

# Audit Committee Terms of Reference

June 2017



## Index

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1. Introduction .....	2
2. Purpose of the Audit Committee .....	2
3. Tasks of the Audit Committee .....	3
4. Members of the Audit Committee.....	3
5. Meetings .....	4
6. Reporting to the Board of Directors .....	5
7. Access to resources.....	5

## 1. Introduction

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The purpose of this document is to describe the composition and purpose of Columbus A/S' Audit Committee. This document replaces previous versions of the Terms of Reference for the Audit Committee.

## 2. Purpose of the Audit Committee

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The primary role of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities of ensuring independent and unbiased monitoring of:

- The Company's financial reporting processes
- The effectiveness of the Company's internal controls and risk management systems
- The mandatory external audit of the financial statements
- The independency of external auditors

As the Audit Committee's function is preparatory and monitoring, the establishment of the Audit Committee does not change the responsibilities of the Board of Directors.

The Board of Directors is responsible for reporting the financial statements, the Executive Board is responsible for preparing and presenting the Company's external financial reporting, and the Company's auditors are responsible for auditing the financial statements.

The responsibility for maintaining effective business processes and internal controls in relation with the financial reporting lies with the Executive Board. The Executive Board reviews the processes once a year in cooperation with the Audit Committee.

Although the Audit Committee is entrusted with the tasks and responsibilities described in this "Terms of Reference for the Audit Committee", the responsibilities of the Audit Committee do not include:

- Detailed planning or performance of audits, and neither to determine:
  - If the financial reporting gives a true and fair view of the Group's assets, liabilities and financial position, as well as result of its operations and cash flow
  - If the management's report gives a true and fair view of the development of the Group's business and financial matters, the results for the year and of the financial position as a whole, together with a description of the principal risks and uncertainties that the Company faces.

The Audit Committee has been assigned a central role in ensuring independency of the Company's auditors. The auditors must discuss any threats against independency with the Audit Committee. Once a year the auditors' procedures for ensuring independency and quality in delivery are discussed.

### 3. Tasks of the Audit Committee

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The Audit Committee is responsible for ensuring ongoing dialog with Group management and external auditors about the following matters:

- Annual Reports and Interim Reports
- Overall audit planning, including risk assessment and audit strategy
- Prioritization of audit resources
- Material accounting policies
- Material accounting issues and estimates
- Material errors (corrected and non-corrected), possible disagreements with Group management
- Questions about continued operation
- Questions about fraud
- Content of independent auditors' reports and records
- Significant uncertainties, risks and control hereof
- Significant issues related to business processes and internal controls
- Need for internal audit

Furthermore, the Audit Committee is responsible for making recommendations in relation to the appointment of auditors to the Board of Directors.

### 4. Members of the Audit Committee

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The Audit Committee consists of at least two members who are appointed from and among the Board of Directors for a one year term. The Board of Directors also appoints the Chairman of the Audit Committee.

When appointing members, the Board of Directors must consider competencies and experience within financial working routines, internal controls and accounting policies.

Current members of the Audit Committee are:

- Peter Skov Hansen, Chairman
- Sven Madsen

## 5. Meetings

The Audit Committee will meet at least two times a year, prior to the Board of Directors' meetings related to interim and annual external financial reporting. Additional meetings may be scheduled as determined by the members of the Audit Committee.

The Audit Committee decides which representatives from the Company should participate in meetings. However, Columbus' CFO will participate in all meetings.

The Company's auditors will participate in meetings when relevant, however, the auditors will always participate in meetings about annual report and overall risk assessment, strategy and audit planning.

At least once a year the Audit Committee will meet separately with the external auditors without the Executive Board present.

Each ordinary meeting will, according to need, end with agenda items in which only the members of the Audit Committee will participate.

Each meeting agenda will consist of the following five agenda items:

- Approval of minutes from last meeting
- Reporting from Group management and finance
- If relevant, reporting from external auditors
- Any other business
- Agenda items, in which only the members of the Audit Committee will participate

Besides, the following topics will be discussed during the year as sub items to the five main agenda items:



## 6. Reporting to the Board of Directors

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Minutes of all meetings will be sent to the Board of Directors and approved at the next Board meeting.

Prior to the Board of Directors' meetings related to interim and annual external financial reporting, the Audit Committee will schedule meetings about this reporting. The Audit Committee will report these meetings verbally to the Board of Directors.

At any time the Board of Directors may demand a more detailed verbally or written reporting from the Audit Committee.

## 7. Access to resources

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The company will provide the Audit Committee with meeting facilities, an assistant and files.

As adopted by the Audit Committee and Board of Directors on 9 June 2017.