



Better Collective

Audit Committee Rules of Procedure

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1. PURPOSE

The Audit Committee (the "Committee") has been established by the Board of Directors (the "Board") in accordance with the Board's Rules of Procedure and for the purpose of assisting the Board in Better Collective A/S (the "Company", which when relevant also includes a reference to the entire group in which the Company is the parent company) in its oversight responsibilities. The Committee reports its findings to the Board. The Board has full responsibility for all audit matters.

2. SCOPE AND AUTHORITY

The Committee has the authority to engage in any matter regarding:

- External and internal audit
- Risk management and internal control related to financial matters
- Reports submitted regarding financial reporting by the external auditors and communication with auditors
- Compliance with law and regulation related to financial matters.

3. MEMBERSHIP

- a) The Committee shall consist of no less than three and no more than five members of the Board. Notwithstanding any vacancy in the Committee, the continuing members of the Committee may act as long as the number of members of the Committee does not fall below three for a period exceeding three months.
- b) The Board shall appoint the members of the Committee. Appointment usually takes place at the Board meeting following the Annual General Meeting, and members shall be members of the Board whose nominations for such appointment have been reviewed and approved by the Board. Members of the Committee are elected for a one-year term. The Board may reappoint any member of the Committee at any time, provided that the nomination for such reappointment has been reviewed and approved by the Board. The Board can remove any member of the Committee at any time.
- c) The Board shall appoint a Chairman of the Committee.



- d) A majority of the members of the Committee shall qualify as independent as defined by Danish law and the Danish Recommendations on Corporate Governance.
- e) Between them, the members of the Committee shall have the appropriate expertise within accounting and/or auditing for a listed company.
- f) Each member of the Committee shall hold office until the next Annual General Meeting following that member's appointment or reappointment. The retiring Chairman of the Committee and other members of the Committee shall, subject to the preceding paragraphs, be eligible for reappointment.
- g) If the number of members falls below three, the Board shall endeavour to fill the vacancy within two months and in any case, the Board shall within three months of such event appoint any member/s of the Board whose nominations have been reviewed and approved by the Board as a member or members as may be required to make up the minimum number of three members.

4. MEETINGS AND ATTENDANCE

- a) The Committee shall meet as often as it deems necessary, however, not less than five times a year. Any member of the Committee may call a meeting. In the event that a material and urgent issue within the terms of reference of the Committee arises outside the agreed meeting plan, the CFO must call for a meeting. Attendees should be limited to those who are familiar with, or responsible for, the topics on the agenda. The CFO attends all Committee meetings, CEO attendance is optional. External auditors attend meetings when the Committee deems it necessary.
- b) The Committee shall have at least at one meeting per year with the external auditors, and as part of the meeting, conduct a separate meeting in which no member of Executive Management attend.
- c) Meetings shall be convened at no less than 8 day's written notice to all members of the Committee, and such notice shall include an agenda for the meeting in question. Any written material relating to the individual agenda items shall, to the extent possible, be forwarded to the members together with the notice convening the meeting.
- d) Meetings may be held in person or virtually as agreed by the committee.
- e) Under special circumstances, a committee resolution may be passed over the phone or in writing. In such cases the proposed resolution shall be forwarded to the members, and the Chairman shall subsequently seek to obtain a written, oral or electronically transferred statement from all members of the Committee and arrange for the recording of the resolution in the minute book.
- f) Any resolution in writing, signed or assented to by all the Committee members shall be as valid as if it had been passed at a Committee meeting duly called and constituted.
- g) No business shall be transacted at a meeting unless at least two members of the Committee are present.
- h) At all meetings of the Committee, the Chairman of the Committee, if present, shall preside. If the Chairman of the Committee is absent, the members present at the meeting shall elect a Chairman of the meeting.



- i) The CFO, or a person designated by the CFO, shall be the secretary to the Committee (hereinafter called the “Secretary”). The Secretary shall attend Committee meetings, and a record of the proceedings shall be kept. The Secretary of the Audit Committee shall have responsibility for circulating minutes of each meeting to all members.
- j) The Chairman shall be allowed to invite other relevant participants to be present during a meeting or at the discussion of a specific item on the agenda. Each individual member of the Committee shall be allowed to require such non-members to leave the meeting after presentation of the matters for which they have been invited.

5. FUNCTION

The Committee assists the Board in fulfilling its oversight responsibilities. Its primary functions are to review and evaluate:

- a) The internal control and risk management systems related to financial matters.
- b) The audit process, the scope, results, effectiveness and objectivity of the audit process and maintain an appropriate relationship with the external auditors.
- c) On behalf of the Board, the adequacy of the internal control system, including accounting controls, taking input from the external auditors, and risk management functions
- d) With the external auditors, all audit plans and audit reports; this will normally include:
 - Management representation letter
 - Auditors’ long-form report
 - Reports on internal controls
 - Schedule of audit differences
 - Engagement letter
- e) Estimated cost for the basic audit charges based on the audit plan prepared by the external auditors for the coming year.
- f) Any non-audit services to be provided to Better Collective in excess of 100% of the agreed annual audit fee. Such services must be pre-approved by the Committee
- g) The Auditors’ reporting regarding the balance sheet and income statement of the Group
- h) The consolidated balance sheet and income statement, submitted to it by the Group.
- i) The Committee shall have full access to, and cooperation by, the management, including external audit, and have full discretion to invite any Director and employees to attend its meetings.

6. TERMS OF REFERENCE

6.1 Audit Process

In respect of the overall audit process, it will be the responsibility of the Committee to:

- Provide an open channel of communication between the CFO, the external auditors, and the Board.
- Review the strategy, plan, scope and approach of the external auditors’ annual audit.



- Review the scope and results of the external auditors, risk management and compliance related to the financial matters and their effectiveness, and to report periodically to the Board on significant findings, and
- Meet, as required, at least once a year, with the external auditors and management in separate sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee.

6.2 External Audit

The Committee shall provide a recommendation regarding external auditor(s) to the Board preparation of proposals to the Annual General Meeting in relation to election and when required, the recommendation to the Board shall be prepared following a selection procedure (procurement) carried out as set out in Regulation (EU) No. 537/2014. Unless it concerns the renewal of an audit engagement in accordance with what is permitted pursuant to Regulation (EU) No. 537/2014, the recommendation from the Committee to the Board shall be justified and contain at least two alternative choices.

In connection with the recommendation, the Committee shall evaluate audit charges and having regard also to:

- Any questions of appointment, reappointment or termination of the Group's external auditors to the Board.
- A review of their independence and objectivity, including any potential conflicts of interest.
- A review with the CFO and the external auditors of the scope and results of the external audit and any significant findings reported to the Committee in the management letter.
- A review of the relationship with external auditors; to discuss with external auditors issues such as compliance with accounting standards and any proposals which the external auditors have made vis-à-vis the Group's accounting policies.

6.3 Internal Audit

It will be the responsibility of the Committee to, once a year, evaluate the need for an internal audit function in Better Collective and make a recommendation to the Board of Directors.

6.4 Internal Control and Risk Management

In respect of internal control and risk management related to financial matters, it will be the responsibility of the Committee to:

- Consider and review the Company's internal control system, including financial, compliance controls and risk management (including the effectiveness thereof), prior to endorsement by the Board.
- Review the Company's risk management processes together with internal and external auditors and executive management.

6.5 Financial Reporting

In respect of financial reporting matters, it will be the responsibility of the Committee to:



- Review the external auditors' audit reporting regarding financial statements contained in the annual reports of the Company and to ensure that the external auditors are satisfied with the disclosure and contents.
- Review any changes in accounting policies, to determine the appropriateness of accounting policies and financial disclosure practices.
- Review the consistency of accounting policies on a year-to-year basis as well as across the Group.

6.6 Regulatory matters

In addition to the duties imposed by the Danish Companies Act and the Danish Act on Approved Auditors and Audit Firms (*Da. Revisorloven*), the Committee shall:

- When it becomes aware of any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, discuss such matters with the external auditors and, at an appropriate time, report the matter to the Board.
- Review interested person transactions as may be required by the relevant regulatory securities authorities or by the provisions of the Danish Companies Act and the Danish Act on Approved Auditors and Audit Firms.

6.7 General matters

In addition to the above paragraphs, it will be within the responsibilities and power of the Committee to:

- a) Investigate any matter brought to its attention, within the scope of its duties, with the power to obtain independent professional advice.
- b) Investigate any matter brought to the Committees attention via the whistleblower function as financial misconduct such as misappropriation of assets including theft and misuse, unlawful behavior in connection with accounting principles, internal accounting controls or auditing matters and deliberate error in the preparation or maintenance of any financial statement or financial records including financial reports or audit reports.
- c) Supervise that procedures and processes are established so that Better Collective employees can express any concerns regarding possible irregular conditions via the established whistleblower function. It must be secured that procedures and processes for the whistleblower function are:
 - in accordance with Danish legislation, here among the Danish Data Protection Agency ensuring a proper independent investigation of the matters reported via the whistleblower function, and that there is an appropriate follow-up on each reported matter
- d) Review amendments to the Company's Code of Conduct prior to the endorsement by the Board, oversee the implementation of the Code of Conduct and supervise that procedures and processes are established to ensure compliance with the Code of Conduct
- e) Call any member of staff to be questioned at a meeting of the Committee as and when required



- f) Satisfy itself that management is taking appropriate action from audit and other reports
- g) Annually review and update its Rules of Procedure, recommending any changes to the Board and to evaluate its own performance on a regular basis
- h) Secure that staff of the Company can, in confidence, raise concerns about possible improprieties in matters of financial reporting and/or financial control.

7. CHAIRMAN'S RESPONSIBILITY

- a) Upon the request of the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the external auditors believe should be brought to the attention of the Board.
- b) On a regular basis inform the Board about discussions in the Committee. Upon request from the Board all material presented to or prepared by the Committee will be available to all members of the Board.
- c) Minutes of the Committee's meetings will be distributed to members of the Board.
- d) Conduct a self-evaluation for assessing the Committee's performance on an annual basis.
- e) On an annual basis conduct a self-evaluation of the Committee's performance in respect of the Committee's agreed scope of work and obligations as described in the Rules of Procedure.

8. COMMITTEE MEMBER FEE

Each member of the Committee shall receive an annual fee to be fixed by the AGM.

9. AMENDMENT

- The Board must approve these Rules of Procedure for the Committee
- The provisions herein are subject to such revisions by way of modification, addition or otherwise as the Board may from time to time consider appropriate in so far as such revisions are consistent with the provisions of the Danish Companies Act and the Danish Act on Approved Auditors and Audit Firms.
- The Rules of Procedure shall be renewed and changed at least once a year if it is considered necessary.