



**LIFECARE**

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**INSTRUCTIONS FOR THE AUDIT COMMITTEE**

**OF**

**LIFECARE ASA**

## 1. INTRODUCTION

- 1.1. The purpose of this instruction is to provide rules for the Audit Committee, which is a sub-committee of the Board of Directors of Lifecare ASA.
- 1.2. The Audit Committee acts as a preparatory body for the Board in connection with financial & sustainability reporting, including the statutory audit, monitoring of the systems for internal control over financial & non-financial reporting and assessing the integrity of the reporting process.
- 1.3. The Audit Committee supports the Board in the administration and exercise of its responsibilities for supervision in accordance with the Public Limited Liability Companies Act § 6-41 - 6-43 and related legislation and regulations.

## 2. THE AUTHORITY OF THE AUDIT COMMITTEE

- 2.1. The Board determines the instructions for the Audit Committee.
- 2.2. The Audit Committee may examine all activities and circumstances relating to the operations of the Company in the execution of its tasks. In this connection, the committee may request the CEO or any other employee to provide access to information, facilities and personnel, and such assistance as it may request.
- 2.3. The Audit Committee is authorised to carry out or instigate investigations as it deems necessary in order to carry out its tasks and may use the Company's external auditor or other external advice and assistance. The cost of such work shall be covered by the Company.
- 2.4. The Board can assign certain preparations to the Audit Committee. The Audit Committee is responsible to the Board only for the execution of its tasks. The work of the Audit Committee under no circumstances changes the responsibility of the Board and its individual members.

## 3. THE AUDIT COMMITTEE MEMBERS AND COMPETENCE

- 3.1. The Board elects at least two of its members to serve on the Audit Committee and appoints one of these to act as chair.
- 3.2. The Audit Committee shall collectively have the competence which is necessary from the perspective of the organisation and operation of the company in order to fulfil its tasks. All members shall be independent, and at least one of the members of the audit committee shall have qualifications within accounting or auditing.

3.3. The Audit Committee shall comply with the independence requirements in the Norwegian Public Limited Liability Companies Act. Each member shall be unconnected to any relations that could, in the opinion of the Board, interfere with the exercise of their independent judgement as a member of the Committee.

#### 4. MEETINGS

4.1. The CFO will be management's main representative in relation to the Audit Committee. The Audit Committee chair will collaborate with the CFO to establish a work plan and agenda for the Committee meetings to ensure that the responsibilities of the Audit Committee are scheduled and will be carried out.

4.2. The Audit Committee will meet as often as it deems necessary, and at least on a quarterly basis. Meetings shall be held prior to each quarterly reporting and annual reporting as preparation for the Board's consideration of the quarterly and annual financial statements.

4.3. The external auditor shall attend the meetings at least twice a year. The Audit Committee shall meet with the external auditor at least once a year without the management of the Company present, unless the Committee decides that this is not necessary.

4.4. Members of the Audit Committee, the external auditor, the CEO and the CFO can independently call a meeting of the Audit Committee and request that specific matters be addressed.

4.5. The CEO and members of the Board are entitled to attend the meetings upon request.

4.6. Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each committee member and to other attendees (as appropriate) in advance of each scheduled meeting date, together with an agenda and supporting papers.

4.7. The Audit Committee secretary shall minute the proceedings and resolutions of all meetings. The minutes will state the time and venue of the meeting, a list of persons attending the meeting, agenda items, a summary of matters discussed, and any important accounting and internal control matters questioned in the meeting. The minutes shall be signed by those members of the committee attending the meeting.



## 5. DUTIES OF THE AUDIT COMMITTEE

### 5.1. Risk monitoring

- 5.1.1. The Audit Committee shall monitor the effectiveness of the risk management and internal control systems, covering all material controls, including financial, operational and compliance controls. The Audit Committee shall assess how the overall enterprise risk management is linked to the Company's strategy.
- 5.1.2. The Audit Committee shall monitor the financial budget and forecast processes.
- 5.1.3. The Audit Committee shall assess how the overall enterprise risk management is linked to the Company's strategy.

### 5.2. Recurring financial and non-financial reporting

- 5.2.1. The Audit Committee shall discuss and review with management and the external auditor any critical accounting policies and practices to be used by the Company, and alternative accounting treatments.
- 5.2.2. The Audit Committee shall discuss and review with management and the external auditor significant financial & sustainability reporting issues, the appropriateness and acceptability of major assumptions, estimates and judgements, made in connection with the preparation of the Company's quarterly and annual financial statements.
- 5.2.3. The Audit Committee shall assess any legal matters that could have a material impact on the Company's annual and quarterly financial statements or accounting policies.
- 5.2.4. The Audit Committee shall review and discuss the integrity of the Company's financial statements, including its quarterly financial statements, its annual reports and other formal statements relating to the Company's financial and non-financial performance, with management and the external auditors, including the content of and disclosures to the financial statements and management's discussion and analysis of the financial and non-financial information.
- 5.2.5. The Audit Committee shall review management's assessment of going concern and the viability statement as to the Company's ability to continue to operate and meet its liabilities, considering the Company's current position and risks.
- 5.2.6. The Audit Committee shall review the internal control over financial & sustainability reporting, monitor their effectiveness and make recommendations to the Board as the Committee considers desirable.
- 5.2.7. Having reviewed the content of the annual report, the Audit Committee shall inform and advise the Board of the Committee's view on whether the content of the annual report and accounts is fair, balanced and consistent, and is to be approved and filed.

### 5.3. Other financial and non-financial reporting

5.3.1. The Audit Committee shall review and discuss the integrity of the Company's non-recurring financial reports, such as financial prospectus in connection with capital increases and similar, and if required, form a proposal to the Board of Directors of their approval.

### 5.4. External auditor

5.4.1. The Audit Committee shall be responsible for preparing and making recommendations in relation to the Company's appointment, re-appointment or removal and oversight of the work of the external auditor and support the Board and the general assembly in their roles related to the election of external auditors in the annual general meeting.

5.4.2. The Audit Committee shall review and approve the engagement letter for the external auditors' annual audit of the Company's consolidated and parent company financial statements and sustainability reports, consider the annual external audit plan, and approve related remuneration, including both fees for audit and non-audit services, to oversee that the level of fees is appropriate to enable an effective and high-quality audit to be conducted.

5.4.3. The Audit Committee shall monitor and review the execution and results of the annual audit, including the external auditors' explanation of how the risks to audit quality were addressed, key accounting and audit judgements, and material communications between the external auditors and management and any issues arising therefrom. The Committee shall review and assess management's response to significant audit findings and recommendations and seek to resolve any disagreements between management and the external auditors.

5.4.4. The Audit Committee shall review and monitor the qualifications, expertise, resources, objectivity and independence of the external auditors within the context of the standards required by applicable law, regulation and listing requirements. The Committee shall consider, at least annually, the standards employed by the external auditors, quality assurance procedures and auditor competence.

5.4.5. The Audit Committee shall annually obtain and review a report from the external auditors as required by the Norwegian Auditing Act, describing the relationships between the external auditors and the company, the firm's internal quality control procedures, material issues, if any, raised by their most recent internal quality-control review in respect of the Company or by any inquiry or investigation by governmental authorities in the last five years relating to any audits carried out by the external auditors, and any steps taken to deal with any such issues.

## 6. ANNUAL EVALUATION

6.1. The Audit Committee shall annually review the Committee's work and the competence needed for the Committee members, re-evaluate these instructions and propose improvement measures.



## 7. REPORTING

- 7.1. The Audit Committee shall update the Board after each Committee meeting, and report on issues related to risk management and internal control, financial reporting, independence and qualifications of the external auditor, internal audit matters and compliance matters to the extent the Committee considers that the issues require the attention of the Board. The Committee shall make recommendations to the Board as to actions to be taken as appropriate.