



## Cynata Therapeutics Limited

# Corporate Governance Statement

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The Board of Directors of Cynata Therapeutics Limited (**Cynata or the Company**) ABN 98 104 037 372 is responsible for the corporate governance of the Company. The Board guides and monitors the Company's business on behalf of its shareholders.

The Company and its Board continue to be fully committed to achieving and demonstrating the highest standards of accountability and transparency in their reporting and see the continued development of the Company's corporate governance policies and practices as fundamental to the Company's successful growth.

To the extent applicable, in light of the Company's size and nature, the Board has adopted the *Corporate Governance Principles and Recommendations (Fourth Edition)* as published by ASX Corporate Governance Council (**Recommendations**). However, the Board also recognises that full adoption of the Recommendations may not be practical or provide the optimal result given the particular circumstances of the Company.

The Company's Corporate Governance Charters, Policies and Procedures are available from the Company's website at <https://www.cynata.com/corporate-governance>. Any references to various Charters or Policies within the statement below, are references to the Charters and Policies on the Company's website. Information published on the Company's website includes a copy of this Corporate Governance Statement.

This Corporate Governance Statement was approved by the Board of Directors, is current as at 29 August 2024 and has been authorised for release.

**Cynata Therapeutics Limited**  
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Recommendation	Comply	Comment
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<i>A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.</i>		
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes  The Company's Constitution provides that the business of the Company will be managed by or under the direction of the Board. The respective roles and responsibilities of the Board and management are defined under the Board Charter. There is a clear delineation between those matters expressly reserved to the Board and those delegated to management.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes  The Company's Constitution and its Remuneration and Nomination Policy set out the process of appointment, retirement and rotation of directors.  The Company undertakes comprehensive reference checks prior to appointing a Director or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of a Director. The Company provides all material information that is in its possession to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes  Pursuant to the Company's Remuneration and Nomination Policy the appointment of any new Director (executive or non-executive) of Cynata and each senior executive is made by, and in accordance with, a formal letter of appointment or written agreement setting out the key terms and conditions relative at the time of appointment. All current agreements are made with the Director or senior executive personally.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes  In accordance with the Board Charter, the decision to appoint or remove the Company Secretary must be made or approved by the Board. The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

Recommendation	Comply	Comment
<p>1.5 A listed entity should:</p> <p>(a) have a and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board, set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set out for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(D) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(E) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	Partial	<p>The Board has adopted a Diversity Policy which is available on its website and provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect to gender, age, ethnicity and cultural diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company's progress towards achieving them.</p> <p>The Board has not yet set measurable objectives for achieving gender diversity due to the Company's current size and level of operations. The Board is acutely aware of the importance for gender diversity within the workforce and looks to achieve a culture of inclusion when assessing a suitable candidate for an open position and through its day-to-day practices.</p> <p>The participation of women in the Company at the date of this report is as follows:</p> <ul style="list-style-type: none"> <li>• Women employees in the Company 57%</li> <li>• Women in senior management positions 40%</li> <li>• Women on the Board 20%</li> </ul> <p>The Company is not a "relevant employer" under the Workplace Gender Equality Act 2002 and therefore no Gender Equality Indicators have been disclosed.</p>
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.</p>	Yes	<p>On an annual basis, the Board conducts a review of its structure, composition and performance.</p> <p>The annual review includes consideration of the following measures:</p> <ul style="list-style-type: none"> <li>• comparing the performance of the Board against the requirements of its Charter;</li> <li>• assessing the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and the annual budget;</li> <li>• reviewing the Board's interaction with management;</li> <li>• reviewing the type and timing of information provided to the Board by management;</li> <li>• reviewing management's performance in assisting the Board to meet its objectives; and</li> <li>• identifying any necessary or desirable improvements to the Board Charter.</li> </ul> <p>The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.</p>

Recommendation	Comply	Comment
		<p>The Chair has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:</p> <ul style="list-style-type: none"> <li>• contribution to Board discussion and function;</li> <li>• degree of independence including relevance of any conflicts of interest;</li> <li>• availability for and attendance at Board meetings and other relevant events;</li> <li>• contribution to Company strategy;</li> <li>• membership of and contribution to any Board committees; and</li> <li>• suitability to Board structure and composition.</li> </ul> <p>An internally conducted Board performance review was undertaken during the year in accordance with the above process.</p>
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.</p>	Yes	<p>The Company has an annual performance review process in place for its Managing Director and other senior executives. On an annual basis, corporate objectives and individual key performance indicators (KPIs) are set. The Managing Director reviews the performance of senior executives and their delivery of corporate and individual objectives.</p> <p>Performance reviews of senior executives were conducted during the year in accordance with the above process.</p>
<p><b>Principle 2: Structure the Board to be effective add value</b></p> <p><i>The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.</i></p>		
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director,</li> </ol> <p>and disclose:</p> <ol style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	Yes	<p>The Board considers that the Company does not currently benefit from the establishment of a separate Nomination Committee. In accordance with the Company's Board Charter and operating within the boundaries of the Remuneration and Nomination Policy, the Board is responsible for the nomination and selection of directors.</p> <p>The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern Cynata. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.</p> <p>The Board reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process. When the need for a new director is identified, the required experience and competencies of the new director are defined in the context of the skills matrix and any gaps that may exist.</p> <p>Generally, a list of potential candidates is identified based on these skills required and other issues such as geographic location and diversity criteria. Candidates are assessed against the required skills and on their qualifications, backgrounds and personal qualities. In addition, candidates are sought who have a proven track record in creating security holder value and the required time to commit to the position.</p>

Recommendation		Comply	Comment																
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	The Board has a skills matrix covering the competencies and experience of each Director. The results of the skills matrix assessment in relation to the Board as a whole is displayed on the Company's website at <a href="https://www.cynata.com/corporate-governance">https://www.cynata.com/corporate-governance</a> .																
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position or relationship of the type described in box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Yes	<table border="0"> <thead> <tr> <th><b>Director</b></th> <th><b>Length of Service</b></th> </tr> </thead> <tbody> <tr> <td>Dr Geoffrey Brooke</td> <td>Independent Non-Executive Chair (appointed as a Non-Executive director on 17 May 2019);</td> </tr> <tr> <td>Dr Kilian Kelly</td> <td>Managing Director (appointed 1 July 2023);</td> </tr> <tr> <td>Dr Darryl Maher</td> <td>Independent Non-Executive Director (appointed 16 June 2020);</td> </tr> <tr> <td>Ms Janine Rolfe</td> <td>Independent Non-Executive Director (appointed 1 September 2022);</td> </tr> <tr> <td>Dr Paul Wotton</td> <td>Independent Non-Executive Director (appointed 8 2016);</td> </tr> <tr> <td>Dr Stewart Washer</td> <td>Non-Independent Non-Executive Director (appointed 1 August 2013, resigned 1 July 2023);</td> </tr> <tr> <td>Dr David Atkins</td> <td>Non-Independent Non-Executive Director (appointed 1 July 2023, resigned 13 November 2023).</td> </tr> </tbody> </table>	<b>Director</b>	<b>Length of Service</b>	Dr Geoffrey Brooke	Independent Non-Executive Chair (appointed as a Non-Executive director on 17 May 2019);	Dr Kilian Kelly	Managing Director (appointed 1 July 2023);	Dr Darryl Maher	Independent Non-Executive Director (appointed 16 June 2020);	Ms Janine Rolfe	Independent Non-Executive Director (appointed 1 September 2022);	Dr Paul Wotton	Independent Non-Executive Director (appointed 8 2016);	Dr Stewart Washer	Non-Independent Non-Executive Director (appointed 1 August 2013, resigned 1 July 2023);	Dr David Atkins	Non-Independent Non-Executive Director (appointed 1 July 2023, resigned 13 November 2023).
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2.4	A majority of the board of a listed entity should be independent directors.	Yes	<p>The Board, at the date of this statement is comprised of a majority of independent Directors. Dr Geoffrey Brooke, Dr Darryl Maher, Ms Janine Rolfe and Dr Paul Wotton are the current Directors considered to be independent as they are free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally. Dr Kilian Kelly is not considered independent by virtue of him being an executive of the Company.</p> <p>Cynata has adopted a definition of 'independence' for Directors that is consistent with the Recommendations.</p>																
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	Dr Geoffrey Brooke is the Chair of the Company and is considered by the Board to be independent and is not the same person as the CEO of the Company.																

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2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	<p>In accordance with the Company's Board Charter and the Remuneration and Nomination Policy the Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.</p> <p>New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.</p> <p>The Company Secretary is responsible for facilitating inductions and professional development that is tailored to the individual's needs.</p>
<p><b>Principle 3: Instil a culture of acting lawfully, ethically and responsibly</b>  <i>A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.</i></p>			
3.1	A listed entity should articulate and disclose its values.	Yes	<p>Cynata has adopted a Statement of Values, set out in its Code of Conduct, that underpins the commitment that each individual and the Company, as a whole, lives by each and every day and includes the following values:</p> <ol style="list-style-type: none"> <li>1. Honesty;</li> <li>2. Integrity;</li> <li>3. Creativity;</li> <li>4. Compassion;</li> <li>5. Diligence and perseverance; and</li> <li>6. Ethical, responsible and law abiding conduct.</li> </ol>

Recommendation	Comply	Comment
<p>3.2 A listed entity should:</p> <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code</p>	Yes	<p>The Company has implemented a Code of Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.</p> <p>All employees and Directors are expected to:</p> <ul style="list-style-type: none"> <li>• respect the law and act in accordance with it;</li> <li>• maintain high levels of professional conduct;</li> <li>• respect confidentiality and not misuse Company information, assets or facilities;</li> <li>• avoid real or perceived conflicts of interest;</li> <li>• act in the best interests of shareholders;</li> <li>• by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;</li> <li>• perform their duties in ways that minimise environmental impacts and maximise workplace safety;</li> <li>• exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and</li> <li>• act with honesty, integrity, decency and responsibility at all times.</li> </ul> <p>An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to their manager or alternatively the Company Secretary, a Director or the Managing Director. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.</p>
<p>3.3 A listed entity should:</p> <p>(a) have and disclose a whistleblower policy; and</p> <p>(b) ensure that the board or committee of the board is informed of any material incidents reported under that policy.</p>	Yes	<p>The Company has adopted a Whistleblower Protection Policy which is available on the Company's website.</p> <p>The Policy includes that the Board will be informed of any material incidents reported under that Policy.</p>
<p>3.4 A listed entity should:</p> <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the board or committee of the board is informed of any material breaches of that policy</p>	Yes	<p>The Company has adopted an Anti-Bribery and Corruption Policy which is incorporated in the Code of Conduct that is available on the Company's website.</p> <p>The Policy includes that the Board will be informed of any material breaches of that Policy.</p>

Recommendation	Comply	Comment
<p><b>Principle 4: Safeguard the integrity of corporate reports</b>  <i>A listed entity should have appropriate processes to verify the integrity of its corporate reports.</i></p>		
<p>4.1 A Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board.</p> <p>and disclose</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Yes</p>	<p>The Board considers that the Company does not currently benefit from the establishment of a separate Audit Committee. The Board as a whole fulfils the functions normally delegated to the Audit Committee as detailed in the Audit, Risk and Compliance Policy.</p> <p>The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.</p> <p>The Board receives regular reports from management and from external auditors. It also meets with the external auditors as and when required.</p> <p>The external auditors attend the Company's AGM and are available to answer questions from security holders relevant to the audit.</p> <p>Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.</p> <p>There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.</p>



Recommendation		Comply	Comment
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	The Board has received certifications from the CEO and CFO Equivalent in connection with the financial statements for the Company. The certifications state that the declaration provided in accordance with Section 295A of the Corporations Act and/or Recommendation 2.4 as to the integrity of the financial statements is founded on a sound system of risk management and internal control which is operating effectively.
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Yes	<p>In reviewing the quarterly cashflow reports and prior to the lodgement with the ASX, the following process has been adopted:</p> <ul style="list-style-type: none"> <li>• cash transactions for the quarter are provided by the accountant to the CFO Equivalent;</li> <li>• cash transactions are matched against the bank statements; and</li> <li>• consolidated quarterly figures are compiled and verified by the CFO Equivalent and CEO.</li> </ul> <p>A declaration is then provided by the CEO and CFO Equivalent to the Board noting compliance with section 286 of the Corporations Act 2001, the appropriate accounting standards and with Listing Rule 19.11A.</p>

Recommendation	Comply	Comment
<p><b>Principle 5: Make timely and balanced disclosure</b>  <i>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities</i></p>		
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<p>Yes</p> <p>The Company has a Continuous Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.</p> <p>The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.</p> <p>The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.</p> <p>The Board has designated the Company Secretary as the person responsible for communicating with the ASX. The Chair, Managing Director and the Company Secretary are responsible for ensuring that:</p> <ul style="list-style-type: none"> <li>a) All material market announcements are to be circulated to and reviewed by all members of the Board;</li> <li>b) All announcements are clearly noted as to the authorising officer and in general, all material announcements are authorised for release by the Board;</li> <li>c) All announcements are made in a timely manner, are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act;</li> <li>d) All announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions; and</li> <li>e) Any new and substantive investor or analyst presentation will be released on the ASX market announcements platform ahead of the presentation.</li> </ul>
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<p>Yes</p> <p>The Board receives copies of all material market announcements promptly after they have been made.</p>
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<p>Yes</p> <p>Any new and substantive investor or analyst presentations will be released on the ASX Market Announcements Platform ahead of the presentation.</p>

Recommendation	Comply	Comment
<p><b>Principle 6: Respect the rights of security holders</b>  <i>A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively</i></p>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>Yes</p> <p>The Company has adopted a Communication Strategy which is available on the Company's website. Under this strategy, Cynata's website will contain information about the Company and its governance, copies of media releases, ASX announcements, annual reports, financial statements, notices of meetings of shareholders, copies of documents tabled at shareholder meetings and any materials distributed at investor or analyst presentations.</p>
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<p>Yes</p> <p>The Company respects the rights of its shareholders and, to facilitate the effective exercise of those rights, the Company is committed to:</p> <ul style="list-style-type: none"> <li>• communicating effectively with shareholders through releases to the market via ASX, the Company website, information mailed or emailed to shareholders and the general meetings of the Company;</li> <li>• giving shareholders ready access to clear and understandable information about the Company; and</li> <li>• making it easy for shareholders to participate in general meetings of the Company.</li> </ul> <p>Cynata's register is maintained by a professional security registry, Automic Group. Shareholders are able to communicate with the Company and Automic via email and can register to receive communications and shareholder materials from the Company via its security registry electronically.</p> <p>The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available on the "Contact Us" page of the Company's website.</p> <p>The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.</p>

Recommendation		Comply	Comment
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Yes	The Communication Strategy provides that security holders are encouraged to attend and participate at general meetings. To facilitate this, meetings will be held during normal business hours, at a place, or in a manner, convenient for the greatest possible number of security holders to attend either in person or, in certain circumstances, electronically. Moreover, Cynata's Constitution allows, if permitted by law, shareholder meetings to be held electronically and provides each security holder with the right to appoint a proxy, attorney or representative to vote on their behalf.
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Yes	The Company has a policy that all resolutions at a meeting of shareholders are to be decided by a poll.
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Company provides security holders the option to electronically receive communications from, and send communications to, the Company and its share registry, Automic Group. The Company encourages security holders to utilise electronic communications with the Company to facilitate speed, convenience and environmental friendliness of communications.

#### Principle 7: Recognise and manage risk

*A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.*

7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>(b) if it does not have a risk committee or committees that satisfy (a), disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	Yes	<p>The Board considers that the Company does not currently benefit from the establishment of a separate Risk Committee. In accordance with the Company's Board Charter and operating within the boundaries of the Audit, Risk and Compliance Policy, the Board carries out the duties that would ordinarily be carried out by the Risk Committee under the Audit, Risk and Compliance Policy.</p> <p>The Board devotes time at Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures</p> <p>The Board is committed to the identification, assessment and management of risk throughout Cynata's business activities. The Board is responsible for the oversight of the Company's risk management and internal compliance and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and internal compliance and control framework. Cynata has established policies for the oversight and management of material business risks.</p> <p>Cynata's Audit, Risk and Compliance Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder</p>
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Recommendation	Comply	Comment
		<p>value.</p> <p>Cynata believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, Cynata is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, underpinned by a risk conscious culture.</p> <p>Cynata accepts that risk is a part of doing business. Therefore, the Company's Audit, Risk and Compliance Policy is not designed to promote risk avoidance. Rather Cynata's approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring we do not enter into unnecessary risks or enter into risks unknowingly.</p> <p>Cynata assesses its risks on a residual basis; that is, it evaluates the level of risk remaining and considering all the mitigation practices and controls. Depending on the materiality of the risks, Cynata applies varying levels of management plans.</p>
<p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Yes	<p>The Board reviews the Company's risk management framework at each scheduled Board meeting to ensure that it continues to effectively manage risk.</p>
<p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p>	Yes	<p>The Company does not have an internal audit function.</p> <p>The Board has required management to design and implement a risk management and internal compliance and control system to manage Cynata's material business risks. It receives reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Audit, Risk and Compliance Policy), which is developed and updated to help manage these risks.</p>

Recommendation		Comply	Comment
			<p>The Company's process of risk management and internal compliance and control includes:</p> <ul style="list-style-type: none"> <li>Identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks;</li> <li>Formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and</li> <li>Monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.</li> </ul>
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	Yes	The Board does not consider that the Company currently has any material exposure to environmental or social risks. It discloses its material risks in the Directors' Report, which forms part of the Annual Report.
<p><b>Principle 8: Remunerate fairly and responsibly</b>  <i>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.</i></p>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director,</li> </ol> <p>and disclose:</p> <ol style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Yes	<p>The Company does not have a Remuneration Committee. The Board considers that the Company will not currently benefit from the establishment of a Remuneration Committee and as a whole fulfills the functions normally delegated to the Remuneration Committee as detailed in the Remuneration and Nomination Policy.</p> <p>In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration and Nomination Policy, including devoting time annually to assess the level and composition of remuneration for Directors and senior executives.</p>

Recommendation		Comply	Comment
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	<p>Cynata has implemented a Remuneration and Nomination Policy which was designed to recognise the competitive environment within which Cynata operates and also emphasise the requirement to attract and retain high calibre talent in order to achieve sustained improvement in Cynata's performance. The overriding objective of the Remuneration and Nomination Policy is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of Cynata.</p> <p>The key principles are to:</p> <ul style="list-style-type: none"> <li>• link executive reward with strategic goals and sustainable performance of Cynata;</li> <li>• apply challenging corporate and individual key performance indicators that focus on both short-term and long-term outcomes;</li> <li>• motivate and recognise superior performers with fair, consistent and competitive rewards;</li> <li>• remunerate fairly and competitively in order to attract and retain top talent;</li> <li>• recognise capabilities and promote opportunities for career and professional development; and</li> <li>• through employee ownership of Cynata shares, foster a partnership between employees and other security holders.</li> </ul> <p>The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members. The Board is responsible for evaluating Board performance, reviewing Board and management succession plans and determines remuneration packages for the CEO, Non-Executive Directors and senior management based on an annual review.</p> <p>Cynata's executive remuneration policies and structures and details of remuneration paid to directors and senior managers are set out in the Remuneration Report.</p> <p>Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances options. They do not receive any termination or retirement benefits, other than statutory superannuation.</p> <p>The maximum aggregate remuneration approved by shareholders for Non-Executive Directors is \$400,000 per annum. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders.</p> <p>The total fees paid to Non-Executive Directors during the reporting period were \$319,410.</p>

Recommendation		Comply	Comment
			<p>Executive Directors and other senior executives are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.</p> <p>Further details in relation to the Company's remuneration policies are contained in the Remuneration Report, within the Directors' report section of the Annual Report.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>In accordance with the Company's Securities Dealing Policy, participants in an equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.</p> <p>The Securities Dealing Policy is available on the Company's website.</p>