



**INTERNAL AUDIT SERVICE CHARTER**

3rd Revision


**REVIEW:** Internal Audit Service

Effective date: 07.02.2024

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# **INTERNAL AUDIT SERVICE CHARTER**

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### Table of updates

Version	Reasoning	Effective Date
1	First edition	August 2015
1st	Revision following additional responsibilities	January 2019
2nd	Revision following application of the provisions of Law 4706/2020, and following changes and additions in matters of responsibilities, organization and operation of the Internal Audit Service	July 2021
3rd	Revision following additional responsibilities	February 2024

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## 1 Introduction

LAMDA Development S.A. (the "Company") has an Internal Audit Service (the "IAS"), functioning under the provisions of law 4706/2020 and the Internal Audit Charter (the "Charter"). The Charter has been approved by virtue of the Board of Directors' decision dated 16.07.2021 upon motion of the Audit Committee. This Charter determines the objectives, the jurisdiction and the responsibilities of the Internal Audit Service.

## 2 Objective and Mission


The IAS's objective and mission is to provide independent, objective, assurance and consulting services, designed in such a manner as to add value and improve the functions of the Company and its subsidiaries (the "Group"). The IAS, in the context of the Internal Control System governing the Company and considering the "Three Lines of Defence" model, it constitutes the third line, while the Risk Management Unit and the Regulatory Compliance Unit are located in the second line. The service assists the Group in achieving its objective goals by adopting a systematic professional approach in terms of evaluating and improving the effectiveness of risk management procedures and of the Internal Control and Corporate Governance systems.

Assurance services are related to the objective assessment of evidence by the internal auditor in order to provide opinions or conclusions concerning a unit, activity, function, procedure, system, or other matter. The nature and scope of an assurance work are set by the internal auditor.

Consulting services are of an advisory nature and are generally provided upon specific requests of the Management or the Audit Committee (the "contracting authority"). When carrying out consulting work, the internal audit must remain objective and not assume any administrative responsibility. The nature and framework of consulting services is subject to agreement with the contracting authority and always in compliance with the terms and conditions set forth in the "International Professional Practices Framework" (the "IPPF") of Internal Auditing applying to the provision of consulting services (with the relevant classification "C"). In any event, the aggregate volume of such work cannot exceed one-third (1/3) of the IAS personnel's availability in any given financial year. This threshold may be exceeded only by a reasoned decision of the Audit Committee.

## 3 Jurisdiction

The Internal Audit Service is an independent organisational unit within the Company. The Chief Internal Auditor reports functionally to the Audit Committee and administratively to the CEO. The Chief Internal Auditor is a full-time and exclusive employee, personally and functionally independent, impartial in the exercise of her duties, possessing the appropriate

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knowledge and the relevant professional experience. The Chief Internal Auditor cannot be a member of the Board of Directors or a voting member of standing committees of the Company and cannot be closely related to anyone holding any of the above positions in the Company or in a company of the Group or in the Company's parent company.

For the proper performance of the IAS's work, the Chief Internal Auditor:

1. has access to any organizational unit of the Company and/or the Group as necessary and takes note of any information required (documents, files, etc.) for the exercise of the CIA's duties;
2. communicates and cooperates directly with the Audit Committee and the Board of Directors;
3. allocates the resources, determines the frequencies, selects the subject matters, and sets the objectives of the audit; applies the technical methods necessary for achieving the purposes of the audit, and issues the audit reports;
4. both the Chief Internal Auditor and the other internal auditors cooperate with the Group's personnel and management and external associates, in order for the IAS to complete its work.


In order to ensure that the IAS has the authority required for the proper exercise of its duties:

The Board of Directors:

1. approves the IAS's Charter upon motion of the Audit Committee;
2. approves the appointment or removal of the Chief Internal Auditor upon motion of the Audit Committee;
3. approves the remuneration of the Chief Internal Auditor upon motion of the Compensation & Nomination Committee.

In addition, the Audit Committee:

1. evaluates and approves the annual audit plan, prepared on the basis of the Company's risk management assessment by the Chief Internal Auditor, taking into consideration the needs of the necessary resources;
2. assesses and approves, together with the CEO, the motions of the Chief Internal Auditor on the IAS's resources. More specifically, the Audit Committee ensures that the number of the IAS's internal auditors is proportional to the size of the Group, the number of Group employees, the sites of operation, the number of functional and executive units and auditable entities in general. In any event, the number of internal auditors cannot be less than 1% of the Group's personnel as at the end of each year. If the resulting 1% is a fraction, the number of auditors is rounded to the nearest lower integer. Any divergence from such percentage must be reasoned by decision of the

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Audit Committee taken when such divergence is identified and in any case upon approval of the annual internal audits plan.

3. supervises and oversees the proper functioning of the Internal Audit Service according to professional standards and in compliance with the current legal and regulatory framework, and evaluates its work, adequacy and efficiency, without however affecting its independence; and
4. evaluates the Chief Internal Auditor at the end of each year on the basis of the evaluation procedure applying to the Company's officers.


#### **4 Independence, objectivity and due professional care**

The independence of the Internal Audit Service from the authorities of the management of the Company is crucial for its objectivity, authority, and reliability. It is established through accountability to the highest governing body, namely the Audit Committee, unrestricted access to resources and data required for the completion of its work and exemption from bias or interference during the planning and provision of audit services. The Chief Internal Auditor ensures that the IAS is free from any circumstances impeding internal auditors from fulfilling their duties in an impartial manner. In the event that the Chief Internal Auditor becomes aware of any apparent or effective impairment of the independence or objectivity of the IAS, the former must disclose the details of the impairment to the Audit Committee. The nature of the disclosure will depend on the impairment.

All internal auditors must have an impartial, unbiased attitude during the exercise of their duties and avoid any conflict of interest. Conflict of interest is a situation in which an internal auditor, who is in a position of trust in the Group, has a competing professional or personal interest.

More specifically, the members of the IAS:

1. shall perform their work with integrity and shall exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined;
2. shall not be unduly influenced by their own interests or by others in forming judgements;
3. shall base their judgement on balanced assessments of all relevant facts and circumstances in their possession;
4. shall have an understanding of the policies and procedures of the Company, reinforcing the understanding of the above (Code of Conduct, Conflict of Interest Policy, Anti-fraud Policy);
5. disclose any situations impairing the unbiased exercise of their duties to the Chief Internal Auditor, in order for such situations to be addressed efficiently and according to the Group's existing policies and procedures.

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The IAS members must demonstrate Due Professional Care: internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor in the exercise of their duties.

The IAS has no responsibility or jurisdiction over the units or activities it examines. In this context, the members of the IAS may not decide on control mechanisms, adopt procedures, establish systems, or get involved in any other activity likely to impair their judgement, including:

1. assessment of specific operations that were under their responsibility during the year preceding their assumption of office as IAS members;
2. assumption of other roles and responsibilities in addition to internal audit for the Company and its subsidiaries;
3. commencement or approval of transactions outside the scope of the IAS's activities;
4. setting the duties of any employee outside the IAS excepting the cases where said employees are officially assigned to audit groups or are providing assistance to the IAS members.

If the Chief Internal Auditor has or is expected to have roles and responsibilities outside the scope of internal audit, the Management and the Audit Committee will mutually take steps to mitigate any situations impairing the CIA's independence or objectivity.

The Chief Internal Auditor confirms the objectivity of the IAS to the Audit Committee.

## 5 Scope of Audit and Framework of activities


The scope of the Internal Audit Service covers the whole range of activities of the Company and its subsidiaries, in Greece and abroad.

Every division / department / unit / subsidiary is subject to regular audits according to the annual audit plan of the IAS, and also to exceptional audits proposed by the Audit Committee or the Management.

The framework of activities of the Internal Audit Service includes, but is not limited to, the objective examination of the facts gathered by the Service in order to provide independent assessments to the Audit Committee and the Group's Management regarding the efficiency of corporate governance, risk management and control mechanisms and processes of the Company.

More specifically, the IAS basically assesses and draws conclusions about whether:

1. the risks related to the strategic goals of the Company are adequately identified and managed;

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2. the actions of all employees of the Group (managers, heads of departments, employees and external associates) fully comply with the policies and procedures of the Group, the national and european legislation in force and the governance principles of the Group;
3. the operations and activities of the Group support the goals and objectives set, and whether these operations and activities are carried out efficiently and effectively;
4. the processes and systems established in the Group comply fully with the policies, procedures, laws and regulations that could significantly impact the Group;
5. material financial and non-financial reporting is accurate, reliable and timely;
6. the resources and assets of the Group are acquired economically, used efficiently, and protected adequately.


The Internal Audit Service operates on the basis of the relevant procedures established to this end.

## 6 Functions / Responsibilities

Under the provisions of Law 4706/2020, Internal Audit Service has the following principal functions and responsibilities:

1. Monitors, examines and evaluates:
  - i. the implementation of the Company's Internal Regulation and Internal Control System, especially as regards the adequacy and accuracy of the financial and non-financial information, risk management, compliance and corporate governance established by the Company;
  - ii. the quality assurance mechanisms;
  - iii. the corporate governance mechanisms;
  - iv. the respect of the commitments included in the prospectuses and business plans of the Company regarding the use of capital raised by regulated markets.
2. Prepares reports to the audited units regarding the findings from the above audits and assessments, the risks arising therefrom, and any proposals of corrective actions, as appropriate. Said reports, after incorporating the relevant opinions formed in relation to the audited units, the agreed actions (if any) or the risk appetite related to non-action of such audited units, audit scope limitations (if any), and the final proposals of the internal audit and the results of the response actions of the Group's audited units to such proposals, are submitted on a quarterly basis to the Audit Committee.
3. Submits reports to the Audit Committee at least on a quarterly basis, outlining the most important issues and proposals regarding the duties under the above mentioned cases (1) and (2). The Audit Committee presents and submits said reports, together with its comments, to the Board of Directors.
4. Contributes to the formulation of the Suitability Policy and to the monitoring of its implementation.



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5. Implements the provisions of this Charter.

Moreover, the Chief Internal Auditor:

6. Submits to the Audit Committee an annual audit plan and the needs for necessary resources, as well as the impact of a restriction of resources or the internal auditwork in general. Preparation of the annual audit plan is made using the risk-based approach after taking into consideration the Audit Committee's opinion.
7. Attends the General Meetings of Shareholders.
8. Provides in writing any information required by the Hellenic Capital Market Commission (the "HCMC") and provides the latter with its cooperation and assistance in order to facilitate the HCMC's monitoring, control and supervisory work.

Without prejudice to the generality of, and in addition to Law 4706/2020, the Chief Internal Auditor:

9. has the overall responsibility for supervising the assurance and consulting engagements carried out by or on behalf of the IAS;
10. may review and adjust the annual audit plan according to any changes in the risks, systems and control mechanisms of the Group, subject to the prior consent of the Audit Committee;
11. verifies whether the remedial actions agreed with the Management in the context of the audits carried out by the IAS are implemented;
12. ensures that the resources allocated to the IAS are appropriate, sufficient and effectively deployed to achieve the approved plan; determines the appropriate and sufficient resources required in order to achieve every audit work, based on the assessment of the nature, needs and time limits of each specific work, and the availability of the IAS;
13. Ensures adequate training and continuous education for all members of the Service, including the Chief Internal Auditor herself.
14. assesses the other members of the IAS based on their performance and skills;
15. ensures the integrity, objectivity, confidentiality and high quality of services are implemented and observed;
16. discloses to the Audit Committee any conflict between the private interests of the members of the Board of Directors, the senior officers of the Company and the other employees of the Company with the interests of the Group, that may come to the attention of the Chief Internal Auditor;
17. keeps the Group's conflict of interest log file;
18. attends the Audit Committee meetings; acts as Secretary and keeps the Minutes of such Meetings;
19. factors in and examines trends and emerging issues or circumstances that could affect the Group, and gives the Management and the Audit Committee briefings on the above;

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20. ensures the proper operation of the IAS in compliance with the International Professional Practices Framework and the policies and procedures prepared to this end under the following conditions:
- in the event that under the applicable legal or regulatory framework, the internal auditors or the IAS are prohibited from applying certain parts of the IPPFs, the CIA ensures a) that the required disclosures take place; and b) the compliance with the other parts of the IPPFs.
  - If the IPPFs apply in conjunction with requirements issued by other official bodies, the CIA ensures that the IAS adheres to the IPPFs, even if the IAS complies with stricter requirements imposed by other official bodies;
21. ensures that Internal Audit emerging trends and best practices are taken into consideration;
22. participates in the whistleblowing Reports Management Committee and has the right to assume the task of the Whistleblowing Investigation Officer, as defined in the Whistleblowing Investigation Policy and the Whistleblowing Investigation Procedure;
23. informs the new members of the Board of Directors and the new officers of their obligations arising under article 18 and 19 of Regulation (EU) 596/2014; supervises, in addition, the transactions of the foregoing persons.

In general, the IAS is charged with providing consulting services in matters of Corporate Governance. The CIA submits reports to the Chair of the Board of Directors and the CEO thus the Audit Committee whenever necessary, at the CIA's discretion, and/or upon request of the aforementioned persons.

## 7 Professional Standards

The Internal Audit Service has adopted a self-regulation mechanism in compliance with the Mandatory Guidance of the International Institute of Internal Auditors (IIA), which include the Core Principles for the Professional Practice of Internal Audit, the Code of Ethics (Code of Conduct), the International Professional Practices Framework and the Definition of Internal Auditing.

If the IAS fails to comply fully with the Code of Ethics or the Standards, and such non-compliance is likely to impact the IAS's overall framework or its activities, the CIA must disclose such non-compliance and the impact thereof, to the Audit Committee and to the Chair of the Board of Directors and the CEO.

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## 8 Quality Assurance and Improvement Program

In order to evaluate and improve the effectiveness of the IAS and to assess the degree of compliance with the Code of Ethics and the IPPFs, it is possible to apply a Quality Assurance and Improvement Program (the "Program"), according to standard 1300.

The Program includes the full external assessment of the IAS every five years at the latest by a certified independent assessor outside the Group, appointed by the Audit Committee on the basis of the qualifications and independence of the external assessor. This assessment includes the compliance rate of the IAS with the IPPFs, and the corresponding compliance rate of all the members of the IAS with the Code of Ethics of the International Institute of Internal Auditors. The results of the Quality Assurance and Improvement Program are communicated by the CIA to the Management and the Audit Committee.

## 9 Charter Review

The Charter is reviewed by the CIA every three years, unless any significant changes in the purpose, functions, responsibilities or structure of the IAS require an unscheduled review.