

Corporate Governance

Statement by the Non - Executive Chairman

Introduction

The MED board (the “Board”) aims to conform to its statutory responsibilities and industry good practice in relation to corporate governance of MED (“MED” or the “Company”) and its (future) subsidiaries. The Board has adopted the latest version of the QCA Corporate Governance Code (2018) (“QCA Code”) and endeavours to follow its ten principles (“the Principles”) with due regard to the stage of development of the Company. The Company also seeks guidance from its Advisors on recommended best corporate governance practice for LSE companies.

In addition to my role as Non - executive chairman of the Board, I am also the chairman of the Company’s Governance Committee and retain primary responsibility for the design, implementation, articulation, review and updates of the Company’s corporate governance policy. The Governance Committee meets at least once a year and makes recommendations to the Board to ensure the Company’s corporate governance policy remains aligned with the Principles as it grows.

This Corporate Governance statement will appear in the Company’s Annual Reports.

The following are the principal ways in which the Company meets these requirements.

Establish a strategy and business model which promotes long-term value for shareholders

The Company has established a strategy and business model which it believes will promote long term value for shareholders. The Company believes its strategy and business model will deliver long term value to shareholders by providing healthy exposure to the growing demand-led energy market in the UK. It further believes that this business model is appropriate to protect the Company from unnecessary risk and secure its long-term future.

Seek to understand and meet shareholder needs and expectations

The Company seeks to understand and meet shareholder needs and expectations by engaging with them across a range of platforms including regular investor presentations, Q&A forums, investor relations company services, social media sites and at its Annual General Meeting where the Board encourages the active participation of shareholders on important and relevant matters, including the Company’s strategy, financial performance, and operational and commercial developments. The Company provides phone numbers on its RNS announcements where shareholders can contact the appropriate senior Company representatives or advisors directly with their queries together with a dedicated email address for shareholder feedback. The Board receives regular shareholder feedback and provides prompt responses through all these communication channels and therefore believes it adequately meets its shareholders expectations in this regard.

Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Company firmly believes that the energy development projects that form the basis of its business model will substantially benefit the countries and regions in which it operates. It fosters a culture of open communication with all stakeholders who may be impacted by its activities. Its strategy and business model are designed to minimise any negative impact of its activities on the communities where it operates and on the environment.

The Company’s project areas are exclusively in the UK where it maintains a permanent corporate, administrative and operations office at Salisbury House, London Wall, London, EC2M 5PS. Staff at this office provide a first point of contact for stakeholders to receive information on the Company’s activities and provide feedback on any issues or concerns they may have. The Company has appointed dedicated liaison capacity to communicate with stakeholder Companies e.g. local & regional government officials, central government departments, community Companies and local suppliers to keep them continuously updated on project activities and plans. Management conveys to the Board in a timely manner through formal reporting channels and at operational review meetings any substantive concerns of stakeholders and where necessary, the Board mandates appropriate action be taken to address these concerns.

Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has considered mechanisms by which the business and the financial risks facing the Company are managed and reported to the Board. The principal business and financial risks have been identified and control

procedures implemented. The Board acknowledges its responsibility for reviewing the effectiveness of the systems that are in place to manage risk and to provide reasonable but not absolute assurance on the safeguarding of the Company's assets against misstatement or loss.

The Company relies on internal and external assessments of its systems for managing risk and it believes the continuous implementation of recommendations from these reviews provide the Board with adequate assurance that its systems for managing risks are effective.

The Company's Audit Committee is the primary body that is tasked with identifying, assessing and managing risk. The principal risks identified across all aspects of the Company's operation include, inter alia, risks associated with foreign exchange, strategy, funding, staffing, political stability and commercial activities. The Audit Committee regularly reviews reports from Management across all financial and operational activities enabling it to identify and assess risks and make recommendations to the Board where appropriate for mitigation. Similarly, it also informs the Board where it identifies business opportunities that may be beneficial to the Company. The Audit Committee's other core function is to review and, if in order, recommend the annual financial statement to the Board for approval. Where the Company's auditors have identified risks or any shortcomings in accounting procedures, the Audit Committee brings these to the Board's attention for mitigation and/or rectification.

To better assess and manage risks in line with the Company's strategy and business development model, it has commenced compiling a Risk Register which will be updated quarterly. Henceforth, this document will be the cornerstone of its Risk Management Policy and will be the key tool in monitoring the effectiveness of remedial action proposed by the Audit Committee on an on-going basis.

Maintain the board as a well-functioning, balanced team led by the chair

The Board regularly meets to monitor and approve the strategy and business model for the Company.

The Board comprises a non- executive chairman, one executive director and one, non-executive director. The Board considers non-executive directors to be independent when they are independent of Management and free from any business or relationship that would materially interfere with the exercise of independent judgment as a Board member.

The Executive director is, the Company's CEO who dedicates 100% of his time to the Company. The non-executive directors dedicate as much time as is required for them to fully carry out their duties for the Company, including overseeing corporate governance arrangements and serving on board committees. The function of Company Secretary is outsourced. The functions and composition of the various Board sub-committees are outlined in an appropriate Corporate Policy.

The Board alone is responsible for:

- formulating, reviewing and approving the Company budgets and major items of capital expenditure;
- formulating the Company major policies and strategy;
- monitoring and reviewing the Company performance and achievement of goals;
- approval of Financial Statements and Annual Report;
- major contracts and transactions;
- board and management structure and appointments (the whole Board acts as the Nominations Committee);
- effectiveness and integrity of internal control and management information systems; and
- overall corporate governance of the Company.

An agenda and all supporting documentation are circulated to the directors before each Board meeting. Open and timely access to all information is provided to directors to enable them to bring independent judgement on issues affecting the Company and facilitate them in discharging their duties. The Board is scheduled for Monthly, Quarterly and Annual meetings. Ad hoc meetings will may called as and when required .

In accordance with the Articles of Association of the Company, one third of the Board is required to retire each year at the Company's AGM but directors so resigning can put their name forward for re-election.

The Board sets the Company's strategy and monitors its implementation through management and financial performance reviews. It also works to ensure that adequate resources are available to implement strategy in a timely manner.

The Board is accountable to the shareholders for delivery of sustained value growth. In order to support its duties and responsibilities the Board implements control procedures, such as quarterly operational review meetings, that assess and manage risk and ensure robust financial and operational management within the Company.

Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board considers that there is an appropriate balance between the Executives and non-executive directors and that no individual or small Company dominates the Board's decision making. The Board's members have a wide range of expertise and experience which the Board considers to be conducive to the effective leadership of the Company and to the optimisation of shareholder value.

The Board members' diverse range of skills and experience span technical, financial, operational and legal areas relevant to the management of the Company. Directors keep their skill sets up to date by attendance at, and participation in, various events organised by their respective industry sectors and/or by participation in continuing professional development courses.

As the Company evolves, the Board composition will be reviewed to ensure appropriate expertise is always in place to support its business activities. While the Board has not yet adopted any formal policy on gender balance, ethnicity or age in the Company it is committed to fair and equal opportunity and fostering diversity subject to ensuring appointees are appropriately qualified and experienced for their roles.

The Company retains the services of independent advisors across, financial, legal, investor relations, technical/engineering and IT fields that are always available to the Board. These advisors provide support and guidance to the Board and complement the Company's internal expertise.

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The performance of the Board and Management of the Company is evaluated on an on-going basis by the Remuneration Committee ("Remcom"). The results of these evaluations are reflected in changes in the Executive remuneration levels recommended by the Remcom from time to time and in awards under the Company's Share Option and Management Incentive Schemes where it considers such awards are warranted. Remuneration levels are benchmarked against peer companies while performance awards are based on meeting pre-defined milestones such as successful project acquisitions or completion of significant project development phases. As the Company grows, the Board will develop more comprehensive human resource policies to provide both internal and external performance evaluations of its Board, senior management and staff including the provision for upskilling where necessary and to provide for Board member succession planning.

The Board considers that the corporate governance policies it has currently in place for Board performance reviews is commensurate with the size and development stage of the Company.

Promote a corporate culture that is based on ethical values and behaviours

The Company operates mainly in the UK, but future international expansion is not ruled out. The Company recognises cultural diversities both internally and among its business partners, service providers and other stakeholders. The Board promotes corporate values that reflect its commitment to provide equal opportunity to all subject to its core principles that demand the adoption of ethical values and conduct at all times. In this regard it has developed robust whistle-blower and anti-corruption policies that Board, management, staff and service providers have signed up to. The Company's Anti-Corruption policy requires all Company personnel to declare conflicts of interest in any dealings on behalf of the Company and to excuse themselves from any negotiation on behalf of, or with, the Company in such circumstances.

While the Company has not adopted a formal Code of Conduct at board level, management and staff behaviour is governed by the terms of individual employment (and supplier) contracts whose terms reflect the ethics and values of the Company. Together with other Company policies such as its whistle-blower and anti-corruption policies noted above, these establish a high standard of values and behaviour to which all personnel working for, or on behalf, of the Company are expected to adhere to. The Board monitors compliance with its ethical values through feedback from Management and has disciplinary procedures in place to take corrective action where required.

Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Company has developed and adopted a variety of plans, policies, and procedures as part of its corporate governance framework to ensure that the Company is run in an efficient, effective and responsible manner. Key policies include:

- Board Governance Plan

The Board Governance Plan is integrated into a Corporate Procedures Manual which sets out corporate governance structure and includes the terms of reference for the various Board Committees. In addition, the Corporate Procedures Manual outlines:

- high level financial controls;
- information system environment;
- forecasting & budget procedures;
- treasury operations;
- accounting policies;
- financial accounting procedures; and
- management reporting framework.

- Securities Trading/Share Dealing Policy

The Company's Share Dealing Code sets out the Company's policy, procedures and restrictions for directors, management, staff and insiders in dealings in the Company's shares. It is compliant with LSE and FCA Rules and with the Company's obligations under the Market Abuse Directive (2016).

- Continuous Disclosure and Market Communications Policy

The Company's policy is governed by the LSE Rules and all applicable national financial regulation in the UK.

- Risk Management Policy

The Company is currently developing a Risk Register which will be reviewed on a quarterly basis. The Risk Register will review the risks around each aspect of management and operations and will be scored by each Executive member of the Board in terms of probability and impact to derive an overall risk profile for the Company. The Risk Register will also record the steps that are being taken to mitigate the major risks identified.

- Health and Safety Policy & Procedures

All operating companies within the Company have their own Health and Safety Policy and Procedures ("HSE Policy") tailored to the particular jurisdiction and environment in which they are active. The Board retains overall responsibility to ensure appropriate HSE Policy is in place at all times and reviews this at its operations' review meetings.

- Environmental Policy

MED is committed to high standards of environmental protection across our business. Our goal is to protect people, minimise harm to the environment, integrate biodiversity considerations and reduce disruption to our neighbouring communities. We seek to achieve continuous improvement in our environmental protection performance. The Company will significantly expand and escalate our actions to meet our commitment to environmental protection commensurate with the start of plant construction, mining operations and energy production on our projects. The results of environmental impact reports already completed and in progress across our projects will be used to carefully plan for environmental risk assessments and implement mitigating measures to protect the environment in association with relevant government bodies and local communities.

- Anti-corruption and bribery Policy

The Company's Anti-corruption and bribery policy is in place to ensure that all directors, management, staff and suppliers to the Company conduct themselves in an honest and ethical manner at all times. It meets the requirements of the UK Bribery Act 2010.

- Whistleblowing Policy

The Company's Whistleblowing Policy is informed by Whistleblowing Arrangements Code of Practice issued by the British Standards Institute and Public Concern at Work. Its objectives are:

- To encourage Company personnel to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate, and that their confidentiality will be respected;
 - To provide Company personnel with guidance as to how to raise those concerns; and
 - To reassure Company personnel that they should be able to raise genuine concerns in good faith without fear of reprisals, even if they turn out to be mistaken.
- IT, communications and systems procedures

IT, communications and systems procedures are included in the Company's Corporate Procedures Manual and are designed to ensure a robust, upgradeable and secure IT system, with appropriate back-up to ensure any system failure will not be catastrophic for the continued operations of the Company.

The Chairman is responsible for providing leadership to the Board while the day-to-day management of the Company is delegated to the Executive Committee lead by the CEO. The CEO is primarily responsible for the Company's business performance and manages the Company in accordance with the strategies and business plan. The independent non-executive director is responsible for providing independent advice and are considered by the Board to be independent of Management.

The Board/senior officer committees are the Governance Committee, Executive Committee, Remuneration Committee, Audit Committee and the Nomination Committee.

- **Governance Committee:** Comprises two non-executive directors. The Committee meets at least once a year to review the Company's ongoing compliance with the QCA Code and to make recommendations to the Board where it judges that there is a requirement to update, replace or expand corporate governance policies and procedures in line with current activities. The Governance Committee is chaired by the non – executive chairman comprises one other member which is the a non – executive director.
- **Executive Committee:** Comprises one executive director and a maximum of two senior Company officers: The Committee meets at least once a month. The Executive Committee is the core senior management team in the Company responsible for day to day management and operations. Its terms of reference are defined in the Company's Corporate Procedures Manual. The Executive Committee is chaired by the CEO and comprises two officers of the company, one of which is the CFO.
- **Remuneration Committee:** Comprises two non-executive directors. The Committee meets at least once a year to determine Company policy on senior executive remuneration, to make detailed recommendations to the Board regarding the remuneration packages of the executive directors and to consider awards under the Company's Share Option and Management Incentive Award schemes. The Chief Executive Officer is consulted on remuneration packages and policy but does not attend discussions regarding his own package. The remuneration and terms and conditions of the appointment of non-executive directors are determined by the Board. The Governance Committee is chaired by the non – executive chairman comprises one other member which is the a non – executive director.
- **Audit Committee:** Comprises two non-executive directors. The Committee meets at least twice a year to consider the scope of the annual audit and the interim financial statements and to assess the effectiveness of the Company's system of internal financial controls and risk management systems. It reviews the results of the external audit, its cost effectiveness and the objectives of the auditor. Given the size of the Company, the Audit Committee considers that an internal audit function is not currently justified. The Governance Committee is chaired by a non – executive director and comprises one other member which is the a non – executive director.
- **Nomination Committee:** Comprises the entire Board. The principal objectives of the Committee are to monitor and review the Board structure, size, composition and the mix of skills and expertise to ensure that these are in line with the Company's strategies and to consider potential candidates for directorship. The selection criteria for selection and recruitment of the potential candidates for directorship shall include qualifications of the individual, experience, knowledge and achievements, credibility and background and ability of the candidates to contribute effectively to the Board and Company. The Nomination Committee also oversees succession planning of directors, taking into

account the relative experience of each Board member in relation to the Company's requirements given its stage of development and strategies, with the goal of having in place an adequate and sufficiently experienced board at all times.

The Company's Corporate Procedures Manual includes a schedule of matters that are reserved as the sole responsibility of the Board. These matters, in addition to setting strategy for the Company, include, but are not limited to, Board nominations and appointments, approval of acquisitions and disposals and approval of annual budgets and financings. The Corporate Procedures Manual Communicates how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board recognises the importance of establishing and maintaining good relationship with MED's shareholders and other stakeholders. The Board is responsible for ensuring satisfactory dialogue with shareholders throughout the year. In order to establish and maintain good relationships with the shareholders of MED, and to maintain transparency and accountability to its shareholders, MED uses various means to continuously communicate and disseminate timely information to shareholders and stakeholders:

- market announcements on regulatory platforms (RNS);
- annual and interim reports;
- circulars;
- annual general meetings of shareholders;
- investor presentations and briefings;
- Q&A forums and social media sites;
- website at www.med.energy; and
- via investor relations professionals as appointed from time to time.

Conclusion

The Company believes that its governance structures and practices as detailed above comply with the expectations of the QCA Code in all material respects. It also acknowledges its obligations under the Code to continually monitor and further develop the scope and suitability of its governance structures in line with its growth. The Company continues to update its Plans, Policies and Procedures itemised at 9 above to ensure it remains in compliance with the QCA Code.