


## **Charter of the Audit Committee of the Board of Directors of Haldor Topsoe A/S, CVR no. 41853816**

Charter of the Audit Committee of the Board of Directors of Haldor Topsoe A/S 30 September 2019

Information contained herein is confidential; it may not be used for any purpose other than for which it has been issued, and may not be used by or disclosed to third parties without written approval of Haldor Topsoe A/S.



## 1. Status

The Audit Committee is a committee of the Board of Directors.

## 2. Purpose

The Audit Committee shall assist the Board of Directors with the oversight of the financial statement integrity, compliance processes, and other related tasks, including:

- a) the External Auditors
- b) the internal audit and Enterprise Risk Management activities
- c) the procedure for handling complaints reported through the Compliance Hotline (whistleblowing)
- d) financial and sustainability reporting
- e) information security
- f) insurance coverage
- g) special themes and tasks on ad-hoc basis, such as:
  - financial performance and financial forecast
  - impairment valuation
  - liquidity and working capital development
  - debt financing and loan covenants
  - equity partnering in project investments
  - large investment activities (CAPEX)
  - M&A activities
  - Tax

## 3. Memberships

The Audit Committee shall consist of three members. Members of the Audit Committee are elected for a one-year term by and among the members of the Board of Directors. Election usually takes place at the board meeting following the annual General Meeting. However, any member of the Audit Committee elected by the Board of Directors can be removed by the Board of Directors at any time.

One of the members of the Audit Committee shall be designated by the Board of Directors as Chairman of the audit committee. The Chairman of the audit committee cannot be the same person as the Chairman of the Board of Directors.

At least one member of the Audit Committee shall in accordance with applicable Danish law have competencies in accounting and/or auditing. The members of the Audit Committee shall jointly have the needed industry competencies.

In addition to the members of the Audit Committee, the Chief Executive Officer and the Chief Financial Officer will attend in relevant parts of the meeting. External auditors will be invited when considered relevant by the Audit Committee. The Audit Committee may invite other people to attend when considered relevant for the specific agenda item.

#### 4. Responsibilities

The primary function of the Audit Committee is to assist the Board of Directors by reviewing information within the areas of oversight, cf. clause 2, and based on that present recommendations to the Board of Directors. All decisions will be made by the Board of Directors except as expressly stated in this Charter.

The Audit Committee shall have the following responsibilities:

##### a) The External Auditors

An External Auditor is an auditor engaged to perform audit, review and attest services for Haldor Topsoe A/S as defined in applicable Danish law.

Oversee the process for identifying the External Auditor to be elected by the Annual General Meeting. Recommend to the Board of Directors the statutory External Auditors to be nominated by the Board of Directors and elected by the Annual General Meeting. Prepare the Board of Directors' recommendation to the Annual General Meeting regarding the election of the External Auditors and, if relevant, recommend to the Board of Directors that the Board of Directors proposes to the Annual General Meeting that External Auditor is discharged.

Review and present the External Auditors' reports to the Board of Directors, including long-form reports, and report the result of the statutory audit, including the financial reporting process, to the Board of Directors.

Resolve any disagreements between Executive Management and any External Auditor regarding financial reporting.

##### b) The Internal Control audit and Enterprise Risk Management activities

Review the adequacy and effectiveness of the company's internal controls and enterprise risk management system.

On an Audit Committee meeting of each year, an outline of Haldor Topsoe A/S internal control audits carried out in the previous year shall be reviewed, including reviewing category of findings and status of action points.

On a yearly basis, evaluate whether there is a need to establish an independent Internal Audit function.

Review the enterprise risk management status to be presented once a year to the Haldor Topsoe A/S Board.

##### c) The procedure for handling complaints reported through the Compliance Hotline (whistleblowing)

Managed by Chief Compliance Officer, maintain procedures for the receipt, retention and treatment of complaints received by Haldor Topsoe A/S's Compliance Hotline as well as monitor complaints received. Furthermore, ensure a confidential and anonymous procedure, via the Compliance Hotline, for submission made by employees of Haldor Topsoe A/S of concerns regarding questionable accounting, internal accounting controls, auditing, financial reporting matters and business ethics matters.

**d) Financial and sustainability reporting**

Review key accounting policies, significant accounting estimates and significant related party transactions, and recommend significant changes in key accounting policies to the Board of Directors.

Review and discuss

- the consolidated financial statement in the Annual Report
- the consolidated Sustainability Report
- the company's financial statement releases for the full year and interim financial reports, and
- any other significant financial earnings announcements.

Review and approve the company's financial policies.

**e) Information security**

Review Haldor Topsoe's Information Security processes, and initiatives to protect the company's confidential information.

**f) Insurance coverage**

Review Haldor Topsoe's insurance coverage.

**g) Special theme reviews and other tasks**

Focused review of special themes and items for which there may be a significant accounting impact, i.e. M&A transactions, significant investments (including project equity investments and large capital expenditures), etc. as outlined in clause 2.

**5. Operation of the Audit Committee**

To enable the Audit Committee to perform its duties the Audit Committee may if required request separate meetings with any employee and the External Auditors upon their discretion.

The Audit Committee shall evaluate the adequacy of this Charter and when relevant, recommend any proposed changes to the Board of Directors.

**6. Meetings**

The Audit Committee shall meet four times each year. Further, the Audit Committee shall meet upon request of a member of the Audit Committee, the Chief Executive Officer, the Chief Financial Officer or an External Auditor.

Meetings shall be convened at not less than seven calendar days' written notice to all members of the Audit Committee, and such notice shall include an agenda for the meeting in question. Any written material relating to the individual agenda items shall, to the extent possible, be forwarded to the members together with the notice convening the meeting.

The company's management handles the committee's secretariat function. Minutes of Audit Committee meetings are kept and forwarded to the members of the Audit Committee who will approve the minutes.

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Under special circumstances, a committee resolution may be passed over the phone or in writing. In such cases the proposed resolution shall be forwarded to the members and the chairman shall subsequently seek to obtain a written, oral or electronically transferred statement from all members of the Audit Committee and arrange for the recording of the resolution in the minute book.

#### **7. Quorum**

The Audit Committee forms a quorum when all its three members are present.

#### **8. Audit Committee member fee**

Each member of the Audit Committee shall receive an annual fee to be proposed by the Board of Directors and approved by the Annual General Meeting.

#### **9. Reporting to the Board of Directors**

The Audit Committee will at each board meeting inform the Board of Directors of discussions and present recommendations to the Board of Directors. Further, the Board of Directors will receive the minutes of meetings of the Audit Committee, while all material presented to or prepared by the Audit Committee will be available to all members of the Board of Directors upon request.

#### **10. Publication of the Charter**

This Charter shall be made available on the Company's website along with the names of the members and the Chairman of the Audit Committee.

#### **11. Adoption of Charter**

This Charter has been approved by the Board at its meeting held on 30 September 2019.