

Board of Directors Charter

Version: July 2020

1 Introduction

This Charter sets out the role, responsibilities, structure and processes of the Board of Directors of Cogstate Ltd.

2 The role of the Board

The role of the Board is to approve the purpose, values and strategic direction of Cogstate Ltd and its subsidiary companies (the Company or Cogstate), oversee and guide the management of the Company in achieving its strategic plans, approve and monitor the Company's risk management processes, and to oversee good governance practice.

The Board is responsible for:

- Approving the Company's purpose and Statement of Values, and overseeing management in their instillation;
- Monitoring and guiding the Company's culture, reputation and conduct standards, and defining its strategic objectives;
- Approving the Company's Code of Conduct, Continuous Disclosure Policy and other Company policies, monitoring their effectiveness and addressing any allegations of material breaches;
- Approving the Company's strategic plan, business plans, corporate performance measures, operational budgets, major expenditures, capital management and capital raising initiatives, and acquisitions and divestments;
- Monitoring the Company's strategic direction and activities in furtherance thereof;
- Setting the Company's risk appetite, and monitoring and reviewing the Company's financial and non-financial risk management framework, including internal compliance and control mechanisms;
- Overseeing the Company's accounting and financial reporting framework and reviewing their effectiveness in providing the Board with adequate, accurate and timely information, and appointing or removing the Company's external auditors and approving the auditor's remuneration, upon recommendation from the Audit, Risk and Compliance Committee;
- Approving the Company's annual report and financial statements (including the directors' report and remuneration report) and any other published reporting upon recommendation from the Audit, Risk and Compliance Committee, and in accordance with the Company Constitution, Corporations Act, ASX Listing Rules and any other applicable regulations;
- Approving and monitoring the effectiveness of the Company's corporate governance framework, including the formation of Board committees and their governing charters;
- Reviewing annually the Company's diversity initiatives and objectives, and progress towards their achievement;
- Appointing and removing the Chief Executive Officer (CEO); approving the remuneration of and overseeing the performance review of the CEO;
- Establishing and monitoring executive succession planning;
- Delegating appropriate responsibilities to, and setting specific limits of authority of, the CEO, management and committees and monitoring the exercise of these responsibilities in their day-to-day management of the Company;
- Where required, challenging Company management and holding it to account;

- Approving the Company's remuneration policies for non-executive directors, the CEO and senior executives, and ensuring these policies are aligned with the Company's purpose, values, strategic objectives and risk appetite, upon recommendation from the Remuneration Committee;
- Overseeing the management of the Company's interactions, disclosures and communications with shareholders and the broader investor community; and
- Reviewing the division of functions and responsibilities between the Board, the CEO and the Company's senior executives.

3 Board Composition

The number of Board Directors shall be determined in accordance with the Company's Constitution and the requirements of the Corporations Act.

The Board should comprise:

- not less than half of the Directors being independent Directors (as defined by the ASX Corporate Governance Council); and
- people with a mix of skills, knowledge, experience, expertise and diversity of backgrounds and genders to enable the Board to discharge its duties effectively.

4 The Role of the Chair

The Board shall appoint a Chair in accordance with the Company's Constitution. The Chair of the Board should be a non-executive Director.

The role of the Chair is to:

- Lead the Board and promote constructive and efficient relations between the Board and Company management and between Directors;
- Facilitate the effective, respectful and constructive contribution of all Directors;
- Chair general meetings of the Company; and
- Exercise such specific and express duties as are delegated to the Chair by the Board from time to time.

5 The Role of the CEO

The CEO is responsible for the day-to-day management of the Company, with the support of the Company Leadership Team. The Board delegates to the CEO the powers to manage the day-to-day business of the Company, subject to those powers reserved to the Board in clause 2 above and any specific delegations of authority approved by the Board.

The CEO's responsibilities are:

- Managing the day-to-day operations of the Company in accordance with the purpose, values, strategy, business plans, risk management framework and policies approved by the Board;

- Developing strategies, budgeting and planning to achieve the Company's business objectives, and make recommendations to the Board on such initiatives;
- Assigning duties and responsibilities to the Company's Leadership Team, and supervise and report on their performance to the Board;
- Recommending to the Board significant organisational changes, and major capital expenditures, acquisitions or divestments which are beyond delegated thresholds;
- Ensuring compliance with the Company's continuous disclosure obligations, in accordance with the roles and responsibilities delegated under the Continuous Disclosure Policy;
- Reporting regularly to the Board with accurate, timely and clear information so that the Board is fully informed to discharge its duties effectively;
- Implementing the policies and processes approved by the Board; and
- Exercising such additional duties as are delegated to the CEO by the Board from time to time.

6 The Role of the Company Secretary

The Company Secretary is charged with facilitating the Company's corporate governance processes and so holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively.

The Company Secretary is accountable to the Board, through the Chair, on all governance matters and reports directly to the Chair as the representative of the Board.

The Company Secretary is appointed and dismissed by the Board and all Directors have a right of access to the Company Secretary.

The role of the Company Secretary includes the following:

- Advising the Board and committees on governance matters;
- Monitoring that Board and committee policy and procedures are followed;
- Co-ordinating the timely completion and distribution of Board and committee papers;
- Ensuring that all Directors receive copies of all market announcements promptly after they have been made. Ensuring that the business conducted at Board and committee meetings is accurately captured in meeting minutes; and
- Any other services the Chairman or Board may require.

7 Independent Directors and Senior Executives

An independent director is a non-executive director who is free of any interest, position, association or relationship that might influence, or could reasonably be perceived to influence, in a material respect his or her capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the entity and its shareholders generally.

If a director is or becomes aware of any information, facts or circumstances which will or may affect that director's independence, the director shall immediately disclose all relevant details in writing to the Company Secretary, the Remuneration and Nomination Committee, and the Board Chair. The Board will regularly assess the independence of each director in light of any such disclosures; if the Board determines that a director's status as an independent director has changed, that determination will be disclosed to ASX, as required by the ASX Listing Rules.

In considering whether a director is independent and the criteria against which the Board determines the materiality of a relationship, the Board shall consider:

- The interests, positions, associations and relationships affecting the independent status of a director as described in the Corporate Governance Principles and Recommendations (4th edition) of the ASX Corporate Governance Council (**Guidelines**);
- The materiality guidelines applied in accordance with Australian accounting standards;
- Developments in international corporate governance standards;
- Any independent professional advice sought by the Board at its discretion; and
- Any other facts or circumstances the Board considers relevant to its assessment.

If the Board determines that, notwithstanding the interest or relationship, the Director is independent, the Board will disclose its reasons for this assessment and the interest or relationship of the Director in the annual corporate governance statement.

A senior executive is an executive who is a member of the key management personnel of the Company, including an executive director but not including a non-executive director.

The senior executive team will generally be responsible for implementing the Company's strategic objectives and instilling and reinforcing its values, all while operating within the values, code of conduct, budget and risk appetite set by the Board.

The senior executive team will also usually be responsible for providing the Board with accurate, timely and clear information on the Company's operations to enable the Board to perform its responsibilities. This is not just limited to information about the financial performance of the Company, but also its compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct of the Company.

8 Director conduct

In performing the responsibilities set out in this Charter, where appropriate, the Board should act at all times in accordance with the content and obligations of the Company's:

- Anti-Bribery and Corruption Policy;
- Code of Conduct;
- Communications Policy;
- Diversity Policy; and
- Risk Management Policy.

The Board should read and consider the above policies when reading this Charter.

9 Conflict of Interest

- Directors must disclose to the Board actual or potential conflicts that might reasonably be thought to exist between the interest of the Director and the interest of the Company.
- Any such interests will be entered into the Company's Register of Ongoing Conflicts of Interest maintained by the Company Secretary.
- Directors need to notify the Company Secretary in writing as soon as they become aware of any potential conflicts or changes in shareholdings.
- To ensure Directors have an opportunity to disclose new or amended conflicts of interest, the first agenda item for each Board meeting will be the disclosure of any conflicts of interest and also conflicts of interest in relation to agenda items.
- The Board can request a Director to take reasonable steps to remove the conflict of interest. If a Director cannot, or is unwilling to, remove a conflict of interest, then the Director must absent himself/herself from discussion and voting on matters to which the conflict relates.
- Unless the other Directors approve, a Director of the Company who has a material personal interest in a matter that is being considered at a Board meeting must declare that interest and must not be present while the matter is being considered at the meeting or vote on the matter.
- The entry and exit of the Director concerned will be minuted by the Company Secretary.
- Directors do not have to absent themselves when either (a) a conflict of interest relates to an interest common to all members or (b) the Board (excluding the relevant Director(s)) passes a resolution that identifies the Director, the nature and extent of the Director's interest and clearly states that the other Directors are satisfied that the interest should not disqualify the Director concerned from discussion and/or voting on the matter.

10 Related party transactions

- Related party transactions include any financial transaction between a Director or officer and the Company and will be reported in writing to each Board meeting.
- Subject to limited exemptions, only shareholders, and not the Board, can approve related party transactions. An exemption to this requirement occurs where the financial benefit is given on arm's length terms.

- Where applications are made by a related party to a Director or officer of the Company, then the Director or officer shall exclude himself/herself from the approval process.
- The Company Secretary will maintain a Register of Related Party Transactions.

Related party for this process means:

- a) a spouse or de facto spouse of the Director or officer; or
- b) a parent, son or daughter of the Director or officer or their spouse or de facto spouse; or
- c) an entity over which the Director or officer or a related party defined in (a) or (b) has a substantial interest.

11 Board Meetings

- The Board will meet no less than six times per year and as otherwise required at places to be agreed and in accordance with the Company's Constitution.
- The Audit, Risk and Compliance Committee will generally meet four times a year, unless otherwise agreed.
- The Remuneration and Nomination Committee will generally meet twice a year, unless otherwise agreed.

12 Committees of the Board

- The Board may from time to time establish and delegate any powers to a Committee of the Board in accordance with the Constitution. Committee charters will be approved by resolution of the Board.
- The Board will review and approve the charter terms and membership of each Committee established by the Board, as well as the performance of each Committee.
- The Board has established (1) the Audit, Risk and Compliance Committee; and (2) the Remuneration and Nomination Committee.
- The Board will appoint Committee Chairs from among the Board members and have the prerogative to appoint external independent consultants to be the remaining members of these Committees.
- The Board will undertake an annual performance evaluation of each Board Committee that compares the performance of the Board Committee with the requirements of the relevant Board Committee Charter, setting out the goals and objectives of the Board Committee for the upcoming year and effecting any amendments to the relevant Board Committee Charter which are considered necessary or desirable.

13 Board, Committee and Director Evaluation

- The Board considers the ongoing development and improvement of its own performance as a critical input to effective governance.
- The Board will undertake an evaluation process to review its performance and that of its Committees and individual Director performance at least once every year.

14 Directors' liability insurance

The Company will take out an appropriate level of Directors and Officers Liability insurance to provide protection for Directors from risks associated with the role of Director.

15 Independent Professional Advice for Directors

- Directors may obtain independent professional advice, at the Company's cost, in carrying out their responsibilities.
- It will be appropriate to obtain independent professional advice where:
 - the issue or recommendation in question is one which the Director reasonably considers, after consulting with the Board or the Chair of the Board, is of a character that makes obtaining independent advice appropriate; and
 - the Board or Chair, following such consultation, consents to the obtaining of such advice.
- Except in circumstances of competing interests between the Directors or the Director and the Company, a copy of the advice, the letter of instruction, and all materials which accompanied the letter must be provided to the Board.

16 Conduct of meetings of shareholders

- All substantive resolutions at meetings of security holders will be decided by a poll rather than by a show of hands.
- All meetings of security holders will be held at a reasonable place and time, in order to maximise the chance of security holders being able to attend and vote at all meetings.

17 Adoption of Charter and Board review

- This Charter was adopted by the Board and takes effect on the date on the front cover of this Charter and replaces any previous policy in this regard.
- The Board will review this Charter annually.