



**REVIEW:** Internal Audit  
**APPROVAL:** Audit Committee

Effective Date: 24.06.2020

Date of 1<sup>st</sup> edition: March 2011

# **AUDIT COMMITTEE OPERATING REGULATION**

**JUNE 2020**

	<b>AUDIT COMMITTEE OPERATING REGULATION</b>	5 <sup>th</sup> Revision
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## 1. Establishment

The Audit Committee was initially established under the Article 37 of Law 3693/2008, in accordance with the specific terms and provisions of the aforesaid law, upon decision of the Annual General Meeting of the Shareholders, dated 5 May 2009. The implementation of the provisions of Law 4449/2017, made necessary the re-establishment of the Audit Committee, which was carried out in accordance with a relevant decision of the Annual General Meeting of the Shareholders, dated 15 June 2017.

## 2. Composition

The Audit Committee is composed of four (4) members, three (3) of which are members of the Board of Directors and one (1) which is not a member of the Company's Board of Directors but a third person to the Company.

The members of the Audit Committee are in their majority independent from the Company, within the meaning of article 4 of Law 3016/2002.

With respect to the above mentioned members of the Company's Board of Directors, two are independent non-executive members of the Board of Directors, one of which holds the position of the Chairman of the Audit Committee of the Company, while the third is a non-executive member of the Board of Directors. With respect to the fourth member of the Audit Committee, he has no professional, structural, business, shareholding or other relationship with the Company and is fully independent from the latter, i.e. is a Third Person to the Company, independent according to article 4 L.3016/2002.

All Audit Committee members, have sufficient knowledge of the sector, in which the Company is operating. At least one member of the Committee is a certified auditor accountant under suspension from practice or in retirement, or has sufficient knowledge in auditing and accounting. The members of the Audit Committee are elected by the Company's General Meeting of the Shareholders. In case the Company's General Meeting of the Shareholders has not appointed the Chairman, or in the event of his resignation, the members of the Audit Committee shall elect the Chairman.

In case of substitute member's election, the aforesaid election may be carried out by the Board of Directors. This decision should be announced at the forthcoming Company's General Meeting of the Shareholders, which approves the new Committee's establishment.

Participation in the Audit Committee does not exclude participation in other Board committees.

## 3. Purpose

The purpose of the Audit Committee is to assist the Company's Board of Directors in its duties with regard to financial information, internal audit and monitoring of the ordinary audit. More specifically:

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- It is the communication channel between the Board of Directors, the Internal Auditor, the certified auditors accountants and the officers of the Company with regard to accounting and financial statements, administrative information reports, corporate governance, risk management and the internal audit system.
- It assists the Board of Directors in the fulfilment of its duties with regard to the proper implementation of the accounting principles and of the reporting systems of the Company and its subsidiaries, as well as the efficiency of the internal audit system.
- It is the main body ensuring the quality of the Internal and the Financial Audits, the integrity of the Management, and the efficiency and transparency of the financial and operating information. However, this does not exclude the right of the Internal Auditor or the Certified Auditor Accountant to contact the Board of Directors directly whenever necessary.

#### 4. Duties and Competencies

The main competencies of the Audit Committee can be analysed as follows:

##### 4.1. External Audit

- The Audit Committee monitors the process and performance of the statutory audit of individual and the consolidated financial statements of the Company. In this context, it informs the Board of Directors of matters that arose during the performance of the statutory audit, providing detailed explanations on:
  1. The contribution of the statutory audit to the quality and integrity of financial reporting, i.e. the precision, completeness and correctness of the financial reporting, including relevant disclosures, which the Board approves and which is published.
  2. The role of the Audit Committee in the aforementioned process, i.e. recording the actions performed by the Audit Committee during the statutory audit.

In the context of the aforementioned briefing of the Board of Directors, the Audit Committee shall take into account the content of the additional report submitted to it by the certified auditor accountant, which contains the results of the statutory audit carried out and meets at least the specific requirements set out in Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of the 16<sup>th</sup> April, 2014.

- It reviews and monitors the independence of certified auditors accountants or audit firms, in accordance with Articles 21, 22, 23, 26 and 27, as well as with Article 6 of Regulation (EU) No 537/2014 and in particular the appropriateness of the provision of non-audit services to the Company, in accordance with Article 5 of Regulation (EU) No 537/2014.
- It is responsible for the procedure for the selection of certified auditors accountants or audit firm(s) and the determination of their remuneration and recommends the certified auditors accountants or the audit firm(s) to be appointed in accordance with Article 16 of Regulation (EU) No 537/2014, except when Article 16(8) of Regulation (EU) No 537/2014 is applied.

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## 4.2 Financial Reporting Process

It monitors, reviews and evaluates the procedure for the preparation of financial information, i.e. the production systems and its mechanisms, the flow and diffusion of the financial information produced by the Company's organisational units involved. The above actions of the Audit Committee also include any other information published in any way relating to financial information (i.e. announcements published in Athex Exchange Group, press releases). In this context, the Audit Committee informs the Board of Directors about its findings and submits proposals for the improvement of the procedure, if it is deemed necessary.

## 4.3 Internal Control and Risk Management System Procedures and Internal Audit Unit

- It monitors, reviews and evaluates the adequacy and effectiveness of all Company's policies, procedures and controls regarding the internal control system, thus the risk assessment and management, in relation to financial information.
- In relation to the function of the internal audit, the Audit Committee monitors and reviews the proper functioning of the internal audit unit according to professional standards, as well as the current legal and regulatory framework, and evaluates its work, adequacy and effectiveness, without however affecting its independence.
- It reviews published information as regards the internal control and the main risks and uncertainties of the Company, in relation to financial information. In this context, the Audit Committee informs the Board of Directors of its findings and submits proposals for improvement, if it is deemed necessary.
- It examines conflicts of interests arising in the course of the Company's transactions with related entities and submits the relevant reports to the Board of Directors.
- It provides support to the Board of Directors, to the extent required by the Company's policy, with respect to ensuring sufficient information on decision making regarding transactions between related parties.
- It examines, in collaboration with the Legal Counsel of the Company, at least once a year, the pending legal issues that may affect the financial situation of the Company.
- It approves the objectives of the audit and the annual audit plan.
- It oversees the internal audit reports prepared by the Internal Auditor and supervises the implementation of the Internal Auditor's recommendations adopted by the Management, as

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stated in the relevant reports.

- It evaluates the Head of the Internal Audit Unit.

In order to fulfil its aforesaid duties, the Audit Committee may assign specific advisory or auditing projects to audit firms, with the approval of the equivalent expense by the Board of Directors, in case where this expense exceeds the 25% of the Group's statutory audit fees for the corresponding fiscal year.

## 5. Meetings

A Committee meeting is in quorum and may validly convene on the items of the agenda, when at least 3/4 of its members are present. The decisions of the Committee are taken by majority vote after the exchange of opinions and in a case of a tie, the opinion of the Chairman prevails.

The Audit Committee convenes as often as it is deemed necessary for the efficient execution of its duties.

The Head of Internal Audit Unit, whose attendance in the Committee meetings is mandatory, shall act as Secretary and shall keep the minutes of the meetings.

The Committee may invite at its meetings any member of the Board of Directors, officer of the Company or the Group, or any other person the Committee considers likely to assist its work.

By analogy with Article 94 par.1 of Law 4548/2018, the signing of the minutes from all members of the Board of Directors, or its representatives, is equivalent to a Committee decision, even if no meeting of the Audit Committee has taken place earlier.

The Committee may convene by video or telephone conference.

## 6. Term of Office

The members of the Audit Committee shall have a three year tenure, starting from their election by the Shareholders' General Meeting of the Company.

## 7. Evaluation

At least every three (3) years –or sooner in case of a substantial reason- the Audit Committee carries out an evaluation of its performance and Operating Regulation. It then may submit proposals to the Board of Directors aiming to improve the services provided.