

## Audit Committee Report 2020/21

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The Audit Committee works according to an annual wheel with fixed agenda items following the annual financial and non-financial reporting cycle.

In 2020/21 the Audit Committee held five meetings. All four members attended all meetings within each member's term in 2020/21. For more specific information about meeting attendance, please refer to page 60 of the 2020/21 Annual Report [\[link\]](#).

The Committee dealt with the following key matters:

### Review of internal and external audit matters

- Evaluated the performance and the independence of the external auditor, incl. the external auditor's performance of non-audit services
- Reviewed the external auditor's Group Audit Plan 2020/21, including audit risks, scoping, materiality and audit fee
- The external auditor presented its annual long form report
- Reviewed the internal Financial Compliance Plan 2020/21 in light of the COVID-19 environment, as well as quarterly reports from the Financial Compliance Officer
- Assessed and concluded that there was not a need to establish an internal audit function
- Recommended PwC to be elected as external auditor at the Annual General Meeting in November 2021.

### Financial, legal and non-financial reporting

- Discussed with the CFO, the Financial Compliance Officer, the General Counsel and the external auditor:
  - changes to accounting policies and accounting legislation
  - material accounting, business ethics, litigations, Disclosure Committee, internal controls, fraud, whistleblower, GDPR and internal control setup and issues
  - significant accounting estimates, including review of purchase price allocation of significant acquired businesses and discontinued operations
  - significant related party transactions
  - significant risks and uncertainties
  - treasury matters
  - skills and adequacy of staffing numbers given acquisitions, carve-out of Natural Colors and COVID-19 impacts
  - the reporting implications of significant acquisitions and discontinued operations.
- The Audit Committee performed a review of:
  - the financial statement releases for the full year and quarterly financial reports
  - the model for the 2020/2021 Annual and Sustainability Report, incl. the financial statements

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- the 2019/20 Annual Report, 2019/20 Sustainability Data Sheet, and the 2019/20 Corporate Governance Statement
- the 2019/20 Remuneration Report to ensure alignment with the 2019/20 Annual Report
- enterprise risk management, incl. process and governance.

### Other

- The Audit Committee performed a review of:
  - the tax strategy and quarterly tax updates, incl. an assessment of country-by-country reporting in line with the Global Reporting Initiative's Standard (GRI 207: Tax 2019) in accordance with the shareholder proposal adopted at the 2019/20 Annual General Meeting
  - insurance strategy and coverage
  - IT security, incl. cyber risk security reporting
  - the capital structure and excess cash distribution in 2020/21
  - a procedure for follow-up on Board approved investment projects
  - expanded ESG oversight of the Audit Committee
  - the overall compliance with corporate governance
  - the internal policies and positions in relation to finance, treasury, investor relations and IT, and a new tax policy

### Audit Committee matters and governance

- Reviewed and approved the Annual Wheel
- Conducted a self-assessment, including reviews of the Audit Committee Charter
- Conducted private meetings with external auditors without the Executive Board being present
- Approved a report on the committee's key activities.