

Charter of the Audit Committee

H+H International A/S

Adopted April 2018

1. Status

- 1.1. The Audit Committee (AC) is a committee of the Board of Directors established in accordance with the Rules of Procedures of the Board of Directors.

2. Purpose

- 2.1. The AC's sole purpose is to facilitate the transaction of business in the Board of Directors by reviewing information within the AC's areas of responsibilities under the Danish Act on Approved Auditors and Audit Firms, article 31 (see also clause 4 below):

- a) **Informing the Board of Directors**
To inform those charged with governance of the outcome of the statutory audit, including the financial reporting process.
- b) **Overseeing financial reporting**
To oversee the financial reporting process and make recommendations or proposals to safeguard integrity.
- c) **Overseeing internal controls and risk management**
To oversee operating effectiveness of the internal control system, the internal audit function (if any) and risk management systems with respect to financial reporting, without compromising independence.
- d) **Overseeing external audit**
To oversee the statutory audit of the financial statements etc., taking into consideration the outcome of the latest quality assurance review of the audit firm.
- e) **Overseeing the external audit independence**
To check and oversee auditor's independence and approve auditor's rendering of services other than auditing, safeguard compliance with the 70% cap.
- f) **Electing external audit**
To be in charge of the procedure for selecting and recommending auditors for election.

and based on that present recommendations to the Board of Directors.

- 2.2. All significant information must be communicated from the AC to the Board of Directors, and the processing required in the Board of Directors may not be limited or omitted.
- 2.3. All decisions shall be made by the Board of Directors and consequently, the Board of Directors shall remain fully responsible for all decisions prepared by the AC.

3. Membership

- 3.1. The AC shall consist of at least two members. The Board of Directors appoints the AC members among the members of the Board of Directors and no member may also be a member of the Executive Board. The appointment shall usually take place at the first board of director meeting held after each annual general meeting. The term of appointment shall be until the next annual general meeting, however, the Board of Directors can change the composition of the AC at any time.
- 3.2. If the AC has one or more members who are elected by the general meeting and who are not at the same time a member of the Board of Directors, the majority of the AC members, including the chairman of the AC, shall qualify as independent as defined by law. Also, the AC members shall collectively possess up-to-date insights in to and competences of relevance to the Company and the sector(s) within which it does business. Furthermore, the qualifications within the AC shall be adequate to enable the AC to carry out an independent evaluation of whether the Company's accounting, internal controls, risk management and mandatory audit are planned and executed in an appropriate manner compared to the Company's size and complexity. The qualifications must be sufficient to enable the AC to evaluate the independence of the external auditor. Finally, at least one of the AC members being deemed independent shall hold qualifications in accounting or auditing, cf. article 31 of the Danish Act on Approved Auditors and Audit Firms as well as EU Regulation 537/2014.
- 3.3. One of the appointed members of the AC shall be designated by the Board of Directors as chairman of the AC, who may not be the Chairman of the Board of Directors.

4. Responsibilities of the AC

4.1. External company auditors

- 4.1.1. Manage the tender and selection procedure for the external company auditor in compliance with all legal requirements and recommend to the Board of Directors the preferred external company auditor to be nominated by the Board of Directors for election at the annual general meeting as well as an alternative external company auditor. If the Board of Directors decides to engage the alternative auditor instead of the AC's preferred auditor, information on this discrepancy shall be provided in connection with the annual general meeting's agenda item on election of external company auditor. The next tender and selection procedure must take place before the annual general meeting in 2022 and thereafter every 10 years. An external company auditor may only serve for a maximum of two consecutive 10 year periods. Re-election for one new year at the annual general meeting within the 10-year period does not require a prior tender and selection procedure. The specific auditor signing on behalf of the external company audit firm shall be replaced by another auditor from the same audit firm at least every 7 years from the time of first assignment and may first step back in as auditor after three years' pause.
- 4.1.2. Recommend to the Board of Directors, if relevant, that it proposes to the general meeting the discharge of an external company auditor.

- 4.1.3. Recommend to the Board of Directors the content of the service agreement with the external company auditors on both audit services and non-audit services, including the fees related thereto.
 - 4.1.4. Monitor the external company auditor's independence, hereunder approve delivery of non-audit services. Pre-approval may be given for certain categories of non-audit services, and the AC may also delegate its authority to pre-approve services to one or more members of the AC, provided that such designee(s) present any such pre-approvals to the full AC at the next AC meeting. For each financial year starting with 2020 the total fees for delivery of non-audit services may not exceed 70% of the average audit fees for the prior three financial years. The AC shall ensure a policy on approval of non-audit services is in place to enable control with the actual non-audit services being delivered by the external company auditor.
 - 4.1.5. Consider regularly, and always just prior to making a recommendation on the nomination of the external company auditors, the objectivity, competence, overall performance and independence of the external company auditors and at least annually obtain and review a report from the external company auditors substantiating that the external company auditors are independent. The AC shall also annually discuss any concerns to the present or future independence with the external company auditor.
 - 4.1.6. Request and review the latest report on the quality assurance review of the audit firm, performed by the Danish Supervisory Authority on Auditing and any other relevant authorities.
 - 4.1.7. Resolve any disagreements between the external company auditors and the Executive Board and/or the CFO.
 - 4.1.8. Secure a regular dialogue and exchange of information between the external company auditors and the Board of Directors, including that the AC and the Board of Directors meet at least annually with the external company auditors without the presence of the Executive Board and hear-out the external company auditors on the co-operation with Group Finance and the Executive Board as well as on their degree of follow-up on the recommendations made by the external company auditors.
 - 4.1.9. Evaluate the resources and competencies of the combined external independent audit team.
- 4.2. Audit of the annual report
- 4.2.1. Oversee the statutory audit of the annual report, including review of the joint proposal by Group Finance and the external company auditors for the strategy, plan, risk assessment, key audit matters, materiality level, scope and approach of the external company auditors' annual audit.
 - 4.2.2. Review of the external company auditors' work and outcome of the audit, including their reporting to Group Finance, the Executive Board and the Board of Directors.
 - 4.2.3. Ensure that the external company auditors, in due time and prior to the auditors' reporting to the Board of Directors, inform AC of all material findings and issues dealt with by the external company auditors during the audit.
 - 4.2.4. Review the external company auditors' final auditor's report (including key audit matters) to the Executive Board and the Board of Directors, including management

letters and audit book comments (prior to their release) and discuss these with the Executive Board and the external company auditors, and review that management follows up appropriately.

- 4.2.5. Inform the Board of Directors on the results for the statutory audit, including the results of the financial reporting process.

4.3. Financial reporting - review of the appropriateness of accounting policies and estimates

- 4.3.1. Meet with management and external auditors on organisation and maturity of finance function and procedures.
- 4.3.2. Review interim financial reports, including ensuring compliance with IAS 34.
- 4.3.3. Review key accounting policies for compliance with IFRS and the Danish Financial Statements Act.
- 4.3.4. Review significant and critical accounting matters, including their impact on the financial statements and on the significant accounting estimates applied.
- 4.3.5. Review and assess the significant accounting estimates and judgements.
- 4.3.6. Review material transactions and/or unusual circumstances.
- 4.3.7. Review risk of material misstatement of the financial statements.
- 4.3.8. Review transactions with related parties, including reporting on remuneration.
- 4.3.9. Review of uncertainties and risks, including in relation to the outlook for the current financial year.
- 4.3.10. Review the procedures for the Executive Board's financial reporting.
- 4.3.11. Report about and recommend changes, if any, to the subject matter of items 4.3.1 – 4.3.6 above to the Board of Directors.

4.4. The systems of internal controls – risk management systems

- 4.4.1. Review the adequacy and effectiveness of the policy for controlling and the systems of internal controls (including deficiencies and significant changes in internal controls reported to the AC), including mitigation of risks, organisation and maturity of the control system.
- 4.4.2. Review management's reports on compliance with significant internal controls.
- 4.4.3. Review the adequacy and effectiveness of the risk management policy and the systems of risk management.
- 4.4.4. Assess the risk of fraud and review of the investigation and follow-up in relation to possible fraud.
- 4.4.5. Report about and recommend changes, if any, to the subject matter of items 4.4.1 – 4.4.4 above to the Board of Directors and ensure that the Board of Directors receives regular reporting on the development of the material risk and control areas at any given time.

4.5. Internal audit function and whistleblower scheme

- 4.5.1. Annually evaluate and give recommendations to the Board of Directors on any need for an internal audit function, and, if established, annual review and recommendations to the Board of Directors on the internal audit budget, the recruitment, employment and discharge of the head of the internal audit as well as surveillance of Group Finance's

and the Executive Board's follow-up on the conclusions and recommendations of the internal audit.

- 4.5.2. Annually evaluate and give recommendations to the Board of Directors on any need for changes to the procedures related to the whistleblower scheme.

4.6. Miscellaneous

- 4.6.1. Annually review and give recommendations to the Board of Directors on the H+H strategy for IT, contingency plans for the IT set-up etc.
- 4.6.2. Annually review and give recommendations to the Board of Directors on the H+H tax strategy, on whether a tax policy should be developed, on whether adequate transfer pricing documentation is prepared on time etc.
- 4.6.3. Annually review and give recommendations to the Board of Directors on the H+H treasury policy.
- 4.6.4. Annually evaluate the adequacy of this Charter and recommend changes to the Charter, if any, to the Board of Directors.
- 4.6.5. Annually prepare and review an annual work plan, which is clearly linked to the tasks in this charter.
- 4.6.6. Annually ensure that the AC's expertise in accounting and/or auditing, and knowledge of the Company is always updated to reflect any changes in circumstances.
- 4.6.7. Annually ensure that the AC's work is evaluated and ensure that work efforts are always prioritised in relation to the Company's current circumstances and needs.

5. Meetings, quorum, reporting to the Board of Directors

- 5.1. Meetings are to be held as often as the AC chairman finds it necessary, and at least prior to the board of director meetings at which a financial report is to be approved. Further, a meeting shall be held upon request of an AC member, the CFO or the external company auditors.
- 5.2. The meetings shall be convened no later than on the Friday before the meeting, and, if possible, each meeting shall be held at least one week prior to the board of director meeting to which the specific AC meeting relates, if any. The meeting notice shall include an agenda for the AC meeting and, if possible, also all written material relating to the agenda. The CFO shall prepare and the AC chairman shall approve the agenda for the meetings, and any member may suggest items for consideration. The possible form of meeting (e.g. physical, by phone, by email etc.) and the possibility for a member to be represented by proxy shall be similar to what is described for the Board of Directors (cf. its Rules of Procedure).
- 5.3. The AC may at its discretion request the Executive Board, the CFO, other employees of the H+H Group, members of the Board of Directors not being members of the AC as well as the external company auditors and relevant external specialists, advisors or similar to attend AC meetings in relation to specific items on the agenda.



- 5.4. The AC forms a quorum when at least two AC members are present. Resolutions are passed by simple majority, however, in case of a difference in opinion between the AC members where only two AC members are present, both opinions shall be presented to the Board of Directors prior to its decision making in matters to be presented to the Board. If the difference concerns an internal AC matter, the matter shall be presented by the two AC members in common to the Chairman of the Board of Directors who shall then have the decisive say in the matter.
- 5.5. The CFO shall organize preparation and keeping of minutes from the AC meetings, and once approved by the AC members, the minutes shall be recorded and made available to the full Board of Directors. Any minutes not yet approved at the time of a board of director meeting shall be distributed to the Board of Directors in draft form prior to the board of director meeting. All written material presented to or prepared by the AC in relation to an AC meeting shall be made available to the full Board of Directors.
- 5.6. At the board of director meetings, the AC chairman shall based on the AC meetings held since the last board of director meeting provide information from such AC meetings with regard to the AC's discussions, considerations and recommendations for decisions to the Board of Directors.

6. Access to information, confidentiality

- 6.1. The AC is authorised to investigate all matters within the scope of the mandate given herein and to seek the necessary information and assistance from employees of the H+H Group. All requests should be made by the AC chairman. The AC may via its chairman contact the external company auditors directly.
- 6.2. The confidentiality obligations applicable to the work in the Board of Directors (cf. its Rules of Procedure) shall also apply to the work in the AC.

7. Remuneration

- 7.1. The remuneration to each member of the AC shall be as suggested by the Board of Directors and decided at any given time by the general meeting.

The Board of Directors:

.....
Kent Arentoft
Chairman

.....
Stewart A Baseley

.....
Volker Christmann

.....
Pierre-Yves Jullien

.....
Miguel Kohlmann

.....
Henriette Schütze