

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Tissue Therapies Limited

ABN

45 101 955 088

Financial year ended

30 June 2015

Our corporate governance statement<sup>2</sup> for the above period above can be found at this URL on our website:

[www.tissuetherapies.com.au](http://www.tissuetherapies.com.au)

The Corporate Governance Statement is accurate and up to date as at 26 October 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: 26 October 2015



Sign here:

Company Secretary

Print name: Saskia Jo

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<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement  ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in our Board Charter	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow paragraph (a) recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location here]  ... the fact that we follow paragraph (b) recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location here]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement; and <input checked="" type="checkbox"/> in our Board Charter	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable	... the fact that we have a diversity policy that complies with paragraph (a): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b>	<input checked="" type="checkbox"/> an explanation why that is so for 1.5(c) in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	<p>objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at www.tissuetherapies.com</p> <p>... the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>AND</u></p> <p><input checked="" type="checkbox"/> 2014/15 Directors' Report and Financial Statements</p>	<p>recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <u>OR</u></p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>AND</u></p> <p><input checked="" type="checkbox"/> in our Board Charter</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.tissuetherapies.com</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>AND</u></p> <p><input checked="" type="checkbox"/> 2014/15 Directors' Report and Financial Statements</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	<p>... our board skills matrix:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p> <p>... where applicable, the information referred to in paragraph (b):</p> <p>Not applicable</p> <p>... the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>AND</u> <input checked="" type="checkbox"/> at <a href="http://www.tissuetherapies.com">www.tissuetherapies.com</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <u>OR</u> (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	[If the entity complies with paragraph (a):] ... the fact that we have an audit committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location here]  ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at <a href="http://www.tissuetherapies.com">www.tissuetherapies.com</a>  ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>AND</u> <input checked="" type="checkbox"/> 2014/15 Directors' Report and Financial Statements  [If the entity complies with paragraph (b):] ... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location here]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity 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 entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b> <input type="checkbox"/> at [insert location here]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b> <input type="checkbox"/> at [insert location here]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b><u>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</u></b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b> <input type="checkbox"/> at [insert location here]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b><u>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</u></b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="http://www.tissuetherapies.com">www.tissuetherapies.com</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b><u>OR</u></b> <input type="checkbox"/> at [insert location here]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <u>OR</u></p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.tissuetherapies.com">www.tissuetherapies.com</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>AND</u></p> <p><input checked="" type="checkbox"/> 2014/15 Directors' Report and Financial Statements</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
		<input type="checkbox"/> at [insert location here]	
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location here]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; <u>OR</u> (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location here]  [If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location here]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location here]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b><u>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</u></b>			
8.1	The board of a listed entity should:	[If the entity complies with paragraph (a):] ... the fact that we have a remuneration committee that	<input type="checkbox"/> an explanation why that is so in our Corporate

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	<p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <u>OR</u></p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.tissuetherapies.com">www.tissuetherapies.com</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>AND</u></p> <p><input checked="" type="checkbox"/> 2014/15 Directors' Report and Financial Statements</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p>	<p>Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>AND</u></p> <p><input checked="" type="checkbox"/> in the Remuneration Report section of the 2014/15 Directors' Report and Financial Statements</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location here]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

# Tissue Therapies Limited

## 2014/15 Corporate Governance Statement

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This Corporate Governance Statement (**Statement**) for Tissue Therapies Limited (**Tissue Therapies, TIS or Company**) (ACN 101 955 088) approved by its Board of Directors (the **Board**) on 26 October 2015.

In CY2015, as a result of the disappointing outcome of the EMA approval process, the Company has undergone significant changes in people and positions, a revision of its strategy and simultaneously a review of Board and Committee Charters and key Board policies. This work is well underway but given other priorities within the Company, it is not yet complete. As a result there are a few areas where we do not fully meet the ASX Corporate Governance Council's Principles and Recommendations (**ASX CGCPR**). These are detailed in this Corporate Governance Statement. Management is confident that this work will be completed by the end of FY2015/16.

This Statement should be read in conjunction with the Directors' Report, the Remuneration Report and the Financial Report for the financial year ended 30 June 2015. The Board continues to review the corporate governance framework and practices of the Company to ensure they meet the best interests of shareholders and other stakeholders.

### Principle 1: Lay solid foundations for management and oversight

#### Role and responsibilities of the Board and management

The role of the Board is to provide leadership and set the strategic direction of the Company, guide and monitor the management in achieving its strategic plans and oversee good governance practice. The Board is ultimately responsible to its shareholders, while taking into account the interest of other stakeholders, including employees, customers, suppliers and the wider community.

The Board operates under a formal charter, which clearly sets out its role and responsibilities and describes those matters expressly reserved for the Board's determination and those matters delegated to management. In performing its role, the Board is committed to good corporate governance practice. The Board Charter can be found on the Company's website.

The Tissue Therapies CEO is responsible for implementing the Company's strategic objectives operating within the risk appetite set by the Board, and managing the day-to-day operations of the Company and its businesses. The Board maintains ultimate responsibility for strategy and control of Tissue Therapies and its businesses.

#### Board Committees

The Board has established the following standing committees to assist in the discharge of its responsibilities.

- Audit and Risk Management Committee;
- Remuneration Committee; and
- Nomination Committee.

All Directors have a standing invitation to attend Committee meetings where there is no conflict of interest. These Committees review matters on behalf of the Board and:

- refer matters to the Board for decision, with a recommendation from the Committee (where the Committee acts in advisory capacity); or
- determine matters (where the Committee acts with delegated authority), which it then reports to the Board.

Details of the current membership and composition of each committee are set out below. Details of the attendance of members of each committee are set out in the 2014/15 Directors' Report and Financial Statements. The roles and

responsibilities of each committee are set out in the respective committee charters, which are available at the Company's website.

Committee	Members	Composition
Audit and Risk Management Committee	<ul style="list-style-type: none"> <li>• Mel Bridges (Chair);</li> <li>• Cherrell Hirst;</li> <li>• Tim Hughes (since 1 Nov 2014);</li> <li>• Roger Clarke (resigned 31 May 2015)*; and</li> <li>• Iain Ross (resigned 17 Sep 2015).</li> </ul>	<ul style="list-style-type: none"> <li>• At least three non-executive directors, a majority of whom are independent;</li> <li>• Appropriately financial literate;</li> <li>• At least one member has financial expertise, i.e. with sufficient accounting and financial knowledge;</li> <li>• Some members have an understanding of the industry in which the Company operates;</li> <li>• Independent of management; and</li> <li>• Chaired by an independent director who is not the Chair of the Board.</li> </ul>
Nomination Committee	<ul style="list-style-type: none"> <li>• Cherrell Hirst (Chair since 7 Apr 2014, member since 30 Jun 2009);</li> <li>• Mel Bridges;</li> <li>• Tim Hughes (since 1 Nov 2014);</li> <li>• Christian Behrenbruch (since 12 Oct 2015);</li> <li>• Roger Clarke (previous Chair, resigned 31 May 2015)*; and</li> <li>• Iain Ross (resigned 17 Sep 2015).</li> </ul>	<ul style="list-style-type: none"> <li>• At least three members, a majority of whom are independent directors; and</li> <li>• Chaired by an independent director.</li> </ul>
Remuneration Committee	<ul style="list-style-type: none"> <li>• Cherrell Hirst (Chair)**;</li> <li>• Mel Bridges;</li> <li>• Tim Hughes (since 1 Nov 2014);</li> <li>• Christian Behrenbruch (since 12 Oct 2015);</li> <li>• Roger Clarke (resigned 31 May 2015)*; and</li> <li>• Iain Ross (resigned 17 Sep 2015).</li> </ul>	<ul style="list-style-type: none"> <li>• At least three members, a majority of whom are independent directors; and</li> <li>• Chaired by an independent director.</li> </ul>

\* Mr Clarke resigned as Board Chairman and Chair of the Nomination Committee on 7 April 2015, and as a Director on 31 May 2015.

\*\*Dr Hirst has continued to Chair the Remuneration Committee since assuming the Chairman role on 7 April 2015. However, the position of the Chair of the Remuneration Committee will be reviewed before the end of CY 2015.

### Board renewal and succession planning

As part of the Nomination Committee's oversight of Board succession planning, it is responsible for identifying suitable candidates to fill Board vacancies as and when they arise, or to identify candidates to complement the existing Board, and make recommendations to the Board on their appointment. The search for new directors is based on the Board's specific selection criteria, and is supported by external consultants as required.

The ASX CGCPR recommends a listed entity undertake appropriate background checks, including experience, education, personal qualities and skills, criminal record and bankruptcy history. During the year the Board undertook appropriate due diligence on the appointment of additional directors based on their referee reports and their current positions. The Board determined not to do background checks on their criminal record nor bankruptcy history in these instances. However, the Board agrees with and supports the importance of this Principle and anticipates these processes will be incorporated into routine practice from this time on.

Having assessed potential candidates against the Board agreed criteria, including the potential for the candidate's skills to fit the board skills matrix and appropriately augment the existing Board's capabilities, the Nomination Committee may recommend a candidate to the Board for appointment.

Based on the recommendation from the Nomination Committee, the Board will consider the suitability of the potential candidate and reach a decision regarding appointment. Should the Board decide to invite that candidate to join the Board, that director will receive a letter of appointment from the Company, which sets out the terms of his or her appointment consistent with the ASX Principles. Any director appointed by the Board during the year must seek election at the next annual general meeting of shareholders.

Nomination Committee also recommends existing directors for re-election to the Board. The Board assesses the performance of the Director in determining whether that director will be recommended for re-appointment at the forthcoming AGM. If re-election is supported appropriate biographical details are provided in the Notice of Meeting in order that shareholders are able to make an informed decision.

### **Company Secretary**

Drummond McKenzie is the Company Secretary during the year 2014/15. Mr McKenzie's qualifications and experience are set out in the 2014/15 Directors' Report and Financial Statements. Mr McKenzie resigned to retire from the Company on 12 August 2015, and Saskia Jo has been appointed as a Company Secretary to replace Mr McKenzie.

The Company Secretary acts as secretary of the Board, with overall responsibility of the company secretarial functions and is directly accountable to the Board, through the Board Chairman, for all corporate governance matters that relate to the proper functioning of the Board. Further details on the role of the Company Secretary are set out in Tissue Therapies' Board Charter.

### **Diversity**

The Company has developed a Diversity Policy that promotes diversity at all levels within the organisation and a culture that supports workplace diversity. However, in light of the size of the Company's operations and activities, and given the Company's current priorities, at this stage the policy does not include specific measurable objectives for improving gender diversity. It is anticipated this will be reviewed in FY2015/16.

A copy of diversity policy is available at [www.tissuetherapies.com](http://www.tissuetherapies.com).

As at 30 June 2015, the following gender diversity levels were evidenced in the Company:

- the proportion of female directors: 25%;
- the proportion of female employees at the management level: 33%; and
- the proportion of female employees in the whole organisation: 30%.

The Board has delegated the responsibility for reviewing and reporting on diversity, specifically gender diversity, to the Nomination Committee and Remuneration Committee.

### **Board and director performance appraisal**

A performance appraisal of the Board, its committees and individual directors is conducted on an annual basis. Periodically, an independent consultant is engaged to facilitate the process. The Board Chairman with the assistance of the Company Secretary conducts appraisals in the years when an independent consultant is not engaged.

Generally, the Board conducts the following review process, which includes:

- an assessment by each individual director of the Board's and its Committees' effectiveness in meeting the requirements of their charters; and
- the contribution of individual directors.

Following this

- the Board Chairman may meet further with individual directors;

- performance assessment are summarised in a report for the Board as appropriate; and
- the Board as a whole discusses and considers the report and agrees on any recommendations as necessary.

In the event that the review is facilitated by an external consultant, the results may also be benchmarked against other companies.

In October 2014, the Board conducted a formal and structured evaluation for evaluating the performance of the Board, its committees and individual directors.

### Senior executives performance

The evaluation of all senior executives is conducted on annual basis by the Board. The Key Performance Indicators (KPIs) are carefully considered by the Remuneration Committee, which evaluates the CEO and senior executive's performance and makes recommendations to the Board.

An annual assessment of the performance of all senior executives is undertaken by the Board on the basis of recommendations by the CEO, who conducts performance reviews in relation to each senior executive.

Given the changes to the management team during 2015, the Board conducted an on-going review of executive performance with the Acting CEO. As a result of this review and on-going discussion, significant changes have occurred with regard to the composition and functioning of the executive team and incentive payments applicable to their performance. Each senior executive has a written contract with the Company, setting out the terms of his or her appointment.

## Principle 2: Structure the Board to add value

### Board size and composition

Tissue Therapies' Constitution provides that the Board shall comprise of a minimum of three directors.

The Board seeks to achieve a mix of skills and diversity that it enables it to most effectively carry out its functions and responsibilities. The Board, as at the date of this report, has four members, with a majority being independent. Details of the directors during the year, including their qualifications, date of appointment and independent status are set out in the table below.

Name of Director	Term in Office	Qualifications	Status
Dr Cherrell Hirst AO (Board Chairman)	Non-Executive Director since 30 Jun 2009  Chair of the Board since 7 Apr 2015	FTSE, MBBS, BEdSt D. Univ (Hon), FAICD	Independent
Dr Mel Bridges	Non-Executive Director since 12 Mar 2009	B.App.Sc., PhD, FAICD	Independent
Mr Tim Hughes	Non-Executive Director since 1 Nov 2014	B.Sc.(Hons), B.A.(Hons), M.Nat.Res.	Independent
Dr Christian Behrenbruch	Executive Director since 12 Oct 2015	Ph.D, MBA	Not independent
Mr Iain Ross	Non-Executive Director from 25 Jun 2012 to 17 Sep 2015	B.Sc (Hons), C.Dir	Independent
Mr Roger Clarke	Non-Executive Director from 6 Nov 2003 to 31 May 2015. Chair of the Board from 6 Nov 2003 to 7 Apr 2015	B.Com, CA	Independent



Detailed biographies of the Directors can be found below:

*Dr Cherrell Hirst AO (Board Chairman)*

Dr Hirst has had a distinguished clinical career in the detection and treatment of breast cancer and significant experience as a director of commercial, government and not-for-profit organisations. She is a former Director of Telesso Technologies Limited, Suncorp Group Limited, Avant Mutual Group and Avant Insurance Limited. She was Chancellor of the Queensland University of Technology from 1994 to 2004. Currently, Dr Hirst is the non-executive Chairman of ImpediMed Limited, and a Director of Medibank Private Limited, the Gold Coast Hospital and Health Service, RSL Care Ltd and Hatchtech Ltd. She is the Chairman of the Advisory Board of Institute of Molecular Biosciences, University of Queensland.

*Dr Mel Bridges*

Dr Bridges has over thirty years' experience in international life science, diagnostic and medical device companies. He is a former Director of Benitec Biopharma Ltd, ImpediMed Ltd, Alchemia Ltd, Genetic Technologies Ltd, and Leaf Energy Ltd. Currently Dr Bridges is a Chairman of Anantara Lifesciences Ltd and Director of ALS Ltd (formerly Campbell Brothers Ltd).

*Mr Tim Hughes (appointed 1 November 2014)*

Mr Hughes has over thirty years' experience in investment banking, funds management and as an institutional investor. He previously spent thirteen years as a senior executive at Rothschilds, where he was a board director and executive committee member. Mr Hughes has a strong track record in business development and strategic thinking and brings a substantial shareholder focus to the board. Currently, Mr Hughes is a Director of Value Capital Management Pty Limited and South Endeavour Pty Limited.

*Dr Christian Behrenbruch (appointed 12 October 2015)*

Dr Behrenbruch has 15 years of C-level leadership experience in the medical, biotechnology and healthcare IT space, and has significant experience as a director of commercial and non-profit organisations. His former CEO (and executive director) appointments include Mirada Solutions (now Siemens Plc), Fibron Technologies and ImagineAb, Inc. He is a former director of Momentum Biosciences LLC, Siemens Molecular Imaging Ltd, Radius Health Ltd (now Adaptix), Cell Therapies P/L (Peter MacCallum Cancer Centre) and the Oncidium Foundation. He is currently a member of the Monash Engineering Foundation Board and holds adjunct appointments at Monash University and RMIT University.

*Mr Iain Ross (resigned 17 September 2015)*

Mr Ross has thirty years' experience largely in the international life sciences and technology sectors. During his career, he has held senior positions at multinational companies, Sandoz AG, Hoffman La Roche and Celltech Group Plc and been on the Board of several biotech companies. Currently he is a non-executive Chairman of Premier Veterinary Group Plc and Biomer Technology Ltd. In addition, Mr Ross is an Acting CEO and Director of Novogen Limited, as well as a non-executive Director at Benitec Biopharma Ltd and Anantara Lifesciences Ltd.

*Mr Roger Clarke (resigned as Chairman 7 April 2015, and as a Director 31 May 2015)*

Mr Clarke has over thirty years of commercial experience, principally in the investment banking industry, with responsibilities in fund management, banking and corporate finance, and involvement in a significant number of initial public offers, capital raisings and corporate transactions. He is a former director of NextDC Limited, Coalbank Ltd (formerly Lodestone Energy Ltd), Byron Energy Ltd (formerly Trojan Equity Limited) and a former Chairman of Board of Advice of Morgans Corporate Limited. He is currently a Director of Maverick Drilling and Exploration Limited.

The Company aims to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity relevant to the business. An optimal board is not dictated by a formula but is driven by the particular, current and medium-term needs of our organisation. TIS continues to strive for a board that has balanced membership encompassing strategic, financial, operational and governance competencies that can guide the company in building shareholder value going forward.

## **Nomination Committee**

The Board has established a Nomination Committee, which is responsible for making recommendations to the Board on board composition, board renewal and succession planning, the appointment and re-appointment of directors, and the Board, the Committees and individual director performance evaluation process.

The Nomination Committee operates under a formal charter approved by the Board, which sets out the Committee's role and responsibilities, composition, structure and membership requirements. A copy of the Charter is available at the Company's website.

The current membership, the independence of the members and composition are set out earlier in this Corporate Governance Statement. The details of the Committee meetings and attendance by each Committee member are set out in 2014/15 Directors' Report and Financial Statement.

## **Board skills matrix**

The Board currently does not have a formal Board skills matrix. However, the Board has undertaken a review of the mix of skills and experience of the Board in light of the Tissue Therapies' principal activities and direction, and has considered diversity as part of that process. To the extent that any skills are not directly represented on the Board, they are augmented through management and external advisors. The Board plans to undertake a formal skills matrix process in FY2015/16.

## **Director independence**

A director is considered independent if he or she is a non-executive Director and is free of any interest, position, association or relationship that might influence, or reasonably be perceived to be influence, in a material respect his capacity to exercise their independent judgment. The Board will assess the Independence of each director on a case-by-case basis, having regard to both quantitative and qualitative principles.

Directors must disclose immediately to the Chairman and the Company Secretary all relevant details that will or may affect independence, in writing.

The Board at least annually assesses the independence of all Directors against the criteria outlined in Box 2.3 of the third edition of ASX CGCPR.

As at the date of the report, the Board comprises of three independent Directors, namely Dr Cherrell Hirst, Dr Mel Bridges and Mr Tim Hughes.

Given the executive position held by Dr Christian Behrenbruch, he is considered not to be independent based on the criteria outlined in Box 2.3 ASX CGCPR.

## **Independence of Chairman**

The previous Board Chairman, Mr Roger Clarke, (resigned as Chairman 7 April 2015 and as a Director 31 May 2015) was a non-executive Director and was independent, and Dr Cherrell Hirst, the current Chair is independent. Mr Clarke and Dr Hirst both chaired and chair the Board in such a manner to facilitate the effective contribution of all Board members and management. This includes established meeting procedure, the timely despatch of Board papers, and the timely issue of draft minutes.

The role of the Chairman and Chief Executive Officer are exercised by different individuals providing a clear division of responsibility at the head of the Company. Their roles and responsibilities, and the division of responsibilities between them, are clearly understood and there is regular communication between them.

Further information about Mr Clarke and Dr Hirst are in the 2014/15 Directors' Report and Financial Statements.

### **Induction of new directors and professional development**

The Board provides an appropriate induction program for new Directors, covering Tissue Therapies' financial, strategic, operational and risk management position, a new director meets with the Chair, and the other directors, the CEO and other senior executives, to gain an insight into the values and culture of Tissue Therapies.

Directors have the opportunity for professional development to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

## **Principle 3: Act ethically and responsibly**

### **Code of conduct**

The Board recognises the need for good corporate governance practice and ethical conduct by all directors, executives, management and employees of the Company.

The Board has adopted a Code of Conduct, which outlines the standard behaviour expected of all directors, executives, management and employees to promote and maintain the confidence and trust of all those dealings with the Company. A copy of the Code of Conduct can be found at the Company's website.

The Company also has a Securities Trading Policy in place as part of a compliance framework to monitor and encourage adherence with the Code of Conduct. Securities Trading Policy governs the ability of directors, executives and employees to trade in the Company's securities.

## **Principle 4: Safeguard integrity in corporate reporting**

### **Audit and Risk Management Committee**

The Board has established an Audit and Risk Management Committee to which it has delegated the responsibility to safeguard the integrity of financial reporting and internal control system within the Company.

The Audit and Risk Management Committee operates under a formal charter approved by the Board, which sets out the Committee's role and responsibilities, composition, structure and membership requirements. The copy of the Charter is available at the Company's website.

All the members of the Committee are financially literate and have an appropriate understanding of the industry in which the Company operates. The Committee meets at least two times per year and has direct access to the Company's auditors.

The current membership, the independence of the members and composition are set out earlier in this Corporate Governance Statement. The details of the Committee meetings and attendance by each Committee member are set out in 2014/15 Directors' Report and Financial Statement.

### **CEO and CFO declaration**

The integrity of the Company's financial reporting depends upon the existence of a sound system of risk oversight and management and internal control. Management accountability for this is enhanced by the assurances it is required to give to the Board.

The CEO and CFO provided assurance to the Board prior to the release of the 31 December 2014 and 30 June 2015 financial statements that, in their opinion:

- The financial records of the Company for the financial year have been properly maintained in accordance with the *Corporations Act 2001*; and
- The financial statements and notes for the relevant financial period comply with the accounting standards and give a true and fair view of the financial position and performance of the Company.

The opinions of the CEO and CFO were formed on the basis of a sound system of risk management and internal control, which is operating effectively.

## **External Auditor**

### ***Appointment and rotation of auditor***

The Company's external auditor is PKF Hacketts. The effectiveness, performance and independence of the external auditor is reviewed annually by the Audit and Risk Management Committee. PKF Hacketts has a partner rotation policy that requires the signing and engagement partner to change every five years in accordance with the requirements of the Corporations Act.

### ***Independence declaration***

PKF Hacketts has provided the required independence declaration to the Board for the financial year ended 30 June 2015. The independence declaration forms part of the 2014/15 Directors' Report.

### ***Non-audit assurance related services***

The Board has considered the nature of the non-audit and assurance related-services provided by the external auditor during the year and has determined that the services provided, and the amount paid for those services, are compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Details of fees paid (or payable) to PKF Hacketts for non-audit assurance related services provided to the Company for the year ended 30 June 2015 are set out in the 2014/15 Directors' Report and Financial Statements.

### ***Attendance of external auditor at annual general meetings***

The lead audit partners of PKF Hacketts attends the Company's Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

## **Principle 5: Make timely and balanced disclosure**

The Company is committed to comply with its continuous disclosure obligation under the ASX Listing Rules to keep the market, investors and shareholders fully informed of all material information concerning the Company, including its financial position, performance, ownership and governance, in order to promote transparency and investor confidence.

The Company does not have a formal Disclosure Policy at present however the Chairman, the CEO and the Company Secretary continuously communicate to ensure that once the Company becomes aware of any market sensitive information regarding Tissue Therapies, it must immediately tell the ASX that information. In addition, at every board meeting, disclosure under the ASX Continuous disclosure requirements is considered and adhered to. A formal Disclosure Policy will be in place by June 2016 as part of the Corporate Governance Review.

## **Principle 6: Respect the rights of security holders**

### **Company website**

The Company maintains its website at [www.tissuetherapies.com](http://www.tissuetherapies.com), which contains up-to-date information on the operations of the Company, management and corporate governance structure, ASX announcements, and other information.

### **Investor relations**

The Company encourages shareholders to contact the Chairman and/or management directly at any time. The contact details are available at [www.tissuetherapies.com](http://www.tissuetherapies.com). The Board receives regular reports from the Chairman and the CEO

regarding feedback from shareholders, to ensure Directors are aware of concerns being raised giving them an understanding of current market and shareholder views.

### **Shareholder meetings**

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of director accountability to shareholders, by voting on all resolutions, unless specifically stated otherwise in the notice of meeting. Shareholders who cannot attend the annual general meeting may lodge a proxy in accordance with Corporations Act. Proxy form may be lodged with the share registry by mail, hand delivery, facsimile and electronically.

### **Electronic communications**

Tissue Therapies gives shareholders the option to receive communication from, and send communications to, Tissue Therapies and its share registry electronically

## **Principle 7: Recognise and manage risk**

### **Audit and Risk Management Committee**

The Board is responsible that management has developed and implemented a sound system of risk management and internal control. The Audit and Risk Management Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. It monitors the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of operational, financial, compliance and strategic risks.

The Committee's Charter is available at the Company's website, which sets out the Committee's role and responsibilities, composition, structure and membership requirements.

The current membership, the independence of the members and composition are set out earlier in this Corporate Governance Statement. The details of the Committee meetings and attendance by each Committee member are set out in 2014/15 Directors' Report and Financial Statement.

### **Risk management framework**

Risk and risk management framework are reviewed and assessed at least annually by the Audit and Risk Management Committee, and more often by the board as required, to identify key risks of the business and manage the mitigation of those risks where possible.

### **Internal audit function**

In light of the size of the Company's operations and activities, the Company has not established a separate internal audit function.

The Company's risk management framework is integrated with its day-to-day business processes and functional responsibilities. Risks are monitored and managed by management reporting to the Audit and Risk Management Committee.

### **Economic, environmental and social sustainability**

The Audit and Risk Management Committee has considered whether the Company has any material exposure to economic, environmental and social sustainability risks and determined that there is no material exposure to these risks.

## **Principle 8: Remunerate fairly and responsibly**

### **Remuneration Committee**

The Board has established a Remuneration Committee, which advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for Directors and senior executives.

The Remuneration Committee operates under a formal charter approved by the Board, which sets out the Committee's role and responsibilities, composition, structure and membership requirements. The copy of the Charter is available at the Company's website.

The current membership, the independence of the members and composition are set out earlier in this Corporate Governance Statement. The details of the Committee meetings and attendance by each Committee member are set out in 2014/15 Directors' Report and Financial Statement.

The Company distinguishes the structure of non-executive directors' remuneration from that of executive directors and other key management personnel.

### **Remuneration Policy**

#### ***Non-executive Director***

Non-executive directors remuneration is determined by the Board, subject to a maximum annual aggregate amount approved by shareholders at a general meeting. The amount of remuneration is set having regard to the obligations and responsibilities of the Board. The directors do not receive any additional remuneration for their service on Board Committees.

#### ***Executive Director and other Key Management Personnel***

Each of the director and other key management personnel has a written contract with the Company, setting out the terms of his or her appointment. During 2014/15, the Company's remuneration policy consisted the following:

- fixed remuneration and incentive payments of STI and LTI for the CEO;
- fixed remuneration and performance based LTIs for key senior executives; and
- fixed remuneration only for all other employees.

However from July 2015, this will change such that all senior management personnel will be eligible for both STI and LTI payments - based on relevant milestones KPIs as an incentive performance and a retention strategy.

Full details of the remuneration paid to non-executive and executive directors, and senior executives, are set out in the Remuneration Report on the 2014/15 Directors' Report and Financial Statements.

### **Prohibition on hedging unvested entitlements**

Employees are prohibited from entering into transactions in products, which limit the economic risk of participating in unvested entitlements under equity-based remuneration schemes. Details in relation to this policy are contained in the Share Trading Policy which is available on the Company's website.