

Cambium Bio Ltd - Corporate Governance Statement

30 August 2024

Cambium Bio Ltd (**Cambium** or **Company**) and its Board are committed to achieving and demonstrating high standards of corporate governance. As such, Cambium and its Controlled Entities (the **Group**) have adopted the Fourth Edition of the Corporate Governance Principles and Recommendations (**4th Edition Recommendations**).

This Corporate Governance Statement reports on the extent to which the Company's corporate governance policies and practices follow the 4th Edition Recommendations. The Company follows the 4th Edition Recommendation where the Board has considered the relevant recommendation to be an appropriate benchmark for its corporate governance practices. This statement reports compliance with the 4th Edition Recommendations.

The following governance-related documents are available on the Company's website at www.Cambium.bio, under the section marked "About us, Corporate Governance".

This Corporate Governance Statement is current as at 30 August 2024 and has been approved by the Board.

Charters, Codes and Policies

Anti-Bribery and Corruption Policy

Audit and Risk Committee Charter

Board Charter

Board Skills Matrix

Code of Conduct

Continuous Disclosure Policy

Diversity Policy

Process for Evaluating Board and Executive Performance

Remuneration and Nominations Committee Charter

Securities Trading Policy

Shareholder Communication Policy

Statement of Values

Whistleblower Policy

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 - Role of the Board and Management

The Board has a Board Charter which sets out respective roles and responsibilities of the Board and management, and sets out those matters reserved to the Board and those delegated to management.

The Board Charter specifies:

- the requirements on directors in performing their duties
- the role and responsibilities of the Chair of the Board
- Cambium's policy on how and when directors may seek independent professional advice at the expense of Cambium.

The Board is collectively responsible for setting the strategy for the Group, including operational and financial objectives and ensuring that there are sufficient resources for this strategy to be achieved, appointing and, where appropriate, removing the Chief Executive Officer (**CEO**), approving other key executive appointments and planning for executive succession, overseeing and evaluating the performance of the CEO through a formal performance appraisal having regard to the Group's business strategies and objectives, monitoring compliance with legal, regulatory and occupational health and safety requirements and standards, overseeing the identification of key risks faced by the Group and the implementation of an appropriate internal control framework to ensure those risks are managed to an acceptable level, approving the Group's budgets, including operational and capital budgets, and the approval of significant acquisitions, expenditures or diversities, approval of the annual and half-yearly financial reports and ensuring the market and shareholders are fully informed of material developments.

The responsibility for the implementation of the Group's strategic objectives and operation and administration of the Group is delegated by the Board to the CEO and the executive management team. The Board ensures that both the CEO and executive team are appropriately qualified and experienced to discharge their responsibilities and, as discussed above, has in place procedures to monitor and assess their performance.

The Board Charter is available on the Company's website at www.Cambium.bio, under the section marked "About Us, Corporate Governance".

Recommendation 1.2 - Appointment of Directors and Senior Executives

Cambium undertakes appropriate checks prior to the appointment of any new Director, senior executive or employee.

Cambium's policy is to provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Recommendation 1.3 - Written agreements with Directors and Senior Executives

Cambium has written letters of agreement in place with each Director and an employment or services contract with each senior executive that set out the terms of their appointment and clearly define their roles and responsibilities and of Cambium's expectations for the Director or senior executive.

Recommendation 1.4 - Company Secretary

The Company Secretary supports the effectiveness of the Board by monitoring that Board policy and procedures are followed, and by coordinating the timely completion and dispatch of Board and Committee papers, including agendas, minutes, appropriate registers and reports.

The Company Secretary is directly accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Recommendation 1.5 - Diversity Policy

The Company is committed to diversity and recognizes the benefits arising from employee and Board diversity and the importance of benefiting from all available talent. Diversity includes, but is not limited to gender, age, ethnicity and cultural background.

The Company has adopted a diversity policy which is available on the Company's website at www.Cambium.bio, under the section marked "About Us, Corporate Governance".

Under the Company's diversity policy, the Board is responsible for developing measurable objectives for achieving diversity, and regularly assesses both the objectives for achieving diversity and progress in achieving those objectives.

The Company has developed a number of policies to support diversity, including implementing family friendly policies and flexible work options.

However, due to the small size of the Company's current operations the Board did not set measurable targets for diversity for FY2024. Notwithstanding the lack of measurable targets, the Board reviews and evaluates the effectiveness of the Diversity Policy and policies to support diversity on a regular basis.

The respective proportions of women on the Board, in Senior Executive positions and employed by the Company as at 30 June 2023 and 30 June 2024 were as follows:

	30 June 2023	30 June 2024	Total % of women in the Company
Women on the Board	0	0	0%
Women in Senior Executive positions	0	1	20%
Women employees in the Company	0	n/a	n/a

All individuals engaged by the Company are consultants/contractors, and the Company currently has no employees

The Company defines "Senior Executive" for these purposes as someone who makes, or participates in making decisions that affect the whole, or a substantial part of the business or the Company.

The Company is not a "relevant employer" under the *Workplace Gender Equality Act 2012* (Cth).

Recommendation 1.6 – Evaluating the performance of the Board

The Board is committed to formally evaluating its performance, the performance of its Committees and individual directors. Under the Board Charter, the Board does this by periodic review of their performance.

The review process is set out in Cambium's Process for Evaluating Board and Executive Performance which is available on the Company's website at www.Cambium.bio, under the section marked "About Us, Corporate Governance".

Performance evaluations of individual directors, the Board and its Committees were undertaken in accordance with this process during FY2024.

Recommendation 1.7 – Evaluating the performance of Senior Executives

Senior Executives are appointed by the Board and are set key performance indicators (KPIs). These KPIs are established at the beginning of each financial year and an annual evaluation of performance against the KPIs is also conducted annually.

Performance evaluations of all Senior Executives were undertaken in accordance with this process during FY2024.

Principle 2: Structure the Board to be effective and add value

Recommendation 2.1 - Remuneration and Nominations Committee

The Board has established a Remuneration and Nominations Committee.

The Remuneration and Nominations Committee comprised two members, one of whom is an independent Director.

The Committee is chaired by an independent Director (being Barry Sechos). The Remuneration and Nominations Committee oversees the appointment and induction process for Directors and the selection, appointment and succession planning process of the Group's CEO.

The composition of the Remuneration and Nominations Committee does not align with Principle 2.1 which provides that a nomination committee should have at least 3 members a majority of whom are independent directors. The Board considers that given the size and scope of the Group's operations and the small size of the full Board, the Remuneration and Nominations Committee is appropriately structured to discharge its responsibilities.

During FY2024, the Remuneration and Nominations Committee comprised Barry Sechos and Leo Lee until the retirement of Mr Lee from the Board on 5 April 2024. Mr Lee was not an independent Director. Mr Lee's position on the Remuneration and Nominations Committee was replaced by Yu-Hung Sebastian Tseng, who is also not an independent director. The Remuneration and Nominations Committee met one time during FY2024 and the individual attendances of the Committee members at those meetings was as follows:

Name of Committee Member	Number of meetings held	Number of meetings attended
Barry Sechos	1	1
Leo Lee-resigned 5 April 2024	1	1
Yu-Hung Sebastian Tseng-appointed 11 April 2024 (not eligible to attend the 1 meeting held)	1	0

Recommendation 2.2 - Board composition and Skills Matrix

The names of the members of the Board during FY2024 were as follows:

Barry Sechos – Independent Chairman

Dr Graham Vesey – Executive Director

Leo Lee – Non-executive Director – resigned 5 April 2024

Terence Allen Walts – Executive Director – appointed 5 April 2024

Edmund Kemp Waller – Executive Director – appointed 5 April 2024

Yu-Hung Sebastian Tseng – Non-executive Director – appointed 11 April 2024.

The Board's composition is determined with regard to the majority of Directors having extensive experience in the industries that the Group operates in. With those that do not, having extensive experience in significant aspects of the financial reporting and risk management of ASX listed companies. The size of the Board is appropriate to facilitate effective discussion and efficient decision-making. There are a sufficient number of Directors to serve on Board sub-committees without it overburdening the Directors or making it difficult for the Directors to effectively discharge their responsibilities.

Cambium has adopted a formal Board Skills Matrix. The Board Skills Matrix is available on the Company's website at www.Cambium.bio, under the section marked "About Us, Corporate Governance".

The Board Skills Matrix will be used to guide the assessment and experience of directors and to identify any gaps in the collective skills of the Board. The Board Skills Matrix sets out the mix of skills that the Board currently has.

The Board periodically reviews whether there is a need for directors to undertake professional development to maintain the skills and knowledge required to perform their role effectively (see also further information below).

Recommendation 2.3 - Director independence

The independence of non-executive directors is assessed prior to appointment and then reviewed annually by the Cambium Remuneration and Nominations Committee. The Board believes that independence is evidenced by an ability to constructively challenge and independently contribute to the work of the Board. Cambium's criteria for assessing director independence aligns with the guidance provided in the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations and the materiality of the Director's interests, position, association or relationship, are assessed on a case-by-case basis having regard to the relevant Director's specific circumstances, rather than referring to a general materiality threshold.

The findings of the annual review of Director independence by the Remuneration and Nominations Committee are considered by the Board. As part of the review, Cambium's criteria for assessing director independence are sent to each Independent Director. They are requested to confirm whether they have any interests, positions or relationships that could materially interfere with the Director's capacity to bring independent judgement on matters before the Board and act in the best interests of Cambium.

Consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations guidance on assessing independence, the following interests or associations were considered by the Remuneration and Nominations Committee and by the Cambium Board:

- Mr Leo Lee was previously Chief Executive officer of Cambium. He resigned as Chief Executive Officer on 2 November 2020. Prior to 5 April 2024 Mr Lee held 5.19% of the shares of Cambium. This interest was reduced to below 5% on the issue by Cambium of further shares on 5 April 2024. Mr Lee resigned from the Board on 5 April 2024.
- Mr Barry Sechos is company secretary of Kirman 2 Pty Limited, which until 5 April 2024 was a substantial shareholder of Cambium and had an interest in 5.19% of the shares of Cambium. This interest was reduced to below 5% on the issue by Cambium of further shares on 5 April 2024. As such, Kirman 2 Pty Limited ceased to be a substantial shareholder of Cambium on that date.
- Mr Yu-Hung Sebastian Tseng is director of Zheng Yang Biomedical Technology Limited (ZYBT). Mr Tseng and ZYBT together hold a relevant interest in 24.53% of the shares of Cambium.

The Remuneration and Nominations Committee and the Board have considered these matters and determined that:

- Mr Leo Lee, by virtue of his previous executive position with Cambium and his shareholding, was not an independent director;
- Mr Barry Sechos, notwithstanding his directorship with the Sherman Group, is an independent director; and
- Mr Yu-Hung Sebastian Tseng, by virtue of his shareholding, is not an independent director.

With regard to Mr Sechos, for the period prior to 5 April 2024, having regard to all the circumstances, the Board has formed the view that Mr Sechos' position did not interfere, nor could be reasonably seen to interfere, with his independence – ie his ability to constructively challenge and independently contribute to the work of the Board and capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally. In considering the matter, the Remuneration and Nominations Committee and the Board has regard to a number of factors relevant to Mr Sechos' circumstances, including the fact that, in the course of Board deliberations, Mr Sechos demonstrates an objective assessment of all matters before the Board.

Barry Sechos is considered by the Board to be an independent Director.

The length of service of each director is set out in Cambium's annual report each year.

Recommendation 2.4 - Majority of Directors are not independent

Prior to 5 April 2024, the Board comprised three directors, one of whom was independent.

Between 5 April 2024 and 11 April 2024 the Board comprised four directors, one of whom was independent.

From 11 April 2024, the Board has comprised five directors, 1 of whom is an independent director and 4 of whom are non-independent directors (Graham Vesey, Terence Allen Watts, Edmund Kemp Waller and Yu-Hung Sebastian Tseng).

Accordingly, the Company did not have a majority of Independent Directors. While the Board recognises the desirability of having a majority of directors be independent, the Board considers that given the size and scope of the Group's operations, it has the relevant experience in its industry and is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders from both a long-term strategic and operational perspective. To assist directors with their independent decision making, the Board collectively, and each director, has, subject to prior consultation with the Chairman, the right to seek independent professional advice at the Company's expense. A copy of such advice is required to be made available to all members of the Board.

Non-Executive Directors are encouraged to confer periodically without executive Directors or other senior executives present.

Recommendation 2.5 - Chair of the Board

The Chair of the Board is Barry Sechos, an independent Director. The Chair is responsible for the leadership of the Board. This includes taking responsibility for ensuring the Board functions effectively and that they comply with the continuous disclosure requirements of the ASX listing rules with regard to communicating the operations and activities of the Group to shareholders. The Chair's responsibilities include setting the agenda for Board meetings, managing the conduct, frequency and length of Board meetings to ensure that all Directors have had the opportunity to establish a detailed understanding of the issues affecting the Group and facilitating the Board meetings to ensure effective communication between the Directors and that all Directors have contributed to the decision-making process thereby leading to a considered decision being made in the best interest of the Group.

Recommendation 2.6 – Induction and professional development offered to Directors

All new Directors are provided with copies of all relevant documents and policies governing the Group's business, operations and management at the time of joining the Board and offered induction training.

Each Director has the right of access to all relevant information in the Group in addition to access to the Group's executives. All Directors are provided with ongoing opportunities to develop and maintain the skills and knowledge required, subject to prior consultation with, and approval from, the Chairman.

Principle 3: Instill a culture of acting lawfully, ethically and responsibly

Recommendation 3.1 – Cambium's values

Cambium's values are behaviours that guide the actions and decision making of staff and reflect its culture. Cambium has adopted a formal statement of its values. The statement of values is available on the Company's website at www.Cambium.bio, under the section marked "About Us, Corporate Governance".

Recommendation 3.2 – Code of Conduct

The Group recognizes the importance of establishing and maintaining high ethical standards and decision making in conducting its business and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All Directors, managers and employees are

expected to act with the utmost integrity, honesty and objectivity, striving at all times to enhance the reputation and performance of the Group.

Unethical practices, including fraud, legal and regulatory breaches and policy breaches, as detailed in the Code of Conduct policy, are required to be reported on immediately to management. Reporting parties are able to do so without fear of reprisal or retribution as their identity and report are kept in the strictest confidence. The Board of Cambium is informed of any material breaches of the Code of Conduct.

The Code of Conduct is available on the Company's website at www.Cambium.bio, under the section marked "About Us, Corporate Governance".

Recommendation 3.3 – Whistleblower Policy

Cambium has adopted a Whistleblower Policy to encourage all persons to report any information which indicates any unlawful, unethical or socially irresponsible behaviour in good faith and without fear of reprisal. The Whistleblower Policy aligns with Australia's new whistleblower protection laws and sets out the way in which Cambium will respond to reports of wrongful acts. The Board of Cambium is informed of any material incidents reported under the Whistleblower Policy.

Cambium's Whistleblower Policy is available on the Company's website at www.Cambium.bio, under the section marked "About Us, Corporate Governance".

Recommendation 3.4 – Anti-Bribery and Corruption Policy

Cambium has adopted an Anti-Bribery and Corruption Policy. The Anti-Bribery and Corruption Policy is available on the Company's website at www.Cambium.bio, under the section marked "About Us, Corporate Governance". The Board of Cambium is informed of any material breaches of the Policy.

Principle 4: Safeguard the integrity of corporate reports

Recommendation 4.1 – Audit and Risk Committee

An Audit and Risk Committee has been established by the Board. The Committee's role and operations are documented in its Charter.

The Audit and Risk Committee comprises three members, one of whom is an independent Director. The Committee is chaired by an independent Director, who is also the Chair of the Board.

The Audit and Risk Committee ensures the integrity of the Group's internal and external financial reporting including compliance with applicable laws and regulations, ensuring that financial information provided to the Board is of a sufficiently high quality to allow the Board to make informed decisions, ensuring that appropriate and effective internal systems and controls are in place to manage the Group's exposure to risk, overseeing the appointment, compensation, retention and oversight of the external auditor and review of any non-audit services provided by the external auditor and to regularly review the performance of the external auditor regarding quality, costs and independence.

The composition of the Audit and Risk Committee does not align with Principle 4.1 which provides that an audit committee should have a majority of independent directors and be chaired by an independent director who is not Chair of the Board. The Board considers that given the size and scope of the Group's operations and the small size of the full Board, the Audit and Risk Committee is appropriately structured to discharge its responsibilities.

Until 5 April 2024, the Audit and Risk Committee comprised Barry Sechos (Chair) and Leo Lee. On Leo Lee's resignation as a Director on 5 April 2024, Graham Vesey was appointed to the Audit and Risk Committee. Yu-Hung Sebastian Tseng was appointed to the Audit and Risk Committee on his appointment to the Board on 11 April 2024. The Audit and Risk Committee met two times during FY2024 and the individual attendances of the Committee members at those meetings was as follows:

Name of Committee Member	Number of meetings held	Number of meetings attended
Barry Sechos (Chair)	2	2
Leo Lee-resigned 5 April 2024 (eligible to attend 1 meeting)	2	1
Graham Vesey -appointed 5 April 2024 (eligible to attend 1 meeting)	2	1
Yu-Hung Sebastian Tseng-appointed 11 April 2024 (eligible to attend 1 meeting)	2	1

The relevant qualifications and experience of the members of the Committee (and of all directors) are set out in Cambium's annual report each year.

A copy of the Audit and Risk Committee Charter is available on the Company's website at www.Cambium.bio, under the section marked "About Us, Corporate Governance".

Recommendation 4.2 - Integrity of financial reporting

Before it approves the financial statements for the half-year and full-year, the Board receives a statement from the CEO and Chief Financial Officer (**CFO**) (or the person who performs the chief financial officer function) in accordance with section 295A of the Corporations Act and, that, in their opinion, the financial records for the Group, and the individual entities comprising the Group, have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the Group's financial position and performance and that their opinion has been formed on the basis of a sound system of risk management and internal control that is operating effectively.

Recommendation 4.3 - Periodic corporate reports

Where a periodic corporate report is not required to be audited or reviewed by an external auditor, Cambium conducts an internal verification process to confirm the integrity of the report to ensure the content of the report is materially accurate and to provide investors with appropriate information to make informed investment decisions. Any material corporate report is also reviewed and approved by the Board prior to release.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 - Continuous Disclosure Policy

Cambium has established procedures and policies to ensure timely and balanced disclosure of all material matters concerning the Group and ensure that all shareholders have access to information on the Group's financial performance. This ensures that the Group is compliant with the continuous disclosure requirements under the ASX Listing Rules.

These policies and procedures include a comprehensive Continuous Disclosure Policy that includes identification of matters that may have a material impact on the price of Cambium's securities, notifying them to the ASX, posting relevant information on the Group's website and issuing media releases.

Matters involving potential market sensitive information must first be reported to the CEO either directly or via the Company Secretary.

Cambium's Continuous Disclosure Policy is available on the Company's website at www.Cambium.bio, under the section marked "About Us, Corporate Governance".

Recommendation 5.2 – Material market announcements

Cambium's Continuous Disclosure Policy requires the Board to approve all announcements, other than administrative announcements or media releases that are not market sensitive, prior to release.

Copies of all market announcements are also required to be circulated to the Board promptly, to ensure the Board has timely oversight of the nature and quality of information being disclosed to the market.

Recommendation 5.3 – Investor or analyst presentations

Cambium's Continuous Disclosure Policy provides that any new and substantive investor or analyst presentation will be released to the ASX ahead of the presentation.

Principle 6: Respect the rights of security holders

Recommendation 6.1 – Information and governance

Cambium provides information about the Group and its governance practices on its website (including this Corporate Governance Statement, its constitution, the Board and Committee charters and key governance policies.

This information is available on the Company's website at www.Cambium.bio, under the section marked "About Us Corporate Governance".

Cambium has also established a Shareholder Communication Policy which describes the Group's approach to promoting effective communication with shareholders which includes providing the annual report, which includes relevant information about the operations of the Group during the year, key financial information, changes in the state of affairs and indications of future developments.

The half year and full year financial results are released to the ASX and are available via the ASX platform and Cambium website.

All announcements made to the market and related information (including new presentations to shareholders and information provided to analysts or the media during briefings), are made available to all shareholders under the investor information section of the Cambium website immediately after they have been released to the ASX.

Cambium's Shareholder Communications Policy is available on the Company's website at www.Cambium.bio, under the section marked "About Us Corporate Governance".

Recommendation 6.2 – Investor relations

Cambium has established an investor relations program which includes a detailed program of scheduled and ad-hoc interactions with institutional investors, private investors, sell-side and buy-side analysts.

Recommendation 6.3 – Shareholder meetings

Detailed notices of shareholder meetings are sent to all shareholders in advance of the meeting. The Board encourages full participation by shareholders at the annual general meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions. The shareholders are requested to vote on matters such as the adoption of the Group's remuneration report, the granting of options and shares to Directors and changes to the Constitution.

The external auditor attends the annual general meeting to answer any questions concerning the audit of the Group and the contents of the auditor's report.

Recommendation 6.5 – Shareholder communications

All substantive resolutions at meetings of shareholders are decided by poll rather than show of hands.

Recommendation 6.5 – Shareholder communications

Cambium encourages its shareholders to opt-in to receive communications from, and send information to, Cambium electronically. This can be done via the Registry or by requesting or agreeing to be included on the Company's distribution list for all company related news.

Principle 7: Recognise and manage risk

Recommendation 7.1 – Audit and Risk Committee

Under its Charter, the Audit and Risk Committee has been delegated responsibility by the Board to oversee the implementation and review of risk management and related internal compliance and control systems throughout the Group.

The Audit and Risk Committee comprises three members, currently one of the members is an independent Director. The Committee is chaired by an independent Director, who is also the Chair of the Board.

The Committee reviews the appropriateness and adequacy of internal processes for determining, assessing and monitoring risk areas including the assessment of the effectiveness of the Group's internal compliance and controls including the existence and adequacy of key policies and procedures and the adequacy of disclosures and processes for regular reporting of information to the appropriate parties, including the Board.

The Committee is also responsible for monitoring the Group's compliance with applicable laws and regulations including ensuring that management is reviewing developments and changes in applicable laws and regulations relating to the Group's responsibilities, reviewing management's actions and responses to ensure that the Group's practices are compliant with all new developments, reviewing material actual and suspected breaches of applicable laws and regulations and any breaches of Group policies, reviewing material litigation, legal claims, contingencies or significant risks relating to the Group and reviewing Director and executive management related party transactions.

The Audit and Risk Committee reports to the Board on any major issues and findings that are presented and discussed at its meetings.

The composition of the Audit and Risk Committee does not align with Principle 7.1 which provides that an audit committee should have a majority of independent directors and be chaired by an independent director who is not Chair of the Board. The Board considers that given the size and scope of the Group's operations and the small size of the full Board, the Audit and Risk Committee is appropriately structured to discharge its responsibilities.

The Audit and Risk Committee met two times during FY2024 and the individual attendances of the Committee members at those meetings was as follows:

Name of Committee Member	Number of meetings held	Number of meetings attended
Barry Sechos (Chair)	2	2
Leo Lee-resigned 5 April 2024 (eligible to attend 1 meeting)	2	1
Graham Vesey-appointed 5 April 2024 (eligible to attend 1 meeting)	2	1
Yu-Hung Sebastian Tseng-appointed 11 April 2024 (eligible to attend 1 meeting)	2	1

The Audit and Risk Committee Charter is available on the Company's website at www.Cambium.bio, under the section marked "About Us, Corporate Governance".

Recommendation 7.2 – Risk management framework

Cambium recognizes that a robust risk management framework is essential for corporate stability, protecting the interests of its stakeholders and for sustaining its competitive market position and long-term performance.

The Group has an established risk management framework that includes a number of objectives to drive its risk management policies, including having a culture that is risk aware and supported by high standards of accountability at all levels, promoting and achieving an integrated risk management approach whereby risk management forms a part of all key organizational processes, supporting more effective decision-making through better understanding and consideration of risk exposures, safeguarding the assets and enabling the Board to fulfill its governance and compliance requirements.

The Audit and Risk Committee evaluates Cambium's risk management framework annually to satisfy itself that the framework continues to be sound and that Cambium is operating with due regard to the risk appetite set by the Board. Review of the risk management framework was undertaken in accordance with this process during FY2024.

Recommendation 7.3 - Internal audit function

Cambium does not currently have a separate internal audit function. The Board considers that given the size and scope of the Group's operations a formal internal audit function is not required.

During FY2024, Cambium employed the following process for evaluating and constantly improving the effectiveness of its governance, risk management and internal control processes:

- Regular reporting of operations and financial results by senior executives to the Board;
- the Audit and Risk Committee monitors the need for an internal audit function having regard to the size and scope of the Group's operations;
- annual review by the Audit and Risk Committee of Cambium's risk management framework – including identification and review of risks and options for mitigation; and
- the Board reviews risk management and internal compliance procedures at each Board meeting, together with any risk matters raised for consideration by the Audit and Risk Committee or by the senior executives.

Recommendation 7.4 – Exposure to environmental and social risks

Cambium has no material exposure to environmental and social risks.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 – Remuneration and Nominations Committee

As previously mentioned in relation to Principle 2, the Board has established a Remuneration and Nominations Committee whose role is documented in a Charter, which is approved by the Board.

The composition of the Remuneration and Nominations Committee does not align with Principle 8.1 which provides that a remuneration committee should have at least 3 members a majority of whom are independent directors. The Board considers that given the size and scope of the Group's operations and the small size of the full Board, the Remuneration and Nominations Committee is appropriately structured to discharge its responsibilities.

The Remuneration and Nominations Committee met one time during FY2024 and the individual attendances of the Committee members at those meetings was as follows:

Name of Committee Member	Number of meetings held	Number of meetings attended
Barry Sechos	1	1
Leo Lee-resigned 5 April 2024	1	1

Yu-Hung Sebastian Tseng-appointed 11 April 2024 (not eligible to attend the 1 meeting held)	0	0
---	---	---

The objective of the Committee with respect to its remuneration function is to assist the Board in determining appropriate remuneration arrangements for the Directors and executive management. These objectives include reviewing the adequacy and form of remuneration of independent Non-Executive Directors, ensuring that the remuneration of the independent Non-Executive Directors is reflective of the responsibilities and the risks of being a Director of the Group, reviewing the contractual arrangements of the CEO and executive management to comparable groups within similar industries to ensure that the remuneration on offer can attract, retain and properly reward performance which will translate into long term growth in shareholder value, annually reviewing the key performance indicators of the CEO and executive team to ensure that they remain congruent with the Group's strategies and objectives, reviewing the basis for remuneration of the other Executive Directors of the Group for their services as Directors, reviewing incentive performance arrangements when instructed by the Board and reviewing proposed remuneration arrangements for new Directors or executive appointments. These performance reviews were undertaken during FY2024.

Recommendation 8.2 – Remuneration policies and practices

Details of the Group's policies and practices regarding the remuneration of non-executive directors, executive directors and senior executives, along with remuneration structure and details of key management personnel's remuneration and incentives, are set out in the Remuneration Report contained within the Directors' Report in Cambium's annual report.

Recommendation 8.3 – Equity based remuneration scheme

Cambium has in place an employee share option plan to foster an ownership culture in the Company and to motivate senior management and staff to achieve performance targets of the Company.

Participants under the employee share option plan are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. This policy is included in Cambium's Securities Trading Policy which is available on the Company's website at www.Cambium.bio, under the section marked "About Us, Corporate Governance".