



KARELIA
FINE TOBACCOS SINCE 1888

(Registration Number: 15082945000)

www.karelia.gr

DRAFT RESOLUTIONS ON THE ISSUES OF THE AGENDA OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS OF JUNE 9th 2023

In accordance with the provisions of the company's charter and of Law 4548/2018, as currently valid, the Chair of the Board of Directors, Ms. Victoria Karelia, informs the shareholders of "KARELIA TOBACCO COMPANY INC" (Registration Number: 15082945000) of the draft resolutions concerning the items on the agenda for the meeting of the General Assembly of Shareholders of June 9th, 2023.

ITEM 1st

Presentation to the Shareholders' General Meeting of the annual Activity Report of the Audit Committee of the Company of the financial year 2022, in accordance with Article 44 par. 1 point i) of Law 4449/2017.

In accordance with Article 44 par. 1 point i) of Law 4449/2017, the Audit Committee of the Company submits Annual Report to the General Meeting of the Company.

The Chair of the Audit Committee informs the shareholders of the activities of the Audit Committee of the financial year 2022.

The Annual Report of the Activities of the Audit Committee of the financial year 2022 has been posted on the Company's website.

Announcement to General Assembly, the current item and the above-mentioned report are not subject to vote.

**Annual Report of the Activities
of the Audit Committee for
the financial year 2022**

→ <https://www.karelia.gr/wp-content/uploads/2023/05/31.12.2022-Etisia-Ekthesi-Pepragmenon-EE-en.pdf>

ITEM 2nd

Presentation to the General Assembly of the Independent Non-Executive Board Members report, in accordance with Article 9 par. 5 of Law 4706/2020.

In accordance with Article 9 par. 5 of Law 4706/2020, the independent non-executive members of the Board of Directors, submitted jointly a report to the General Meeting.

The Chair of the General Meeting announced to the shareholders the Independent Non-Executive Board Members report.

The Independent Non-Executive Board Members report has been posted on the Company's website.

Announcement to General Assembly, the current item and the above-mentioned report are not subject to vote.

Report of the independent non-executive members of the Board

→ <https://www.karelia.gr/wp-content/uploads/2023/05/31.12.2022-Ekthesi-Anexartiton-mi-ektelestikon-melon-DS-pros-GS-en.pdf>

ITEM 3rd

Approval of the Company's Annual Financial Statements and the Annual Consolidated Financial statements for the for Financial Year 2022, prepared by the Company in accordance with the International Financial Reporting Standards (IFRS) and by any other special legal provision, along with the Annual Report of the Board of Directors, the Audit Report of the Chartered Auditor Accountant, and the Corporate Governance Statement of the Board of Directors.

Required quorum: $\frac{1}{5}$ (20%) of the company's paid-in share capital.

Required Majority: 50% +1 of the votes represented in the General Assembly.

The ordinary meeting of the General Assembly of shareholders is invited to approve the Company's Annual Financial Statements and its Consolidated Annual Financial Statements for the financial year from January 1, 2022 to December 31, 2022, which were drafted by the Company based on the International Financial Reporting Standards (IFRS) and every other special provision, together with the Annual Management Report of the Board of Directors, the Audit Report by the Chartered Auditor, and the Corporate Governance Statement by the Board of Directors, as these have been posted on the Company's website.

Annual Financial Statements from January 1, 2022 to December 31, 2022, according to IFRS

→ <https://www.karelia.gr/wp-content/uploads/2023/04/31-12-2022-Karelia-Tobacco-Company-Inc-FS-EN.pdf>

ITEM 4th

Approval of the Company's overall management by the Board of Directors during the Financial Year 2022. Discharge of the Chartered Auditor Accountant from any liability.

Required quorum: $\frac{1}{5}$ (20%) of the company's paid-in share capital.

Required Majority: 50% +1 of the votes represented in the General Assembly meeting.

If, as listed under Item 3, the Company's Annual Financial Statements and its Consolidated Annual Financial Statements for the financial year from January 1, 2022 to December 31, 2022, together with the Annual Management Report of the Board of Directors, the Audit Report by the Chartered Auditor, and the Corporate Governance Statement by the Board of Directors, are approved, the General Assembly, in accordance with Article 108 of Law 4548/2018, is invited to decide by an open vote on the approval of the overall management of the Company by the Board of Directors during the financial year from January 1, 2022 to December 31, 2022.

It is noted that the members of the Board of Directors and the Company's employees have the right to participate in the vote on the approval of the overall management only through the shares that they own or as representatives of other shareholders, albeit as long as they have received an authorization to this effect with express and specific voting instructions.

Also, the General Meeting, in accordance with Article 117 of Law 4548/2018, is invited to approve the discharge of the Chartered Auditor Accountant for the Financial Year 2022 from any liability.

ITEM 5th

Approval of the compensation paid to the members of the Board of Directors during the financial year 2022 and approval of the compensation advance payment to the members of the Board of Directors from January 1st, 2023 and until June 9th, 2023.

Required quorum: $\frac{1}{5}$ (20%) of the company's paid-in share capital.

Required Majority: 50% +1 of the votes represented in the General Assembly meeting.

The General Assembly takes into consideration that in accordance with a decision of the previous ordinary General Assembly meeting, during the financial year from January 1, 2022, to December 31, 2022, the following were paid to the members of the Board of Directors:

1. To the executive members:

- A. Mr. Efstathios G. Karelias, Vice-chairman and General Director of the company
- B. Mr. Andreas G. Karelias, Managing Director,

as salaries (cumulatively for both executive members) for the services provided by them under dependent employment contracts, the total gross amount of Euro 205,356 on an annual basis.

2. To the independent non-executive members:

- A. Professor Vasileios G. Antonopoulos
- B. Mr. Robin D. Joy

as compensation, the gross amount of Euro 145,200 per member on an annual basis.

In accordance with Article 109 paragraph 4 of Law 4548/2018, the General Assembly may permit advance payment of compensation until the next ordinary General Assembly meeting, the former being subject to approval by the next ordinary General Assembly. In addition, in accordance with Article 109 paragraph 3 of Law 4548/2018, the compensation of members of the Board of Directors for services provided to the Company based on a special relationship is paid subject to the requirements of Articles 99 to 101 of Law 4548/2018. As the Company's established practice, the salaries of the executive members originating from work contracts, namely the compensation in cases 1 (A and B) are approved by the General Assembly.

In view of the above, the General Assembly is invited to approve the above amounts paid during the financial year from January 1, 2022, to December 31, 2022.

Subsequently, in accordance with the provisions mentioned above, the General Assembly is invited to pre-approve the advance payment of compensation to the above persons from January 1, 2023, until the Company's next shareholders' Annual General Meeting in June 9th, 2023, in which a new Board of Directors is going to be elected. It is noted that the compensation paid to them until the ordinary General Assembly meeting of financial year 2022 has already been pre-approved by the decision of the previous ordinary General Assembly and the present General Assembly is invited to proceed to their approval once again.

Specifically, it is invited to approve the advance payment of the following compensation to the members of the Board of Directors from January 1, 2023, until June 9th, 2023:

1. To the executive members:

- A. Mr. Efstathios G. Karelias, Vice-chairman and General Director of the company
- B. Mr. Andreas G. Karelias, Managing Director

as salaries (cumulatively for both executive members) for the services provided by them under dependent employment contracts, the total gross amount of Euro 205,356 on an annual basis.

2. To the independent non-executive members:

- A. Professor Vasileios G. Antonopoulos
- B. Mr. Robin D. Joy

as compensation, the gross amount of Euro 145,200 per member on an annual basis.

ITEM 6th

Discussion and approval of the Remuneration Report for Financial Year 2022 for the members of the Company's Board of Directors, in accordance with Article 112 of L. 4548/2018.

Required quorum: $\frac{1}{5}$ (20%) of the company's paid-in share capital.

Required Majority: 50% +1 of the votes represented in the General Assembly meeting.

As specifically envisioned in Article 112 of Law 4548/2018, the Company is invited to draft a clear and understandable Remuneration Report, containing a complete overview of all compensation determined by the Company's Remuneration Policy for the members of its Board of Directors and the General Director for the last financial year.

It is noted that, the company's Remuneration Policy was approved by the Ordinary General Assembly for financial year 2018, subsequently harmonized with Law 4706/2020 by the Annual General Meeting of Shareholders in 2020 and is posted as currently in force on the official website www.karelia.gr.

In accordance with Article 112 paragraph 3 of Law 4548/2018, the General Assembly is invited to discuss and vote, in an advisory capacity, on the Company's Remuneration Report for the financial year from January 1, 2022, to December 31, 2022.

The Remuneration Report submitted to the vote of the General Assembly was drafted by the Board of Directors, and the Remuneration Committee of the Company, according to the provision of Art. 11 c) of Law 4706/2020, examined the information included in the final draft of the Report, and submitted to the Board her positive opinion.

Also, the Remuneration Report was audited in accordance with Article 112 paragraph 4 of Law 4548/2018 by the company's auditor, who observed that all the information has been provided in accordance with Article 112 of Law 4548/2018.

The Remuneration Report is posted on the Company's website.

**Remuneration Report for
Financial Year 2022 for the
members of the Company's
Board of Directors**

→ <https://www.karelia.gr/wp-content/uploads/2023/05/31.12.2022-Ekthesi-Apodochon-en.pdf>

ITEM 7th

Approval of the dividend distribution and appropriation of the net profit of the financial year 2022.

Required quorum: $\frac{1}{5}$ (20%) of the company's paid-in share capital.

Required Majority: 50% +1 of the votes represented in the General Assembly meeting.

As long as the Company's Annual Financial Statements for the financial year from January 1, 2022, to December 31, 2022, are approved according to Item 3, the General Assembly is invited to approve the disposal of the Company's profits for financial year 2022, as well as the distribution of a dividend in the (gross) amount of Euro 11.80 per share, in accordance with Article 160 of Law 4548/2018 and Article 38 of the Company's charter, as currently valid.

The Chair of the General Assembly will announce to the shareholders that the dividend will be issued on June 14th, 2023, and that the process of payment of the dividend to its beneficiaries will begin on June 21st, 2023, through ALPHA BANK S.A..

ITEM 8th

Election of a Chartered Auditor Accountant or Auditing Company for the audits of the Annual Financial statements and the Annual Consolidated Financial statements of the financial year 2023σ and approval of their remuneration.

Required quorum: $\frac{1}{5}$ (20%) of the company's paid-in share capital.

Required Majority: 50% +1 of the votes represented in the General Assembly meeting.

The General Assembly, taking into consideration that the Ordinary General Assembly of June 8, 2022 elected a regular Chartered Auditor for financial year 2022, the Auditing Firm "KPMG CHARTERED AUDITORS S.A." (Chartered Auditor Philippos Kassos), from Agia Paraskevi, Province of Attic, address Stratigou Tombra 3, and approved its compensation, will elect the regular Chartered Auditor or Auditing Firm for financial year 2023 by means of a resolution, simultaneously approving the respective compensation.

Specifically, following the proposal of the company's Auditing Committee in accordance with paragraph 3 case f of Article 44 of Law 4449/2017, the Board of Directors unanimously proposes (with the positive vote of its independent members) the election of the Auditing Firm "KPMG CHARTERED AUDITORS S.A." as the Company's auditor.

ITEM 9th

Announcement of the election by the Board of Directors of the Company of a new independent non-executive member of the Board of Directors and of a new member of the Audit Committee, in replacement of a deceased independent non-executive member of the Board of Directors of the Company.

The Chair of the General Assembly will announce to the shareholders that, in accordance with Article 13 par. 3 of the Company's charter and Article 82 of L. 4548/2018, following the death of the independent non-executive member of the Company's Board of Directors, Prof. Vasileios G. Antonopoulos on May 16th, 2023, the remaining members of the Remuneration and Nominations Committee of the Company, after research and taking into account the succession plan, proposed to the Board of Directors as a candidate for election to the Board of Directors, in order to replace the deceased, Mr Ioannis P. Tsoukaridis, who meets all the criteria of independence, suitability and reliability provided in Law and in Suitability Policy of the members of the Board of Directors. Also, they proposed the above mentioned person as a candidate for election in the Audit Committee of the Company, who meets all requirements and eligibility criteria as a member of the Audit Committee.

Subsequently, the Board of Directors at its meeting of 17.05.2023, ascertained that Mr. Ioannis P. Tsoukaridis meets all the criteria of suitability and reliability for the above mentioned position on the Board of Directors, provided in Law and in Suitability Policy of the members of the Board of Directors, in the Corporate Governance Code of the Company and its Operating Regulation and also that there are no conflicts of interest and other obstacles or incompatibilities provided for in the legislation and in the above regulatory framework. Also, the Board ascertained that he meets all the criteria of independence provided in Article 9 of par. 1 and 2 of L. 4706/2020, given that he doesn't hold directly or indirectly voting rights of the Company (par. 1), and he does not have any financial, business, family or any other dependence relationship, which may affect his decisions and his independent and objective judgement, as specified in par. 2. The Board also verified that he meets all the conditions and eligibility criteria as a member of the Audit Committee.

Following the above, the Board of Directors unanimously approved the above proposal and unanimously decided to fill-in the position of the deceased independent non-executive member of the Board of Directors of the Company Professor Vasileios G. Antonopoulos from Mr. Ioannis P. Tsoukaridis, as well as his election in the Audit Committee of the Company, until the next General Meeting of the Company.

This is an announcement to the General Meeting and this item is not put to a vote.

ITEM 10th

Election of new Board of Directors and designation of the independent non-executive members. Approval of the compensation advance payment to its members.

Required quorum: $\frac{1}{5}$ (20%) of the company's paid-in share capital.

Required Majority: 50% +1 of the votes represented in the General Assembly meeting.

The Chair of the General Meeting mentions, that since the term of office of the current Board expires on July 17th, 2023, the General Assembly has to elect a new Board of Directors and to designate its independent non-executive members.

The Board of Directors has submitted its recommendation dated 18.05.23 to the General Meeting in accordance with Article 18 par. 1 of Law 4706/2020, which adopts in its entirety the recommendation - evaluation dated 18.05.23 of the Remuneration and Nominations Committee for the determination of the suitability of the proposed members.

The recommendation of the Board of Directors, with the detailed prospective member's CV, has been posted on the Company's website, to inform the shareholders about the reasons of the proposal regarding each candidate member, about the determination of the suitability criteria of the candidate members in accordance with the Company's Suitability Policy, as well as about the determination of fulfillment of the independence criteria of Article 9 of Law 4706/2020 for the candidates proposed for election as independent non-executive members of the Board of Directors.

Following the above and in accordance with Article 12 of the Company's charter, which provides that the Company is managed by the Board of Directors, which consists of a minimum of five and a maximum of seven members, elected by the General Assembly of Shareholders with a five-year term of office, the BoD proposes:

1. The new Board of Directors of the Company to consist of six members, out of which two shall be independent non-executive as per the context of Article 9 of Law 4706/2020,
2. the General Assembly to elect as members of the new six-member Board of Directors, with a five-year term of office, from the decision of the General Assembly:
 - Mrs. Victoria - Margarita G. Karelia
 - Mr. Andreas G. Karelias
 - Mr. Efstathios G. Karelias
 - Mr. Robin Derlwyn Joy
 - Mrs. Paraskevi G. Christophilopoulou
 - Mr. Ioannis P. Tsoukaridis
3. the General Assembly to designate as independent non-executive members of the new Board of Directors, as per the context of Article 9 of Law 4706/2020:
 - Mrs. Paraskevi G. Christophilopoulou
 - Mr. Ioannis P. Tsoukaridis

The persons proposed as independent non-executive members of the new BoD meet the independence criteria as set by Article 9 of Law 4706/2020, since they don't hold directly or indirectly voting rights of the Company (par. 1), and they don't have any financial, business, family or any other dependence relationship, which may affect their decisions and their independent and objective judgement, as specified in par. 2. All the above are ascertained in the recommendation of the Board of Directors dated 18.05.23.

The proposed composition is in accordance with Article 12 of the Company's charter and meets the provisions of the law on representation by gender, as it will have representation by gender at a rate not less than 25% of the total number of members for each gender.

Furthermore, the new Board meets the criteria of suitability and reliability provided in the Suitability Policy of the members of the Board of Directors, all the criteria mentioned in the legal framework, the conflict-of-interest provisions, the par. 4 of Article 3 of L. 4706/2020, and there are no and other obstacles or incompatibilities according to the law, the Company's Operating Regulation and the Corporate Governance Code of the Company. All the above are ascertained in the recommendation of the Board of Directors dated 18.05.23.

Finally, the proposed composition meets the provisions regarding the total number of independent non-executive members, as it is proposed that two of the six candidate members to be elected as independent non-executive members of the Board, therefore they will not fall short of 1/3 of the total number of members of the Board (the resulting fraction is rounded to the nearest whole number) and will not be less than two.

Furthermore, according to Article 109 par. 4 L. 4548/2018, the General Assembly is invited to approve the advance payment of the following salaries / compensations from June 9th, 2023, until the Company's next shareholders' Annual General Meeting:

- 1. To the executive members:** as salaries (cumulatively for both executive members) under dependent employment contracts, the total gross amount of Euro 205,356 on an annual basis.
- 2. To the independent non-executive members:** as compensation the gross amount, of Euro 150,000 per member on an annual basis.
- 3. To the rest non-executive members who participate in committees:** as compensation total gross amount Euro 150,000 per member on an annual basis.

Recommendation of the BoD for the determination of the suitability of prospective members – CVs

→ <https://www.karelia.gr/wp-content/uploads/2023/05/31.12.2022-Eisigidi-DS-gia-katallilotita-proteinomenon-melon-DS-kai-EE.pdf>

ITEM 11th

Defining of the type of the Audit Committee, its term, the number and capacity of its members. Election of the Audit Committee and appointment of its members.

Required quorum: $\frac{1}{5}$ (20%) of the company's paid-in share capital.

Required Majority: 50% +1 of the votes represented in the General Assembly meeting.

The Chair of the General Meeting mentions, that since a new Board of Directors has been elected for the next five years, according with the 10th item, the General Meeting is called upon to decide the type and the composition of the Audit Committee of the Company, determining its term of office electing its members, as long as it is decided that is going to be an independent committee, according to Article 44 of Law 4449/2017.

The Board of Directors has submitted its recommendation dated 18.05.23 to the General Meeting, which adopts in its entirety the evaluation of the Remuneration and Nominations Committee dated 18.05.23 for the determination of the suitability of prospective members to become members of the Audit Committee.

The recommendation of the Board of Directors, with the detailed prospective member's CV, has been posted on the Company's website to inform the shareholders about the reasons of the proposal regarding each candidate member, about the determination of the of fulfillment of the conditions mentioned in Article 44 par. 1 of Law 4449/2017, included the independence conditions of Article 9 of Law 4706/2020 for the candidates proposed for election as independent non-executive members of the Board of Directors, as well as about the determination of fulfillment of the conditions of the Audit Committee Regulation and the eligibility policy of the Company, as long as the Audit Committee is going to be an independent committee.

Following the above the BoD proposes:

- I. The Audit Committee of the Company to be an independent committee, consisting of non-executive members of the BoD and third parties, and its members shall be three in total. One of them shall have the status of a non-executive member of the BoD, the BoD committing to assign this status to the person designated by the General Meeting as a non-executive member of the BoD who will participate in the Audit Committee. One member shall have the status of a non-executive independent member of the BoD within the meaning of Article 9 of Law 4706/2020, and one member shall be a third party independent of the Company, meeting the independence criteria of Article 9 of Law 4706 /2020. Also, the term of office of the Committee shall coincide with the term of office of the members of the BoD, i.e. it shall be five years.
- II. The General Assembly to elect the following tree members in order to participate in the Audit Committee:
 - Mr Dimitrios D. Leventakis
 - Mr Robin Derlwyn Joy
 - Mr Ioannis P. Tsoukaridis

Mr. Ioannis Tsoukaridis is proposed for election in the Audit Committee as an independent non-executive member of the BoD, Mr. Robin Derlwyn Joy as a non-executive member of the BoD, the BoD committing to assign this status to him, if he is going to be designated by the General Meeting as a non-executive member of the BoD, who will participate in the Audit Committee and Mr. Dimitrios D. Leventakis as a third member, meeting the independence criteria of Article 9 of Law 4706 /2020.

Two of the three members, Mr. Dimitrios D. Leventakis and Ioannis P. Tsoukaridis meet the criteria of independence provided in Article 9 of Law 4706/2020, given that they don't hold directly or indirectly voting rights of the Company (par. 1), and they do not have any financial, business, family or any other dependence relationship, which may affect their decisions and their independent and objective judgement, as specified in par. 2. All the above are ascertained in the recommendation of the Board of Directors dated 18.05.23.

The proposal of the BoD is in accordance with Article 44 par. 1 of Law 4449/2017, as the Audit Committee will be an independent committee consisting of at least three members, two of whom will be non-executive members of the Board and one member will be a third person, who will meet the independence criteria of Article 9 of Law 4706/2020.

In addition, as stated in the recommendation of the BoD dated 18.05.23, the proposed members meet the eligibility conditions and the criteria of Article 44 par. 1 of Law 4449/2017. In particular, they have the required knowledge and experience for the exercise of their duties, as they have sufficient knowledge of the sector in which the Company operates and they understand the basic economic essence of the financial statements that the Company publishes. Also, at least one member, namely Mr. Dimitrios D. Leventakis, tax consultant - economist with many years of experience in accounting and auditing, independent of the Company, has sufficient knowledge and experience in auditing or accounting, knowledge related to international standards.

Finally, the candidate members do not hold parallel positions or functions, do not carry out transactions that could be considered incompatible with the mission of the Audit Committee, while they meet the eligibility criteria according to the Company's Eligibility Policy.

**Recommendation of the BoD
for the determination of the
suitability of prospective
members – CVs**

→ <https://www.karelia.gr/wp-content/uploads/2023/05/31.12.2022-Eisigidi-DS-gia-katallilotita-proteinomenon-melon-DS-kai-EE.pdf>