

Audit Committee Report 2021/22*

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

In 2021/22, the Audit Committee held seven meetings. All three members attended all meetings. For more specific information about meeting attendance, please refer to page 67 of the [2021/22 Annual Report](#).

The Audit Committee dealt with the following key matters:

Review of internal and external audit matters

- Evaluated the performance and the independence of the external auditors, incl. the external auditors' performance of non-audit services
- Reviewed the external auditors Group Audit Plan 2021/22, including audit risks, scoping, materiality and audit fee
- The external auditors presented their annual long form report
- Reviewed the internal financial compliance plan 2021/22 and internal resource allocation, as well as quarterly reports from financial compliance
- 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.

Financial, legal and non-financial reporting

- Discussed with the CFO, the Head of Group and Regional Finance, the General Counsel and the external auditors:
 - changes to accounting policies and accounting legislation
 - matters related to material accounting, business ethics, litigations, disclosure committee updates, internal controls, fraud, whistleblower, GDPR and internal control setup and issues
 - significant accounting estimates, including capitalization and valuation of development projects
 - significant related party transactions
 - significant risks and uncertainties
 - treasury matters, such as capital structure, excess cash distribution and financing.
- The Audit Committee performed a review of:
 - the financial statement releases for the full year and quarterly financial reports, including outlook
 - the 2020/21 Annual Report and the 2020/21 Corporate Governance Statement
 - the 2020/21 Remuneration Report to ensure alignment with the 2020/21 Annual Report
 - the framework for the 2021/22 Annual Report, incl. the financial statements
 - the adequacy and effectiveness of enterprise risk management, incl. addition of ESG as an impact driver in the risk matrix and strengthened process and governance.

*The financial year September 1, 2021 – August 31, 2022

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Other

- The Audit Committee performed reviews of:
 - updates on Board approved investment projects
 - the tax policy and quarterly tax updates, incl. the proposed FY22 framework for the country-by-country reporting according to the Global Reporting Initiative's Standard (GRI 207: Tax 2019)
 - the insurance strategy and coverage
 - IT security, incl. cyber risk
 - Chr. Hansen's climate program (Think Climate. Naturally!) and science-based targets the overall compliance with corporate governance
 - the internal policies and positions in relation to finance, tax, enterprise risk management, treasury, investor relations and IT.

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 the external auditors without the Executive Board being present
- Approved a report on the committee's key activities.