



## **Medigard Limited – Corporate Governance Statement**

---

For reader's convenience this statement utilizes the numbering used in the ASX Corporate Governance Council's Principles and Recommendations (third edition).

### **Recommendation 1.1 - Roles and responsibilities of the Board and Senior Executives**

---

The Board has adopted a Board Charter which sets out the roles and responsibilities of the Board and its governance requirements. The Board Charter clearly articulates the division of responsibilities between the Board and Senior Executives to help manage expectations and avoid misunderstandings about their respective roles and responsibilities. A copy of the Board Charter can be found on the Company's website: <http://www.medigard.com.au>

### **Recommendation 1.2 – Checks on Board candidates and provision of information to Shareholders**

---

The Company undertakes appropriate checks before appointing a person or putting forward to Shareholders a candidate for election as a Director of the Company. The Company endeavours to provide the following information to Shareholders to enable the Shareholders to make an informed decision as to the candidate's character, experience, education, criminal record and bankruptcy history:

- biographical details, including their relevant qualifications and experience and the skills they bring to the Board;
- details of any other material Directorships currently held by the candidate;
- in the case of a candidate standing for election as a Director for the first time:
  - any material adverse information revealed by the checks the Company has undertaken on the candidate;
  - details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to act in the best interests of the Company and its Shareholders; and
  - if the Board considers that the candidate will if elected, qualify as an independent Director, a statement to that effect;
- in the case of a candidate standing for re-election:
  - the term of office currently served by the Director; and
  - if the Board considers the Director to be an independent Director, a statement to that effect;
- a statement by the Board as to whether it supports the election or re-election of the candidate.

## **Recommendation 1.3 – Written agreements with Directors and Senior Executives of the Company**

---

The Company has entered into written agreements with each of its Directors setting out the terms of his or her appointment.

Each member of the Senior Executive team has signed a formal employment contract covering a range of matters including their duties, rights, responsibilities and any entitlements on termination.

## **Recommendation 1.4 – Company secretary is accountable to the Board**

---

The Company Secretary plays an important role in supporting the effectiveness of the Board and its committees. The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The responsibilities of the Company Secretary include:

- advising the Board and its committees on governance matters;
- monitoring that Board and committee policy and procedures are followed;
- coordinating the timely completion and despatch of Board and committee papers;
- ensuring that the business at Board and committee meetings is accurately captured in the minutes;
- helping organise and facilitate the induction and professional development of Directors; and
- attending to ASX and statutory filings.

Any decision to appoint or remove a Company Secretary will be made or approved by the Board.

Each Director of the Company may communicate directly with the Company Secretary and vice versa.

## **Recommendation 1.5 - Diversity Policy**

---

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. However, due to the size of the Company and the small number of Directors and executives, the Company has not developed a Diversity Policy.

## **Recommendation 1.6 – Process for the periodic evaluation of the Board**

---

A formal performance evaluation process exists comprising a survey circulated amongst and reviewed by all Board members. A review has not taken place in the reporting period.

## **Recommendation 1.7 – Process for the periodic evaluation of Senior Executives**

---

The Company has not developed a formal process for the periodic appraisal of its Executives.

## **Recommendation 2.1 - Nomination Committee**

---

The Company does not have a Nomination Committee. The functions which would be handled by a nomination committee are performed by the Board as a whole with individuals absenting themselves if appropriate.

## **Recommendation 2.2 – Board skills matrix**

---

The Board considers that a diverse range of skills, background, knowledge and experience is required to effectively govern the Company. The Board has not developed a skills matrix but periodically reviews the composition of the Board with a view to the skills required to deliver good corporate governance and value for Shareholders.

The Directors believe that the Board is of an appropriate size and composition to enable it to discharge its duties effectively

## **Recommendation 2.3 – Director’s independence**

The Board has adopted specific principles in relation to Directors’ independence. These state that to be independent, a Director must be a non-executive Director and:

- not be a substantial Shareholder of the Company or an officer of, or otherwise associated directly with, a substantial Shareholder of the Company;
- within the last three years, not have been employed in an executive capacity by the Company or any other Group member, or been a Director after ceasing to hold any such employment;
- within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other Group member, or an employee materially associated with the service provided;
- not be a material supplier or customer of the Company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- must have no material contractual relationship with the Company or a controlled entity other than as a Director of the Group;
- be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Directors’ ability to act in the best interests of the Company; and
- must not have any close family ties with any person who falls within any of the categories described above.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or Group or 5% of the individual Director’s net worth is considered material for these purposes.

In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the Shareholders’ understanding of the Directors’ performance.

Recent thinking on corporate governance has introduced the view that a Directors’ independence may be perceived to be impacted by lengthy service on the Board. The Chair, Mr Christopher Bishop, will have completed eleven years as a Director on 1 September 2019, however the Board consider that he continues to be independent.

Mr Don Channer, a substantial shareholder, and Executive Director Dr Ian Dixon, are deemed not to be independent.

## **Recommendation 2.4 – Majority of the Board are independent Directors**

---

Due to the small size of the Board, the composition of which is still evolving, the Company does not have a majority of independent Directors.

## **Recommendation 2.5 – Independence of Chair**

---

The Chair of the Board is an independent Director and is not the same person as the CEO.

## **Recommendation 2.6 – Induction program for new Directors**

---

Induction and training is available to all directors and access to information, including independent professional advice, is available at the Company's expense.

## **Recommendation 3.1 – Code of Conduct**

---

A Code of Conduct exists by which directors, staff and contractors are bound. Specifically under the Code, the Company, its directors, employees, contractors and consultants will:

- Act with honesty, integrity and fairness in all dealings associated with the Company
- Comply with all laws and regulations which govern the operations of Medigard
- Not knowingly participate in any illegal or unethical activity
- Not participate in any activity that conflicts with the interests of Medigard including taking advantage of property, information or position for personal gain
- Protect the confidentiality of Medigard and its stakeholders
- Protect and properly use the Company's assets including its intellectual property and its reputation
- Comply with the Company's trading policies and other standards of conduct as set out from time to time
- Report as appropriate any unethical or illegal behaviour

A copy of the Company's Code of Conduct can be found on the Company's website.

## **Recommendations 4.1 – Establishment of an Audit Committee**

---

The Company does not have An Audit Committee. The functions which would be handled by an audit committee are performed by the Board as a whole.

## **Recommendation 4.2 – CEO and CFO declaration**

---

The Company does not have a CEO but the appropriate certification was provided by the CFO.

## **Recommendation 4.3 – External auditor attends AGM**

---

The external auditor attends the Company's annual general meeting to be available to answer Shareholders questions about the conduct of the audit and the preparation and content of the audit report.

## **Recommendation 5.1 – Written policy for complying with its continuous disclosure obligations**

---

A Continuous Disclosure Policy exists binding all directors, staff and contractors. Specifically provided for in the policy are:

- details of the obligations under the Corporations Act and the ASX Listing Rules
- a requirement for directors and management to notify the Company Secretary as soon as they become aware of any information that could be considered market sensitive
- a process by which the information is analysed and a determination made by the Company Secretary in conjunction with the Chairman as to disclosure or otherwise
- a process to deal with analyst briefings and media liaison whereby all presentations are reviewed by the Company Secretary
- all liaison and correspondence with the ASX occurs through the office of the Company Secretary

A copy of the Company's Continuous Disclosure and Shareholders Communication Policy can be found on the Company's website.

## **Recommendation 6.1 – Provision of information via the Company’s website**

---

The Company provides information about itself and its governance to investors via its website <http://www.medigard.com.au>. The Company’s corporate governance information can be accessed from the “Corporate Governance” section of the Company’s website. In particular, the Company’s website has links to:

- the names and brief biographical information for each of its Directors and Senior Executives;
- its constitution and Board charter;
- its corporate governance policies;
- copies of its annual and Interim reports;
- copies of its announcements to ASX; and
- copies of notices of meetings of Shareholders and any accompanying documents.

All information disclosed to the ASX is posted on the Company’s website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group’s operations, the material used in the presentation is released to the ASX and posted on the Company’s website.

## **Recommendation 6.2 – Investor relations program to facilitate effective two-way communication**

---

The Company does not have a formal investor relations program. As the company evolves, a program will be developed.

Any interested parties are able to contact the Directors or the Company Secretary by telephone or email at any time via the contact us link on the Company’s website.

## **Recommendation 6.3 – Disclosure of the policies and processes it has in place to facilitate and encourage participation at meetings of Shareholders**

---

The Company has no formal policies or procedures for participation by security holders at meetings, however shareholders are encouraged to participate at general meetings. The Company permits Shareholders to cast their proxies prior to a General Meeting if they are unable to attend.

## **Recommendation 6.4 – Shareholders have the option to receive communications from and send communications to the Company and its share registry electronically**

---

Shareholders are encouraged to communicate with the Company electronically, including via the “contact us” facility on the Company website and receiving forms and documents electronically or accessing material directly from the Company’s website. The Company gives Shareholders the option to receive communications from, and send communications to, the Company and its security registry electronically.

## **Recommendation 7.1 – The Board should have a Committee to oversee risk**

---

The Company does not have a Risk Committee. The functions which would be handled by a risk committee are performed by the Board as a whole. The Board’s collective experience will enable accurate identification of the principal risks that may affect the Group’s business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

## **Recommendation 7.2 – Review of the Company’s risk management framework annually**

---

A structured review was not undertaken in the year ended 30 June 2019.

## **Recommendation 7.3 – Internal audit function**

---

Due to the size of the company, there is no internal audit function.

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

## **Recommendation 7.4 – Material exposure to economic, environmental and social sustainability risks**

---

The Board considers that the Company's operations do not cause material economic, environmental or social sustainability risk.

## **Recommendation 8.1 – Remuneration Committee**

---

The Company does not have a Remuneration Committee. The functions which would be handled by a nomination committee are performed by the Board as a whole with individuals absenting themselves when appropriate.

## **Recommendation 8.2 – Disclosure of policies and practices regarding remuneration of non-executive Directors and remuneration of executive Directors and other Senior Executives**

---

Information on Directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Directors' report under the heading "Remuneration Report" in the Company's Annual Report.

## **Recommendation 8.3 – Transactions which limit the economic risk of participating in the Company’s equity based remuneration scheme**

---

The Company has an equity-based remuneration scheme, which has not been utilised to date. Both the equity based scheme terms and the Company's Securities Trading Policy provide that participants in any scheme must not enter 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 equity interest. A copy of the Company's Securities Trading Policy is accessible on the Company's website.

This document was adopted by the Board of Medigard Limited on 22 August 2019