

Administrative Guidelines for the Operation of the Board

Table of Contents

| | |
|---|----------|
| 1. Meetings | 2 |
| 1.1 Annual Agenda | 2 |
| 1.2 Meeting Agenda | 2 |
| 1.3 Confidentiality..... | 2 |
| 1.4 Attendance | 3 |
| 1.5 Actual, Potential and Perceived Conflicts of Interest | 3 |
| 1.6 Decisions..... | 3 |
| 1.7 Minutes..... | 4 |
| 2. Appointment and Role of the Company Secretary | 4 |
| 3. Non-Executive Director Appointment | 4 |
| 4. Board Papers | 5 |
| 5. Induction..... | 5 |

Administrative Guidelines for the Operation of the Board

These guidelines are to be read together with the Board of Directors Charter.

1. Meetings

Board meetings are held on a regular basis, as determined annually in advance by the Board.

1.1 Annual Agenda

An annual agenda scheduling key matters for consideration or decision by the Board, including the scheduling of a separate strategy meeting, will be developed in September each year for the subsequent twelve months and distributed to all Directors and to senior management.

1.2 Meeting Agenda

The agenda for each meeting will be prepared by the Company Secretary in conjunction with the Chair and, where appropriate, the CEO.

Matters proposed for the agenda will take into account:

- The Board's annual agenda;
- Emerging issues assessed by management or the Board as warranting the Board's attention;
- The continuing education needs of the Board including its knowledge and understanding of the Australian Stem Cell Centre, its activities and operations, its competitors and the environment in which it operates;
- Matters raised in the course of preceding Board meetings;
- Matters directly relevant to the Board's defined responsibilities or the decisions reserved to the Board; and

Any Director may approach the Chair and request that a particular item be added to the agenda for a meeting.

1.3 Confidentiality

All minutes, papers and proceedings for meetings of the Board and Board Committees are confidential.

1.4 Attendance

Directors are required to make every reasonable effort to be fully prepared for and attend each meeting of the Board or the Committee(s) of which they are a member, and to remain in attendance for the full duration of such meetings. Where attendance or remaining in attendance for the full meeting is not possible, leave of absence must be sought, in advance, from the Chair.

1.5 Actual, Potential and Perceived Conflicts of Interest

Subject to the provisions of the Corporations Act, common law, Australian Stem Cell Centre Constitution and Australian Stem Cell Centre Code of Conduct for Conflicts of Interest, the Board is empowered to regulate its meetings and proceedings, including the processes it will apply, in instances of an actual, potential or perceived conflict of interest.¹

As a general statement, the Board is empowered to consider the application of one or more of a number of options, including:

- The Director who is subject to the declared or perceived interest taking no part in discussions and being excluded from the quorum and the decision on the affected matter;
- The Director who is subject to the declared or perceived interest being excluded from discussion, the quorum, the decision and access to Board papers pertaining to the affected matter; and
- The Director who is subject to the declared or perceived interest being excluded from the quorum and the vote, but being permitted to be present for and engaged in discussions of the affected matter.

1.6 Decisions

Decisions of the Board are made by consensus of the majority of members present at a duly convened meeting. These decisions will be reflected in the minutes and, where appropriate, any dissenting views that a Director has specifically stipulated will be recorded.

If a matter cannot be concluded by consensus, a formal vote may be required. In the case of an equality of votes, the Chair of the meeting has a second or casting vote if there are more than two Directors present who are entitled to vote.

Any action required, or decision permitted to be taken, at any meeting of the Board may be taken without a meeting upon receipt of a written resolution and verbal assent, followed by written confirmation, by all Directors entitled to vote on the resolution.

¹ ASX Principle 3

A resolution in writing may consist of one or several documents in identical terms each signed by one or more Directors. All such documents must be filed by the Company Secretary with the minutes.

Use of this option is restricted to matters of extreme urgency that cannot be delayed until the next meeting and, on an exception basis, day-to-day matters that require Board approval but do not require face-to-face discussion.

1.7 Minutes

The draft minutes of each Board meeting and the action statement will be approved by the Chair and circulated to all Directors as soon as practicable but no later than two weeks after the meeting. Minutes of meetings will be confirmed at the next meeting of the Board.

Minutes are not a verbatim recording of the meeting but will accurately record the resolutions of the Board, key reasons for those decisions (where appropriate) and actions arising.

The matters arising from each Board meeting will be approved by the Chair, and attached to the minutes of the meeting, and circulated to all Board members as soon as practicable, but no less than seven days, after each meeting.

The matters arising will include accountabilities, performance expectations and the nature and timing of subsequent reporting.

2. Appointment and Role of the Company Secretary

The Company Secretary acts as secretary to the Board. This appointment is ratified by the Board for such term, at such remuneration and upon such conditions, as it thinks fit. Any Company Secretary so appointed may also be removed by the Board, subject to the terms of any agreement between the Australian Stem Cell Centre and the Company Secretary.

The Company Secretary is responsible for the preparation of minutes of Board meetings including recording the appointments of officers, names of Directors present, and all resolutions, proceedings and action statements.

The Company Secretary will assist the Chair and the CEO in the development of the agenda for each meeting and coordination of Board papers.

3. Non-Executive Director Appointment

Any person invited to join the Board shall receive a formal written invitation setting out the Director's duties, rights, responsibilities and the terms and conditions associated with that appointment.

4. Board Papers

The agenda and the papers for each Board meeting including all reports on the activities and performance of the Australian Stem Cell Centre are to be circulated to Directors and those managers attending by specific or standing invitation, prior to the weekend before the scheduled meeting.

A paper is to be provided for each agenda item to enable informed discussion and decisions at Board meetings. As a matter of course “oral” reports are to be discouraged.

Business of the Board which is not included in the agenda or for which the papers were late may be discussed at a Board meeting only with the consent of the Chair and all Directors present.

All Board papers must be prepared in accordance with the Board’s guidelines. The Board may, from time to time, revise specific guidelines for the presentation, general content and appropriateness of Board papers.

The Company Secretary will retain a complete hard copy of the Board papers for each meeting. These will be available for reference by Directors subject to the terms of the Deed of Access, Indemnity and Insurance between each of the Directors and the Australian Stem Cell Centre.

5. Induction

Appointees to the Board of Directors must undertake a formal induction program which includes:

- Meetings with the Chair of the Board;
- Meetings with the CEO and key members of the senior management team;
- Formal briefings on the financial, strategic and operational position of the Australian Stem Cell Centre together with its risk profile;
- A formal briefing on the industry, key issues facing the industry, competitors and the Australian Stem Cell Centre’s position in the industry;
- An appropriate introduction to the analysts that follow the Australian Stem Cell Centre and their views;
- A specific briefing on their duties, rights and responsibilities as Directors; and
- Details of terms and conditions contained in any arrangements specifically involving Directors, such as Directors’ indemnity insurance.

In addition, appointees to the Board will be:

- Provided with copies of the Board Charter, the Administrative Guidelines, and the Charter of each of the Board Committees;
- Provided with copies of the minutes of the Board meetings for a period of at least 6 months prior to the date of appointment and access to papers and minutes for the preceding 12 months;
- Provided with copies of the Annual Reports for the Australian Stem Cell Centre for the current year and the preceding year;
- Invited to direct any queries they may have to the Chair or the CEO or obtain any briefings they feel necessary from the Chair or the CEO; and
- Entitled to request private meetings with key external advisers.

The Australian Stem Cell Centre recognises that a potential appointee may wish to undertake some of these briefings or access some of these people or materials when undertaking their due diligence prior to accepting an invitation to join the Board.