



## **Audit Committee**

### **Annual Activity Report 2021**

**April 2022**

## Intro by the Chair of the Audit Committee

In my capacity as Chair of the Audit Committee of the Company "LAMDA DEVELOPMENT - Holding and Real Estate Development Société Anonyme", I hereby submit to you, on behalf of the Audit Committee, the Activity Report for the year 2021, which refers to Audit Committee' work based on its responsibilities as assigned and presented in detail in the Audit Committee Charter published on the Company's website <https://www.lamdadev.com>.

### Composition

The current Audit Committee, established according to the terms and conditions of article 44, par 1(c) of Law 4449/2017, as amended by article 74 of Law 4706/2020, was elected by resolution of the Company's Extraordinary General Meeting of Shareholders dated 22.12.2020, following which the Audit Committee was established as a body and its Chair was elected by decision of the Audit Committee that convened on the very same day, according to article 44, par. 1(e) of Law 4449/2017, as amended by article 74, par. 4 of Law 4706/2020. More specifically, the Audit Committee is composed of:

1. Chariton Kyriazis, Chair of the Audit Committee and Non-Executive Member of the Board of Directors of the Company and Independent within the meaning of article 9, par. 1 & 2 of Law 4706/2020, meeting in any case the criteria of article 4 of Law 3016/2002, as currently in force;
2. Ioannis Zafeiriou, Member of the Audit Committee and Non-Executive Member of the Board of Directors of the Company and Independent within the meaning of article 9, par. 1 & 2 of Law 4706/2020, meeting in any case the criteria of article 4 of Law 3016/2002, as currently in force;
3. Evgenia Paizi, member of the Audit Committee and Non-executive Member of the Board of Directors of the Company; and
4. Konstantinos Sfakakis, member of the Audit Committee, Third Person outside the Company, Independent within the meaning of article 9, par. 1 & 2 of Law 4706/2020, meeting in any case the criteria of article 4 of Law 3016/2002, as currently in force.

All Audit Committee members have sufficient knowledge of the sector that the Company operates. At least one member of the Committee, Mr. Sfakakis, has sufficient knowledge in auditing and accounting.

### Meetings

During the fiscal year 2021 a total of seven (7) meetings were held. The following table shows the statistics of the members' participation in the Audit Committee meetings:

Members	Audit Committee Meetings - Year 2021							Participation percentage:
	13 APR	19 APR	26 MAY	9 JUL	14 SEP	28 SEP	6 DEC	
Kyriazis Chariton	√	√	√	√	√	√	√	100%
Paizi Evgenia	√	√	√	√	√		√	85.7%
Sfakakis Konstantinos	√	√	√	√	√	√	√	100%
Zafeiriou Ioannis	√	√	√	√	√	√	√	100%

As regards the activities of the Audit Committee, the issues examined during the fiscal year 2021 were the following:

## **A. Statutory Audit**

- The Audit Committee monitored and examined the process of the statutory audit of the Company's individual and consolidated statements for the financial year 2020 and the first-half of the financial year 2021 as well as the content of the chartered auditor-accountant's additional reports. It also monitored and reviewed the review procedure of the interim financial statements carried out by the external auditors for the period 1.1.2021-30.9.2021, evaluating every tax-accounting issue in order to ensure to the extent possible the proper consolidation of HELLINIKON S.A. into the financial statements of the Group following the transfer of shares on 25.6.2021.
- In this context, the Audit Committee discussed with the chartered auditor-accountant matters concerning the Audit Plan for the financial year 2021 (the audit of which was completed in 2022), the Key Audit Matters in accordance with the sectors of business and financial risks of the Company, and the results of the audit work. It has ascertained the correctness and completeness of the statutory audit procedure in accordance with the relevant regulations.
- The Audit Committee confirmed the chartered auditor's independence. It reviewed in their entirety the fees of the external auditors-accountants of PwC for the auditing work carried out in 2021, and reviewed and approved additional fees for non-audit work, pursuant to the Company Policy in force for the Assignment of Non-Audit Services, which implements the applicable restrictions of European Regulation no. 537/2014 and the relevant HAASOB's (Hellenic Accounting and Auditing Standards Oversight Board) directives. In addition, PwC stated in writing its independence according to the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (the IESBA Code) and the ethical requirements of the European Regulation 537/2014 and Law 4449/2017.
- It confirmed, according to Law 4449/2017, that the conditions for changing the chartered auditor for the statutory audit of the fiscal years 2020 and 2021 were not met. In addition, according to HAASOB's "Directive on the maximum duration of audit engagements" dated 7/4/2020 (par. 9.b), it established that the "change" of chartered auditors shall be required for the statutory audit of the financial year 2024.
- It decided to remove the chartered auditors of the company "S.O.L. S.A." from the statutory audit of HELLINIKON S.A.'s financial statements for the financial year from 01.01.2021 to 31.12.2021 and the assignment of the statutory audit of HELLINIKON S.A. to the chartered auditor of the Group, PwC.

## **B. Financial Reporting Procedure**

- The Audit Committee reviewed and evaluated the Financial Reporting procedure followed for the preparation of the Annual Financial Statements of 2020, the Semi-Annual Financial Statements of 2021 and the Nine-months Financial Statements of 2021 through the work of the chartered auditor, and, having ascertained its rightful execution, it informed the Board of Directors accordingly, and proposed their approval.
- The Audit Committee discussed with the Management, the CFO, the Chief Internal Auditor and the Chartered Auditor about the key issues for updating/reviewing, as these resulted during the audit of the financial results and the other proposals of the aforementioned persons.
- It was briefed by the Chief Internal Auditor about the positive result of the audit with regard to the preparation of the interim financial statements of the Company and the Group for the 1st Quarter of 2021, and about the key aspects for updating/reviewing, as these resulted during the audit of the financial results, following which it proposed their approval to the Board of Directors.

## **C. Procedures of the Internal Audit and Risk Management Systems and the Internal Audit Unit**

- The Audit Committee was informed, by means of a written statement of the Chief Internal Auditor, about the independence of the Internal Audit Service.

- It was fully briefed about the procedures in place for the identification, recording, assessment and management of the risks faced by the Company, and about the new online risk management tool (Archer), and it supervised the implementation of the Risk Management Unit's plan of work. The establishment of the new Risk Management feature is expected to be completed within the 1st semester of 2022, whereupon a relevant presentation will be given to the Board members.
- It was fully briefed about the progress of the Compliance Unit and the implementation of the action plan for the years 2021 and 2022.
- It took an active part in the redesigning and implementation of the Corporate Governance System and the Internal Audit System of the Company. More specifically:
  - It reviewed the new and revised official corporate documents (regulations, policies and procedures) prepared for the implementation of the new law 4706/2020 on corporate governance regarding the compliance of the Company, and submitted, as and when required, proposals for their approval by the Company's Board.
  - It carried out the review and revision of its Charter and submitted a proposal for its approval to the Company's Board of Directors (effective date: 16.07.2021).
  - It evaluated the revised Internal Audit Service Charter and submitted a proposal for its approval to the Company's Board of Directors (effective date: 16.07.2021).
  - It took steps to ensure the reorganisation of the Risk Management Unit's and the Regulatory Compliance Unit's reporting lines, according to law, and ensured that the Company's organisational chart reflects the changes.
  - It reviewed, through the work of the Internal Audit Service, the level of the Company's compliance with the Greek Corporate Governance Code that was adopted by the Company's Board of Directors' meeting dated 16.7.2021.
  - It reviewed, by means of an extraordinary audit carried out by the Internal Audit Service, the website of the Company, mainly as regards the validity, accuracy and adequacy of the information published.
- It held meetings with the external auditors, independent assets valuers (Savills), the CFO, the Chief Internal Auditor, and other officers of the Company, in order to discuss extensively the impact of COVID-19 on the financial results and the business of the Group, especially on the real property values, and the new steps that need to be taken to maintain the competitiveness of the Company, especially its Shopping Centers.
- It was briefed on the pending legal cases of the Company through a detailed presentation prepared by the Company's Legal Counsel.
- It examined cases of potential conflicts of interest resolved according to the approved procedure.
- It reviewed and assessed the adequacy and efficiency of the Internal Audit Service's work, and was briefed about all the audits carried out within the reported period, the findings thereof, the corrective actions agreed with the senior management and the timeline for their implementation. In addition, it was given a follow up on the progress of the actions implementation according to the set implementation timeline.
- It approved the revision of the Internal Audit Service's annual audit plan for the year 2021 proposed by the Chief Internal Auditor. Its revision was deemed necessary in order to incorporate a new extensive audit concerning the compliance of the Company with the special provisions of the new Greek Corporate Governance Code of the Hellenic Corporate Governance Council (the "HCGC") (June 2021), adopted by the Company in Board of Directors' meeting dated 16.7.2021, and in order to highlight any non-compliance issues.
- It evaluates the needs for necessary resources, and the consequences of restrictions on the resources or the auditing work of the Internal Audit Service in general, based on the audit plan and the Company risks assessment submitted by the Chief Internal Auditor.
- During financial year 2021, and in addition to the Committee meetings, the Chair of the Committee held twelve (12) meetings with the Chief Internal Auditor in order to be informed of the progress of

internal audits and of other matters pertaining to the competencies of the Internal Audit Service. In addition, it held meetings with the Chair of the Board and the CEO on matters concerning the internal audit of the Company, risk management, and the Corporate Governance System.

- The Chair of the Committee carried out an evaluation of the Chief Internal Auditor's performance in the context of the annual evaluation of the Group's senior officers for the year 2020.
- The Audit Committee performed a self-evaluation of its work for the year 2020, and made an appraisal of its operation and the overall skills and qualifications of its members by filling out a relevant questionnaire, the conclusions of which were discussed at length.
- It was briefed about the reorganisation of the Financial Division and the establishment of the Financial Planning Department, with main responsibility the monitoring of the Hellinikon project business plan.
- It was briefed on Whistleblowing matters highlighted recently, starting from the effective date of the respective policy, i.e. from September 2021 onwards.
- It was briefed by the Senior Director, Technology, about the actions of the Technology Division concerning the security of the IT systems.
- It discussed and took detailed resolutions on matters pertaining to a more efficient organisation and operation of the Audit Committee and its activities plan.

For all the above issues, the Chair of the Audit Committee informed the Board of Directors as needed on a case by case basis.

#### **D. Sustainable Development**

Sustainable Development is an integral part of the Company's long-term strategy. The Company, according to its Board of Directors' decision dated 16.7.2021, implements a Sustainable Development Policy, the main points of which may be summarised below:

*The Policy sums up the commitment of the Company for a responsible management of the economic, social and environmental impact arising from its operations to its stakeholders and generally, on the economy, the society and the natural environment, in order on the one hand mitigating any adverse consequences (e.g. greenhouse gas emissions) and on the other increasing the positive effects (e.g. job creation), following the UN Sustainable Development Goals.*

*The Company's Sustainable Development Policy is based, inter alia, on the principles of Materiality and Stakeholder Engagement, as defined in the GRI Standards and the UN 2030 Agenda on Sustainable Development (17 Sustainable Development Goals). It is also based on the values of the Company - i.e. Extroversion, Innovation, Investment in the Company's Human Capital, and Client Centric approach - and covers the following areas:*

**Environment:** *In every business and commercial development, the Company takes into consideration the following environmental aspects:*

- *Climate change*
- *Air pollution, noise pollution, and particulate matter pollution*
- *Biodiversity (impact on ecosystems - animals, plants) and soil quality*
- *Sustainable use of raw materials and other materials*
- *Water and liquid waste.*

**Society:** *The operations of the Company create a series of social and economic effects on stakeholders and the country in general. The most important socio-economic effects covered by this policy include:*

- *Employment and economic value;*

- *Prosperity for the society and local communities;*
- *Innovation and digital transformation;*
- *Dignity and equality;*
- *Education and building future skills;*
- *Health, safety and well-being.*

**Governance:** *The Company aims, through the implementation of standards, principles and good corporate government practices, to act ethically, with openness and transparency in every aspect of its business activity, enhancing its competitiveness and adding value at all levels of its value-chain. Under the current policy, a robust approach to corporate governance has been developed including the following aspects:*

- *Corporate governance - Consultation/Participation of Stakeholders*
- *Regulatory compliance and business ethics*
- *Risk management, business continuity and high response in emergent conditions*
- *Responsible investment and funding*
- *Reliable procurement process*

The Chair of the Committee worked in close cooperation with Company's team responsible for the Sustainable Development strategic goals and for the tailoring of the Policy, aiming at the adoption of a comprehensive action plan involving all the operational units of the Group.

Maroussi, ...../.../2022

The Chair of the Audit Committee

H. Kyriazis