

## **Standard terms and conditions of 30 April 2020 regarding the objective, scope and performance of the audit and the definition of responsibilities**

### **Introduction**

Below is a specification of Deloitte's standard terms and conditions regarding the objective, scope and performance of the audit. The terms and conditions specified in sections 1 to 9 apply to all of our audit clients unless otherwise explicitly arranged, whereas those specified in section 10 apply to all of our clients with whom we have arranged other services, including accounting and tax assistance, unless otherwise explicitly arranged.

### **1. Objective and scope of the audit**

The objective of the audit is to enhance the reliability of the financial statements. We will examine whether the financial statements were prepared in accordance with the accounting provisions of Danish legislation, the Articles of Association and relevant accounting standards.

In accordance with applicable Standards on Auditing, our audit will be planned and performed based on a systematic risk assessment to the effect that those items in the financial statements and those parts of the Entity's accounting and reporting systems and other procedures which involve the highest risk of material misstatements are emphasised. Consequently, our audit does not aim at detecting or correcting immaterial misstatements that do not cause changes in the overall evaluation of the financial statements.

In order to perform our risk assessment we will, among other details, obtain information about the following matters relating to the Entity:

- Industry, relevant legislation and other external matters;
- Activities and accounting policies applied;
- Objectives, strategies and related business risk;
- Business processes and the Entity's internal control system.

As part of our audit planning, we will review the Entity's overall internal control system and specific controls, including controls in the financial reporting process, to be able to perform a focused risk assessment.

If our risk assessment leads us to believe that any inadequacies or weaknesses in the general IT controls may cause the financial statements to be materially misstated, we will also review those of the Entity's general IT controls which are of relevance to financial reporting.

Our audit will not include a review of all vouchers and transactions. It is carried out through sample collection of documentation, or by other means, to confirm the accuracy of the accounting records and the financial statements. In this connection, we will test the internal controls to such extent as we consider necessary for the audit of the financial statements.

Our audit will also involve assessing and considering the disclosures in the summary of significant accounting policies and the accounting estimates made by Management.

Material misstatements in the financial statements may have been caused by unintentional or intentional actions or omissions. The possibility of preventing material misstatements, including fraud and irregularities, primarily depends on the extent to which sound internal control is ensured in the organisation of recording systems and business processes.

During our audit, we will direct our attention with requisite professional scepticism to matters that might suggest fraud or other irregularities. When planning the audit, we will obtain:

- Senior Management's assessment of the risk that the financial statements may be materially misstated due to fraud;
- Senior Management's assessment of accounting and control systems that it has introduced to mitigate such risks;
- Senior Management's knowledge of any detected or ongoing investigations of fraud.

In addition, we will ask Those Charged with Governance how they supervise the activities and processes initiated by Senior Management to identify and respond to the risk of fraud in the Entity and the internal controls implemented by Senior Management to mitigate such risks.

We will also ask Those Charged with Governance if they have any knowledge of detected, presumed or alleged fraud affecting the Entity.

When performing the audit, we will carry out specific audit procedures directed at Management's possibility of overriding established internal controls.

Furthermore, we will check that the financial statements have been reconciled to underlying accounting records, and we will review any material entries and adjustments that were made during the preparation of the financial statements.

Any misstatements in the financial statements that result from fraud or irregularities may not necessarily be detected during our audit since misstatements of this nature are usually concealed or

hidden. If we discover circumstances that may cause suspicion to this effect, we will conduct further investigations, subject to prior agreement with Management, for purposes of invalidating or confirming our suspicion.

Pursuant to Danish law, we must notify each member of Management if, during our audit, we become aware of one or more members of Management committing or having committed economic crime, including money laundering, in connection with the performance of their work for the Entity. Such notification must take place if we have reason to believe that the crime concerns significant amounts or is otherwise considered gross negligence, and the notification will also be included in our reports to Those Charged with Governance. If Management has failed to document that the necessary measures have been taken to stop the crime no later than 14 days after this, we are obliged to notify the Public Prosecutor for Serious Economic and International Crime.

## **2. Performance of the audit**

We will carry out our audit in the course of the year and in connection with the year-end closing. Our audit will not be finalised until Management has made a final decision on the annual report, and we have provided the financial statements with an auditor's report.

The scope of our work is determined on the basis of an overall assessment of materiality and risk of material misstatement of the financial statements.

During our audit of the financial statements, we will obtain assurance as to the existence of the Entity's assets, its ownership of such assets and their proper recognition and measurement. In addition, we will obtain assurance that all liabilities and other obligations, including contingent liabilities etc, incumbent on the Entity have been properly recognised and measured. In addition, we will check that the accruals concept has been applied to financial statement items and that the items have been disclosed correctly in the financial statements.

If material items in the financial statements are measured at fair values, we will assess whether Management's bases for determining fair values are justified, and whether the fair values are determined in accordance with those bases.

We will check whether all significant events up to the date of the auditor's report have been included correctly in the financial statements.

Based on Management's assessment, the financial statements are usually prepared on a going concern basis. Management's assessment requires taking into account all available information on the development of the Entity, especially expected future cash flows. As part of our audit, we will consider Management's assessment.

In connection with our audit of the financial statements, we will, in accordance with generally accepted auditing standards, ask Senior Management to confirm information within areas that are particularly difficult to audit. This may include information about the relevance and fairness of bases for stated fair values, contingent liabilities in the form of mortgages, guarantees, lawsuits and fraud, related party transactions, environmental issues, events after the balance sheet date and financial statement items subject to particular risk or uncertainty.

When basing our audit procedures on information prepared by the Entity, we need to perform audit procedures to determine whether the information received is accurate and complete.

If we find misstatements in the financial statements during our audit, we will inform Management thereof, and we will ask Management to correct those misstatements. Senior Management is also to state whether any unadjusted misstatements in the financial statements that were found during the audit are individually or in the aggregate immaterial to the overall presentation of the financial statements.

We will perform an overall evaluation of the financial statements, including whether or not the disclosures in the notes give sufficient supplementary information for the reader to form an opinion of the Entity's business developments on the basis of the financial statements.

As prescribed by Danish legislation, we will check whether the legal requirements for maintenance and retention of accounting records have been fulfilled. In addition, we will test the observance by Those Charged with Governance of such duties as have been imposed on them to open and keep books, records, minutes, etc.

### **3. Statement on the management commentary**

Our audit does not include the management commentary. However, the Danish Financial Statements Act requires that we read the management commentary and consider in this respect whether it is materially inconsistent with the financial statements or our knowledge obtained during our audit or is otherwise materially misstated. Such reading of the management commentary also involves assessing whether it comprises the disclosures required by the Danish Financial Statements Act.

### **4. Audit reporting**

On conclusion of our audit, we will provide the financial statements with an auditor's report. If the auditor's report has not been modified, this will indicate that

- The financial statements have been presented and audited in accordance with the accounting provisions of Danish legislation, the Articles of Association and relevant accounting standards;
- The financial statements provide a true and fair view of the Entity's assets, equity and liabilities, cash flows, financial position and its financial performance.

Moreover, the auditor's report will include our statement as to whether the disclosures in the management commentary are consistent with the financial statements.

Following the completion of our audit, we will submit a separate report to Those Charged with Governance, in which we will outline material accounting and audit matters and audit procedures performed and our findings in this respect. In this report, we will also inform Those Charged with Governance of any unadjusted misstatements in the financial statements which Senior Management has deemed immaterial to the financial statements as a whole. If any internal specifications, reports or similar records are presented to us during our audit of the financial statements which we consider to be necessary for Management to be able to make a decision on those financial statements, we will refer to such material in our reports.

In addition, we will regularly submit reports during the year if we carry out work that may form the basis of individual conclusions, or if otherwise deemed necessary.

Any weaknesses, deficiencies or inexpediciencies we may find in the Entity's accounting and recording systems, in its internal controls or in other business processes, etc will be reported to Senior Management together with our recommendations to address these issues. In the event of material deficiencies, or if otherwise deemed necessary, we will also include the matter in our reports to Those Charged with Governance. We should point out, however, that we do not plan our audit of the financial statements with a view to disclosing all weaknesses, deficiencies or inexpediciencies that might occur in the Entity's accounting and recording systems etc.

If, during our audit, we become aware of circumstances which give us reason to believe that members of Management may be held liable for damages or be subject to criminal liability, we are required by Danish law to provide information to this effect in the auditor's report. Information must always be provided in the event of violation of

- Part 28 of the Danish Penal Code and legislation on taxation, duties and grants;
- The provisions laid down for the entity by Danish company law or similar legislation;
- Legislation on preparation and presentation of financial statements and on maintenance and retention of accounting records.

If, during our audit, we find that Those Charged with Governance have not observed their obligations to open and keep books, records, minutes, etc, we must present a separate report to be enclosed with the annual report presented at the Annual General Meeting unless the annual report is to be adopted at such meeting, and the matter has been described in the auditor's report on the financial statements.

As auditors, we are bound by secrecy, and this implies that we are not allowed to pass on confidential information of which we become aware during the audit. However, this secrecy does not include information required by applicable law, court rulings or arbitral awards or by supervisory authorities, or in cases where the information is justly deemed necessary to protect own legal interests.

The auditor's independence is one of the fundamental preconditions for issuing a credible assurance report and therefore governed by detailed regulations. To safeguard such independence, we have a number of procedures in place for accepting and managing our assurance engagements. In the event that we violate the rules of independence during our provision of services, we are required to discuss with Management the consequences thereof and to account for the reason for the violation and to take initiatives to prevent future violations. The outcome of these discussions will be evident from our reports to Those Charged with Governance.

Unless otherwise agreed, we will communicate electronically with the Entity as appropriate. Communication via the Internet poses a risk that confidential information is read by parties other than the intended recipients. Accordingly, we do not assume any responsibility for any damage that may occur as a result of communicating via the Internet, nor will we hold the Entity responsible.

## **5. Definition of responsibilities**

Pursuant to Danish legislation, our audit will be based on the following definitions of the responsibilities of Management and auditors in relation to the annual report:

### **Management's responsibilities**

It is the responsibility of Senior Management to ensure that the Entity's accounting records are kept in accordance with applicable legal provisions and that assets are managed in a satisfactory manner, one of the means being the establishment of a reliable internal control system.

It is the responsibility of Those Charged with Governance to ensure that the Entity's accounting records and asset management are controlled satisfactorily and that the requisite basis for auditing exists.

It is the responsibility of Those Charged with Governance to ensure, through appropriate business processes and recording and control systems, that intentional or unintentional errors or misstatements are prevented, detected and corrected, to the extent possible. Under the Danish Bookkeeping Act, Management is required to prepare a description of such business processes and recording systems that is adapted to the size and nature of the Entity.

Those Charged with Governance and Senior Management are also responsible for the preparation of an annual report, which complies with the accounting provisions of Danish legislation, the Articles of Association and relevant accounting standards.

It is also Management's responsibility to provide the auditors:

- Access to all information which Management knows is relevant for the preparation of the financial statements, such as recordings, documentation and other circumstances;
- With further information that the auditors may ask Management about for the purpose of the audit;
- Unlimited access to persons in the entity from whom the auditors considers it necessary to obtain audit evidence.

### **Auditor's responsibilities**

It is our responsibility to ensure that the financial statements comply with the accounting provisions of Danish legislation, the Articles of Association and relevant accounting standards. It is also our responsibility to assess the accounting policies applied and the information provided and the accounting estimates made by Management. It is also our responsibility to check that the financial statements are free of material misstatements and that the information in the management commentary complies with the financial statements.

Under the Danish Public Accountants Act, the auditor is the representative of the general public in connection with issuance of assurance reports required by law, or which are not exclusively for the use of the assignor. This entails that, in connection with the issuance of assurance reports, the auditor must also take into consideration financial statement users other than the Entity's owners.

It is not our responsibility to perform the audit with a view to commenting on the Entity's business transactions.

If we provide any advisory and assistance services according to agreement with Management – for example, in connection with the preparation of the income tax return – we have separate responsibilities as advisers in this respect.

## **6. Audit documentation**

Working papers and other documentation, including both electronic and hardcopy working papers that are obtained as part of the audit, are the property of Deloitte only. In accordance with current practice, such documentation may be destroyed or deleted after ten years unless we still consider the documentation to be of relevance to the audit.

If it is considered appropriate to surrender material or files to the Entity, this is done assuming that the Entity solely applies the material for its own use and does not surrender it to any third party.

We assume no responsibility for the Entity's own use of the surrendered material unless a specific written agreement is concluded regarding our assistance in the processing of such material and our responsibility in this connection.

## **7. Quality assurance**

Pursuant to the Danish Public Accountants Act, we are subject to quality assurance reviews by the Danish Business Authority. This means that our working papers on our clients may be selected for quality assurance review on a sample basis.

The Danish Business Authority's quality assurance reviewers are bound by professional secrecy

## **8. Publication of annual report etc**

If the Entity's annual report etc is to be made public in extract or in a form that differs from the document on which we issued our auditor's report, we recommend discussing this with us since the Danish Financial Statements Act contains specific regulations in this respect of which the Entity should be aware. However, such prior discussion with us must always take place upon publication of the annual report on the Entity's website in a form that differs from the document on which we issued our auditor's report.

The Entity must also obtain our approval before any other documents on which our firm name appears are made public or surrendered to a third party.

## **9. Basis of audit**

To provide a basis for our audit, the Entity must review operating accounts and balance sheet accounts for correct classification and accrual and prepare reconciliation statements, specifications, calculations and analyses etc.

In addition, the Entity will prepare the annual report in accordance with applicable law and regulations unless specific arrangements have been made with Deloitte to compile such annual report.

In this connection, the Entity will prepare documentation for the purpose of the year-end closing containing a trial balance inclusive of all post-journal entries and reconciliations etc. All of these records must have been reviewed and approved by the person in charge of the closing of the accounts before the documentation is made available to Deloitte. Prior to the year-end closing, we will send a separate working plan specifying the reconciliations and analyses etc that we need for our audit.

Should we need further analyses or reconciliations when planning or performing the audit, we will ask the Entity's staff also to assist in preparing such documentation.

In connection with the year-end closing, we will, in consultation with the Entity, agree on the timing of our audit.

#### **10. Advisory and assistance service engagements**

If we make arrangements with Senior Management to provide advisory and assistance services to the Entity in connection with the year-end closing, such arrangements will be made specifically, including the definition of responsibilities, unless the services agreed are one of the following standard services in which case the standard terms and conditions below apply unless otherwise explicitly arranged:

- Compilation of the financial statements;
- Electronic submission with the Danish Business Authority (XBRL reporting);
- Preparation of a draft statement of taxable income and filing of the income tax return with the Danish Tax Agency.

We will consider whether we are in compliance with the independence requirements of the Danish Public Accountants Act when rendering advisory and assistance services.

##### **10.1 Compilation of the financial statements**

Management is responsible for the Entity keeping its books of account in accordance with the provisions of Danish law to this effect and for the annual preparation of an annual report. On the basis of its reconciled trial balance, we will assist the Entity in compiling draft financial statements, which we will discuss with Management. The financial statements are the responsibility of Management. Prior to Management approving our draft, we will obtain Management's approval of any post-journal entries we prepare and propose to Management in connection with the preparation of the financial statements.

### **10.2 Electronic submission with the Danish Business Authority**

We will assist the Entity in submitting the annual report electronically with the Danish Business Authority. This means that a PDF document will be submitted with the Danish Business Authority containing the annual report adopted at the Annual General Meeting and a so-called XBRL document which contains the information of the adopted annual report in a digital format. This entails that the annual report must be converted into the XBRL format based on a so-called XBRL taxonomy (financial reporting schedule) that has been prepared by the Danish Business Authority.

As soon as the Annual General Meeting has been held, Management will send to Deloitte the annual report adopted there and signed by the Chairman of the Annual General Meeting and Management. If any changes are made to the annual report in connection with the holding of the Annual General Meeting, for instance, if the amount of dividend is changed, then Management must contact us.

We will then create the required XBRL document and arrange for submission with the Danish Business Authority. The documents submitted will be sent to the Entity for storage as part of its accounting records.

### **10.3 Draft statement of taxable income and filing of the income tax return**

An engagement to assist in compiling financial information and in computing taxable income is not an assurance engagement, for which reason we will not verify the accuracy or completeness of information we have received or in any other way obtain evidence enabling us to issue an audit opinion or review conclusion. Accordingly, we express no audit opinion or review conclusion.

The Entity is responsible for the statement of taxable income and for the submission of the income tax return being consistent with the tax compliance framework, including the accuracy and completeness of recordings, documents, statements and other information collected for us to compile the statement of taxable income and to submit the income tax return. Included in this submission is information concerning controlled transactions.

Such responsibility also extends to the assessments required in preparing the statement of taxable income and in submitting the income tax return.

Submissions to the Danish Tax Agency will take place by way of digital signature, and we will also use the digital signature to obtain information from Agency about the Entity's tax position.