



**MESOBLAST LIMITED**

**CODE OF CONDUCT**

**Approved November 2015**

# CODE OF CONDUCT

## 1. COMMITMENT TO THE CODE OF CONDUCT

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It is the policy of Mesoblast (together with its subsidiaries, the “Company”) that all directors, officers, employees, contractors and consultants (referred to collectively as “Mesoblast Personnel” and individually as a “Mesoblast Person”) of the Company shall, to the best of their knowledge and ability, adhere to, comply with and advocate the principles set out in this Code of Conduct (the “Code”) governing their professional and ethical conduct in the fulfillment of their responsibilities to each other, with patients, physicians, clinicians, customers, suppliers, government authorities, and the wider community. Mesoblast is dedicated to delivering outstanding performance for investors and employees. Mesoblast aspires to be a leader in its field while operating openly, with honesty, integrity and responsibility and maintaining a strong sense of corporate social responsibility.

## 2. PURPOSE

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The purposes of the Code are to:

- promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, regulatory and other agencies as well as in other public communications made by the Company;
- promote compliance with applicable governmental laws, rules and regulations;
- promote the prompt internal reporting of violations of the Code to appropriate persons of authority within the Company;
- promote a collegial work environment where individuals are treated with respect and professional behavior is fostered; and
- promote accountability for adherence to the Code.

The Code embodies principles to which all Mesoblast Personnel are expected to adhere and to advocate. Any violations of the Code may result in disciplinary action, up to and including termination or removal, as applicable.

The Code cannot address every possible circumstance in which Mesoblast Personnel might find themselves. However, it is intended that individuals should be mindful of the Code in relation to the judgments which they will be called upon to make.

### **3. GENERAL PRINCIPLES OF CONDUCT**

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All Mesoblast Personnel will:

- act with honesty and integrity, avoiding actual or apparent conflicts between personal and private interests and the interests of the Company, including refraining from receiving improper personal benefits as a result of holding a particular position with the Company;
- not solicit or accept, for personal or other benefit, business or similar opportunities that could reasonably be expected to otherwise accrue to the benefit of the Company;
- use corporate assets entrusted to them in a responsible manner and refrain from competing directly or indirectly with the Company or using corporate information or opportunities for personal gain;
- endeavor to comply with applicable laws and regulations of federal, state, local and foreign governments and government agencies having jurisdiction over the Company, and with applicable regulations of private or self-regulatory authorities having jurisdiction over the Company;
- act in good faith, responsibly with due care and diligence and without misrepresentation or omission of material facts, and strive to maintain independent judgment in the performance and fulfillment of their duties and responsibilities;
- promote ethical behavior among subordinates and peers at the Company;
- act in a professional manner treating fellow Mesoblast Personnel with respect, listening to opposing points of view and working in a collaborative manner to create a positive and collegial working environment;
- respect the confidentiality of information acquired or obtained in the course of performance of their responsibilities, never use confidential information for personal advantage and disclose confidential information of the Company or third parties only when such disclosure is legally required or is otherwise authorized;
- not fraudulently influence, coerce, manipulate or mislead any auditor engaged in the performance of an audit for the purpose of rendering the financial statements materially misleading; and
- comply with other policies and procedures of the Company applicable to their positions and employment or engagement.

### **4. EMPLOYMENT PRACTICES**

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Mesoblast will:

- provide a workplace that is safe for employees and that complies with the spirit as well as the letter of workplace health and safety laws;

- promote equal opportunity for all employees at all levels and to all qualified individuals regardless of sex, race, religion or color in recruitment;
- compensate all employees in a fair and ethical manner;
- encourage employee share ownership, but will instigate and enforce policies (including the Securities Dealing Policy);
- provide opportunities for employee training and education both through the provision of training and the support of employees pursuing further education outside of Mesoblast;
- recognize the need from time to time to give or accept customary business courtesies in accordance with ethical business practices, however, employees will not solicit such courtesies and will not accept gifts, services, benefits or hospitality that might influence, or appear to influence, the employee's conduct in representing Mesoblast; and
- seek to avoid conflicts of interest so that an employee's interests, or the interests of a family member of the employee, do not affect the way he or she handles Mesoblast's business.

Mesoblast will not tolerate:

- the offering or acceptance of bribes, inducements or unauthorized commissions by any Mesoblast Personnel or third party representatives in violation of its Global Anti-Corruption Policy;
- the misuse of Company assets or resources and employees will not use such assets or resources for their own benefit; and
- employees being under the influence of illegal drugs or alcohol while on Company premises or while at work off Company premises.

## **5. RESPONSIBILITIES TO THE ENVIRONMENT**

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Mesoblast is committed to conducting its business in accordance with the spirit and letter of all applicable environmental laws and regulations. All Mesoblast Personnel are to have regard for the environment when carrying out their duties.

## **6. GOOD CORPORATE BEHAVIOR AND FAIR DEALING**

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Mesoblast strives to foster a collegial work environment that encourages professionalism and the respect of individuals. Mesoblast Personnel shall treat one another with respect and in a professional manner. Mesoblast prohibits harassment of one Mesoblast Person by another Mesoblast Person or third party for any reason including, but not limited to: veteran status, uniform service member status or any other protected class under federal, state or local law. Harassment of third parties by Mesoblast Personnel is also prohibited.

Mesoblast aims to succeed through fair and honest competition and will comply with all applicable anti-trust and competition laws. All Mesoblast Personnel shall deal fairly with all

stakeholders in the Company. Stakeholders may include, but not be limited to, other employees, consultants, vendors, competitors and members of the public.

## **7. COMPLIANCE WITH LAWS RELATING TO OUR BUSINESS**

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As a company we are firmly committed to compliance with all applicable state, local, federal and foreign laws, rules and regulations. The pharmaceutical industry, including biopharmaceuticals, is highly regulated and subject to many complex laws, rules and regulations designed to protect the public. Many of these laws, rules and regulations are designed to:

- reduce fraud and abuse in the federal healthcare programs (e.g., Medicare and Medicaid);
- eliminate the improper influence of financial incentives on medical judgment;
- protect patients and improve the quality of healthcare services;
- reduce the cost of healthcare;
- promote fair and honest competition;
- ensure the proper use of taxpayer money; and
- protect patient privacy (e.g. HIPAA).

Compliance is a shared responsibility between the Company and Mesoblast Personnel. Mesoblast Personnel should be familiar with healthcare compliance laws and regulations to the extent necessary or appropriate to perform their job function. While every job function is responsible for compliance with relevant laws and regulations, there are some areas that may pose a heightened risk of potential criminal or other unlawful or unethical activities. Some of these areas concern all Mesoblast Personnel and others relate only to Mesoblast Personnel who work in certain departments or specialized areas. Mesoblast Personnel are expected to be generally knowledgeable about, and to comply with, the laws and regulations relevant to their activities. Mesoblast Personnel directly involved in the Company's sales and marketing activities should pay particular attention to their activities to ensure that they are in compliance with the relevant laws and regulations. Similarly, Mesoblast Personnel dealing with pharmaceutical pricing and price reporting need to ensure compliance with relevant laws and regulations to ensure that accurate information is being provided to the state and/or federal agencies.

If you are unaware or uncertain about relevant laws or regulations, you should seek advice from your supervisor or the Legal Department regarding relevant laws, regulations and policies.

## **8. PROTECTION OF ASSETS**

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It is the duty of all Mesoblast Personnel to protect Company assets. Assets include but are not limited to goodwill, brand names and intellectual property. Protecting assets includes ensuring the efficient use for the Company for legitimate business purposes.

## **9. SECURITIES TRADING**

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The Board has developed a code of conduct for trading in the Company's securities entitled Securities Dealing Policy. This policy can be found on the Company's website.

## **10. CONFLICTS OF INTEREST**

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It is the duty of all Mesoblast Personnel to recognize and avoid circumstances where they have a personal interest, particularly a financial interest, that competes or conflicts with the interests of the Company. All Mesoblast Personnel have a duty to identify, recognize and avoid such conflicts. Additionally, Mesoblast Personnel must avoid the appearance of a conflict of interest.

Mesoblast Personnel may accept reasonable meals, travel, entertainment, or gifts from customers or suppliers provided they are reasonable in value and would not raise an appearance of impropriety. Mesoblast Personnel must at all times comply with the Company's Global Anti-Corruption Policy.

## **11. CORPORATE OPPORTUNITIES**

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It is the duty of all Mesoblast Personnel to recognize and avoid circumstances where an opportunity which comes to their attention by virtue of their employment with the Company or which arises incidental to their employment with the Company to reserve the financial benefits to those opportunity for the Company.

## **12. CONFIDENTIALITY**

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All information that comes into the possession of Mesoblast Personnel by virtue of, or incidental to, their employment or engagement with the Company shall be regarded as and treated with the strictest confidence. Further, any information that is communicated to any Mesoblast Person during the course of their employment by a third party under an obligation of confidentiality whether to the Company or to the Mesoblast Person shall not be provided or disclosed to any third party until and unless that obligation of confidentiality is released or expires.

## **13. SPECIFIC ISSUES RELATED TO CLINICAL TRIAL AND PRE-CLINICAL STUDIES**

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As a pharmaceutical company, the Company retains healthcare providers and academic organizations to perform sponsored studies, including various research projects, database reviews, and pre-clinical and clinical trials. The Company also provides financial support or drug product for independent third party studies via grant requests. It is the Company's policy that pre-clinical trials, clinical trials and other science and medical studies conform to government and ethical requirements. All studies must be scientifically valid and likely to generate data that will be relevant to a defined product development or other clinical and/or business need. Further, it is the Company's intent that studies should be designed to:

- protect the rights and safety of subjects;
- maintain the integrity of research data; and
- comply with regulatory standards regarding clinical and other research programs.

Mesoblast Personnel are encouraged to report any deviations from research protocol that has not been approved by the Company or an appropriate independent review board. See the Company's Policy Regarding Reporting of Complaints and Concerns. Such deviations may include:

- inaccurate reporting of study data;
- inappropriate use of study funds and/or drug product;
- falsifying data or study reports; or
- failure to obtain IRB (Independent Review Board) or its equivalent approval for conducting a study.

#### **14. SPECIFIC ISSUES RELATED TO QUALITY ASSURANCE AND/OR AUDITING**

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It is inappropriate and in some cases illegal to falsify or improperly influence any audit report involving the Company or its vendors. See the Company's Policy Regarding Reporting of Complaints and Concerns for ways to report. Accurate reporting is critical to maintain regulatory compliance with third party vendors, manufacturing and testing facilities, as well as suppliers, warehouse facilities or distributors. Further, offering any form of bribe or improper compensation to an auditor or person acting in an official reporting capacity will not be condoned by the Company. See the Company's Global Anti-Corruption Policy

#### **15. SPECIFIC ISSUES RELATED TO FINANCIAL AND PRICE REPORTING**

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Federal and state government agencies may purchase Mesoblast products and provide reimbursement on those products via the state and federal healthcare programs. Various federal laws and/or government contracting requirements give some of these purchasers and reimbusers the right to discounted prices and/or rebates on Company products. Depending on the requirements that apply to the pricing terms the Company is reporting, our prices should reflect any reductions, rebates, up-front payments, coupons and/or goods in kind. In addition, free or reduced-price services, grants, price concessions or other benefits offered to induce a sale may be considered pricing terms. Therefore, these things must be taken into account when calculating prices reported to government agencies and third-party price reporting services. Best Price, Average Manufacturing Price, and Average Wholesale Price are the focus of a number of government investigation and lawsuits. Failure to accurately report the "best price" for a product can lead to substantial fines and penalties, even exclusion from participation in federal healthcare programs.

#### **16. RESPONSIBILITIES TO SHAREHOLDERS AND THE FINANCIAL COMMUNITY GENERALLY**

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The Company is committed to delivering value to its shareholders and to representing the Company's growth and progress truthfully and accurately. The Company also complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company is committed to safeguarding the integrity of financial reporting and as such will openly promote and instigate a structure of review and authorization designed to ensure the truthful and factual presentation of the Company's financial position. The Company will prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial

reporting standards that represent the generally accepted guidelines, principles, standards, laws and regulations.

#### **17. SPECIFIC ISSUES RELATED TO ADVERTISING, MARKETING AND THIRD PARTY COMMUNICATIONS**

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The Company is committed to complying with legal and regulatory requirements and professional standards for the discussion, advertising, promotion, manufacturing, distribution, pricing and reimbursement of its pharmaceutical products. This includes ensuring that our statements are truthful, not misleading and consistent with the general principles set forth above.

Company product discussions, advertising and marketing must accurately characterize the benefits and risks of Company products. The information should be truthful and not misleading, balanced and properly substantiated. Products include approved marketed products as well as those under investigational review. Promotional materials must present information that is consistent with the approved product label (sometimes referred to as the “PI” or “package insert”). Products that are still under investigational review may be discussed within the regulatory framework of the relevant jurisdiction.

#### **18. REPORTING VIOLATIONS OF THIS CODE**

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It is the duty of each Mesoblast Person to report violations of the Code promptly. If you have a concern regarding any violations of this Code, you can report those concerns to the Legal Department or Human Resources or pursuant to any of the methods outlined in the Company’s Policy regarding Reporting of Complaints and Concerns. If you are uncertain as to the appropriate way to report a concern, or whether your concern should be reported, you may consult with the Legal Department or your supervisor.

The disciplinary measures that may be imposed for violations of this Code of Conduct include, but are not limited to, counseling, verbal or written reprimands, warnings, suspension without pay, demotion and/or, termination of employment.

#### **19. DISCRIMINATION, RETALIATION OR HARASSMENT**

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The Company strictly prohibits any discrimination, retaliation or harassment against any person who reports incidents of questionable or actual misconduct based on the person’s reasonable belief that such misconduct occurred. The Company also strictly prohibits any discrimination, retaliation or harassment against any person who participates in an investigation of complaints of misconduct. Further information concerning reporting of any such discrimination, retaliation or harassment can be found in the Company’s Policy for Reporting Complaints or Concerns.

#### **20. AMENDMENT AND WAIVER**

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Modification may be necessary, from time to time, to maintain compliance with applicable laws or stock exchange listing criteria and/or to accommodate organizational changes within the Company. Any amendment or waiver of any provision of this Code must be approved in writing by the Board, and that approval must be disclosed in accordance with applicable laws and regulations.

## **21. PUBLICATION OF THIS CODE**

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The Company shall place a copy of this Code in the Employee Handbook distributed to new employees and shall place a copy of this Code on the Company's intranet site or equivalent and the Company's publicly available internet site.