
MEDILAND

Pharm Limited

**Mediland Pharm Limited
Corporate Governance
Statement**

Mediland Pharm Limited

Mediland Pharm Limited Corporate Governance Statement

The Board is responsible for the overall corporate governance of Mediland Pharm Limited (the Company and or Mediland). The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of Mediland Pharm, considering and approving its annual business plan and the associated budget.

The Board is committed to maximising performance, generating appropriate level of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting Mediland's business with these objectives, the Board seeks to ensure that Mediland is responsibly managed to protect and enhance Shareholder interests and that the Company, its directors, officers, and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has developed and adopted a framework of corporate governance policies and practices, risk management practices and internal controls that it believes appropriate for Mediland Pharm's business.

The Board has adopted a Board Charter (Charter), which sets out the key corporate governance principles and procedures of the Company. The Charter and other corporate governance documents are available on the Company's website at <http://www.medilandpharm.com.au/investor-relations-corporate-governance/>. The information in this Statement is current on 28 October 2021 and has been approved by the Board.

The Board supports the objectives of the guidelines set out in the Corporate Governance Principles and Recommendations (4th edition) put forward by the ASX Corporate Governance Council. However, the Board also acknowledges that at present because of the relatively small size of the Company, it does not comply with all the recommendations.

Below we address each of the ASX Corporate Governance Principles and Recommendations.

1. Principle 1 – Lay solid foundations for management and oversight

1.1. The roles and responsibilities of Board and Management

The Board has outlined in its Charter, its roles and responsibilities and has established a clear distinction between its functions and those delegated to management.

The Board delegates responsibility for the day-to-day operations and administration of the Company to Management. The Company's Board Charter is available on Mediland's website at <https://www.medilandpharm.com.au/investor-relations-corporate-governance/>.

1.2. Nomination and appointment of Directors

Appropriate checks, including, criminal record checks, have been carried out on all Board members prior to their appointment.

The Company 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 general meetings in the Notice of the Meeting. The Notice of the 2021 Annual General Meeting is available on the Company's website <https://www.medilandpharm.com.au/shareholder-information/>.

1.3. Written agreements with Directors and senior executives

All Directors and senior executives have a written agreement with the Company or a member of Mediland Pharm Group setting out the terms of their appointment.

1.4. Company Secretary directly accountable to the Board

The Company Secretary is accountable directly to the Board, through the Chairman on all matters to do with the proper functioning of the Board.

1.5. Diversity Policy

The Board has adopted a Diversity Policy. The Diversity Policy requires the Board to set measurable objectives for obtaining gender diversity. The Board has not yet set measurable objectives but intends to review the diversity statistics within the Company and use those measures to formulate measurable objectives.

On 30 June 2021, 50% percent of the Company's employees were female. The Board is comprised of six directors with one female director on the board on 30 June 2021. Mediland's Diversity Policy is available on the Company's website at <https://www.medilandpharm.com.au/investor-relations-corporate-governance/>.

1.6. Board Performance Evaluation

The Board with the assistance and recommendation of the Remuneration & Nominations Committee (RNC), reviews and evaluates the performance of the Board, each Board committee and each individual Director against the relevant charters, corporate governance policies, and agreed goals and objectives.

The assessment also considers the adequacy of access to information and the support provided by management. Any action plans are documented together with specific performance goals which are agreed for the coming year.

The Board undertook an informal annual performance evaluation of the Board during the reporting period.

1.7. Evaluation of senior executives

Senior Executives are subject to an annual performance evaluation. Each year, senior executives (including the MD) establish a set of performance targets. These targets are aligned to the overall corporate strategy and strategic goals. In the case of the MD, these targets are agreed between the MD and the Remuneration & Nominations Committee and approved by the Board.

Performance evaluation for the MD and other Company's executives will take place in February 2022.

2. Principle 2 – Structure the Board to be effective and add value

2.1. Nomination Committee

The Board does not believe a separate Nominations Committee is necessary given the size of the Board. The Remuneration & Nominations committee performs this function and is aware of and regularly considers succession planning.

Members of the Remuneration & Nominations committee are Tracey-Lee Cray (Chair), Leo Cui, Theo Renard and Jhon Shen. The RNC Chair is independent, and the committee comprises of three independent directors.

The Charter for the Remuneration & Nominations Committee is available on the Company's website at <https://www.medilandpharm.com.au/investor-relations-corporate-governance/>.

The meeting attendances are disclosed in the Directors Report of our Annual Report.

2.2. Board Skills Matrix

In establishing the Board, the skills and expertise required of the Directors relevant to Mediland Pharm's business and the Company's Listing in Australia was considered. Directors with the desired skills and expertise were carefully selected for appointment to the Board.

2.3. Director Independence and length of service

The names of the directors considered to be independent and their length of service as of 30 June 2021, are as follows:

- Dr Peter French – 2.66 years of service
- Ms Tracey Cray – 2.66 years of service
- Mr Theo Renard – 2.43 years of service
- Mr Leo Cui – 1.6 years of service

None of these directors have a material shareholding in the Company or is an adviser or supplier to the Company or has any other material contractual relationship with the Company.

The Board believes its composition addresses the needs of the Company. Full details of the Directors' backgrounds, expertise and length of service are set out in the Directors Report in the Annual Report available on the Company's website at <https://www.medilandpharm.com.au/shareholder-information/>.

2.4. The majority of the Board should be Independent Directors

The Board comprises of six members, four of whom are independent. The Board Charter sets out the criteria adopted by the Board for considering if a director is independent.

2.5. Independent Chair

The Board recognises the recommendation that the Chairman should be an independent Non- Executive Director and has accordingly appointed Dr Peter French, an independent non-executive director, as the Chairman.

2.6. New Director induction and continuing education program for all Directors

New directors undergo an induction process in which they are given a full briefing on the Company and the Company is committed to continuing development of its directors and executives. For details on the induction of new directors and the continuing development objectives of the Company, please refer to the Board Charter available on the Company's website at <https://www.medilandpharm.com.au/investor-relations-corporate-governance/>.

3. Principle 3 – Instil a culture of acting lawfully, ethically, and responsibly

3.1. Mediland's Values

Mediland Pharm is in the process of formalising its Values. Mediland is dedicated to its customers, employees and its shareholders and its Values are driven by its relationship and commitment to these stakeholders whilst promoting health and well-being to locally and internationally.

The Company acquired Heartland Ambassador Hotel in Hamilton in April 2021 hence the Company is in the process of integrating the hotel business into its operations. This will require update of the Company's risk assessment framework, its values, and strategies.

3.2. Code of Conduct

The Board has a code of conduct applicable to all Directors, senior executives and employees, a copy of which is disclosed on the Company's website at <https://www.medilandpharm.com.au/investor-relations-corporate-governance/>.

The Code of Conduct requires that the Company's MD and the Company Secretary, who are designated to receive reports under the Company's Whistleblower Policy, report any material breaches to the Board or to the Audit Risk & Governance Committee.

3.3. Whistleblower policy

In July 2020, the Board adopted and published a Whistleblower Policy available on the Company's website at <https://www.medilandpharm.com.au/investor-relations-corporate-governance/>.

The Whistleblower Policy requires that the Company's MD and the Company Secretary, who are designated to receive reports under the Policy, report any material incidents to the Board or to the Audit Risk & Governance Committee.

3.4. Anti-bribery and corruption policy

In July 2020, the Board adopted and published the Company's Anti-Bribery and Corruption Policy.

The Anti-Bribery and Corruption Policy requires that the Company's MD and the Company Secretary, who are designated to receive reports under the Policy, report any material breaches of the Policy to the Board or to the Audit Risk & Governance Committee.

4. Principle 4 – Safeguard the integrity of Corporate Reports

4.1. Audit Committee with appropriate structure, experience, and oversight of Corporate Reporting

The Board has established an Audit, Risk and Governance Committee (ARGC). The ARGC is comprised of all independent and Non-Executive Directors. The members of the ARGC are Theo Renard (Chair), Dr Peter French, Leo Cui and Tracey-Lee Cray.

The Chair of ARGC is independent of Board Chair. A copy of the ARGC's Charter is on the Company's website at <https://www.medilandpharm.com.au/investor-relations-corporate-governance/>.

The relevant qualifications and experience of the members and details on meetings held by the Committee are contained in the Directors' Report of our Annual Report.

4.2. CEO and CFO's declaration relating to the control environment and their opinion on the financial records

The Board receives this assurance from the Chief Executive Officer and the Chief Financial Officer for each of the Full Year and Half Year reporting periods.

4.3. Integrity of periodic corporate report releases to the market

The Audit, Risk & Governance Committee ensures that members of management and the Company Solicitor with relevant subject matter expertise are consulted on the content of such reports as appropriate.

5. Principle 5 – Make timely and balanced disclosure

5.1. Continuous Disclosure Policy

The Board has established a continuous disclosure policy to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability for compliance. Each Board meeting considers whether any continuous disclosure issues arose during the meeting. The continuous disclosure policy is on the Company's website at <https://www.medilandpharm.com.au/investor-relations-corporate-governance/>.

The Company's MD and the Company Secretary have been nominated as the person responsible for communications with the Australian Securities Exchange (ASX) which includes the responsibility for meeting the continuous disclosure requirements.

All Company announcements, and media releases are available on the Company's website. Shareholders either receive a copy of the Company's annual reports either by post or through electronic means.

5.2. Material market announcements

The Company Secretary e-mails the Board immediately after a material announcement has been made.

5.3. Continuous Disclosure Investor Presentations

The Company releases all corporate presentation materials to the market before making such presentation to investors or potential investors.

6. Principle 6 – Respect the rights of Security Holders

6.1. Corporate Governance Information

The Company's website provides an overview of the Company's business and its Governance.

The following documents are available in the Corporate Governance section of the Company's website at: <https://www.medilandpharm.com.au/investor-relations-corporate-governance/>.

- Board Charter
- Code of conduct
- Continuous Disclosure Policy
- Diversity Policy
- Securities Trading Policy
- Shareholder Communication Policy
- Whistleblower Policy
- Ant-Bribery and Corruption Policy

6.2. Investor relations program

The Company has not yet designed and implemented an investor relations program to facilitate effective two-way communication with investors, however, the Board recognises its importance. The Board does not believe that the present size of the Company warrants a formal investor relations programme. However, effective two-way communication with investors is achieved through continuous disclosure to the ASX and statutory reporting requirements.

6.3. Participation at meetings of security holders

The Board has adopted a Shareholder Communication Policy and will provide Shareholders with opportunities to have questions addressed at Shareholder meetings, irrespective of whether the Shareholder is able to attend. A copy of the Shareholder Communication Policy is on the Company's website at: <https://www.medilandpharm.com.au/investor-relations-corporate-governance/>.

6.4. Substantive Resolutions at Security Holders Meetings by a poll

In 2020 Annual General Meeting, 100% poll voting was conducted. The Company will continue to conduct poll voting in all general meetings.

6.5. Electronic Communication

Security holders are encouraged to provide their email address to enable electronic communication to and from the Company and its share registry.

7. Principle 7 – Recognise and manage risk

7.1. Risk Committee

The Board does not believe a separate Risk Committee is necessary given the size of the Board. The ARGC performs this function. The ARGC is comprised of all independent and Non-Executive Directors. The Chair of ARGC is independent of Board Chair. A copy of the ARGC's Charter is on the Company's website. The members of the ARGC are Theo Renard (Chair), Dr Peter French, Leo Cui and Tracey-Lee Cray.

The relevant qualifications and experience of the members and details on meetings held by the Committee are contained in the Directors' Report of our Annual Report.

7.2. Risk Management Framework

The risk Management framework for the Group has been formally reviewed by the Board. The Board has appointed the ARGC to assist it with discharging its oversight function in respect of material business risks and to determine if the system of risk management is sound. Outcomes of those reviews will be reported to the Board.

The Board considers and review annually the Company's risk framework using a risk matrix. Senior management with the assistance of ARGC Chair is involved updating this document, which addresses the likelihood and severity of risks as well as contingency planning. For the year ended 30 June 2021 this formal review has been completed.

The Committee has undertaken a review of the entity's risk management framework and operation in accordance with the risk matrix set by the Board, as recommended in 7.2(a), for the financial year ended 30 June 2021.

7.3. Internal Audit

At present the Company does not have an Internal Audit Function as recommended by the ASX Corporate Governance Council's Principles and Recommendations. The Board is of the view that the Company is not of a size or complexity that would require a formal internal audit function.

At present the Company undertakes periodic internal and external reviews of its system of risk management and internal control and seeks the advice and recommendations of its external auditor in relation to its system of financial control and compliance.

7.4. Material Exposure to Environmental or Social Risks

The Company manages its exposure to economic risk by having a sound system of control and accountability systems to ensure the Company is progressing towards goals set by the board. These controls are reviewed annually with the input of the Company's auditors.

Any material exposure to economic risk is disclosed in the Annual Report of the Company.

The Audit Risk & Governance Committee is responsible for reviewing at least annually the effectiveness of the Company's risk management and internal control systems and make relevant recommendations to the Board. In discharging its duties, the Committee has unrestricted access to all staff and to the Company's auditors, both internal and external, to seek information and explanations from them. The Committee proactively makes recommendations to the Board in relation to the outputs of the financial reporting and disclosure processes and with respect to risk management and internal control.

The Board retains the overall Risk Management function. The Company does not have any material exposure to environmental or social sustainability risks and consequently currently has no formal policies in place to manage such risks.

However, the Company will monitor exposure to such risks and implement appropriate policies when required.

8. Principle 8 – Remunerate fairly and responsibly

8.1. Remuneration Committee

The Board has formed a combined Remuneration & Nominations Committee (RNC). The RNC monitors industry remuneration practices and makes recommendations to the Board so that it can set appropriate remuneration levels for employees.

Members of the Remuneration & Nominations committee are Tracey-Lee Cray (Chair), Leo Cui, Theo Renard and Jhon Shen.

The RNC Chair is independent, and the committee comprises of three independent directors. The Charter for the Remuneration & Nominations Committee is available on the Company's website at <https://www.medilandpharm.com.au/investor-relations-corporate-governance/>.

The meeting details are disclosed in the Directors Report of our Annual Report.

8.2. Remuneration policies and practices

Board members are remunerated by reference to industry standards.

Non-executive directors are paid an annual fee with no provision for retirement benefits.

Executives receive a base salary package and may receive an annual performance bonus. Any annual performance bonus payable to an executive is determined by the Board having regard to the performance of both the Company and the executive for the relevant year, based on qualitative and/or quantitative factors, which are agreed at the beginning of the year.

Audited Remuneration Report is contained in the 2021 Annual Report available on the Company's website at <https://www.medilandpharm.com.au/shareholder-information/>.

8.3. Securities Trading Policy

The Company's Securities Trading Policy prohibits participants of any equity-based remuneration scheme entering into transactions which limits the economic risk of a participant. The Securities Trading Policy is available on the Company's website at <https://www.medilandpharm.com.au/investor-relations-corporate-governance/>.