

## **Charter of the Audit Committee of the Board of Directors of Ambu A/S**

### **1. Introduction**

The Audit Committee is a committee of the Board of Directors of Ambu A/S (the "Board") established in accordance with the EU Directive on Statutory Audits of Annual Accounts and Consolidated Accounts (8th Directive), the Danish Act on Approved Auditors and Audit Firms and the rules of procedure of the Board of Ambu A/S (the "Ambu"). The Audit Committee is a committee of the Board whose main responsibility are to prepare decisions to be taken by all members of the Board and to oversee the financial reporting process. This Charter, which shall be reviewed by the Board of Directors on an annual basis, lays down the roles and responsibilities of the Audit Committee.

### **2. Purpose**

The purpose of the Audit Committee (the 'Committee') is to assist the Board of Directors in fulfilling its responsibilities relating to the oversight of:

- a) The external auditors
- b) Financial reporting
- c) Internal controls
- d) The procedure for handling complaints regarding accounting, internal accounting controls, auditing or financial reporting matters and business ethics matters (whistleblowing)
- e) The assessment of the need for an internal audit function
- f) Other tasks.

### **3. Membership**

The Audit Committee shall at any time consist of at least three members. Members of the Audit Committee and the chairman are elected for a one-year term by and among the members of the Board of Directors. Election usually takes place at the board meeting following the Annual General Meeting. However, any member of the Audit Committee can be removed by the Board of Directors at any time.

Each Committee member shall in the judgment of the Board have the ability to read and understand fundamental financial statements. One Committee member must satisfy Danish independence and financial expertise requirements. Further, the majority of the members of the Audit Committee shall in accordance with the Danish corporate governance recommendations be independent.

### **4. Responsibilities**

The primary function of the Audit Committee is to assist the Board of Directors by reviewing information within the areas of oversight, cf. Clauses 2 a) – f), and based on that, present

recommendations to the Board of Directors. All decisions will be made by the Board of Directors except as stated in this Charter.

The Audit Committee shall have the following responsibilities:

**a) *The External Auditors***

- i) Recommend to the Board of Directors the statutory External Auditors to be nominated by the Board of Directors and elected by the Annual General Meeting, prepare the Board of Directors' recommendation to the Annual General Meeting regarding the election of the External Auditors and, if relevant, recommend to the Board of Directors that the Board of Directors propose to the Annual General Meeting that an External Auditor be discharged.
- ii) Review the annual audit plan and the work of the External Auditors.
- iii) Review the External Auditors' reports to the Board of Directors, including long-form reports, and review and discuss any reports with Executive Management and the External Auditors.
- iv) Review the audit fee of the External Auditors and recommend the audit fee to the Board of Directors for approval.
- v) Establish policies and procedures for the engagement of any External Auditor signing the audit report to provide audit services and permitted non-audit services. Review the engagement letter with the External Auditors and recommend the terms to the Board of Directors for approval.
- vi) At least annually consider the competences, performance and independence of the External Auditors.
- vii) At least annually the Audit Committee shall meet with the External Auditors without participation of Executive Management.

**b) *Financial reporting***

Review key accounting policies, significant accounting estimates, significant related party transactions and uncertainty and risks, including those related to expectations for the current year, and recommend changes in key accounting policies to the Board of Directors.

Review and discuss:

- i) The consolidated financial statement in the Annual Report, including the integrity of the financial statement.
- ii) The company's financial statement releases for the full year and interim financial reports.
- iii) Any other significant announcement related to financial reporting.

Monitor the financial reporting process and review the adequacy and effectiveness of the systems of internal controls over financial reporting and approve significant changes therein.

**c) *Internal Controls***

- i) Assess whether Management has established the right 'control environment' through the establishment of ethical guidelines, guidelines for cooperation and communication thereof by receiving statements from the Executive Board on policies, internal control and risk management within the company.

- ii) Ensure that Management has the right procedure for the identification, evaluation, and treatment of risks in such a way that it is in accordance with the company's risk appetite, and that this procedure is working effectively.
- iii) Understand Management-implemented internal control for approval of transactions as well as registration and processing of financial data.
- iv) Understand Management-implemented controls and procedures, ensuring that the annual report is based on the underlying financial systems, complies with relevant standards and requirements and is examined appropriately by Management.
- v) Assess the overall effectiveness in the framework of internal control and risk management and consider whether Management has implemented recommendations from internal and external auditors.
- vi) Consider how Management has established security required of computer systems and applications and contingency plans for processing of financial information in case of system failure or protection against computer fraud or abuse.
- vii) Monitor the effectiveness of the risk management systems of Ambu in relation to financial reporting and compliance with laws and regulations and review and discuss policies with respect to risk assessment and risk management.

***d) The procedure for handling complaints regarding accounting, internal accounting controls, auditing, financial reporting matters and business ethics matters (whistleblowing)***

Maintain procedures for the receipt, retention and treatment of complaints received by Ambu regarding accounting, internal accounting controls, auditing and financial reporting matters as well as business ethics matters.

Furthermore, ensure a confidential and anonymous procedure for submission made by employees of Ambu of concerns regarding questionable accounting, internal accounting controls, auditing and financial reporting matters as well as business ethics matters.

***e) Internal audit function***

Assess the need for an internal audit function, including recommendations in respect of recruitment and dismissal of any internal audit function.

***f) Other tasks***

Carry out such other tasks on an ad hoc basis as specifically decided by the Board.

**5. Operation of the Audit Committee**

The Audit Committee may engage independent counsel and other advisors as it determines necessary to carry out its duties.

To enable the Audit Committee to perform its duties the Audit Committee may if required request separate meetings with any employee and the External Auditors upon their discretion. The Audit Committee may conduct an organisational review of the finance organisation. The Audit Committee shall have available appropriate funding as determined necessary by the Audit Committee for the fulfilment of its tasks and duties.

The Audit Committee shall, once a year:

- i) Conduct a performance evaluation of the Audit Committee and report such evaluation to the Board of Directors.
- ii) Review applicable independence, financial expertise and other legal requirements of each member of the Audit Committee to determine whether the Audit Committee meets

the applicable legal standards. Further, the Audit Committee shall present such review to the Board of Directors for approval as well as propose any required or recommended disclosure.

- iii) Evaluate the adequacy of this Charter and recommend any proposed changes to the Board of Directors and ensure that the charter is approved or re-approved by the Board of Directors.

## **6. Meetings**

The Audit Committee shall meet as often as it determines appropriate, but at least four times each year. A meeting calendar shall be established annually, corresponding with the companies' financial reporting cycle. Further, the Audit Committee shall meet upon request of a member of the Audit Committee, the Chief Executive Officer, the Chief Financial Officer or the External Auditor.

Meetings shall be convened at not less than four calendar days' written notice to all members of the Audit 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.

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 Audit Committee and arrange for the recording of the resolution in the minute book.

After each meeting, the minutes of the meeting should be prepared and sent to the Audit Committee members.

## **7. Quorum**

The Audit Committee forms a quorum when two or more of its members are present. Resolutions are passed by simple majority.

## **8. Audit Committee member fee**

Each member of the Audit Committee shall receive an annual fee to be proposed by the Board of Directors and approved by the Annual General Meeting.

## **9. Reporting to the Board of Directors**

The Audit Committee will regularly inform the Board of Directors of discussions and present recommendations to the Board of Directors. Further, the Board of Directors will receive the minutes of meetings of the Audit Committee, while all material presented to or prepared by the Audit Committee will be available to all members of the Board of Directors upon request.

This Charter was approved by the Board on 25 August 2020.



Lars Rasmussen  
Chairman of the Board



Christian Sagild  
Chairman of the Audit Committee