



## AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

### Overall Purpose / Objective

The Bionomics Audit and Risk Management Committee (**Committee**) is not a policy-making body but assists the board of Bionomics Limited (**Board**) by implementing Board policy. The role of the Committee includes assisting the Board in the company's governance and exercising of due care, diligence and skill in relation to:

- reporting financial information to users of financial reports
- application of accounting policies
- financial management
- the internal control system
- the risk management system
- the performance management system
- business policies and practices
- protection of the company's assets
- compliance with applicable laws, regulations, standards and best practice guidelines.

In addition, the Committee will review whether management is adopting systems and processes for the above matters that are sufficient for a company of Bionomics' size and stage of development.

In performing its duties, the Committee will maintain effective working relationships with the Board, management, and the external auditors.

The Committee will, for those matters not relating to the preparation of financial statements and the operation of the external audit, develop a timetable for review and action.

This Audit and Risk Management Committee Charter shall be made available on the Bionomics web site.

### 1. Authority

The Board authorises the Committee, through the chair, to:

- Appoint, compensate and oversee the work of any registered auditor employed by the company.
- Resolve any disagreements between management and the auditor on financial reporting.
- Pre-approve all auditing and non-audit services.
- Seek any information it requires from:
  - Any employee (and all employees will be directed to co-operate with any request made by the Committee);
  - External parties.

- Obtain outside legal or other professional advice.
- Ensure the attendance of company officers at meetings as appropriate.
- The Committee may delegate authority to a subcommittee provided any findings or recommended decisions are presented to the full Committee at its next scheduled meeting.

## **2. Organisation**

### **2.1 Membership**

- The Committee will comprise at least three members appointed by the Board, all of whom will be non-executive directors.
- All members will be financially literate and at least one member of the Committee (but not necessarily the chairman) shall have both academic and professional accounting qualifications.
- All members should be independent of management, as independence is defined in the ASX Corporate Governance Council, Corporate Governance Principles and Recommendations (Third Edition) or as otherwise determined by the Board.
- The chairman of the Committee will be nominated by the Board from time to time and is not be the chairman of the Board. Should the chairman be absent from a meeting and no acting chairman has been appointed, the members of the Committee present at the meeting have the authority to choose one of their number to be chairman for that particular meeting.
- Members will be appointed to the Committee every three years or when a vacancy arises and are eligible for reappointment.
- A quorum for any meeting will be two members.
- The secretary of the Committee will be the Company Secretary, or such other person as nominated by the Board.

### **2.2 Attendance at Meetings**

- The Committee may invite such other persons to its meetings as it deems necessary and may refer matters deemed to require attention directly to the appropriate executive officer(s).
- The external auditors should be invited to make presentations to the Committee as appropriate.
- Meetings shall be held not less than four times a year. The chairman of the Committee has the power to call special meetings as required.
- Notice of meeting including agenda will be distributed to members of the Committee at least one week in advance of the meeting.
- Meetings may be held in person or by teleconference or videoconference.
- The proceedings of all meetings will be minuted. Minutes of each meeting will be distributed to the chairman of the meeting for approval no later than one week after the meeting.

### **2.3 Voting**

- All matters requiring decision will be decided by a majority of votes of members present.

## **2.4 Conflicts of Interest**

- Committee members will be invited to disclose conflicts of interest at the commencement of each meeting. Ongoing conflicts of interest need not be disclosed at each meeting once a standing notice is given and acknowledged.
- Where members or invitees are deemed to have a real or perceived conflict of interest, they will be excluded from receiving meeting papers in relation to the matter and excused from Committee discussions on the issue where a conflict exists and this shall be recorded in the Minutes.

## **2.5 Reviews**

- The Committee will review its performance on an annual basis.
- The review may be conducted as a self-assessment and will be coordinated by the chair. The assessment may seek input from any person. Training needs will be monitored by the chair.

## **3. Roles and Responsibilities**

The Committee will:

### **3.1 Risk Management**

- Ascertain from management the processes or systems by which it establishes a culture of risk management, communicate the importance of the management of risk to all employees and ensure all employees have an understanding of their roles and responsibilities.
- Review the Company's risk profile, risk framework, risk identification and risk management on a regular basis to ensure that they are regularly updated and material business risks to Bionomics are dealt with appropriately and on a timely basis.
- Review Bionomics' insurance coverage annually to ensure that it is appropriate.
- Evaluate whether management is setting the appropriate risk management culture.
- Consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.
- Ensure that management has established an effective system of internal control including fraud management systems, Fraud & Corruption Control Plan, delegations, and understand whether internal control recommendations made by external auditors have been implemented by management.
- Ensure the Company establishes an effective Risk Management Policy and monitor compliance.
- Ensure that management has established an effective Business Continuity Plan and monitor compliance.

### **3.2 Financial Systems**

- Ascertain from management the processes or systems by which it establishes what are significant financial risks or exposures of the company and how it manages those risks.
- Ensure management has an effective financial reporting framework.
- Gain an understanding of the current areas of greatest financial risk and how management is managing these effectively.

- Consider with the external auditors any fraud, illegal acts, deficiencies in internal control or other similar issues.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Ask management and the external auditors about significant risks and exposures and the plans to minimise such risks.
- Review and monitor the propriety of related party transactions.
- Assist the Board in determining the reliability and integrity of accounting policies and financial reporting and disclosure practices.
- Review any legal matters that could significantly impact the financial statements.

### **3.3 Annual Financial Statements**

- Review the annual financial statements and determine whether they are complete and consistent with the information known to Committee members; assess whether the financial statements reflect appropriate accounting principles and statutory requirements.
- Pay particular attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures.
- Focus on judgmental areas, for example those involving valuation of assets (by carrying out impairment testing) and liabilities and treatment of non-cash benefits to employees.
- Meet with management and the external auditors to review the financial statements and the results of the audit.
- Review the other sections of the annual report before its release and consider whether the information is understandable and consistent with Committee members' knowledge about the company and its operations.
- Review accounting policies of the Company.
- Make appropriate recommendations to the Board.

### **3.4 Financial statements and management reports**

- Be briefed on how management develops financial information; the extent of external audit involvement; and the extent to which the external auditors review such information.
- Assess the fairness of the financial statements and disclosures and obtain explanations from management and the external auditors on such matters as whether:
  - Actual financial results for the period varied significantly from budgeted or forecasted results and prior results;
  - Generally accepted accounting principles have been consistently applied;
  - There are any actual or proposed changes in accounting financial reporting practices;
  - The company's financial and operating controls are functioning effectively.
  - To make appropriate recommendations to the Board.

### **3.5 Audit**

- Review the external auditors' proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope.
- Review and approve the external audit plans.
- Review the performance and objectivity of the external auditors.
- Consider the independence of the external auditor, including reviewing the range of services provided in the context of all consulting services bought by the company.
- Make recommendations to the Board regarding procedures for the selection and appointment of the external auditors and their fees.
- Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- Monitor partner and firm rotation and recommend to Board.
- Resolve disputes on matters of disagreement between management and the external auditors.
- Ensure that significant findings and recommendations made by the external auditors are received and discussed on a timely basis.
- Ensure that management responds appropriately to recommendations by the external auditors.
- Consider the audit report and recommend to Board.

### **3.6 Company Announcements**

- Ensure the Board has formulated proper processes and procedures to establish the integrity of the company's announcements and that these processes and procedures are being followed in relation to each announcement.

### **3.7 Compliance with Laws and Regulations**

- Ascertain from management the form of the processes or system by which it monitors compliance with laws and regulations affecting the company and how it decides whether to obtain advice from the company's external legal counsel on these matters and when to use that advice.
- Review the effectiveness of those processes or system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.
- Obtain regular updates from management and company's external legal counsel regarding compliance matters.
- Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements.
- Review the findings of any examinations by regulatory agencies.
- Ascertain from management whether any issues have been brought to its attention in relation to compliance of the company with laws and regulations affecting employees (eg. equal opportunity, sexual harassment).

### **3.8 Reporting Responsibilities**

- Regularly update the Board about the actions of the Committee and its determinations, and make appropriate recommendations to the Board.

- Provide to the Board at its next meeting, minutes of meeting held by the Committee and a brief report from the Chairman of the Committee as to any material matters arising out of the Committee meeting.
- Ensure the Board is aware of matters that may significantly impact the financial condition or affairs of the business.
- Provide an annual report to the Board summarising the Committee's activities during the year. The report must include:
  - A summary of the Committee's main authority, responsibilities and activities;
  - Member and related party dealings with the company;
  - Details of any change to the independent status of each member during the relevant period, if applicable; and
  - Details of any determination by the Committee regarding the external auditor's independence.

### **3.9 Other Responsibilities**

- Perform other oversight functions as requested by the Board.
- If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
- At least once a year, review the membership, activities and Charter of the Committee to determine its adequacy for current circumstances, and make recommendations to the Board in relation to any changes to the Committee's membership, responsibilities, functions or Charter.
- Perform annual assessment of Committee performance against work plan and individual performance.
- Assess the effectiveness of the Company's financial management resources, including the quality and calibre of senior financial management staff.
- Ensure compliance with the Company's Code of Business Conduct and obtain regular updates from management on compliance therewith.