

## Terms of reference of the Audit Committee

Version 2

September 2020

### Table of contents

1	Introduction .....	2
2	Purpose of the Audit Committee, decision-making power and authority .....	2
3	Duties of the Audit Committee .....	2
4	Members of the Audit Committee.....	3
5	Audit Committee meetings .....	3
6	Audit Committee's reporting to the Board of Directors .....	4
7	Self-evaluation .....	4

## 1 Introduction

These terms of reference describe the composition and purpose of the Audit Committee of Roblon A/S.

## 2 Purpose of the Audit Committee, decision-making power and authority

The primary role of the Audit Committee is to assist the Board of Directors in meeting its obligations to ensure independent and objective oversight of:

- the Company's financial reporting process;
- the efficiency of the Company's internal control system and risk management systems;
- the statutory audit of the financial statements;
- the independence of the auditors elected by the General Meeting

The Audit Committee is intended to have a preparatory and oversight role, and the responsibilities of the Board of Directors are not affected by the establishment of the Audit Committee. The Audit Committee has a quorum when at least half of the members are present.

The Audit Committee reports to and may submit resolutions for approval to the Board of Directors. The Audit Committee has no independent decision-making authority and can therefore only make decisions concerning recommendations to the Board of Directors. Such decisions shall be taken by a simple majority. In the event of a tie, the chairman of the committee shall have the casting vote.

The Board of Directors presents the annual report, the Executive Management is responsible for preparing and presenting the Company's external financial reports, and the auditors elected by the General Meeting are responsible for auditing the annual report.

The Executive Management is responsible for maintaining effective business procedures and internal controls in relation to the financial reporting and together with the Audit Committee evaluates these annually.

Although the Audit Committee is charged with the tasks set out in these terms of reference, it is not the responsibility of the Audit Committee to:

- undertake detailed planning of or perform audits, or to determine:
  - whether the financial reporting gives a true and fair view of the Group's assets, liabilities and financial position and of the results of the Group's activities and cash flows; or
  - whether the management's review includes a fair review of the development and performance of the Group's business and financial situation, the financial results for the period and of the Group's financial position in general and gives a fair description of the significant risk and uncertainty factors that Roblon A/S faces.

The Audit Committee plays a key role in ensuring the independence of the auditors elected by the General Meeting. The auditors must discuss any risk of impairment of their independence with the Audit Committee. Annually, the Audit Committee discusses the independence of the auditors elected by the General Meeting and quality control procedures.

## 3 Duties of the Audit Committee

It is the Audit Committee's duty to communicate with the Management team and the external auditors about the following matters:

- annual and interim reports;
- overall planning of the audit, including risk assessment and audit strategy;
- prioritisation of audit resources;
- significant accounting policies;
- significant accounting issues and estimates;
- material misstatements (corrected and uncorrected) and any disagreements with the general management;
- matters concerning fraud;
- contents of auditors' reports and long-form audit reports;

- significant uncertainties and risks and management thereof;
- significant matters concerning business procedures and internal controls; and
- any need for an internal audit.

The Audit Committee is furthermore responsible for the procedure of selecting and recommending auditors for appointment in accordance with article 16 of the Regulation.

## 4 Members of the Audit Committee

The Board of Directors appoints at least two Audit Committee members from among its members, one of whom is appointed committee chairman. Members of the Audit Committee are appointed for a term of one year. The Board of Directors must appoint members with competencies in basic financial work routines, internal controls and financial reporting principles.

Current members of the Audit Committee are Randi Toftlund Pedersen (Chairman) and Jørgen Kjær Jacobsen. Both Randi Toftlund Pedersen and Jørgen Kjær Jacobsen are independent.

## 5 Audit Committee meetings

The Audit Committee meets prior to the Board's meetings on interim reports and the external annual financial reporting. In addition to this, the Audit Committee holds monthly telephone conferences and meetings as and when the committee members deem necessary. 8-10 meetings are held annually. The Audit Committee decides which representatives of Roblon should attend meetings. The Company's CEO and CFO must attend all meetings, however. The auditors elected by the General Meeting attend meetings when relevant items are on the agenda and always attend the meeting held in connection with the annual report.

The following seven items are on the agenda at all Audit Committee meetings:

Agenda:

- 1) Adoption of the minutes of the last committee meeting and review of action points
- 2) Communications from the chairman of the Audit Committee, the chairman of the Board of Directors and the Executive Management
- 3) Cases of fraud
- 4) Review of the Roblon Group's monthly financial statements
- 5) Review of selected accounting areas (to be decided from time to time)
- 6) Services from the auditor in addition to the statutory audit
- 7) Any other business

Furthermore, during the year the Committee considers the following business under the five main items:

- Oversight of the financial reporting process, including
  - assessing whether the accounting policies are appropriate and whether the accounting policies and accounting estimates have been consistently applied;
  - impairment testing;
  - uncertainties and risks in relation to the current and subsequent financial years;
  - interim reporting;
  - draft stock exchange announcement (company announcement);
  - assessing if the Company possesses adequate accounting competencies and resources;
  - reporting to the Board of Directors on any proposed improvements of the financial reporting process, internal controls or risk management systems
- Oversight of the statutory audit of the financial statements etc., including:
  - assessing the auditors' strategy and approach, planned level of materiality and planned audit procedures in significant areas;

- reviewing draft long-form audit reports and management letters, if any, and discussing audit findings with the auditors;
- reviewing non-audit services provided by the auditors and ensuring compliance with provisions under “PIE” rules;
- verifying the auditors’ certification prior to their issuing an auditors’ report on the financial statements;
- monitoring and verifying the independence of the auditors, including the provision of non-audit services;
- reviewing the external auditors’ most recent internal quality control
- Recommendations to the Board of Directors on the Board’s proposal for appointment of auditors at the general meeting
- Oversight of the effectiveness of the Company’s internal control system, including:
  - assessing whether existing written policies, business procedures and authorisations are adequate and appropriate, including the Company’s procedures for prevention and detection of fraud;
  - evaluating the effectiveness of business and control procedures, systems and data security, operational reliability, accounting systems, etc., including discussing the information in this respect provided by the auditors in the long-form audit report;
  - reviewing the description in the management’s review of the key elements of Roblon’s internal control and risk management systems;
- Oversight of the effectiveness of the Company’s risk management systems, including:
  - evaluating the effectiveness of business and control procedures, systems and data security, operational reliability, accounting systems, etc., including discussing the information in this respect provided by the auditors in the long-form audit report;
  - the Executive Management’s reporting on IT and IT security;
  - reviewing IT systems audit report;
- Assessing the need for an internal audit
- Reviewing draft CSR reporting for the financial year and regular discussion of any news from the Danish Business Authority and new CSR recommendations
- The Audit Committee, including:
  - its composition and independence;
  - evaluating its work, including its reporting to the rest of the Board of Directors;
  - evaluating resources and material received;
  - reassessing its rules of procedure;
  - assessing its competencies;
  - describing its work, proposals for annual reports and the website, [www.roblon.com](http://www.roblon.com);
  - the audit committee meeting with the auditors alone;
  - the committee chairman meets with the auditors as and when required, but at least once a year.

## 6 Audit Committee’s reporting to the Board of Directors

Minutes of committee meetings must be sent to the Board of Directors and presented at the next board meeting. Audit Committee meetings relating to the Company’s interim reports should be held prior to the board meetings at which these reports are to be considered. At these board meetings, the Audit Committee reports orally to the Board of Directors. The Board of Directors may at any time request a more detailed oral or written report from the Audit Committee.

## 7 Self-evaluation

Annually in September, the Audit Committee must self-evaluate the Committee and its work. Annually in September, the Committee must also review these terms of reference. Any proposed amendments must be approved by the Board of Directors at its meeting in December.

As adopted by the Board of Directors on 17 September 2020