

## Audit Committee Charter

### 1 ROLE, RESPONSIBILITIES AND COMPOSITION OF THE AUDIT COMMITTEE

#### 1.1 Role and responsibilities

1.1.1 The Audit Committee prepares the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems.

1.1.2 The Audit Committee focuses on reviewing matters including:

- (a) relations with the internal and external auditors, and compliance with and follow-up on their recommendations and comments;
- (b) the Company's funding;
- (c) the application of information and communication technology by the Company, including risks relating to cybersecurity;
- (d) the Company's tax policy;
- (e) major business and financial exposure in the Group, including matters related to: on- and off-balance sheet items adequacy of provisions, liquidity, solvency, fiscal, legal, contractual etc;
- (f) the Company's actions to mitigate possible exposure by appropriate risk mitigation measures;
- (g) the processes of annual budgeting and intra-year forecasting, including the planning of capital expenditure;
- (h) pending or threatening litigation cases;
- (i) the Company's compliance with legal rules and regulations;
- (j) the Company's procedures and measures for detecting fraud;
- (k) the Company's actions to assure adequate quality assurance in line with customer and market segment standards;
- (l) the Company's arrangements for its employees to raise concerns in confidence, so called whistle blowing, about possible wrongdoing in financial reporting and other matters. The Audit Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action;

1.1.3 In addition, the Audit Committee carries out the following duties:

- (a) recommending persons for appointment as internal auditor;



- (b) annually evaluating how the internal audit function fulfils its responsibility;
- (c) if the Company does not have an internal audit department, recommending annually to the Supervisory Board whether adequate alternative measures have been taken.

1.1.4 The Audit Committee also carries out the following duties:

- (a) monitoring the financial reporting process and drawing up proposals to safeguard the integrity of this process;

In particular, the Audit Committee shall review and challenge where necessary :

- i. the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company I Group;
  - ii. the methods used to account for significant one off and/or unusual transactions where different approaches are possible;
  - iii. whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
  - iv. the clarity of disclosure in the company financial accounting reports and the context in which statements are made;
  - v. all material information presented with the financial accounting statements, such as operating, segmental and financial review and the corporate governance statement (insofar it relates to the audit and risk management).
  - vi. the statements to be included in the annual report concerning internal controls and risk management.
- (b) monitoring the effectiveness of the internal control systems, the internal audit function and risk management systems with regard to the Company's financial reporting;
  - (c) monitoring the statutory audit of the annual accounts and the consolidated annual accounts;
  - (d) assessing and monitoring the independence of the external auditor or the audit firm, as applicable, specifically taking into account the extension of ancillary services to the Company; and
  - (e) determining the selection process for the external auditor or the audit firm, as applicable of the Company and the nomination to extend the assignment to carry out the statutory audit.

1.2 Composition

- 1.2.1 The Supervisory Board appoints the members of the Audit Committee and determines the size of the Audit Committee, provided that the Audit Committee consists of at least two members.

- 1.2.2 More than half of the members of the Audit Committee must be independent pursuant to Best Practice provision 2.1.8 of the Code.
- 1.2.3 The Chairman or a former Executive Board Member cannot serve as chairman of the Audit Committee. The chairman of the Audit Committee must be independent pursuant to Best Practice provision 2.1.8 of the Code.
- 1.2.4 At least one member of the Audit Committee must have specific expertise in financial reporting and in the reviewing of financial reports.

## 2 MEETINGS AND DECISION-MAKING

- 2.1.1 Clause 5 of the Supervisory Board rules applies equally to the meetings and decision-making of the Audit Committee, provided that:
  - (a) meetings of the Audit Committee are attended by the Chief Financial Officer, the Chief Executive Officer and the external auditor, unless the Audit Committee determines otherwise; and
  - (b) the Audit Committee may decide that, and if so when, the internal auditor attends its meetings.

## 3 REPORT TO THE SUPERVISORY BOARD

- 3.1.1 The Audit Committee reports on its deliberations and findings to the Supervisory Board. This report includes information on how the duties of the Audit Committee were carried out in the financial year, and also reports on the composition of the Audit Committee, the number of meetings of the Audit Committee and the main items discussed at those meetings.
- 3.1.2 The Audit Committee reports to the Supervisory Board on its deliberations and findings. Reporting includes the following information:
  - (a) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems referred to in Best Practice provisions 1.2.1 through 1.2.3 of the Code;
  - (b) the methods used to assess the effectiveness of the internal and external audit processes;
  - (c) material considerations regarding financial reporting; and
  - (d) the way material risks and uncertainties referred to in Best Practice provision 1.4.3 of the Code have been analyzed and discussed, along with a description of the most important findings of the Audit Committee.
- 3.1.3 In particular, the Audit Committee reports on the results of the annual statutory audit to the Supervisory Board. This report includes information on how the audit has contributed to the integrity of the financial reporting, and also addresses the role of the Audit Committee in the audit.