

2020 Corporate Governance Statement

The Board of Medibio Limited (the “**Company**”) is responsible for the overall corporate governance of the Group. The Board believes that good corporate governance helps ensure the future success of the Company, adds value to stakeholders and enhances investor confidence.

The ASX Listing Rules require listed companies to prepare a statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Council (**Recommendations**) during the reporting period. The Recommendations are not prescriptive, such that if a company considers a recommendation to be inappropriate having regard to its own circumstances, it has the flexibility not to follow it. Where a company has not followed all the Recommendations, it must identify which Recommendations have not been followed and provide reasons for not following them.

This Corporate Governance Statement (**Statement**) discloses the extent to which Medibio Limited has followed the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. This Statement should be read in conjunction with the material on our website www.medibio.com.au, including the 2020 Annual Report.

This Statement is current as at 25 September 2020 and has been approved by the Board of Directors of Medibio Limited.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 - Role of the Board and Management

The role of the Board is to provide overall strategic guidance and effective oversight of management.

The Board has a formal Board Charter which is available on our website at <https://medibio.com.au/corporate-governance/>.

The Board charter sets out the specific responsibilities of the Board, requirements as to the Board’s composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors’ access to Company records and information, details of the Board’s relationship with management, details of the Board’s performance review and details of the Board’s disclosure policy.

The Board delegates responsibility for the day-to-day management of the Company and its business to the Chief Executive Officer (**CEO**). The CEO is supported by the senior executive team and delegates authority to appropriate senior executives for specific activities. The Board maintains ultimate responsibility for strategy, control and risk profile of the Group.

Recommendation 1.2: Appointment of Directors

The Company has guidelines for the appointment and selection of the Board which require the Board to undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a Director.

We provide our shareholders with all material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a Director will be voted on.

Recommendation 1.3: Appointment Terms

Each director and senior executive is party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. Details of executive contracts in place are detailed in the Company's Annual Remuneration Report in the June 2020 Annual Report.

Recommendation 1.4: Company Secretary

The Board is supported by the Company Secretary, whose role includes supporting the Board on governance matters, assisting the Board with meetings and directors' duties, and acting as an interface between the Board and senior executives across the Group. The Board and individual Directors have access to the Company Secretary.

Under the Company's governance framework, the Company Secretary is accountable to the Board, through the Chair, on all matters regarding the proper functioning of the Board. The Board is responsible for the appointment of the Company Secretary.

Details regarding our Company Secretary's, including experience and qualifications, is set out in the Directors' Report in our June 2020 Annual Report.

Recommendation 1.5: Diversity Policy

The workforce of the Company comprises individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is valued and respected.

The Diversity Policy is available on the Company's website at <https://medibio.com.au/corporate-governance/>.

The proportion of women on the Board, in senior executive positions and women across the entire organisation is as follows:

- Women on the Board – 33%
- Women in senior executive positions – 16%
- Women across the entire organisation – 50%

The Board has set the following diversity objectives:

- To cultivate an inclusive workplace of fairness and equality which fosters the unique skills and talents of a diverse range of people; and
- To encourage diversity in skill set, experience, qualifications and age of our workforce. With a diverse mix of professionals, providing services to our customers, we will continue to encourage diversity in hiring and sourcing of candidates.

The Company is not considered a "relevant employer" under the Workplace General Equality Act 2012, as it is not a non-public sector employer with 100 or more employees in Australia for any six months or more of a reporting period.

Recommendation 1.6: Board Performance Assessment

The Board is committed to formally evaluating its performance, the performance of its committees (if applicable) and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process.

The review process involves:

- completion of a questionnaire/survey by each director, facilitated by the Company Secretary;
- the preparation and provision of a report to each director with feedback on the performance of the Board based on the survey results; and

- The Board meeting to discuss any areas and actions for improvement.

A Board performance assessment took place during FY2020. An analysis of the data collected indicated that the Board is functioning effectively against the majority of its criteria.

Recommendation 1.7: Senior Executive Performance Assessment

Senior Executives are appointed by the Chief Executive Officer and their Key Performance Indicators (**KPI's**) contain specific financial and non-financial objectives.

These KPI's are reviewed annually by the CEO. The performance of each Senior Executive against these objectives is evaluated annually.

Performance evaluations were undertaken during the reporting period by the Company in accordance with the process.

PRINCIPLE 2 – BOARD STRUCTURE

Recommendation 2.1: Nomination Committee

The Board had established a Remuneration & Nomination Committee to assist the Board in ensuring it is equipped to discharge its responsibilities. However, following a restructuring of the Board during the year and due to the size of the Company and Board, the Board fulfils the roles and responsibilities in relation to nominations. The Board is now responsible for the duties that would ordinarily be carried out by a Nomination Committee, including reviewing processes for succession planning and ensuring the Board has the appropriate balance of skills, experience, independence and knowledge to discharge its duties and responsibilities effectively.

The Nomination & Remuneration Committee Charter is available on the Company's website at <https://medibio.com.au/corporate-governance/>.

The Board undertook the functions of Nomination Committee during the course of its general Board Meetings.

Recommendation 2.2: Board Skills Matrix

Our objective is to have an appropriate mix of expertise and experience on our Board so that it can effectively discharge its corporate governance and oversight responsibilities. The Board Charter requires the disclosure of each Board member's qualifications and expertise.

A Board Skills Matrix Review took place during FY2020. An analysis of the data collected indicated that the current directors possess a broad mix of relevant skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company's strategic objectives.

To the extent that any skills are not directly represented on the Board, they are augmented through management and external advisors.

Full details of each Directors' relevant skills and experience are set out in the June 2020 Directors' Report.

Recommendation 2.3: Independent Directors

An independent director is a non-executive director who is not a member of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of judgement.

The Board regularly assesses the independence of each Non-Executive Director in light of the information which each Director is required to disclose in relation to any material contract or other relationship with the Company in accordance with the director's terms of appointment, the Corporations Act 2001, and the Board Charter.

When appointing an independent director or reviewing the independence of its Directors, the Board will have

regard to the definition of independent director and the factors set out in the Recommendations, in particular the factors relevant to assessing the independence of a director set out in Recommendation 2.3.

As on the date of this report, the Board has one independent director, Mr Peter Carlisle (Lead Independent Director).

Mr Claude Solitario is not considered to be independent on the basis that he is the CEO and Managing Director of the Company.

Ms Melanie Leydin is not considered independent due to her undertaking executive functions in her role as Director and Company Secretary.

The Board considers the Non-Executive directors to be independent having regard to the indicia in Box 2.3 in the ASX Recommendations. The Board has considered the holdings of shares in the Company by the Non-Executive Directors and is of the opinion that their respective interests in shares would not materially interfere with, or could be reasonably perceived to interfere with, the independent exercise of their judgement in their position as a Director. The Board also considers that they are otherwise free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgement, and that each of these Directors is able to fulfil the role of independent Director for the purposes of the ASX Recommendations.

The Board's assessment of each current Director is set out below.

Name	Position	Appointment date	Status
Claude Solitario	Non-Executive Director	31 December 2018	Non-Independent
Melanie Leydin	Director and Company Secretary	22 February 2019 (Director) 06 June 2018 (Company Secretary)	Non-Independent
Peter Carlisle	Lead Independent Director	22 January 2018 (alternate director - 5 June 2017)	Independent

The Directors who resigned during the year are as follows -

Name	Position	Appointment date	Resignation date	Status
David Kaysen	CEO, Managing Director & Chairman	5 November 2018	8 January 2020	Non-Independent
Lisa Wiperman-Heine	Non-Executive Director	29 August 2019	*22 November 2019	Independent
Lisa Ide	Non-Executive Director	29 August 2019	*22 November 2019	Independent
Liwanag Ojala	Non-Executive Director	29 August 2019	*22 November 2019	Independent

*Directors ceased to be Directors following unsuccessful election at Company's Annual General Meeting held on 22 November 2019.

Recommendation 2.4: Majority Independence

One out of our three current Directors are deemed independent and the Company does not have a majority of independent directors.

The Board recognises that it is desirable for the majority of the Board to be Independent Directors, the current Company size and Board composition reflects an appropriate balance of skills, expertise and experience to fulfil its obligations to act in the best interests of the Company and all stakeholders. The Board also considers that there are appropriate safeguards in place including policies and protocols to ensure independent thought and decision making. The Board has appointed Mr Peter Carlisle as Lead Independent Director as a safeguard for independence.

It is noted that the composition of the Board will be reassessed in the future in line with changes in the Group's

operations and will be adjusted as deemed appropriate. The Board will consider the Recommendations in assessing any future changes in board composition and note that while the Board may not meet the majority independence requirements that each Board member exercises independence in each of the Board decisions.

Further information regarding our Directors, including their experience and qualifications, is set out in the Directors' Report of our June 2020 Annual Report.

Recommendation 2.5: Board Chair

There is currently no Chair of the Board due to the size of the Company and its composition.

A Chair is appointed at the commencement of each Board meeting. The Board is of the view that due to the Company's size and operations the current Board structure is sufficient for its activities. The Board will continually assess the requirement for a Chair on an ongoing basis.

Recommendation 2.6: Induction, Education and Training

In accordance with the Company Remuneration & Nomination Committee charter all new Directors are provided with copies of all relevant documents and policies governing the Company's business, operations and management, at the time of joining the Board. All Directors are provided with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge.

Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Company.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1: Code of Conduct

The Board expects all directors, employees and contractors to act with the utmost integrity and objectivity, and in compliance with the letter and the spirit of the law and Company policies striving at all times to enhance the reputation and performance of the Company, in the following areas;

- Business ethics;
- Compliance with laws;
- Personal and professional conduct;
- Respect for others and improper behaviour;
- Dealings with suppliers, customers, advisers and regulators;
- Dealing with the community; and
- Dealing with other employees.

The Company and its directors have always promoted ethical and responsible decision-making and the Company's Code of Conduct and this may be viewed on the Company's website <https://medibio.com.au/corporate-governance/>.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1: Audit Committee

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Board had established an Audit & Risk Committee, which operated under a formal charter approved by the Board, to which it had delegated the responsibility to establish and maintain the framework of internal control and ethical standards for the management of the company.

However following a restructuring of the Board during the year and due to the size of the Company and Board, the Board fulfils the roles and responsibilities in relation to Audit Committee. The duties of the Board in relation to audit are the same that would otherwise be fulfilled by an Audit Committee, including overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit.

The Audit & Risk Committee Charter is available on the Company's website at <https://medibio.com.au/corporate-governance/>.

The Board undertook the functions of an Audit Committee during the course of its general Board Meetings.

Recommendation 4.2: Assurances

The Chief Executive Officer (**CEO**) and Company Secretary (**CS**) provide a declaration to the Board prior to the Board's approval of the Company's full year and half year results financial results in addition to its statutory quarterly reporting obligations. This process was followed for the June 2020 full year financial results, where the CEO and CS provided a declaration to the Board that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. On this basis, the June 2020 full year financial results were approved by the Board. The same process is followed for the Half Year and Quarterly financial results provided to the market.

Recommendation 4.3: External Auditor

Our external auditor, William Buck attends our AGM and a representative is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

William Buck (Qld)'s independence declaration is contained in the Directors' Report in our June 2020 Annual Report.

The effectiveness, performance and independence of the external auditor is reviewed annually by the Board.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Continuous Disclosure Policy

We are committed to providing information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules and the Corporations Act.

To comply with these obligations, the Board has adopted a Continuous Disclosure Policy, which is available on our website at <https://medibio.com.au/corporate-governance/>.

The Board has overarching responsibility for compliance with continuous disclosure obligations.

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market and in compliance with our Securities Trading Policy (as applicable). In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. The Company website includes a link to all information disclosed to the ASX.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1: Information and Governance

Information about the Company and its corporate governance policies is available on our website at

<https://medibio.com.au/corporate-governance/>.

The Company also maintains a separate investor page on our website to provide shareholders with links to annual and interim reports, ASX announcements, presentations and other key information.

Recommendation 6.2: Investor Relations

We endeavour to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions.

The Company has adopted an Investor Relations Policy which aims to promote and facilitate effective two-way communication with investors. The policy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website <https://medibio.com.au/corporate-governance/>.

Recommendation 6.3: Shareholder Meeting Participation

Shareholders are forwarded the Company's Annual Report, if requested (it is otherwise made available on the Company's website), and documents relating to each general meeting, being the notice of meeting, any explanatory memorandum and a proxy form and shareholders are invited to attend these meetings.

The Board regards each general meeting as an important opportunity to communicate with shareholders and it provides a key forum for shareholders to ask questions about the Company, its strategy and performance. At shareholder meetings, the Company will provide an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and if applicable our external auditor.

One of the Company's key communication tools is its website located at www.medibio.com.au. The Company endeavours to keep its website up to date.

Further information is included in the Company's Investor Relations Policy, which is located on the Company's website at <https://medibio.com.au/corporate-governance/>.

Recommendation 6.4: Electronic Communication with Shareholders

The Investor Relations Policy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Link of the information is also made available on the Company's website after an information is provided to the ASX. Information regarding the last two years' press releases or market announcements is also available on the website.

Shareholders queries should be referred to the Company Secretary at first instance.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendation 7.1: Risk Committee

The Company's Audit & Risk Committee had been delegated responsibilities in relation to risk management as set out in the Audit & Risk Committee Charter.

However following a restructuring of the Board during the year and due to the size of the Company and Board, the Board fulfils the roles and responsibilities in relation to risk. The duties of the Board in relation to risk are the same that would otherwise be fulfilled by a Risk Committee, including ensuring that the Company has an appropriate risk management framework and associated internal compliance and control procedures.

The Board undertook the functions of an Audit Committee during the course of its general Board Meetings including the following:

- a) Review and make changes if required regarding the adequacy and integrity of the Company's risk management framework and system of internal controls; and
- b) Reviewing compliance with relevant laws and regulations.

The Audit & Risk Committee Charter is available on the Company's website at <https://medibio.com.au/corporate-governance/>.

Recommendation 7.2: Review of Risk Management Framework

The Group's risk management framework is currently supported by the Board of directors and the management team. The Board is responsible for approving and review the Company's risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk.

In light of the Company's restructuring activities during the FY2020, a full review of the risk management framework will be undertaken during FY2021.

Recommendation 7.3: Internal Audit

The Audit & Risk Committee Charter provides for the Committee (Board currently acts as Committee) to monitor the need for an internal audit function.

The Company did not have an internal audit function for the past financial year. Due to the size of the Company, the Board does not consider it necessary to have an internal audit function.

The Company will employ the following process for evaluating and continually improving the effectiveness of its risk management and internal control processes:

- (i) the Audit & Risk Committee will monitor the need for an internal audit function having regard to the size, location and complexity of the Company's operations.
- (ii) the Audit & Risk Committee will periodically undertake an internal review of financial systems and processes where systems are considered to require improvement these systems are developed.

Recommendation 7.4: Economic, Environmental and Social Sustainability Risk

The Company has no material exposure to economic, environmental and social sustainability risks.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBILITY

Recommendation 8.1: Remuneration Committee

The Board had established a Remuneration & Nomination to assist the Board in ensuring it is equipped to discharge its responsibilities. The Committee has guidelines for the managing remuneration-related matters.

However, following a restructuring of the Board during the year and due to the size of the Company and Board, the Board fulfils the roles and responsibilities in relation to remuneration. The duties of the Board in relation to remuneration are the same that would otherwise be fulfilled by a Remuneration Committee to address any issues and continuously review the range of skills, knowledge, experience, independence and diversity to ensure that the Board can discharge its duties and responsibilities effectively.

The Remuneration & Nomination & Committee Charter is available on the Company's website at <https://medibio.com.au/corporate-governance/>.

The Board undertook the functions of an Audit Committee during the course of its general Board Meetings.

Recommendation 8.2: Remuneration Policies and Practices

Details of the Company's remuneration practices for its Directors and senior executives are disclosed in the Remuneration Report in the Company's Annual Report.

Separate disclosure regarding the remuneration of the Company's directors (executive and non-executive) is disclosed in the Company's Annual report, as lodged with the ASX and issued to shareholders.

Recommendation 8.3: Equity Based Remuneration Scheme

The Company has a Securities Trading Policy which includes a policy prohibiting participants of an equity-based remuneration scheme from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

A copy of the Company's Securities trading Policy is available on the Company's website <https://medibio.com.au/corporate-governance/>.