

# Tissue Repair Ltd

## Board Charter

### 1. Purpose of this charter

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The board of directors (the **Board**) of Tissue Repair Ltd (**Tissue Repair** or the **Company**) advocates good corporate governance and is committed to fulfilling its own corporate governance obligations and responsibilities in the best interests of the Company, its shareholders and its stakeholders.

This Charter sets out the roles and responsibilities of the Board and the manner in which the Board exercises and discharges its roles and responsibilities. It also sets out matters which may be delegated to Tissue Repair's senior executive management team. This Charter should be read in conjunction with Tissue Repair's constitution (**Constitution**).

### 2. Role of the Board

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The role of the Board is to hold and exercise responsibility for the overall corporate governance and decision making within Tissue Repair. The Board determines Tissue Repair's strategic direction, regularly reviews that strategic direction, and oversees its implementation. Some matters are expressly required by law to be approved by the Board.

The Board monitors the management and performance of the business by:

#### 2.1. Strategic planning:

- Reviewing, assessing and approving the strategic plan for Tissue Repair.
- Regularly overseeing performance to confirm Tissue Repair is being appropriately managed, and that Tissue Repair's performance is aligned with the strategic plan and the values of Tissue Repair generally.
- Focusing Tissue Repair's activities on long term shareholder value.

#### 2.2. Governance:

- Approving and reviewing Tissue Repair's Code of Conduct and its Statement of Values.
- Assessing whether an appropriate culture and management framework is in place that requires that Tissue Repair:
  - complies with the law and relevant regulations;
  - conforms with the highest standards of behaviour and that the Statement of Values within the Code of Conduct reflects this; and
  - provides a safe and non-discriminatory workplace.
- Checking that compliance with policies and procedures is properly monitored and achieved.
- Adopting clearly defined delegations of authority from the Board to certain members of Tissue Repair's senior executive management team (which may, in turn, be delegated), and from the Board to the various committees of the Board.
- Establishing and maintaining an appropriate structure of Board committees to enhance the Board's capacity to fulfil its responsibilities and considering any reports prepared, or issues raised, by each of those committees.

- Adopting formal processes for Board renewal and the selection of new directors, and approving director fees.
- Confirming that directors are properly inducted and that all directors are provided with ongoing access to the Company's operations, management and information.
- Reviewing the processes and effectiveness of the Board and its Committees and members.
- Determining that Tissue Repair's governance policies and practices are appropriate and are aligned with interests of the Company, its shareholders, and relevant laws and regulations.
- Overseeing the timely and balanced disclosure of material price sensitive information.
- Including in Tissue Repair's annual report a corporate governance statement that complies with the requirements of the Australian Securities Exchange (**ASX**) Listing Rules.

### **2.3. Financial:**

- Adopting an annual budget and approval of all major capital expenditure for Tissue Repair's financial performance, and monitoring results on a regular basis.
- Confirming that Tissue Repair's financial position is sound and that it is able to meet its debts and other obligations when they are due, and that Tissue Repair has sufficient financial resources to achieve its strategic plan.
- Overseeing the integrity of Tissue Repair's accounting and corporate reporting systems, including the external audit.
- Approving any dividend policy and dividends.
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs, and that the scope of the external audit is adequate.
- Assessing the performance and independence of the external auditors.
- Monitoring that the Company is taking appropriate steps to safeguard its assets.

### **2.4. Risk management:**

- Setting the risk appetite for the Company, reviewing and overseeing the operation of systems of risk management (for both financial and non-financial risks) and internal controls so that the significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place, and that Tissue Repair deals with risk appropriately.

### **2.5. Personnel:**

- Selecting, appointing and, if necessary, removing and replacing, a Chief Executive Officer (**CEO**), setting an appropriate remuneration package, agreeing appropriate performance indicators and evaluating the performance of the CEO.
- Appointing the Board's chairperson.

- Approving the appointment and, if necessary, replacement of senior executives such as the CEO, Chief Financial Officer (**CFO**), Chief Scientific Officer (**CSO**) and other members of Tissue Repair's senior executive management team, as well as the company secretary.
- Annually review and evaluate the performance of members of Tissue Repair's senior executive management team against key performance objectives, and review the performance objectives for the following year.
- Overseeing the appointment and termination of members of the senior executive management team and ensuring Tissue Repair enters into written employment agreements or consultancy arrangements with the senior executives setting out the terms of their appointment.
- Overseeing appropriate succession plans for the CEO and other key senior executives.
- Overseeing any significant employment law issues facing Tissue Repair.
- Approving policies, practices and measurable objectives for achieving diversity.
- Reviewing and monitoring other strategic initiatives associated with people and culture.
- All references to the roles and responsibilities of the CEO should apply to the Executive Director until the Board decides that the leadership of the Company will be better conducted by a person of this title.

#### **2.6. Remuneration:**

- Approving the remuneration policy, aligned with the Company's purpose, values, strategic objectives and risk appetite.
- Developing, implementing and overseeing equity incentive programs, including employee share option plans.
- Approving the remuneration framework (including employee incentive plan awards) for executives.
- Approving the remuneration for executive and non-executive directors.

#### **2.7. Operational:**

- Approving an annual operating plan and monitoring results against that plan.
- Determining that Tissue Repair has in place accurate and reliable reporting systems, internal controls (both operational and financial) and compliance activities, and monitoring performance.
- Confirming that systems are in place to identify, manage, and mitigate significant risks.

### **3. Board composition and structure**

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#### **3.1. Determining board size and composition:**

The Board, with guidance from the Nominations and Remuneration Committee, will determine the size and composition of the Board, subject to:

- the terms of the Constitution; and
- applicable law,

and taking into account the appropriate mix of skills, knowledge, experience, diversity and independence on the Board.

### **3.2. Independent directors:**

To the extent practicable at the time, the Board will consist of a majority of independent non-executive directors. The Board will consider and conclude on the independence of its non-executive directors at least once per year, having regard to relevant factors set out in Section 5 of this Charter.

### **3.3. Chair:**

The chairperson of the Board (the **Chair**) is appointed by the Board in accordance with the Constitution. The role of the Chair is to:

- organise and efficiently conduct the business of the Board at Board meetings;
- inform all directors adequately about Board matters in a timely fashion to facilitate rigorous, effective and accurate decision making in all business of the Board;
- set the agenda for meetings of the Board, guiding the meetings to facilitate open discussion and manage the conduct of and frequency and length of those meetings;
- liaise with the company secretary concerning matters of corporate governance and convey information to the Board;
- encourage engagement and compliance by Board members with their duties as directors;
- chair meetings of shareholders, including Tissue Repair's Annual Meeting.

In the case that the Chair is appointed as an Executive Chair, or any other directors are appointed as Executive Directors, to the extent that a CEO is appointed, the Executive Chair/Directors should work with the CEO to agree the division of responsibilities and seek the approval of the Board for the agreed division.

### **3.4. Company secretary:**

Tissue Repair's company secretary is responsible for all matters to do with the proper functioning of the Board and is accountable directly to the Board, through the Chair. The company secretary has the following responsibilities:

- the adoption and implementation of corporate governance practices;
- coordinating the Board and its committees;
- monitoring of the policies and procedures of the Board;
- advising the Board, through the Chair, of the corporate governance policies of the Company;
- making themselves accessible to each director;
- the accurate reporting of the business of the Board, including the timely dispatch of Board agendas and briefing papers and the accurate recording and timely dispatch of the minutes of meetings of the Board;
- monitoring compliance with the ASX Listing Rules, and the *Corporations Act 2001* (Cth) where applicable to the Board and the Company;
- circulating market announcements for approval to the Board prior to release to the ASX (as applicable) or media;

- determining, in conjunction with the Chair, whether information conveyed to the company secretary should be disclosed to the ASX; and
- liaising with the ASX in respect of Company announcements.

## **4. Process of appointment and re-election of directors**

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### **4.1. Appointment:**

Directors are appointed in accordance with the Constitution.

### **4.2. Director candidates:**

When a Board vacancy arises, the Remuneration and Nominations Committee is responsible for identifying new director candidates with appropriate skills, experience and expertise. Candidates with the skills, experience and expertise that best complement the Board's effectiveness will be recommended to the Board.

### **4.3. Process for director appointment:**

- When the Board considers that a suitable candidate has been found, that person may be appointed by the Board to fill a casual vacancy in accordance with the Constitution, but automatically retires at the next annual general meeting of the Company and is eligible for re-election at that general meeting.
- Non-executive directors will be engaged by a letter of appointment setting out the terms and conditions of their appointment in writing.
- Directors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them at Tissue Repair's expense.

### **4.4. Requirement to retire and process for re-election:**

Tissue Repair's directors must periodically retire from office in accordance with the Constitution and the ASX Listing Rules. Retiring directors may be eligible for re-election. Before each Annual Meeting of Tissue Repair, the Chair will assess the performance of any director standing for re-election and the Board will determine their recommendation to shareholders on the re-election of that director (in the absence of the director involved). The Board (excluding the Chair) will conduct the review of the Chair.

## **5. Independence of directors**

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When determining the independent status of a director, the Board will consider whether the director:

- is a substantial shareholder of Tissue Repair (that is, holds 5% or more of the issued voting shares of Tissue Repair) or an officer of, or otherwise associated directly with, a substantial shareholder of Tissue Repair;
- is employed, or has previously been employed, in an executive capacity by Tissue Repair or another member of the Tissue Repair group of companies (if any), and if there has been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a partner, director or senior employee of a material professional adviser or a material consultant to Tissue Repair or another member of the Tissue Repair group of companies (if any), or an employee materially associated with the service provided;

- is a material supplier or customer of Tissue Repair or another member of the Tissue Repair group of companies (if any), or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with Tissue Repair or another member of the Tissue Repair group of companies (if any) other than as a director of Tissue Repair;
- has any close family ties with any person who falls within any of the categories described above; or
- has been a director of Tissue Repair for such a period that his or her independence may have been compromised.

If a director ceases to be independent, the director must advise the Chair immediately and if the Board finds that a director is no longer independent, the Board must immediately announce this to the market.

## **6. Rights and responsibilities of directors**

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### **6.1. Responsibilities**

Directors are expected to at all times act in accordance with legal requirements and discharge all their duties as directors. Directors must:

- discharge their duties in good faith, in the best interests of Tissue Repair, and for a proper purpose;
- act with care and diligence, demonstrate commercial reasonableness in their decision making and act with the level of skill and care expected of a director of a major company, including applying an independent and enquiring mind to their responsibilities;
- avoid conflicts of interest, except in those circumstances permitted by the applicable law;
- keep confidential and not make improper use of information gained through their position as a director;
- not take improper advantage of their position as a director;
- notify other directors of a material personal interest when a conflict arises;
- in the case of non-executive directors, disclose to the Board all information that may be relevant for the Board to assess the director's independence;
- make reasonable enquiries if relying on information or advice provided by others;
- undertake any necessary enquiries in respect of delegates;
- give Tissue Repair or the ASX all information required by the applicable law; and
- not permit Tissue Repair to engage in insolvent trading.

### **6.2. Access to board papers and information**

Under the terms of each director's letter of appointment and / or Deed of Indemnity, directors are provided with the right to access board papers of Tissue Repair relating to the period of that director's term in office (including minutes, letters, submissions, memoranda, board committee and sub-committee papers and documents referred to in any of those documents) during the period of their appointment and for a seven year period after that director ceases to hold office as a director of Tissue Repair.

Under the terms of the letter of appointment, during the period of their appointment directors will also be given access to all appropriate financial and operating information necessary for the performance of their duties, as well as reasonable access to any other information or employees as required for the performance of their duties as director, subject to the provisions of applicable laws.

### 6.3. Indemnity and Insurance

All of Tissue Repair's directors are entitled to the benefit of certain indemnities provided under the terms of the Constitution, as well as under a Deed of Indemnity entered into between each director and Tissue Repair. Under the Deed of Indemnity, the Company must maintain in respect of each director a directors' and officers' insurance policy which insures each director up to an agreed limit against liability as a director and officer of Tissue Repair and its related bodies corporate during the period of office of that director and for a period of seven years after the director ceases to hold office as a director of Tissue Repair.

## 7. Conduct and Process of Board Meetings

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- All Board meetings will be conducted in accordance with the Constitution and as permitted by law.
- Directors are committed to collective decision making but have a duty to question and raise any issues of concern to them. Matters are to be debated openly and constructively amongst the directors. Individual directors must utilise their particular skills, experience and knowledge when discussing matters at Board meetings.
- Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.
- A meeting of the Board will usually be convened by the Chair, although under the Constitution a meeting may be called by any director.
- All directors are expected to diligently prepare for, attend and participate in all Board meetings.
- At a minimum, a quorum of directors under the Constitution is two directors. Meetings of the Board may be held or participated in by conference call or other electronic communications as permitted by the Constitution. Resolutions of the Board may be passed by circular resolution or otherwise in writing in accordance with the Constitution.
- The Board should assess the information that it receives, and Board papers will be circulated no later than three business days prior to each Board meeting.
- Non-executive directors may periodically meet without executive directors or management present.
- The Board may request or invite management or external consultants to attend Board meetings, where necessary or desirable.

## 8. Confidential information and external communication

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The Board has established the following principles to apply in respect of information about and held by Tissue Repair:

- **Confidentiality:** All directors are required to keep confidential all information provided to them in their capacity as a director and must not disclose or improperly use such information except as required or permitted by law;

- **Chair as spokesperson:** Generally, the Chair will speak for Tissue Repair, unless the Board has agreed other spokespersons in accordance with Tissue Repair's Continuous Disclosure Policy or Shareholder Communications Policy. Individual members of the Board are expected not to communicate on behalf of the Board or Tissue Repair without prior consultation with the Chair; and
- **Continuous disclosure:** All disclosures of materially price-sensitive information to any person must be approved and made in accordance with Tissue Repair's Continuous Disclosure Policy, the ASX Listing Rules and any other applicable law.

## 9. Conflicts of interest

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If a director considers that they might be in a position where there is a reasonable possibility of conflict between:

- their personal or business interests;
- the interests of any associated person; or
- their duties to any other company,

and the interests of Tissue Repair or their duties to Tissue Repair or another member (if any) of the Tissue Repair group of companies, the Board requires that the director fully and frankly informs the Board about the circumstances giving rise to the conflict; and, unless the Board otherwise determines, abstains from voting on any motion relating to the matter and absents themselves from all Board deliberations relating to the matter, including review of board papers bearing on the matter.

If a director believes that they may have a conflict of interest or duty in relation to a particular matter, the director should immediately consult with the Chair (or, in the case of the Chair, the Chair should immediately consult with the other non-executive directors).

## 10. Independent professional advice sought by directors

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A director of Tissue Repair is entitled to seek independent professional advice (including, but not limited to, legal, accounting and financial advice) at Tissue Repair's expense on any matter connected with the discharge of their responsibilities, in accordance with their letter of appointment and subject to the procedures and conditions set out below:

- a director must seek the prior approval of the Chair, or if the Chair is the relevant director, with the approval of the chair of the Audit and Risk Management Committee (**Approver**);
- in seeking the prior approval of the Approver, the director must provide the Approver with details of:
  - the nature of the independent professional advice;
  - the likely cost of seeking the independent professional advice;
  - details of the independent adviser they propose to instruct;
- the Approver may set a reasonable limit on the amount that Tissue Repair will contribute towards the cost of obtaining such advice;
- all documentation containing or seeking independent professional advice must clearly state that the advice is sought both in relation to Tissue Repair and the director in their personal capacity. However, the right to advice does not extend to advice concerning matters of a personal or private nature, including for example, matters relating to the director's contract of employment with Tissue Repair (in the case of an executive director) or any dispute between the director and Tissue Repair except to the extent that the dispute relates to the director's discharge of their duties; and



- unless the Approver otherwise determines, any advice received by an individual director will be circulated to the remainder of the Board.

## **11. Board Committees**

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The Board may from time to time establish committees to assist in carrying out its responsibilities and adopt charters setting out matters relevant to the composition, responsibilities and administration of such committees.

The Board will, as a minimum, maintain the following committees:

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

Tissue Repair may also have a Scientific Advisory Panel to assist the Company, through the CEO (if appointed, and otherwise the Chair), and one or more Tissue Repair directors may form part of this panel from time to time. For the avoidance of doubt, unless they have been appointed in writing as Tissue Repair directors, Scientific Advisory Panel members are not, and are not to purport to act as, Tissue Repair directors.

The committees established by the Board will support the Board's decision-making with reports, advice and recommendations on the matters for which they are responsible and by taking direct responsibility for their review and evaluation.

The Board may also delegate specific functions to *ad hoc* committees from time to time. The powers delegated to these committees will be described in Board resolutions.

## **12. Relationship between the Board and management**

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### **12.1. Delegation of Board powers:**

- While there is a CEO appointed, the Board delegates to the CEO (and for the time being the Chair, acting in an executive capacity), all the powers and authorities required to manage the day-to-day operations of Tissue Repair's business, except those expressly reserved to the Board or one of its committees, as described in Sections 2 and 11 of this Board Charter. The CEO and/or Chair may delegate the management function within any authority limits that have been approved by the Board from time to time. The CEO and/or Chair and their delegates must manage Tissue Repair's business and day-to-day operations in line with the strategic plan, the annual budget and the strategies approved by the Board for managing risks, at all times exercising good judgment.

### **12.2. Executive Directors:**

- The CEO and Chair may, but are not required to, be executive directors. An executive director must have a service contract setting out the duties, responsibilities, rights and the termination conditions of employment.
- Any consulting or other services rendered to the Company by non-executive directors requires Board approval. The Board will continue to monitor whether that director should be considered independent in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, as well as whether any services arrangement has evolved such that the director should be considered an executive director.

**12.3. Accountability to the Board:**

- The CEO and Chair are accountable to the Board for the exercise of the delegated authority and must report material matters to the Board with accurate and timely information. The CEO and Chair must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively and will have open communications with the Board.

**12.4. Independence of Board and management:**

- The Board will adopt appropriate structures and procedures to retain its independence and functions independently of its senior executive management team. This will include the non-executive directors meeting in the absence of the CEO and/or Chair and senior executive management team on a periodic basis.

**13. Self-review of Board**

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On an annual basis, the Board, with assistance from the Nominations and Remuneration Committee, will review and evaluate:

- its own performance, including against the requirements of this Board Charter;
- the performance of its committees; and
- the performance of individual directors.

The Board will disclose in the Company's annual report whether a performance evaluation has been undertaken in respect of any director during the past year.

**14. Review of Charter**

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The Board Charter will be reviewed at least every two years and may be updated as and when determined by Tissue Repair's Board.