

# Corporate Governance Statement

27 August 2020

Regeneus and the Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Regeneus Ltd and its Controlled Entities ('the Group') have adopted the third edition of the Corporate Governance Principles and Recommendations.

This Corporate Governance Statement describes the extent to which the Company's current corporate governance and principles follow the recommendations. The Company will follow the recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation.

Please find the following governance-related documents on the Company's website at [www.regeneus.com.au](http://www.regeneus.com.au), under the section marked "Investor Hub, Corporate Governance".

## Charters, Codes and Policies

Board Charter  
Audit and Risk Committee Charter  
Remuneration and Nominations Committee Charter  
Code of Conduct  
Continuous Disclosure Policy  
Risk Management Policy  
Shareholder Communication Policy  
Securities Trading Policy  
Process for evaluating Board and Executive Performance

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

### Roles & responsibilities of the Board, Company Secretary and Senior Executives

The Board has established the functions reserved to the Board, and those delegated to senior executives as set out in its Board Charter.

The Board is collectively responsible for setting the strategy for the Group, including operational and financial objectives and ensuring that there are sufficient resources for this strategy to be achieved, appointing and, where appropriate, removing the CEO, approving other key executive appointments and planning for executive succession, overseeing and evaluating the performance of the CEO through a formal performance appraisal having regard to the Group's business strategies and objectives, monitoring compliance with legal, regulatory and occupational health and safety requirements and standards, overseeing the identification of key risks faced by the Group and the implementation of an appropriate internal control framework to ensure those risks are managed to an acceptable level, approving the Group's budgets, including operational and capital budgets, and the approval of significant acquisitions, expenditures or diversities, approval of the annual and half-yearly financial reports, and ensuring the market and shareholders are fully informed of material developments.

The responsibility for the operation and administration of the Group is delegated by the Board to the CEO and the executive management team. The Board ensures that both the CEO and executive team are appropriately qualified and experienced to discharge their responsibilities, and as discussed above, has in place procedures to monitor and assess their performance.

There is a policy for evaluating the performance of the Board, its committees and individual Directors and Senior Executives. These performance reviews were undertaken during FY20.

#### **Process for appointment of a new Director**

Regeneus undertakes appropriate checks prior to the appointment of any new Director, senior executive or employee. Regeneus' policy is to provide all material information to security holders in its possession relevant to enable shareholders to make an informed decision on whether or not to elect or re-elect a director.

#### **Written agreements with Directors and Senior Executives**

Regeneus has written letters of agreement in place with each Director, and an employment contract with each senior executive that clearly define their roles and responsibilities and of Regeneus' expectations for the Director or senior executive.

#### **Company Secretary**

The Company Secretary supports the effectiveness of the Board by monitoring that Board policy and procedures are followed, and by coordinating the timely completion and dispatch of Board and Committee papers, including agendas, minutes, appropriate registers and reports.

#### **Diversity Policy**

The Company is committed to diversity and recognizes the benefits arising from employee and Board diversity and the importance of benefiting from all available talent. Diversity includes, but is not limited to gender, age, ethnicity and cultural background.

The Company has adopted a diversity policy which is available on the Company's website at [www.regeneus.com.au/investors/corporate-governance-diversity](http://www.regeneus.com.au/investors/corporate-governance-diversity).

Under the Company's diversity policy, the Board is responsible for developing measurable objectives for achieving diversity, and regularly assess both the objectives for achieving diversity and regularly assess both the objectives and progress in achieving those objectives.

The Company has developed a number of policies to support diversity, including implementing family friendly policies and flexible work options.

However, due to the relatively small size of the Company's current operations and the reduction in the number of staff, including men and women, during FY20 (following a strategic restructure in order to streamline operations and reduce costs to ensure the preservation and enhancement of shareholder value) the Board did not set measurable targets for diversity for FY20. Notwithstanding the lack of measurable targets, the Board reviews and evaluates the effectiveness of the Diversity Policy and policies to support diversity on a regular basis.

The respective proportions of women on the Board, in Senior Executive positions and employed by the Company as at 30 June 2019 and 30 June 2020 were as follows:

	30 June 2019	30 June 2020	Total % of women in the Company
Women on the Board	-	-	0%
Women in Senior Executive positions	5	2	40 %
Women employees in the Company	10	2	40%

The Company defines "Senior Executive" for these purposes as someone who makes, or participates in making decisions that affect the whole, or a substantial part of the business or the Company.

The Company is not a "relevant employer" under the Workplace Gender Equality Act 2012 (Cth).

## **Principle 2: Structure the Board to add value**

### **Remuneration and Nominations Committee**

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board has established a Remuneration and Nominations Committee. The Committee comprises of three members, a majority of whom are independent Directors. The Committee is chaired by an independent Director. The Remuneration and Nominations Committee oversees the appointment and induction process for Directors and the selection, appointment and succession planning process of the Group's CEO. At the start of the year, the Remuneration and Nominations Committee comprised of Dr Glen Richards, Barry Sechos and Leo Lee. Glen Richards resigned 4 June 2020. John Chiplin was appointed as Chair of the Remuneration and Nominations Committee 5 June 2020.

### **Board Skills Matrix**

The names of the members of the Board as of the date of this statement are as follows:

- Barry Sechos – Independent Chairman
- Leo Lee – CEO and Executive Director
- Dr Graham Vesey – CSO and Executive Director
- Dr Glen Richards – Non-executive Director (to 4 June 2020)
- Dr John Chiplin – Non-executive Director
- Dr Alan W Dunton – Non-executive Director

The Board's composition is determined with regard to the majority of Directors having extensive experience in the industries that the Group operates in. With those that do not, having extensive experience in significant aspects of the financial reporting and risk management of ASX listed companies. The size of the Board is appropriate to facilitate effective discussion and efficient decision-making. There are a sufficient number of Directors to serve on Board sub-committees without it overburdening the Directors or making it difficult for the Directors to effectively discharge their responsibilities.

### **Director Independence**

With regard to Director independence, the Board has adopted specific principles which state that an independent Director must not be a member of management and must not, within the last three years, have been employed in an executive capacity by Regeneus or any other member of the Group, be a

substantial shareholder; not be a material supplier or customer of the Group or associated either directly or indirectly with a material supplier or customers of the Group or have been a Director of the Company for such a period that his or her independence may have been comprised.

Barry Sechos, Dr Glen Richards (resigned 4 June 2020), Dr John Chiplin and Alan W Dunton are considered independent Directors.

### **Majority of Directors are independent**

At the end of this period, the Board comprised of five Directors, three of whom were independent Non-Executive Directors.

Non-Executive Directors are encouraged to confer periodically without executive Directors or other senior executives present.

### **Independent Chair of the Board**

The Chair of the Board is Barry Sechos, an independent Director. The Chair is responsible for the leadership of the Board. This includes taking responsibility for ensuring the Board functions effectively and that they comply with the continuous disclosure requirements of the ASX listing rules with regard to communicating the operations and activities of the Group to shareholders. The Chair's responsibilities include setting the agenda for Board meetings, managing the conduct, frequency and length of Board meetings to ensure that all Directors have had the opportunity to establish a detailed understanding of the issues affecting the Group and facilitating the Board meetings to ensure effective communication between the Directors and that all Directors have contributed to the decision-making process thereby leading to a considered decision being made in the best interest of the Group.

### **Professional Development offered to Directors**

Directors are initially appointed to office by the Board and must stand for re-election at the Group's next annual general meeting of shareholders. Directors must then retire from office and nominate for re-elections at least every three years with the exception of the CEO.

Each Director has the right of access to all relevant information in the Group in addition to access to the Group's executives. Each Director also has the right to seek independent professional advice to develop and maintain the skills and knowledge required, subject to prior consultation with, and approval, from the Chairman. This advice will be provided at the Group's expense and will be made available to all members of the Board. All Directors are provided with an induction program.

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

### **Code of Conduct**

The Group recognizes the importance of establishing and maintaining high ethical standards and decision making in conducting its business and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All Directors, managers and employees are expected to act with the utmost integrity, honesty and objectivity, striving at all times to enhance the reputation and performance of the Group.

Unethical practices, including fraud, legal and regulatory breaches, and policy breaches, as detailed in the Code of Conduct policy are required to be reported on immediately to management. Reporting parties are able to do so without fear of reprisal or retribution as their identity and report are kept in the strictest confidence.

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

### **Audit & Risk Committee**

An Audit and Risk Committee has been established by the Board. The Committee's role and operations are documented in its Charter.

The committee comprises of two members, both are independent Directors. The Committee is chaired by an independent Director. The Audit and Risk Committee ensures the integrity of the Group's internal and external financial reporting including compliance with applicable laws and regulations, ensuring that financial information provided to the Board is of a sufficiently high quality to allow the Board to make informed decisions, ensuring that appropriate and effective internal systems and controls are in place to manage the Group's exposure to risk, overseeing the appointment, compensation, retention and oversight of the external auditor and review of any non-audit services provided by the external auditor and to regularly review the performance of the external auditor regarding quality, costs and independence. At the start of the year the Audit and Risk Committee comprised of Barry Sechos and Dr Glen Richards (resigned 4 June 2020). John Chiplin was appointed member of the Audit and Risk Committee 5 June 2020.

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

### **Continuous Disclosure Policy**

Regeneus has established procedures and policies to ensure timely and balanced disclosure of all material matters concerning the Group, and ensure that all shareholders have access to information on the Group's financial performance. This ensures that the Group is compliant with the continuous disclosure requirements under the ASX Listing Rules.

These policies and procedures include a comprehensive Continuous Disclosure Policy that includes identification of matters that may have a material impact on the price of the Regeneus securities, notifying them to the ASX, posting relevant information on the Group's website and issuing media releases.

Matters involving potential market sensitive information must first be reported to the CEO either directly or via the Company Secretary. The CEO will advise the other Directors if the issue is important enough to warrant the consideration of the full Board. In all cases, the appropriate action must be determined and carried out in a timely manner in order for the Group to comply with the information disclosure requirements of the ASX.

Once the appropriate course of action has been agreed upon, the Company Secretary will disclose the information to the relevant authorities. Board approval is required for market sensitive information such as financial results.

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

### **Shareholder Communication Policy**

Regeneus has established a Shareholder Communication Policy which describes the Group's approach to promoting effective communication with shareholders which includes providing the annual report, which

includes relevant information about the operations of the Group during the year, key financial information, changes in the state of affairs and indications of future developments.

The half year and full year financial results are released to the ASX and are available via the ASX platform and Regeneus website.

All announcements made to the market and related information (including new presentations to shareholders and information provided to analysts or the media during briefings), are made available to all shareholders under the investor information section of the Regeneus website immediately after they have been released to the ASX.

Detailed notices of shareholder meetings are sent to all shareholders in advance of the meeting. The Board encourages full participation by shareholders at the annual general meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions. The shareholders are requested to vote on matters such as the adoption of the Group's remuneration report, the granting of options and shares to Directors and changes to the Constitution.

The external auditor attends the annual general meeting to answer any questions concerning the audit of the Group and the contents of the auditor's report.

Regeneus has established an investor relations program which includes a detailed program of scheduled and ad-hoc interactions with institutional investors, private investors, sell-side and buy-side analysts.

Regeneus encourages its shareholders to opt to receive communications from, and send information to Regeneus electronically. This can be done via the Registry or by requesting or agreeing to be included on the Company's distribution list for all company related news.

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

### **Audit and Risk Committee**

Under its Charter, the Audit and Risk Committee has been delegated responsibility by the Board to oversee the implementation and review of risk management and related internal compliance and control systems throughout the Group.

The Committee reviews the appropriateness and adequacy of internal processes for determining, assessing and monitoring risk areas including the assessment of the effectiveness of the Group's internal compliance and controls including the existence and adequacy of key policies and procedures, the adequacy of disclosures and processes for regular reporting of information to the appropriate parties, including the Board.

The Committee is also responsible for monitoring the Group's compliance with applicable laws and regulations including ensuring that management is reviewing developments and changes in applicable laws and regulations relating to the Group's responsibilities, reviewing management's actions and responses to ensure that the Group's practices are compliant with all new developments, reviewing material actual and suspected breaches of applicable laws and regulations, and any breaches of Group policies, reviewing material litigation, legal claims, contingencies or significant risks relating to the Group and reviewing Director and executive management related party transactions.

The Audit and Risk Committee reports to the Board on any major issues and findings that are presented and discussed at its meetings.

### **Risk Management Framework**

Regeneus recognizes that a robust risk management framework is essential for corporate stability, protecting the interests of its stakeholders and for sustaining its competitive market position and long-term performance.

The Group has established a number of objectives to drive its risk management policies including having a culture that is risk aware and supported by high standards of accountability at all levels, promoting and achieving an integrated risk management approach whereby risk management forms a part of all key organizational processes, supporting more effective decision-making through better understanding and consideration of risk exposures, safeguarding the assets and enabling the Board to fulfill its governance and compliance requirements.

In achieving effective risk management, Regeneus recognizes the importance of leadership. As such, the Board and executive management have responsibility for driving and supporting risk management across the Group. A review of the risk framework was undertaken during FY20.

Regeneus has no material exposure to economic, environmental and social sustainability risks.

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

#### **Remuneration and Nominations Committee**

As previously mentioned in Principle 2, the Board has established a Remuneration and Nominations Committee whose role is documented in a Charter, which is approved by the Board.

The objective of the Committee with respect to its remuneration function is to assist the Board in determining appropriate remuneration arrangements for the Directors and executive management. These objectives include reviewing the adequacy and form of remuneration of independent Non-Executive Directors, ensuring that the remuneration of the independent Non-Executive Directors is reflective of the responsibilities and the risks of being a Director of the Group, reviewing the contractual arrangements of the CEO and executive management to comparable groups within similar industries to ensure that the remuneration on offer can attract, retain and properly reward performance which will translate into long term growth in shareholder value, annually reviewing the key performance indicators of the CEO and executive team to ensure that they remain congruent with the Group's strategies and objectives, reviewing the basis for remuneration of the other Executive Directors of the Group for their services as Directors, reviewing incentive performance arrangements when instructed by the Board and reviewing proposed remuneration arrangements for new Directors or executive appointments. These performance reviews were undertaken during FY20.

The Committee will submit their recommendations to the Board regarding the remuneration arrangements and performance incentives for the CEO and executive team. The Board will review these recommendations before providing their approval.

Details of the Group's remuneration structure and details of key management personnel's remuneration and incentives are set out in the Remuneration Report contained within the Directors' Report in the financial statements. The Remuneration Report also contains details on the structure of Non-Executive Director Remuneration. Regeneus has in place an employee share option plan to foster an ownership

culture in the Company and to motivate senior management and staff to achieve performance targets of the Company.