

Living Cell Technologies Governance Policy								
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Written by	Secretary	Approved	Board	Issued	05 Nov 2008	Number		

1. Purpose

To describe how the LCT Board of Directors determines and approves the management strategies, policies and practices to ensure that risks, including compliance risks, are identified and managed within the context of this overall risk appetite.

2. Policy

2.1 The Board Charter includes the following accountabilities and responsibilities in relation to risk management:

- to review the major risks the Company is and is likely to be exposed to;
- to review the risk management resources, structures and processes and consider and approve any changes;
- to approve risk management strategies including investment policies.

2.2 The Board Audit, Risk & Compliance Committee

The Board has delegated the direct review of risk management to a separate Board committee, the Board Audit, Risk and Compliance Committee ("BARCC"). The majority of BARCC members are independent and all are non-executive Directors. BARCC's specific terms of reference include the:

- review and recommendation to the Board for adoption, of policies and procedures on risk oversight and management so as to establish an effective and efficient system for:
 - identifying, assessing, monitoring and managing risk;
 - ensuring accountability at a senior management level for risk oversight and management; and
 - ensuring appropriate disclosure.
- review of LCT's risk profile ensuring it is regularly updated and includes an assessment and prioritisation of risks;
- overview of the effectiveness of LCT's risk management and internal compliance and control systems; and
- monitoring and review of 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.

BARCC meets at least two times a year with additional meetings convened as required.

LCT Managing Director/CEO, Chief Financial Officer and Company Secretary attend all BARCC meetings by invitation.

Representatives of LCT's external auditors also attend by invitation.

From time to time other managers are invited to submit reports and attend meetings of BARCC.

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2.3 Responsibility for Risk Management

LCT's executive management team is responsible for implementing and assessing the effectiveness of risk management strategies, and internal controls across the Group.

Business risks are assessed and reported at business unit and Group level, using both a "bottom up" and "top down" approach.

At business unit level ("bottom up"), an assessment of key risks is undertaken by management, incorporating an evaluation of internal controls in place, and the development of corrective action where necessary to treat residual risk. Business unit assessments are monitored, updated and reported to Group level on a quarterly basis.

At Group level ("top down"), an assessment of key risks is also undertaken by the senior management team, having regard to the business unit level assessments and other significant issues.

Group risk assessments are monitored and updated, and then reported to the LCT Executive management team, and BARCC. Progress with the implementation of recommendations is also monitored by LCT's Executive management team.

Through the various structures and functions outlined above, LCT believes it has established a sound system of risk oversight and management and internal control for the conduct of its operations.