

Audit & Risk Committee Charter



1 Establishment and purpose

- 1.1 Pursuant to the Rules of Procedure of the Board of Directors of The Drilling Company of 1972 A/S, CVR no. 40404716 (the "Company" and together with its subsidiaries, the "Group") and applicable laws and regulations, the Board of Directors has resolved to establish an audit and risk committee (the "Audit & Risk Committee").
- 1.2 The Audit & Risk Committee shall primarily review and monitor the Group's (i) financial reporting and related procedures; (ii) process with external auditors; and (iii) internal control and risk procedures, including legal, regulatory and IT risks.

2 Members

- 2.1 The Audit & Risk Committee shall consist of no less than three members. The members of the Audit & Risk Committee shall be appointed by and among the Board of Directors.
- 2.2 A member of the Audit & Risk Committee shall be designated by the Board of Directors as Chairman of the Audit & Risk Committee. The Chairman of the Board of Directors cannot be the Chairman of the Audit & Risk Committee.
- 2.3 A majority of the members of the Audit & Risk Committee, including the Chairman, shall be independent, and at least one member shall have accounting or audit qualifications as well as financial capabilities or qualifications. As a whole, the members shall have competences relevant to the sector in which the Group is operating.
- 2.4 The members of the Audit & Risk Committee shall be appointed for a one-year term. The Board of Directors can at any time and without notice decide to change the composition of the Audit & Risk Committee.
- 2.5 Any member of the Audit & Risk Committee who resigns from the Board must also resign from the Audit & Risk Committee.

3 Assignments

- 3.1 The Audit & Risk Committee shall assist the Board of Directors by conducting supervision of the activities of the Executive Management. The Audit & Risk Committee will, based on its activities report to and submit recommendations to the Board of Directors.
- 3.2 Monitor the Company's financial reporting and reporting process
 - 3.2.1 The overall assignments of the Audit & Risk Committee in respect of monitoring the Company's financial reporting and reporting process are to:
 - a. Evaluate the information contained in the external financial reporting or trading statements;
 - b. Inform the Board of Directors of the result of the statutory audit, including the financial reporting process;



- c. Monitor the financial reporting process, the effectiveness of the Company's internal control thereof and submit recommendations or proposals to ensure its integrity;
- d. Evaluate the "going-concern" principle, including any special assumptions, qualifications and/or uncertainties related thereto;
- e. Evaluate the main accounting policies and principles applied including to make recommendations to the Board of Directors regarding whether these should be amended;
- f. Evaluate significant accounting estimates and judgments (including potential impairments or reversals thereof) made and changes hereto, if required;
- g. Review, evaluate and approve unusual transactions and all transactions with related parties as required by applicable law and such related party transactions may be further defined in a separate overview;
- h. Evaluate relevant business and financial risks and uncertainties for the relevant year, e.g. in relation to the outlook in the financial reporting;
- i. Evaluate the overall presentation of the financial reporting in order to ensure that it provides a true and fair view of the financial position as well as the development and performance of the Company; and
- j. Evaluate the Company's compliance with relevant audit and accounting related policies, laws and regulations.

3.3 Monitoring the Group's external audit

- 3.3.1 The overall assignments of the Audit & Risk Committee in respect of monitoring the Group's external audit, including the independence of the external audit, provision on non-audit services and auditor remuneration, are to:
 - a. Recommend to the Board of Directors the statutory external auditors to be proposed by the Board of Directors and elected by the annual general meeting, including, in case where an external audit engagement is not renewed, recommend at least two choices for the audit engagement and express a duly justified preference for one of them. The recommendation shall state, that the recommendation has not been influenced by third parties nor has it been subject to any contractual obligation restricting the general meeting's choice of the external auditor;
 - b. Oversee statutory external auditor rotation, including rotation period, transition period and tender process;
 - c. Establish appropriate policies to ensure compliance with applicable rotation requirements for audit firms and individual auditors;



- d. Provide the Board of Directors with advice regarding the proposed external auditors from time to time as well as evaluate the quality of work being performed by the external auditors;
- e. Review the strategy, plan, scope, materiality thresholds and approach of the external auditors' annual audit;
- f. Review and make recommendations to the Board of Directors regarding (i) the terms of engagement and (ii) the fees of the external auditors;
- g. Review the external auditors' reports to the Executive Management and the Board of Directors, including management letters and long-form reports and discuss any reports with the Executive Management and the external auditors;
- h. Review and inform the Board of Directors about any material issues which the audit may give rise to including gathering answers/explanations to any significant uncorrected and/or corrected adjustments in the accounts;
- i. Resolve any disagreement between the Executive Management and the external auditors regarding financial reporting, accounting policies and estimates;
- j. Evaluate the overall cooperation with the external auditors;
- k. Ensure that appropriate policies with regard to hiring employees from the external auditors are in place;
- l. Review and monitor the independence and quality work being performed by the external auditors, especially the appropriateness of the provision of non-audit services to the Group;
- m. Discuss any threats and applicable safeguards to the independence of the external auditor with the appointed external auditor;
- n. Ensure that appropriate procedures exist to ensure compliance of the external auditor's independence on an annual basis;
- o. Monitor cap on non-audit services as determined by the Board of Directors and any established guidelines for provision of non-audit services, including tax and valuation services;
- p. Establish appropriate policies to ensure compliance with applicable requirements for non-audit services; and
- q. In monitoring the external audit of the financial statements, the Audit & Risk Committee shall consider the outcome of the most recent quality review of the external auditor.

3.4 Monitoring the Group's internal control and risk procedures:



- 3.4.1 The overall assignments of the Audit & Risk Committee in respect of the monitoring the Group's internal control and risk procedures are to:
- a. At least once a year, discuss the internal control procedures with the external auditor as well as present the Board of Directors with potential areas of improvement;
 - b. Monitor insurance and assurance coverage and quality;
 - c. Ensure that internal control and risk procedures are effective as regards to the financial reporting process of the Company;
 - d. Annually assess the need for an internal audit function;
 - e. Assess and make recommendations to the Board of Directors regarding the Group's finance (including accounting, budgeting and risk functions) and IT organisation;
 - f. Review and recommend approval of risk reports, internal risk management plans and guidelines for internal and external risk reporting submitted to the Board of Directors;
 - g. Review the procedures and guidelines for prevention and detection of fraud as well as evaluate the Executive Management possibilities of deviating from the internal control procedures and influencing the accounting;
 - h. Evaluate the procedures for risk management including any violations hereof;
 - i. Review and evaluate credit risk limits and recommend approval by the Board of Directors of credit risks above a certain pre-defined limit;
 - j. Oversee that the Executive Management has identified and assessed all the significant risks that the organisation faces and has established a risk management infrastructure capable of addressing those risks and oversee, in conjunction with the full Board of Directors, risks, such as business, strategic, financial, operational, IT and other risks;
 - k. Oversee that the Executive Management has adequate procedures in place to identify and assess specific risks relevant to the Group;
 - l. Account for the components in the remuneration policy for the Board of Directors according to section 4.1. and 4.2 of the Danish Recommendations on Corporate Governance issued by the committee on Corporate Governance (as amended from time to time); and
 - m. Oversee and maintain the whistleblower scheme for expedient, adequate and confidential notification of possible or suspected wrongdoing regarding accounting, internal accounting controls, auditing, financial reporting and business ethics matters.



- 3.5 Other assignments of the Audit & Risk Committee
- 3.5.1 In additions to the assignments described in section 3.2-3.4 the Audit & Risk Committee's assignments are to:
- a. review tax policy, if any;
 - b. oversee tax risk management framework; and
 - c. oversee effects of expected changes to legislation.
- 3.6 In order to further specify the duties of the Audit & Risk Committee, an annual work schedule shall be prepared by the Chairman of the Audit & Risk Committee and approved by the Board of Directors.

4 Meetings

- 4.1 Meetings shall be held when deemed necessary by the Chairman of the Audit & Risk Committee, subject to a minimum of five meetings a year. Further, the Audit & Risk Committee shall meet upon request of a member of the Audit & Risk Committee, the CEO, the CFO or an external auditor. Meetings in the Audit & Risk Committee may be held in writing or by electronic means of communication (e.g. telephone or video conference), if such format is compatible with the duties of the Audit & Risk Committee.
- 4.2 As a minimum the meetings shall be held prior to the publication of the Company's quarterly trading updates, H1 interim report and annual report.
- 4.3 The Chairman of the Audit & Risk Committee shall convene the meetings with not less than seven calendar days' notice and determine the agenda which shall be sent to the members in advance of each meeting.
- 4.4 Minutes of the meetings of the Audit & Risk Committee shall be prepared for each meeting, and section [3.8] of the Rules of Procedure of the Board of Directors shall apply equally to such minutes. When the minutes have been approved, copies of the minutes shall be forwarded to the members of the Board of Directors for review at the following board meeting in the Company.
- 4.5 The work of the Audit & Risk Committee is subject to the same confidentiality as the work of the Board of Directors.
- 4.6 Other members of the Board of Directors are entitled to participate in the meetings of the Audit & Risk Committee.
- 4.7 The Executive Management, relevant employees and external parties (e.g. advisers) may participate in the meetings of the Audit & Risk Committee upon invitation.
- 4.8 The CEO, CFO, the head of the Company's central accounting and control function and the Company's external auditors shall attend the meetings of the Audit & Risk Committee if requested.



4.9 The Company's external auditors shall attend at least one meeting of the Audit & Risk Committee per year at which meeting (or relevant part thereof) the Executive Management shall not be present.

5 Resolutions at the Audit & Risk Committee

5.1 Resolutions are passed by simple majority. In the event of equal votes, the Chairman of the Audit & Risk Committee shall have a casting vote.

6 Authorisation

6.1 The Audit & Risk Committee shall report and make recommendations to the Board of Directors.

6.2 The Audit & Risk Committee is authorised to examine all matters within the scope of its charter and has unlimited access to obtain (i) the necessary information and assistance from employees and officers of the Company, who are obliged to cooperate with the Audit & Risk Committee and provide any information and answer all questions from the Audit & Risk Committee, and (ii) independent advice and assistance from external advisers when deemed necessary for performing the duties of the Audit & Risk Committee. The fees of advisers shall be paid by the Company.

7 Review of Charter

7.1 The Audit & Risk Committee shall review this Audit & Risk Committee Charter once every year. Amendments shall be approved by the Board of Directors.

Approved by the Board of Directors on 2 April 2019.