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Medical Developments International Limited Corporate Governance Statement

24 August 2021

The Board of Directors is ultimately responsible for all matters relating to the running of the company and is committed to implementing the highest standards of corporate governance.

The Board's role is to govern the organisation rather than manage it. It is the purpose of senior management to manage the organisation in accordance with the direction of the Board. The Board is responsible for:

- setting the goals of the company, including short-term, medium-term and long-term objectives;
- providing the overall strategic direction of the company;
- appointing and approving the terms and conditions of the Chief Executive Officer and reviewing their ongoing performance;
- endorsing the terms and conditions of senior executives through the Remuneration Committee;
- establishing and determining the powers and functions of the committees of the board, including the Audit & Risk Committee and the Remuneration Committee;
- reviewing the Board's structure and performance from time to time and making decisions on new appointments to the Board;
- approving the annual budget and long-term budgets;
- approving all mergers and acquisitions, and property acquisitions and disposals;
- issuing shares, options, equity instruments or other securities in MDI or its subsidiaries;
- determining the ethos of the company and ensuring that the group adheres to appropriate standards and values and applicable laws; and
- representing the interests of shareholders.

To assist in the execution of these responsibilities, the Board has two Board Committees being:

- Audit and Risk Committee (Mr P Powell, Mr M Johnston, Ms C Emmanuel and Mr R Betts).
- Human Resources Committee (formerly Remuneration and Nominations Committee) (Mr G Naylor, Mr M Johnston and Mr L Hoare). Refer also detail as noted in principle 2 below.

All other functions of the Board will be dealt with by the Board as a whole. However, from time to time, the Board may determine to establish specific purpose sub-committees to deal with specific issues.

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Share trading

The Board has adopted a share trading policy for Directors and officers of the company. The Policy regulates dealings by Medical Developments International Limited ("MDI") directors, officers and employees in MDI securities.

The standards and conduct adopted by the Board reflect, where applicable, the standards for Corporate Governance as provided in the ASX Corporate Governance Principles established by the ASX Corporate Governance Council.

The following sections summarise MDI's compliance with these principles. Unless explicitly stated otherwise, the Directors believe MDI complies with the Corporate Governance Council's recommendations.

Principle 1: Lay solid foundations for management and oversight

Duties of the Board and of management are clearly segregated and stated in the company's Corporate Governance Manual. The Board's role and responsibilities are also summarised above. Senior executives are evaluated by the remuneration committee annually, based on the company's performance and specific key performance indicators set for the respective senior executive.

All senior executive appointments involve a formal written agreement that is reviewed and signed off on by both the CEO and relevant Executive.

The Board undertakes formal interviews and reference checks to assess the appropriateness of all candidates. Information relevant to the decision on whether or not to elect or re-elect a director is summarised within the Annual General Meeting Notice of Meeting which is sent to all security holders and also released to the ASX and published on the company website.

Individual agreements for new Director appointment have been in place since the beginning of 2020. For Directors having joined prior to this, the duties and obligations of Directors are specifically outlined in the Corporate Governance Manual and the remuneration of Directors is addressed at least annually by the Remuneration and Nomination Committee. Informal reviews of Board performance are undertaken. An assessment of Board performance and needs has been ongoing throughout FY21 and the resulting identified needs addressed as part of new Board appointments.

The Company Secretary reports to the Chairman on all Board functioning and Corporate Governance related matters. The Company Secretary attends Board meetings and has input into materials distributed as part of these meetings. Furthermore, Corporate Governance related matters are addressed as a specific agenda at Board meetings.

The performance of senior executives is assessed as part of a formal annual performance reviewed undertaken by the Board and/or its sub committees. That process has again been undertaken in relation to FY21.

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Recommendation 1.5-1.6

Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

The Company has established and disclosed (on its website) its Diversity Policy in accordance with the recommendation.

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The Board believes in the value of diversity but does not believe that given the size of the company and the resources available to it, that formalising measurable objectives for achieving gender diversity is appropriate. As the company grows, the Board will continue to monitor the Diversity Policy including formalising measurable objectives for achieving gender diversity.

The Board composition encompasses gender diversity and is also made up of individuals from various professions, cultures, and backgrounds.

The Company's workforce is comprised of three distinct employee groups:

1. Employees engaged in senior management roles which constitutes 15% of the workforce;
2. Employees engaged in middle management roles which constitutes 13% of the workforce; and
3. Employees engaged in tier three level activities such as production, sales, and administration type roles which constitutes 72% of the workforce.

Principle 2: Structure the Board to add value

The directors believe that the composition, size and commitment of the Board will allow it to effectively discharge its responsibilities and duties. To this end, currently 7 of the 8 Board members are independent under the definition of the Council. Furthermore, while Mr Williams is not considered independent under the Council definition and thus recommendation 2.2 is not followed, the Board does not believe that Mr Williams being a substantial shareholder has had or will have any adverse impact on the conduct of MDI's affairs or the representation of the interests of other shareholders. Furthermore, the roles of Chairman and CEO are not exercised by the same individual.

A formal Board skills matrix is not presented, however the Annual Report contains key details regarding each Boards members qualifications, career experience and other appointments.

The company has no formal process for evaluating the performance of its Board, committees and individual Directors. As such, recommendation 1.6 is not followed. Instead, the Board uses regular informal assessments to evaluate its performance.

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To further ensure Directors can fulfil their obligations, the Board has adopted a policy, contained in the company's corporate governance manual that allows directors to take independent professional advice, at the expense of the company.

The information required by recommendation 2.2 regarding the skills, experience and expertise of the individual Directors is included in the Director's Report of the Annual Accounts and is not repeated here.

The Board has recently restructured its Human Resources Committee (formerly Remuneration and Nominations committee) so that it is now a 3-member committee consistent with recommendation 2.1. A formal charter exists in the form of a Human Resources Committee Charter and all Board members are consulted on the appropriateness of new Board candidates to ensure a diverse balance of skills, knowledge and experience is achieved to enable the Board to discharge its duties and responsibilities effectively.

Principle 3: Promote ethical and responsible decision-making

The Board actively promotes ethical and responsible decision-making.

Companies should establish a code of conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has established and disclosed (in its Induction Handbook) its Code of Conduct in accordance with this recommendation. The Code of Conduct applies to Directors, managers and employees of the Company. The Code of Conduct is reviewed as necessary to ensure it reflects the high ethical standards of conduct necessary to maintain confidence in the Company's integrity. This handbook is published for external review.

The Board has implemented and disclosed a share trading policy covering Directors, senior executives and employees. The directors are aware of their responsibility to communicate any share trading to the company, and the company notifies the ASX of any share transactions within the allowed five business days.

The Board has adopted a policy for trading in Medical Developments International securities by Directors and employees. The purpose of this policy is to define the circumstances in which Directors, employees and any associates are permitted to deal in securities. The updated policy addresses each of the ASX requirements including provisions relating to the prohibition of trading by directors and senior management in the Company's securities during defined periods.

The Company has established key values being a agreed principles that govern the way it operates and provide a framework that is follow in all key decision making activity. These values include Respect, Ethical behaviour, Teamwork, Exploration and Ownership.

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Principle 4: Safeguard integrity in financial reporting

The Board has ensured there is a structure in place to independently verify and safeguard the integrity of the company's financial reporting.

The Board has established an Audit and Risk Committee comprised of three non-executive Directors. This is consistent with the three required by recommendation 4.2 & 7.1 and the Board believes a three-member committee is appropriate given the overall size of the Board and that the current composition of the committee allows it to discharge its mandate effectively. The Committee's Charter is contained within the company's Corporate Governance manual and also included on the company's website.

Principle 5: Make timely and balanced disclosures

The company has put in place mechanisms designed to ensure compliance with the ASX Listing rules and Corporations Act requirements regarding continuous disclosure. The Corporate Governance Manual details the company policy and all management staff are made aware of it. The company is committed to ensuring all market participants have equal access to information and so updates and presentations continue to be provided to the ASX and posted on the company website. If a presentation contains information that is not public and may have a material effect on the share price, the material is sent to the ASX prior to the presentation being made.

Principle 6: Respect the rights of shareholders

A formal documented investor relations program does not exist. However, the CEO holds regular investor roadshows and information presented at such roadshows is also released to the market. Furthermore, both the Chairman and CEO make themselves available to take calls directly from investors and their contact details are provided within each ASX announcement.

The Board of Directors has adopted a policy to ensure that shareholders are informed of all major developments affecting MDI in a timely manner. In accordance with this policy, information is communicated in a variety of ways including:

- A half-yearly report containing summarised financial information and a review of operations
- An annual report with detailed financial information and review of the operations of the company and future outlook
- Updates on operations and developments lodged with the ASX
- A comprehensive website carrying the latest news and containing an investor/media section which includes corporate governance information and an archive of periodic reports and ASX releases.

MVP has functionality within its existing website to collect investor email addresses to then have those included on a key company announcement email distribution list. The website also contains a detailed 'Contact Us' page which enables investors to contact MVP via a number of different mediums.

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Security holders also have the option to receive and communicate with MVP electronically via the security registry (currently Computershare).

The external auditor is required to attend the Annual General Meeting and is available to answer questions. Furthermore, the company encourages shareholders to attend the Annual General Meeting and ask questions where appropriate. Invites to attend such meetings are distributed to shareholders via both electronic and/or physical means (depending on individual shareholder determined preference).

Principle 7: Recognise and manage risk

The management of risk is considered by the Audit and Risk Committee. The Board determines whether management has developed and implemented a sound system of risk management and internal control and this review has again taken place in FY21.

The Chief Executive Officer and Chief Financial Officer state to the Board in writing that there is a sound system of risk management and internal compliance and control within the company and that this system operates effectively in ensuring that financial reporting risks are managed such that the declaration required by s.295A of the Corporations Act can be provided.

The Company does not have its own internal audit function as it is considered impractical for a company the size of MVP to have one. Instead, risk management and internal control matters are addressed as part of the Audit and Risk Committee Charter.

The Board views that it does not have any significant exposure to environmental or social risks that is not already addressed as part of its ongoing risk management process.

Principle 8: Remunerate fairly and responsibly

The Board has established a Human Resources Committee (formerly Remuneration and Nominations Committee) to ensure Directors, executives and staff are remunerated appropriately. The committee reviews remuneration packages at least annually in the light of market conditions, performance of the individual and the performance of the company. The Remuneration report contained within the Director's Report includes considerable detail on the current remuneration of directors and executives including how performance conditions for performance related payments are chosen and assessed.

The Company has traditionally had an equity-based remuneration scheme in place in relation to its CEO and select Senior Managers. The Scheme is designed to encourage the participating employees long-term commitment to the business and the vesting criteria are aligned to deliver value to shareholders. The scheme can include the awarding of options or shares subject to vesting criteria that are typically based on market and/or non-market based vesting hurdles. Specifics in relation to equity-based remuneration grants are outlined when announced and further detail included with each year's Annual Report.

The Board is not granted any form of Equity Based Remuneration.

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Diversity

The Company has established a policy concerning diversity which is available on its website. The policy outlines the Company's commitment to diversity, which is underpinned by the following key principles:

- Attracting, engaging and retaining a talented and diverse workforce;
- Recognising the need for workplace flexibility to support the role employees at all levels have outside of the workplace;
- Improving the quality of decision-making, creativity, productivity and teamwork;
- Enhancing service delivery through a workforce that respects and reflects the diversity of our customers;
- Building and maintaining a safe work environment by taking action against inappropriate behaviour (including discrimination, harassment, bullying, victimisation and vilification); and
- Facilitating equal employment opportunities by considering a broad and diverse talent pool and making decisions based on merit, ability, performance and potential.

The Company's Diversity Policy outlines the following key areas of focus:

- Conducting recruitment in a structured manner consistent with Equal Employment Opportunity principles and the objectives of this policy;
- Undertaking structured talent management and succession planning reviews;
- Undertaking targeted diversity, culture and engagement initiatives;
- Establishing and reviewing appropriate and aligned human resource policies and procedures; and
- Consistent messaging in internal communication.

Annual reporting on the Company's Diversity Policy and proportion of women

There are four women currently in senior management roles and also female representation on the MVP Board (25%). Overall women represent 68% of the workforce of the Company.

The Company has implemented a strategy designed to increase the representation of women at the senior management level. To aid in the attraction and retention of female employees, the Company has carer's leave in place and offers flexible work arrangements including part-time work. The Company always seeks to accommodate individual circumstances to ensure all employees can manage their work-life balance.

Approved by the MVP Board on 24 August 2021

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