

# Terms of Reference of the Audit Committee

## 1. Establishment and purpose

- 1.1. ATP established an 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 Audit Committee has been appointed to assist the Supervisory Board in fulfilling its oversight responsibilities relating to the financial reporting process with a view to ensuring reliability, integrity and transparency in financial reports.
- 1.4. The Audit Committee reviews accounting and auditing matters, issues relating to internal controls and principles of risk management as well as performing any other duties assigned to the Audit Committee by the ATP Supervisory Board, see section 5.

## 2. Membership

- 2.1. Members of the Audit Committee are the members of the ATP Executive Committee. The Chairman of the Audit Committee is appointed by the ATP Supervisory Board.
- 2.2. A quorum exists when at least two members are present.
- 2.3. The CEO, the Internal Chief Auditor and ATP's external auditor are available to the Audit Committee.

## 3. Structure and frequency of meetings

- 3.1. Meetings are held as often as deemed necessary by the Chairman and at least four times a year. Insofar as possible, meetings are scheduled so that accounting records etc. to be considered by the Supervisory Board have been considered by the Audit Committee in advance. ORSA minutes from the most recent ORSA meeting are presented for information at the Audit Committee meetings.
- 3.2. The Audit Committee prepares a year wheel for its tasks. The year wheel is aligned with the Supervisory Board's year wheel.
- 3.3. The Group's legal department acts as secretariat to the Audit Committee.

## 4. Remit and resources

- 4.1. The Audit Committee has the power to
  - Review all matters within its Terms of Reference.
  - Obtain the necessary information and assistance from ATP's CEO and employees in the ATP Group.
  - Pay the required costs.

4.2. If summoned by the Audit Committee, relevant employees must attend meetings.

## 5. Duties

5.1. The duties of the Audit Committee are to:

- I. Inform the Supervisory Board of the outcome of the statutory audit, including the financial reporting process
- II. Monitor the financial reporting process and submit recommendations or proposals to ensure integrity
- III. Monitor whether ATP's internal control system, internal audit and risk management systems are also effective with regard to the financial reporting, without compromising the independence of the financial reporting
- IV. Monitor the statutory audit of annual reports etc., taking into account the result of the latest quality control review of the audit firm
- V. Monitor and check the independence of the auditor, and approve the auditor's provision of services other than auditing services, ensure compliance with the 70 per cent cap (the first follow-up in relation to the 70 per cent cap will take place in 2020, based on the years 2017, 2018 and 2019)
- VI. Be responsible for the procedure for selecting and recommending the appointment of an auditor
- VII. Discuss with the auditor, the CEO and the internal auditor whether the audit process is effective
- VIII. Meet at least once a year with the auditors with particular focus on:
  - a) Assessing whether ATP's financial reporting, internal control environment and risk management are effective
  - b) Assessing the collaboration between the auditor, the internal auditor and the Supervisory and Executive Boards
  - c) Assessing the independence and objectivity of the auditors
  - d) Assessing whether the audit processes and the internal audit are effective
- IX. Perform duties assigned to the Audit Committee by the ATP Supervisory Board prior to consideration by the Supervisory Board, including:
  - a) Annual report: Review of financial reporting, including annual and interim financial statements, as well as drafting company announcements, management's review for the annual report, the actuary's report and long-form audit reports
  - b) Annual review of assets, including the principles governing the valuation of major assets, calculation of pension liabilities and other liabilities and exposures
  - c) Strategy and budgets: Risk policy and frameworks. Information security policy. Internal control policy. Compliance policy and plan. Function description for internal audit and policy for internal audit function. Function description for the actuarial function in ATP and the Supervisory Board's function description for the

Chief Actuary in ATP. Budgets for the ATP Group, the internal auditor and Labour Market Insurance Claims Review

- d) Assessment of ATP's Internal Model and review of:
  - Reporting from the ORSA Committee
  - Reporting on operational risks
  - Reporting on information security
  - Reporting on compliance
- e) Reporting on whistleblower cases and assessment of their treatment
- f) Life expectancy developments.

## **6. Reporting**

- 6.1. Minutes of the meetings of the Audit Committee are numbered in chronological order and approved by the Audit Committee members.
  
- 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. Minutes of the meetings of the Audit Committee are sent to the members of the Supervisory Board when they are ready along with other Supervisory Board materials, and all minutes are presented for information as a fixed item on the agenda at Supervisory Board meetings.

## **7. Evaluation**

- 7.1. The Audit Committee annually reviews and assesses its Terms of Reference and recommends amendments to the ATP Supervisory Board.

Adopted following written consideration by the Supervisory Board on 22 June 2017

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Jørgen Søndergaard  
Chairman of the Supervisory Board