



## **VELOXIS PHARMACEUTICALS A/S**

### **AUDIT COMMITTEE CHARTER**

## **Purpose**

The Audit Committee (the “Committee”) is appointed by the full Board of Directors (the “Board”) and the purpose of the Committee shall be to assist the Board of Veloxis Pharmaceutical A/S (the Company”) in:

- Reviewing the adequacy and consistency in the Company’s financial reporting and the reporting processes.
- Ensuring that the Company’s internal controls and risk management systems are effective and satisfactory.
- Having regular contact with the Company’s external auditors.
- Controlling the work, including recommendation and independence, of the Company’s external auditors.

## **Composition**

The Committee shall consist of a minimum of two (2) members of the Board. Each member shall be a non-executive director and shall meet the independence requirements established by the Board and applicable laws, regulations and listing requirements (if any). The Board appoints the members of the Committee and the chairperson. The Board may remove any member from the Committee at any time with or without cause. One member must have experience within accounting or auditing. The Audit Committee as a whole shall have competences relevant to the pharmaceutical industry.

## **Operations**

The Committee shall meet at least four times a year. Additional meetings may occur as the Committee, its chair or the CEO deems advisable. The Committee will cause to be kept adequate minutes of all its proceedings, and will report on its actions and activities at the next meeting of the Board. Committee members will be furnished with copies of the minutes of each meeting and any action taken. The Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum as are applicable to the Board.

The Committee shall make decisions only by unanimously consent.

The Committee is authorized to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter, (b) any provision of the Articles of Association of the Company, or (c) the laws of the jurisdiction of the Company’s organization.

## **Authority**

The Committee has authority to retain and terminate outside counsel, accounting consultants and other advisers to assist the Committee in performing its functions. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications.

The Committee may delegate authority to one designated member of the Committee. The Committee may invite employees to participate in its meetings.

## **Roles and responsibilities**

The principal responsibilities and functions of the Committee are as follows:

### a) Review of the financial reporting process

- Gain an understanding of financial reporting areas of significant financial risk with the purpose of evaluating proper accounting treatment.
- Review of the adequacy of financial information disclosed in the Company's annually and quarterly reports or other financial reports before their release and report to the entire board with respect to the Committee's findings.
- Assess the appropriateness of the accounting principles applied as well as the methods of recognition and measurement used in connection with material and unusual transactions if it is possible to base the accounting treatment on alternative accounting principles.
- Review the Company's compliance with law and regulations affecting financial reporting.

### b) Monitor the effectiveness of the Company's internal control systems, including internal audit if applicable, and the risk management systems

- Annually, review and assess the effectiveness of the Company's internal control and risk management systems as well as the management's guidelines in this respect for the purpose of identifying and managing the most important risks including to evaluate whether Management is setting the appropriate tone at the top by communicating the importance of internal controls and ensuring that all employees understand their roles and responsibilities in safeguarding the Company's assets.
- Annually, assess the need for an internal audit.

- Check that the executive management follows up on the recommendations contained in the external auditor's report to the management.

#### c) Oversight of the external auditor

- Submit recommendations to the Board for the Board's nomination of a candidate as the Company's external auditor at the general meeting.
- Submit proposals for the Board for the audit and the auditor's fee.
- Review and discuss the external auditor's audit plan, etc. and also be informed in due time of any important questions raised as a result of the audit.
- Review and discuss the result of the audit, including the auditor's observations and opinion possibly on the basis of a long form audit report. Furthermore, explain the Audit Committee's contribution to the integrity of the financial statements to the Board of Directors.
- Look into the matters surrounding any resignation of the external auditor and submit recommendations on the steps to be taken as result of such resignation.

#### d) Oversight of the external auditor's independence, including services delivered to the Company

- Make a specific and critical assessment of the independence, objectivity and competence of the external auditor.
- Submit proposals to the Board with respect to the overall, general scope of the auditor's provision of non-audit services. The auditor's provision of non-audit services shall comply with the applicable Danish law restrictions
- Pre-approval of permissible non-audit services in accordance with applicable Danish law restrictions.

### **Performance evaluation of Committee once a year**

The Committee shall evaluate its own performance and assesses the achievement of the duties specified in the charter. The Committee shall review applicable independence, financial expertise and other legal requirements to determine whether the Audit Committee meets the applicable legal requirements. Findings and recommendations are reported to the Board.

### **Review of the Committee Charter**

The Committee Charter shall be reviewed and updated annually.

As adopted by the Board of Directors on 26 August, 2015.

Board of Directors:

Mette Kirstine Agger, Chairman

Thomas Dyrberg, Deputy Chairman

Anders Götzsche

Mike Heffernan