



22 June 2017

## **Charter for the Audit Committee at TDC A/S**

### 1. Status and Charter

The Audit Committee is a committee under the Board of Directors appointed in accordance with Section 15.1 of the Rules of Procedure for the Board of Directors of TDC A/S ('the Company').

The sole objective of the Audit Committee shall be to prepare decisions to be made by the entire Board of Directors of TDC A/S.

All further references to the Company's financial statements, control systems etc. shall comprise TDC A/S and its subsidiaries (the Group). This Charter shall be reviewed at least once a year by the Audit Committee, and any proposals for changes shall be submitted to the Board of Directors for approval.

### 2. Purpose

The primary tasks of the Audit Committee shall be to assist the Board of Directors with the following:

- (i) informing the Board of Directors of the outcome of the statutory audit, including the financial reporting process;
- (ii) monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity;
- (iii) monitoring the efficiency of the Company's internal control system and any internal auditing and risk management systems regarding the financial reporting, without breaching its independency;
- (iv) monitoring the Company's operational risks, in particular in relation to security, and submitting recommendations or proposals when relevant;
- (v) monitoring the statutory audit of the annual report, etc. taking into account any findings from the latest quality control of the independent auditors;
- (vi) monitoring and checking the independence of the auditors and proposing the delivery of non-audit services to the Company;

(vii) responsibility for the procedure for selection and nomination (by proposal to the Board of Directors) of the Company's independent auditors for election at the Annual General Meeting; and

(viii) fulfilling the other responsibilities described in this Charter.

The Audit Committee shall be directly responsible for supervising the independent auditors and for solving any disputes that may arise between the management and the independent auditors.

In connection with the fulfilment of its duties, the Audit Committee shall not otherwise be responsible to the Board of Directors for assessing whether the Company's annual report gives a true and fair view of the Company's financial position or whether it is in accordance with the accepted accounting principles. These tasks shall remain the responsibility of the management and the independent auditors.

### 3. Members and Term

The Audit Committee shall be composed of up to five (5) members elected by the General Meeting or appointed by the Board of Directors among its members immediately following a General Meeting, for a period that shall expire at the next General Meeting. The Board of Directors shall appoint a Chairman of the Audit Committee, if the Chairman is not elected by the General Meeting. Reappointment/re-election is allowed.

The majority of the members of the Audit Committee shall be independent. At least one member of the Audit Committee shall have qualifications within accountancy or auditing. The members of the Audit Committee as a whole shall have competencies relevant to the sector in which the Company operates.

### 4. Meetings

The Audit Committee shall hold meetings as often as the Audit Committee deems appropriate; however, no less than three (3) times a year. In addition, the Audit Committee shall hold meetings at the request of a member of the Audit Committee, the Board of Directors or the CFO.

To the extent possible, meetings shall be held prior to financial matters being considered and/or approved by the Board of Directors as well as prior to the submission of the auditors' report.

Persons other than the members of the Audit Committee, including other members of the Board of Directors, the CEO, the CFO, any internal auditing executive and representatives of the Company's independent auditors, may only participate in the meetings when invited by the Audit Committee.

Meetings shall be convened by the Chairman of the Audit Committee by sending out a notice of meeting to all members of the Audit Committee giving at least four (4) days' notice, and such notice of

meeting shall contain the agenda for the meeting in question. All written material concerning the individual items on the agenda shall, to the extent possible, be made available to the members together with the notice of meeting.

The Chairman of the Audit Committee shall be authorised to determine whether participation by telephone is allowed at the individual meetings of the Audit Committee.

If deemed appropriate, the Chairman of the Audit Committee can decide that the meetings of the Audit Committee are held by conference calls.

If deemed appropriate by the Chairman of the Audit Committee, proxy arrangements may be made, under which a member of the Audit Committee in isolated cases may grant a power of attorney to another member where this is appropriate, having regard to the issue to be discussed.

Under special circumstances, the Audit Committee may make decisions based on a written procedure. The proposed decision shall be sent to the members of the Audit Committee. The Chairman of the Audit Committee shall then try to obtain a written, oral or electronic opinion from all members of the Audit Committee and ensure that the decision is entered in the minute book.

The meetings of the Audit Committee shall be subject to the same confidentiality provisions that apply to the Board of Directors.

#### 5. Quorum; valid decisions

Provided the meeting has been duly convened and held, a majority of the members of the Audit Committee shall form a quorum. All decisions of the Audit Committee shall be made by a majority of the members of the Audit Committee present; however, with due consideration to the exceptions thereto specified in this Charter. In the event of equality of votes the Chairman of the Audit Committee holds the casting vote. Any decision put in writing and signed by all members of the Audit Committee shall have the same validity as a decision made at a duly convened and held meeting.

#### 6. Minutes

Minutes shall be taken of all meetings of the Audit Committee with a view to documenting the fulfilment of the Audit Committee's responsibilities. Draft minutes shall be sent to all members of the Audit Committee no later than ten (10) working days after a meeting and, in addition – as for meetings with the participation of the CEO or the CFO – to these participants to ensure the precise wording of the minutes. The minutes shall be approved at the next meeting of the Audit Committee. The approved minutes shall be sent to all members of the Board of Directors and the Executive Committee. Approved minutes shall be filed with the Company's minute books and records.

## 7. Reports to the Board of Directors

The Audit Committee shall continuously keep the Board of Directors informed of discussions and submit recommendations to the Board of Directors. In addition, approved minutes, cf. above, shall be sent to the Board of Directors, whereas all material presented to or prepared by the Audit Committee shall be made available to the members of the Board of Directors upon request.

## 8. Evaluation

The Audit Committee shall evaluate its work and members on an annual basis and establish criteria for such self-evaluation. The Board of Directors shall as part of the self-evaluation of the Board of Directors be informed of the results hereof.

The Audit Committee and the Chairman of the Audit Committee shall on the basis of the self-evaluation present any suggestions to the Board of Directors regarding improvement of the work of the Audit Committee.

## 9. Remuneration of the members of the Audit Committee

All or individual members of the Audit Committee may receive remuneration in the form of an annual fee. The remuneration shall be approved by the General Meeting in connection with the approval of the ordinary annual fee to the Board of Directors.

## 10. Tasks of the Audit Committee

### 10.1. Financial reporting process

The Audit Committee shall monitor the Company's financial reporting processes and its compliance with relevant accounting legislation.

At least once a year, the Audit Committee shall discuss the accounting policies for the most important areas as well as key accounting estimates. In addition, the expedience of the accounting policies selected shall be assessed.

On that basis, a reporting to the Board of Directors shall take place prior to the Board of Directors' review of the draft annual report.

The Audit Committee shall ensure the correctness of the financial information in the annual report, including that the accounting policies are relevant and applied consistently.

The Audit Committee shall assess the recognition and measurement methods used in connection with important and unusual transactions, the treatment for accounting purposes of which can be based on alternative accounting policies. Further, the Audit Committee shall monitor and at least once a year report to the Board of Directors about related party transactions.

The Audit Committee shall report to the Board of Directors on the financial reporting process and the Audit Committee's activities in connection with the adoption of the annual report.

#### 10.2. Internal control and risk management systems

The Audit Committee shall monitor the efficiency of the Company's internal control system and risk management systems.

At least once a year, the Audit Committee shall review and assess the internal control and risk management systems as well as the management's guidelines therefore and supervision thereof with a view to identifying and managing the most significant risks.

This shall form the basis for a review with the Board of Directors.

#### 10.3. Statutory audit of the annual report

The Audit Committee shall monitor the statutory audit of the annual report.

The Audit Committee shall keep itself informed of the auditors' audit plan etc. and of all important questions which the audit may result in.

The Audit Committee shall review and discuss the outcome of the audit, including the auditors' observations and conclusions, optionally based on the long-form audit report. The Audit Committee shall subsequently review and discuss the outcome of the audit with the Board of Directors.

The Audit Committee shall supervise the management's follow-up on the recommendations in the auditors' reporting to the management.

#### 10.4. Independent auditors

The Audit Committee shall monitor and check the independence of the auditors.

##### 10.4.1. Appointment of independent auditors

The Audit Committee shall select independent auditors pursuant to the, in the audit legislation, at any time applicable procedure (at the time of approval of this Charter, Article 16 in the European Parliament's and the Council's regulation (EU) no 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities) and present the Board of Directors with a proposal for the nomination of selected independent auditors for election, and the Board of Directors shall subsequently present a proposal for auditors for election by the Annual General Meeting.

The Audit Committee shall present the Board of Directors with a proposal for an appointment agreement with the elected independent auditors and shall supervise, evaluate and, if necessary, recommend

the replacement of the independent auditors and shall inform the Board of Directors of such recommendation.

The Audit Committee shall look into the matters relating to the auditors' possible resignation and submit its recommendations for any steps that are deemed necessary as a result thereof.

#### 10.4.2. Assessment of the independence and competence of independent auditors

At least once a year, the Audit Committee shall, in a report from the independent auditors, perform a specific and critical assessment of the external auditors' independence, objectivity and competence, among other things, by checking that the applicable guidelines for partner rotation are complied with as well as by monitoring the size and the composition of the auditors' remuneration etc.

On this basis, the Board of Directors shall, in consultation with the Executive Committee, perform a specific and critical assessment of the auditors' independence and competence etc. to be used for the recommendation to the General Meeting for the appointment of auditors.

Once a year, the Audit Committee shall present the Board of Directors with a proposal for approval of the independent auditors' fee as well as pre-approval of the independent auditors' delivery of non-audit services.

The Audit Committee shall monitor the nature and scope of the auditors' non-audit services with a view to ensuring the auditors' independence and objectivity.

#### 10.5. Other tasks

Once a year, the Audit Committee shall assess the need for an internal audit and recommend to the Board of Directors whether to establish an internal audit, and in such case, make recommendations on selecting, appointing and removing the internal auditing executive and the budget of the internal audit. If an internal audit is established, the Audit Committee shall monitor the Executive Committee's follow-up on the conclusions and recommendations of the internal audit.

Prior to the Board of Director's approval of the annual report and other financial reporting, the Audit Committee shall monitor and report to the Board of Directors about uncertainties and risks, including in relation to the outlook for the current year.

The Audit Committee shall monitor the Company's CSR reporting, including any reporting on work performed in relation hereto conducted by the independent auditors.

The Audit Committee shall bi-annually conduct a review of security in TDC prior to consideration of this topic by the Board of Directors.

In addition hereto, the Audit Committee shall be entitled to perform such other tasks related to financial, accounting, audit, tax and risk management matters in the Group as deemed relevant by the Audit Committee and obtain management's assistance herewith.

#### 11. Delegation of responsibilities

The Audit Committee shall also perform any other tasks which the Board of Directors at any time may delegate to the Audit Committee.

In relation to the Company's whistleblower system, the Board of Directors has delegated to the Audit Committee to receive and consider notifications of possible or suspected serious financial wrongdoings in the Company and included subsidiaries from the employees. The Audit Committee shall present the Board of Directors with a proposal for decisions to be made in respect of such notifications.

#### 12. Access to records, consultants etc.

The Audit Committee shall be fully authorised

- (i) to investigate any matter that falls within this Charter which the Audit Committee learns about, with full access to all the Company's minute books, records, facilities and employees;
- (ii) to hire external legal advisors, the independent auditors, accounting consultants or other consultants to provide the Audit Committee with advice; and
- (iii) to request that any Company executive or employee, the Company's external legal advisors, internal auditors, internal suppliers of audit services or the independent auditors participate in a meeting with the Audit Committee or meet with one or more of the members or consultants of the Audit Committee.

#### 13. Expenses

The Audit Committee shall be entitled to incur such reasonable expenses as may be deemed necessary for the Audit Committee to be able to perform its duties. The Company is expected to cover such expenses.

#### 14. Publication

The Audit Committee shall contribute to the information regarding the Audit Committee on the Company's website and in the Company's annual report if the information is included therein. The Audit Committee shall provide the information below to the Company's website and the annual report, if relevant. The Audit Committee shall also ensure that the information regarding the Audit Committee on the website and in the annual report, if relevant, is accurate and adequate.

The Company's website and annual report, if relevant:

- Inform that the Company has established an Audit Committee
- Inform about the Audit Committee's Charter
- Inform about the Audit Committee's principal activities during the year
- Inform about the names of the members of the Audit Committee
- Inform about who are independent members of the Audit Committee
- Inform about who are members with special qualifications in the Audit Committee
- Inform about who is Chairman of the Audit Committee
- Inform about the number of meetings throughout the year

Thus approved at the meeting of the Board of Directors of TDC A/S held on 22 June 2017.