

## **AUDIT COMMITTEE CHARTER**

ZEALAND PHARMA A/S

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## 1 ESTABLISHMENT AND PURPOSE

- 1.1 This charter of the audit committee (the "**Audit Committee Charter**") has been prepared and adopted by the board of directors (the "**Board of Directors**") of Zealand Pharma A/S (the "**Company**") to set out the preparatory tasks allocated with the audit committee of the Company (the "**Audit Committee**") being a committee established by the Board of Directors in accordance with applicable rules and regulations, including the EU Directive on Statutory Audits of Annual Accounts and Consolidated Accounts (8th Directive), the Danish Act on Approved Auditors and Audit Firms, the Danish Corporate Governance Recommendations and the rules of procedure of the Board of Directors.
- 1.2 The Audit Committee is under the supervision of the Board of Directors and is established with the intention to prepare for decisions to be taken by the Board of Directors.
- 1.3 The purpose of the Audit Committee is to assist the Board of Directors by oversight of matters related to financial reporting, systems of internal control and risk management related to finance, external audit of the annual report, reporting on environmental, social governance (ESG), whistle-blowing procedures and complaints, control of auditors' independence and the procedure for the election of the external auditor, including oversight of non-audit services.

## 2 MEMBERS OF THE AUDIT COMMITTEE

- 2.1 The Audit Committee consists of minimum two members elected for a one-year term by and among the members of the Board of Directors. Re-election may take place. Election of members of the Audit Committee takes place at the meeting of the Board of Directors held after the annual general meeting.
- 2.2 A chair of the Audit Committee will be appointed by the Board of Directors from among the members of the Audit Committee. The chair of the Board of Directors should not be the appointed as chair for the Audit Committee. Any member of the Audit Committee can be removed by the Board of Directors at any time.
- 2.3 The majority of the members of the Audit Committee must be independent unless the Board of Directors decides otherwise. The Board of Directors will decide whether a member of the Audit Committee is independent or not in accordance with the principles from the Danish Corporate Governance Recommendations.
- 2.4 The members of the Audit Committee must have competence of relevance to the Company's industry and relevant financial experience and expertise to gain sufficient insight into and oversee the Company's financial affairs and assess the independence of the external auditor. At least one member of the Audit Committee must have relevant qualifications within accounting or auditing.
- 2.5 Any member of the Audit Committee who resigns or is removed from the Board of Directors, shall be removed from the Audit Committee. If a member is removed from the Audit Committee during a term of office, a new member of the Audit Committee will be appointed at the next meeting of the Board of Directors.
- 2.6 The members of the Company's executive management (the "**Executive Management**") and the members of the Board of Directors, who are not also a member of the Audit Committee, have an obligation to participate in the Audit Committee's meetings, if so requested by the Audit Committee.

## 3 RESPONSIBILITIES

- 3.1 The Audit Committee is responsible for, *inter alia*, the matters set out below. All decisions will be made by the Board of Directors except as expressly stated in this Audit Committee Charter.
  - 3.1.1 Financial reporting:

- Continuously monitor the financial reporting process and review and challenge it where necessary and ensure that the quarterly financial reporting provides a true, fair and balanced view of the Company's financial position.
- Annually monitor compliance with applicable legislation, standards and other regulations for listed companies in respect of financial reporting and the publication of financial reporting.
- Evaluate and report to the Board of Directors about significant accounting estimates and judgments, CSR reporting, related party transactions and uncertainties and risks contained in the Company's financial reports, including in relation to the outlook of the ongoing financial year, in due time before the Board of Directors' approval of the Company's financial reports.
- At least annually evaluate the Company's accounting policies and principles, including significant accounting estimates and judgments included in such policies and principles, and submit proposals to the Board of Directors if amendments are deemed necessary or appropriate.
- In collaboration with the Executive Management, annually review and update of the Company's Investment-, Tax- and/or Treasury Policy if appropriate.
- Annually inform the Board of Directors of the result of the statutory audit and explain how the statutory audit and the Audit Committee contributed to the integrity of the financial reporting.

### 3.1.2 Internal control and risk management, including whistleblowing procedures:

- Continuously monitor and annually review the effectiveness of the systems of internal controls and risk management systems related to the financial reporting of the Company.
- Annually assess the Company's need for an internal audit, and if such is needed, make mandates and recommendations concerning the appointment, hiring and discharge of an internal auditor and the budget of such a process.
- Ensure that if an internal audit has been established that a description of its functions is available and approved by the Board of Directors, and that adequate resources and expertise are allocated to carry out the work.
- Monitor the Executive Management's follow-up and implementation of the conclusions and recommendations of a completed internal audit, if any.
- Continuously review and update procedures for the receipt, retention and treatment of complaints received regarding accounting, internal controls, auditing and financial reporting matters (whistleblower function) and secure a confidential and anonymous procedure.
- Subject to the applicable whistleblowing procedure, inspect and investigate any received complaint and ensure that appropriate action is taken and ensure that confidentiality and anonymity for submissions is preserved throughout the entire process.

### 3.1.3 External auditor:

- Nominate the statutory external auditor to be elected by the annual general meeting and prepare the recommendation to the annual general meeting regarding the election of the external auditor. In the recommendation, the Audit Committee shall state that it is not influenced by any third party or otherwise subject to restrictions concerning the proposal.
- Unless the recommendation concerns renewal of an audit engagement, the recommendation must contain at least two external auditors, including a description of which of the proposed external auditors the Audit Committee prefers.
- Oversee and be responsible for the proposal for the external auditor to take place in accordance with the mandatory selection procedure.

#### 3.1.4 Oversee the work of the external auditor:

- Monitor the strategy, plan, scope and approach of the external auditor's annual audit and approve the terms and compensation of the external auditor.
- Monitor the external auditor's 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 auditor.
- Be mainly responsible for resolving any disagreements between the external auditor and the Executive Management.
- Maintain an ongoing dialogue with the external auditor and ensure that the external auditor may conduct any investigations that the auditor finds necessary or appropriate and receives such information and assistance as the auditor finds necessary for the fulfilment of his/her tasks.

#### 3.1.5 Monitor auditor's independence, including oversight of non-audit services:

- At least annually consider and evaluate the performance and independence of the external auditor (including any threats to independence, the external auditor's dependence on the Company and the structure and size of the fee for the external auditor) and obtain and review a report from the external auditor substantiating that the external auditor is independent.
- Monitor and review the provision of non-audit services by the external auditor and annually review the Company's policy of such non-audit services. The Audit Committee must approve non-audit services delivered by the external auditor when such services are deemed material and the fee for such services following an assessment of the threats to the auditor's independence.
- Monitor and secure that the fees for non-audit services, other than those referred to in article 5(1) of Regulation 537/2014, to the Company shall not exceed 70% of the average of the fees paid in the last three (3) consecutive financial years for statutory audits. This cap may at the earliest apply from the financial year 2023 (with a consecutive period of the financial years 2020-2022) and shall only apply in situations where the external auditor has provided non-audit services to the Company for a period of the last three (3) or more consecutive years.

#### 3.1.6 Miscellaneous:

- Perform any other activities consistent with this Audit Committee Charter, the Company's articles of association and applicable law that the Board of Directors determines are necessary or appropriate.

## 4 MEETINGS

- 4.1 The Audit Committee shall meet as often as deemed appropriate but shall have no less than four meetings per year to be held prior to any external financial reporting, in accordance with the audit committee wheel (the "**Audit Committee Wheel**").
- 4.2 The chair of the Audit Committee must convene a meeting when it is deemed necessary in the opinion of the chair, or upon request from a member of the Audit Committee or a member of the Executive Management.
- 4.3 Meetings with the external auditor must be held at least twice a year at which meetings (or the relevant part of the meetings) members of the Executive Management must not be present.

- 4.4 The chair must convene meetings at not less than seven days' written notice to all members of the Audit Committee, and such notice shall include an agenda for the meeting in question, including, to the extent possible, any written material related to the individual agenda items.
- 4.5 Under special circumstances, the notice may be given orally and with less than seven days' notice or a committee resolution may be passed over the phone, by video conference or in writing. In such cases, the proposed resolution shall be forwarded to the members of the Audit Committee, and the chair shall subsequently seek to obtain a written, oral or electronically transferred statement from all members of the Audit Committee and arrange for the recording of the resolution in the minute book.
- 4.6 The Audit Committee forms a quorum when at least two of its members are present.
- 4.7 Resolutions are passed by simple majority. In case equality of votes, the chair of the Audit Committee shall have a casting vote.
- 4.8 The chair of the Audit Committee shall ensure that discussions and resolutions passed are recorded in the meeting minutes. The chair of the Audit Committee may appoint a special assistant from the Company to assist with record in the meeting minutes and additional matters such as the agenda, preparing, and distributing materials and providing general technical assistance for the efficient running of meetings.
- 4.9 Members of the Board of Directors and the Executive Management, relevant employees, the Company's external auditor and other external parties (e.g. advisors) may participate in the meetings of the Audit Committee upon invitation of the chair of the Audit Committee. Members of the Executive Management, the Company's Compliance Officer, relevant employees and the Company's external auditor shall attend the meeting if so requested.
- 4.10 The Company provides sufficient secretarial assistance as requested by the chair of the Audit Committee.
- 4.11 The work of the Audit Committee is subject to the same confidentiality as the work of the Board of Directors.

## **5 EVALUATION**

- 5.1 The members of the Audit Committee shall be subject to an annual evaluation by a self-assessment of performance, including independence and financial expertise. The results of the evaluation must be reported to the Board of Directors in connection with the annual evaluation of the Board of Directors.

## **6 AUTHORISATION**

- 6.1 The Audit Committee shall be fully authorised to investigate any matter that falls within the scope of this Audit Committee Charter and have access to review any of the Company's records, files or documents and to interview any employee of the Company, including the Executive Management.
- 6.2 The Audit Committee is authorised to engage external consultants to advise and assist the Audit Committee in performing its tasks and duties.

## **7 REMUNERATION**

- 7.1 The members of the Audit Committee are remunerated in accordance with the Company's Remuneration Policy.

## **8 REPORTING TO THE BOARD OF DIRECTORS**

- 8.1 The Audit Committee shall inform the Board of Directors of discussions and present recommendations to the Board of Directors as soon as possible after each meeting of the Audit Committee.

- 8.2 Minutes of meetings, including the recommendations, of the Audit Committee shall as soon as possible, and after approval of the members of the Audit Committee, be sent to the Board of Directors.
- 8.3 The Audit Committee must on a regular basis keep the Board of Directors informed of matters which the Audit Committee deems relevant for the Board of Directors.
- 8.4 The Audit Committee shall prepare the committee report to be included in the Company's financial reporting.

## **9 REVIEW AND AMENDMENT**

- 9.1 The Audit Committee must at least annually review the adequacy of this Audit Committee Charter and, if applicable, prepare and recommend amendments to be approved by the Board of Directors.
- 9.2 The Audit Committee must annually review and, if required, prepare amendments to the Audit Committee Wheel.

## **10 PUBLICATION**

- 10.1 This Audit Committee Charter will be published on the Company's website along with the names of the members of the Audit Committee and the chair of the Audit Committee.

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Approved at a meeting of the Board of Directors held on 7. September 2023.