

## REPORT OF THE AUDIT COMMITTEE OF THE YEAR 2021

In my capacity as Chairman of the Audit Committee of the Company, I hereby present the summary Report of the Committee for the year 2021 (01.01.2021-31.12.2021), in order to demonstrate the relevant actions and Committee's essential contribution toward the Company's compliance with the provisions of current legislative and regulatory framework in an environment characterized by intense and multilevel challenges as well as uncertainties.

It is noted that the Company, fully complying with the provisions and requirements of Law 4706/2020, during the Extraordinary General Meeting of Shareholders held on February 11, 2021 decided, inter alia, the election of a new Audit Committee, which constitutes an Independent Committee and consists of three (3) members. Of these members, one (1) is independent non-executive member of the Board of Directors of the Company and two comprise (2) third parties - non-members of the Board of Directors, appointed by the aforementioned decision of the General Meeting of Shareholders and in particular:

Georgios Samothrakis	Independent Non-Executive Member of the Board – Chairman
Konstantinos Kotsilinis	Third party – non Member of the Board – Member
Konstantinos Gianniris	Third party – non Member of the Board – Member

The members of the Audit Committee have in their entirety sufficient knowledge of the sector which the Company activates in, while the majority of the members of the Audit Committee are independent of the Company, as the following apply:

**(a)** They do not hold shares representing an equity stake greater than 0.5% of the Company's share capital; and

**(b)** They do not have any dependency relationship with the Company itself or persons related to the Company. The dependency relationship is specified in particular in the provisions of article 4 par. 1 of Law 3016/2002, which remained in force until 17.07.2021, and on the other hand in the provisions of article 9 par. 1 and 2 of Law 4706/2020.

Furthermore, the criterion of sufficient knowledge and experience in the fields of auditing or accounting which all members of the Committee must possess, is met by all three members of the above Committee, and therefore each of the members will be required on obligatory basis to attend the meetings of the Audit Committee concerning the approval of the financial statements.

By the same majority decision, the General Meeting of Shareholders determined the term of office of the Audit Committee as five years, beginning on February 11, 2021 and ending on February 11, 2026.

Finally, the Audit Committee at its meeting of February 16, 2021 approved the election of Mr. Georgios Samothrakis of Panagiotis, Independent Non-Executive Member of the Board of Directors of the Company, as its Chairman, in accordance with the provisions of article 44, par. 1e' of Law 4449/2017, as in force today.

Furthermore, with regard to the Committee's actions during the previous year:

#### Meetings - frequency of attendance of each member per year in the meetings

The Committee meets at least four (4) times a year. The Chairman of the Committee decides on the frequency and schedule of meetings. External auditors are entitled to request a meeting with the Committee if they deem it necessary.

During the year 2021, the Audit Committee met nine (9) times with all its members present at all meetings and with the internal auditors informing the Committee on matters related to their duties. In the majority of meetings, and following a relevant invitation made by the Committee, key executives in charge of the administration and management of the various corporate affairs and activities were also present.

The relevant minutes were kept for all meetings of the Committee that took place in 2021, while during these meetings the following issues were mainly examined:

#### A. External Control / Financial Information Procedure

The Audit Committee was mainly concerned with the following:

- The preparation process of financial information and the evaluation of the financial statements of the Company in terms of their accuracy, completeness and consistency. In particular, it was found that the financial statements were in accordance with their legally binding content and framework of preparation. At the same time, the compliance with the respective publicity rules was verified, as well as the ability of investors and other users to have immediate, smooth and uninterrupted access to the financial information.
- The announcements concerning the financial performance of the Company and the careful examination of the main parts of financial statements that contain significant judgments and estimates by the Management.
- The provision of additional services to the Company by the audit firm to which the regular auditor belongs. The selection and determination of the terms of collaboration and the remuneration of the regular auditor, through a relevant proposal presented at the Ordinary General Meeting of the

Company as well as the selection criteria that should be applied and ultimately be fulfilled (provision of high quality services, fair, reasonable and competitive remuneration, etc.).

- The assurance of independence of the regular auditor, of the objectivity and efficiency of the audit process, based on the relevant professional and regulatory requirements. In the above context, the regular auditor was summoned by the Committee and was asked to confirm the independence and absence of any external direction or directive or recommendation in the performance of duties. Furthermore, monitoring and ensuring the completeness, objectivity and effectiveness of the audit by the regular auditor is a key priority of the Committee.
- The process of carrying out the mandatory audit of the Company and its consolidated financial statements, as well as the content of the main and the supplementary report submitted by the regular auditor.

It is noted that in the year 2021 the Audit Committee met two (2) times with the external auditors supervising the process of the relevant audit of the financial statements.

#### **B. Internal Control and Risk Management System / Internal Control Unit**

The Audit Committee also dealt with the following:

- Supervision of the Company's internal controls and monitoring the effectiveness of the Company's internal control and risk management systems to ensure that the main risks (such as risk of fluctuations in raw material prices, credit risk, liquidity risk, foreign exchange risk, interest rate risk, capital adequacy risk, etc.) are properly identified, addressed and disclosed.
- Ensuring the independence of the internal control unit, monitoring its smooth operation in accordance with international standards for the professional implementation of internal control procedures, but also in line with the current legal and regulatory framework (indicatively Law 4706/2020, as currently in force).
- Informing the Committee, regarding the work of the internal control unit and its reports, the evaluation of the above work, the adequacy as well as the efficiency of the unit.
- The submission of the reports of the internal control unit to the Board of Directors.
- The information provided to the Board of Directors of the Company regarding the areas that the Audit Committee, during the exercise of its duties, considers that there are essential issues and the monitoring of the response of the Management on the above issues.
- Defining and reviewing the operating regulation of the internal control unit of the Company (which in the context of the harmonization with the requirements of Law 4706/2020 was revised within the fiscal year 2021).

- The identification of possible cases of conflict of interest during the Company's transactions with related parties or any unusual transactions that have not taken place under normal market practices and the submission of the relevant reports to the Board of Directors.
- Ensuring the existence of the required procedures, according to which the Company's personnel will be able, in confidentiality, to express their concerns about possible illegalities and irregularities in matters of financial information or other issues related to the operation of the Company, which they should then be properly investigated and addressed.

### **C. Sustainable Development Policy**

Thrace Plastics Group in 2021 drafted an official Sustainable Development Policy.

For a number of years, the Group has been implementing a specific Sustainable Development strategy based on 5 pillars: Integrity, Human Resources, Circular Economy, Environment and Local Society.

The focus areas of the above strategy have emerged through the recognition and prioritization -by the Management of the Group- of the essential issues of sustainable development (according to the international standards of Sustainable Development, GRI – Global Reporting Initiative), aiming at their timely, lawful and effective management of those issues and the delivery of tangible results for the creation of a greater value in the economy, the environment and the society where the Group operates.

Especially in recent years, the transition from the model of linear economy to the one of circular economy has been a great challenge for the Group, as it creates opportunities for further growth and development.

Fully in line with the European strategy on plastics, the Group has taken initiatives to enter into the era of circular economy with the aim of reducing its environmental footprint. In this context, the Group voluntarily committed to the European Union to replace 8,500 tons of raw material with recycled one, by the year 2025, that will be used in the production of its products.

The strategy, the plans, the results and the relevant commitments are analyzed in the Sustainable Development Report of the Group which is posted on its website.

It is noted that during the exercise of our Committee's duties, we had and continue to have unhindered and full access to all the information we need each time, while our Company provides the necessary infrastructure and space in order to effectively perform all our duties.

**Georgios Samothrakis**

**Chairman of the Audit Committee of Thrace Plastics Co S.A.**