

**LIFESAFE HOLDINGS PLC**  
**(the "Company")**

**AUDIT COMMITTEE TERMS OF REFERENCE**

**1 JULY 2022**

**1. CONSTITUTION**

The Audit Committee (the "**Committee**") was constituted by resolution of the board of directors of the Company (the "**Board**") on 1 July 2022 in accordance with the articles of association of the Company.

**2. DUTIES AND TERMS OF REFERENCE**

2.1 The duties of the Committee shall be to monitor the integrity of the financial and narrative statements of the Company and other financial information provided to shareholders including its annual and half yearly reports, interim management statements, preliminary results, announcements and any other formal announcement relating to its financial performance, review significant financial reporting issues and judgements which they contain, having regard to matters communicated to it by the Company's external auditor.

2.2 The Committee shall review and challenge where necessary:

2.2.1 the application and appropriateness of significant accounting policies

2.2.2 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company and its group;

2.2.3 the methods used to account for significant or unusual transactions where different approaches are possible;

2.2.4 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

2.2.5 the level, clarity and completeness of disclosure in the Company's financial reports and other financial reporting disclosures and the context in which statements are made;

2.2.6 all material information presented with the financial statements, such as the business review/operating and financial review and any corporate governance statement (insofar as it relates to the audit and risk management);

2.2.7 any correspondence between the Company and the external auditor;

- 2.2.8 significant adjustments resulting from the external audit;
  - 2.2.9 the assumptions or qualifications in support of the going concern statement (including any material uncertainties as to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements) and the longer term viability statement (including an assessment of the prospects of the Company looking forward over an appropriate and justified period), including the robustness of stress-testing and scenario planning, and disclosures around such analysis;
  - 2.2.10 the legality of any proposed dividend and the Company's ability to pay it and remain a going concern;
  - 2.2.11 all material information presented with the financial statements, such as the strategic report and the corporate governance statements, insofar as it relates to audit and risk management;
  - 2.2.12 the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and
  - 2.2.13 any other statements that contain financial information and require Board approval, if carrying out a review before Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the AIM Rules for Companies.
- 2.3 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.
- 2.4 The Committee shall also be required to:
- (a) keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
  - (b) review and approve the statements to be included in the annual report concerning internal controls, risk management and the viability statement, and ensure that:
    - (i) relevant disclosures are given in the directors' report as to the Company's risk management and strategy; and
    - (ii) the reporting of key risks in the annual report and accounts is consistent with the internal reporting of key risks;
  - (c) consider the appropriate risk appetite for the Company across all major activities, taking into account the overall strategy of the Company, its future plans and other internal information, as well

as the external environment, including economic, political and industry information;

- (d) oversee and advise the Board on and annually consider how the remuneration of executives shapes their view of risk;
- (e) review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action;
- (f) review the Company's procedures for detecting fraud;
- (g) review the Company's systems and controls for the prevention of bribery and modern slavery and receive reports on non-compliance (in line with the Company's anti-bribery and modern slavery policies); and
- (h) review regular reports from the Money Laundering Reporting Officer and the adequacy and effectiveness of the Company's anti-money laundering systems and controls.

2.5 In addition, the Committee shall:

- (a) monitor at least annually the need for an internal audit function in the context of the Company's overall risk management system, make any recommendation to the Board and explain the reasons for the absence of such a function, how internal assurance is achieved and how this affects the external audit work to the board for disclosure in the annual report. The Committee will assess whether the processes applied by management to ensure that the internal controls systems are functioning as intended provide sufficient and objective assurance;
- (b) consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- (c) oversee the relationship with the external auditor including (but not limited to):
  - (i) negotiation and approval of their terms of engagement and remuneration, whether fees for audit or non-audit services, and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;

- (ii) assessing annually their independence and objectivity taking into account all applicable law, relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services and any other threats to the auditor's independence and the safeguards to mitigate those threats;
- (iii) assessing annually the qualifications, expertise and resources of the external auditor and, taking into account all applicable law and relevant professional and regulatory requirements, the effectiveness of the external audit process, which will include a report from the external auditor on their own internal quality procedures;
- (iv) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
- (v) agreeing with the Board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy.

2.6 The Committee shall:

- (a) meet on a regular basis with the external auditor, including once at the planning stage before the audit, to include the review and approval of the annual audit plan and ensure that it is consistent with the scope of the audit engagement, and once after the audit at the reporting stage; and
- (b) review any representation letter(s) requested by the external auditor before they are signed by management and consider whether, based on its knowledge, the information provided is complete and appropriate.

2.7 The Committee shall review the findings of the audit with the external auditor. This shall include but not be limited to, the following:

- (a) a discussion of any major issues which arose during the audit;
- (b) any accounting and audit judgements;
- (c) levels of errors identified during the audit;
- (d) the effectiveness of the audit;
- (e) reviewing whether the external auditor has met the agreed audit plan and whether the auditor identified any risks to audit quality and, if so, how these were addressed;
- (f) understanding reasons for changes to the audit plan;

- (g) considering the external auditor's robustness and perceptiveness in handling key accounting and audit judgements and responding to the Committee's questions;
  - (h) obtaining feedback from key people on the conduct of the audit; and
  - (i) reporting to the Board on the effectiveness of the audit process.
- 2.8 The Committee shall review the external auditor's management letter and management's response to any findings and recommendations of the auditor.
- 2.9 The Committee shall:
  - (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretary for assistance as required;
  - (b) be provided with appropriate and timely training as considered necessary;
  - (c) give due consideration to applicable laws and regulations, including but not limited to the directors duties contained in the Companies Act 2006, the provisions of the UK Corporate Governance Code, the QCA Corporate Governance Code, the requirements of the London Stock Exchange's AIM Rules for Companies and any other applicable rules, as appropriate;
  - (d) monitor compliance with financial reporting standards and related guidance and other financial and governance reporting requirements;
  - (e) be responsible for co-ordination of the internal and external auditors;
  - (f) oversee any investigation of activities which are within its terms of reference; and
  - (g) arrange for periodic review of its own performance and, at least once every year, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 2.10 The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Chairman shall (on behalf of the Committee) make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 2.11 The Committee shall compile a report to shareholders on its activities and how the Committee has discharged its responsibilities to be included in the Company's annual report. In compiling the report, the Committee shall exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but include at least those

matters that have informed the Board's assessment of whether the Company is a going concern and the longer term viability statement.

### **3. MEMBERSHIP**

- 3.1 The members of the Committee shall be appointed by the Board. All of the members of the Committee should be independent non-executive directors. The chairman of the Board will not be a member of the Committee.
- 3.2 The Committee shall have at least two members and at least one member should have recent and relevant financial experience and competence in accounting and/or auditing.
- 3.3 At the date of formation of the Committee, it has been agreed that the members of the Committee will be Ms Emma Hynes and The Rt. Hon Mark Field and the Committee shall be chaired by The Rt. Hon Mark Field. A quorum shall be any two members of the Committee, save that to extent a member is conflicted in line with item 6.2 below, the quorum shall reduce to one.
- 3.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for no more than two further periods of up to three years, provided the director remains independent.
- 3.5 In the absence of the Chairman of the Committee and/or an appointed deputy, the remaining members present at a Committee meeting will elect one of their number present to chair the meeting.
- 3.6 The Chairman of the Committee will review membership of the Committee annually, as part of the annual performance evaluation of the Committee.

### **4. ATTENDANCE AT MEETINGS**

- 4.1 The Committee will meet at least twice a year, and at other times during the year as agreed between the members of the Committee or as required.
- 4.2 The Company's external auditors may be required to attend Committee meetings, but not in the presence of any of the executive directors of the Company, with a view to consulting with the Committee.
- 4.3 The Company Secretary or his or her nominee shall be the secretary of the Committee.
- 4.4 Outside of the formal meeting programme, the Chairman of the Committee (and to a lesser extent, other Committee members) shall maintain a dialogue with key individuals involved in the Company's governance, including the Chief Executive Officer and Chief Financial officer and the external audit lead partner and the head of internal audit (as applicable).

**5. NOTICE OF MEETINGS**

- 5.1 Meetings of the Committee shall be called by the Chairman of the Committee at the request of any of its members or at the request of the external or internal auditors if they consider it necessary.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than two working days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee and to other attendees (as appropriate) at the same time.

**6. VOTING**

- 6.1 Each member of the Committee shall have one vote which may be cast on matters considered at any meeting. Votes can only be cast by members attending a meeting of the Committee.
- 6.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 6.3 Subject to item 6.2, the Chairman of the Committee will have a casting vote.

**7. AUTHORITY**

A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. The Committee is authorised by the Board to examine any activity within its terms of reference and is authorised to have unrestricted access to the Company's external auditors and head of internal audit and to obtain, at the Company's expense, legal or other professional advice on any matter within its terms of reference. The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.

**8. REPORTING**

The proceedings and resolutions of meetings of the Committee, including the names of those present and in attendance, shall be minuted. Draft minutes of each meeting will be circulated promptly to all members of the Committee. Once approved, the minutes of each meeting will be submitted to the Board as a formal record of the decisions of the Committee on behalf of the Board unless a conflict of interest exists or it is otherwise inappropriate to do so.

**9. GENERAL MATTERS**

- 9.1 The Chairman of the Committee should make himself or herself available at each Annual General Meeting of the Company to answer questions concerning the Committee's work.

- 9.2 The recommendations of the Committee minutes must be approved by the Board before they can be implemented.
- 9.3 The Committee shall consider such other matters as may be requested by the Board.
- 9.4 The Committee will arrange for periodic reviews of its own performance and, at least once a year, review its membership and these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 9.5 The Committee shall:
  - (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretary for assistance as required; and
  - (b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.