

TIGENIX

Limited Liability Company
("naamloze vennootschap" / "société anonyme")

Technologielaan 3
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Belgium

VAT no BE 0471.340.123
Register of Legal Entities Leuven

Corporate Governance Charter

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TABLE OF CONTENT

Introduction	4
1 Structure and organization of TiGenix	6
1.1 General information and legal structure	6
1.2 Group structure	6
1.3 Governance structure.....	6
1.4 Website of the Company.....	6
2 Share capital and Shareholders	7
2.1 Share capital	7
2.2 Form of shares	7
2.3 Shareholding structure of the Company	7
2.4 Identity of the major shareholders of the Company and description of their voting rights, special control rights and any shareholder agreements, if any.....	7
2.5 Cross shareholdings exceeding 5%.....	8
2.6 Any other direct or indirect relationship between the Company and its major shareholders ..	8
2.7 Summary of existing warrant plans	8
2.8 Shareholder Meetings	9
2.9 Agenda of the Shareholder Meetings	10
3 TiGenix' Board of Directors	10
3.1 Role, powers and responsibilities of the Board.....	10
3.2 Composition of the Board - appointment - duration	11
3.3 Independent Directors	12
3.4 Individual requirements of the directors	13
3.5 Induction.....	13
3.6 Evaluation.....	13
3.7 Board meetings	13
3.8 Special meeting of non-executive directors	14
3.9 The policy established by the Board for transactions and other contractual relationships between the Company or its subsidiaries, and its Board members and executive managers, which are not covered by the legal provisions on conflicts of interest	15
3.10 Access to management.....	15
3.11 Access to advisors	15
3.12 Information for directors	15
3.13 The remuneration of directors	15
3.14 Corporate governance in the annual report	16
3.15 Representation of the Company by its directors	16
4 Chairman of the Board	17
4.1 Appointment	17
4.2 Powers and responsibilities.....	17
5 Company Secretary	17
6 Chief Executive Officer	18
6.1 Appointment	18

6.2	Role and Powers.....	18
6.3	Representation of the Company by the CEO.....	19
6.4	Appointment.....	19
6.5	Remuneration.....	19
6.6	Evaluation.....	19
7	Board Committees	19
7.1	Nomination and Remuneration Committee.....	19
	7.1.1 Role.....	19
	7.1.2 Powers	20
	7.1.3 Composition	20
	7.1.4 Secretary.....	21
	7.1.5 Operation	21
	7.1.6 Reporting and Assessment.....	21
7.2	Audit Committee.....	22
	7.2.1 Role and powers	22
	7.2.2 Composition	23
	7.2.3 Secretary.....	24
	7.2.4 Operation	24
	7.2.5 Reporting and Assessment.....	24
8	Rules preventing market abuse.....	24
9	Miscellaneous.....	25
9.1	Changes to the Corporate Governance Charter	25
9.2	Priority	25
9.3	Governing law and jurisdiction	25

Introduction

The Belgian Corporate Governance Committee published on 9 December 2004 a Code on Corporate Governance (the “CGC” or the “Lippens Code”), which is a code of best practice applying to listed companies on a non-binding basis (“comply or explain” approach).

As a company incorporated under Belgian law and listed on Eurolist by Euronext Brussels, TiGenix NV (“TiGenix” or the “Company”) is committed to follow the nine corporate governance principles set forth in the Lippens Code, i.e. :

- (i) The company shall adopt a clear governance structure.
- (ii) The company shall have an effective and efficient board taking decisions in the corporate interest.
- (iii) All directors shall demonstrate integrity and commitment.
- (iv) The company shall have a rigorous and transparent procedure for the appointment and evaluation of the board and its members.
- (v) The Board shall set up specialised committees.
- (vi) The company shall define a clear executive management structure.
- (vii) The company shall remunerate directors and executive managers fairly and responsibly.
- (viii) The company shall respect the right of all shareholders and encourage their participation.
- (ix) The company shall ensure adequate disclosure of its corporate governance.

As required by the Lippens Code, TiGenix has prepared this Corporate Governance Charter in order to describe the main aspects of its corporate governance policy. This Corporate Governance Charter was approved by the Board of Directors of TiGenix in its meeting of 9 February 2007 and has been updated from time to time.

However, the Board is of the opinion that the Company is justified in not adhering to certain principles of the Belgian Code on Corporate Governance, considering the nature and size of the Company. Such deviations include:

- Article 6.1. CGC: as there is only one executive director (the CEO) and there is no management committee, the Company has not drafted specific terms of reference of the executive management, except for the terms of reference of the CEO.
- Article 7.4. CGC : Only the independent directors shall receive a fixed remuneration in consideration of their membership of the Board of Directors and their attendance at the meetings of committees of which they are members. They will not receive any performance related remuneration, nor will any option or warrants be granted to them in their capacity as director. However, upon advice of the Nomination and Remuneration Committee, the Board of Directors may propose to the Shareholders’ Meeting to deviate from the latter principle in case in the Board’s reasonable opinion the granting of options or warrants would be necessary to attract independent directors with the most relevant experience and expertise.
- Article 8.9. CGC : only shareholders who individually or collectively represent at least 20% of the total issued share capital may submit proposals to the Board for the agenda of any shareholders’ meeting. This percentage is in line with article 532 of the Belgian Companies

Code (relating to the convening of a shareholders' meeting) but deviates from the 5% threshold provided by the Belgian Code on Corporate Governance.

The Corporate Governance Charter is available, together with the TiGenix Articles of Association, on TiGenix website (www.tigenix.com) and will be updated as required in case of any change made to TiGenix corporate governance policy.

In addition, TiGenix will provide, in its Annual Report, factual information relating to its corporate governance policy, including changes to the Corporate Governance Charter together with relevant events that took place during the year under review. If necessary, the Board of Directors shall provide explanations of where it has departed from the provisions laid down in the Corporate Governance Charter and why it has done so.

The Company can be reached at the following address:

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1 Structure and organization of TiGenix

1.1 General information and legal structure

TiGenix NV is a limited liability company (“Naamloze Vennootschap”/“Société Anonyme”) organized and existing under the laws of Belgium. It is a public company within the meaning of article 438 of the Belgian Companies Code.

1.2 Group structure

The Company has one wholly owned subsidiary in New York (USA). TiGenix Inc. is a limited liability company organized and existing under the laws of Delaware (USA).

1.3 Governance structure

The Company has opted for a "one-tier" governance structure. As a result, the Board of Directors is the ultimate decision-making body and is authorised to carry out all actions that are considered necessary or useful to achieve the Company's purpose. The Board has all powers except for those reserved to the Shareholders' Meeting by law or as set out in the Articles of Association.

The Board's terms of reference including its responsibilities, duties, composition and operation are set out hereafter in Chapter 3.

The Board has established an Audit Committee and, a Nomination and Remuneration Committee. These Committees have an advisory function. They assist the Board in specific situations it being understood that the final decision making power remains with the Board. Their functioning is described hereafter in Chapter 7.

The Board has delegated the Company's daily management to a managing director (“gedelegeerd bestuurder” / “administrateur délégué”), also referred to as the CEO . His powers are further described in section 6.2.

The Board appointed a Chairman (who must always be different from the CEO) and a Company Secretary whose responsibilities are described hereafter in respectively Chapters 4 and 5.

By decision of the Board, a person who must not be a director may be given a particular mandate to act on behalf of the Company.

1.4 Website of the Company

The Board ensures that all information which the Company is obliged to publish pursuant to legal provisions (including the Belgian Companies Code) and this Corporate Governance Charter is posted on and updated in a clearly recognizable part of the Company's website separate from the commercial information.

Any amendments to this Corporate Governance Charter must be promptly reflected in the Company's web site.

The domain name of the Company's web site is www.tigenix.com/investors.

2 Share capital and Shareholders

2.1 Share capital

The detailed number of TiGenix shares currently outstanding and the amount of TiGenix' issued and paid-up capital can be found on www.tigenix.com/investors.

2.2 Form of shares

TiGenix shares can be held as either registered shares, bearer shares or dematerialized shares at the discretion of the shareholders.

For registered shares, the names and addresses of all shareholders or holders of a right of usufruct or pledge are recorded in the shareholder register. On request, holders of registered shares will be provided with an extract from the register at their expense.

Any shareholder can request the conversion of his shares into another form.

In accordance with the Belgian Act of December 14, 2005 on the abolition of bearer securities, all bearer shares held on securities accounts for which the physical delivery in bearer form has not been requested prior to January 1, 2008, will automatically be converted in dematerialized securities as from January 1, 2008. Bearer shares that are put on a securities account after December 31, 2007 are also automatically converted in dematerialized shares as from the moment that they are put on the securities account.

Any requests should be made in writing and sent by ordinary mail, duly signed to the registered office of TiGenix for the attention of the Company Secretary.

2.3 Shareholding structure of the Company

[●] % of the total number of issued shares of the Company are publicly held. The remaining [●] % are held by the major shareholders listed below in section 2.4. and a number of small shareholders.

2.4 Identity of the major shareholders of the Company and description of their voting rights, special control rights and any shareholder agreements, if any.

According to the transparency declarations pursuant to the Law of 2 March 1989 as implemented by the Royal Decree of 10 May 1989 on the disclosure of important participations in listed companies, the major shareholders of the Company (i.e. holding more than 3 % of the total issued shares) are:

[TO BE COMPLETED]

Article 14 of the Articles of Association of the Company has set the threshold requiring a transparency declaration at 3%.

To the Board's best knowledge no shareholders' agreement exists among shareholders of the Company with respect to the Company except for the lock-up agreement described hereafter.

On 21 March 2007, all pre-IPO shareholders or warrant holders entered into a lock-up agreement with ING Belgium NV/SA and Piper Jaffray Ltd. pursuant to which their pre-IPO shares and the shares that they may acquire by exercising their pre-IPO warrants are

subject to a twelve month soft lock-up. Such agreement shall expire automatically on 22 March 2008.

2.5 Cross shareholdings exceeding 5%

The Company does not have knowledge of any cross-shareholdings among the Company and any of its shareholders exceeding 5% of the shares or voting rights.

2.6 Any other direct or indirect relationship between the Company and its major shareholders

The following direct or indirect relationships exist between the Company or its subsidiary and its major shareholders:

- The Company entered into a mandate letter with one of its major shareholders, ING Belgium NV/SA/(corporate finance division), pursuant to which the latter was appointed as one of the lead managers in connection with the IPO.
- The Company has entered into a management services contract with its CEO, Gil Beyen BVBA, represented by Gil Geyen. Gil Beyen BVBA does not hold shares but does hold “personnel” warrants.
- The Company and the Katholieke Universiteit Leuven entered into (i) a lease agreement pursuant to which with the Katholieke Universiteit Leuven puts premises located in UZ Gasthuisbergen to the disposal of the Company and (ii) a number of commercial agreements, including subcontracting agreements, service level agreements and research agreements. The Katholieke Universiteit Leuven (including its division Universitaire Ziekenhuizen Leuven) is one of the founding shareholders of the Company.
- The Company and the Universiteit Gent entered into a number of commercial agreements, including service agreements, subcontracting agreements, service level agreements, collaboration agreements, research agreements and option agreements for technology evaluation.

The Board has formulated a policy on conflicts of interest situations which is set out hereafter in Chapter 3.9.

2.7 Summary of existing warrant plans

The Company created various “personnel” plans for its employees, directors and consultants, as well as for persons who in the scope of their professional activity have made themselves useful to the Company.

Upon proposal of the Board of Directors, the Extraordinary Shareholders’ meeting of the Company approved the issuance of in aggregate 1,419,930 “personnel” warrants on September 15, 2003 (632,439), September 30, 2003 (151,851), May 14, 2004 (135,802), April 20, 2005 (45,268) and November 3, 2005 (454,570), subject to the warrants being granted to and accepted by the beneficiaries. Of these warrants (i) 154,883 warrants have not and will not be granted (for lack of exercise window), and (ii) 38,963 have lapsed due to their beneficiaries leaving the Company, bringing the total of outstanding “personnel” warrants at 1,226,084 immediately prior to the IPO. Each warrant entitles its holder to subscribe to one common share of the Company at a subscription price equal to the

subscription price paid at the occasion of the most recent capital increase preceding or following shortly after the granting of the warrants. The warrants have a term of 5 years. Upon expiration of the 5 year term, the warrants become null and void. The warrants vest in cumulative tranches of 25% per year, i.e., 25% as of the first anniversary date of their granting, 50% as of the second anniversary date of their granting, 75% as of the third anniversary date of their granting, 100% as of the fourth anniversary date of their granting, unless the Board of Directors of the Company approved a deviation from this vesting scheme when granting the warrants. The warrants (i) can only be exercised by the warrant holder if they have effectively vested, and (ii) can only be exercised as of the fourth calendar year following the year in which the Board of Directors of the Company granted the warrants to the warrant holder. However, the terms and conditions of the warrants provide that the warrants can also be exercised at the time of a trade sale or immediately prior to the admission of all or part of the shares in the Company to the listing on a regulated market, such as Euronext Brussels.

On 26 February 2007 the Extraordinary Shareholders' Meeting, upon proposal of the Board of Directors, also decided to issue 800,000 new "personnel" warrants. These warrants are to be granted to employees, consultants or directors of the Company or its subsidiaries, as well as to persons who in the scope of their professional activity have made themselves useful to the Company or its subsidiaries, including but not limited to the members of the scientific advisory board and the clinical advisors. However, the Company intends to grant the new "personnel" warrants mainly to its employees or to employees of its subsidiaries. They will be granted by the Company, to the Board of Directors' choice, free of charge or against payment of a price equal to the market value of the warrants. The new "personnel" warrants that have not been granted by the Board of Directors within 6 months following the closing date of the IPO can no longer be granted and shall automatically become null and void. Each warrant entitles its holder to subscribe to one common share in the Company at a subscription price equal to the average closing price of the Company's shares on Eurolist by Euronext Brussels over the 30 day period preceding the date on which the "personnel" warrants are offered. The warrants have a term of 10 years calculated as from 26 February 2007. Upon expiration of the 10 year term, the warrants become null and void. The warrants vest in cumulative tranches of 25% per year, i.e., 25% as of the first anniversary date of their granting, 50% as of the second anniversary date of their granting, 75% as of the third anniversary date of their granting, 100% as of the fourth anniversary date of their granting, unless the Board of directors of the Company approved a deviation from this vesting scheme when granting the warrants. The warrants (i) can only be exercised by the warrant holder if they have effectively vested, and (ii) can only be exercised as of the fourth calendar year following the year in which the Board of Directors of the Company granted the warrants to the warrant holder.

There are 1,226,084 outstanding warrants which on a fully-diluted basis represent 1,226,084 additional shares (excluding the 800,000 new "personnel" warrants that were issued on 26 February 2007 subject to certain conditions).

2.8 Shareholder Meetings

TiGenix encourages its shareholders to participate at Shareholders Meetings. In order to facilitate this, voting in absentia may take the form of proxy voting. Agendas and all other relevant information are available on the company's website in advance of Shareholders' Meetings.

The Annual Shareholders' Meeting of TiGenix is held each year on 20 April at 10 a.m. If this date is a Saturday, Sunday or legal holiday, the meeting is held at the next working day.

For all further information regarding Shareholders Meetings (including organization, quorum and majority requirement) reference is made to the Articles of Association of the Company and the specific section of the Company's website describing the shareholders' rights to participate and vote at the Shareholders' Meeting and containing a timetable on periodic information and Shareholders' Meetings.

Notices of all Shareholders' Meetings and all related documents, such as specific Board of Director's and auditor's reports, are published on www.tigenix.com/investors.

2.9 Agenda of the Shareholder Meetings

The agenda of the Shareholder Meetings is set by the Board of Directors subject to the specific powers granted by law to the statutory auditor of the Company.

In addition shareholders that individually or collectively represent at least 20 % of the total issued share capital may submit proposals to the Board for the agenda of the Annual Shareholder's Meeting. This percentage is in line with article 532 of the Belgian Companies Code, but as a small listed company, TiGenix hereby deviates from the 5% threshold provided for in article 8.9 CGC. The proposals must be submitted to the Board of Directors of the Company not later than 45 days before such Annual Shareholders' Meeting.

3 TiGenix' Board of Directors

3.1 Role, powers and responsibilities of the Board

As provided by article 521 of the Belgian Companies Code, the Company is headed by a Board of Directors (also referred to as the "Board") acting as a collegial body.

The Board's role is to pursue the long-term success of the Company by providing entrepreneurial leadership and enabling risks to be assessed and managed.

The Company has opted for a "one-tier" governance structure. As a result and as provided for by article 522 of the Belgian Companies Code, the Board of Directors is the ultimate decision-making body in the Company, except with respect to such areas which are reserved to the Shareholders' Meeting by law or by the Company's Articles of Association.

Such powers and responsibilities include among others:

- to approve and oversee the Company's principal objectives and strategy, as recommended by the CEO;
- to appoint and dismiss the CEO and the Company Secretary;
- to determine the power and responsibilities of the CEO;
- to appoint and dismiss members of the Board committees and their chairmen;
- to review and approve the annual, six-monthly, and if required quarterly, financial and consolidated statements as prepared by the CEO, and where required by law,

present those to the Shareholders' Meeting;

- to convene the Shareholders' Meetings and submit resolutions for approval; and
- to oversee the Company's policy with respect to corporate communications, it being understood that communication on behalf of the Company to the outside world is reserved to the Chairman of the Board and the CEO, with the right of delegation.

With respect to its monitoring responsibilities the Board shall:

- review the existence and functioning of a system of internal control, including adequate identification and management of risks (including those relating to compliance with existing legislation and regulations);
- take all necessary measures to ensure the integrity of the Company's financial statements;
- review executive management performance;
- supervise the performance of the external auditor and supervise the internal audit function.

However, any such system will be in line with the size of the Company.

3.2 Composition of the Board - appointment - duration

The Company is managed by a Board of Directors, consisting of maximum nine (9) directors, who can be individuals or legal entities and who need not be shareholders. The directors are appointed for a term of no more than four (4) years by the Shareholders' Meeting, which is entitled to dismiss them at any time. The actual number of directors and their term may vary depending on the needs of the Company.

Without prejudice to applicable legal provisions, proposals for the appointment of directors should be communicated to the Board at least 45 days before the Annual Shareholders' Meeting, so as to allow the Nomination and Remuneration Committee to investigate and discuss such proposal and to advise the Board accordingly. Whenever a legal entity is appointed as a director, it must specifically appoint an individual as its permanent representative, chosen from among its shareholders, managers, directors or employees, and who will carry out the office of director in the name and on behalf of such legal entity. The legal entity may not revoke its permanent representative without simultaneously appointing a successor. The appointment and termination of the office of the permanent representative are governed by the same disclosure rules as if he / she were exercising the office on his / her own behalf.

The directors may be re-elected for a new term subject to the provisions hereafter regarding independent directors. Before proposing any director for re-election the Board shall take into account the evaluations made by the Nomination and Remuneration Committee.

The duties of directors who are not appointed for a new term terminate immediately after the Shareholders' Meeting which decided on any re-election.

Should any of the offices of director become vacant, whatever the reason may be, the remaining directors shall have the right to temporarily fill such vacancy until the next

Shareholders' Meeting, which shall make a final appointment. In the case of more than one vacancy, the remaining directors shall have the right to fill all such vacancies simultaneously.

As long as the Shareholders' Meeting or the Board of Directors has not filled a vacancy, whatever the reason may be, the director whose term has expired continues to carry out his / her duties if it is necessary for the Board of Directors to consist of the legal minimum number of members.

The composition of the Board will be balanced considering the respective skills, experience and knowledge of each of the Board members.

Adequacy of size and composition will be regularly assessed by the Board upon the initiative of the Chairman and upon recommendation of the Nomination and Remuneration Committee.

3.3 Independent Directors

At least half of the directors must be non-executive directors and at least three of them must be independent.

Independence will be assessed taking into consideration the following criteria :

- not being an executive or managing director of the Company or an associated Company, and not having been in such a position for the previous three years;
- not being an employee of the Company or an associated company and not having been in such a position for the previous three years;
- not receiving, or having received, significant additional remuneration from the Company or an associated company apart from a fee received as non-executive director;
- not being a controlling shareholder or a shareholder with a shareholding of more than 10 %, or a director or executive officer of such a shareholder; whereby a controlling shareholder is defined as a shareholder who solely or in concert, directly or indirectly, controls a company in the meaning of Article 5 of the Belgian Companies Code;
- not having or having had within the last year, a significant business relationship with the Company or an associated company, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship;
- not being or having been within the last three years, a partner or an employee of the current or former external auditor of the Company or an associated company;
- not being an executive or managing director of another company in which an executive or managing director of the Company is a non-executive or managing director, and not having other significant links with executive directors of the Company through involvement in other companies or bodies;
- not having served on the Board as a non-executive director for more than three terms subject to the possibility for the Board to provide for exceptions;
- not being a close family member of an executive or managing director or of persons in the situations described above.

When an independent director has served on the Board for three terms, he is in principle not eligible for a fourth term in the capacity as an independent director subject to exceptional circumstances in the interest of the Company recognized by the Board. In such case the proposal to renew his mandate as independent director will expressly indicate why the Board considers that his independence as a director is preserved.

The Company shall disclose on its website which directors it considers to be independent.

Whenever legally required, the Company shall apply the criteria of independence set forth in article 524 of the Belgian Companies Code.

3.4 Individual requirements of the directors

The directors shall be specifically chosen for their particular professional experience, knowledge and skills upon a recommendation of the Nomination and Remuneration Committee. Any proposal for the appointment of a director by the Shareholders' Meeting shall be accompanied by a recommendation from the Board, based upon such Committee's advice.

Directors undertake that they have sufficient time to exercise their duties, taking into consideration the number and importance of their other commitments. They shall not hold more than five (5) directorships in listed companies, including the directorship in TiGenix, provided that the Board can advise the shareholders to deviate from this rule. Changes in the directorships held by the directors shall immediately be reported to the Chairman of the Board of Directors.

The directors are individually responsible for acquiring and maintaining their skills and knowledge so as to allow them to carry out their function in the Board and its committees.

3.5 Induction

The Chairman shall ensure that the newly appointed directors receive an appropriate induction to ensure their contribution to the Company and the Committees to whom they belong.

3.6 Evaluation

Periodically, the Board will undertake a formal evaluation of its own performance and that of its Committees in order to assess whether (i) the Board operates efficiently, (ii) important issues are debated and prepared properly, (iii) each director makes a constructive contribution to the decision making. Such evaluation will be done at least once every three year by the Nomination and Remuneration Committee at the initiative of the Chairman and, if required, with the assistance of external advisors.

The directors shall not attend the discussions on their evaluation.

The number of Board and Board Committee meetings and the individual attendance record of directors shall be disclosed in the Corporate Governance Chapter of the annual report.

3.7 Board meetings

The Board of Directors shall meet as frequently as the interests of the Company shall require but in any case not less than 6 times per year. The date, hour and place of such

meetings will be agreed upon by the Board, upon a proposal by the Chairman, for the next financial year at the last Board meeting of each financial year.

If an urgent issue arises, the Board can meet by a conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other. Moreover, where duly justified by emergency and by the corporate interest of the Company, decisions may be adopted, without a meeting, by the unanimous written consent of the directors. However, this procedure may not be used for the approval of the annual accounts and the use of the authorized capital.

In addition, special meetings of the Board of Directors may be called and held at any time upon the call of any director, by notice to each director at least five business days before the meeting. Where duly justified by emergency and by the corporate interest of the company, the above notice period of five business days may be waived by the unanimous consent of the directors expressed in writing. If all directors are present or represented at such meeting, they shall be deemed to have waived the above notice period.

Board meetings are based on a detailed agenda specifying the topics for decision and those for information. Board members have the power to raise any question which they consider appropriate concerning the Company and its operations.

The Board of Directors can only deliberate if a majority of its members are present or represented. Each director can appoint another member of the Board to represent him and vote in his name. Any director can represent more than one other director. Decisions are made by a simple majority of the votes cast.

At the request of any director and subject to the approval of the Board, any third person may be invited to attend the whole or any part of a Board meeting.

The Company Secretary drafts minutes of each meeting reflecting the issues which were discussed, the decisions which were taken and, if any, the reservations which were voiced by dissenting directors. The minutes will be approved by the Chairman and subsequently by the Board during its next meeting.

Directors should arrange their personal and business affairs so as to avoid conflicts of interest with the Company. Any director with a conflicting financial interest (as set forth in article 523 of the Belgian Companies Code) on any matter before the Board must bring it to the attention of both the statutory auditor and fellow directors, and take no part in any deliberations related thereto. Any abstention from voting, as a result of a conflict of interest, shall be disclosed in accordance with the relevant legal provisions.

3.8 Special meeting of non-executive directors

Once a year, the non-executive directors shall meet without the presence of the CEO or any other executive director. In such meeting the non-executive directors shall assess their relationship with the executive directors; no formal Board decisions can be taken at such meeting.

3.9 The policy established by the Board for transactions and other contractual relationships between the Company or its subsidiaries, and its Board members and executive managers, which are not covered by the legal provisions on conflicts of interest

All Board members and executive managers are expected to act at all times in the interest of the Company and its subsidiaries.

Any transaction between the Company or its subsidiaries and any Board member or executive manager, irrespective whether or not falling within the scope of article 523 or 524 of the Belgian Companies Code, shall require the prior approval of the Board of Directors which need to be fully informed of the terms and conditions of the transaction as well as of the corresponding interest of the Company. Such transaction can only be entered into at market conditions.

3.10 Access to management

Non-executive members of the Board shall not intervene directly in the operations of the Company other than in exceptional circumstances and on a "needs only" basis.

Non-executive members of the Board ordinarily shall not give instructions to, or interfere with the activities of Company management and employees. By exception to this principle, members of the Audit Committee shall at all times have full and free access to the CFO and any other employee to whom they may require access in order to carry out their responsibilities.

3.11 Access to advisors

The Board, and the Board Committees shall have the authority, at the reasonable expense of the Company, to retain such independent accounting, financial, legal and other advisors as they deem necessary or appropriate to carry out their mandate after informing and consultation with the Chairman of the Board with due consideration for the financial consequences for the Company.

3.12 Information for directors

Directors have access to all corporate information needed to fulfill their fiduciary duties. This right of access is subject, in the case of personal information concerning employees of the Company, to applicable privacy laws. The Company Secretary is available to supply the requested information.

Directors will only use the information they receive for the purpose of exercising their duties and must preserve the confidentiality of such information. To this effect they will be required to sign confidentiality undertakings before the commencement of their mandate.

3.13 The remuneration of directors

Only the independent directors shall receive a fixed remuneration in consideration of their membership of the Board of Directors and their attendance at the meetings of Committees of which they are members. They will not receive any performance related remuneration, nor will any option or warrants be granted to them in their capacity as director. However, upon advice of the Nomination and Remuneration Committee, the Board of Directors may

propose to the Shareholders' Meeting to deviate from the latter principle in case in the Board's reasonable opinion the granting of options or warrants would be necessary to attract independent directors with the most relevant experience and expertise.

All other directors will not receive any remuneration in consideration of their membership of the Board, provided that this will not apply to the CEO.

The provisions concerning the remuneration of the non-executive directors apply equally to executive directors in their capacity as directors.

Notwithstanding the above, all directors (including those who are not independent) will keep the warrants granted to them prior to the listing of the Company on the Eurolist by Euronext Brussels, a list of which was published in the listing prospectus of the Company.

The Nomination and Remuneration Committee recommends the level of remuneration for directors, including the Chairman of the Board, subject to approval by the Board and, subsequently, by the Shareholders' Meeting when it approves the annual accounts.

The Nomination and Remuneration Committee benchmarks directors' compensation against peer companies to ensure that it is competitive. Remuneration is linked to the time committed to the Board and its various Committees. Currently, a fixed annual fee of € 15,000.00 is based on six Board meetings and two Committee meetings a year. The fee is supplemented with an amount of € 1,500.00 for each additional meeting. The Chairman's fee is twice that of other Directors. Changes to these fees will be submitted to the Shareholders' Meeting for approval.

The Board sets and revises, from time to time, the rules and level of compensation for directors carrying out a special mandate or sitting on one of the Board Committees and the rules for reimbursement of directors' business-related out-of-pocket expenses. Remuneration for directors will be disclosed to shareholders in accordance with applicable laws and stock exchange rules.

3.14 Corporate governance in the annual report

As set out in article 95 of the Belgian Companies Code, each year the directors draw up a report in which they account for their management over the last year.

In addition to the data required by law, this report shall also contain a Corporate Governance Chapter describing all relevant corporate governance events that took place during the year under review. Such Chapter shall include at least the elements listed in Annex F of the Belgian Code on Corporate Governance.

If the Company does not fully comply with one or more provisions of the Belgian Corporate Governance Code, it shall explain the reasons thereof in this Corporate Governance Chapter.

3.15 Representation of the Company by its directors

The Company is validly represented by any two of its directors acting jointly. For acts within the scope of their specific powers, the Company is also validly represented by special representatives who are appointed by the Board of Directors.

4 Chairman of the Board

4.1 Appointment

The Board of Directors elects the Chairman of the Board from amongst its members meeting the criteria for an independent director. For the appointment of the Chairman of the Board, the Nomination and Remuneration Committee will prepare a job specification, including an assessment of the time commitment expected, recognizing the need for availability in the event of crises. The CEO will not be the Chairman of the Board.

To ensure the continuity in the period immediately following the IPO, Koenraad Debackere, who is a non-executive director but does not meet the criteria for an independent director, will stay on as Chairman of the Board in deviation of the above paragraph. It is, however, the Company's intention to appoint an independent director as Chairman of the Board within a period of six months following the IPO.

4.2 Powers and responsibilities

The Chairman of the Board is responsible for the proper and efficient functioning of the Board.

The Chairman of the Board of Directors is responsible for the leadership of the Board of Directors. He takes the necessary measures to develop a climate of trust within the Board of Directors, contributing to open discussion, constructive dissent and support for the decisions of the Board of Directors. The Chairman of the Board promotes effective interaction between the Board and the executive management. He establishes a close relationship with the CEO, providing support and advice, while fully respecting the executive responsibilities of the CEO.

The Chairman of the Board determines the agenda of the Board meetings after consultation with the CEO (and taking into account the request from the directors) and chairs Board meetings.

He ensures that directors receive prior to each meeting complete timely and accurate information and where necessary, between meetings.

The Chairman of the Board will also make sure that all directors receive the same Board information and that there is sufficient time for consideration and discussion before making decisions.

The Chairman of the Board will ensure that new directors receive an appropriate induction to the Company prior to joining the Board.

The Chairman of the Board represents the Board from a public relations standpoint to the shareholders and the public at large and chairs the Shareholders' Meetings. The Chairman of the Board will serve as interface between the Board and major shareholders of the Company on matters of corporate governance.

5 Company Secretary

The Company Secretary shall be appointed by the Board of Directors which can also decide to dismiss him/her at any time.

The Company Secretary shall report to the Board on how procedures are complied with

and whether the Board acts in accordance with its statutory obligations and its obligations under the Articles of Association. He shall assist the Chairman of the Board in the logistics associated with the affairs of the Board (information, agenda, etc.). Individual directors have direct access to the Company Secretary.

6 Chief Executive Officer

6.1 Appointment

The Board of Directors appoints and removes the managing director (“gedelegeerd bestuurder”/“administrateur délégué”), also referred to as the Chief Executive Officer or CEO.

6.2 Role and Powers

The role of the CEO of TiGenix is to implement the mission, strategy and targets set by the Board of Directors and to assume responsibility for the day-to-day management of the Company. He reports directly to the Board of Directors.

As the chief manager of TiGenix, the CEO is responsible for:

- examining, analysing and proposing to the Board of Directors strategic business opportunities that can contribute to the further growth of the group;
- executing the decisions of the Board of Directors;
- preparing proposals to the Nomination and Remuneration Committee concerning the appointment, remuneration and evaluation of the members of the management team;
- setting up, chairing and leading the management team;
- managing the members of the management team as they discharge of their individual responsibilities, as determined by the CEO;
- determining the objectives to be achieved by the management;
- communicating with the outside world;
- ensuring the day-to-day management of the Company and accounting to the Board of Directors for such management at regular intervals;
- maintaining a continuous dialogue and interaction with the members of the Board of Directors in an atmosphere of openness and a climate of trust;
- maintaining excellent relationships with important customers, suppliers and the authorities.

In addition, the CEO must enable the Board of Directors and the Chairman to exercise their responsibilities as directors. The CEO must therefore:

- prepare proposals on topics for which decision-making is the preserve of the Board of Directors;
- meet the Chairman of the Board of Directors at regular intervals, consult

- him/her and involve him/her in strategic projects from the outset;
- provide the Board of Directors with all the possible relevant information it needs to exercise its powers.

The Board of Directors allocates to the CEO the powers that are appropriate and necessary for the correct discharge of its tasks and responsibilities. The CEO is accountable to the Board of Directors for the discharge of the tasks and responsibilities allocated to him/her.

6.3 Representation of the Company by the CEO

The Company is duly represented by the CEO, acting independently, in all matters relating to day-to-day management. The CEO can delegate authority for daily management matters to executives of the Company (inspective whether or not they are employees).

6.4 Appointment

The CEO is appointed on the basis of a recommendation by the Nomination and Remuneration Committee. The person designated by the Board of Directors as the CEO shall be appointed as a director by the Shareholders' Meeting upon proposal of the Board of Directors.

6.5 Remuneration

The remuneration of the Chief Executive Officer is determined by the Board of Directors on the basis of recommendations of the Nomination and Remuneration Committee which shall benchmark such remuneration to ensure that it is competitive and allows to attract the best person for the job

6.6 Evaluation

Each year, the Nomination and Remuneration Committee evaluates the performance of the Chief Executive Officer and makes proposals to the Board of Directors for the targets to be achieved by the CEO in the following year.

7 Board Committees

The Board is assisted by several Board Committees to analyze specific issues, *i.e.*, the Audit Committee, and the Nomination and Remuneration Committee which are solely composed of directors of the Company.

7.1 Nomination and Remuneration Committee

7.1.1 Role

The Nomination and Remuneration Committee makes recommendations to the Board of Directors on the appointment and remuneration of the members of the Board of Directors and the executive managers.

7.1.2 Powers

The Nomination and Remuneration Committee is authorised to:

For the purpose of appointments & assessments:

- prepare selection criteria and procedures for the appointment of members of the Board of Directors;
- review appropriate candidates for vacant directorships as proposed by the CEO or a shareholder in accordance with the Articles of Association;
- review appropriate candidates for vacant top executive management positions as proposed by the CEO;
- prepare reappointment proposals;
- periodically evaluate the size and composition of the Board of Directors and, if applicable, prepare recommendations for changes to its size and composition.

With respect to the remuneration policy:

- prepare proposals to the Board of Directors concerning the remuneration policy for directors;
- prepare and evaluate proposals to the Board of Directors concerning the remuneration policy concerning executive managers, at least with regard to
 - (i) the main contractual provisions including the most important features of pension schemes and make arrangements for termination of the contractual relationship;
 - (ii) the main features of determining remuneration, including:
 - the relative importance of each component of the remuneration;
 - the performance criteria applicable to the variable elements;
 - benefits in kind;
 - (iii) prepare proposals concerning individual remuneration, including, depending on the situation, bonuses, long-term incentives, which may or may not be linked to the shares in the Company, in the form of options or other financial instruments.

7.1.3 Composition

The Nomination and Remuneration Committee comprises at least three directors. All members of the Nomination and Remuneration Committee must be non-executive directors, a majority of whom are independent. The composition of the Nomination and Remuneration Committee may deviate from the above if, in the reasonable opinion of the Board of Directors, a different composition can bring more relevant experience and expertise to the committee.

The members of the Nomination and Remuneration Committee are appointed and may be dismissed at any time by the Board of Directors. The duration of the

appointment of a member of the Nomination and Remuneration Committee must not exceed the duration of his/her directorship.

The Nomination and Remuneration Committee is chaired by the Chairman of the Board of Directors or by another non-executive director appointed by the Committee.

7.1.4 Secretary

The Secretary of the Nomination and Remuneration Committee or another person designated by the Chairman of the meeting prepares a report on the findings and recommendations of the meeting of the Nomination and Remuneration Committee. The Secretary sends the report to all the members of the Board of Directors as soon as possible after a meeting.

7.1.5 Operation

The Nomination and Remuneration Committee meets as frequently as is necessary for the efficient operation of the Nomination and Remuneration Committee and is called at least twice a year. The meetings are as far as possible arranged in advance for each year.

Meetings of the Nomination and Remuneration Committee are in principle called by the Chairman of the Nomination and Remuneration Committee. Each member of the Nomination and Remuneration Committee may request that a meeting be called.

Except in cases requiring rapid action, the agenda for the meeting as well as all supporting documentation is sent to the members of the Nomination and Remuneration Committee at least seven (7) calendar days in advance of the meeting.

A meeting is quorate if it is attended in person by at least two members.

Decisions are taken by a majority of votes cast by the members of the Committee. The Committee invites other persons to attend its meetings, at its discretion.

No individual director shall be present at the meeting of the Nomination and Remuneration Committee at which his/her own remuneration is discussed nor shall an individual director be involved in any decision concerning his/her own remuneration.

7.1.6 Reporting and Assessment

The Nomination and Remuneration Committee provides the Board of Directors with clear regular information about the discharge of its functions. It informs the Board of Directors about any areas in which the Nomination and Remuneration Committee considers action or improvement to be necessary. The Nomination and Remuneration Committee prepares recommendations concerning the necessary steps to be taken.

The Nomination and Remuneration Committee checks its operation and efficiency each year. It reports on its assessment to the Board of Directors and submits to the Board of Directors proposals for changes where necessary.

The Nomination and Remuneration Committee should consider proposals with regard to the appointment of directors. In particular the CEO shall be entitled to submit proposals to, and to be adequately consulted by the Nomination and Remuneration Committee, especially when dealing with issues related to executive directors or executive management.

As regards remuneration, the CEO shall participate in the meetings of the Nomination and Remuneration Committee when it deals with the remuneration of members of the executive management.

7.2 Audit Committee

7.2.1 Role and powers

The Audit Committee supervises financial reporting and the observance of administrative, legal and fiscal procedures and the follow-up of financial and operational audits and advises on the choice and remuneration of the auditor. The committee, which reports directly to the Board of Directors, has per se a supervisory and advisory role.

- (a) The Audit Committee ensures the integrity of the financial information supplied by the Company, in particular:
 - the Audit Committee ensures that financial reporting gives a truthful, honest and clear picture of the situation and prospects of the Company, on both an individual and a consolidated basis;
 - the Audit Committee checks the accuracy, completeness and consistency of financial information before it is announced;
 - the Audit Committee assesses the choice of accounting policies and the impact of new accountancy rules;
 - the Audit Committee discusses significant matters relating to financial reporting both with the executive managers and the external auditor.
- (b) Internal supervision:
 - the Audit Committee evaluates at least once a year the internal supervision and risk management system installed by the executive managers;
 - the Audit Committee also examines the declarations relating to internal supervision and risk management included in the annual report of the Company;
 - the Audit Committee investigates the specific arrangements to enable staff to express concerns in confidence about any irregularities in financial reporting and other areas (whistleblower arrangements). The Audit Committee ensures that all the staff of the Company and its subsidiaries are aware of such arrangements.
- (c) Internal audit:
 - the Audit Committee decides on the appointment and dismissal of

the internal auditor. The Audit Committee approves annual budgets and the internal audit budget. The responsibilities of the Audit Committee also include evaluation of the effectiveness of the internal audit function and the follow-up given by executive managers to the findings and recommendations made by the internal auditor.

(d) External audit:

- the Audit Committee supervises the relationship between the Company and the external auditor and makes recommendations to the Board of Directors concerning the selection, appointment, reappointment, dismissal and conditions of appointment of the external auditor.
- the Audit Committee supervises the independence of the external auditor, in particular in the light of the provisions of the Companies Code and the Royal Decree of 4 April 2003.
- the Audit Committee monitors the external auditor's schedule and ensures the effectiveness of the external audit process. The Audit Committee examines the extent to which the executive management complies with the recommendations made by the external auditor in its management letter.
- the Audit Committee examines which non-audit services have been entrusted to the external auditor and the scope of such services. The Audit Committee determines and updates a formal policy with regard to the types of non-audit services that: a) are excluded; b) are permissible after verification by the Committee and c) are permissible without being referred to the Committee, taking account of the specific provisions of the Companies Code.

7.2.2 Composition

The Audit Committee consists of at least three directors. All the members of the Audit Committee are non-executive directors, with a majority of independent directors. The composition of the Audit Committee may deviate from the above if, in the reasonable opinion of the Board of Directors, a different composition can bring more relevant experience and expertise to the committee.

The members of the Audit Committee are appointed on the proposal of the Chairman of the Board of Directors and may be dismissed by the Board of Directors at any time. The duration of the appointment of a member of the Audit Committee must not exceed the duration of his/her directorship.

The Audit Committee is chaired by one of the members of the Audit Committee appointed by the Committee. The Chairman of the Board of Directors may not chair the Audit Committee.

The members of the Audit Committee shall have sufficient relevant expertise, in particular in financial matters, to effectively discharge their functions.

7.2.3 Secretary

The Company Secretary is also the Secretary of the Audit Committee. The Secretary of the Audit Committee prepares a report on the findings and recommendations of the meetings of the Audit Committee. The Secretary sends the report to all the members of the Board of Directors as soon as possible after a meeting.

7.2.4 Operation

The Audit Committee meets as frequently as necessary to ensure effective operation of the Audit Committee, but at least five times a year. An annual schedule is determined for meetings of the Audit Committee. The meetings are preferably held shortly before meetings of the Board of Directors.

Meetings of the Audit Committee are in principle called by the Chairman of the Audit Committee. Each member of the Audit Committee may convene a meeting of the Audit Committee.

Except in cases requiring rapid action, the agenda for the meeting as well as all supporting documentation is sent to the members of the Audit Committee at least seven (7) calendar days in advance of the meeting.

A meeting is quorate if it is attended in person by at least two members.

The decisions of the Audit Committee in its supervisory and advisory role are taken by a majority of the votes cast.

The Audit Committee invites other people to attend its meetings at its discretion. The Audit Committee meets the external and internal auditors at least once a year, in order to discuss with them matters concerning its internal rules and any matters arising from the audit process.

The internal auditor has unlimited access to the Chairman of the Audit Committee to discuss matters concerning the internal audit of the Company.

7.2.5 Reporting and Assessment

The Audit Committee provides the Board of Directors with clear regular information about the exercise of its functions. It informs the Board of Directors about all areas in which action or improvement is necessary in the opinion of the Audit Committee. The Audit Committee produces recommendations concerning the necessary steps that need to be taken. The audit review and the reporting on that review should cover the Company and its subsidiaries as a whole.

The Audit Committee checks its own operation and efficiency once a year. It reports on its evaluation to the Board of Directors and submits to the Board of Directors proposals for changes where necessary.

8 Rules preventing market abuse

A Dealing Code, attached hereto as Annex I, ensures that all employees, and particularly the members of the Board do not abuse, nor place themselves under suspicion of abusing, and maintain the confidentiality of inside information that they may have or be thought to

have, especially in periods leading up to an announcement of financial results or of price-sensitive events or decisions.

To implement and monitor this Dealing Code, the Board of Directors shall designate one or more Compliance Officers who shall have the rights and obligations set out in the Dealing Code.

9 Miscellaneous

9.1 Changes to the Corporate Governance Charter

The Board of Directors may amend this Corporate Governance Charter from time to time without prior notice. It may also decide at any time to deviate from this Charter subject to disclosure thereof in the Corporate Governance Chapter of the annual Board report.

Any such modification or deviation will be published on the Company's website.

Third parties shall not derive any rights from such modification or deviation.

9.2 Priority

In case of any contradiction between a provision of this Corporate Governance Charter and an applicable mandatory law or regulation, such law or regulation shall supersede the provision of this Corporate Governance Charter.

9.3 Governing law and jurisdiction

This Corporate Governance Charter shall be governed by and construed in accordance with Belgian law.

The courts of Leuven (Belgium) shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Corporate Governance Charter.

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