

Dear Shareholders,

In the framework of Law 4449/17, the present information of the Audit Committee is submitted to the General Meeting on issues related to its operation as defined in the Corporate Governance Code of Gr. Sarantis SA, and in more detail in its Operating Regulation.

The Audit Committee of Gr. Sarantis SA in the period 1/1/2020 to 28/02/2020 consisted of the three independent and non-executive members of the Board. Meaning the following members:

1. Nikolaos Nomikos of Pericles, independent and non-executive member of the Board as Chairman
2. Dimitrios Efstathiou of Konstantinos, independent and non-executive member of the Board as Member of the Committee
3. Christos Oikonomou of Ioannis, independent and non-executive member of the Board as Member of the Committee

During the Extraordinary General Meeting of 28February 2020, Mr. Nikolaos Nomikos declared his resignation from the Audit Committee and in accordance with the provisions of article 44 of Law 4449/2017, the General Meeting decided to elect a new three-member Audit Committee. For the replacement of the resigned member of the Audit Committee, the General Meeting elected Mr. Ioannis Arkoulis of Michael, third party - independent of the company and current Certified Auditor Accountant, after it was verified that he meets the conditions of independence of no. 4 of Law 3016/2002 as well as the conditions of article 44 of Law 4449/2017. At the same time, the General Meeting authorized the Board of Directors to appoint the two independent non-executive members of the Board, who will occupy the remaining positions of the members of the Company's Audit Committee, in accordance with the above and the provisions of article 44 of law 4449 /2017. In addition, the General Assembly decided that the Chairman of the Audit Committee be appointed by the members of the Committee. Furthermore, during the meeting of the Audit Committee on 3 March 2020, the members of the Audit Committee decided to appoint Mr. Arkoulis Ioannis of Michael, as Chairman of the Committee.

Following the above, the Audit Committee of the Company from 28/02/2020 until today consists of the following members:

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1. Ioannis Arkoulis of Michael, third party independent of the Company, Chairman of the Audit Committee.
2. Dimitrios Efstathiou of Konstantinos, independent non-executive member of the Board, member of the Audit Committee,
3. Christos Oikonomou of Ioannis, independent non-executive member of the Board, member of the Audit Committee, and

The term of the Audit Committee is set until the Ordinary General Meeting of 2021 and up until a relevant decision is taken by the Meeting.

The Committee met fourteen (14) times during the year 2020. At the first meeting, the Audit Committee met to appoint its new Chairman. Subsequently, in one (1) meeting, the Deputy CEO of the Company informed the Committee, the head of the Internal Control unit and the Auditors about the effects of the Covid-19 pandemic on the business activity of the corporation. In six (6) meetings, the head of the Internal Control unit informed the members of the Committee on issues related to the new legislation on Corporate Governance as well as on the most important issues under consideration by the Internal Control during the previous quarters and on the agreed corrective actions that were taken. In the remaining six (6) meetings, the ordinary Certified Auditor Accountant informed the Committee in the context of its monitoring of the process of performing the statutory audits.

The meetings of the Audit Committee in the year 2020 were completed with a quorum, while the topics of the agenda were the following:

At its meeting of **3 March 2020**, the Committee convened to decide on the appointment of a new Chairman:

Following the election of the Audit Committee by the General Meeting of 27/2/2020, and the appointment of the persons occupying the positions of members of Audit Committee, by the decision of the Board of Directors of 3/3/2020 and pursuant to the relevant authorization provided to the Board of Directors by the above General Meeting, the members of the Audit Committee, after an interactive discussion, unanimously decided on the appointment of Mr. Arkoulis Ioannis of Michael, as its Chairman. The new Chairman of the Committee is a third party independent of the Company and a current Certified Auditor Accountant.

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**On March 4, 2020:**

The auditors headed by the ordinary Certified Auditor Accountant Mr. Kalogeropoulos informed the Chairman and the Members of the Audit Committee, as well as the person in charge of internal control about the following:

1. The methodology of the audit of fiscal year 2019. More specifically for the risk assessment methodology with reference to the ISO / IEC 31000/31010 standard on which the risk assessment study was based.
2. The determination of the essential size on the one hand for the company and on the other hand for the group along the planning of their audit project.
3. The most important internal control areas were mentioned. In particular, the issues of valuation of Goodwill, as well as the approach followed under IAS 38, issues related to the company requirements and assumptions taken into account as well as their application under IFRS 9, issues related to inventories, their valuation and the risk of their possible impairment. Finally, a reference was made to the issue of dividends that emerged during the absorption of Sarantis Cyprus and the relevant treatment that was made by the Management of the Company.
4. Explanations were provided regarding the total amount of uncorrected differences, which were deemed insignificant in their entirety.
5. Clarifications were given by the Auditors on the procedures that the Auditors followed regarding the evaluation of the internal control system of the Company and the Group.

**On March 27, 2020,** the Deputy Chief Executive Officer briefed the Committee on the effects of the pandemic on the Organization's activities, and specifically:

The Deputy Chief Executive Officer and Chief Financial Officer of the Group, informed the Chairman and the members of the Audit Committee, the Chartered Auditors and the Head of Internal Control of the Group about the effects of the pandemic on the company's and the group's activities.

In particular, a reference was made to the uninterrupted operation of the two most important commercial channels of the organization's products and goods, supermarkets (S / M) and pharmacies which demonstrate an increasing trend in their sales in all categories of activity of the group, i.e. household items and in particular products related to the daily cleaning of the house and cooking, personal care and cleaning products, vitamins and OTC items. There is also a significant increase in the B2B channel, mainly in cleaning products.

There was also a reference on the delay in the placement of sunscreen and seasonal products in general, a process which is estimated to take place within April.

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A zero contribution to sales in the selective distribution channel was also reported. Hondos Center stores, Galerie de Beautékok, have been closed in view of the pandemic, with the result that the beauticians working in these stores are on suspension.

In addition, a reference was made to the license obtained by the company for the production of antiseptic products and the creation of a new production line.

Finally, a reference was also made to the financial performance of the company and the Group, which as a whole have emerged stronger compared to last year, as the decrease in sales in the selective distribution channel seems to have been offset by the increase in sales in other areas of activity.

**On April 1, 2020:**

The auditors headed by the regular Certified Auditor Accountant Mr. Kalogeropoulos informed the Chairman and the Members of the Audit Committee, as well as the head of the internal control unit about the important audit issues that emerged during the regular audit process, as well as the most significant areas identified during the audit. In addition, the Auditors submitted to the Committee their supplementary report towards the Audit Committee whereas extensive information was provided on the issues included in the above report.

**On April 24, 2020:**

The head of the internal control and data processing unit, Mr. Karantzas, informed the Board of Directors and the Chairman of the Audit Committee about the accomplishments of the audit process of the 1<sup>st</sup> Quarter 2020 and especially about the following:

**I. Issues of internal control and of regulatory interest**

1. To inform the Deputy Chief Executive Officer about the results of the audit of the subsidiary in Portugal.
2. For the recording of unsuitable inventories of the distribution center of the subsidiary in Romania, which took place on the 13th and 14th of January, and for the recording of the raw materials and packaging materials in Transcombi warehouse on the 24th of January.
3. For the editing of the corporate governance statement.
4. For the presentation made on the application of the principles of Corporate Governance (CG) in the light of the new (expected) regulatory framework for listed companies, which was made by the Laboratory of Investment Applications (EPEFA) of the National and

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Kapodistrian University of Athens and the professors of EKPA Messrs. P. Alexakis and N. Mylonas.

5. For informing the management on the issue of the establishment of the Remuneration Committee, the preparation of the Remuneration Report; clarifications were provided regarding the composition, the responsibilities and the publication of its operating regulations on the company's website, along with the relevant reference in the corporate governance statement (under Law 4548, Article 112), as well as on financing matters so that the company can utilize external advisers if required.

6. For the provision of clarifications regarding the process of procurement of consumables and its relevant updating, as well as the briefing of the interested parties.

7. To hold meetings with the providers of services in relation to recycling and disposal of unsuitable inventories together with the Supply Chain Director Market Planning.

8. For instructions provided to the Serbian subsidiary on how to secure the company during the process of destroying unsuitable inventories.

**II. Issues concerning the Regulation on Personal Data Protection.**

1. On the issue of the temporary replacement of Liaison DPO in the Polish subsidiary with an external lawyer specializing in Personal Data Protection issues.

2. For the provision of instructions on Personal Data Protection issues in relation to HR issues

3. For the development of the procedure of the Data Processing Impact Assessments for the cases of SFA, the credit rating, and the Access Control & timer of Oinofyta which has been undertaken by a law firm. The DPAs were supplemented with technical and organizational measures in collaboration with the IS Security Manager, updated where required and returned back for final review and updating by the consultants.

4. For handling and expediting cases related to the General Data Protection Regulation and for conducting reviews, providing opinions, remarks, instructions, related to personal data protection agreements (DPA's), terms of competitions, issues of communication with individuals through social networks, and microsites, for brands that utilize these means of communication. Providing data protection policies and Cookies for the creation and compliance of websites.

5. Checking all websites and issuing instructions for compliance with the guidance issued by the Hellenic Data Protection Authority (HDDPA) regarding the management of cookies. Establishment of a compliance verification process for each website which is being notified to us as updated, in collaboration with the IS Security Manager.

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6. For the announcement issued by the Hellenic Capital Market Commission regarding the information that the management should provide to the interested parties and its auditors regarding the operational continuity and the emergency plans in the context of dealing with COVID-19 pandemic.

7. For the instructions we issued on the one hand regarding dealing with Phishing\_Spam cases due to the conjuncture of COVID 19, and on the other hand for the internal information regarding the processing of personal data in the context of managing the spread of Covid-19 on behalf of the parent company and its subsidiaries.

8. For the assessment of the issues of possible violation that arose in the examined period based on the process of management of violations, where it was found that there was no risk of data leakage.

9. For the processing of requests of natural persons and observance of the relevant protocol as well as the process of expediting requests.

**On May 20, 2020:**

The head of the internal control unit informed the Chairman and the Members of the Audit Committee about the tasks included in the audit plan for the year 2020, and provided the necessary clarifications regarding the evaluation of the importance of the tasks and their allocation. During the presentation of the plan, the head of the internal control unit made clear the need to increase the resources of the internal control unit, with the aim of covering on the one hand the works of the audit plan and on the other hand the compliance with the increased requirements of the new (expected) corporate governance framework.

**On June 17, 2020**, the Auditors were informed about the audit plan for the fiscal year 2020, and specifically:

The ordinary Certified Auditor Accountant Mr. Kalogeropoulos informed the Chairman and the Members of the Audit Committee, as well as the Head of Internal Control about the following:

1. For the audit approach and especially for the methodology to be applied:

The heads of the audit team will take care of:

1a. The definition of the scope of the audit and the strategy to be followed

1b. The direct reporting and communication with the Financial Management and the Audit Committee

1c. The organization and coordination of the audit procedures

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1d. The evaluation of the findings and the preparation of a report towards the Audit Committee and the Management of the Company and the Group (Supplementary Report of Law 4449/2017)

1e. Resolving issues during the audit process

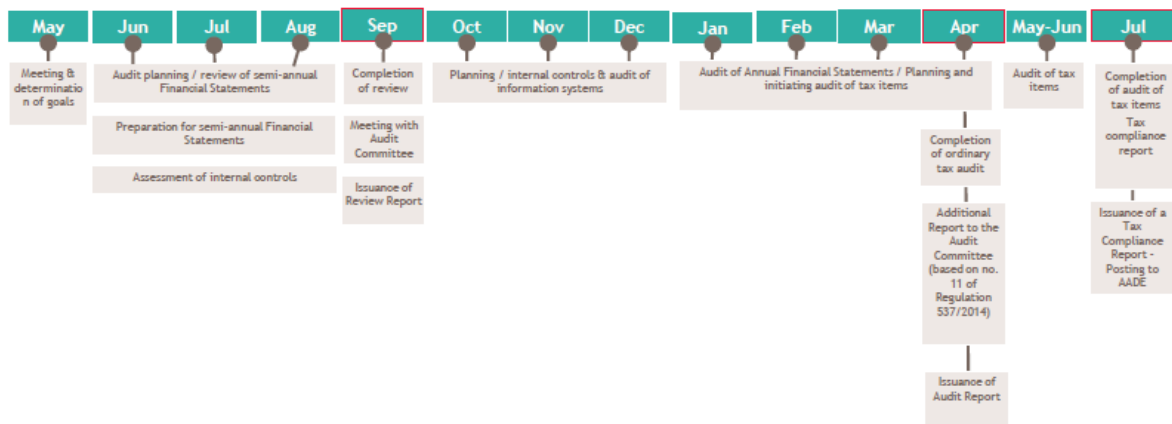
1f. Discussing proposals for improvement of internal procedures



2. For the proposed time schedule and indicative plan of the audit:

The overall audit plan will be prepared before the start of the audit. This report will present the scope of the audit, the audit approach and the risk assessments. We will discuss our proposals with the Financial Management and the Audit Committee.

The following is the proposed project diagram:



The audit reports and the annual certificates will be delivered in accordance with the provisions: a) Law 4548/2018, b) Law 4449/2017 and the current tax legislation. The 'Supplementary Report' will also be delivered, with notes and suggestions on security procedures and internal controls, including information systems, governance systems and other issues.

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3. For the changes that have occurred in the International Standards on Auditing, which affect the disclosures of the most important issues in the report of the independent auditor.
4. The Chairman of the Audit Committee and the Head of Internal Control has made statements on the issues and in particular on the risk assessments.

**On July 23, 2020:**

The head of the internal control unit informed the Board of Directors and the Chairman of the Audit Committee about the activities of the audit of the 2<sup>nd</sup> Quarter 2020 and in particular about the following:

Issues of internal control and of regulatory interest

1. For the submission of the annual work program of the department/unit for approval.
2. For the regular information received by the Audit Committee (AC) regarding the results of the fiscal year 2019 as well as the issues presented in the additional report of the auditors towards the Audit Committee.
3. For the information provided to the Audit Committee for the purpose of drafting the annual briefing of the Audit Committee towards the Shareholders of the General Meeting of May 7.
4. In the context of the audit of transactions with related parties, information was received from the Chief Financial Officer of Greece and the Head Accountant regarding the structure of the pricing policy of the related company Lenidi SA. The audit plan included the audit of the commercial activity between the affiliated Lenidi SA. and Gr. Sarantis SA.
5. The results of the audit were received in accordance with the Regulation on expenditure approvals. An initial check of the results was carried out and further explanations were requested for specific cases. The processing of the data and the preparation of the statistics were postponed to the following month, upon collection of the additional information.
6. To participate in the online training with regard to updating IFRS.

Issues concerning the regulation of Personal Data Protection.

1. For the results of the penetration test carried out in the Bulgarian subsidiary. The identified points were resolved since they were under the responsibility of Gr. Sarantis, while those concerning the partner company have been notified to it for resolution.
2. For the provision of instructions on Personal Data Protection issues in relation to HR issues. DPIA was carried out in collaboration with a Law Firm and the IT Security Manager regarding technical security issues.

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3. For the examination and completion in collaboration with the IT Security Manager and DPIA of the evaluation of the creditworthiness of the customers
4. For handling cases related to the General Data Protection Regulation, where cases of contracts were reviewed, opinions were provided, remarks were made, and instructions were given in personal data protection agreements (DPAs), terms of tenders, issues of communication with individuals, through social networks, and microsites, for brands that use these means of communication. Data protection policies and Cookies were provided in order to create and comply with the new Noxzema website.
5. For conducting web checks and issuing instructions for compliance with the instructions issued by the Hellenic Data Protection Authority (HDDPA) regarding the management of cookies.
6. For the management instructions regarding the necessity of thermometry of the factory workers.
7. To assess possible breach issues that arose in the period under review under the breach management procedure. In the 1<sup>st</sup> quarter of 2020 there were no risks of data leakage.
8. For the processing of requests of natural persons and observance of the relevant protocol as well as of the process of expediting requests.
9. For the participation of the head of the internal control unit in the two-day seminar ICT WEB MEETING FOR ICT SECURITY, GDPR & DPO MANAGERS, "Strategy for Digital Security and Data Protection in the era after the COVID-19 pandemic".

**On July 28, 2020**, the head of the internal control unit informed the Deputy Chief Executive Officer and Chief Financial Officer of the Group, the Legal Advisor, the Chairman and the Members of the Audit Committee, about the compliance requirements arising from the new Law 4706/20 and specifically:

**Issues related to the Board of Directors**

Regarding the Board of Directors, the new law provides, inter alia, for the following:

1. Introduction of the suitability policy of the members of the Board of Directors that is being approved by the Board of Directors and the General Meeting. The minimum intended content should include the manner of selection and replacement of members, the criteria of individual and collective evaluation of the suitability of members and the criteria of diversity of members.
2. Adequate representation of women on the Board (at least 25%)

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3. The Board of Directors must supervise the rules of corporate governance and evaluate them at least every 3 years
4. The Board of Directors, when it meets for the preparation of the financial statements or for issues the approval of which requires a decision of the General Meeting with an increased quorum and majority, is in quorum if at least 2 independent non-executive members are present.
5. Submission of the minutes concerning the formation or the term of office of members, to the Hellenic Capital Market Commission within 20 days from the end of the meeting.
6. Appointment of a non-executive member as chairman or vice-chairman of the board.
7. Reference that in case of a share capital increase or the issuance of a bond loan via a public offer and the issuance of a prospectus, the board submits a report to the General Meeting, stating the general directions of the investment plan to be financed by the proceeds of the share capital increase, indicative timetable for its implementation and report concerning the utilization of the proceeds raised from previous share capital increases, if less than 3 years have elapsed since the completion of each share capital increase. The same information is included in the minutes of the BoD if the decision of a share capital increase is taken by the BoD itself.
8. The executive members of the Board of Directors submit a report to the Board of Directors with their assessments and proposals for dealing with crisis events or risk situations that will affect the financial position of the company.
9. The non-executive members monitor and examine the company's strategy, its implementation and the achievement of the respective goals.
10. Supervise the executive members and audit their performance.
11. Consider and express an opinion on the proposals provided by the executive members.
12. Reference that the independent members should comprise at least 1/3 of the total members, while at the same time the new law mentions very specific criteria of independence.
13. Unjustified absence of an independent member in two consecutive meetings of the Board of Directors is considered as his/her resignation and a replacement is being made by the Board of Directors until the next General Meeting.
14. The independent members submit jointly or separately notifications and reports to the General Meeting of the company.
15. The conditions for the independence of the independent members are evaluated by the BoD annually and in any case before the publication of the annual financial report, which includes a relevant finding.

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**Issues related to the Committees of the Board of Directors**

1. Two new committees are introduced: the Remuneration Committee and the Nominations Committee, whose responsibilities may be delegated to a single committee.
2. Consist of at least 3 non-executive members of which 2 are independent (and which independently always constitute the majority).
3. An independent non-executive member shall be appointed as chairman of each committee.
4. Have operating regulations posted on the company's website.
5. The responsibilities of these committees are summarized as follows:

The remuneration committee makes proposals to the Board of Directors regarding: (a) the remuneration policy according to article 110, par. 2 of Law 4548/2018, and (b) the remuneration of the persons referred to in the remuneration policy and of the executives, including the head of the internal control unit and examines any relevant information in the final draft of the annual remuneration report, providing a relevant opinion to the Board of Directors before submitting the report to the General Meeting, according to the article 112 of Law 4548/2018.

The nomination committee identifies and proposes to the Board of Directors suitable persons to become its members, according to the criteria of suitability policy.

**Issues related to Organizational Rules of the new framework**

The Corporate Governance System that a company must have consists of the following:

1. Adequate and effective: (a) internal control system, (b) risk management system, and (c) regulatory compliance system.
2. Adequate and effective procedures for the prevention, detection and suppression of conflict of interest events.
3. Adequate and effective mechanisms for communication with shareholders to facilitate the exercise of their rights.
4. Of the remuneration policy.
5. Of a corporate governance code, compiled by a body of recognized prestige.

The Internal Operating Regulation

1. It is compiled and updated both for the company and for its major subsidiaries.

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2. It is amended and approved by the Board of Directors and its summary is published on the company's website.

3. Law 4706/20 for the Internal Operating Regulation provides for a minimum content. Among other things it should include the following:

- Reference to the main characteristics of the internal control system, and at least the operation of the internal control unit, the risk management system and the regulatory compliance system,
- Provides a procedure for notifying any dependent relationships involving independent non-executive members,
- Procedure for compliance with the obligations arising from articles 99 to 101 of Law 4548/2018 regarding transactions with related parties,
- Includes policies and procedures for preventing and dealing with conflict of interest situations,
- Provides a procedure for the management of privileged information and takes care of the proper provision of information to the public, in accordance with the provisions of Regulation 596/2014.
- Provides for a policy and procedure for conducting periodic evaluations of the internal control system, in particular: (a) the adequacy and effectiveness of financial information, on parent level and consolidated basis, (b) risk management, and (c) regulatory compliance, in accordance with recognized standards of evaluation and internal control, as well as the implementation of the provisions on corporate governance according to this law.
- Provides a training policy for the members of the Board of Directors, the executives, as well as the other executives of the company, especially those involved in internal control, risk management, regulatory compliance and Information Systems, and
- Provides for the sustainable development policy followed by the company, wherever it is being required.

#### The Internal Control Unit

Monitors and improves the operations and policies of the company regarding the operating regulations, the internal control system and the corporate governance code.

It possesses its own operating regulation approved by the Board upon the proposal of the audit committee.

It compiles reports to the audited entities with findings from the performance of its tasks, the respective risks arising and with suggestions for improvement, if any, which together

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with the relevant views of the audited units, the agreed actions, if any, or acceptance of the risk of non-action by them, are submitted every 3 months to the audit committee.

It submits reports at least every 3 months to the audit committee, which includes its most important issues and proposals regarding its tasks.

The head is appointed by the Board of Directors upon the proposal of the audit committee and must not be a member of the Board or a member with the right to vote in standing committees of the company and must not have close ties with anyone who holds one of the above capacities in the company or in a company within the group.

The head shall submit to the audit committee an annual audit plan and the requirements of the necessary resources, as well as the implications of limiting the resources or the audit work of the unit in general. The annual audit plan is prepared based on the company's risk assessment, after taking into account the opinion of the audit committee.

The head attends the General Meetings and provides the Hellenic Capital Market Commission with any information requested, without the prior approval of the BoD.

#### Corporate Governance Code

The company adopts and implements a corporate governance code which has been prepared by a body of recognized prestige.

#### **Issues related to investor information**

##### 1. Information for new members of the Board

The Board of Directors posts on the company's website 20 days before the General Meeting, information regarding each candidate member, which includes justification of the candidacy proposal, CV, any participation in other BoDs or BoD committees or other management positions as well as compliance with the policy of suitability and independence of the company.

The Board of Directors posts the articles of association of the organization on its website.

##### 2. Shareholder service unit

The unit takes care of:

- o the distribution of dividends and bonus shares, the issuance of new shares with cash payment, the exchange of shares, the period of exercise of the relevant pre-emptive rights / stock options or the changes in the initial timelines, such as the extension of the exercise period

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- o the provision of information on the regular or extraordinary General Meetings and the decisions taken in these meetings
- o the acquisition of own shares and their disposal and cancellation, as well as the plans of distribution of shares or distribution of bonus shares to the members of the Board of Directors and the personnel of the company
- o the communication and exchange of data and information with the central securities depositories and intermediaries, in the context of shareholder identification
- o the broader communication with the shareholders
- o granting of information to the shareholders, in accordance with article 17 of Law 3556/2007, for the provision of facilities and information by issuers of securities
- o the monitoring of the exercise of the share rights, mainly the percentages of the shareholders' participation in the company and the exercise of the voting right in the General Meetings

### 3. Corporate announcements unit

The unit ensures the issuance of corporate announcements:

- o according to Law 3556/2007
- o according to Law 4548/2018
- o in accordance with article 17 of Regulation 596/2014

### 4. Sanctions

The Hellenic Capital Market Commission imposes:

- reprimand or a fine of up to 3 million Euros to the company and, in any case, up to 5% of its total annual turnover, according to the financial statements during the financial year concerned by the infringement
- reprimand or a fine of up to 3 million Euros to the members of the Board of Directors or other natural or legal persons falling within the scope of application of the Law

### 5. The Audit Committee

- It consists of at least 3 members, and may consist of: (a) a committee of the company's Board of Directors, composed of non-executive members appointed by the Board, or (b) an independent committee, composed of non-executive members of the Board and third

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parties, appointed by the General Meeting, or (c) an independent committee, composed only of third parties, appointed by the General Meeting.

- The General Meeting decides on the type of audit committee, the term of office, the number and the characteristics of its members

- The majority of members of the audit committee are independent of the company

- The chairman is appointed by the members and is independent of the company

- In case of resignation, death or loss of membership, the Board of Directors appoints from its existing members, a new member to replace the one who was missing, for the period until the end of his/her term, in line, if necessary, with par. 1 and 2 of article 82 of Law 4548/2018. If the member to be replaced is a third person, not a member of the Board, the Board of Directors appoints similarly a third person, a non-member of the Board, as a temporary replacement and the next General Meeting either nominates the same member or elects another, for the period until the expiration his/her term of office in the Audit Committee

- Consists of members who have sufficient knowledge of the sector in which the company operates and at least 1 member who is independent of the company and has sufficient knowledge and experience in auditing or accounting, is required on compulsory basis to attend meetings of the audit committee concerning the approval of financial statements

- It has operating regulations that are posted on the company's website and meets at its headquarters or where its articles of association provide

- Discussions and decisions of the audit committee are recorded in minutes, signed by the present members

- Submits an annual report to the ordinary General Meeting, which includes a description of the sustainable development policy pursued by the company

- Publishes without delay on the website of the regulated market and submit to the Hellenic Capital Market Commission within 20 days from the meeting of the Board of Directors or the General Meeting, copies of the minutes of its meetings regarding the composition, staffing, appointment, election, replacement and term of office of its members

- The Hellenic Capital Market Commission may impose on the company, on the members of the Board of Directors and the members of the audit committee the sanctions provided as per above

In addition, regarding the selection of a Corporate Governance Code prepared by a body of recognized prestige, the head of internal control provided the participants with five codes in order to evaluate and select the most appropriate one for the organization. The codes provided for study are as follows:

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- The Code of Corporate Governance of the Hellenic Corporate Governance Council (HCGC) (2015)
- The Code of Corporate Governance of Belgium (2020)
- The UK Corporate Governance Code (2018)
- The French Corporate Governance Code (2018)
- The German Corporate Governance Code (2016)

In order for the organization to meet the compliance requirements of L. 4706 / 2020, the head of internal control proposed the following methodology:

**Step 1: Assess compliance level**

- Carrying out a diagnostic test of compliance with the provisions of law
- Identification of compliance gaps in relation to the new provisions
- Formulation of proposals and development of compliance steps

**Step 2: Develop a Corporate Governance framework**

- Implementation of the proposals
- Achieve compliance with the expected directives of HCMC
- Recognition of corporate governance best practices

**Step 3: Continuous control in terms of compliance, improvement of the Corporate Governance framework according to the needs of the Organization**

- Recognition of the value that results from the implementation of Corporate Governance practices. Use of this value to attract new investors
- Development of a Corporate Governance culture
- Adoption of tools and procedures for the efficient management of Corporate Governance issues through continuous monitoring of the system

**On August 6, 2020**, the auditors headed by the ordinary Certified Auditor Accountant Mr. Kalogeropoulos informed the Audit Committee and the head of the internal control unit about the progress of works concerning the review of the 1<sup>st</sup> half 2020 and in particular:

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1. For the approach methodology concerning the issues related to the year, and with regard to the understanding of policies, the evaluation of differences in relation to the previous year, the important events and their presentation in the financial statements, the collection of audit evidence, the receipt of minutes of the Board of Directors' meetings, the General Meeting and any committees, taking into account the work of the internal controller.
2. Evaluate the impact of the pandemic, identify a possible adjusting event and assess the need for any notification.
3. Issues of impairment test on the fair value of investment property and goodwill, and revaluation of business plan, review as of June 30<sup>th</sup> of the provisions for doubtful receivables in the light of IFRS 9.
4. Management assessment regarding the impact of the pandemic on the size of the company

Questions were asked and answers were provided on these issues.

**On August 31, 2020**, the auditors headed by the ordinary Certified Auditor Accountant Mr. Kalogeropoulos informed the Audit Committee and the head of the internal control unit about the results of the review of the 1<sup>st</sup> Half 2020 and in particular:

1. For issues regarding the reporting of the reserve that has been formed based on article 48 of Law 4172/2013.
2. For issues related to the report of the independent appraisers, on the basis of which there are no indications for impairment of the investment property.
3. For matters relating to intangible assets and their reporting in the financial statements.
4. For the compilation of a financial calendar taking into account the requirements of the audit process until the publication of the annual financial report.
5. For other issues such as bond loan, royalties, foreign exchange differences and provisions for doubtful trade receivables in the context of the pandemic.

Questions were asked and answers were provided on these issues.

**On September 2, 2020:**

The head of the internal control unit, Mr. Karantzas, informed the Audit Committee and the Deputy CEO and Group CFO about the necessity of selecting a Corporate Governance Code from a body of recognized prestige, due to the obligation to comply with Law 4706/20.

Then the head of the internal control unit expressed views on possible selection criteria based on which advantages and disadvantages emerged for the Codes under consideration.

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This was followed by the views expressed from the participants and also by an evaluation, which led to the best possible selection for the company with regard to the Corporate Governance Code of the Hellenic Corporate Governance Council (HCGC). The Audit Committee and the Deputy CEO and Group CFO confirmed the adoption of the Greek Corporate Governance Code (GCGC) for the company. The first fiscal year of compliance with the GCGC and its implementation will be the fiscal year from 1/1-31/12/2021.

**On October 30, 2020**, the head of the internal control and data processing unit, Mr. Karantzas, informed the Board of Directors and the Chairman of the Audit Committee about the audit activities of the 3<sup>rd</sup> quarter 2020 and in particular about the following:

**Issues of internal control and of regulatory interest**

1. For the communication of the results of the audit of the period 1/1 - 31/3/2020, (Q1 2020), regarding the observance of the regulation of Expenditure approvals. The results of the audit conducted by Business Controlling were collected, grouped, and performance indicators (KPI's) were generated per segment involved. The results of the audit were provided to the management, while the comparative data along with the relevant supporting documents from which they were generated, were also communicated to each pertinent party and the respective supervisor. The answers and clarifications on the issues were collected, examined and relevant actions were taken with the aim of better coordination, more complete communication and in general the most effective settlement of the issues that created the above issues. The data were archived for comparative reference with the results of the next respective audit.

2. Regarding the subsidiary in Hungary, the control mechanisms of the supply chain operation were verified.

Identification of possible control gaps in the internal control system of supply chain. Specifically:

- Audit of the structure of the internal control system of the logistics function
- Identification of potential risks and assessment of the probability of arrival and the potential impact for each of them
- Identify potential risks of fraud
- Provide proposals for the improvement of internal control mechanisms related to the supply chain.

- Verification of old machinery that were added from the previous acquisition. Assessment is being performed by type, quantity, functionality, overall condition and average market value.

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- Forming an opinion regarding the sale of the machinery by focusing on the relevant information provided. The verification should include an evaluation of the approval methodology, the determination of the sale price, a comparison with the average market price if possible, and a verification of the entry in the books.

- Verification / confirmation of the control mechanisms of the fixed assets' management function. Identification of possible control gaps of the internal control system with regard to the fixed assets' management. Methodology as per above.

3. For the monitoring of inventories concerning movements in the area of Attiki in the processing and distribution center of Aspropyrgos, as well as of the measurement of inventories in Menidi.

4. For the procedure of collection of returns through INTRAPACK

5. To provide guidance on the proper integration of the IMS process (facilities and IT) within the framework of the regulatory tools of the parent company.

6. For the participation in the webinar of EY in which one of the speakers was the President of the HCMC. The webinar's topic concerned the implementation of new Law 4706/2020. Clarifications were provided regarding the application of the law, whereas the provision of further interpretations on specific issues was also confirmed.

7. To inform the management about important compliance obligations arising from the new legal framework on Corporate Governance in order to be integrated into the immediate priorities.

8. To participate in the evaluation of all proposals regarding the management of the unsuitable inventories - in terms of their destruction / recycling possibilities - and to ensure the company from potential losses along the process.

**Issues related to the Personal Data Protection regulation**

1. To offer guidance on the information that should be provided to employees and associates along with the proper management of personal data regarding the subject of Covid 19.

2. For the provision of compliance-related guidance in reference to June 2020 directive of the Hellenic Data Protection Authority (HDPa) on Video Surveillance Systems and the new information requirements. In addition, an additional directive was issued in June regarding the retention period of video surveillance systems, which should not exceed 15 days.

3. For the provision of instructions regarding the unsubscription - deletion of a requesting client with sole proprietorship from the contact list of newsletters and differentiation regarding the maintenance of their professional emails for the purposes of commercial activity only.

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4. For the provision of instructions regarding the access management of external partner techniques for the purpose of updating the databases (Refresh UAT databases).
5. In order to deal with cases related to the General Data Protection Regulation, cases of contracts were reviewed, opinions were provided, remarks were made, instructions were given with regard to personal data protection agreements (DPA's), terms of competitions, issues of communication with individuals through social networks, and microsites, for brands that utilize these means of communication.
6. For conducting webpages' checks and issuing guidance for compliance with the instructions issued by the Hellenic Data Protection Authority (HDPa) regarding the management of cookies.
7. For the evaluation of possible breach issues that arose in the period under review based on the breach management procedure. There was no risk of data leakage in the 2<sup>nd</sup> quarter of 2020.
8. For the processing of requests of natural persons and for the observance of the relevant protocol of the procedure of processing requests.
9. To keep a record of signed DPA's.

**On November 2, 2020:**

The auditors headed by the ordinary Certified Auditor Accountant Mr. Kalogeropoulos informed the Audit Committee and the head of the internal control unit about the progress of work concerning the review of the 1<sup>st</sup> Half 2020 and in particular:

For the plan of the regular audit of the fiscal year 2020 and specifically:

- 1a. For the general planning of the audit work of the year, taking into account the audit performed for the half-year financial statements as well as the relevant findings.
- 1b. To audit the internal control system with reference to the circulation channels related to the financial information.
- 1c. For the control of information systems which will be performed by a specialized controller of information systems.

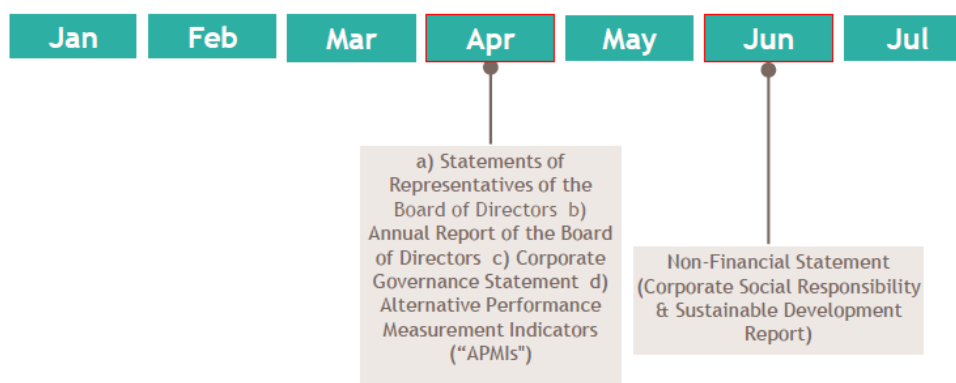
In addition to the above, a proposed time schedule for Other Information was drafted.

The indicative plan is as follows:

According to IAS 720 (Revised) - "The Auditor's Responsibilities Regarding Other Information" the Independent Auditor's Report should include a reference to the Other Information. Other information includes: a) Statements of Representatives of the Board of

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Directors, b) Annual Report of the Board of Directors, c) Corporate Governance Statement, d) Alternative Performance Measurement Indicators ("APMIs") and e) Non-Financial Statement (Review Report on Corporate Social Responsibility & Sustainable Development). Below is an indicative timeline of the publication process of the above:



The final schedule will be set after consultation of both parties so that there is a timely and accurate response from the side of Certified Auditors Accountants to the questions of the pertinent representatives of the audited entity, as well as to any issues that may arise by the Certified Auditors Accountants during the performance of the audit.

In addition to the above, the Annual Financial Report was made available to us, which includes, among others, the Board of Directors Management Report. The latter includes the "Corporate Governance Statement" and the "non-financial information", as required.

Regarding the Group's Sustainable Development Policy, this can be summarized in the following points:

**1. Identification of stakeholder needs**

Sarantis Group fully recognizes its obligation toward its our employees, communities, investors, customers, and the environment — to operate its business sustainably. Comprehending in depth the importance of the importance of sustainability, the Group's management team aims to implement best practices throughout its operations. The main goal of the Group is to create a positive impact on peoples' everyday lives through its products and through its responsible operation. The Group's business practices are designed to create value in both the short and long term, maximizing positive impacts and minimizing eventual negative impacts on society and the environment throughout all our value chain through ethical and transparent conduct.

**2. Optimal use of natural resources, recognition of the climate change problem, protection of biodiversity and ecosystems.**

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As a Group with a wide production activity, it endorses and sets specific objectives and targets regarding, the optimum use of natural resources, the mitigation of waste production, the prevention of pollution, the mitigation of climate change, and the protection of biodiversity and ecosystems.

**3. Prioritizing the employees’ needs and safety in the workplace.**

In a workplace human and labor rights, as well as health and safety are considered matters of utmost priority. The Group fully complies with current labor and insurance legislation and always provides its employees a safe working environment. Furthermore, the Group is conscious that its business and operational activities may, by definition, contribute to the improvement of the economic, environmental, and social regime. To that extent, the Group constantly enhances its operational mechanism and its policies. Regarding Labor matters, the Group focuses on occupational health & safety and wellbeing for all its employees, as they are the key asset toward its growth, while it safeguards employee diversity and promotes equal opportunities, and human rights. The Group is committed to providing equal opportunities to all employees and job applicants. It aims to ensure that no job applicant shall receive less favorable treatment on the grounds of sex, age, marital status, sexual orientation, race, color, religion or belief, nationality, ethnic or national origin, while promotes a harmonious working environment free from discrimination, harassment, and bullying.

**4. Economic prosperity, robust, efficient, and transparent corporate governance.**

- Robust economic performance
- Efficient corporate governance
- Regulatory Compliance
- Business Ethics

are the four pillars in which the Group develops and prospers.

**5. Product Quality assurance, consumer safety.**

Ensuring product quality and customer safety is one of its main concern, and within this context cares to provide products that derive from production processes that focus on: safeguarding sustainable and circular sourcing of raw and packaging materials, improving energy efficiency, using renewable sources, in reducing its GHG emissions. In the same time, the Group intensifies its efforts in minimizing packaging that is non-friendly to the environment and adopts circular economy waste practices. Finally, the Group makes constant investments in R&D and modern production machinery in order to create innovate and sustainable products, while obtaining all the appropriate certifications (ISOs) to be fully complied with the international production standards.

**6. Contributing to the needs of local communities.**

As an integral part of the society, the Group effectively supports the needs of the local community and implements initiatives accordingly. The Group ’s impact on the local and wider community is understood and expressed through numerous financial donations, product donations, and numerous CSR initiatives.

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