

## CHARTER FOR THE AUDIT COMMITTEE OF TCM GROUP A/S

### 1. SCOPE AND PURPOSE

- 1.1 The board of directors of TCM Group A/S (the "**Company**") has established, in accordance with section 31 of the Danish Act on Approved Auditors and Audit Firms (in Danish: "*Revisorloven*") and the Corporate Governance Recommendations (in Danish "*Anbefalinger for god selskabsledelse*"), an audit committee (the "**Audit Committee**") under the supervision of the Company's board of directors.
- 1.2 The Audit Committee will be charged with supervising the Company's audit, financial reporting, risk management and security matters, and will also supervise the external auditor's independence of the Company. The tasks of the Audit Committee are described in more detail in clause 3 below.
- 1.3 The Audit Committee is charged solely with preparing the resolutions to be taken by the board of directors. The Committee works in accordance with these terms of reference. The terms of reference are updated and approved annually by the board of directors.
- 1.4 The board of directors carries full responsibility for all resolutions that have been prepared by the Audit Committee.

### 2. CONSTITUTION AND COMMITTEE MEMBERS

- 2.1 The Audit Committee consists of a minimum of three members who are appointed by the board of directors.
- 2.2 Members are appointed among the members of the board of directors. The majority of the members of the Audit Committee must be independent.
- 2.3 Appointments to the Audit Committee are for one-year terms. Members may be removed by the board of directors at any time. Any member of the Audit Committee who resigns from the board of directors must also resign from the Audit Committee.
- 2.4 The Audit Committee elects a chairman, save that the chairman of the board of directors may not serve as chairman of the Audit Committee.
- 2.5 At least one member of the Audit Committee must have relevant and up-to-date economic expertise and experience to ensure that the Audit Committee's pool of combined expertise and experience is sufficient to give it up-to-date experience and insight into financial affairs and financial reporting and auditing in relation to listed companies such as the company. As a whole, the members of the Audit Committee shall have competences relevant to the sector in which the Company operates.

### 3. DUTIES

#### 3.1 The duties of the Audit Committee in connection with financial reporting are:

- 3.1.1 To inform the board of directors of the outcome of the statutory audit, including the process for presentation of accounts;
- 3.1.2 To supervise the Company's audit and financial reporting, including the process for the financial reporting, and submitting recommendations to ensure its integrity;

- 3.1.3 To monitor the statutory audit of the annual financial statements and audits of other financial statements taking into account the results of the most recent quality control of the external auditor;
- 3.1.4 To monitor the appropriateness and efficiency of the financial reporting processes;
- 3.1.5 To assess and if necessary investigate the management's actions and assessments for the annual, bi-annual and quarterly financial reporting before they are submitted to the board of directors;
- 3.1.6 To review and assess - prior to the board of directors' review of and statement on the annual report - reports on the internal control and risk management systems and to ensure that such internal control and risk procedures are effective in regards to the financial reporting process of the Company, without breaching its independence, and draft report of the board of directors on the annual report;
- 3.1.7 To investigate the circumstances of any resignation of external auditors and advice on steps to be taken in that regard;
- 3.1.8 To assess the need for establishing an internal audit function; and
- 3.1.9 To assess tax risks and advice on steps to be taken in that regard, including assessing whether a tax policy should be adopted.

**3.2 The duties of the Audit Committee in relation to the external audit are:**

- 3.2.1 To make a critical assessment of the independence (see chapter 4 of the Danish Act on Approved Auditors and Audit Firms), objectivity and competence of external auditors;
- 3.2.2 To submit recommendations to the board of directors for its recommendation to the general meeting on the appointment of external auditors;
- 3.2.3 To review the overall general framework for the external auditors' rendering of non-auditing services, including monitoring the nature and extent of such services to ensure that they do not fall outside the audit mandate;
- 3.2.4 To submit proposals to the board of directors concerning agreements with the external auditors and the remuneration related thereto, including remuneration for non-auditing services (see articles 4 and 5 of Regulation EU/537/2014 (in Danish "*Revisorforordningen*")), for approval by the board of directors; and
- 3.2.5 To review and assess the external auditors' audit plan etc. and material comments resulting from the audit.

**3.3 The duties of the Audit Committee in connection with risk management are:**

- 3.3.1 To monitor the Company's risk management policies, including identifying, communicating and manage risks;
- 3.3.2 To submit risk management policies and/or policies for undertaking risks (in addition to risks associated with the financial reporting) for approval by the board of directors; and
- 3.3.3 To monitor the management's reporting to the board of directors concerning the development in the most essential risk areas as well as reporting on compliance with any adopted policies, scopes, etc.

**3.4 Other duties of the Audit Committee**

- 3.4.1 In accordance with the Corporate Governance Recommendations, the Audit Committee will prior to the approval of the annual report and other financial reports monitor and report to the board of directors of any significant accounting policies, significant accounting estimates, related party transactions and uncertainties and risks, including in relation to the outlook for the current year.

- 3.4.2 At the Company's general meetings, the chairman of the Audit Committee must be available to answer questions about the Audit Committee's rules of procedure and activities.
- 3.4.3 The Audit Committee must also monitor any other matters relating to the duties referred to in clauses 3.1 to 3.3 that it deems necessary, in its discretion, and perform any other duties that the board of directors delegates to it.

#### **4. AUDIT COMMITTEE AUTHORISATION AND RESOURCES**

- 4.1 Within its terms of reference the Audit Committee is authorised to:
  - 4.1.1 Obtain such independent professional advice as the Committee considers necessary for performing its tasks;
  - 4.1.2 Obtain information from relevant employees of the Company's group companies who may be summoned to attend meetings at the Committee's request. Other directors, the management, and relevant employees, are obliged to attend meetings if summoned by the Committee;
  - 4.1.3 Obtain information from the Company's external auditor elected by the general meeting;
  - 4.1.4 Gain unlimited access to all information that the Committee considers relevant for performing its duties; and
  - 4.1.5 Manage necessary funds and facilities within the Committee's budget as approved by the Board of Directors.

#### **5. MEETINGS**

- 5.1 Only members of the Audit Committee have the right to be present at the meetings. The Audit Committee may invite the CFO, other members of management or the external auditor to participate in meetings.
- 5.2 The Audit Committee chairman will determine the meeting agenda and the meeting frequency and call meetings in accordance with an annual plan prepared by the Audit Committee each year.
- 5.3 A minimum of four meetings will be held annually in connection with the Company's accounts presentation and financial reporting (for example, the quarterly, half-yearly and end-of-year financial statements).
- 5.4 The Audit Committee is quorate when half and at least two of its members, including the Committee chairman, are present. Decisions are passed by a simple majority. In the event of an equal number of votes the Committee chairman has the casting vote.
- 5.5 Minutes of all meetings will be prepared and submitted for approval as soon as possible. The minutes will be approved by the Audit Committee members and forwarded immediately thereafter to all members of the board of directors.
- 5.6 Minutes and any appendices thereto will be forwarded to the external audit function.
- 5.7 The Company's management will assist and perform the secretariat function for the Audit Committee unless otherwise agreed.

#### **6. DISCLOSURE**

- 6.1 The Audit Committee's activities and frequency of meetings in the course of the year are disclosed in the annual report and on TCM Group A/S's website along with the names of the Committee members.

**7. CHANGES**

- 7.1 These terms of reference are updated and approved annually by the board of directors.
- 7.2 Changes to the terms of reference of the Audit Committee can only be made at a board of directors' meeting where the entire board of directors is present and has the requisite majority pursuant to the board of directors' rules of procedure.

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Adopted by the board of directors on 2 November 2017