

Report of the Proceedings of the Audit Committee (article 44, paragraph 1 of Law 4449/2017)

Marousi, 22 February 2024

Dear Shareholders,

I. INTRODUCTION

In accordance with the article 44, paragraph 1 of Law 4449/17, as it was amended by the article 74 of Law 4706/2020 and it is currently in effect, the Audit Committee submits to the General Meeting of Shareholders its report on issues regarding its proceedings during the financial year ended on 31/12/2023, for the fulfillment of provisions of law and in line with the Operating Regulation concerning the Committee's duties.

II. COMPOSITION AND PURPOSE OF THE AUDIT COMMITTEE

The Audit Committee of Gr. Sarantis S.A. in the period 1/1/2023 to 12/07/2023 consisted of two (2) independent and non-executive members of the Board of Directors and one (1) independent third party and, in particular:

1. Ioannis Arkoulis, son of Michael, Certified Auditor Accountant, third party independent of the Company, Chairman of the Audit Committee,
2. Iriini Nikiforakis, daughter of Markos, Legal Advisor, Athens Lawyer at the Supreme Court (Areios Pagos), visiting lecturer in the Postgraduate Program of the Law School of the University of Athens, independent non-executive member of the Board of Directors, member of the Audit Committee.
3. Christos Economou, son of Ioannis, independent non-executive member of the Board of Directors, member of the Audit Committee.

The above members of the committee were appointed pursuant to the decisions of the Ordinary General Shareholders' Meeting of 31/05/2022 (Period 01/01/2023 – 03/05/2023) as well as of the Ordinary General Shareholders' Meeting of 04/05/2023 (Period 04/05/2023 – 12/07/2023) in accordance with the provisions of article 44 of Law 4449/2017 as applicable, of the Regulation of the Committee and of the Circular with protocol no. 1508/17-07-2020 of the Directorate of Listed Companies of the Hellenic Capital Market Commission.

The term of the Audit Committee was set until the Ordinary General Meeting of Shareholders of the year 2024 and until the relevant decision that will be taken by this Meeting.

Subsequently, the Audit Committee of Gr. Sarantis S.A. during the period 12/07/2023 to 20/12/2023 consisted of one (1) independent and non-executive member of the Board of Directors and two (2) independent third parties, namely:

1. Ioannis Arkoulis, son of Michael, Certified Auditor Accountant, third party independent of the Company, Chairman of the Audit Committee.
2. Iriini Nikiforakis, daughter of Markos, Legal Advisor, Athens Lawyer at the Supreme Court (Areios Pagos), visiting lecturer in the Postgraduate Program of the Law School of the University of Athens, independent non-executive member of the Board of Directors, member of the Audit Committee.
3. Angeliki Samaras, daughter of Dimitrios, Assistant Professor of Accounting at the University of Macedonia, third person independent from the Company, member of the Audit Committee.

The above members of the Committee were appointed by virtue of the decision of the Ordinary General Meeting of Shareholders on 12/07/2023 (Period 12/07/2023 – 20/12/2023) in accordance with the provisions of article 44 of Law 4449/2017 as in effect, the Committee's Regulation and the Circular 1508/17-07-2020 of the Directorate of Listed Companies of the Hellenic Capital Market Commission.

The term of the Audit Committee had been set until the Ordinary General Meeting of 2024 and until a relevant decision is taken by this body.

Subsequently, the Audit Committee of Gr. Sarantis S.A. during the period 20/12/2023 to 31/12/2023 consisted of two (2) independent and non-executive members of the Board of Directors and one (1) non-executive member of the Board of Directors and in particular:

1. Michael Imellos, son of Nikolaos, Independent Non-Executive Member of the Board of Directors, Chairman of the Audit Committee,
2. Konstantinos Rozakeas, son of Petros, Vice-Chairman Non-Executive Member of the Board of Directors, member of the Audit Committee, and
3. Angeliki Samaras, daughter of Dimitrios, Independent Non-Executive Member of the Board of Directors, member of the Audit Committee.

The above composition, which is also the current composition of the Audit Committee, was unanimously determined at the meeting of 20/12/2023 and it was then formed as a body.

The term of office of the Audit Committee coincides with the term of the Board of Directors, i.e. it will be four years.

The members of the Audit Committee, with regard to both the previous and the current composition, are in their majority independent of the audited entity in accordance with the article 44, paragraph 1 d) of Law 4449/2017 (A' 7) as it was amended by the Article 74 of Law 4706/2020 and it is currently in effect.

The Independent Non-Executive Members with regard to both the previous and the current composition of the Audit Committee, had met and continue to meet respectively and in full the conditions and independence criteria of article 9, paragraph 1 and 2 of Law 4706/2020, a fact which has been fully monitored and ascertained by the Board of Directors through the Remuneration and Nominations Committee.

The persons who meet the conditions of independence form the majority of the Committee.

The Chairman was elected following a vote by the members and is independent from the audited entity in accordance with the article 44 paragraph 1 e) of Law 4449/2017 (A' 7) as it was amended by the Article 74 of Law 4706/2020 and it is currently in force.

In the case of the member of the Committee who lost the status of being member of the Board of Directors, the Board of Directors appointed another one from its members, in order to replace the one who lost the status, in accordance with article 44, paragraph 1 f) of Law 4449/2017 (A' 7) as it was amended by the Article 74 of Law 4706/2020 and it is currently in force.

The members of the Audit Committee, concerning both its previous compositions and the current one, had met and continue to meet respectively the eligibility criteria defined by law, the Corporate Governance Code and the Company's Suitability (Eligibility) Policy.

The members of the Audit Committee, concerning both its previous compositions and the current one, have sufficient knowledge of the sector in which the company operates.

All members of the current composition of the Committee have sufficient knowledge and experience in the auditing and/or accounting field.

The Audit Committee assists the Board of Directors in fulfilling its supervisory responsibility towards the shareholders.

Supervisory responsibility includes among others the following:

- Monitoring the regular audit of the company's separate and consolidated financial statements with the aim of forming an opinion. In the context of this information, the Audit Committee is aware of the content of the supplementary report of the certified public accountants.
- The Committee monitors, examines and evaluates the production systems of the financial information, the flow and the mechanisms of dissemination of the information in the organizational structure of the company. It also takes into account other publicly available information (stock exchange announcements, press releases, etc.) in relation to the respective financial information.
- The Committee also monitors, examines and evaluates the effectiveness and adequacy of the regulatory tools (policies, regulations, procedures, safeguards) of the Group, with the aim of forming an opinion on the one hand about the internal audit system and on the other hand about the risk management system in relation to the financial information.
- Monitors and inspects the operation of the Internal Audit Unit, confirms the application of professional standards, the compliance with the applicable legal and regulatory framework and evaluates its work, adequacy and effectiveness, without however affecting its independence.
- Oversees the published information in relation to the evaluation of the main risks.
- The Committee is being updated on the framework and methodology of risk assessment and management, as well as on issues of compliance with the organization's legal, regulatory and ethical framework.

With regard to services other than the annual audit of the financial statements, the Committee pre-approves all the recommendations for eligible non-audit services that the independent auditors may have to provide towards the Company. In this context, the Committee pre-approved the assignment to BDO of the Internal Audit System evaluation project that was completed in March 2023. BDO's proposal was selected as the most economical among BDO, Deloitte and PWC.

The Committee also oversees matters relating to qualifications, independence and appointment of independent auditors.

The Audit Committee, as supervisory body of the Internal Audit Unit, evaluates its performance as well as approves the audit plan and the respective budget of the department/unit.

Based on both the Regulation of the Audit Committee and the Internal Operating Regulation of Sarantis Group, the duty of the Audit Committee is to support the Board of Directors in its supervisory role, including the supervision of the risk management framework. The Board of Directors ensures the independence of the functions that make up the Internal Audit System. In this context, the Internal Audit, Regulatory Compliance and Risk Management Units are supervised by the Company's Audit Committee.

The Audit Committee has an Operational Regulation, which defines, among other things, its role, the procedure for fulfilling this role, as well as the procedure for convening and holding meetings. The operational regulations of the Audit Committee are posted on the Company's website.

The present report of the Audit Committee pertains to the twelve-month period of the closed financial year (1/1-31/12/2023).

The report was prepared and is in compliance with the provisions of Law 4449/2017 as amended by Article 75 of Law 4706/2020 and aims to inform its recipients about the proceedings of the Audit Committee based on its predetermined duties.

III. MEETINGS AND OPERATION

During the financial year 2023, the Audit Committee held a total of 17 standalone meetings with full attendance, whereas its members participated in 4 meetings of the Board of Directors (total meetings within 2023: 21).

The Members of the Audit Committee chaired by Mr. Ioannis Arkoulis attended nineteen (19) of the twenty one (21) meetings, while the Members of the Audit Committee chaired by Mr. Michael Imellos participated in the remaining two (2) meetings of the financial year 2023.

Depending on the topics of the Audit Committee's meetings, the heads of the Units responsible for Financial Information, Internal Audit, Sustainable Development, as well as Certified Auditors were called upon to participate.

The relevant informational material (internal audit reports, management reports, other reports and presentations by certified auditors, financial and non-financial information, etc.) was timely distributed to the members of the Committee for study in order to express their opinion.

During its meetings, the Audit Committee kept relevant minutes which recorded the issues discussed and approved by the attending Members and then notified to the Board of Directors.

The Audit Committee has proceeded to a self-assessment of its effectiveness and the results were discussed at the Board of Directors.

During the exercise of its competences, the Audit Committee had unrestricted and full access to all necessary information and was provided with the necessary resources and infrastructures for its effective operation.

Additionally, during the financial year 2023:

Regarding the actions of the period 1/1/ - 20/12/2023, the Audit Committee chaired by Mr. Ioannis Arkoulis proceeded with the following:

1) Regarding the supervision of the **external audit and the financial reporting process**, the Audit Committee:

- Met five (5) times with the certified auditor - accountant of Gr. Sarantis S.A. and was updated on the audit progress. Specifically there were three (3) meetings for updates on the plan of the audit and two (2) meetings during the preparation stage of the annual audit report as of 31/12/2022 as well as in the context of presentation of the supplementary report and review of the semi-annual financial statements as of 30/06/2023.
- Delivered its opinion in favor of the extension of the appointment of the Auditing Company BDO Certified Public Accountants S.A. for the mandatory audit of the Company and the consolidated financial statements for the financial year 2023.
- Was informed about the schedule of preparation of financial information by the management, as well as significant judgments, assumptions, and estimates made along the preparation process of the financial statements.
- Examined the independence of the Certified Auditors - Accountants in the framework of the mandatory audit and ascertained that they do not receive fees by the Company and its subsidiaries for non-auditing services in accordance with the article 5 of the European Union Regulation no. 537/2014.
- The Committee was informed by the certified auditor-accountant about the annual plan of the mandatory audit prior to its implementation, assessed the plan and confirmed that it includes the most significant fields of audit, in relation to the main business and financial risks of the Group.
- Examined the level of significance determined by the certified auditor - accountant as well as the sampling method utilized for the audit process.
- Once the annual mandatory audit for the financial year 2022 was completed, the Committee received by the ordinary auditor the supplementary report pursuant to article 11 of EU Regulation 537/2014 which contained the results of the mandatory audit and informed accordingly the Board of Directors.
- Received comprehensive briefing about the process and the software program regarding the consolidation of the financial statements of the Group's subsidiaries.
- Examined, prior to their approval by the Board of Directors, the financial statements of the year 2022 (both separate and consolidated) of Gr. Sarantis S.A., and taking into account the contents of the supplementary report of the Certified Public Accountant, evaluated positively their completeness and consistency and informed accordingly the Board of Directors.

- Examined, prior to their approval by the Board of Directors, the interim financial statements for the period 01/01/2023 - 30/06/2023 (separate and consolidated) of Gr. Sarantis S.A., evaluated positively their completeness and consistency and informed accordingly the Board of Directors.
- Was briefed by the Management Team on the progress of the Organization in the 9-month period of 2023 and received the necessary explanations, while it was also updated on issues relating to competition law.

2) Regarding the supervision of the Internal Audit System and in particular **the Internal Audit Unit, the Regulatory Compliance Unit and the Risk Management Unit**, the Audit Committee:

- Assessed the adequacy and efficiency of the Internal Audit System, taking also into account the content of audit reports of the Internal Audit Unit and ascertained its adequacy and efficiency.
- Assessed the adequacy and efficiency of the Risk Management System and found that the risk assessment system is adequate and effective and is in the process of being updated and improved according to the most appropriate practices and in line with the legislative framework.
- Assessed the adequacy and efficiency of the Regulatory Compliance System and found that the Regulatory Compliance Unit meets all the requirements of Law 4706/2020 and is constantly improving, in order to achieve timely full and continuous compliance of the Company with the currently applicable regulatory framework throughout the range of its activities.
- Approved the annual work program of the Regulatory Compliance Unit and monitored its smooth implementation.
- Became aware of the conflict of interest declarations of liable persons in accordance with the Company's regulations.
- Was informed about the new risk assessment methodology and the process of developing the audit plan, which takes into account both compliance issues with Law 4706/20 and the structure of the company's internal audit system in relation to the three-line methodology of the IIA, as well as the obligations of internal auditors under international internal audit standards.
- Was briefed on issues related to the implementation of the Group's Code of Conduct and the Reporting and Whistleblowing Policy.
- Approved the annual audit plan of the Internal Audit Unit, assessing the process according to which the plan was formed. It confirmed that the annual audit plan for 2023 was compiled based on the main risks (financial reporting, operating, regulatory compliance and financial risks) that the Group's companies face and informed the BoD accordingly.
- Monitored the implementation of the annual audit plan and assessed the efficiency of the Internal Audit Unit, through quarterly reports of the Head of the Unit.
- Monitored the progress and the efficiency of the auditing work, by assessing, through quarterly reports, the findings, the corrective actions in relation to the findings as well as the implementation thereof and informed the BoD accordingly.
- Became aware of compliance issues regarding data protection and the quality assurance system of the company.
- Attended seminars on the following fields: a) the regulatory framework for corporate governance of listed companies on the Athens Exchange, Greece, b) the new EU directive on non-financial reporting (NFR) and changes in the current legislation framework, and c) the new assurance standard on non-financial reporting (ISSA 5000) and the respective upcoming changes.
- Was informed of the findings resulting from the evaluation of the Internal Audit System based on article 14, paragraph 3 and paragraph 4 of Law 4706/2020.
- The Chairman of the Committee, together with the Head of the Internal Audit Unit, met with officials of the Hellenic Capital Market Commission (Department of Supervision of Listed Companies) following a relevant request, in order to present the Internal Audit System (IAS) of the Company, the development of the framework for carrying out the evaluation of the IAS and the most important issues that emerged, to also bring other appropriate issues to the attention of the Hellenic Capital Market Commission as well as to answer any questions asked by the Commission's executives. At this meeting, some recommendations were made by the members of the Hellenic Capital Market Commission, which mainly referred to the immediate need to strengthen the Internal Audit Unit with additional personnel, and to the consequent increase in the resources allocated to this particular unit.

- After the meeting with the Hellenic Capital Market Commission, the Audit Committee immediately informed the Board of Directors of the Company about the recommendations made by the Capital Market Commission and stated as imperative the need to strengthen the Internal Audit Unit with additional experienced personnel and to also increase the resources available to this unit.

Regarding the proceedings of the period 20/12/2023 to 31/12/2023, the Audit Committee chaired by Mr. Michael Imellos met two (2) times with a full quorum.

In particular, at its first meeting, it was constituted into a body and took a decision on the amendment of its Operating Regulation, whereas at the next meeting in 2023, the Committee received an update on the progress of the selection process of external auditors, and it took decisions on expanding the capacity of the Internal Audit Unit.

Furthermore, the Committee reviewed the **Sustainable Development Policy** of the Group and ascertained that:

- the organization recognizes both its environmental and social footprint and the interactions due to its operation related to its natural and social environment.
- the organization is committed to responsibly managing the resources it utilizes and aims at the sustainable development by adopting appropriate practices.

The main points of this Policy are the following:

Objective

At Sarantis Group, we recognize that our operating activities have direct and indirect economic, social and environmental effects on our stakeholders, including consumers, employees, investors, customers, partners and local communities in which we operate worldwide.

Fully recognizing the importance of our contribution to sustainable development, the purpose of this policy is to commit to responsibly managing this impact throughout the Group's value chain, from the production of the raw materials we are being supplied with, up to the disposal and use of our products by consumers.

The Group's business practices are designed to create value in the short and long term, by maximizing positive effects, such as creating employment, and improving consumers' health and wellbeing, while mitigating negative effects, such as greenhouse gas emissions or the use of plastic.

The company's sustainable development policy is based on the following:

- i. The compliance with the current legislation,
- ii. The contribution to the United Nations Sustainable Development Goals,
- iii. The Precautionary Principle or Approach - Principle 15 of "The Rio Declaration on Environment and Development".
- iv. The Principle of Materiality, as defined by the GRI Standards, through which the Group undertakes to prioritize at least every two years the most important economic, social and environmental effects it creates.
- v. The Principles of the United Nations Global Compact

Scope and duration of application

This Policy covers all the activities of the Group and is linked to individual procedures, standards, voluntary and regulatory commitments that may create liabilities to third parties.

Aspects

The Sustainable Development Policy covers the following economic, social and environmental aspects of the Group's effects, which arise following the observance of the Policy Principles, and which are reviewed at least biennially, in the context of the analysis of substantive sustainable development issues of Sarantis Group:

I. Sustainable production and consumption:

- Ensuring product quality and customer safety
- Practicing responsible marketing and product environmental/social labeling
- Safeguarding sustainable and circular sourcing of raw and packaging materials
- Minimizing packaging and adopting circular practices for the management of waste
- Improving energy efficiency, use of renewable sources and reduction of GHG emissions in production and distribution
- Investing in R&D for innovative and sustainable products
- Assessing suppliers against environmental and social effects
- Improving water use efficiency, waste treatment and circularity in production
- Supporting responsible consumption and sustainable lifestyle

II. Responsible governance

- Ensuring robust economic performance
- Safeguarding corporate governance, regulatory compliance and business ethics

III. Empowered employees

- Creating employment and investing in employees' training
- Ensuring employees' health, safety and wellbeing
- Offering equal opportunities, ensuring employees' diversity and respecting Human Rights

IV. Thriving Communities

Being an active part of the society of its operational region, the Group effectively supports the needs of the local communities and implements similar initiatives. The impact of the Group on the local and wider community is deeply understood and expressed through financial contributions, product donations and many other initiatives aimed at increasing the positive economic, social, and environmental effects on all stakeholders.