

AVITA MEDICAL LIMITED CORPORATE GOVERNANCE

Corporate Governance Statement

Avita Medical Limited (Avita Medical) is committed to continuously improving and achieving high standards of corporate governance. The Board assesses its governance framework and practice believing good corporate governance is closely related to performance and serves in the best interests of shareholders and stakeholders.

Avita Medical's Corporate Governance Statement has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations') and is included in the Company's Annual Report pursuant to ASX Listing Rule 4.10.3. The ASX Principles and Recommendations and the Company's response as to how and whether it follows those recommendations are set out below.

A description of the Company's main corporate governance practices and its 'if not, why not' report on compliance with the ASX Principles and Recommendations is set out below. Where the Company's practices depart from a recommendation, the Board has disclosed the departure along with reasons for adoption of its own practices. The Avita Medical Corporate Governance Statement is structured with reference to the 3rd Edition Corporate Governance Guidelines, which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the Board to add value
Principle 3	Act ethically and responsibly
Principle 4	Safeguard integrity in corporate reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of security holders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

For further information on corporate governance policies adopted by Avita, refer to our website www.avitamedical.com

The Corporate Governance Statement is accurate and up to date as at 30 August 2019 and has been approved by the Board.

**AVITA MECIAL LIMITED
CORPORATE GOVERNANCE (CONTINUED)**

Principle	Corporate Governance Council Recommendation	Compliance
1	Lay solid foundations for management and oversight	
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	✓
	<p><i>How we Comply with 1.1</i></p> <p>The Board has a Corporate Governance Statement which outlines the role and duties of the Board. The Company considers that the primary responsibility of the Board is to oversee the Company's business activities and management for the benefit of the shareholders by :</p> <p>a) Supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed which includes but is not limited to the points noted below:</p> <p>b) Ensuring the Company is properly managed by:</p> <ul style="list-style-type: none"> i) setting and communicating clear objectives; ii) appointing and removing the Chief Executive Officer of the Company; iii) ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and the Company Secretary; iv) input into and final approval of management's development of corporate strategy and performance objectives; v) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance; vi) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available; <p>c) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;</p> <p>d) approval of the annual budget;</p> <p>e) monitoring the financial performance of the Company;</p> <p>f) approving and monitoring financial and other reporting;</p> <p>g) providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;</p> <p>h) liaising with the Company's external auditors either directly or via the Audit Committee as appropriate; and</p> <p>i) monitoring, and ensuring compliance with all of the Company's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety.</p> <p>The Chief Executive Officer is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his responsibilities the Chief Executive Officer must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results. Matters which are not covered by the delegations require Board approval.</p> <p>The Corporate Governance Statement is available on the Company's website in the Investor Relations Centre section.</p>	

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	✓	<p>(a) The Board is responsible for ensuring it is comprised of individuals who are best able to discharge the responsibilities of Directors having regard to the law and the best standards of governance.</p> <p>(b) This will necessarily include undertaking background and other checks before appointing a person or putting them forward to security holders as a candidate for election as a Director, as well as providing all material information relevant to a decision for election as a Director. The qualifications, experience and special responsibilities of the Board members are set out in the Directors Report of the Annual Report for the year ended 30 June 2019.</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	✓	<p>On appointment of a Director or senior executive, the Company issues a letter of appointment setting out the terms and conditions of their appointment to the Board and Company. The Directors and senior executives have received a letter setting out the terms of their appointment.</p>
1.4	<p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	✓	<p>The Company Secretary has a direct report to the Chairman and is available to all Directors.</p>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>The Company has an Equal Employment Opportunity Policy which provides equal employment opportunities to all employees and applicants in all company facilities without regard to race, colour, religious creed, sex, national origin, ancestry, citizenship status, pregnancy, childbirth, physical disability, mental and/or intellectual disability, age, military status or status as a Vietnam-era or special disabled veteran, marital status, registered domestic partner or civil union status, gender (including sex stereotyping and gender identity or expression), medical condition (including, but not limited to, cancer related or HIV/AIDS related), genetic information, or sexual orientation in accordance with applicable federal, state and local laws.</p> <p>This policy applies to all terms and conditions of employment, including, but not limited to, hiring, placement, promotion, termination, layoff, recall, transfer, leaves of absence, compensation and training.</p> <p>The table below provides actual data on gender diversity that currently exists within the group.</p>

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	<p>defined “senior executive” for these purposes); or</p> <p>(2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</p>	Not applicable	<table border="1" data-bbox="866 309 1461 607"> <thead> <tr> <th colspan="2" data-bbox="866 309 1233 376"></th> <th colspan="2" data-bbox="1233 309 1461 376">Actual</th> </tr> <tr> <th colspan="2" data-bbox="866 376 1233 421"></th> <th data-bbox="1233 376 1281 421">Number</th> <th data-bbox="1281 376 1461 421">%</th> </tr> </thead> <tbody> <tr> <td data-bbox="866 421 1233 488">Women employed whole organisation</td> <td data-bbox="1233 421 1281 488"></td> <td data-bbox="1281 421 1329 488">40</td> <td data-bbox="1329 421 1461 488">45%</td> </tr> <tr> <td data-bbox="866 488 1233 555">Women in senior executive roles</td> <td data-bbox="1233 488 1281 555"></td> <td data-bbox="1281 488 1329 555">2</td> <td data-bbox="1329 488 1461 555">2.3%</td> </tr> <tr> <td data-bbox="866 555 1233 607">Women in board positions</td> <td data-bbox="1233 555 1281 607"></td> <td data-bbox="1281 555 1329 607">1</td> <td data-bbox="1329 555 1461 607">17%</td> </tr> </tbody> </table>			Actual				Number	%	Women employed whole organisation		40	45%	Women in senior executive roles		2	2.3%	Women in board positions		1	17%
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1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>✓</p> <p>✓</p>	<p>The Company has adopted an evaluation process in relation to the Board and its Committees.</p> <p>An evaluation of the performance of the Board and its Directors is undertaken informally each year. The Chairman of the Board is the driver of this process.</p> <p>The evaluation of the performance of the Board’s Committees is undertaken on an exception basis. This is also an informal process which is driven by the Chairman of the Board.</p>																				
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>✓</p> <p>✓</p>	<p>It is the role of the Remuneration Committee to evaluate the performance of the Board, its Directors and key senior executives.</p> <p>The performance of the Chief Executive Officer is monitored and evaluated by the Board annually (with reference from the Remuneration Committee) by reference to key performance indicators.</p> <p>The performance of other senior executives, including the Chief Financial Officer is to be reviewed on an annual basis by the Board.</p> <p>The Director’s Report of the Annual Report provides a summary of the performance of the Chief Executive Officer.</p>																				
2	Structure of the Board to add value																						
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director and disclose the charter of the committee; the members of the committee; and</p> <p>(3) as at the end of each reporting period, the number of times the committee met throughout the</p>	✗	<p>During the Reporting Period, the role of the Nomination Committee was carried out by the full Board in accordance with the Nomination Committee Charter. The Board considered that no efficiencies or other benefits would be gained by establishing a separate nomination committee during this time.</p> <p>The Board will, as a group, give due and regular consideration to all relevant nomination matters and will address succession issues having regard to the Company’s corporate governance policies and charters.</p>																				

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	<p>period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	✓	
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Complies in part	The Company supports the appointment of Directors who bring a wide range of business and professional skills and experience. While the Company does not have or disclose a formal skills matrix it does consider Directors attributes prior to any appointment. The qualifications, skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report and their attendance at Board and Committee meetings is included in the Directors' Report. The Board has an extensive range of knowledge and skills with relevant experience as detailed in the Annual Report.
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>✓</p> <p>Not applicable</p> <p>✓</p>	<p>The Board assess independence at least annually. The Board considers that all members of the Board are Independent Directors where an Independent Director is a Non-Executive Director who meets the criteria for independence included in the ASX Corporate Governance Council Principles and Recommendations.</p> <p>The length of service for each Director is detailed in the Director's Report of the Annual Report.</p>
2.4	A majority of the board of a listed entity should be independent directors.	✓	All the members of the Board are considered to be Independent Directors where an Independent Director is a Non-Executive Director who meets the criteria for independence included in the ASX Corporate Governance Council Principles and Recommendations
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	✓	The Chairman, Mr Panaccio is an Independent Director.
2.6	A listed entity should have a program for	✓	The Company's induction program provides incoming

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	inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.		Directors with information that will enable them to carry out their duties in the best interests of the Company. This includes supporting ongoing education of Directors for the benefit of the Company. Members of the Board are able to take independent professional advice at the expense of the Company.
3	Act ethically and responsibly		
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	✓	<p>The Company has implemented a suite of policies including a Code of Conduct which provides guidelines aimed at maintaining high ethical standards and corporate behaviour. The principals of the policies include:</p> <ul style="list-style-type: none"> • Respect the law and act in accordance with it; • Respect confidentiality and not misuse company information, assets or resources; • Avoid real or perceived conflicts of interest; • Act in the best interest of stakeholders; and • Perform their duties in ways that minimise environmental impacts and maximise workplace safety. <p>Directors and employees are expected to comply with all Company policies and to act professionally with integrity, honesty and responsibility at all times.</p>
4	Safeguard integrity in corporate reporting		
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, <p>and disclose:</p> <ol style="list-style-type: none"> (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and <p>(b) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(c) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate</p>	✓	<p>The Audit Committee assists the Board to meet its oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management procedures and the internal and external audit function. In doing so, it is the Audit Committee's responsibility to maintain free and open communications between the Committee, the external auditors, the internal auditors and the management of the Company.</p> <p>The Audit Committee is comprised of Louis Drapeau (Chairman), Lou Panaccio and Damien McDonald and is chaired by an Independent Director. The Board has adopted an Audit Committee charter and is available on the Company's website www.avitamedical.com.</p> <p>The Company has disclosed full details of its Directors in the Directors' Report of the Annual Report including each Director's qualifications and their membership of the Committee. The Committee meetings are detailed in the Annual Report.</p>

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	reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	✓	The Chief Executive Officer and Chief Financial Officer state in writing to the Board that the Company's Financial Reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	✓	The external auditors are requested to attend the Annual General Meeting and are available to answer shareholders' questions about the conduct of the audit and preparation of the Auditor's Report.
5	Make timely and balanced disclosure		
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance. These policies or a summary of the policies should be disclosed.	✓	The Company's Continuous Disclosure Policy has been adopted to ensure compliance with obligations under the continuous disclosure regime of the Corporations Act 2001 and the ASX Listing Rules to ensure that all Avita Medical security holders have access to material information about the Company and its prospects. The disclosure obligations include: <ul style="list-style-type: none"> All employees, Company officers and Directors must comply with the ASX Listing Rules and Corporations Act 2001 provisions relating to a timely disclosure of price sensitive information to the ASX. The Company does this by releasing written announcements to the ASX. The Chief Executive Officer, Chief Financial Officer and Company Secretary are accountable for the establishment, communication and maintenance of this policy and ensuring that material information is disclosed to the ASX.
6	Respect the rights of security holders		
6.1	A listed entity should provide information about itself and its governance to	✓	Detailed company and governance details are available to security holders on the Company's website

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	investors via its website.		www.avitamedical.com
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	✓	The Company encourages shareholders and stakeholders to contact senior executives and Directors via website, email or via telephone.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	✓	At all shareholder meetings the Chairman of the meeting invites questions both prior to the meeting and at the meeting from shareholders.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	✓	Through our share registry, Computershare Investor Services, the Company actively encourages its security holders to receive all communications electronically.
7	Recognise and manage risk		
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose the charter of the committee, the members of the committee; and (3) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR (4) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. 	✓	<p>The Audit Committee assists the Board to meet its oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management procedures and the internal and external audit function. In doing so, it is the Audit Committee's responsibility to maintain free and open communications between the Committee, the external auditors, the internal auditors and the management of the Company.</p> <p>The Board monitors and receives advice on areas of operational and financial risk, and considers strategies for appropriate risk management arrangements.</p> <p>Specific areas of risk identified initially and which will be regularly considered at Board meetings include foreign currency, performance of activities, human resources, acceptance by regulatory authorities for the Company's products, markets, manufacturing, the environment, statutory compliance and continuous disclosure obligations.</p> <p>The Annual Report details material financial risks which arose during the reporting period.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	✓	<p>The Audit Committee, as designated by the Board, reviews and oversees the operation of systems of risk management to ensure that the significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with.</p> <p>During the period under review, individual components of the risk management framework were reviewed by the Audit Committee, which recommended further development by management was required for reassessment during the forthcoming financial year.</p>

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7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; OR</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>✘</p> <p>✘</p>	<p>The Company does not have an internal audit function.</p> <p>The CEO and CFO are responsible for managing effective internal controls and improvement in areas of deficiencies. This is an ongoing task that occurs as weaknesses are identified.</p> <p>The Audit Committee also actively encourages the External Auditor to raise internal control issues, and oversees management's timely remediation thereof.</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>✓</p>	<p>Disclosures to these risks are noted in the Annual Report whether reported as nil or disclosed as an exposure.</p>
8	Remunerate fairly and responsibly		
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>The Remuneration Committee assists the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations on remuneration packages of Executive Directors, Non-Executive Directors and senior executives; and employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.</p> <p>The Remuneration Committee is comprised of Suzanne Crowe (Chair), Lou Drapeau and Jeremy Curnock Cook and is chaired by an Independent Director. The Board has adopted a Remuneration Committee charter and is available on the Company's website www.avitamedical.com.</p> <p>The Company has disclosed full details of its Directors in the Directors' Report of the Annual Report including each Director's qualifications and their membership of the Committee. The Committee meetings are detailed in the Annual Report.</p>
8.2	<p>Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives</p>	<p>✓</p>	<p>The details of the remuneration paid to Directors and Officers is included in the Remuneration Report section of the Annual Report.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of</p>	<p>✓</p>	<p>In accordance with the Company's Securities Dealing Policy, participants in any equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person. A copy of the Policy for</p>

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	participating in the scheme; and (b) disclose that policy or a summary of it.		dealing in securities is available on the Company's website www.avitamedical.com .