

Audit, Risk & Compliance Committee Charter

Version: June 2020

1 Introduction

This is the Charter of the Audit, Risk & Compliance Committee (Committee) established by the Board of Cogstate Ltd (together with its subsidiary companies, the Company or Cogstate) (Charter). This Charter governs the roles, responsibilities and authorities, composition, structure and membership requirements of the Committee in assisting the Board as described below.

This Charter should be read in conjunction with the following documents:

- The Board of Directors Charter;
- The Company's Code of Conduct; and
- The Company's Employee Handbook, including the Cogstate Conflict of Interest Policy, in addition to the Conflict of Interest Clause referred to in the Board of Directors Charter.

2 The purpose of the Committee

The role of the Committee is as follows:

- To assist the Board in its oversight responsibilities in relation to Cogstate's financial reporting, compliance with legal and regulatory requirements, the setting of the risk appetite of Cogstate, and overseeing Cogstate's internal control structure and risk management framework. In this regard the Committee will:
 - Review and assess Cogstate's processes which ensure the integrity of financial statements and reporting, and associated compliance with legal and regulatory requirements, including accounting standards;
 - Review and assess the appointment, qualifications, performance, independence and fees of, and relationship with, Cogstate's external auditors and the integrity of the audit process;
 - Oversee the effectiveness of Cogstate's internal control systems and risk management framework;
 - Actively review the operation of risk management systems that are designed to identify, assess, monitor and manage all material business risk, and the effectiveness of those systems.
 - Oversee the policies and procedures for ensuring Cogstate's compliance with applicable regulatory and legal requirements, including occupational health and safety (OHS) requirements, and elevate to the Board any breaches of these policies and procedures; and
 - Make recommendations to the Board in relation to each of the above areas where necessary.

3 Structure and Composition

The Board may determine the appointment and term of any member of the Committee at any time. Renewal of Committee members shall be reviewed on an ongoing basis by the Board.

The Committee will be comprised of:

- Three or more Non-executive Directors as determined by the Board, a majority of whom are independent directors (as defined in the Corporate Governance Principles and Recommendations (4th edition) of the ASX Corporate Governance Council);
- A Committee chair who is an independent Non-executive Director, who is not the chair of the Board; and
- Members having a working familiarity with basic finance and accounting practices and a sufficient understanding of the industry in which the Company operates, for the purpose of discharging the role of the Committee effectively, and assessing and questioning information presented in Committee meetings.

New Committee members will receive induction training from the Chair of the Committee and the Cogstate Finance team. A member may resign from the Committee on reasonable written notice to the Committee Chair; if the member ceases to be a Board member, membership in the Committee is automatically terminated.

4 Authority

The Board authorises the Committee, within the scope of its responsibilities, to:

- investigate any matter brought to its attention with full access to all books, records and facilities;
- seek any information it requires from an employee (and all employees are directed to co-operate with any request made by the Committee) or external parties;
- seek advice from external consultants or specialists where appropriate;
- interview management and external auditors (with or without management present); and
- ensure the attendance of Cogstate's officers at Committee meetings as it thinks appropriate.

5 Meetings

- The Committee will meet often enough to undertake its role effectively, being at least four times a year. If required, additional Meetings may be requested through the Committee Chair by any member, the Company Secretary or the relevant partner from the external auditor.
- A quorum for a Committee Meeting is two members.
- Directors who are not Committee members may attend Meetings.
- Appropriate **Cogstate** Management and representatives of the external auditor are to attend Committee Meetings, at the invitation of the Committee Chairman, to provide reports and periodic presentations to the Committee.
- The Committee will meet in private session at least annually to assess management's effectiveness.
- At each Meeting, the Committee will:
 - meet with **Cogstate** Management (without the external auditor) to discuss any issues relating to the external audit; and
 - separately meet with the external auditors (without Management) to discuss any relevant issues and seek assurance that no Management restrictions are being placed upon the external auditors.
- The Committee will report on its Meetings to the Board as required.

- Recommendations of the Committee are to be referred to the Board for approval, with the exception of:
 - rotation of partners of the external auditor;
 - approval of the audit plans and engagement letters of the external auditor; and
 - Including the payment of annual fees and variations to approved fees less than 10%;
- The Committee will appoint a Committee Secretary who will act as secretary for all meetings of the Committee, will take minutes, distribute these minutes to the Committee members for comment, and have the minutes approved by the Committee Chair as soon as practicable after each meeting.

6 Reporting

- The Committee shall regularly update the Board about Committee activities and make appropriate recommendations including through:
 - Copies of minutes of each meeting of the Committee being tabled at each meeting of the Board at the next practical opportunity; and
 - The Chair of the Committee drawing to the Board's attention any matter of material importance.
- As and when appropriate, the Committee will seek direction and guidance from the Board on audit, risk management and compliance matters.
- The Committee will refer to other Board Committees any matters that have come to the attention of the Committee that are relevant to those other Board Committees.
- If required, the Committee will provide relevant periodical assurances to other Committees and the Board.
- The Committee will review any reports required by law or listing rules or requested by the Board including the appropriate section on corporate governance in the annual report, and the financial statements of the Company or other shareholder documents.
- The Committee will ensure that the Board is made aware of audit, financial reporting, risk management, and compliance matters which may significantly impact the Company in a timely manner.

7 Responsibilities and Duties

7.1 Integrity of financial statements and reporting

- Review and recommend to the Board for approval Cogstate's draft annual and interim financial statements and other related information, to be released through the ASX.
- The review process will include a consideration as to whether the Company's financial statements reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company, as well as a discussion with management and the external auditors prior to their submission and recommendation to the Board.
- Review and discuss with management and the external auditors the process and the disclosures made in respect of the certifications given by the CEO and the CFO with respect to Cogstate's financial statements pursuant to the Corporations Act.

- Review and assess the effectiveness of management’s programs and policies relating to and discussing with the external auditors the adequacy and effectiveness of, the Group’s financial and reporting processes and internal control framework over these systems.
- Review and discuss any judgments exercised by management in preparing Cogstate’s financial statements, including in respect of accounting principles as applied in its financial reporting, and use of alternative disclosures and accounting principle treatment.
- Review significant accounting policies adopted by the Company to ensure compliance with general accepted accounting principles and Australian International Financial Reporting Standards; review any material changes in accounting or reporting requirements, and assessing subsequent effects on Cogstate’s financial statements and the Company’s policies and procedures.

7.2 External Audit Engagement

- Recommend to the Board the appointment, reappointment or replacement, remuneration and termination of the external auditor, considering independence and effectiveness of the external auditor (including the background and experience of partner and auditing personnel, and rotation of the audit engagement partner), reporting relationship to the Committee.
- Review annually and approve the terms of engagement and fees and other compensation to be paid to the external auditor.
- The external auditor shall report directly to the Committee.
- Regularly review the audit plan for coverage of all material risks and financial reporting requirements.
- Review and discuss with the external auditor matters relating to the conduct of the audit including any difficulties encountered in the course of the audit work, any restrictions on scope of activities or access to requested information, significant disagreements with management (if any) and adequacy of management’s response.
- Annually review the policy for pre-approving audit-related, taxation and other non-audit services (Pre-approval Policy) to be performed for Cogstate by the external auditor. The Pre-approval Policy may incorporate delegation of the power to grant approval to a sub-committee consisting of one or more members of the Committee where appropriate.
- Monitor the application of the Pre-approval Policy through receipt of regular reports on the provision of non-audit services provided by the external auditor as approved under the Pre-approval Policy.
- Review the scope and adequacy of the external audit and discuss with the external statutory auditors the overall scope of the external statutory audit, including identified risk areas and any additional agreed upon procedures.
- Review the independence and performance of the external auditor.
- Obtain and review a report from the external auditor at least annually on details of (or meet, discuss and document the following):
 - the auditor’s internal quality control procedures;
 - any material issues raised by the most recent internal quality control review, or peer review, of the audit firm, or by any enquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues;
 - all relationships between the external auditor and the Company (to assess the auditor’s independence; and

- the quality and capabilities of the lead engagement staff.
- Periodically consult with the external auditor without the presence of management about internal controls over financial information, reporting and disclosure and the fullness and accuracy of Cogstate's financial statements.
- Review and discuss with the external auditor all significant relationships the external auditor has with Cogstate and obtain a declaration from the external auditor to provide reasonable assurance that the external auditor's independence is maintained.
- Review and make recommendations to the Board regarding any proposal for the external auditor to provide non-audit services and whether this might compromise their independence.
- Make recommendations to the Board regarding disclosure (for example in its corporate report, the governance disclosures in its annual report or on its website) of 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 statutory auditor.

7.3 Risk Management and Internal Control Framework

- Monitor and review the effectiveness of the Company's internal controls, risk management framework and management of material business risks in accordance with the risk appetite set by the Board;
- Monitor and assess during the course of the year the adequacy and effectiveness of Cogstate's internal controls, policies, and procedures that form Cogstate's risk management framework, including management's performance against such framework, and whether Management is operating with regard to the risk appetite set by the Board;
- Make recommendations to the Board regarding risks that could affect Cogstate on a go forward basis in future financial years for inclusion in its annual report;
- Oversee Cogstate's insurance program, having regard to its business, its controlled entities and the insurable risks associated with the business;
- Establish procedures for the receipt, retention and treatment of complaints or incidents received by Cogstate regarding accounting, internal accounting controls or auditing matters, and any confidential or anonymous submissions by employees of Cogstate of concerns regarding accounting or auditing matters; and
- Review and recommend to the Board those Cogstate risk management, reporting and governance policies which require Board approval.

7.4 Legal and Regulatory Compliance

- Review and assess the effectiveness of the Company's efforts to ensure compliance with relevant legal and regulatory requirements, including OHS standards.
- Review and assess the effectiveness of internal processes for ensuring compliance with Cogstate's policies and procedures and to oversee the process which ensures that any material breaches of these processes are escalated to the Board.
- Review and approve the policies and procedures that exist for the receipt, retention and treatment of information submitted confidentially by employees and third parties about accounting, internal controls, compliance, audit or other matters about which an employee has concerns or which may be considered a breach of Cogstate's Anti-Bribery and Anti-Corruption Policy or Code of Conduct, including those

received under Cogstate's Whistleblower Policy for elevation to the Board, and monitor employee awareness of the policies and procedures.

- Obtain periodic updates from Cogstate's General Counsel and other management, as appropriate, regarding any material litigation and any material risks relating to Cogstate's compliance with legal and statutory requirements.
- Review and assess the adequacy of Cogstate's insurance program, including Directors and Officers Liability Insurance, on an annual basis.

8 Other Responsibilities

- This Charter will be reviewed and updated at least annually and changes required must be recommended to the Board for approval. Such review should be undertaken to enable the Committee and the Board (as applicable) to satisfy itself that the Risk Management Policy and this Charter continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board.
- The Committee will annually review its own performance as part of the annual Board evaluation process and report such findings to the Board.
- The Board will also evaluate the performance of the Committee as appropriate.
- The Committee shall perform any other duty or undertaking that the Board may request from time to time.

9 Access to Information, Independent Advice and Continuing Development

- The Committee will maintain free and open communication with **Cogstate** Management and the external auditors. The Committee has the authority to seek any information it requires from any employee of **Cogstate** and all employees must comply with such requests.
- The Committee may take such independent legal, financial or other advice as it considers necessary at the Company's expense.
- The Committee should understand **Cogstate's** structure and operations and key developments relevant to the Committee and may receive periodic presentations from subject matter experts to assist in achieving such an understanding.

10 Limitations of the Committee's Role

It is not the duty of the Committee to:

- Plan or conduct audits, which is the responsibility of the external auditor; or
- Determine that Cogstate's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable laws and regulations. This is

the responsibility of the Board based on the recommendation of, and in reliance on certifications provided by, management.

11 Adoption of Charter

This Charter was adopted by the Board on the date of the front cover of this Charter and takes effect from that date and replaces any previous charter in this regard. The Committee shall regularly review this Charter and conduct an evaluation of its performance by reference to current best practice. This Charter can only be amended with the approval of the Board.