



AUDIT AND RISK

COMMITTEE CHARTER

This Charter was adopted by the Supervisory Board
on the 15th of December 2020

BASIC-FIT

1. DEFINITIONS

The words and expressions used in these Rules have the following meaning:

- 🔑 **“AFM”**: the Dutch Authority for the Financial Markets (Stichting Autoriteit Financiële Markten);
- 🔑 **“Articles of Association”**: the articles of association of the Company;
- 🔑 **“Audit Regulation”**: Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC
- 🔑 **“Chairman”**: the chairman of the Committee;
- 🔑 **“Charter”**: the charter of the Committee;
- 🔑 **“Code”**: the Dutch Corporate Governance Code, as amended from time to time;
- 🔑 **“Committee”**: the Audit and Risk Committee;
- 🔑 **“Company”**: the company with limited liability Basic-Fit N.V., with seat in Hoofddorp, the Netherlands;
- 🔑 **“Company Secretary”**: the secretary of the Company, as appointed in accordance with the Articles of Association;
- 🔑 **“General Meeting”**: the Company’s general meeting;
- 🔑 **“Group”**: the Company and its Subsidiaries;
- 🔑 **“Group Company”**: a legal entity or company which is organisationally connected with the Company in an economic unit within the meaning of section 2:24b of the Dutch Civil Code;
- 🔑 **“Management Board”**: the management board of the Company;
- 🔑 **“Rules”**: the Supervisory Board rules;
- 🔑 **“Subsidiary”**: has the meaning as referred to in section 2:24a of the Dutch Civil Code;
- 🔑 **“Supervisory Board”**: the supervisory board of the Company.

2. PURPOSE

- 2.1.** The Committee is appointed by the Supervisory Board for the primary purpose of undertaking work for the Supervisory Board’s decision-making regarding the supervision of the integrity and quality of the Company’s financial reporting and effectiveness of the Company’s internal risk management and control systems, the monitoring of the independence of the external auditor and the selection of the external auditor.
- 2.2.** In relation to the matters listed in Clause 2.1, the Committee will also assist the Supervisory Board in the effective discharge of its supervisory responsibilities in respect of all direct and indirect Subsidiaries of the Company and other Group Companies of the Company.
- 2.3.** The members of the Committee are not employees of the Company and are not responsible for conducting the audit or performing other auditing or accounting procedures.
- 2.4.** In fulfilling its duties and responsibilities, the Committee shall be given full access to the Company’s internal audit group, the Management Board, the Supervisory Board, corporate executives and external auditor(s) and shall have the authority to obtain advice and assistance from outside legal, accounting, financial, or other advisors.
- 2.5.** The Company shall provide appropriate and reasonable funding, as determined by the Committee, for compensation to any advisors that the Committee chooses to engage. The Company shall provide the Committee with such funding as the Committee determines is appropriate to fund any ordinary administrative expenses incurred by the Committee in carrying out its duties.

3. ORGANIZATION

- 3.1.** The Committee shall consist of at least three members of the Supervisory Board.
- 3.2.** The members and the Chairman shall be appointed by the Supervisory Board. The Chairman shall not be the chairman of the Supervisory Board or a former member of the Management Board. The majority of the members of the Committee must be independent within the meaning of the Code.
- 3.3.** The Committee members as a whole shall have competence relevant to the sector in which the Company operates. At least one member of the Committee shall have competence in accounting and/or auditing.
- 3.4.** The members of the Committee shall serve until a successor is duly elected or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by the Supervisory Board. The Chairman shall report to the Supervisory Board on the activities, deliberations, findings and recommendations of the Committee. Reports can be verbal or written.

4. MEETINGS

- 4.1.** The Committee shall meet at least quarterly, or more frequently as circumstances dictate. The Chief Financial Officer of the Group and the internal auditor shall be present at its meetings, unless the Committee shall decide otherwise. The Committee shall meet with the Management Board and the external auditor(s) quarterly to review the Company's financial statements. The Committee shall hold a meeting with the external auditors at least once per year at which no member of the Management Board is present.
- 4.2.** The Chairman or any member of the Committee may call meetings of the Committee, with due observance of a reasonable notice period. The person calling the meeting may determine the agenda (taking into account requests, if any, from other members of the Committee). A majority of members must be present at meetings in order to transact business.
- 4.3.** Meetings of the Committee may be held physically, or by telephone or via videoconferencing facilities provided that each member of the Committee taking part in such meeting is able to hear the deliberations and can be heard by the other members of the Committee.
- 4.4.** The Committee strives for consensus in connection with any proposal or recommendation to be given to the Supervisory Board. If no consensus can be reached within the Committee, recommendations to the Supervisory Board are based on a majority of votes and the dissenting opinion(s) will be mentioned in the proposal or recommendation of the Committee to the Supervisory Board.
- 4.5.** The Committee may invite to its meetings any member of the Management Board, general management of the Company and such other persons as it deems appropriate in order to carry out its responsibilities.
- 4.6.** All members of the Supervisory Board have a standing invitation to join Committee meetings.

5. RESPONSIBILITIES AND DUTIES

- 5.1.** Without prejudice to the provisions of this Charter, the Committee's policies and procedures should remain flexible in order to best react to changing conditions and help ensure that the Company's accounting and reporting practices accord with all legal requirements and are of the highest quality.
- 5.2.** The Committee's authorities are limited to making proposals and recommendations to the Supervisory Board and shall not include the right to adopt resolutions on behalf of the Supervisory Board. If the Committee is required to adopt a resolution pursuant to the Audit Regulation, such resolution will also be adopted by the Supervisory Board as a whole.

5.3. To further the purpose set out in Clause 2 of this Charter, the Committee is responsible for:

Nomination and Selection of External Auditor

- 5.3.1.** establishing a procedure for the selection of the external auditor and recommending to the Supervisory Board an external auditor for nomination for appointment by the General Meeting, giving due consideration to any Management Board observations and the detailed criteria prescribed by the Audit Regulation;
- 5.3.2.** assisting the Supervisory Board in making recommendations to the General Meeting for the compensation, retention, oversight and termination of the Company's external auditor.

Assessment, Contact, and Monitoring of External Auditor

- 5.3.3.** monitoring the auditing work of the external auditor, including the resolution of any disagreement between management and the external auditor regarding financial reporting, for the purpose of preparing or issuing an audit report or performing other audit, review, or attestation services;
- 5.3.4.** making proposals to safeguard the integrity of the audit process, approving action plans to address any auditor concerns and recommendations, and tracking the progress of any related steps taken;
- 5.3.5.** reviewing with the external auditor the adequacy and effectiveness of the Company's internal control over financial reporting, financial reporting procedures and disclosure controls and procedures, including by taking into account the assessment of the AFM with respect to the design of the internal quality control system of the audit firm, and eliciting any recommendations for improvement or particular areas where augmented controls are desirable. Determining whether, and if so how, the external auditor should be involved in the content and publication of financial reports other than the financial statements. Evaluating any such recommendations and ensuring the implementation of controls the Committee determines to implement. Particular emphasis should be given to the adequacy of such controls to ensure that information required to be disclosed by the Company in its periodic reports is recorded, processed, summarized, and reported in an appropriate and timely manner;
- 5.3.6.** reviewing the additional report to the Committee which will be prepared by the external auditor in accordance with article 11 of the Audit Regulation;
- 5.3.7.** determining whether the external auditor is satisfied with the disclosure and content of the financial statements. Any year-to-year changes in accounting principles or practices should be reviewed;
- 5.3.8.** ensuring that all auditing personnel are rotated in accordance with, and to the extent required by, applicable laws and regulations;
- 5.3.9.** confirming with the external auditor that none of their auditing personnel assigned to the audit of the Company's financial statements earns or receives any compensation based on selling engagements to the Company to provide any services, other than audit, review or attestation services, to the extent such compensation would compromise the independence of such auditing personnel or the external auditor;
- 5.3.10.** discussing the following with the external auditor prior to the filing by the Company of its annual report and at such other times as the Committee deems appropriate:
 - (i)** all critical accounting policies and practices of the Company;
 - (ii)** all alternative treatments of financial information under whichever accounting standard is then

followed by the Company related to material items that have been discussed with management, including ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor; and

- (iii) other material written communications between the external auditor and management of the Company, such as any management letter or schedule of unadjusted differences;

5.3.11. discussing the following with the external auditor at least annually:

- (i) the scope and materiality of the audit proposed for the current year, the audit procedures to be utilized, and any subsequent changes to such scope or procedures;
- (ii) any material issues raised by the most recent internal quality control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues;
- (iii) the effect of regulatory and accounting initiatives on the Company's financial statements, as well as reviewing and approving any off-balance sheet structures;
- (iv) the external auditing firm's internal quality-control procedures;
- (v) the external auditor's written confirmation to the Company that the external auditor and its partners, senior managers, and managers conducting the audit are independent from the Company; and
- (vi) any threats to the external auditor's independence and the safeguards applied to mitigate such threats;

5.3.12. discussing the following with the external auditor at such times as the Committee deems appropriate:

- (i) the annual audited financial statements and quarterly financial statements, including reviewing the Company's specific disclosure under its internal policies;
- (ii) the external auditor's responsibilities under general auditing standards and applicable rules and regulations of any exchange on which the Company lists its securities;
- (iii) audit adjustments, including both those reflected in the Company's financial statements and those waived by the external auditor;
- (iv) based on the documents from which the audit plan was developed, the findings and outcomes of the audit work on the financial statements and the management letter;
- (v) problems or difficulties encountered in performing the audit, if any, including restrictions on the scope or access to information and management's response;
- (vi) disagreements between management and the external auditor, if any, and management's response to such disagreements;
- (vii) consultations with other auditors, if any;
- (viii) major issues and risks, if any, regarding accounting principles and financial statement presentation, including any analysis prepared by the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements; and
- (ix) any additional matters required to be discussed by relevant regulatory regimes relating to the conduct of the audit or quarterly reviews.

Monitoring of the Management Board and senior management

5.3.13. monitoring the Management Board with regard to:

- (i) relations with, and compliance with the recommendations and following up of comments by, the internal and external auditors;
- (ii) the funding of the Company;
- (iii) the application of information and communication technology by the Company, including risks relating to cyber security; and
- (iv) the Company's tax policy;

5.3.14. discussing the following with the Management Board at such times as the Committee deems appropriate:

- (i) the matters required to be discussed by relevant regulatory regimes relating to the conduct of the audit or quarterly reviews;
- (ii) management judgment and accounting estimates;
- (iii) audit adjustments, including both those reflected in the Company's financial statements and those waived by the external auditor;
- (iv) based on the documents from which the audit plan was developed, the findings and outcomes of the audit work on the financial statements and the management letter;
- (v) management's response to any problems or difficulties encountered in performing the audit, including restrictions on the scope or access to information;
- (vi) disagreements between management and the external auditor, if any, and management's response to such disagreements;
- (vii) consultations with other auditors, if any;
- (viii) major issues and risks, if any, regarding accounting principles and financial statement presentation, including any analysis prepared by management setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements;
- (ix) the effect of regulatory and accounting initiatives on the Company's financial statements, as well as reviewing and approving any off-balance sheet structures;
- (x) the annual audited financial statements and quarterly financial statements with management, including reviewing the Company's specific disclosure under its internal policies;
- (xi) guidelines and policies with respect to risk assessment and risk management, including major financial risk exposure, and the steps taken to monitor and control such risks, including the following:
 - (1) review with the Company's general counsel litigation and other legal matters that may have a material impact on the Company's financial statements;
 - (2) review annually the status of the Company's ethics and business conduct program, including its training program and the Company's code of conduct. Report on any amendments that may be needed to that program or to such policies;
 - (3) report to the Supervisory Board the matters discussed at each Committee meeting. A copy of the minutes shall be placed in the Company's minute books; and
 - (4) investigate any matter brought to the attention of the Committee that is considered

appropriate and within the scope of its responsibilities, including any matters required by regulatory rules to be reported to the Committee by management;

5.3.15. discussing the following with the Management Board and the senior management of the Company at such times as the Committee deems appropriate:

- (i) the scope and materiality of the audit proposed for the current year, the audit procedures to be utilized, and any subsequent changes to such scope and/or procedures; and
- (ii) the adequacy and effectiveness of the Company's internal control over financial reporting, financial reporting procedures and disclosure controls and procedures, including by taking into account the assessment of the AFM and elicit any recommendations for improvement or particular areas where augmented controls are desirable. Determine whether, and if so how, the external auditor should be involved in the content and publication of financial reports other than the financial statements. Evaluate any such recommendations and ensure the implementation of controls the Committee determines to implement. Particular emphasis should be given to the adequacy of such controls to ensure that information required to be disclosed by the Company in its periodic reports is recorded, processed, summarized, and reported in an appropriate and timely manner; and

Miscellaneous

5.3.16. assessing for the Supervisory Board materiality thresholds and guidelines for and assist the Supervisory Board in overseeing all related-party transactions;

5.3.17. perform such other functions and duties as may be delegated to it by the Supervisory Board from time to time, all in due observance of clause 5.2 above.

5.3.18. giving its input for the audit plan drawn up by the internal audit function;

5.3.19. giving the internal audit function sufficient resources for its audit plan and recording its involvement and the internal audit function will report the essence of the audit results to the Committee; and

5.3.20. reviewing the internal audit function, including its responsibilities, budget and staffing, the independence and authority of its reporting obligations, the audit plans proposed for the coming year, and the coordination of audit plans with the work of the external auditor.

6. REPORTING

6.1. The Committee shall report regularly to the Supervisory Board (i) following meetings of the Committee and (ii) with respect to such recommendations as the Committee may deem appropriate. The Chairman shall report to the Supervisory Board on the activities, findings and recommendations of the Committee. Reports can be verbal or in writing.

6.2. The Committee reports annually to the Supervisory Board regarding:

6.2.1. the execution of the Committee's duties and responsibilities;

6.2.2. the result of the audit of the annual accounts, highlighting in which manner the audit has attributed to the integrity of the financial reporting and the role of the Committee;

6.2.3. material considerations regarding financial reporting;

6.2.4. the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems;

6.2.5. the methods used to assess the effectiveness of the internal and external audit process;

6.2.6. the manner in which material risks and uncertainties relevant to the expectation of the Company's continuity for the period of twelve months after preparation of the Management Board Report have been analysed and discussed, along with a description of the Committee's most important findings; and

6.2.7. the functioning of, and developments in, the relationship with the external auditor

6.3. The Committee shall maintain minutes or other records of meetings and activities of the Committee.

7. ANNUAL PERFORMANCE EVALUATION

The Committee will annually review and evaluate the performance of the Committee and its members, including the review of the compliance of the Committee with this Charter, relative to the Committee's purpose, duties and responsibilities outlined herein. In addition the Committee will annually review and assess the adequacy of this Charter and recommend to the Supervisory Board any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate. In addition, the annual assessment of the workings of the Committee and the performance of its members form a part of the annual overall assessment of the Supervisory Board and its members.

8. MISCELLANEOUS

8.1. This Charter is prepared on the basis of the Articles of Association and the Rules. Article 16 of the Rules shall apply mutatis mutandis to this Charter.

8.2. This Charter may only be amended by the Supervisory Board.

8.3. This Charter and the composition of the Committee shall be published on the website of the Company.

 **BASIC-FIT**