

Audit & Risk Committee Charter

1. Establishment and Purpose of the Committee

The Audit & Risk Committee (**Committee**) is a committee of the Board of Directors (**Board**) of SHAPE Australia Corporation Limited (**SHAPE**).

This Charter sets out the basis on which the Board has established the Committee and sets out the composition, roles, responsibilities and operation of the Committee.

The purpose of the Committee is to advise and assist the Board in carrying out its responsibilities to oversee the:

- (a) integrity of the financial reporting for SHAPE;
- (b) effectiveness of SHAPE's risk management framework;
- (c) implementation and maintenance of systems of internal control for effective management of financial and non-financial risks;
- (d) compliance with relevant laws and regulations; and
- (e) internal and external audit processes.

Within this Charter, references to "SHAPE" include all entities and operations controlled by SHAPE Australia Corporation Limited.

2. Committee Membership

2.1 Structure

The Committee will consist of at least three Directors, each of whom will be Non-Executive Director and will be appointed or removed by the Board in consultation with the Chair of the Committee (other than in respect of the Chair's own appointment or removal). The majority of the members of the Committee will be independent Non-Executive Directors.

The Chair of the Committee will be an independent Non-Executive Director who is a member of the Committee and must not be the Chair of the Board. The Chair of the Committee will be selected by the Chair of the Board.

In the Committee Chair's absence, the remaining members will elect one of their number as Chair of the meeting.

2.2 Expertise

Each member of the Committee will:

- (a) be familiar with the legal and regulatory disclosure requirements in relation to audit and risk; and
- (b) have adequate knowledge of audit, risk and financial issues and be financially literate.

At least one member of the Committee will be a qualified accountant or other finance professional with experience of financial and accounting matters. The Committee will include members who have risk management expertise.

2.3 Company Secretary

The Company Secretary or their nominee will act as Secretary to the Committee.

3. Duties and Responsibilities

3.1 Financial reporting

The Committee will monitor, review and make recommendations to the Board regarding:

- (a) the appropriateness of SHAPE's accounting policies, significant estimates and judgments applied in the preparation of financial reports;
- (b) the half yearly and annual financial reports;
- (c) management's processes for ensuring and monitoring compliance with accounting standards and other reporting requirements;
- (d) changes in accounting policies;
- (e) SHAPE's main corporate governance practices as required by ASX Listing Rules, including those relating to continuous disclosure;
- (f) the representations made by management in relation to external reporting;
- (g) information from internal management and external auditors that relates to the financial reporting; and
- (h) whether the half yearly and annual financial reports should be approved.

The Committee will, before it recommends that the Board approves SHAPE's external reports, require the receipt from its Chief Executive Officer and Chief Financial Officer a statement that provides assurance to the Board in accordance with legislative requirements and the ASX Corporate Governance Principles and Recommendations.

3.2 External audit

The Committee is responsible for maintaining open lines of communication between the Board, management and the external auditors to enable information and points of view to be freely exchanged. The Committee oversight of the external audit will include:

- (a) ensuring the adequacy, expertise and independence of the auditor;
- (b) regularly reviewing the scope of the external audit to ensure that it covers all material risks and financial reporting requirements;
- (c) reviewing the audit plan, discussing results of the external audit, and considering the implications of external audit findings;
- (d) meeting separately with the external auditor at least once a year to discuss any matters that the Committee or auditor believes should be discussed privately;
- (e) ensuring that the external auditor attends SHAPE's Annual General Meetings to answer questions from shareholders relevant to the audit;
- (f) monitoring management's response to the external auditor's findings and recommendations and overseeing management's processes to ensure that issues identified are addressed in an appropriate and timely manner;
- (g) reviewing and approving the policy relating to auditor independence, having particular regard to the provision of non-audit services;
- (h) reviewing the external auditor's performance; and
- (i) making recommendations to the Board on the appointment, reappointment or removal and remuneration of the external auditor.

3.3 **Risk management, Internal Audit and Internal Control**

The Committee is responsible for:

- (a) reviewing SHAPE's risk management framework and policy, at least annually, to assess whether it continues to be appropriate based on the Board's risk appetite;
- (b) monitoring and reviewing the effectiveness of management's risk management system and internal control;
- (c) reviewing and approving the scope of activities of internal audit;
- (d) monitoring and reviewing management's processes and practices for monitoring and managing all material risks, to ensure they are consistent with the strategic objectives, risk appetite and policies approved by the Board;
- (e) ensuring that SHAPE has in place appropriate systems and procedures to ensure compliance with all relevant regulatory and legal requirements;
- (f) reviewing management's Whistleblower Policy;
- (g) overseeing the adequacy of SHAPE's insurances, having regard to the business and the insurable risks associated with its business;
- (h) reviewing and monitoring the effectiveness of SHAPE's Continuous Disclosure Policies and Procedures and reporting on these to the Board; and
- (i) assisting management in establishing and maintaining a sound risk and ethical culture.

3.4 **Sustainability**

The Committee is responsible for:

- (a) overseeing verification and assurance relating to sustainability reporting; and
- (b) making recommendations to the Board on the approval of external communications relating to SHAPE's sustainability strategy and performance.

3.5 **Work, Health and Life Safety**

The Board will be responsible for SHAPE's Work, Health and Life Safety, rather than the Committee.

4. **Meetings**

4.1 **Frequency**

The Committee will meet at least four times a year and more frequently as it deems necessary. In consultation with the Committee, the Committee Chair will develop an annual agenda to ensure that the Committee reviews, assesses and reports (as applicable) on each of the areas for which it is responsible under this Charter.

The Committee Chair will call a meeting of the Committee if requested to do so by any member of the Committee, the external auditor or the Chair of the Board.

4.2 **Notice**

The date, time and venue of each meeting of the Committee will be notified by the Secretary to all members of the Committee as far in advance as possible.

4.3 **Supporting Papers**

The Secretary will distribute an agenda and supporting papers to all members of the Committee as far

in advance as possible. Unless the circumstances otherwise require, for example, due to a conflict of interest, all Directors will receive a copy of the supporting papers for each meeting of the Committee, irrespective of their membership of the Committee.

4.4 Attendance

Members of the Committee, the Chair of the Board and the Company Secretary are entitled to be present at a Committee meeting.

The Committee may extend an invitation to any person to attend all or part of any meeting of the Committee which it considers appropriate. In particular, the Committee may meet with:

- (a) the external auditor;
- (b) the internal auditor (if applicable);
- (c) external advisers;
- (d) any member of management or other employee; or
- (e) any other Non-Executive Director,

and may do so with or without members of the SLT being present.

4.5 Quorum

A quorum for a meeting of the Committee is two members, one of whom should be an independent Non-Executive Director. A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers or discretions vested in, or exercisable by, the Committee.

4.6 Constitution

Proceedings of the Committee will be governed by the provisions of the Constitution, in so far as they may be applicable.

4.7 Minutes

Minutes of the Committee meeting will be distributed to members for confirmation as soon as practicable, and after confirmation, distributed to all Directors unless circumstances otherwise require, for example, where there is a conflict of interest.

5. Access to Information and Advice

5.1 Access

The Committee has unrestricted access to management, all employees, all company records and to financial and legal advisers.

5.2 Independent advice

The Committee is authorised to obtain outside legal or other independent professional advice and to secure the attendance of such advisers at Committee meetings if it is considered necessary. To avoid any conflict of interest, such advisers should be separate from any professional advisers retained by management.

6. Interaction with the Board and other Committees

The Committee will, in discharging its duties, seek to co-ordinate its activities with the Board and the Nomination, People and Culture Committee where appropriate.

7. Reporting

7.1 Reporting to the Board

The Committee Chair (or a person nominated by the Committee Chair for that purpose) must report to the Board on the Committee's proceedings following each meeting on all matters relevant to the Committee's duties and responsibilities.

7.2 Annual General Meeting

The Committee Chair must attend the Annual General Meeting and be available to respond to any shareholder questions on the Committee's activities and areas of responsibility.

8. Performance Review

The Committee must conduct an annual review of its performance and effectiveness, inviting comments from all members of the Board. It must recommend to the Board any suggested changes in the duties and responsibilities of the Committee and the terms of this Charter.

9. Charter Review

The Charter is approved by the Board and will be reviewed by the Committee annually. This Charter may be amended by resolution of the Board.

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