

## **CogState Limited Audit and Compliance Committee - Charter**

The members of this Committee are the Company's non-executive directors.

The Audit and Compliance Committee is a Committee established by the Board to give additional assurance regarding the quality and reliability of financial information used by the Board and financial information provided by the Company pursuant to its Statutory reporting requirements.

The Board believe that having raised funds from the public, it has a responsibility to ensure independent accountability exists.

The focus of the activities of this Committee is to increase confidence in the credibility and reliability of financial statements and other financial information released to the public.

### **Objectives**

- (a) Provide enhanced public confidence in the credibility and objectivity of financial information released to the public.
- (b) Demonstration of the Board's intention to exercise due care in reviewing financial information and in fulfilling legal responsibilities.
- (c) Improved quality of financial reporting.
- (d) Augment non Executive Directors' knowledge and understanding of financial information.
- (e) Increase focus on the corporate risk profile of the Company including the level of authority delegated to management by the Board.
- (f) Provide an insight to the Directors of the Company in respect to the accounting and control systems that exist within the Company and management action to maintain and improve them.
- (g) Assist the Finance Director/Financial Controller by providing a forum in which to raise issues of concern.
- (h) Increase Directors' understanding of the nature and scope of the statutory audit and where applicable, internal audit.
- (i) Provide a framework within which the external Auditors can assert their independence in the event of a dispute with management.
- (j) Strengthen the position of the internal audit function, by providing a greater degree of independence from management.
- (k) Provide improved communication between the external Auditor and the Board.

### **Responsibilities**

The Committee shall consider any matters relating to the financial affairs of the Company, compliance with statutory and ASX listing requirements and issues relating to internal and external Audit. In addition, the Committee shall examine any other matters referred to it by the Board.

### **The duties of the Committee are as follows:**

- (a) Reviewing financial statements and other financial information distributed externally and determine whether or not to recommend their acceptance by the Board;
- (b) monitoring corporate risk assessment and internal controls instituted and implementing internal controls to manage those risks;

- (c) monitoring the establishment of an appropriate internal control framework, including information systems and considering enhancements;
- (d) reviewing internal and external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- (e) reviewing the nomination and performance of the external Auditors;
- (f) Liaising with the external Auditors and ensuring that the annual and half-year statutory audits are conducted in an effective manner;
- (g) monitoring the procedures in place to ensure that the Company is in compliance with the Corporations Act, ASX Listing Rules, its Constitution and other legislative and reporting requirements. This includes implementing a reporting system that meets formulated standards for public announcements made by the Company to ensure that shareholders and financial markets are adequately and properly informed in order to meet the continuous reporting requirements of the Corporations Act and the listing rules of ASX;
- (h) reviewing reports on any major defalcations, frauds and thefts from the Company;
- (i) reviewing the declaration from the Company Secretary on compliance with statutory responsibilities;
- (j) ensuring that a corporate Code of Ethics is established and periodically reviewed;
- (k) initiating and supervising special investigations;
- (l) reviewing risk management practices;
- (m) reviewing policies to avoid conflicts of interest and reviewing past or proposed transactions between the Company and members of management;
- (n) reviewing related party transactions and considering the adequacy of disclosure of those transactions in the financial statements;
- (o) reviewing reports on certain aspects of the Company's superannuation plan and compliance with relevant laws and regulations;
- (p) reviewing reports on the adequacy of insurance coverage;
- (q) formulate, review and monitor compliance with and investigate allegations of a breach of appropriate internal controls and reporting standards, mechanisms and procedures to ensure that the Board is informed at all times of all material corporate governance matters effecting the Company; and
- (r) review from time to time, as appropriate, in the light of regulatory change:
  - (i) the structure and responsibilities of the Board;
  - (ii) the proper relationship between the Board and management including the proper relationship between the roles of Chairman and CEO;
  - (iii) the responsibilities of management;
  - (iv) the proper relationships between the Company and its shareholders, suppliers and customers and employees;
  - (v) business dealings, in particular related party transactions, by Directors, management and employees giving rise to actual or potential conflicts of interest and their appropriate disclosure of such dealings;
  - (vi) ethical and other matters considered by the Committee to be relevant to good corporate governance practice;
  - (vii) to monitor compliance with the statement and to review or investigate allegations of a breach of the statement or of good corporate governance practice and to report to the Board in respect of such compliance, reviews and investigations at least annually, or more frequently if circumstances require;
  - (viii) to formulate for Board approval and review and to facilitate the implementation of appropriate procedures to enable individual Directors to have access to independent professional advice, as considered necessary, in respect of corporate governance matters; and

- (ix) to act as a resource for individual Directors and the Company as a whole on questions of corporate governance and corporate ethics, including providing decisions and/or advice on such matters as are referred to the Committee by the Chairman of the Board or CEO.