

**Living Cell Technologies
Governance Policy**

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Written by	Secretary	Approved	Board	Issued	19 August 2015	Number	201

1. Purpose

The Board of Directors (**Board**) of Living Cell Technologies Limited (**LCT**) has constituted the Board Audit Risk and Compliance Committee (**BARCC**) which is to operate in accordance with these terms of reference.

Objectives

The objectives of the BARCC are to assist the Board:

- a) safeguard the integrity in financial reporting;
- b) make timely and balanced disclosure; and
- c) recognise and manage risk.

2. Operation

2.1 The role of the BARCC is not an executive role.

2.2 The BARCC may seek any information or obtain any independent professional advice it considers necessary to fulfil its responsibilities with any associated costs to be borne by LCT.

2.3 The BARCC is entitled to have access to and meet with auditors (external and internal), employees within LCT and any external advisors without executives or management of LCT being present.

2.4 All employees shall have the right (and be made aware of the right) to raise matters confidentially with any member of the Committee and shall be protected by the Board against any unfair treatment as a consequence of such raising of legitimate matters.

3. Responsibilities

The responsibilities of the BARCC include the following:

3.1 External Financial Reporting

3.1.1 Review and recommend to the Board LCT's accounting policies and principles and any changes to them.

3.1.2 Review and recommend significant estimates and judgements in the financial reports.

3.1.3 Monitor and review compliance with related party disclosures required by Accounting Standards and the Corporations Act.

3.1.4 Assess information from internal and external auditors which may affect the quality of financial reports.

3.1.5 Review half-yearly and annual financial reports with management, advisers and auditors as appropriate.

3.1.6 Recommend for adoption by the Board interim and final financial reports and the annual report.

3.1.7 Review the integrity of LCT's written policies and procedures designed to ensure continuous disclosure and accurate financial reporting and make recommendations to the Board thereon.

3.2 Related Party Transactions

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Review, monitor and recommend for approval by the Board (as appropriate) all related party transactions.

3.3 Internal Control and Risk Management

3.3.1 Review and recommend to the Board for adoption policies and procedures on risk oversight and management so as to establish an effective and efficient system for:

- a) identifying, assessing, monitoring and managing risk;
- b) ensuring accountability at a senior management level for risk oversight and management; and
- c) ensuring appropriate disclosure.

3.3.2 Review LCT's risk profile ensuring a regular update including an assessment and prioritisation of risks.

3.3.3 Overview the effectiveness of LCT's risk management and internal compliance and control systems.

3.3.4 Monitor and review processes and procedures for ensuring compliance with laws, regulations and other requirements relating to the external reporting by LCT of financial and non-financial information.

3.4 External Audit

3.4.1 Review and recommend to the Board acceptance of the terms of engagement with the external auditor at the beginning of each year.

3.4.2 Make recommendations to the Board on the remuneration of the external auditor.

3.4.3 Review and recommend to the Board for adoption policies and procedures in relation to the appointment or removal of an external auditor.

3.4.4 Ensure appropriate policies exist for the provision of all non-audit services by the external auditor or a related party of the external auditor and regularly review the application of those policies.

3.4.5 Monitor and evaluate on a regular basis the performance of the external auditor.

3.4.6 Monitor and evaluate on a regular basis the independence of the external auditor.

3.5 Insurance

Recommend to the Board for adoption the scope, cover and cost of the insurance program for LCT and its subsidiaries.

4. Composition

4.1 The BARCC will comprise:

- a) at least three directors;

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b) if there are sufficient non-executive and independent directors serving on the Board, the BARCC will comprise

- all non-executive directors;
- a majority of independent directors; and
- an independent chairperson, who is not chairperson of the Board.

4.2 The BARCC will be of an appropriate size, independence and technical expertise to effectively discharge its mandate. Each member of the BARCC will be able to read and understand financial statements and at least one member will be a qualified accountant or other financial professional with experience of financial and accounting matters.

4.3 Appointments, rotations and resignations within the BARCC shall be decided by the Board having regard to the provisions of the ASX Listing Rules and the Corporations Act 2001 (Cth).

4.4 A member may act by her or his alternate.

5. Meetings

5.1 The BARCC will appoint a chairperson (other than the Board Chairperson) and the Company Secretary will act as secretary.

5.2 The BARCC may invite such other persons to attend BARCC meetings as it regards appropriate.

5.3 The BARCC will hold meetings every three months, or otherwise as it may consider necessary, and in any event not less than twice each year.

5.4 A quorum will comprise two BARCC members.

5.5 The BARCC will keep minutes of its meetings.

5.6 The BARCC may pass or approve resolutions of the BARCC by circular resolution by adopting the procedures (so far as they are appropriate) set out in section 248A of the Corporations Act 2001 (Cwlth).

5.7 The contemporaneous linking together by telephone or other electronic means of a sufficient number of members to constitute a quorum constitutes a meeting of the Committee.

6. Reporting to the Board

6.1 The chairperson will communicate the findings of the BARCC to the Board after each BARCC meeting. To the extent practicable, copies of the minutes of each BARCC meeting will be included in the papers for the next full Board meeting after each meeting of the BARCC.

6.2 Minutes shall be distributed to all BARCC members, after the preliminary approval has been given by the BARCC Chairman. Minutes, agenda and supporting papers shall be made available to any Director upon request to the Secretary, providing no conflict of interest exists.

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7. Amending the Terms of Reference

7.1 The BARCC shall review its Terms of Reference annually or otherwise as it considers necessary.

7.2 These Terms of Reference may be amended at any time and from time to time by a resolution of the Board of Directors of LCT.