*

*Next Science's key governance policies and charters for the Board and each of the Board Committees are available on Next Science's website at <https://www.nextscience.com>.*

*This Corporate Governance Statement sets out the extent to which Next Science has followed the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**) during the reporting period, being the year ended 31 December 2021. The practices detailed in this Corporate Governance Statement are current as at 21 April 2022.*

*It has been approved by the Board and is available on Next Science's website under 'About Next Science - Corporate Governance' at <https://www.nextscience.com>.*

## **Principle 1: The Board lays solid foundations for management and oversight**

### ***Board responsibilities and delegations***

The Board has adopted a written Board Charter which sets out those matters expressly reserved to the Board and those delegated to management. The Board Charter is available on Next Science's website.

Next Science's Board Charter reserves the following matters to the Board:

- 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;
- to approve:
  - the Group's strategic objectives;
  - the Group's annual budget;
  - succession plans for all of the Managing Director's direct reports;
  - significant changes to the Group's organisational structure;
  - the acquisition, establishment, disposal or cessation of any significant business of the Group (subject to any shareholder approval which may be required);
  - 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;
  - any changes to the authority delegated to the Managing Director by the Board;
  - expenditure in excess of authority levels delegated at any time to the Managing Director;
  - policies of Group wide or general application; and

- all disclosures to the ASX and significant public announcements.
- to set the risk appetite within which the Group is to operate;
- to appoint the Chair of the Board;
- to appoint Directors;
- to establish procedures in relation to the discharge of the Board's responsibilities; and
- to authorise the issue of any shares, options or other securities.

The Board's responsibilities include:

- 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;
- monitoring and evaluating the performance of the Managing Director;
- contributing to management's development of corporate strategy;
- considering, approving and monitoring the Group's systems of risk management, accountability, compliance and control;
- encouraging a culture that promotes ethical and responsible decision-making, compliance with legal responsibilities and timely reporting;
- considering the social, ethical and environmental impact of the Group's operations;
- determining dividend policy, the amount to be declared and the nature and timing of dividends to be paid;
- reviewing, monitoring and recommending the approval of any related party transactions;
- assessing and approving Next Science's response to proposed transactions which would affect shareholders' positions and rights as shareholders, and where relevant to make recommendations thereon to shareholders; and
- satisfying itself that appropriate mechanisms are in place for the governance of subsidiary companies and the oversight of activities of subsidiary companies.

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

#### ***Background checks before appointing directors***

Prior to seeking admission to the Official List of ASX, each of the current Directors of Next Science provided a national criminal history check obtained from the Australian Federal Police and a search of the Australian National Personal Insolvency Index. In addition, each Director who had in the past 10 years been a resident of a country other than Australia, provided an equivalent national criminal history check and an equivalent national bankruptcy check for each country in which the Director resided.

The Board has adopted a protocol setting out the process which will be followed by the Board in respect of the appointment of a new director. The protocol sets out that a Nomination Committee will be formed as and when required by the Board. The Nomination Committee will be responsible for ensuring that appropriate checks (including as to a candidate's character, experience, education, criminal record and bankruptcy history) are undertaken before a new director is appointed.

Next Science, with the assistance of the People, Culture and Remuneration Committee, reviews the performance of Directors before they stand for re-election and reports to the Board on this matter. Further to this, Next Science provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director at a General Meeting.

#### ***Written agreement with directors and senior executives***

The terms on which each Non-Executive Director of Next Science is appointed are set out in a letter of appointment which each Director is required to accept in writing at the time of their appointment. The Nomination Committee, as established from time to time, is responsible for overseeing the preparation and execution of letters of appointment for new directors.

Each senior executive of Next Science has entered into a written employment contract with Next Science or one of its group companies setting out the terms of their employment.

## Accountability of Company Secretary

Next Science's Board Charter provides that the Board will appoint at least one Company Secretary who is directly accountable to the Board through the Chair, on all matters to do with the proper functioning of the Board. The Board is responsible for the appointment, removal and remuneration arrangements of the Company Secretary.

The role and responsibilities of the Company Secretary are set out within the Board Charter and include:

- advising the Board and the Board committees on governance matters
- monitoring that Board and Board Committee policies and procedures are followed
- coordinating the timely completion and dispatch of Board and Board Committee papers
- ensuring that business at Board and Board Committee meetings is accurately captured in the minutes of such meetings
- assisting with the organisation and facilitation of induction and professional development of the Company's Directors
- communication with the ASX and other regulatory bodies

Gillian Nairn has held the role of Company Secretary since June 2018.

## Diversity

Next Science is committed to fostering a workplace where people feel included, respected and valued for their unique contribution to the Group. Next Science recognises that ensuring inclusion and diversity in the workplace furthers the Group's ability to attract, retain, motivate and develop the best talent, create an engaged workforce and deliver to all stakeholders. Next Science's commitment to inclusion and diversity is embedded in Next Science's Statement of Values as well as Next Science's Diversity and Inclusion Policy, both of which are available on the Company's website.

The Group's executives are responsible for modelling appropriate behaviours to ensure a strong inclusive workplace culture and all employees are responsible for engaging in inclusive workplace practices.

As set out in the Diversity and Inclusion Policy and the People, Culture and Remuneration Committee Charter, the People, Culture and Remuneration Committee is responsible for reviewing annually and making recommendations to the Board on appropriate diversity objectives and strategies to achieve diversity, including reporting to the Board on progress towards achievement of the objectives. The Committee is also responsible for conducting an annual review of, and making recommendations to the Board on, the Company's diversity policies and practices, diversity strategy and progress towards achievement of the Company's diversity objectives.

To support diversity in the workforce, Next Science has incorporated into its recruitment practices contacting colleges and universities who have been identified as having a population that is representative of minorities. Next Science has also undertaken a process to identify other organisations with a predominantly minority population to create partnerships in respect of job opportunities at Next Science. Parallel to these efforts, in 2021, Next Science extended its existing training program in respect of Next Science's Diversity and Inclusion Policy to general diversity and inclusion training for all employees.

The table below sets out Next Science's gender diversity objectives and progress towards achieving the objectives during the reporting period:

Measure	Progress
1. Maintain at least 30% female representation on the Board	This measurable objective has been met. The Board currently comprises 40% female representation.
2. Achieve gender balance in Senior Executive positions (direct reports to MD/CEO and the reports to those persons)	Next Science remains committed to maintaining a 40:40:20 gender balance within the leadership team and across the workforce.  Next Science is meeting this commitment. The gender balance within the C-Suite as at 31 December 2021 was 40% female and 60% male and the gender balance across the workforce was 54% female and 46% male as shown in the table below.

3. Maintain female staff turnover across the workforce equal to or less than organisational turnover	This objective was met during the reporting period. Female staff turnover during 2021 was 12% and organisational turnover was 24%.
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Next Science's workforce diversity as at 31 December 2021, including a comparison to the prior year, is as follows:

Group	Female (2021)	Male (2021)	Female (2020)	Male (2020)
Board of Directors	2 (40%)	3 (60%)	2 (30%)	4 (70%)
Senior Executives*	2 (40%)	3 (60%)	2 (40%)	3 (60%)
Employees (entire organisation)	32 (54%)	27 (46%)	24 (59%)	17 (41%)

\*Senior Executives includes the Managing Director and senior management who report directly to the Managing Director.

No new measurable diversity objectives were set for 2021 as the Board continues to consider the objectives established during 2020 to remain relevant.

### ***Performance review of the Board***

The Board Charter provides that the Board will undertake an assessment and review of the performance of the Board, its Committees and individual Directors at least annually. The People, Culture and Remuneration Committee is responsible for reviewing and making recommendations to the Board in respect of the process for evaluating the performance of the Board, Board Committees and Directors.

A performance review was undertaken during the reporting period comprising an online questionnaire and 1:1 Director interviews with the Chair of the Board and the Chair of the People, Culture and Remuneration Committee. The feedback is being considered by the Board during H1 2022.

### ***Performance Review of the Managing Director and Senior Executives***

The performance of the Managing Director and the senior executives who report to the Managing Director is assessed annually with reference to agreed milestones.

The People, Culture and Remuneration Committee is responsible for overseeing the process for the performance evaluation of the senior executives who report to the Managing Director. The Managing Director is responsible for advising the People, Culture and Remuneration Committee of the intended review process, reviewing the performance of the senior executives and reporting back to the Committee on the outcome of the reviews.

The People, Culture and Remuneration Committee Charter provides that the Committee will make recommendations to the Board on the criteria for the annual performance review of the Managing Director and, in consultation with the Chair of the Board, make recommendations regarding the process for the annual performance review of the Managing Director. The Chair is responsible for undertaking the review of the Managing Director and reporting back to the Board on the outcome of the review process.

During the reporting period, performance evaluations for the Managing Director and Senior Executives were undertaken in accordance with the processes described above.

Details of the remuneration of the Senior Executives who are considered by Next Science to be Key Management Personnel are set out in the Remuneration Report contained within the 2021 Annual Report.

## **Principle 2: The Board is structured to be effective and add value**

### ***Nomination Committee***

During 2020, the Board undertook to rename its 'Remuneration and Nomination Committee' as the 'People, Culture and Remuneration Committee', in recognition of the fact that the Committee's Charter extended beyond remuneration and nomination and the important connection between people management, culture and remuneration.

The Board removed nomination responsibilities from the Committee's remit and returned nomination responsibilities to the full Board. In conjunction with this, the Board adopted a protocol to govern the recruitment and appointment of new directors as detailed above. The protocol sets out that a Nomination Committee will be established as and when required and will comprise:

- only non-executive directors;
- at least three members, the majority of whom are assessed by the Board to be independent; and
- an independent chair who is not the Chair of the Board.

The protocol requires that, when formed, the Nomination Committee will be responsible for:

- making recommendations to the Board in respect of the recruitment process for a new director;
- engaging a recruitment consultant (if required) to undertake a search for suitable candidates for appointment as a director;
- undertaking a review of the balance of skills, knowledge, experience, expertise, independence, diversity and commitment on the Board, identifying any gaps and reporting to the Board on the outcome of the review;
- making recommendations to the Board in relation to the description to be provided to the recruitment consultant in respect of the desired character, skills, knowledge, experience, expertise, independence, diversity and commitment of candidates for appointment to the Board;
- identifying and evaluating candidates and recommending to the Board suitable candidates for appointment as a director;
- ensuring that appropriate checks (including as to the person's character, experience, education, criminal record and bankruptcy history) are undertaken before a new director is appointed;
- overseeing the preparation and execution of letters of appointment for a new director; and
- making recommendations to the Board in respect of an effective induction program for new directors.

### ***People, Culture and Remuneration Committee***

The People, Culture and Remuneration Committee (**PCRC**) comprises three non-executive directors who are considered by the Board to be independent – Dan Spira (Chair of the PCRC), Mark Compton AM (Chair of the Board) and Aileen Stockburger. Ms Stockburger joined the PCRC effective on 5 May 2021 to maintain the PCRC's 3 member composition following Mr Savvides' retirement from the Board on 5 May 2021.

Under its Charter, the PCRC is responsible for reviewing and making recommendations to the Board in relation to talent and succession planning. This includes reviewing, at least annually the Board's balance of skills, knowledge, experience, expertise, independence, diversity and commitment and reporting to the Board on any gaps identified in the Board's collective skills which need to be addressed by professional development or the appointment of a new director.

The Charter of the PCRC is available on the Company's website.

For details regarding the number of meetings of the PCRC and attendance at those meetings, please refer to the Directors' Report contained within the Company's 2021 Annual Report.

### ***Board Skills Matrix***

The Board has developed a Skills Matrix setting out the mix of skills and diversity that the Board currently has and seeks to maintain in its membership. During the reporting period, the Board, with the assistance of the People, Culture and Remuneration Committee, reviewed the Board's Skills Matrix. The review resulted in a restructure of the skill areas in the Skills Matrix and a new skills assessment being undertaken during H1 2022 against the reformatted skill areas.

The Board's Skills Matrix is set out below:



### Composition of the Board

Next Science's Board comprises five directors including one Managing Director, a majority of whom are considered by the Board to be independent.

Next Science's Board Charter provides that 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*.

Three (3) of Next Science's Directors have been assessed by the Board as being independent as set out in the table below together with each Director's length of service:

Director	Independent Status	Appointment Date
Mark Compton AM	Independent Non-Executive Chair	23 October 2018
Judith Mitchell	Managing Director (Non-independent)	20 October 2017
Bruce Hancox	Non-Executive Director (Non-independent)	20 October 2017
Daniel Spira	Independent Non-Executive Director	20 October 2017
Aileen Stockburger	Independent Non-Executive Director	23 October 2018

Next Science's People, Culture and Remuneration Committee is responsible for assessing, at least annually, the independence of individual Directors and making recommendations to the Board where the Committee considers that a Director's independent status has changed.

Next Science's Board Charter requires each Non-Executive Director to provide to the Board all information relevant to the assessment of his or her independence and must 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.

As a standing item at each Board meeting, the Chair of the Board invites Directors to declare any new interests or affiliations.

If a Director's independent status changes, this will be disclosed by way of an announcement to ASX.

### ***Non-Executive Director Minimum Shareholding Policy***

To align the interests of Non-Executive Directors and Executives with Next Science's shareholders, at the time of listing on ASX, Next Science adopted a Minimum Shareholding Policy. A copy of the Policy is available on the Company's website.

The Minimum Shareholding Policy requires Non-Executive Directors to hold the equivalent of one year's after-tax director's fees (excluding any committee fees) within three years of appointment to the Board.

The minimum can be achieved by either acquiring shares on market (subject to Next Science's Share Trading Policy), or salary sacrificing director fees into equity. Aileen Stockburger and Dan Spira both salary sacrificed their director fees into equity for the first 12 months after Next Science's admission to ASX.

The Managing Director and Chief Technical Officer 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) 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 after tax.

All other key management personnel 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 price of options issued under an employee incentive plan) unless immediately after that disposal they hold Next Science shares equivalent to their annual base salary after tax in the previous year.

The holdings of Directors and all other key management personnel are assessed on an annual basis to monitor compliance with the Minimum Shareholding Policy. As at 31 December 2021, all Directors and key management personnel were assessed as being in compliance with the Policy.

### ***Induction and education***

The Company's induction program for the current directors included meetings with other Board members and with members of the executive management team and provision of information relating to corporate and financial management and the Company's governance framework.

Next Science has an induction program for new directors to assist them in becoming familiar with the Group, its executives, its business and its regulatory environment. The Nomination Committee, where established from time-to-time, is responsible for making recommendations to the Board in respect of an effective induction program for a new Director.

As set out earlier, the People, Culture and Remuneration Committee is responsible for identifying any areas which need to be addressed by professional development to maintain the skills and knowledge needed for the Directors to perform their roles effectively.

## **Principle 3: The Board instils a culture of acting lawfully, ethically and responsibly**

### ***Code of Conduct, Statement of Values, Whistleblower Policy and Anti-Bribery and Corruption Policy***

Next Science's purpose is to heal patients and save lives by addressing the impacts of biofilms on human health and to commercialise its Xbio™ technology platform for shareholders.

The Group is committed to conducting business in an ethical and honest way and with the highest level of integrity.

Next Science's Code of Conduct sets out Next Science's Values which are as follows:

Patients and our customers are the centre of what we do and every day we look to stretch the boundaries of known answers to find better ways to help people

Entrepreneurial innovation is the heart of our company and every employee is respected and valued for their contribution, agility and teamwork. Collaboration is the foundations for our success.

Our strengths comes from our differences and we value our diversity of ideas, backgrounds, educations and opinions, all playing key roles in the Next Science family.

As a highly committed non hierarchal team we treat each other and our stakeholders with honesty, integrity, transparency and respect.

The object of Next Science's Code of Conduct is to clearly articulate the standard of behaviour expected of individuals working for the Group, including directors, officers, employees, contractors, consultants and service providers, with the aim of protecting and promoting the interests of, and taking into account the reasonable expectations of, the Company's shareholders and other stakeholders (including employees, customers, suppliers, creditors, consumers and the broader community).

The Code of Conduct and Next Science's Statement of Values are inherently linked, as the Values underpin the Code of Conduct. Next Science's governance charters and policies complement the standards and behaviours established by the Code of Conduct.

To reinforce the standards set in the Code of Conduct in the context of international dealings and promote Next Science's commitment to participating as a strong competitor in the global healthcare market without the use of bribery or other corrupt practices, Next Science has established an Anti-Bribery and Corruption Policy. The Policy details Next Science's zero tolerance approach to acts of bribery and corruption by staff and third-party representatives and puts them on notice that any breach of the Policy will be regarded as a serious matter.

In recognition of the important role whistleblowing can play in the early detection of misconduct and the fact that individuals who are considering disclosing misconduct may fear retribution or other detriment and require an assurance of protection, Next Science has adopted a Whistleblower Policy. The Policy establishes an internal reporting system which ensures protections for individuals who report suspected or known misconduct and encourages employees and Next Science's partners to report misconduct.

New employees are provided with training in respect of Next Science's key governance policies (including Next Science's Code of Conduct, Anti-Bribery and Corruption Policy, Continuous Disclosure Policy, Diversity and Inclusion Policy, Securities Trading Policy and Whistleblower Policy) within one month of their commencement with the Group. All existing employees are provided with copies of Next Science's governance policies, as amended from time to time, on an annual basis as a refresher and are required to acknowledge having read the Policies.

Next Science's Code of Conduct and Anti-Bribery and Corruption Policy each state that reports of suspected or known violations of the Code or Policy should be made by following the procedures set out in the Whistleblower Policy. All disclosures made under the Company's Whistleblower Policy must be reported to the Audit and Risk Committee (respecting at all times a discloser's request for their identity to remain confidential).

Next Science's Code of Conduct, Anti-Bribery and Corruption Policy and Whistleblower Policy are available on Next Science's website.

## **Principle 4: The Board safeguards the integrity of corporate reports**

### ***Audit and Risk Committee (ARC)***

The Board established an Audit and Risk Committee (**ARC**) prior to the Company's admission to ASX comprising three members, all of whom are Non-Executive Directors and a majority of whom are considered by the Board to be independent.



The members of the ARC and their relevant qualifications are as follows:

- Bruce Hancox, Non-Executive Director - B Com Canterbury University, New Zealand;
- Mark Compton AM (Chair of the Board) Independent Non-Executive Director – BSc (Pharmacology, Physiology and Biochemistry), UNSW; MBA, UNSW; FAICD, FACHSM, FAIM, FRSN; and
- Aileen Stockburger, Independent Non-Executive Director – Bachelor of Science in Economics, Concentration in Accounting and MBA, The Wharton School, University of Pennsylvania; Certified Public Accountant; GAICD.

The backgrounds and experience of the members of the ARC is detailed in the 2021 Directors' Report.

Bruce Hancox is the Chair of the ARC. The Board considers that Mr Hancox is the most appropriate member of the ARC to perform the role of Chair of the ARC, notwithstanding that he is not an independent director, due to Mr Hancox's length of tenure with the Company, his detailed knowledge of the Company's operations and historical and current financial records and his experience on the boards of other listed entities.

The Board has not characterised Mr Hancox as independent due to his association with Walker Group Holdings Pty Limited, a substantial shareholder of the Company, as this association may be perceived to influence his capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the entity and its security holders generally.

For details regarding the number of ARC meetings and the attendance at those meetings, please refer to the Directors' Report contained within the 2021 Annual Report.

The Charter of the ARC is available on the Company's website.

### ***CEO and CFO declaration and verification process of periodic corporate reports***

Prior to the Board approving Next Science's annual, half year and quarterly financial reports, declarations are provided by the Managing Director and Chief Financial Officer as recommended in the ASX Recommendations and in the case of annual financial reports, as required by section 295A of the Corporations Act.

### ***Process to verify the integrity of non-audited periodic corporate reports***

The process Next Science follows to verify the content of any periodic corporate report that is not audited or reviewed by the independent external auditor (such as this Corporate Governance Statement and quarterly activity and cash flow reports, half year directors' report and full year directors' report), varies depending on the nature of the report, but typically includes:

1. non-financial components of the report are initially prepared by the Managing Director, the Chief Financial Officer or the Company Secretary, based on matters as known to them and with reference to source documentation;
2. financial components of the report are initially prepared by the CFO, based on the CFO's first-hand knowledge of the Company's financial position and are informally reviewed by the external auditor;
3. each of the individuals engaged in the preparation of or commentary on the initial draft of the report is responsible for identifying any material that is potentially misleading or inaccurate, having regard to their knowledge of Next Science's activities and position;
4. the draft report is then circulated to the Continuous Disclosure Committee which comprises the Managing Director, the CFO and the Company Secretary for their review and comments;
5. all financial reports, and any covering releases relating to financial results, are reviewed by the ARC; and
6. the report is then considered for approval by all members of the Board.

This verification process was followed in respect of the corporate reports prepared during the reporting period.

### ***Auditor at AGM***

Representatives of Next Science's external auditor, KPMG, attend the Company's Annual General Meeting each year. Representatives of KPMG will be present and available at the 2022 AGM to answer shareholder questions on the:

- conduct of the independent external audit for the year ended 31 December 2021;

- preparation and content of the independent external auditor's report;
- accounting policies adopted in relation to the preparation of the financial statements; and
- independence of KPMG in relation to the conduct of the audit.

## **Principle 5: The Board makes timely and balanced disclosure**

### ***Continuous disclosure***

Next Science takes very seriously its continuous disclosure obligations, as it does all legal obligations. Next Science has adopted a Continuous Disclosure Policy which sets out the procedures that apply to the central collection, control, assessment and if required, release to the ASX, of information that may have a materially effect on the price or value of Next Science securities or influence persons who commonly invest in securities in deciding whether to buy or sell Next Science securities.

As a standing agenda item at each Board meeting, Next Science's Directors consider whether there is any information, including any matters reported to or discussed during the Board meeting, which may potentially need to be disclosed to the market pursuant to Next Science's continuous disclosure obligations.

The Board receives copies of all ASX announcements promptly after they have been released by ASX.

As outlined in Next Science's Continuous Disclosure Policy, Next Science communicates with the investment community, including retail and institutional investors, analysts and investment banks. These communications may only be undertaken by persons authorised by the Board to do so.

Prior to making a new and substantive investor or analyst presentation, Next Science releases a copy of the presentation to the ASX and material Information is not discussed with the investment community unless it has been disclosed to the ASX.

To address the heightened risk of the general public perceiving that Next Science staff might be making financial gains by dealing on the basis of inside information during the period leading up to the release of half year and full year reports, Next Science's Securities Trading Policy establishes a prohibition on dealing during these periods. Next Science's Continuous Disclosure Policy and Securities Trading Policy are available on the Company's website.

## **Principle 6: The Board respects the rights of security holders**

### ***Next Science's website***

Next Science's website (<https://www.nextscience.com/>), provides ready access to information about Next Science, the Board, the senior management team, Next Science's products and governance practices.

Next Science has an investor section of its website providing information about Next Science's share price performance, access to ASX announcements including financial reports and investor presentations and information on shareholder meetings.

### ***Investor relations***

As part of Next Science's investor relations program, following the release of half-year and annual financial statements, Next Science conducts briefings which are accessible by all interested individuals via webcast. In addition, Next Science conducts roadshows with institutional shareholders and analysts.

Shareholders are able to contact Next Science or submit questions or comments to Next Science via the 'Contact us' page on Next Science's website, and where appropriate, a response is provided.

Next Science's share registry, Link Market Services Limited, receives and sends electronic communications to shareholders.

## ***Shareholder engagement and participation***

Next Science facilitates and encourages participation at shareholder meetings by offering shareholders the following ways of voting:

- lodging votes online via Link Market Services Limited's Investor Centre;
- subject to health or other legal requirements, attending the meeting in person and voting; or
- appointing a proxy to attend the meeting and vote on their behalf in accordance with any voting directions provided on the shareholder's voting form.

Next Science has adopted a practice of conducting voting on all resolutions at shareholder meetings by way of a poll rather than a show of hands. All resolutions put to the 2021 Annual General Meeting were conducted via a poll.

Shareholders have the opportunity to submit questions and comments to Next Science and its external auditor ahead of shareholder meetings by way of the question function offered on Link Market Services Limited's online voting platform. Next Science also provides opportunities for shareholders to ask questions during shareholder meetings either in person and via online webcast facilities.

## ***Shareholder communications***

Next Science security holders have the option to receive communications from, and send communications to, Next Science and its security registry, Link Market Services Limited, electronically.

Next Science actively encourages all security holders who have not elected to receive communications electronically, to make such an election by including an electronic communication form in mailing packs for shareholder meetings.

Shareholders and other interested parties are able to subscribe to receive alerts whenever an ASX announcement is released, via the Investor page on Next Science's website.

## **Principle 7: The Board recognises and manages risk**

### ***Risk Management***

As detailed in Principle 4 above, the Board has established an Audit and Risk Committee (ARC). Details of the number of meetings of the ARC, and the attendance at those meetings during the reporting period, are provided in the 2021 Annual Report

The Board is responsible for considering, approving and monitoring the Group's risk management, accountability, compliance and control systems.

The ARC's responsibilities under its Charter in respect of risk management include to:

- 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;
- monitor and evaluate the adequacy of Next Science's risk management procedures by receiving reports from management and the external auditor;
- conduct an annual review of Next Science's risk management framework to satisfy itself that it continues to be sound and that Next Science is operating with due regard to the risk appetite set by the Board;
- establish procedures for the receipt, retention and handling of complaints received by Next Science regarding accounting and audit matters and for the confidential or anonymous submission of concerns by employees regarding accounting and audit matters;
- review and evaluate the procedures Next Science has in place to ensure compliance with all laws and regulations in the countries in which it operates and Next Science's own policies and procedures;
- review Next Science's policies and culture with respect to the establishment and observance of appropriate ethical standards;
- assess management's compliance with the limits set out in the delegated authority framework established by the Board; and
- review Next Science's annual insurance plan and maintain oversight of Next Science's insurance activities.

The ARC's work during the reporting period addressed each of the responsibilities detailed in the ARC's Charter.

The Board, with the assistance of the ARC, undertakes an annual review of Next Science's risk management framework. The Board, with the assistance of the ARC, reviewed the Group's risk management framework including the risk register during the reporting period and considered it to be sound. The review was undertaken taking into consideration the Board's Risk Appetite Statement.

The material risks identified by Next Science during the reporting period are detailed in the 2021 Annual Report and the notes to the financial statements.

### ***Internal audit***

Given its size, the Group does not currently have an internal audit function. The Board has delegated to the ARC responsibility for monitoring and evaluating the adequacy of Next Science's risk management procedures. As Next Science's business operations continue to develop, the Board, with the assistance of the ARC, will review the need for establishing an independent internal audit function.

### ***Environmental and social risks***

As set out above, a review of Next Science's risk register was undertaken during the reporting period. The Board has not identified any material exposure to environmental risks. The Board has identified a material exposure to a social risk – the risk of a product defect or recall. Next Science actively manages this risk through its ISO certified product quality system as well as establishing a product recall insurance program.

Next Science recognises that there is an increasing global focus on sustainable business practices. Next Science is continuing to explore how it may enhance its reporting on environmental and social matters in a way that would be useful to investors and other stakeholders to better understand Next Science's business operations and its environmental and social impact.

## **Principle 8: The Board remunerates fairly and responsibly**

### ***Remuneration practices***

As detailed under Principle 2 above, the Board has established a People, Culture and Remuneration Committee (PCRC).

The responsibilities of the PCRC in respect of remuneration are detailed in the Committee's Charter and include:

- reviewing Next Science's remuneration framework and policies to confirm that they support Next Science's strategic objectives, encourage and sustain a culture aligned with Next Science's values and are aligned with Next Science's risk management framework and the Board's risk appetite;
- review and make recommendations to the Board on:
  - the remuneration of non-executive directors including the remuneration of the Chair of the Board and Chairs of Board Committees including obtaining benchmarking data where necessary;
  - whether circumstances exist which make additional remuneration including exertion allowances appropriate in the case of any individual non-executive director
  - any proposed increase to the non-executive director fee pool
  - the remuneration arrangements, including fixed and short-term and long-term variable remuneration, for the Managing Director and in consultation with the Managing Director, executives reporting to the Managing Director; and
  - the remuneration outcomes for the Managing Director and in consultation with the Managing Director, executives reporting to the Managing Director.

The Charter of the PCRC is available on Next Science's website.

Details regarding the number of meetings of the PCRC and the attendance at those meetings during the reporting period, are provided in the 2021 Annual Report.

### ***Remuneration policies and practices***

Details about Next Science's policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of the Managing Director and other senior executives, are set out in Next Science's 2021 Annual Report. Next Science clearly distinguishes the structure of Non-Executive Directors' remuneration from that of Key Management Personnel.

### ***Equity-based remuneration scheme***

Next Science has adopted a Securities Trading Policy, a copy of which has been released on ASX and is available on Next Science's website.

Next Science's Securities Trading Policy prohibits Directors and executives who participate in an equity-based incentive plan from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlements granted under the plan.