

Group Diversity Policy

1.0 Introduction

1.1 Commitment to diversity

Tissue Therapies Limited ACN 114 812 074 (Tissue Therapies) is committed to:

- a. complying with the diversity recommendations published by ASX by establishing measurable objectives for achieving gender diversity;
- b. promoting Diversity among employees, consultants and senior management throughout Tissue Therapies; and
- c. keeping shareholders informed of Tissue Therapies' progress towards implementing and achieving its Diversity objectives.

1.2 Purpose

The purpose of this policy is to outline Tissue Therapies' commitment to fostering a corporate culture that embraces Diversity and, in particular, focuses on the composition of its Board and senior management. The policy also provides a process for the Board to determine measurable objectives and procedures which Tissue Therapies will implement and report against to achieve its Diversity goals.

2.0 Diversity

2.1 What is diversity

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

2.2 Corporate culture

Tissue Therapies aims to actively promote a corporate culture that supports Diversity in the workplace, in the composition of its Board and senior management and throughout Tissue Therapies.

A corporate culture that embraces Diversity seeks to encourage and facilitate opportunities for the employment of women and people from different backgrounds, provide skills and career development initiatives, increase workforce participation and create an inclusive environment where employees feel they are valued. In building a corporate culture where Diversity is encouraged, Tissue Therapies also recognises that employees at all levels have responsibilities outside of the workplace.

Tissue Therapies acknowledges the known corporate benefits that flow from advancing employee and Board diversity, in particular gender Diversity, including identification and rectification of gaps in the skills and experience of employees, enhanced employee retention, greater innovation and maximisation of available talent to achieve corporate goals and better financial performance.

By focusing on Diversity, Tissue Therapies aims to promote an environment that is conducive to the appointment of suitably qualified employees, senior management and Board candidates so that there is appropriate Diversity to maximise the corporate goals of Tissue Therapies.

2.3 Diversity commitments

- a. In order to foster a corporate environment where employee and Board Diversity are achievable and maintainable, Tissue Therapies will implement the following Diversity commitments:
 - i. the Board will review and determine, as frequently as required, a Diversity profile that meets the particular needs of Tissue Therapies, including identifying the skill, experience and expertise requirements set for the Board and senior management necessary to effectively oversee its business and achieve its corporate goals;
 - ii. through the Remuneration and Nomination Committee, the Board will seek to ensure that the Diversity profile is a factor that is taken into account in the selection and appointment of qualified employees, senior management and Board candidates and will consider options in order to expand the pool of qualified candidates to select from, including through the use of a professional intermediary to assess candidates to promote appointments in accordance with the Diversity profile, and as deemed appropriate; and
 - iii. the Board will seek to identify and consider programs and initiatives that:
 - A. assist in the development of a broader pool of skilled and experienced Board candidates, in particular women, including initiatives focused on skills development, such as executive mentoring programs or more targeted practices relating to career advancement including those that develop skills and experience that prepare employees for senior management or Board positions;
 - B. assist with enhancing employee retention, in particular that of women from middle management, including programs that foster career development and personal skills and, where possible, initiatives that address competing demands

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between work and other obligations;

- C. assist with minimizing career disruption when employees take time out of the workplace to meet other obligations and attempt to re-enter the workforce, and, where reasonable, possible and in line with the needs and objectives identified by the Diversity profile, facilitate or permit employees to access such programs or initiatives.
- b. While the key focus of this policy and the ASX recommendations is on promoting the role of women within organisations, Tissue Therapies recognises that other forms of Diversity are also important and will seek to promote and facilitate a range of Diversity initiatives throughout Tissue Therapies beyond simply gender Diversity.

2.4 Implementing Diversity commitments

The Board will aim to ensure that appropriate procedures and measures are introduced and responsibilities delegated to the Remuneration and Nomination Committee to ensure that Tissue Therapies' Diversity commitments are implemented appropriately.

3.0 Measurable objectives

3.1 Setting measurable objectives

The Board, in consultation with the Remuneration and Nomination Committee, will set measurable objectives for achieving Diversity, in particular gender Diversity, in accordance with this policy and the Diversity profile set by the Board from time to time and will review the effectiveness and relevance of these measurable objectives on an annual basis.

The measurable objectives should identify ways and, where applicable, specify benchmarks against which the achievement of Diversity is measured, in order for the Board to assess and report annually on Tissue Therapies' progress towards achieving its Diversity goals.

3.2 How will the measurable objectives be determined?

In order to set meaningful objectives, the Board (in consultation with the Remuneration and Nomination Committee) will assess its current Diversity levels and identify where gaps exist. Measurable objectives will then be developed which are tailored towards improving Diversity in areas where most improvement is needed.

3.3 Types of measurable objectives

Tissue Therapies acknowledges that there are a number of different types of measurable objectives which may be implemented to assist in meeting its Diversity goals, including:

- a. procedural and structural objectives – for example, implementing internal review and reporting procedures or ensuring that candidates are interviewed by a diverse selection/interview panel;
- b. Diversity targets – setting targets for the number of women throughout Tissue Therapies or to increase the proportion of women within senior management positions and implementing timeframes for this to occur by; and
- c. initiatives and programs – for example, identifying appropriate initiatives and programs and determining how the initiative will operate, who will be responsible for implementing it and setting a timetable for its introduction.

3.4 Periodic review

As part of the commitment to achieving and maintaining effective Diversity policies, the Board and the Remuneration and Nomination Committee will perform regular reviews of the changes in Diversity throughout the organisation.

3.5 Measurable objectives as key performance indicators

The Board, in consultation with the Remuneration and Nomination Committee, will consider the extent to which the achievement of these measurable objectives should be tied to key performance indicators for the Board, the chief executive officer and other senior management.

4.0 Annual disclosure to Shareholders

4.1 Purpose of reporting

Tissue Therapies acknowledges that reporting to shareholders on its Diversity profile and Diversity objectives facilitates greater transparency and accountability in relation to Diversity matters and that such reporting and transparency has been endorsed by the Board.

It is anticipated that shareholders will have greater confidence in Tissue Therapies and the Board if they are fully informed of the policies and the measurable objectives which have been implemented to facilitate the performance of Tissue Therapies.

4.2 What will be reported?

As part of its annual reporting requirements to shareholders, Tissue Therapies will disclose the measurable objectives set by the Board

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for achieving Diversity in accordance with the Diversity profile and will report on its progress against those objectives. A copy of these measurable objectives may also be published on Tissue Therapies' website from time to time.

A component of Tissue Therapies' disclosure on Diversity in its annual report should also include information about:

- a. the proportion of women employees in Tissue Therapies;
- b. the number of women in senior management positions; and
- c. the number of women on the Board.

The Board will determine the most appropriate method to present this information to ensure that it is accurate and does not falsely represent the participation of women and men within Tissue Therapies both in terms of members and types of roles, in terms of fulltime, part-time and casual with full-time equivalent categories of employees.

4.3 Board selection process

Tissue Therapies is also committed towards achieving greater transparency of the Board candidate selection and nomination process and may include in its annual report the information about the mix of skills and Diversity which the Board is looking to achieve in membership of the Board as set out in the Remuneration and Nomination Committee charter.

4.4 Responsibility

The Board may delegate these obligations to the Remuneration and Nomination Committee but the Board retains ultimate responsibility for ensuring that these reporting benchmarks are met.

5.0 Remuneration and Nomination Committee

5.1 Role of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee will be responsible for implementing Tissue Therapies' Diversity policy, profile and measurable objectives and for ensuring compliance with this policy. The Remuneration and Nomination Committee will report to the Board as necessary to facilitate compliance.

The Remuneration and Nomination Committee will also be responsible for reviewing and reporting to the Board, at least annually, the proportion of women employees in the whole of Tissue Therapies, women in senior executive positions and women on the Board, and their relative levels of remuneration.

As part of its core role and responsibility for formulating and implementing a Company remuneration policy, the Remuneration and Nomination Committee will be responsible for reviewing and making recommendations to the Board regarding remuneration by gender.

The Remuneration and Nomination Committee will, at the direction of the Board, implement the recommendations of the Remuneration and Nomination Committee with respect to remuneration by gender, as part of the Committee's administration of the Diversity Policy. The Remuneration and Nomination Committee will report to the Board as necessary to facilitate compliance.

5.2 Internal review

An internal review will be undertaken by the Remuneration and Nomination Committee as required to ensure that it remains relevant and appropriate to Tissue Therapies, to determine the effectiveness of this policy with regards to Diversity participation levels and relative remuneration as well as to recommend changes to correct any identified deficiencies.

5.3 Structure and conduct

The Remuneration and Nomination Committee will be structured and conducted in accordance with the Remuneration and Nomination Committee Charter.

6.0 Miscellaneous

6.1 Review of policy

External reviews of this policy may be undertaken at the request of the Board.

A copy of this policy (or a summary of it) will be made available on Tissue Therapies' website and ASX to the extent necessary.

6.2 Endorsement

Tissue Therapies is committed to this policy and its implementation and to ensuring that Diversity is achieved throughout Tissue Therapies.

This policy was adopted by the Board on 12 June 2012.

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7.0 Definitions and interpretation

7.1 Definitions

In this policy;

Term	Definition
Corporations Act	means the Corporations Act 2001 (Cth).
ASX	means a Australian Stock Exchange Limited ABN 98 008 624 691
Tissue Therapies	means Tissue Therapies Limited ACN 101 955 088 and its subsidiary, Tissue Therapies Europe Limited
Board	Board of Directors
Director	director of the Company
Diversity	has the meaning given to that term in paragraph 2.1
Remuneration and Nomination Committee	means the remuneration committee established by the Board
Remuneration and Nomination Committee Charter	means the charter endorsed by the Board on 13 October 2010 as may be amended fro time to time

7.2 Interpretation

Concepts not defined in this policy which are given a meaning in the Corporations Act have the same meaning as in the Corporations Act.



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