

Tissue Therapies Limited ACN 101 955 088

Remuneration and Nomination Committee Charter

Introduction

Remuneration and Nomination Committee

The Remuneration and Nomination 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 is also responsible for assisting the Board in identifying appropriate individuals who are qualified to become Board members and for developing procedures and measures to ensure that appropriate diversity is represented and promoted at the Board level and throughout the Tissue Therapies organisation consistent with the requirements that may be imposed by the law or ASX or as may be adopted by the Board from time to time.

Role and responsibilities

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 oversee succession planning for Executives and other senior managers;
- (f) to review and make recommendations to the Board in relation to equity based plans; to oversee general remuneration practices

- (g) 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, including appropriate diversity policy.

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.

Meetings

Committee meetings

The Committee will meet at least once 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.

Secretary

The secretary of the Committee will be elected from the membership of the Committee. 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.

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.

Reporting

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.

Specific reporting obligations

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. In particular, the Committee may be required to prepare and report on any measurable objectives set by the Board, ASX or the law, including, to achieve appropriate diversity.

Disclosure of Board selection process

The Committee will assist the Board in promoting transparency of the Board candidate selection and nomination process by preparing a summary for inclusion in Tissue Therapies' annual report.

Information in the annual report on the Board selection process should include:

- (a) details as to the use by Tissue Therapies of a Board skills matrix to identify any gaps in the skills, qualification, diversity and experience of the Board;
- (b) the process by which candidates are identified and selected, including whether professional intermediaries are used to identify and assess candidates;
- (c) the steps taken to ensure a diverse range of candidates is considered; and
- (d) the factors taken into account in the selection process.

Role and responsibilities - remuneration

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

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.

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.

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.
- (c) Receive and review annually reports on management succession planning for Executives and other senior managers.

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.

Equity based plans

- (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 shareholding 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.

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.

Role and responsibilities - nomination

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

- (a) review and recommend to the Board the size and composition of the Board and the criteria for Board membership;
- (b) assist the Board in developing a skills matrix to identify the necessary and desirable competences of Board members and to maintain an appropriate mix of skills, experience, qualification and diversity on the Board;
- (c) assist the Board in identifying appropriate individuals as potential candidates for Board membership and re-election;
- (d) ensure that any diversity profile identified by the Board is a factor that is taken into account in the selection and appointment of qualified employees, senior management and Board candidates;

- (e) consider and implement strategies to expand the pool of qualified candidates to select from;
- (f) develop a process for the evaluation of the performance and independence of the Board, its committees and individual Directors and implement a process to identify, assess and enhance the skill set of Directors;
- (g) ensure that an appropriate induction program is put in place for new employees, senior management and Board members and review this program as required;
- (h) receive and review annually reports on management succession planning for Executives and other senior managers;
- (i) review and make recommendations in relation to corporate governance issues as may be requested by the Board from time to time or required by ASX or the law

Miscellaneous

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.

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.

Endorsement

This charter was adopted by the Board on 13th October, 2010.

Roger Clarke, Chairman
Tissue Therapies Limited

Definitions and interpretation

Definitions

In this charter:

Term	Definition
ASX	means the ASX Limited ACN 008 624 691.
Board	means the board of Directors of Tissue Therapies.
Corporations Act	means the <i>Corporations Act 2001</i> (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.

Interpretation

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