

## **The BANK of Greenland 's Audit Committee Charter**

### *1. Introduction*

- 1.1. The Board of Directors has created an audit committee the exclusive purpose of which is to prepare decisions to be made by the entire Board of Directors.
- 1.2. The Board of Directors ensures, by means of several measures including this charter, that the establishment of an audit committee does not prevent the members of the Board of Directors from receiving all significant information that they should receive; the Board of Directors must ensure that this information is sent not only to the audit committee.
- 1.3. This charter is reviewed, updated and approved annually by the Board of Directors. Proposals for amendments can be made by any board member including members of the audit committee.
- 1.4. The Audit Committee follows the same confidentiality clauses as the Board of Directors

### *2. Composition and purpose*

- 2.1 The board of directors has decided, in accordance with section 31 in the law of approved auditors and audit firms and the board of directors rules of procedure, that the audit committee's function be pursued by the board of directors. The determination about the audit committee of this term of reference is regarded as utilisation in its entirety.
- 2.2 This term of reference determines the audit committee's assignments and authorities.
- 2.3 The purpose of the audit committee's work is to continuously monitor and assess that the Bank of Greenland's presentation of accounts, internal controlling systems and statutory audits are organized appropriately. Additionally, the committee must check and monitor the auditors independence as well as be responsible for the procedure of selecting and nominating an auditor at election.
- 2.4 The Audit Committee approves all non-auditing services that are not approved in advance, cf. Annex 1, and ensures that these services do not exceed 70% of the total audit fee. The Audit Committee also ensures that the auditor elected by the Annual General Meeting does not receive more than 15% of their total fees for services delivered to the bank.

### *3. Membership of the Audit Committee*

- 3.1 The members of the audit committee, including the chairman of the committee, are appointed by and among the members of the Board of Directors of The BANK of Greenland
- 3.2 At least one member shall be independent of The BANK of Greenland and possess qualifications within the fields of accounting, auditing or risk management which can include experience in the presentation of accounts in accordance with IFRS (International Financial Reporting Standards) or experience from audit and risk committees or other similar experience and professional training.
- 3.3 The committee has a quorum when at least half of its members, but half of the members elected by the general meeting are participating in the decision.

### *4. The Meetings of the Audit Committee*

- 4.1 Meetings are held as often as the chairman considers necessary and at least four times a year. The meetings are summoned by the chairman and the invitations include an agenda. The agenda is sent to the entire Board of Directors for informational purposes.
- 4.2 The bank's own internal chief auditor or the external auditor and every member of the audit committee can convene a meeting of the audit committee.
- 4.3 Whenever possible, meetings are held before meetings of the Board of Directors where the board addresses and approves the annual report, the half-year report, quarterly reports or other significant financial reporting of The BANK of Greenland, and prior to the auditor's certification of accounts.

## 5. Meeting structure and convening

- 5.1. The participants at the audit committee's meetings are the committee members, and by invitation the board of directors, the finance manager, the internal audit manager, the external auditor as well as the rapporteur.
- 5.2 The audit committee will at least once a year hold a meeting with respectively the external and internal auditors without the Bank of Greenland's management representatives participation.
- 5.3 Others may participate in the committee's meeting with the chairman's decision, including board members, leading employees and specialists in the Bank of Greenland as well as external advisors.
- 5.4. The chairman guides the meetings held in the audit committee.
- 5.5. Other board members, the board of directors, the finance manager, the internal audit manager, the external auditor as well as relevant employees are committed to participate in the meetings, if the committee convenes.
- 5.6 A summary of each meeting held by the audit committee will be composed and kept by the rapporteur. The summary must be signed by all the participants. The summary indicates which matters has been discussed and the committee's arrangements if any, to the board of directors. A committee member who does not agree with an arrangement to the board of directors, is entitled to have their opinion inserted to the summary.
- 5.7 A draft of the summary will be issued to the committee members after every committee meeting. The committee members will inform the rapporteur their remarks to the summary, if any, as soon as possible so that the final summary can be issued to the board of directors before the first - or next board meeting.
- 5.8 The audit committee are subject to the same confidentiality as the board of directors.

## 6. Decision-making power and authorisation

- 6.1. The audit committee is able to make a decision if at least half of the members are present.
- 6.2 The committee reports and can make a resolution to approval by the board of directors. The audit committee has no decision-making power independently and can only make decisions that concerns the board of directors' arrangements. Such decisions can be made with an ordinary majority of votes. In the event of a tie, the committee's chairman has the final vote.
- 6.3 The committee has the authority to examine all matters lying within the scope of this charter and to obtain the requisite information and assistance from employees at The BANK of Greenland.
- 6.4 The Audit Committee must provide funds and facilities, that are essential for the audit committee to execute the work assignments within reason.

## 7. The Duties of the Audit Committee

The duties of the audit committee are:

### 7.1 Oversee the process *culminating in the presentation of the accounts*:

- Annual report, reviewing significant circumstances regarding accounting principles and presentation of accounts - including any significant changes to the company's choices and utilisation of accounting principles.
- Half-year report, see under Annual report above
- Quarterly reports, see under Annual report above
- Evaluate the guidelines and procedures used by The BANK of Greenland in connection with the presentation of accounts,
- Evaluate budgets, estimates, etc. and the basis on which they were made,
- Evaluate the management's presentation of accounts and the basis on which it was made.

7.2 *Monitor the extent to which The BANK of Greenland's internal system of control, auditing and risk management systems are functioning effectively regarding the presentation of accounts in the bank, without violating its independency:*

### Monitoring the Internal System of Control

- Evaluate administrative and accounting practices,
- Evaluate the need for establishing the function of a controlling function.
- Review and evaluate internal control procedures,
- Review of internal and external auditing reports as well as controlling reports on internal control and any weaknesses in them,
- Evaluate the Board of Management's opportunities to override controls including exerting (inappropriate) pressure on the process culminating in the presentation of the accounts,
- Evaluate The BANK of Greenland's and the management's procedures for preventing and disclosing fraud,
- Evaluate the statement in the management's report on the main elements in The BANK of Greenland's internal assessment and risk management systems,
- Recommend to the Board of Directors any measures needed to strengthen internal control.

### Monitoring Internal Auditing

- Evaluate outsourcing of internal auditing,
- Evaluate whether the internal chief auditor shall endorse the annual report,
- Review the endorsement of the internal chief auditor if the internal chief auditor endorses, cf. the above,
- Review the task description and auditing agreement for internal auditing,
- Review the internal audit function's competence, independence and resources to undertake the tasks, including review of the internal audit function's budget and staff.
- Discuss significant accounting principles and alternative accounting procedures with the internal auditor,
- Discuss significant auditing and accounting estimates with the internal auditor,
- Review audit reports including an evaluation of the internal auditor's summary of comments, the status of comments for the financial year in question and unclarified concluding remarks for the previous annual report given in the audit report that may have been based on a draft of the audit report.

### Monitor Risk Management Systems

- Evaluate the established guidelines and business procedures for risk management set up by the management and the management's monitoring of these.

#### *7.3 Monitor the statutory audit of the annual report etc. taking into account the results of the latest quality check from the auditing services:*

- Evaluate the competence of the external auditor,
- Review the audit agreement and the audit fee
- Evaluate the appointment/re-appointment of the external auditor,
- Review the external auditor's proposed audit strategy and plan and the proposed materiality level
- Discuss significant accounting principles and alternative accounting measures with the external auditor,
- Discuss the identified substantial audit risks with the auditors
- Discuss significant auditing and accounting estimates with the external auditor,
- Review audit reports including an evaluation of the external auditor's summary of comments, the status of comments for the financial year in question and unclarified concluding remarks for the previous annual report given in the audit report that may have been based on a draft of the audit report.
- Review the external auditor's statements.

The result of the latest quality control of the audit company must be included in the Committee's assessment of the statutory audit and the relevant process.

*7.4 Monitor and control the auditor's independence, cf. Auditors Act §§ 24- 24c as well as rule 6 in EU's auditor regulation no. 537/2014 as of 16 April 2014 about specific requirements when auditing firms with public interest, and approve the auditors supply of other services than auditing, cf. rule 5 in EU's auditor regulation:*

- Review audit and non-audit services provided by the external auditor
- Monitor of control the external auditor's independence.

*7.5 To be responsible for the procedure of selecting and nominating an auditor at election, in accordance with EU's auditor regulation no. 537/2014 of 16 April 2 and 4 concerning specific requirements when auditing firms with public interest:*

- Assess the external auditors competence,
- Assess the re-election/new election of an external auditor
- Nominating an auditor at election,
- -Prior tendering procedures upon new elections/continuation with the current auditor beyond 10 years

*7.6. Being up to date with the tendencies within ESG and sustainability, to ensue the tendencies in the areas of the upcoming new legislation and - reporting on the area.*

## **8. Reporting to the Board of Directors**

- 8.1 Minutes of the meetings of the audit committee are taken, approved by the audit committee and made available for the entire Board of Directors.
- 8.2 The minutes of the meetings are discussed at the next meeting of the Board of Directors.
- 8.3 A provisional summary of the meeting can verbally be given to the Board of Directors, if the Audit Committee's meeting is done in advance of the Board of Directors (if the members of the Board of Directors were not a part of the Audit Committee's meeting)

## **9. Disclosure**

- 9.1. The audit committee's terms of reference will be published on the bank's website
- 9.2. The board of directors annual report includes
  - the committee's most significant activities and the amount of meetings throughout the year,
  - the names of the members of the committee, including the committee's chairman and the independency of the members
  - The Board of Directors participation in the committee's meetings

## **10. Alterations**

- 10.1 Alterations to the terms of reference can be enacted at any given time, simply by a majority of votes by the Board of Directors

## **11. Self-evaluation**

- 11.1 The audit committee undertakes an evaluation of the committee's observance of the matters laid down in this charter once a year.

Approved at the meeting of the Board of Directors 13 May 2025.