

## **Audit Committee Report of the societe anonyme IKTINOS HELLAS S.A.**

### **1. Letter from the Chairman of the Audit Committee**

Dear Messrs. Shareholders and representatives of the Company's shareholders,

On behalf of the Audit Committee of IKTINOS HELLAS SA (the "Company") and in my capacity as its Chairman, I submit to you this Report of the Committee for the year 2020 and the year 2021 until the date of this letter.

The purpose of this Report is to present a concise but comprehensive picture of the work of the Audit Committee, during the aforementioned period.

### **2. Introduction**

The Company has an Audit Committee which was formed in a body during its meeting on 27.2.2020 in application of art. 44 of Law 4449/2017.

### **3. Purpose**

The primary purpose of the Audit Committee is to support the Board of Directors in its tasks related to financial information, internal audit, regulatory compliance and corporate risk management. In summary, the Audit Committee:

- a) informs the Board of Directors about the audited entity, the result of the statutory audit and explains how the statutory audit contributed to the integrity of the financial information and what was the role of the Audit Committee in this process,
- b) monitors the financial information process and submits recommendations or proposals to ensure its integrity,
- c) monitors the effectiveness of the internal audit, quality assurance and risk management systems of the organization and, where appropriate, of its internal audit department, regarding the financial information of the audited entity, without prejudice to the independence of that entity,
- d) monitors the statutory audit of the annual and consolidated financial statements and in particular its performance, taking into account any findings and conclusions of the

competent authority in accordance with paragraph 6 of Article 26 of Regulation (EU) no. 537/2014,

e) oversees and monitors the independence of chartered accountants or audit firms in accordance with Articles 21, 22, 23, 26 and 27, as well as Article 6 of Regulation (EU) No 537/2014 and in particular the adequacy of the provision of non-audit services to the audited entity in accordance with Article 5 of Regulation (EU) no. 537/2014,

f) is responsible for the selection process of chartered accountants or audit firms and proposes the chartered accountants or audit firms which will be appointed in accordance with Article 16 of Regulation (EU) No 537/2014, unless par. 8 of article 16 of Regulation (EU) no. 537/2014 is applicable.

#### **4. Composition**

The Chairman of the Audit Committee is Mr. Ioannis Tamareisis, Independent Non-Executive Member of the Board of Directors and its members are Mr. Vassilis Petinis and Mr. Stavros Isaakidis, independent third parties (non-members of the Board of Directors).

The members of the Audit Committee meet the independence criteria of law 3016/2002 and the suitability criteria set out in article 44 of law 4449/2017 as amended by the provisions of law 4706/2020 and decision 1302/2017 of the Hellenic Capital Market Commission.

#### **5. Audit Committee Meetings**

According to its Rules of Procedure, the Committee meets at least four (4) times a year. The total number of meetings during the year is determined by the requirements for the performance of the Committee's responsibilities. During 2020, the Audit Committee met seven (7) times on the following dates: 27.2.2020, 28.2.2020, 17.6.2020, 15.9.2020, 14.10.2020, 19.11.2020 and 15.12.2020. Within 2021 and until the date of preparation of this Report, the Audit Committee has met six (6) times, on 14.1.2021, 21.1.2021, 15.4.2021, 19.4.2021, 20.4.2021 and 22.4.2021 in the context of monitoring the audit process of the Company's financial statements for the year ended 31.12.2020 and other issues related to the responsibilities of the Audit Committee.

All the members of the Audit Committee were present at the above mentioned meetings and all decisions were taken unanimously.

Minutes are kept for each meeting, which is signed by all members of the Audit Committee. It is worth noting that in addition to the aforementioned meetings, the members of the Audit Committee had frequent communications and meetings with the Company's chartered accountant, the Head of the Internal Audit Unit, executive members of the Board, members of the Management including the Chief Financial Officer, the Commercial Department and the IT Department in the context of performing their duties in accordance with the Audit Committee Rules of Procedure and the current legislation.

## 6. Proceedings of the Audit Committee

### A. Internal Audit System Structure and Procedures

According to article 44 of law 4449/2017, the main responsibility of the Audit Committee is to monitor the effectiveness of the internal audit, quality assurance and risk management systems of the company and, where appropriate, of its internal audit department, regarding the financial information of the audited entity, without prejudice to the independence of that entity.

Within its responsibilities, the Audit Committee supervised the Internal Audit Unit and evaluated the Internal Audit System based on the findings of the audits performed by the Internal Audit Unit as well as the risk management and regulatory compliance functions.

During the period from 1.1.2020 to the date of the present report, the Audit Committee carried out the following:

(a) It was informed by the Head of the Internal Audit Unit regarding the **annual audit program** of the Unit. The Audit Committee verified that the methodology applied by the Internal Audit Unit for the preparation of the annual audit program is based on the risk assessment (risk-based), which examines the existence and adequacy of the audit mechanisms required to cover the respective risks and that it covers all units, operations, processes and information systems of the Company. It examined the identified risks and the method of their evaluation and, based on the picture formed by the Audit Committee regarding the audit environment, the structure, organization and operation of the Company, it considered that the review and evaluation of the risks is adequate and effective. The Audit Committee also discussed the issue of **staffing and resources of the Internal Audit Unit** and suggested the further **training** of the Head in matters concerning the new regulatory framework under Law 4706/2020 as well as participation

in seminars related to the responsibilities of the Internal Audit. The overall timetable and dates for the submission of quarterly reports were discussed and the Annual Audit Program was approved.

(b) During its work, the Audit Committee reviewed **the independence of the Internal Audit Unit**, judging both in relation to the observance of the independence criteria of its Head and by the way of operation and execution of its daily tasks. It found that the Internal Audit Unit is formally and substantially functionally independent and does not belong to any other organizational unit of the Company.

(c) During its evaluation, the Audit Committee reviewed the policies and operations manual of the Internal Audit Unit, the organizational chart of the Company in order to understand the reference lines of the Head of Internal Audit, other manuals and policies, the manner of exercising the duties of the Head of Internal Audit, review of practices, the standards on which he relied on for the preparation of audits and in general his overall conduct and presence in the Company and did not identify conditions hindering the **independence or impartiality** of the Head of the Internal Audit Unit.

(d) The Audit Committee monitored the implementation of the annual audit plan, through the **quarterly reports** of the Head of the Internal Audit Unit. For the exercise of his duties the Head of the Internal Audit Unit follows the current legislation, the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors, the decisions of the Management and the Audit Committee. During the meetings, the findings of the Internal Audit Unit were discussed, which were the basis for the overall evaluation of the Internal Audit System submitted by the Audit Committee to the Board of Directors. In this context, the progress of the implementation by the Company of suggestions and proposals that emerged in the context of previous audits was also discussed.

(e) Particular emphasis was given on the examination of the Audit Committee through the Internal Audit Unit of issues related to the adequacy, security and control of the Company's **information systems**.

(f) In the context of the **annual evaluation report of the Company's Internal Audit System**, the Audit Committee:

- Provided an assessment of the Head of the Internal Audit Unit and the operation of the Unit in terms of independence and impartiality, adequacy of staff and training and in general the value it gives to ensuring the integrity, adequacy and

efficiency of the Internal Audit System.

- It reviewed the overall operation of risk management as performed within the Company but also by the Internal Audit Unit and made suggestions regarding the improvement and compliance in accordance with the provisions of law 4706/2020.
- It monitored the effectiveness of the regulatory compliance operation of the Company mainly through audits carried out by the Internal Audit Unit and the role of Management in monitoring and implementing the legislation and made recommendations regarding the improvement and compliance in accordance with the provisions of law 4706 / 2020.

(g) During the second half of 2020, the Audit Committee devoted significant time to assess the **Company's compliance with the regulatory framework regarding corporate governance as set out in Law 4706/2020** which enter into force in July 2021. In this context, the Audit Committee informed the Board of Directors regarding this law and held meetings with members of the Board of Directors and the Management in order to review the progress of compliance with the new regulatory framework based on a gap analysis conducted by the Internal Audit Unit.

#### B. Financial Information - External audit

During the period from 1.1.2020 to the date of the present report, the Audit Committee proceeded to the following actions with regard to its responsibilities regarding the supervision of the preparation and audit of the Financial Statements:

(a) In accordance with article 16 par. 2 of regulation 537/2014 and article 44 par. 3 par. f of law 4449/2017, after considering the offer of the auditing firm "Grant Thornton Chartered Accountants and Management Consultants Societe Anonyme" and taking into account that the time limits of article 17 par. 1 of regulation 537/2014 or articles 42 par. 4 and 48 of law 4449/2017 and the directive issued by HAASOB on 7.4.2020 were not exceeded, the Audit Committee recommended to the Board of Directors of the Company the renewal of the appointment of the above company for the audit of the annual corporate financial and consolidated financial statements, the review of the semi-annual financial statements, the tax audit for the issuance of the tax certificate under Article 65 of the Code of Tax Procedure and the audit of the 2020 earnings report.

(b) It was informed by the Certified Public Accountants of the Company regarding the **audit planning**, the schedules and the audit teams, the audit approach for both the parent company and the subsidiaries, the audit scope, the method of determining the essential size, the important audit issues, how to assess the most significant risks and the proposed audit procedures for the issuance of the annual and semi-annual financial statements. The Audit Committee considered that the planning of the audit is satisfactory in relation to the identified risks, the audit team has the knowledge and experience in relation to the audit issues and the planned safeguards set by the audit firm are considered satisfactory for ensuring the independence and quality of the audit contribution.

(c) During 2020, the Audit Committee met with the chartered accountant of the Company as part of the **review process of the financial statements for the six-month period ended 30.6.2020**. During the meeting, in addition to the presentation of the Company's performance in the semester, analyses were examined for key review areas, i.e. the impact of Covid-19, the rights of use of fixed assets and other issues and received the review report.

(d) In collaboration with the competent bodies of the Management, it examined the financial statements of the Company (corporate and consolidated), which were prepared in accordance with the International Financial Reporting Standards (IFRS) before their approval by the Board of Directors. In order to obtain a reasonable assurance regarding the **completeness and consistency of the financial statements**, the Audit Committee carried out indicatively the following during the year:

- Communications and discussions with the Finance Department in order to receive supporting documents and clarifications / explanations regarding any significant differences in sizes compared to the previous year and confirmation that the Financial Statements of the Company and the Group have been prepared in accordance with applicable law as well as the accounting standards followed by the Company and the Group.
- Overview of the Information Systems regarding the production of financial information through the Internal Audit Unit of the Company,
- Evaluation of the overall efficiency of the Internal Audit System in terms of the preparation of the Financial Statements,
- Communications with the chartered accountants regarding the progress of their work and any audit findings.

As a result, the Audit Committee prepared and submitted a report to the Board of Directors assessing the completeness and consistency of the financial statements, in accordance with the information provided to its members.

(e) During 2020 and 2021, the Audit Committee met with the chartered accountant of the Company and the Management in the context of the process of **completion and publication of the financial statements** of 31.12.2019 and 31.12.2020 respectively. Particular emphasis was given on the key audit matters, i.e. the assessment of the recoverability of trade receivables and the valuation of inventories and the safeguard procedures applied by the auditors as well as in other important areas such as the classification of loan liabilities, impairment of participations, the capitalization of research and mineral extraction costs, the effects of Covid-19, the effectiveness of the Company's cooperation with the chartered accountant and in general the evaluation of the Internal Audit System. In this context, the Audit Committee also received the Supplementary Report to the Audit Committee, provided in Article 11 of Regulation (EU) no. 537/2014.

(f) Upon completion of the audit of the financial statements, the Audit Committee submitted to the Board of Directors a report explaining **the contribution of the statutory audit to the quality and integrity of the financial information in general**, including the relevant disclosures, approved by the Board of Directors and published, as well as the role of the Audit Committee in this process. In this context, the overall contribution of the audit in terms of obtaining assurance on the financial statements, the quality of deliverables and presentations, the assessment of independence and quality assurance, the training of the team, the general approach and communication, etc. were also evaluated. Also, the following were evaluated: the contribution of the audit to the identification of weaknesses of the Internal Audit System, the detection of findings that have been identified and corrected, the review of impairment controls, the confirmation of balances, the confirmation of management crises (e.g. in relation to provisions), the information regarding the new regulatory framework and in general the assurance of the preparation of financial statements in accordance with the applicable regulatory framework and accounting standards followed by the Company and the Group. In this regard, the contribution of independent certified appraisers who valued the real estate of the Company and the Group was also important.

(g) Regarding the adequacy of the **disclosures of the risks** presented in the Financial Statements, the Audit Committee had discussions with the Finance Department and evaluated the work of the Head of Internal Audit regarding the risk management process and considered that no disclosure of additional risks is required.

(h) The Audit Committee also examined the **non-financial information report** of the management report having discussed the adequacy and completeness of the disclosures with the specialized consultant of the Company regarding issues of sustainable development as mentioned below.

(i) The Audit Committee examined the **Corporate Governance Statement** regarding the discrepancies in relation to the Corporate Governance Code followed by the Company, the responsibilities of its bodies and committees and the characteristics of the Company's Internal Audit System.

### C. Other Assurance Services and Other Non-Audit Services

After reviewing the subject and scope of the proposed non-audit work, the standards governing their performance, the methodological approach and the proposed fee for the provision of services as reflected in the respective offers, obtaining assurance for the implementation of the regulatory framework and the assessment of potential threats to independence and safeguards in accordance with Directive 2006/43/EC, as incorporated in Law 4449/2017, from the provision of these services, and after concluding that the object of the proposed services is not included in the prohibited non-audit services of paragraph 1 of Article 5 of Regulation 537/2014 and the proposed fees do not violate the cap for the provision of fees for non-audit services in accordance with the HAASOB directive in relation to Regulation 537/2014 for the statutory audit of public interest entities and the Law 4449/2017, the members of the Audit Committee gave its consent for the provision of the following services:

- Provision of services regarding the evaluation of the preparation of the Documentation File of Intragroup Transactions by Grant Thornton Business Solutions SA.
- Execution of pre-agreed auditing procedures on the confirmation of compliance with the financial ratios of the Common Bond Loan by the National Bank of Greece by Grant Thornton Chartered Accountants and Management Consultants Societe Anonyme.

- Execution of pre-agreed audit procedures on the confirmation of compliance with the financial ratio of the Common Bond Loan by Eurobank Ergasias SA of the PRIVATE ELECTRICITY COMPANY SA by Grant Thornton Chartered Accountants and Management Consultants Societe Anonyme.

#### D. Sustainable Development Policy

Corporate Responsibility and Sustainable Development are directly linked to the Company's business structures and determine the way in which it chooses to proceed towards the achievement of continuous responsible development.

The Company has entered into a partnership with a specialized consultant in order to receive consulting support in matters of sustainable development and the preparation of a report on sustainable development. The Audit Committee, within the framework of its responsibilities, had a meeting with the said consultant in order to be informed about the progress of the Company in terms of compliance regarding the requirements of law 4706/20120 regarding the creation of a sustainable development policy as well as the creation of a corporate responsibility report.

The business principles of the Company constitute a code of ethics, setting the limits for behaviors and ways of actions as essential factors for the creation of sustainable value. Key factors are the creation of value in the context of business ethics in order to create benefits to all stakeholders of the organization: shareholders, employees, partners, suppliers, institutions, society, open and constructive communication and cooperation with all stakeholders aiming at greater accountability, the provision of innovative and optimal solutions for environmental protection, the creation of mutual benefits for business partners and working with local communities for prosperity and local development.

The Company's Corporate Responsibility and Sustainable Development strategy is treated as a strategic investment and the initiatives taken aim at highlighting responsible business and the principles of Sustainable Development. Development, based on the principles of Sustainable Development, is the central core of the philosophy and strategy of the Company and its Management complies with the Greek Code of Sustainability. As presented in detail in the Non-Financial Information of the Management Report of the Board of Directors, in the context of the implementation of the sustainable development policy:

- Methods and practices are used that are financially, environmentally and socially responsible;
- European and international standards for environmental protection are adopted;
- The best available techniques are applied;
- Procedures are implemented for saving natural resources and energy, for reducing gas emissions and managing waste properly;
- Programs are implemented to support society as a whole with special emphasis on local communities.;
- Careful supervision, programs for the health and safety of staff, as well as training and continuous learning programs are adopted;
- A framework is created to strengthen green and innovative entrepreneurship in the industry .

22 April 2021

The members

Tamareisis Ioannis

Vassilis Petinis

Isaakidis Stavros