mesoblast

Environmental, Social and Governance (ESG) Statement

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Our Approach to Sustainability

We consider the greatest contribution Mesoblast makes to sustainability is its purpose in seeking to provide access to treatment for patients suffering a range of hitherto unmet medical needs including cardiac diseases, immune-mediated and inflammatory conditions, oncology and haematology diseases, and spine orthopaedic disorders, subject to regulatory approval. This has not only a potentially high social and financial value, but in terms of adding value in the way it operates, the Company prizes and develops its people as key assets, while its environmental footprint is light. Together with a strong ethical and governance framework, this puts the Company on a sound footing for delivering on its purpose in the medium to long term.

Our commitment to sustainability is instilled through Mesoblast's five key corporate values which articulate who we are and what we stand for. Mesoblast values reflect our commitment to our customers, our colleagues, and the patients we serve. Integrity is at our core, while accountability to our commitments, collective teamwork, a pursuit of excellence, and outside the-box thinking and innovation surround our every business decision. Mesoblast personnel are expected to practice these values each and every day.

INTEGRITY – We act with integrity in all of our dealings, with the best interest of patients, care givers and our people as our guide. What we do we do with conviction.

ACCOUNTABILITY – We hold ourselves and each other responsible and ensure that our words and actions support Mesoblast's vision and values.

TEAMWORK – We believe in what we can achieve collectively and have an appreciation of our shared and unique ability to collaborate with our people and our partners, while focused on our patients and their families.

EXCELLENCE – We engage in continual learning so that we, as individuals and as an organization, can reach our highest potential.

INNOVATION – We are focused on the bold pursuit of developing and delivering novel treatments to improve patient outcomes through cutting edge science.

Acknowledging that sustainability is an overarching concept that can be applied to all areas of business finance, operations and impact, for the purposes of this Statement, we specifically focus on key environmental, social and governance (ESG) matters. When assessing and reporting our ESG initiatives and performance, we take into account:

- Mesoblast's size and stage in its growth cycle: it is a small development-stage biotechnology company with fewer than 100 employees, limited manufacturing and currently no commercialized product. This means that some reporting topics will be less relevant for us and our stakeholders until we grow our product portfolio and operations; and

- Appropriate sustainability standards: for example, the Sustainability Accounting Standards Board's (SASB) Biotechnology & Pharmaceuticals Sustainability Accounting Standard, the Global Reporting Initiative's (GRI) Universal Standards, and the Biopharma Investor ESG Communications Guidance 4.0 are relevant.

We identified the following material ESG topics based on an assessment of their impact on the business and our understanding of their importance to stakeholders:

1. Corporate Governance
2. Business Ethics, Integrity, and Compliance
3. Risk Management
4. Human Capital Management
5. Product Quality and Patient Safety
6. Supply Chain Management
7. Access to Healthcare
8. Environmental Impacts

These are dealt with in turn below.

1. Corporate Governance

Mesoblast is committed to implementing and achieving an effective corporate governance framework to ensure that the Company is managed effectively, honestly and ethically. More information on our corporate governance practices is set out in Mesoblast's Corporate Governance Statement, available at www.mesoblast.com. The Company references and reports against ASX Corporate Governance Council's (Council) Corporate Governance Principles and Recommendations.

Mesoblast's Board of Directors (the Board) provides oversight of the Company's ESG-related risks and opportunities on a regular basis at Board meetings, and in particular focus through its two committees:

- Nomination and Remuneration Committee (NRC)
- Audit and Risk Committee (ARC)

The NRC assists the Board in the discharge of its responsibilities, and in particular to ensure that there is an environment where the Board can carry out effective and responsible decision making and oversight, including on ESG matters such as fair remuneration and health & safety. Since June 2022, all members of the Board are members of the NRC reflecting the importance the Board places on ESG.

In addition to its main financial reporting responsibilities, the ARC is tasked with overseeing the effective operation of Mesoblast's risk management framework, in which certain ESG matters are considered.

Management is responsible for assessing and managing ESG-related risks and opportunities within the board approved control framework, and for reporting progress against goals and targets to the Board.

2. Business Ethics, Integrity, and Compliance

We are committed to the highest standards of ethical conduct and transparency in the way we deal with our patients, employees, strategic partners, and other important stakeholders. We comply with all national and local laws and regulations applying to our Company. Zero cases of material non-compliance occurred in FY22.

Mesoblast has established a Code of Business Conduct & Ethics (Code) to promote honest and ethical conduct, comprehensive disclosures of business dealings, compliance with government laws and regulations, and a positive work environment. All Mesoblast personnel, including Directors, officers, employees, contractors, and consultants, are expected to comply with the principles set out in the Code. The Code covers the following topics:

- Our Values
- Ethical business practices
- Safe workplace and respectful workplace conduct
- Fair competition
- Conflicts of interest
- Social media use
- Confidentiality and protection of assets
- Quality assurance
- Price reporting
- Financial reporting
- Securities trading
- Ethical research
- Interactions with the patient community
- Ensuring product quality and patient safety
- Interactions with healthcare professionals
- Ethical marketing and advertising
- Compliance with laws and regulations

The Code also states that it is against Mesoblast policy for personnel to use illegal drugs or be under the influence of or impaired by alcohol or drugs while on company property or performing company work.

No issues of Code non-compliance have been brought forward to the Board in FY22.

Mesoblast has an Anti-Bribery and Anti-Corruption Policy and complies with global and regional laws preventing corrupt business practices and bribery, including the U.S. Foreign Corrupt Practices Act and the United Kingdom Bribery Act.

We have a Disclosure of Complaints and Concerns Policy which addresses, among other things, breaches under the Company's Code, Anti-Bribery and Anti-Corruption Policy, or other Company policies. Under the Disclosure of Complaints and Concerns Policy, Mesoblast personnel are entitled to robust employment protections if they report concerns and suspected violations covered under the policy. Personnel can report to Compliance, Legal, the Audit and Risk Committee, or other officers or senior managers, and may do so anonymously. Further, Mesoblast's Fair Treatment Policy requires personnel to report workplace harassment and prohibitsr etaliation of any kind against anyone who does so in good faith. During FY22, Mesoblast received and, in compliance with the Fair Treatment Policy, promptly investigated and resolved a small number of reports related to workplace conduct. The Company is satisfied that it adhered to its policies.

In addition, Mesoblast has an 'Ethics Hotline' that is managed by a third-party, where our personnel may make a report anonymously, 24 hours a day, seven days a week. There have been no whistle-blower reports to this hotline in the reporting period.

All Mesoblast personnel are required to acknowledge the Code and other key policies and are required to participate in annual compliance training.

The Company has a process in place to inform the Board or a committee of the Board of any material breaches of the Code, the Anti-Bribery and Anti-Corruption Policy, and material incidents reported under the Disclosure of Complaints and Concerns Policy.

A copy of the Code and other key policies can be found at www.mesoblast.com.

3. Risk Management

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented an effective system of risk management and internal control. Management is responsible for ensuring there are adequate policies in relation to risk management, compliance, and internal control systems. The ARC monitors Mesoblast's risk management by overseeing management's actions in the evaluation, management, monitoring, and reporting of material operational, financial, compliance, strategic, and certain ESG risks.

Mesoblast's risk management group is part of the Operating Committee and is headed by the Chief Operating Officer. This group is responsible for designing, implementing, monitoring, and reporting on Mesoblast's management of material business risks and the effectiveness of Mesoblast's risk management and internal control system. ESG risks have been incorporated into and are considered as part of Mesoblast's risk management system. The Operating Committee regularly reviews Mesoblast's risks across its business and operations, and Mesoblast's material business risks and risk management framework are reviewed at least annually by the ARC.

In 2021, as part of the process of continual improvement, we developed a standardized tool to assess our portfolio and corporate risk. This is in the process of being implemented.

4. Human Capital Management

4.1 Diversity and Inclusion

Mesoblast has a Diversity Policy which encompasses differences in ethnicity, gender, language, age, sexual orientation, religion, socioeconomic status, physical and mental ability, thinking styles, experience, and education. We believe that the wide array of perspectives that results from such diversity promotes innovation and business success. Being diverse makes us more creative, flexible, and productive. Mesoblast's policy is to engage the most appropriate and relevant partner organizations, consultants, experts, and personnel. This includes recruiting people who are well-qualified for their position and those who as aligned to Mesoblast's five values and will embrace the Mesoblast culture and work ethic.

In order to meet and comply with our Diversity Policy, Mesoblast employs the following principles:

- Mesoblast seeks and encourages diversity in current and potential employees;
- Mesoblast promotes equal employment opportunities based on capability, performance and potential for growth and progression;
- Recruitment, professional development, succession management, promotion, and remuneration decisions are all based on performance and capability aligned to the specific job role, salary ranges, and a pre-set criteria prior to the activities to ensure any biases are reduced;

- Mesoblast seeks to build a safe working environment by recognizing and taking action against inappropriate workplace behavior, including bullying, discrimination, harassment, victimization, and vilification;
- Mesoblast promotes flexible work practices where possible and reasonable in the circumstances, to meet the differing needs of our employees; and
- Mesoblast ensures appropriate policies and procedures exist that encourage diversity and meet legislative requirements.

Line management is supported to manage diversity to ensure that employees are treated fairly and objectively. We have clear reporting procedures for any type of discrimination or harassment, combined with follow-up procedures to prevent future incidents.

The Board, through the NRC, is responsible for overseeing our Diversity Policy. Mesoblast's Head of Human Resources, with the support of the Chief Executive Officer and the Executive Team, is responsible for implementing the Diversity Policy.

The Board, through the NRC, is responsible for approving and reviewing measurable objectives for achieving gender diversity in the workplace. Mesoblast has set the following measurable objectives:

i) Increase the number of women on the Board as vacancies arise and circumstances permit;

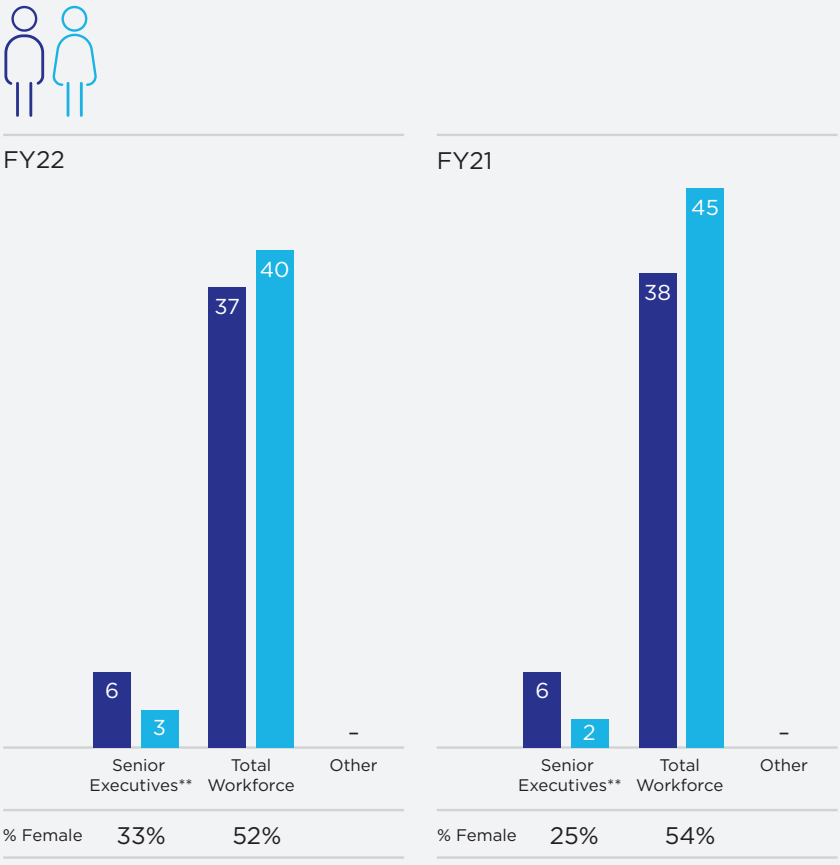
ii) Increase the number of women who hold senior executive positions as vacancies arise and circumstances permit; and

iii) Ensure the opportunity exists for equal gender participation in all levels of professional development programs.

During FY22, one female was appointed to two board vacancies, one female was appointed to one senior management vacancy, and 100% of female employees were provided access to development programs. A copy of the Company's Diversity Policy can be found at www.mesoblast.com.

Every employee, consultant and service provider has the right to work with Mesoblast in an environment that is safe, and free from intimidation, harassment, and abuse. Mesoblast prohibits harassment for any reason, including veteran status, uniform service member status, or any other protected class under federal, state, or local law. Inappropriate behavior, including verbal or physical conduct by any individual that harasses another, disrupts another's work performance, or creates an intimidating, offensive, abusive, or hostile workplace, is not tolerated. In addition, we will not tolerate comments, jokes, or materials, including emails, which others might consider offensive. All Mesoblast personnel are required to complete mandatory training on an annual basis to recognize and deal with inappropriate behavior in our workplaces, including the New York City Commission on Human Rights – Accredited Program: Confronting Sexual Harassment; Tools & Strategies to Create a Harassment Free Workplace and Mesoblast's Fair Treatment policy. There were no cases of harassment were reported in FY22 or in FY21.

Gender Diversity Statistics*



*Based on number of active employees as at June 30. Excludes contractors and consultants.
**A senior executive position is one held by an executive who reports directly to the Chief Executive.

4.2 Health and Safety

Mesoblast provides a workplace that is clean and safe for all associates and one that complies with health and safety laws. As an organization whose activities are predominantly office and laboratory based, Mesoblast chooses to track its safety record using total recordable incident frequency rate (TRIFR) i.e., number of recorded injuries for each one million hours worked. In FY22 the TRIFR was 6.2 versus 5.8 for FY21. In FY2022, we updated our Environment Health and Safety Management System and supporting policies. As part of this

update, we implemented an online Incident and Risk Management system and developed a 'How We Work' program to assist our employees with their work flexibility options in a post-pandemic world. An important component of this program included the extension of occupational health and safety practices to the work-from-home environment. To assist in managing the impacts of the COVID-19 epidemic, Mesoblast has taken a flexible approach to working from home and many of our employees and consultants remain working predominantly remotely.

4.3 Recruitment, Development and Retention

Mesoblast operates at the forefront of a highly specialized industry and we recognize that our talented people are key to developing our cell therapy technology.

Our policies and procedures follow equal employment opportunities principles for fair treatment, including diversity and compensation. Our employees are given equal access to job opportunities and promotions based on capability, performance and potential for growth and progression as part of our retention program.

Mesoblast's recruitment process enables our line managers to prepare a job description that outlines accountabilities and selection criteria that emphasize the skills, knowledge and experience. Job criteria and interview guides are prepared for each role advertised to ensure consistency across all the interviews. Jobs are advertised through multiple channels based on the specialization of the job role. All job roles are published on the Mesoblast intranet site providing transparency to all employees within the company and an equal opportunity to apply. Job descriptions are prepared in a way that enables employees to consider lateral moves based on competence rather than expertise in years of service.

The FY22, the voluntary turnover rate was approximately 25% with an even number of male and females voluntarily resigning. Exit interviews are conducted with all departing employees and trends are monitored so that actions to minimize the turnover can be taken. Mesoblast employed seven females and eight males for the replacement roles. While acting and higher duty opportunities were minimal during this period, job profiles were prepared to enable existing employees to consider lateral moves based on competence rather than years of service, where appropriately credentialed.

We provide opportunities for all colleagues to participate in professional training and education so they can enhance their skill sets and career. During FY22 all employees were given the opportunity to participate in a development program that is linked to the annual Performance Management System.

During the reporting period, Mesoblast implemented the first phase of an online performance management program and in the current year, the second phase will integrate an online professional development program that links the recording of participation in professional development aligned to job role. The online performance management program enables employees to track their performance and receive regular feedback from their manager. The formal annual review process assesses the individual employee's performance against objectives and quantifiable criteria that are aligned to the Mesoblast business plan, reducing the risk of bias. All employees below the executive level participated in this program during the period.

5. Product Quality and Safety

5.1 Scientific Research and Innovation

Over the past decade there has been a surge of interest internationally in the cutting-edge science of cellular medicines and their use in treating a wide range of diseases.

Mesoblast is a clinical stage biotechnology company and works in close collaborative associations with leading cell therapy research centers, as well as having our own in-house R&D laboratories and specialists. We ensure rigorous scientific investigations are performed with well characterized cell populations in order to understand mechanisms of action for each potential medical application. We undertake extensive pre-clinical translational studies to guide subsequent clinical trials.

5.2 Use of Stem Cells

Mesoblast's novel allogeneic product candidates are based on rare (approximately 1:100,000 in bone marrow) mesenchymal lineage cells that respond to tissue damage, secreting mediators that promote tissue repair and modulate immune responses.

Mesenchymal lineage cells are collected from the bone marrow of healthy adult donors, and proprietary processes are utilized to expand them to a uniform, well characterized, and highly reproducible cell population. This enables manufacturing at industrial scale for commercial purposes. Mesoblast's cells can be administered to patients without the need for donor-recipient matching or recipient immune suppression.

The distinction between embryonic stem cells (ESCs) and non-ESCs, such as our mesenchymal lineage cells, can be easily misunderstood by the public and has the potential to create negative public attitudes toward cell therapy. As Mesoblast's cells are not ESCs, we minimize the risk of being exposed to ethical, legal, or social concerns that have

arisen in relation to the collection and use of ESCs.

5.3 Use of Animal in Research

Mesoblast is committed to the welfare and humane treatment of animals and only undertakes development studies in animal models where required by applicable regulatory bodies. These studies are undertaken by expert third-party providers who are specialists in the management of animals and their welfare.

Mesoblast's approach to product development is to ensure rigorous scientific investigations are performed with well-characterized cell populations in order to understand mechanisms of action for each potential indication. Extensive preclinical translational studies guide clinical trials that are structured to meet stringent safety and efficacy criteria set by international regulatory agencies.

In the United States where the majority of our clinical development takes place, all of our product candidates are regulated as biological products by the Center for Biologics Evaluation and Research (CBER) in the FDA. Biological products are subject to federal regulation under the Federal Food, Drug, and Cosmetic Act (FDCA), the Public Health Service (PHS) Act, and other federal, state, local and foreign statutes and regulations. Both the FDCA and the PHS Act, as applicable, and their corresponding regulations govern, among other things, the testing, manufacturing, safety, efficacy, labeling, packaging, storage, record keeping, distribution, import, export, reporting, advertising and other promotional practices involving drugs and biological products.

The process required by the FDA before a biological product may be marketed in the U.S. generally involves years of studies and many complex steps. The first of these is completion of nonclinical laboratory studies, meaning in vivo and in vitro experiments in which an investigational product is studied prospectively in a test system under laboratory conditions to determine its safety, must be conducted according to Good Laboratory Practice (GL) regulations, as well as, in the case of nonclinical laboratory studies involving animal test systems, in accordance with applicable requirements for the humane use of laboratory animals and other applicable regulations.

Some of the manufacturing materials and/or components that we use in, and which are critical to, implementation of our technology involve the use of animal-derived products. Our media is sourced from fetal bovine serum (FBS), and is the main consumable used in our manufacturing process.

While FBS is commonly used in the production of various marketed biopharmaceuticals, our suppliers of FBS must meet our strict quality standards are thus limited in number and region.

5.4 Product Quality

The Company has a Quality Management Department with appropriate controls in place for monitoring and compliance of clinical and non-clinical studies as well as manufacturing operations. Our quality assurance processes align with the widely accepted quality standards from the ICH Guidelines created by The International Conference on Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH) as well as FDA Regulations. All Mesoblast personnel are responsible for the identification and prompt reporting of all actual or potential adverse events or product quality complaints. This may include any reported problem with a finished product, its packaging, inappropriate healthcare professional use, or unintended patient reaction. We have a regulatory obligation to report all adverse events and product complaints, with serious adverse events requiring reporting within 24 hours of receiving notification. The Company provides personnel with regular training in relation to our obligations and responsibilities.

5.5 Clinical Trials and Patient Safety

Mesoblast works with healthcare professionals, academic organizations, and contract research organizations (CRO) to perform company-sponsored pre-clinical and clinical research. The Company also provides financial support or drug product for independent third-party studies such as Investigator Initiated Trials (IITs) via grant requests. 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. These research initiatives are never used as a way to induce a healthcare professional or healthcare organization to use, recommend, or purchase Mesoblast products, or to encourage off-label use of marketed products.

Each potential study subject/study subject legal guardian is provided with an Informed Consent Form (ICF) by the clinical trial site study team. The ICF contains information that must be provided to each possible study candidate, such as an explanation of the purpose of the research, possible risks/benefits as well as statements describing the confidentiality of information collected, how the information may be used and who may view this information. Each potential study subject/legal guardian is given time to read the ICF and to ask questions about anything they don't understand. In addition, the ICF provides the Primary Investigator's (PI) and Independent Review Board's (IRB) contact information to the subject to ask questions and/or report any study related concerns. Once all questions are answered, signatures are obtained to record consent. Mesoblast, as the Sponsor, together with the CRO, monitors the sites for any protocol deviations throughout the course of the study. If and when protocol deviations are identified, we will work with the CRO and site(s) to address them as quickly as possible. Study subject safety is front and foremost in our conduct of all our clinical studies. Between our Therapeutic Area Heads,

Quality Assurance (QA), and Safety and Clinical Operations, we monitor the conduct of our clinical trials extremely thoroughly and work to protect the well-being of the study subjects as well as the integrity of the trial.

Company exploration of innovative therapies, including research projects, database reviews, and pre-clinical and clinical trials, are designed to first and foremost protect the rights and safety of study subjects and to maintain the integrity of research data. We do this by complying with all regulatory standards regarding research programs and encouraging all involved persons to report any deviations, including inaccurate reporting of study data, inappropriate use of study funds or pharmaceutical product, falsification of study reports, or failure to obtain Independent Review Board or other required approval prior to conducting a study. This process includes all clinical trial investigators attesting that they've read and understood the contents of the clinical trial protocol and agree to conduct the trial in compliance with the protocol, good clinical practice and applicable regulatory requirements.

6. Supply Chain Management

Mesoblast has an established vendor assurance program through which suppliers are audited for purposes of being qualified and added to an approved suppliers list. All approved suppliers are audited once a year. Our Supplier Management policy describes the process for qualifying and managing suppliers which includes quality agreements, supply agreements, due diligence activities, and audits.

6.1 Manufacturing Safe Products

Given the current scale of our operations, elements of our business including manufacturing are outsourced to third-party providers. Mesoblast has established a strategic alliance with Lonza, a global leader in biopharmaceutical manufacturing. We monitor Lonza and other third-party providers through our vendor assurance program. In addition, all entities involved in the preparation of therapeutics for clinical studies or commercial sale, including Lonza, are subject to extensive external regulation. Components of a finished therapeutic product approved for commercial sale or used in late-stage clinical studies must be manufactured in accordance with current international Good Manufacturing Practice (GMP) and other international regulatory requirements. These regulations govern manufacturing processes and procedures (including record keeping) and the implementation and operation of quality systems to control and assure the quality of investigational products and products approved for sale.

Mesoblast, our collaborators, and our suppliers as appropriate must supply all necessary documentation in support of any application for product approval and must adhere to current GLP and current GMP regulations enforced by the FDA and other regulators through their facilities inspection program. Before we can begin commercial manufacture of our products for sale in the United States, we must obtain FDA regulatory approval for the product. In addition, the processes and quality systems associated with the manufacturing of such product must also be approved, which requires a successful FDA inspection of the manufacturing facilities, including Lonza's manufacturing facilities.

In addition, regulators may at any time audit or inspect a manufacturing facility involved with the preparation of our product candidates, raw materials, or the associated quality systems. Although we cannot control the manufacturing process of, and are dependent on, the contract manufacturer for compliance with the regulatory requirements, through our vendor assurance program, we monitor the performance and undertake an annual audit of each contract manufacturer involved in the production of our product candidates. In addition, Lonza is monitored through an established governance structure with multiple feedback loops to ensure compliance to established contracts, specifications, and policies. In addition to having staff onsite and personnel in the plant to oversee ongoing activities, the organizations review numerous manufacturing and quality metrics to ensure consistent product manufacture.

6.2 Bone Marrow

The initial stage of manufacturing involves obtaining mesenchymal lineage cell-containing bone marrow from healthy consenting donors. The process of identifying new donor tissue, testing and verifying its validity in order to create new cell banks is tightly regulated and validated with the FDA and other regulators. For example, U.S. federal and state governments and other jurisdictions impose restrictions on the acquisition and use of tissue, including those incorporated in federal Good Tissue Practice regulations. Our manufacturing partner Lonza also has a dedicated U.S. facility for bone marrow acquisition. Lonza maintains all documents and records generated during the lifecycle of donor screening and bone marrow aspiration in a donor-specific file under its site quality system.

6.3 Storage and Distribution

Storage and distribution of our product candidates are contracted to CSM on Demand, ICS AmerisourceBergen, CryoSite,

and CryoPort Solutions who are experts in innovative storage and/or distribution solutions for pharmaceutical manufacturers. Performance is monitored through established contractual agreements, and the interactions of our joint project teams, as well as through regular supplier audits and qualifications.

7. Access to Healthcare

Mesoblast is currently working through a resubmission of its Biologics License Application with the FDA for its lead product candidate remestemcel-L for the treatment of children with steroid-refractory graft versus host disease. If successful, this product would constitute the Company's first commercialized product. We acknowledge and support the social importance of providing access to healthcare across all geographic regions regardless of socio-economic status and recognize this is frequently regarded as one of the top ESG topics for the Biopharma sector. Despite our current size, financial status, and stage of clinical development, we have in place elements that reflect this important social topic.

7.1 Expanded Access Programs

Under a compassionate use protocol in the US, Mesoblast has continued to make remestemcel-L available to children as 'salvage therapy' where all other treatment avenues have been exhausted and the risk of mortality is high. More than 250 children have had access to remestemcel-L under these circumstances, provided by us at no cost.

In 2020, an Expanded Access Protocol (EAP) was initiated in the US for compassionate use of remestemcel-L in the treatment of COVID-19 infected children with cardiovascular and other complications of MIS-C (multisystem inflammatory syndrome in children). MIS-C is a life-threatening complication of COVID-19 in otherwise healthy children and adolescents that includes massive simultaneous inflammation of multiple critical organs and their vasculature. Mesoblast has provided treatment at no charge to three children under this EAP.

7.2 Product Pricing

In the United States, Federal and state government agencies may purchase Mesoblast products and provide reimbursement on those products via the state and federal healthcare programs, such as Medicare and Medicaid, once Mesoblast's product receives regulatory approval and is able to be commercialized. Various federal laws and/or government contracting requirements give some of these purchasers and reimbursors 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, goods in kind, free or reduced-price services, grants, price concessions, or other benefits offered to induce a sale may be considered pricing terms. Mesoblast is committed to accurately taking these items into account.

8. Environment

Mesoblast is committed to protecting the world in which we live and work, and we aim to minimize our impact on the wider environment and its component parts. Currently, Mesoblast's direct physical footprint is limited to office and laboratory space for our employee base of less than 100, so our direct, physical environmental impact is currently limited. Nonetheless, Mesoblast has begun initiatives to improve our impact such as sourcing our electricity from green energy providers and introducing office waste recycling programs. In addition, as noted above, many of our employees and consultants are dispersed and are infrequently in our office spaces.

We are also driving initiatives to minimize the inputs and outputs to our manufacturing processes through our investment in research and development that focuses on the scaling of technologies and minimizing waste. We are developing a 3D bioreactor process to expand our cell product which will replace our current 2D process involving plates. This will reduce the amount of plastic and biohazardous waste that will be generated by our manufacturing processes.

As mentioned above, we rely on third-party providers for important elements of our business. We and our partners must comply with environmental laws and regulations, including those relating to the discharge of materials into the air, water and ground, the manufacture, storage, handling, use, transportation and disposal of hazardous and biological materials, and the health, wellbeing and safety of employees with respect to laboratory activities required for the development of products and technologies.