

NEXT SCIENCE®

Next Science Limited

2023 Corporate Governance Statement

Next Science Limited (**Next Science/Company**) has established a framework of rules, relationships, systems and processes within and by which authority is exercised and controlled to promote the responsible management and conduct of its business. Key considerations in the development of the Company's corporate governance arrangements have been the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**) and the regulatory obligations applicable to the Company's activities including those of the United States Food and Drug Administration (**FDA**), the Australian Therapeutic Goods Administration (**TGA**) and the European Union Medical Device Regulation.

The Board of Directors of the Company monitors the Company's activities on behalf of shareholders and is committed to maintaining and promoting robust corporate governance arrangements which meet the reasonable expectations of investors.

The Board and its committees periodically review the Company's governance arrangements to ensure they remain in line with regulatory requirements, developments in recommended corporate governance practice and stakeholder expectations, and that they continue to support the Company's strategic objectives.

This Corporate Governance Statement outlines the principal governance arrangements of Next Science and its related entities (the **Group**) and the extent to which Next Science followed the 4th edition of the ASX Recommendations during the financial year ended 31 December 2022.

This Statement has been approved by the Board and is current at 21 April 2023.

A copy of this Statement and the corporate governance Policies and Charters referenced in this Statement are available on Next Science's website at <https://www.nextscience.com/corp-governance/>.

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 has reserved the following matters to itself:

- 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 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;
- 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 the Company's response to proposed transactions which would affect shareholders' positions and rights, and where relevant, making recommendations to shareholders; and
- satisfying itself that appropriate mechanisms are in place for the governance 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

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.

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.

Next Science, with the assistance of the People, Culture and Remuneration Committee, reviews the performance of Non-Executive Directors before they stand for re-election. 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.

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 approve 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 in relation to listing rule matters

Information on Next Science's Company Secretary is provided on page 28 of the 2022 Annual Report.

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 2022 was 42% female and 57% male and the gender balance across the workforce was 47% female and 53% 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 2022 was 19% and organisational turnover was 32%.

Next Science's workforce diversity as at 31 December 2022, including a comparison to the prior year, is as follows:

Group	Female (2022)	Male (2022)	Female (2021)	Male (2021)
Board of Directors	2 (40%)	3 (60%)	2 (40%)	3 (60%)
Senior Executives*	3 (42%)	4 (57%)	2 (40%)	3 (60%)
Employees (entire organisation)	31 (47%)	35 (53%)	32 (54%)	27 (46%)

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

No new measurable diversity objectives were set for 2022 as the Board considers that the objectives established during 2020 remain appropriate.

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.

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 performance indicators.

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 for the direct reports and reporting 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 2022 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 these changes, 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 and at least three members, with the majority assessed by the Board to be independent.

The Board protocol provides that 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;
- 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;
- identifying and evaluating candidates and recommending to the Board suitable candidates for appointment as a director;
- ensuring that appropriate checks are undertaken before a new director is appointed;
- overseeing the preparation and execution of letters of appointment; and
- making recommendations to the Board in respect of an effective induction program.

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.

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.

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 2022 Annual Report.

Board Skills Matrix

The Board has developed a Skills Matrix to capture the mix of skills that the Board currently has and seeks to maintain in its membership. The Board has identified the skills, knowledge and experience on the Board using a self-assessment questionnaire in which Directors were asked to rate their level of proficiency in each skill area.

The Board’s current assessment of its skills coverage is set out in the Skills Matrix below:



The Board considers that its current mix of skills and experience is appropriate for the Board to discharge its obligations effectively.

Composition of the Board

Next Science's Board comprises five directors including one Managing Director. A majority of the Directors have been assessed by the Board as being independent as set out in the table below:

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 Board Charter provides that an independent non-executive director is one who:

- i. is independent of management;
- ii. 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
- iii. otherwise meets the criteria for 'independence' set out in the current edition of the ASX Recommendations.

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.

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. If the Board's assessment of 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.

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 Securities 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 2022, all Directors and key management personnel were assessed as being in compliance with the Policy.

Induction and education

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.

In accordance with its Charter, the People, Culture and Remuneration Committee reviews at least annually the Board's balance of skills, knowledge, experience, expertise, independence, diversity and commitment and reports 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.

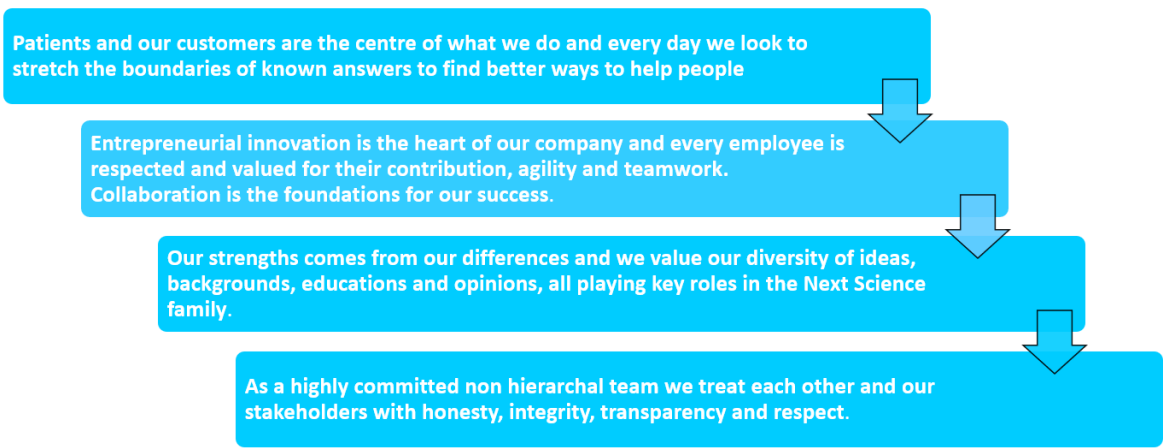
Principle 3: The Board instils a culture of acting lawfully, ethically and responsibly

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

Next Science's Values guide the actions and decision-making of staff. The Values are:



Next Science has adopted a Code of Conduct. The object of the 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. The Code aims to protect and promote the interests and reasonable expectations of the Company's key stakeholders including shareholders, employees, customers, suppliers, creditors, consumers and the broader community.

Next Science's Statement of Values and Code of Conduct are inherently linked with the Values underpinning 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 key policies 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).

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:

- 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
- 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

Further information on the members of the ARC are available in the Company's 2022 Directors' Report.

Bruce Hancox is the Chair of the ARC. The Board considers Mr Hancox to be 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 deep 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.

Information on the number of ARC meetings and attendances at those meetings during the financial year, please refer to the Directors' Report within the Company's 2022 Annual Report.

CEO and CFO declarations

Before the Board approves annual, half year and quarterly financial reports, written declarations are provided by the Managing Director and Chief Executive Officer 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.

The declarations are a declaration that:

- i. in the opinion of the Managing Director and Chief Executive Officer and Chief Financial Officer:
 - the financial records of the Group for the relevant financial period have been properly maintained;
 - the financial statements have been prepared in accordance with applicable accounting standards;
 - the financial report gives a true and fair view of the financial position and performance of the Group; and
- ii. their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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

The process established by the Company to verify the content of any periodic corporate report that is not audited or reviewed by the 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 and Chief Executive Officer, the Chief Financial Officer and/or the Company Secretary, based on matters known to them or with reference to source documentation;
2. financial components of the report are initially prepared by the Chief Financial Officer based on the Chief Financial Officer'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 and Chief Executive Officer, the Chief Financial Officer 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 the Board.

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 2023 Annual General Meeting to answer shareholder questions on:

- the conduct of the independent external audit for the year ended 31 December 2022;
- the preparation and content of the independent external auditor's report;
- the accounting policies adopted in relation to the preparation of the financial statements; and
- the 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 collection, control, assessment and if required, release to the Australia Securities Exchange (**ASX**), of information that may have a material 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, the Board considers whether any matters reported or discussed during the meeting need to be disclosed to the market pursuant to Next Science's continuous disclosure obligations.

The Board receives copies of all ASX announcements made by the Company promptly after release on ASX's market announcements platform.

As outlined in Next Science's Continuous Disclosure Policy, communications with the investment community, including retail and institutional investors, analysts and investment banks may only be undertaken by persons who are 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 first been disclosed to the ASX.

To address the heightened risk of investors perceiving that Next Science staff might be making financial gains by dealing on the basis of inside information leading up to the release of half year and full year reports, Next Science prohibits directors and employees dealing in Next Science securities during these periods. Further information on the dealing restrictions imposed by the Company is available in Next Science's Securities Trading Policy.

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, the Company's products and the Company's governance arrangements. The website includes an investor section providing information about Next Science's share price performance, ASX announcements including financial reports and investor presentations and information on shareholder meetings.

Investor relations

Next Science uses a number of channels and technologies, including webcasting and email broadcasts, to communicate promptly, transparently and widely.

Next Science's investor relations program includes investor briefings following the release of half-year and annual financial statements. The briefings are presented via a webcast and are accessible to all interested individuals. Webcast access details are made available on the ASX market announcements platform.

Next Science has established a dedicated email address for investor queries: investorqueries@nextscience.com.

Shareholders and other interested parties can also subscribe, via the Shareholder Communications page on the Company's website, to receive an email alert when the Company releases an ASX announcement.

Contact information for the Company is provided in the Investor Centre on the Company's website at <https://investors.nextscience.com/investor-centre/>.

To support and encourage electronic communications, Next Science includes an electronic communication form in mailing packs for shareholder meetings.

Shareholder engagement and participation

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

- lodging votes online via the share registry's investor platform either prior to or during the meeting;
- 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 the shareholder's behalf.

Voting on all resolutions put by the Company at shareholder meetings are decided by way of a poll rather than a show of hands.

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 the share registry's online voting platform. Next Science also provides opportunities for shareholders to ask questions during a meeting in person or via the online meeting facilities.

Principle 7: The Board recognises and manages risk

Risk Management

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

As detailed under Principle 4 above, the Board has established an Audit and Risk Committee (ARC) to assist it with these responsibilities. The ARC's responsibilities in respect of risk management include to:

- oversee the establishment and maintenance by management of processes to ensure there is an adequate and effective system to identify and manage material business risks;
- monitor and evaluate the adequacy of risk management procedures by receiving reports from management

- and the external auditor;
- conduct an annual review of the Company's risk management framework to satisfy itself that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board;
- establish procedures for the receipt, retention and handling of concerns regarding accounting and audit matters;
- review and evaluate the procedures the Company has in place to ensure compliance with the laws and regulations in the countries in which it operates;
- review the Company'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 the Company's annual insurance plan and maintain oversight of 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. This annual review was undertaken during the reporting period and the risk management framework was assessed by the Board as sound.

Quality Management

Since 2017, the Group has maintained a Quality Management System (**QMS**) that meets the FDA, TGA and European Union Medical Device regulations. The QMS has been audited annually by various agencies including the FDA and an independent accreditation organisation, Dekra. The QMS system and independent certification process ensure that Next Science meets the medical device and combination drug product standards and regulations established for the markets in which Next Science sells its products.

During the 2022 financial year, Next Science started a Durable Medical Equipment (**DME**) business to better serve the wound care market. As the DME business serves patients with a prescription, it is regulated by the United States Center for Medicare and Medicaid Services (**CMS**).

Next Science implemented over 100 new policies and procedures to meet the requirements for operating a DME business. These policies and procedures were in addition to those the Group has in place to meet FDA requirements applicable to the Group as a medical device business. The policies and procedures covered topics ranging from patient bill of rights and complaint handling to safety of personnel in the field to monitoring of business performance. The procedures were audited by the Board of Certification (BOC), an independent, not for profit organisation dedicated to supporting quality patient care, and were certified by CMS. Additionally, the Group underwent a CMS Program Audit prior to receiving authorisation to file claims with CMS.

Next Science has designated the Chief Operating Officer as the Group's Chief Compliance Officer and Chief Privacy Officer. The Chief Compliance Officer is the person whom patients and families have as their advocate to handle complaints and other grievances that are presented to the Group. The Chief Privacy Officer is responsible for ensuring that a patient's Protected Health Information (PHI), including electronic records, is handled appropriately by all employees of the Group.

Internal audit

Given its size, the Group does not have an internal audit function. As Next Science's business operations continue to develop, the Board, with the assistance of the ARC, will review the need for establishing an internal audit function.

Environmental and social risks

Information on the material risks associated with the development of medical devices is provided on pages 23 and 24 of the Company's 2022 Annual Report and the notes to the financial statements.

The Board and management have 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.

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 include:

- reviewing the Group's remuneration framework and policies to confirm that they support Next Science's strategic objectives and encourage and sustain a culture aligned with Next Science's values and the Board's risk appetite;
- reviewing and making recommendations to the Board on:
 - the remuneration of non-executive directors;
 - 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.

Details regarding the number of meetings of the PCRC and the attendance at those meetings during the reporting period, are provided in the 2022 Annual Report.

Remuneration policies and practices

Information on Next Science's policies and practices regarding the remuneration of the Company's Non-Executive Directors and the remuneration of the Managing Director and other senior executives are set out on pages 30 to 40 of Next Science's 2022 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. The 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.