

1.0 Introduction

The Remuneration Committee's (Committee) primary objective is to assist the Board of Tissue Therapies Limited (Tissue Therapies) to implement appropriate and relevant remuneration policies and practices that fairly and responsibly reward management and senior executives having regard to performance, the law and principles of good corporate governance.

The objective of the Tissue Therapies' executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. Underpinning this framework is the core philosophy of 'ownership by our people', which allows employees to invest in their own success. The framework aligns executive reward with achievement of strategic objectives and the creation of shareholder value, and conforms to market practice for reward delivery.

The Committee's main role and responsibilities are:

- a. to review and approve the remuneration policies of Tissue Therapies;
- b. to make recommendations to the Board in relation to the remuneration of the Managing Director and Non-executive Directors of Tissue Therapies;
- c. to review and make recommendations to the Board on corporate goals and objectives relevant to the remuneration of the Managing Director, and the performance of the Managing Director in light of these objectives;
- d. to approve remuneration packages for Tissue Therapies' executives (Executives);
- e. to review and make recommendations to the Board in relation to equity based plans and to oversee general remuneration practices
- f. to assist the Board with developing, overseeing the implementation of, and ongoing monitoring of specific policies that may be adopted or required by the law or ASX from time to time.

2.0 Membership

The members of the Committee and the Chairman of the Committee will be as determined by the Board.

The Committee should consist of not less than three Directors of Tissue Therapies, comprised of two Independent Directors (free from a relationship that could materially interfere with the exercise of his or her independent judgment as a member of the Committee) and the Managing Director.

The Chairman of the Committee is to be an Independent Director as elected by the members of the Committee from time to time.

3.0 Meetings

3.1 Committee meetings

The Committee will meet at least once a year a year or more frequently if required. A quorum will be two members.

Senior executives and other external parties may be invited to attend meetings but should not be directly involved in deciding their own remuneration. Other Board members are entitled to attend Committee meetings and will receive copies of the Committee's papers.

3.2 Secretary

The secretary will be responsible for circulating the agenda and supporting documentation in advance of each meeting, and preparing and circulating the minutes of meetings to members of the Committee and the Board after each meeting.

3.3 Conduct at meetings

The Committee may adopt rules for the conduct of its affairs, provided only that they are not inconsistent with the philosophies of Tissue Therapies, this charter or any resolution of the Board.

4.0 Reporting

4.1 General reporting obligations

The Committee will update the Board regularly about its activities. The Chairman of the Committee will report to the Board, at the Board meeting next following a meeting of the Committee, on any matters under consideration by it.

Any relevant matters deemed to be of major importance, as determined by the Committee should be referred to the Board for its attention.

4.2 Specific reporting obligations

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The Committee will prepare any reports required by law or the ASX Listing Rules or requested by the Board including relevant sections of Tissue Therapies' annual report and other documents.

5.0 Role and Responsibilities

The specific role and responsibilities of the Committee include the following:

5.1 Executive remuneration policy

- a. Approve the policy for the remuneration of the Managing Director, Executives and other members of senior management, including incentive arrangements, superannuation and any amendments to that policy proposed by management.
- b. Review the ongoing appropriateness and relevance of the Tissue Therapies remuneration policy and ensure that:
 - i. Tissue Therapies complies with its obligations regarding disclosure of remuneration;
 - ii. the policy motivates Executives to pursue the long term growth and success of Tissue Therapies within an appropriate control framework;
 - iii. the policy demonstrates a clear relationship between individual performance and remuneration; and
 - iv. the policy involves an appropriate balance between fixed and variable remuneration, reflecting the short and long term performance objectives appropriate to Tissue Therapies' circumstances and goals.
- c. Review and make recommendations to the Board on the recruitment, retention and termination policies and procedures for the Managing Director, Executives and other senior management and employees of Tissue Therapies.

5.2 Managing Director

- a. Review and make recommendations to the Board on the entire specific contractual and remuneration arrangements for the Managing Director having regard to the executive remuneration policy, including:
 - i. base pay and benefits;
 - ii. short term remuneration targets and outcomes (including performance targets);
 - iii. superannuation arrangements;
 - iv. any termination payments; and
 - v. the development of any equity based plan to apply to the Managing Director.
- b. Evaluate and make recommendations to the Board on the performance of the Managing Director in light of his or her goals and objectives.
- c. Determine the outcome of any performance hurdles in relation to any equity based plan in which the Managing Director may participate, and provide written notification to the Managing Director of any such performance determination.

5.3 Executives

- a. Approve the entire specific individual contractual and remuneration arrangements for Executives and other executives who report directly to the Managing Director having regard to the executive remuneration policy, including:
 - i. base pay and benefits such as superannuation contributions;
 - ii. short and long term performance incentives; and
 - iii. other incentives through participation in Tissue Therapies' equity programs from time to time, including the Tissue Therapies' Equity Option Plan.
- b. Meet once a year to assess the past performance of Tissue Therapies, the Executives and other senior managers for the purpose of performance evaluation.

5.4 Remuneration of Non-executive Directors

- a. Review and make recommendations to the Board on remuneration policies for Non-executive Directors (as well as Non-executive Directors of subsidiary boards).
- b. Review Non-executive directors' fees and payments to ensure that such fees reflect the position's demands and responsibilities and are reviewed annually by the Board.

5.5 Equity based plans

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- a. Review the design of all equity based plans for approval by the Board.
- b. Keep all equity based plans under review in the light of legislative, regulatory and market developments. Executives are eligible to participate in the Tissue Therapies Equity Option Plan. Tissue Therapies believes it is important for its people to see the business they run as their business and, accordingly, offers the plan to provide key employees with the opportunity to take ownership by investing in Tissue Therapies options and shares.
- c. Review and approve total proposed awards under each equity based plan, including the issue of Tissue Therapies shares for any equity based plan.
- d. Approve policies in relation to minimum share holding requirements (being the minimum number of shares that must be held by employees in their own name and beneficially) for the purposes of any equity based plans.

5.6 General remuneration in Tissue Therapies

- a. Approve the remuneration matrix as part of the Tissue Therapies annual business plan based on consideration of pre-determined business performance indicators.
- b. Review at each meeting the remuneration trends across the biotechnology industry, to the extent available.
- c. Be aware of and advise the Board on any major changes in employee benefit structures across Tissue Therapies and the biotechnology industry generally.
- d. Approve remuneration arrangements outside of policy relating to individuals or groups of individuals which are significant because of their sensitivity, precedent or disclosure implications.

6.0 Miscellaneous

6.1 Review

The Board will, at least annually, review the membership and charter of the Committee to ensure that it remains relevant and appropriate to Tissue Therapies, to determine the effectiveness of the Committee, and to make changes to this charter as necessary.

The Board may obtain independent advice where it considers that such advice is necessary or appropriate.

6.2 Delegation

The Committee may delegate some or all of its duties and responsibilities to the Chairman of the Committee, the Chairman of the Board or a sub-committee.

6.3 Endorsement

This charter was adopted by the Board on 9th July 2013.



Roger Clarke, Chairman

Tissue Therapies Limited

7.0 Definitions and interpretation

7.1 Definitions

In this charter:

Term	Definition
ASX	means ASX Limited ACN 008 624 691 and the exchange operated by it.
Board	means the Company's board.
Corporations Act	means the Corporations Act 2001 (Cth).
Director	means a director of Tissue Therapies.
Tissue Therapies	means Tissue Therapies Limited ACN 101 955 088 and any subsidiary or related body corporate.

7.2 Interpretation

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



Tissue Therapies Limited
ABN 45 101 955 088
Level 19, 179 Turbot Street, Brisbane, QLD 4000 Australia
www.tissuetherapies.com