

Terms of Reference of the Audit Committee

1. Establishment and purpose

- 1.1. ATP established the Audit Committee at the ATP Supervisory Board meeting on 18 June 2009.
- 1.2. The Audit Committee was established in accordance with the Rules of Procedure of the ATP Supervisory Board.
- 1.3. The purpose of the Audit Committee is to assist the Supervisory Board in monitoring and controlling matters relating to accounting and auditing and matters relating to internal control and risk management principles in the ATP Group according to legislative requirements for audit committees for companies and groups subject to supervision by the Danish Financial Supervisory Authority (FSA) and the ATP Supervisory Board's guidelines for the Audit Committee's work, as expressed in these Terms of Reference, and other duties assigned to the Audit Committee by the ATP Supervisory Board; see section 5 below.

2. Membership

- 2.1. Members of the Audit Committee are elected by the ATP Supervisory Board. The Chairman of the Audit Committee is appointed by the ATP Supervisory Board and is not identical with the Chairman of the ATP Supervisory Board.
- 2.2. A quorum exists when at least three members are present.
- 2.3. The CEO, the Internal Chief Auditor and ATP's external auditor are available to the Audit Committee.
- 2.4. At least one member of the Audit Committee must be independent of ATP. In addition, at least one member of the Audit Committee must have qualifications within accounting or auditing. The Audit Committee must possess the necessary knowledge of the financial sector and have the necessary qualifications and skills to understand and monitor ATP's risks.

3. Structure and frequency of meetings

- 3.1. Meetings are held as often as deemed necessary by the Chairman of the Audit Committee and, as a general rule, four times a year.

- 3.2. The Audit Committee prepares a year wheel for its duties. The year wheel is aligned with the Supervisory Board's year wheel.
- 3.3. The Audit Committee performs preparatory tasks for the Supervisory Board, and the committee's meetings are as far as possible scheduled to be held prior to ATP Supervisory Board meetings. When the Chairman and at least two other members of the Audit Committee are present, the Audit Committee may submit proposals for decision by the Supervisory Board.
- 3.4. An agenda with appendices is as far as possible distributed no later than seven days before a meeting, unless otherwise agreed.
- 3.5. The Executive Board, staff from the finance, risk and compliance, and legal departments as well as specialists, if relevant, may participate in the meetings at the Audit Committee's request. The internal and external auditors may also participate in the meetings to the extent that they and the Audit Committee deem that there is a need for this.
- 3.6. At least once a year, the Audit Committee sets the dates for the meetings to be held in the coming 24-month period.
- 3.7. The Group's legal department acts as secretariat to the Audit Committee.

4. Remit and resources

- 4.1. The Audit Committee reports and submits proposals to the Supervisory Board.
- 4.2. The Audit Committee must organise its work with a view to ensuring effective collaboration with the management and the auditors and in accordance with the Audit Committee budget approved by the Supervisory Board.
- 4.3. The Audit Committee is authorised to:
 - 4.3.1. As and when necessary, convene meetings with and obtain information and assistance from other Supervisory Board members, the Executive Board, the head of accounting, the internal and external auditors and employees in the ATP Group.
 - 4.3.2. Carry out investigations in collaboration with the management and the auditors in relation to the Audit Committee's duties.
 - 4.3.3. Obtain advice, guidance and assistance from external legal advisers, accounting professionals and other advisers as deemed necessary for the performance of its duties.

- 4.3.4. Prepare draft terms of reference for the Audit Committee, including determining the structure of meetings as well as planning and documenting the Audit Committee's work in the course of the year.

5. Duties

- 5.1. The duties of the Audit Committee are to:

- 5.1.1. Inform the Supervisory Board of the outcome of the statutory audit, including the financial reporting process.

- 5.1.2. Monitor the financial reporting process, and thus supervise the basis for and the accuracy of the financial information provided in ATP's interim and annual reports, and submit recommendations or proposals to ensure integrity. The Audit Committee has the following specific duties:

- a. The Audit Committee must in particular assess guidelines and processes in connection with the financial reporting. As a part of this, the Audit Committee discusses the organisation and the level of maturity of the finance function.
- b. The Audit Committee must assess the management's review and must review the statement by the Supervisory and Executive Boards prior to signing.
- c. The Audit Committee must review material and risky areas, including:
 - accounting policies, significant accounting principles and significant changes thereto,
 - significant accounting estimates, including complex accounting entries,
 - unusual and significant transactions,
 - significant post-entries made by the management after the reporting date,
 - related party transactions,
 - uncertainties and risks, including uncertainties and risks relating to the management's review, and
 - the expected effect of new legislation, new rules and future accounting standards.

- 5.1.3. Monitor ATP's internal control procedures and system in connection with the preparation of financial statements with a view to assessing whether they are sufficiently effective to ensure financial reporting which is correct in all material respects, without compromising the independence of the financial reporting:

- a. Assess the compliance officer's reporting in relation to internal controls and any weaknesses therein.
 - b. Assess the procedures and the management's guidelines/business procedures for the prevention and detection of fraud.
 - c. Assess the account provided in the management's review of the main elements in the company's internal control and risk management systems, including how risks of errors in the financial statements are identified by means of internal controls.
- 5.1.4. Monitor ATP's risk management processes, methods and systems with a view to assessing whether they are sufficiently effective to ensure financial reporting which is satisfactory in all material respects.
- 5.1.5. Perform duties assigned to the Audit Committee by the ATP Supervisory Board prior to consideration by the Supervisory Board according to the Audit Committee's year wheel.
- 5.1.6. Monitor the audit procedures and assessments performed by ATP's external and internal auditors in connection with ATP's presentation of annual reports, taking into account the result of the latest quality control review of the external audit firm. The Audit Committee has the following specific duties:
- a. Review the audit engagement letters concluded with the external auditor.
 - b. Review and assess the audit strategy and the audit plan prepared by the external auditor.
 - c. Assess the level of materiality determined by the external auditor.
 - d. Review audit findings and reporting, including any problems and difficulties and the management's response thereto, in collaboration with the external auditor.
 - e. Monitor that the follow-up on significant matters and recommendations noted by the external auditor is adequate.
 - f. Assess the external auditor's resources and competences.
 - g. Review the result of the latest quality control review of the external auditor performed by the Danish Supervisory Authority on Auditing.
- 5.1.7. Monitor and check the independence of the external auditor, approve the auditor's provision of non-audit services to ATP and the schemes managed and ensure compliance with the cap on the purchase of non-audit services of maximum 70 per

cent of the ordinary annual audit fees. The Audit Committee has the following specific duties:

- a. Establish a policy which ensures that the rules of the Danish Act on Approved Auditors and Audit Firms (*Revisorloven*) on independence in connection with the approval of non-audit services and the cap on such services are observed.
- b. Annually review the policy on the Audit Committee's approval of non-audit services provided by the external auditor.
- c. Review and approve both audit and non-audit services provided by the external auditor in accordance with the policy.
- d. Review and assess the external auditor's measures to ensure independence, including the extent of non-audit services, as well as the external auditor's statement in the independence report.

5.1.8. Be responsible for the procedure for selecting and recommending the appointment of an auditor:

- a. The Audit Committee must assess whether a call for tenders should be made for the external audit and, if required, is responsible for the selection procedure and for preparing a reasoned recommendation for the Supervisory Board on the appointment of an external auditor.

5.1.9. The Audit Committee has the following duties in relation to the monitoring of the internal auditor:

- a. Advise the Supervisory Board on the selection, appointment and dismissal of the Internal Chief Auditor, as well as assessing the budget and staffing of the internal audit function.
- b. Ensure that a functional description for internal audit is available which has been approved by the Supervisory Board.
- c. Review and assess the audit strategy and the audit plan prepared by the internal auditor, which also constitutes an audit plan for the internal audit function.
- d. Review audit findings and reporting, including any problems and difficulties and the management's response thereto, in collaboration with the internal auditor.
- e. Monitor that the follow-up on significant matters and recommendations noted by the internal auditor is adequate.

- f. Assess the internal auditor's resources and competences.
- g. Hold an annual evaluation review between the Chairman of the Audit Committee and the Internal Chief Auditor.

5.1.10. In addition to the above items, the Supervisory Board may request that the Audit Committee perform specific ad hoc duties.

6. Reporting

- 6.1. The meetings of the Audit Committee are minuted. The Chairman chairs the Audit Committee meetings. The Chairman is responsible for ensuring that Audit Committee meetings are minuted. The Group's legal department assists the Chairman with this.
- 6.2. The Audit Committee informs the Supervisory Board of work performed and significant conclusions at the first Supervisory Board meeting after each Audit Committee meeting.

7. Evaluation

- 7.1. The Audit Committee reviews and assesses on an annual basis, and when deemed expedient, whether these Terms of Reference of the Audit Committee are updated and adequate and recommends amendments to the Terms of Reference to the Supervisory Board.

Adopted by the Supervisory Board at the Supervisory Board meeting on 12 December 2018. The Terms of Reference apply from 7 February 2019.

Torben M. Andersen
Chairman of the Supervisory Board