

## **INTERNAL RULES OF OPERATION OF THE INTERNAL AUDIT DEPARTMENT**

### **1 INTRODUCTION**

The present Regulation of Operation of the Internal Audit Department (hereinafter "MEE") (hereinafter "Regulation") of the company "HELLENIC MARBLE INDUSTRY of 4 according to" E6 / 2020 on corporate governance, Decisions 5/204/2000 and 3/348/2005 of the Hellenic Capital Market Commission and the Corporate Governance Code followed by the Company.

In particular, according to par. 1 of article 16 of law 4706/2020, the MEE has and implements internal operating regulations, which are approved by the Board of Directors, following a proposal of the Audit Committee. Also according to par. 3 of article 14 of the same law, the Internal Rules of Operation of the Company must include the report of the main characteristics of the Internal Control System, ie at least the operation of the internal control Department, risk management and regulatory compliance.

The Regulation defines:

- the composition, composition and operation of the MEE,
- the responsibilities and tasks of the SNE,
- the basic principles and operating standards of the MEE

### **2. IMPLEMENTATION OF REGULATION (VALIDITY / AMENDMENT)**

The Regulation enters into force immediately after its approval by the Board of Directors and binds all persons as defined in paragraph 3.

The Regulation, as well as any amendments thereto, shall be notified to the persons referred to in paragraph 3 hereof. Following a written suggestion / proposal of the Company's Audit Committee and if there is a reason, the Board of Directors evaluates the appropriateness and effectiveness of the Regulation and approves any changes.

The review of the Rules of Procedure is carried out annually and extraordinarily, whenever required.

### **3. OBLIGATORS OF COMPLIANCE WITH THE REGULATION**

The Head and the members of the MEE as well as the respective members of the Audit Committee are obliged to comply with the Regulation.

### **4. MISSION OF THE INTERNAL AUDIT DEPARTMENT**

Internal Audit is an independent and objective assurance and consulting activity, designed to add value and improve the functions of an organization. Helps the organization achieve its objectives by adopting a systematic, professional approach to evaluating and improving the

effectiveness of Risk Management, Internal Control Systems and Corporate Governance processes.

MEE constitutes an independent organizational Department within the Company, in order to monitor and improve the operations and policies of the Company regarding its Internal Control System,

"Internal Audit System" means all internal control mechanisms and procedures, including risk management, Internal Audit and regulatory compliance.

## **5. REPORT LINE OF THE INTERNAL AUDIT DEPARTMENT**

The MEE is independent from the other business Departments of the Company and reports administratively to the Chief Executive Officer and operationally to the Audit Committee.

The administrative report is related to the facilitation of the daily operation of the MEE (eg approval of permits, budget, etc.).

The Company Audit Committee is the body that supervises the operation of the Internal Audit Department in accordance with the provisions of the Rules of Procedure of the Company Audit Committee. The operational report to the Audit Committee implies, among other things, that it is responsible for ensuring that the MEE complies with the Professional Implementation Framework of Internal Audit, the approval of its Rules of Procedure, the approval of the annual risk assessment of the produced EP Plan. and any revisions thereof, monitoring and reviewing the proper functioning of the SNE and examining the quarterly audit reports and ensuring the independence of the SNE.

## **6. ESTABLISHMENT AND STAFFING OF THE INTERNAL AUDIT DEPARTMENT**

The MEE should be staffed with such a number and quality of human resources and have the resources that will allow it to complete its mission in direct relation to the size and complexity of the Company. More specifically, the number of internal auditors of the MEE must be proportional to the size of the Company, the number of its employees, the geographical points where it operates, the number of operating and executive Departments and the audited entities in general. The Company's MEE consists of at least one Internal Auditor.

The Head of the SNE must ensure that the resources of the SNE are adequate, sufficient and efficiently utilized in order to achieve the approved annual audit program.

The Head of the MEE is appointed by the Board of Directors of the Company, following a proposal of the Audit Committee, is a full-time and exclusive employee, personally and functionally independent and objective in the performance of his duties and has the appropriate knowledge and relevant professional experience. As mentioned above, it reports administratively to the Chief Executive Officer and operationally to the Audit Committee.

As Head of the MEE, he can not be a member of the Board of Directors or a member with the right to vote in standing committees of the Company and has close ties with anyone who holds one of the above qualities in the Company or in a Group company.

The Company informs the Hellenic Capital Market Commission of any change of the Head of the MEE, submitting the minutes of the relevant meeting of the Board of Directors, within twenty (20) days from this change.

The Audit Committee evaluates the staffing and organizational structure of the MEE and identifies any weaknesses. If deemed appropriate, the Audit Committee submits proposals to the Board of Directors, so that the MEE has the necessary means, to be adequately staffed with sufficient knowledge, experience and training, to have no restrictions on its work and to have the intended independence. .

## **7. RESPONSIBILITIES AND DUTIES OF THE INTERNAL AUDIT UNIT**

In the context of its general responsibilities, the MEE should:

a) Monitors, controls and evaluates:

- the implementation of the Rules of Procedure and the Internal Audit System, in particular as to the adequacy and correctness of the provided financial and non-financial information, risk management, regulatory compliance and the Corporate Governance Code adopted by the Company,
- compliance with the law,
- quality assurance mechanisms,
- corporate governance mechanisms and
- compliance with the commitments contained in newsletters and business plans of the Company regarding the use of funds raised from the regulated market.

b) Prepares reports to the audited units with findings regarding item a), the risks arising from them and suggestions for improvement, if any. The reports herein, after incorporating the relevant views of the audited entities, the agreed actions, if any, or the acceptance of the risk of non-action by them, the limitations on its scope of control, if any, the final internal proposals audit results and the results of the response of the audited units of the Company to its proposals, are submitted quarterly to the Audit Committee.

c) Submits at least every three months to the Audit Committee reports, including its most important issues and proposals, regarding the tasks of items a) and b) hereof, which the Audit Committee presents and submits together with the her comments to the Board. In exceptional cases and if circumstances arise, special reports are submitted upon the recommendation of the Audit Committee. In general, the Head of the MEE has regular meetings with the Audit Committee to discuss issues within his / her competence, as well as problems that may arise from the internal audits.

d) It plays a leading role in the implementation of the monitoring of the Company's Internal Control System as well as to examine the effectiveness of the existing safety valves. Specifically, the MEE should:

- Monitors, examines and evaluates the adequacy, correctness and effectiveness of all the policies, procedures and safety valves of the Company regarding on the one hand the Internal

Audit System and on the other hand ensuring the quality of the financial information provided to the Board of Directors.

- Identifies the main risks and uncertainties of the Company, evaluates the methods used by the Company to identify and monitor them as well as address the main ones through the Internal Audit System, as well as their disclosure to the published financial information correctly .

Also, the head of the MEE attends the General Meetings of Shareholders and provides in writing any information requested by the Hellenic Capital Market Commission, cooperates with it and facilitates in every possible way the task of monitoring, control and supervision by it.

## **8. PROFESSIONAL STANDARDS OF INTERNAL AUDIT**

The staff of the MEE for the performance of their duties must follow on the one hand the current legislation, the International Standards for the Professional Practice of Internal Audit of the Institute of Internal Auditors, the decisions of the Committee and the Management Control, science and modern theory and practice.

MEE executives must also comply with the Code of Ethics of the Institute of Internal Auditors (Code of Ethics). According to the Code of Conduct, internal auditors are expected to apply and defend the following principles:

- Integrity. The integrity of internal auditors builds trust and thus provides the basis for supporting their judgment.
- Objectivity. Internal auditors demonstrate the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process under consideration. Internal auditors make a balanced assessment of all relevant cases and are not unduly influenced by their own interests, or the interests of others, in the formation of crises.
- Confidentiality. Internal auditors respect the value and ownership of the information they receive and do not disclose information without proper authorization, unless there is a legal or professional obligation to do so.
- Adequacy. Internal auditors use the knowledge, skills and experience required to provide internal audit services.

## **9. REMUNERATION OF MEMBERS OF THE INTERNAL AUDIT UNIT**

In accordance with the provisions of articles 109 to 112 of law 4548/2018, the Remuneration and Promotion Committee of the Company, among other things, makes proposals to the Board of Directors regarding the remuneration of the Head of the MEE.

## **10. ANNUAL INTERNAL AUDIT PLAN**

The Head of the SNE submits to the Audit Committee an annual audit program and the requirements of the necessary resources, as well as the consequences of limitation of the resources or the audit work of the unit in general.

The annual audit program is prepared based on the Company's risk assessment, after taking into account the opinion of the Audit Committee as well as on issues that have been identified by the Management and the Audit Committee.

The Head of the MEE submits the annual audit schedule for approval to the Audit Committee. In this context, the Audit Committee examines that the annual audit program (in combination with any corresponding medium-term programs) covers the most important areas of control and systems related to financial information.

Any deviation during the year from the approved control plan is notified immediately to the Audit Committee and the Management.

## **11. ACCESS TO DATA**

In order to carry out the work of the MEE, its Head has access to any organizational unit of the Company and is aware of any information required for the performance of his duties.

More specifically, during the performance of his duties, the Head of the MEE is entitled to receive knowledge of any book, document, archive, bank account and portfolio of the Company and to have full and free access to the archives, the physical facilities and the staff of the Company. He is generally entitled to be informed of any information necessary for the performance of his duties.

Documents and information given to the Internal Audit during its work are kept in a safe place and treated with due care and confidentiality.

In addition, the Internal Audit has full and free access to the Board of Directors, through the Audit Committee, which is informed by the Head of Internal Audit. The members of the Board of Directors must cooperate and provide information to the Internal Auditors and generally facilitate their work in every way.

The Company's Management must provide the Internal Auditors with all the necessary means to facilitate their work.

## **12. OVERVIEW OF THE ORGANIZATION AND OPERATION OF THE INTERNAL AUDIT UNIT**

In the context of the evaluation of the Internal Control System of the Company as provided in circumstance of par. 3, the Evaluator proceeds to the evaluation of the organization and operation of the MEE and the compliance with the provisions of articles 15 and 16 of law 4706/2020 and the current regulatory framework, ie policies, procedures, practices and current legislative and regulatory requirements, and in particular the existence and implementation of the Rules of Operation of the MEE, the integration of the operation of the MEE in the governance of the Company, its organizational independence and adequate staffing. tools and techniques, knowledge and skills of the employed staff, **review of audit**

reports, and the effective operation of the supervisory bodies of the MEE provided by the regulatory framework and the Rules of Operation of the Company.