



**ANNUAL REPORT OF THE AUDIT  
COMMITTEE OF THE COMPANY  
"TOBACCO INDUSTRY KARELIA  
S.A." TOWARDS THE COMPANY'S  
ANNUAL ORDINARY GENERAL  
MEETING (Art. 44 par.1 Law  
4449/17).**

**Financial Year 01/01/2023 -  
31/12/2023**

# TOBACCO INDUSTRY KARELIA S.A.

## **Ladies and Gentlemen Shareholders,**

The institutional framework governing the operation and establishment of the Audit Committee, which is mandatory for public-interest entities such as the Companies listed on the Athens Stock Exchange, as incorporated from the issuance of Directive (EU) No 537/2014 which mandates the specific requirements regarding the mandatory audit of public-interest entities and continues with the issuance of Directive 2014/56/EU amending the previous Directive 2006/43/EC on statutory audits of annual and consolidated financial statements. For the adoption and transposition of Directive 2014/56/EU into national law, law 4449/2017 was ratified by the Greek parliament on 24/1/17 which constitutes the legislative framework of the Audit Committee as amended and in force with the provisions of article 74 of Corporate Governance Law 4706/2020.

In particular, Article 44 of Law 4449/2017 contains provisions on the audit committee that public-interest entities are required to enforce regarding its establishment, structure, staffing, increased responsibilities and the responsibilities it has as well as provisions for the supervision of the Audit Committee by the Hellenic Capital Market Commission and the penalties that might be imposed on the persons supervised by the Hellenic Capital Market Commission in accordance with the provisions of Article 24 of Law 4706/2020.

Within this legal framework, the General Meeting of the company's Shareholders, during its ordinary meeting of June 9<sup>th</sup>, 2023, decided that the Company's Audit Committee should be an independent committee, consisting of non-executive members of the Board of Directors and third parties, and its members should be three in number. One of them should have the status of a non-executive member of the Board of Directors, binding the Board of Directors to assign this status to the person to be appointed by the General Assembly as a non-executive member of the Board of Directors who will participate in the Audit Committee. One member to have the status of a non-executive independent member of the Board of Directors within the meaning of article 9 of Law 4706/2020, and one member to be a third party independent of the Company, meeting the independence criteria of article 9 of Law 4706/2020. Also, the term of the Committee should coincide with the term of the members of the Board of Directors, thus until 09.06.2028

Consequently, the elected members meet the appropriate conditions and the criteria specified in article 44 par. 1 of Law 4449/2017, as well as the independence provisions of article 4 of Law 3016/2002 and article 9 of Law 4706/ 2020, as indicated appropriately for each member in the Minutes of the General Assembly.

In particular, the members of the Audit Committee elected by virtue of the decision of the General Meeting of Shareholders dated 09.06.23 are:

1) Mr. Dimitrios Leventakis of Dionysiou, resident of Glyfada, Attica, Voreiou Ipeirou Street no. 15, P.C. 16562, Tax ID. 052587037, Tax Office Glyfada, I.D. No AH 519654, date of birth 03.07.1968, Third Party – External Member of the Audit Committee, who meets the independence criteria of Article 9 of Law 4706/2020,

2) Mr. Ioannis Tsoukaridis, of Petros Tsoukaridis and Iulia, born in Athens on 27-5-1947, resident of Kifissia, 19 Vasileos Alexandrou Street, ID No AM 644642 and Tax ID 008112170 - Independent Non-Executive Board Member,

3) Mr. Robin Derlwyn Joy, born in the United Kingdom on 14-1-1946, resident of Canterbury, Kent, 19 Pound Lane, with Passport Number 538271377, United Kingdom, Tax ID 161830749 - Non-Executive Member.

The members of the Audit Committee as a whole have documented sufficient knowledge in the field in which the company operates, and meet the conditions set by the provisions of paragraph 1 of article 44 of Law 4449/17. Two out of the three members, namely Mr. Dimitrios Leventakis and Mr. Ioannis Tsoukaridis are independent from the Company within the meaning of paragraphs 1 and 2 of article 9 of Law 4706/2020. Also, the conditions of article 44 par. 1 of Law 4449/2017 are met, as the Audit Committee is an independent committee consisting of at least three members, two of whom are non-executive members of the Board of Directors and one member is a third person who meets the independence criteria of article 9 of Law 4706/2020, as stated appropriately for each member in the General Assembly's Minutes, based on the Board of Directors resolution dated 18.05.23 upon evaluation by the Nominations Committee of the Company.

In addition, the members meet the eligibility conditions and criteria set by article 44 par. 1 of Law 4449/2017, as they have sufficient knowledge, experience and expertise of the sector in which the Company operates, they fundamentally understand the financial substance of the financial statements which the Company publishes, as stated appropriately for each member in the Minutes of the General Meeting and in the recommendation of the Board of Directors dated 18.05.23.

Also, at least one member, namely Mr. Dimitrios D. Leventakis, tax consultant - economist with many years of experience in accounting and auditing, as he meets the independence criteria of article 9 of Law 4706/2020 and has sufficient knowledge and experience in auditing or accounting, knowledge related to the international financial reporting standards, as stated appropriately, is the person who will compulsorily attend the meetings of the Audit Committee concerning the approval of the financial statements, in accordance with article 44 par. 1 point (g) of Law 4449/2017, as amended and valid.

All the members of the committee meet the independence criteria according to Law 3016/2002, i.e., no member of the Company owns shares or other securities of the Company and furthermore has no relationship of dependence with the Company, nor with associated persons.

Brief biographical information of the members of the Committee is listed below as follows:

<b>Brief CVs of members of the audit committee</b>	
<b>Dimitrios D. Leventakis (President)</b>	Economist, Internal Auditor, graduate of the Higher School of Economics and Commercial Sciences with specialization in Accounting and Financial Management. He holds a master's degree in business administration (MBA), and holds a master's degree from the Athens University of Economics and Business (A.S.O.E.E.) specializing in corporate income taxation. He has many years of professional experience in international auditing firms and in the implementation of both international as well as Greek Financial Reporting Standards.
<b>Ioannis P. Tsoukaridis, (Member)</b>	Department of Economics & Commercial Sciences of the Athens University of Economics and Business (A.S.O.E.E.) Graduate and a Successful Entrepreneur non-executive independent member of the Board of Directors.
<b>Robin Derlwyn Joy, (Member)</b>	Consultant of companies with many years of work experience as a senior manager in various multinational companies as well as in a large international group in the tobacco industry, non-executive member of the Board of Directors.

## **I. MORE IMPORTANT QUESTIONS CONCERNING THE FUNCTIONING OF THE AUDIT COMMITTEE:**

### **A. RESPONSIBILITIES OF THE AUDIT COMMITTEE**

The responsibilities of the Audit Committee are related to:

- Monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity.
- Informing the Board of Directors of the audited entity about the result of the statutory audit and explaining how the statutory audit contributed to the integrity of the financial information and what was the role of the audit committee in that process.
- Monitoring the effectiveness of the company's internal control, quality assurance and risk management systems and, where applicable, its internal control department, with

regard to the audited entity's financial information, without violating the independence of this department.

- The monitoring of the mandatory audit of the annual and consolidated financial statements and in particular its performance, considering any findings and conclusions of the competent authority in accordance with par. 6 of article 26 of Regulation (EU) no. 537/2014.
- The review and monitoring of the independence of certified public accountants or audit firms in accordance with articles 21, 22, 23, 26 and 27, as well as article 6 of Regulation (EU) no. 537/2014 and in particular the appropriateness of the provision of non-audit services to the audited entity in accordance with article 5 of Regulation (EU) no. 537/2014.
- The process of selecting certified public accountants or auditing firms for which it is responsible and submitting a proposal for the certified public accountants or auditing firms to be appointed in accordance with Article 16 of Regulation (EU) no. 537/2014.
- Monitoring Operations and Processes of the Internal Control Department.

## **B. MAIN OBJECTIVES OF THE AUDIT COMMITTEE**

The main purpose of the Committee is to assist the Board of Directors of the company in matters relating to:

- The effective control and efficient operation of the Company's activities.
- The safeguarding of its investments and assets.
- The identification of risks, in order to address them in a timely manner.
- The prevention and avoidance of wrong actions and irregularities, which could endanger the reputation and interests of the company, as well as the interests of shareholders and business partners.
- The completeness and reliability of the financial statements it publishes.
- The independent and efficient conduct of audits carried out by the internal audit department and the audits carried out by the regular certified public accountant.
- The company's compliance with the institutional and legal framework that governs it.

## **II. MAIN ISSUES OF ENGAGEMENT OF THE AUDIT COMMITTEE DURING THE YEAR 01/01/2023 – 31/12/2023**

The audit committee during the closing financial year reviewed all the important issues concerning the financial information of the company, namely the financial statements drawn up and published by the company and the group as well as the reports of the Board of Directors accompanying them. For this purpose, considerable time was devoted to monitoring the timing and the process of drafting the finances. Situations. To this end, he studied them and discussed

them in detail, both with the company's management, the financial services executives, the head of the internal audit department and the auditing firm KPMG, so as to obtain reasonable assurance that the financial statements are free from material errors and inaccuracies. The main areas of the financial statements that the committee emphasized were:

Below is a table with the meetings of the Audit Committee.

### **Audit Committee Resolution Status**

Resolution No	Date	SUBJECT	COMMITTEE COMPOSITION – MEMBERS PRESENT
<b>31</b>	3/1/23	<p>TOPIC 1st: Discussion on the annual audit plan with the audit firm KPMG regarding the planning and audit of the Financial Statements as of December 31, 2022.</p> <p>TOPIC 2nd: Examining the annual audit program to be carried out by the Internal Audit Department for the year 2023 and submitting it for approval to the Audit Committee.</p> <p>TOPIC 3rd: Examination of the annual audit program to be performed by the Regulatory Compliance service for the year 2023.</p>	<ol style="list-style-type: none"> <li>1. Dimitriou Leventakis, President</li> <li>2. Vassiliou Antonopoulos, Member</li> <li>3. Robin Derlwyn Joy, Member</li> <li>4. Members of audit firm KPMG</li> <li>5. Members of the Board of Directors</li> </ol>
Resolution No	Date	SUBJECT	COMMITTEE COMPOSITION – MEMBERS PRESENT
<b>32</b>	27/1/23	<p>TOPIC 1st: "Evaluation of Internal Control System Evaluation service offers, determination of the audit tasks and determination of essential subsidiaries for the purpose of the evaluation - Selection of an Evaluator"</p> <p>TOPIC 2: Approval of the Audit Committee's annual action plan for the year 2023.</p> <p>TOPIC 3: Overview of the most important findings as they arise from the internal audit report concerning the time period 01.10.2022-31.12.2022 and submission of a report to the Board of Directors.</p>	<ol style="list-style-type: none"> <li>1. Dimitriou Leventakis, President</li> <li>2. Vassiliou Antonopoulos, Member</li> <li>3. Robin Derlwyn Joy, Member</li> <li>4. Members of the Board of Directors</li> </ol>
<b>33</b>	3/3/23	<p>TOPIC 1st: "Evaluation of human and logistical resources of the internal control department for the year 2023"</p> <p>TOPIC 2: "Monitoring the progress of the Internal Audit system evaluation project, meeting with the external evaluators, the head of the Internal Audit department and the members of the company's Board of Directors.</p>	<ol style="list-style-type: none"> <li>1. Dimitriou Leventakis, President</li> <li>2. Vassiliou Antonopoulos, Member</li> <li>3. Robin Derlwyn Joy, Member</li> <li>4. External evaluators,</li> <li>5. head of the Internal Audit department</li> <li>6. Members of the company's Board of Directors</li> </ol>

		TOPIC 3: "Review, acceptance and approval of the revision of the manual of the internal control department".	
<b>34</b>	24/3/23	TOPIC 1: "Internal Control System evaluation results - Update and discussion of the detailed evaluation report with the members of the company's Board of Directors".  TOPIC 2nd: "Granting approval for the provision of assurance services by the audit firm KPMG Greece to the company regarding the determination and performance of the Company's contribution to the Hellenic Recovery and Recycling Company Anonyme Company (hereinafter "E.E.A." )".	1. Dimitriou Leventakis, President 2. Vassiliou Antonopoulos, Member 3. Robin Derlwyn Joy, Member 4. Executives of the auditing company 5. Members of the Board of Directors of the company
<b>35</b>	14/4/23	TOPIC 1: Overview of the most important findings as they emerge from the internal audit report concerning the time period 01.01.2023-31.03.2023	1. Dimitriou Leventakis, President 2. Vassiliou Antonopoulos, Member 3. Robin Derlwyn Joy, Member
<b>36</b>	26/4/23	TOPIC 1: Discussion with the audit firm KPMG on the draft of the Annual Financial Statements for the financial year ended on December 31, 2022, the draft of the Audit Report on the corporate and consolidated financial statements as well as the Supplementary Audit Report to the Audit Committee for the year January-December 2022	1. Dimitriou Leventakis, President 2. Vassiliou Antonopoulos, Member 3. Robin Derlwyn Joy, Member 4. Head of the Internal Audit department 5. Members of the company's Board of Directors
<b>37</b>	17/5/23	TOPIC 1: Reorganization of the Audit Committee in a body and appointment of its President.	1. Dimitriou Leventakis, President 2. Ioannis Tsoukaridis, Member 3. Robin Derlwyn Joy, Member
<b>Resolution No</b>	<b>Date</b>	<b>SUBJECT</b>	<b>COMMITTEE COMPOSITION – MEMBERS PRESENT</b>
<b>38</b>	5/6/23	TOPIC 1: Discussion and approval of the annual report of the audit committee of the company KAPNOVIOMIHANIA KARELIA SA for the year 2022, which will be submitted to the annual Ordinary General Meeting of the Company on 06.09.2023.	1. Dimitriou Leventakis, President 2. Ioannis Tsoukaridis, Member 3. Robin Derlwyn Joy, Member
<b>39</b>	9/6/23	TOPIC1: Membership - Election Of Auditor Committee Chairman	1. Dimitriou Leventakis, President 2. Ioannis Tsoukaridis, Member 3. Robin Derlwyn Joy, Member
<b>40</b>	24/7/23	TOPIC 1: Overview of the most important findings as they arise from the internal audit report concerning the time period 01.04.2023- 30.06.2023	1. Dimitriou Leventakis, President 2. Ioannis Tsoukaridis, Member 3. Robin Derlwyn Joy, Member

<b>41</b>	22/9/23	TOPIC 1st: Meeting and preparatory discussion with the audit firm KPMG on the overview report of the Interim Financial Statements of the company and the Group as of June 30, 2023.	1. Dimitrios Leventakis, President 2. Ioannis Tsoukaridis, Member 3. Robin Derlwyn Joy, Member 4. Members of the Board of Directors 5. Members of audit firm KPMG
<b>42</b>	22/10/23	TOPIC 1: Overview of the most important findings as they emerge from the internal audit report concerning the time period 01.07.2023- 30.09.2023	1. Dimitriou Leventakis, President 2. Ioannis Tsoukaridis, Member 3. Robin Derlwyn Joy, Member
<b>43</b>	4/12/23	TOPIC 1: Discussion on the process of selecting a company of Certified Public Accountants in accordance with the provisions of Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014 regarding special requirements regarding the mandatory audit of public interest entities.  TOPIC 2: Initiation of the Tender Process for the selection of a new Auditing company in accordance with the legislative framework of Regulation 537/14 and Article 52 of Law 4449/17.  TOPIC 3: Audit Committee self-evaluation	1. Dimitriou Leventakis, President 2. Ioannis Tsoukaridis, Member 3. Robin Derlwyn Joy, Member
<b>44</b>	12/1/24	TOPIC 1: Overview of the most important findings as they arise from the internal audit report concerning the time period 01.10.2023- 31.12.2023.  TOPIC 2: Discussion on the annual audit plan with the audit firm KPMG regarding the planning and audit of the Financial Statements as of December 31, 2023.	1. Dimitriou Leventakis, President 2. Ioannis Tsoukaridis, Member 3. Robin Derlwyn Joy, Member 4. Members of the Auditing Firm KPMG
<b>45</b>	26/2/24	TOPIC 1st: Discussion and approval of the annual report of the audit committee of the company KAPNOVIOMIHANIA KARELIA SA for the year 2023, which will be submitted to the annual Ordinary General Meeting of the Company to be convened in the year 2024.	1. Dimitriou Leventakis, President 2. Ioannis Tsoukaridis, Member 3. Robin Derlwyn Joy, Member
<b>Resolution No</b>	<b>Date</b>	<b>SUBJECT</b>	<b>COMMITTEE COMPOSITION – MEMBERS PRESENT</b>
<b>46</b>	25/4/24	TOPIC 1: Discussion with the audit firm KPMG on the draft of the Annual Financial Statements for the financial year ended on December 31, 2023, the draft of the Audit Report on the corporate and consolidated financial statements as well as the Supplementary Audit Report to the Audit Committee for the year January-December 2023.	1. Dimitriou Leventakis, President 2. Ioannis Tsoukaridis, Member 3. Robin Derlwyn Joy, Member 4. Members of the Auditing Firm KPMG 5. Members of the Board of Directors

## **A. SUPERVISION OF FINANCIAL REPORTING-RELATED ISSUES**

The most basic areas of the financial statements, which the committee gave focused on were:



- Evaluation of the appropriateness of the accounting principles and methods used as well as the reasonableness of the financial estimates and disclosures made by the company.
- Overview of the internal control safeguards of both the company and the group in order to design audit procedures appropriate to the circumstances.
- Risk assessment for the detection of a material error due to either fraud or error.
- Overview of important transactions with related parties.
- Assessment of the structure and content of corporate and consolidated financial statements.
- Overview of regulatory compliance on corporate governance issues and compliance with the corporate and regulatory framework of the company's and the group's operation.

#### **A1. MONITORING OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO FINANCIAL REPORTING – INTERNAL AUDIT DEPARTMENT**

The company has an adequate internal audit department, an independent objective audit service consisting of four continuous and exclusive professionals who have experience in the procedures of the Company and the Group's companies. The committee monitored on a regular and continuous basis the activities of the internal audit department. This monitoring was carried out, mainly through the review of the audit program. and the audit work carried out by the internal audit department as well as through the review of the work carried out by the audit firm KPMG in the exercise of its audit work.

More specifically, the main procedures followed by the Committee in the context of the supervision of the Internal Audit Department are listed below:

- Overview of the organizational chart, composition, and qualifications of the executives of the internal audit department, in order to obtain reasonable assurance that it operates objectively, has the necessary means, has staff with knowledge, experience and training and that it maintains the statutory independence.
- Overview of the Annual Internal Audit Plan, related to this period for the year 2023.
- Throughout its term of office, the committee, mainly through its chairman, has had frequent and regular meetings with the head of the internal audit department. The purpose of the meetings was to discuss issues and any problems related to the

operation of the department and any problems that had been identified by the audits carried out by the department.

- Monitoring the effectiveness of the Internal Audit system mainly through the reports and analytical worksheets of the internal audit department and their evaluation work by the independent audit firm KPMG.
- Review, on a regular basis, of the relevant audit reports issued by the Internal Audit Department at the end of each calendar three-month period. These reports did not reveal any cases of irregular or fraudulent actions by company executives, violations of laws, nor significant deviations from the policies and procedures established by the company.
- Overview of the management policies of the main risks and uncertainties faced by the Company and monitoring the process of reporting these risks to the financial statements in an adequate and explanatory manner.
- Monitoring the company's compliance with the applicable laws, regulations, and the wider regulatory environment in which it is called to perform its productive purpose.
- Monitoring of the preparatory actions for the company's compliance with the new regulatory framework on corporate governance as defined by Law 4706/2020.

## **A2. SUPERVISION OF THE EXTERNAL AUDIT WORK - COMMUNICATION OF THE AUDIT COMMITTEE WITH THE AUDIT FIRM KPMG AND THE MANAGEMENT OF THE COMPANY**

During the year both the audit committee and its chairman had a series of meetings and contacts with both the Company's Management and the independent auditing firm KPMG on the following issues:

- Briefing of the members of the Audit Committee on the interim Financial Statements (Corporate and Consolidated) of the Company and the Group for the first half of 2023.
- A brief description of the scope and coverage areas of the regular audit for the year 2023.
- Communication of materiality level and estimates on the criteria for selecting entities subject to audit for scoping purposes.
- Description of the audit approach and the timetable for its implementation.
- Information and discussion on any findings of the audit concerning the review of the company's information systems as well as possible optimal ways to deal with them.
- Detailed presentation of the end-of-year control plan for the year 2023.
- Brief description of the important issues of the audit (key audit matters).
- Discussion on the state of play of the audit program for the corporate and consolidated financial statements as of 31 December 2023.

- Discussion and confirmation of the timetable for the receipt of the Financial Statements as well as other information (Financial Report / Management Report of the Board of Directors, Remuneration Report) on which reference is made in the Audit Report of the independent Certified Auditor.
- Submission for discussion of the timetable for the settlement of any outstanding issues for the completion of the audit.
- Discussion on issues to be included in the presentation and the Supplementary Report to the Audit Committee as well as in the Audit Report.
- Discussion on the draft audit report on the most important audit issues as well as possible improvements to the corresponding disclosures in the Corporate and Consolidated Financial Statements.
- Discussion of the main audit findings, including the main accounting judgements.
- Communication of any material errors and significant deficiencies of the internal control system that came to the attention of the auditors during the interim audit of the financial statements for the year 2023.
- Receipt of a letter of independence from the company KPMG, which includes a declaration of independence towards the Company, any relations and services provided to the Company under the applicable legislative and regulatory framework.
- Presentation of the final Audit Report on the Corporate and Consolidated Financial Statements of the company and the Group.

The Commission attached particular importance to the initial audit plan of the audit firm KPMG, which it received before the start of the audit, discussed it in detail with the auditing firm and was satisfied with its content.

The Committee, in addition to its respective meetings, invited KPMG and without the presence of members of the Management, was informed, in writing or orally, of the results of the audits.

From the above-mentioned work of KPMG, the following issues emerged:

- The Financial Statements, both as of June 30, 2023, and those of December 31, 2023, were prepared in accordance with applicable accounting standards and IFRS.
- No significant weaknesses or deficiencies were identified with regard to the internal control procedures, while on the contrary confirmed that the Company maintains an effective internal control system in order to safeguard the company's assets and identify the most significant risks as well as to ensure the reliability of the company's financial statements and data and financial reporting systems.
- The company has an effective system of corporate governance which, through the updates of both the Operating Regulation and the Corporate Governance Code of the

company, is constantly improved and adapted accordingly to the constantly changing conditions, adopting respectively the new principles of corporate governance as prescribed by the Law 4706/2020.

- No findings were found regarding the company's non-compliance with laws, regulations, or articles of association.
- No significant pending court cases involving a significant impact on the financial statements were identified, but at issue in legal cases arising in the context of the company's normal activity.
- An analysis of the company's significant court cases is listed in the notes of the Annual Financial Report of 31.12.2023.
- No outstanding significant tax issues were identified, which could have had a significant impact on the financial statements. An analysis of the company's potential future tax liabilities is set out in the notes of the Annual Financial Report of 31.12.2023.
- No financial risks other than those mentioned in the notes of the Annual Financial Report of 31.12.2023 were identified.
- No other remuneration was found to members of the Board of Directors and senior management staff beyond those mentioned in the notes of the Annual Financial Report of 31.12.2023 which are in line with the remuneration policy adopted by the company and are described in detail in the remuneration report drawn up by the company for the financial year 2023.
- Unusual transactions were not detected, while the company's transactions with related parties during the financial year 2023 have been carried out under normal market conditions and are detailed in the notes of the Annual Financial Report of 31. 12.2023.
- There were no disagreements between KPMG and the management of the company, on the contrary, the latter consented by placing particular emphasis on the issue of drafting reliable financial statements.
- Issues of non-compliance of the company with laws and regulations were not identified.

### **A3. AUDIT OF FEES PAID TO THE AUDIT FIRM KPMG FOR THE PROVISION OF AUDIT AND NON-AUDIT SERVICES DURING THE YEAR 2023**

Based on the professional auditing standards, the Code of Professional Ethics of the International Federation of Accountants (Regulatory Act ELTE 004/2017, Government Gazette B 3916/07.11.2017) as well as, article 6, par. 2(a) of Regulation (EU) 537/2014 of the European Parliament on specific requirements regarding the statutory audit of Entities of Public Interest as well as those related to Directive 2014/56/EU and Law 4449/2017, it is required that all relations (including the provision of non-audit services) between KPMG Certified Auditors S.A. and the TOBACCO INDUSTRY KARELIA S.A. are notified in writing, at least on an annual basis, as well as with the individuals who exercise a supervisory role in the preparation of the

company's financial statements that can reasonably be considered to compromise independence. The written disclosure of the relationships concerns the objectivity and independence of KPMG, the inherent threats to the independence of KPMG created, any safeguards that have been put in place and why such safeguards eliminate the threats, along with any other information necessary for the objectivity and independence of KPMG to be evaluated. The audit and other fees received by KPMG's network are detailed in the notes of the Annual Financial Report of 31.12.2023 and are in accordance with the fees approved by the Annual General Meeting of its company.

## **B. NON-FINANCIAL INFORMATION**

The Company has and implements appropriate policies aiming at its sustainable operation and development in all aspects of its business activity with the ultimate goal of satisfying its economic, social, and environmental needs in a way that ensures long-term sustainability. The company has no obligation to implement particular sustainable development policies, while the management report includes the information required in accordance with paragraph 1 of article 151 of Law 4548/2018 as well as the corporate governance statement provides the information specified in article 152 of Law 4548/2018 and its content corresponds to the financial statements for approval of the financial year ended 31.12.2023.

### **Sustainable Development Policy**

The main factors to which the Sustainable Development policy refers are by category in the following areas:

<p><b>ENVIRONMENTAL</b> Environmental Factors</p>	<p><b>Environmental criteria examine how a company performs its functions as a manager of the natural environment</b></p>
<p><b>SOCIAL</b> Social Factors</p>	<p><b>Social criteria look at how a company manages relationships with its employees, customers, the wider groups and communities in which it operates</b></p>

<p><b>GOVERNANCE Factors Governance</b></p>	<p><b>Corporate governance deals with the leadership of the company, the structure and size of the Board of Directors and the rights of shareholders.</b></p>	
	<p><b>The company, based on the industry in which it operates, Food and Beverages, implements appropriate policies to manage the most important factors per category as:</b></p>	
<p><b>ENVIRONMENTAL Environmental Factors</b></p>	<p><b>SOCIAL Social Factors</b></p>	<p><b>GOVERNANCE Factors Governance</b></p>
<p>Water consumption</p>	<p>Product quality and safety</p>	<p>Management of critical risks</p>
<p>Power usage</p>	<p>Marketing practices</p>	<p>Management of systematic risks</p>
<p>Environmental impact of packaging</p>		

**III. EVALUATION OF THE AUDIT SERVICES OFFERED FOR THE FINANCIAL YEAR 2023 - PROPOSAL FOR THE ELECTION OF AN AUDIT FIRM THAT WILL CARRY OUT THE REGULAR AUDIT OF THE FINANCIAL YEAR 2024**

The "TOBACCO INDUSTRY KARELIA S.A", , has submitted an invitation to receive financial offers for the mandatory audit and review of the Financial Statements of the Company and its subsidiaries (the "Group") for the use will expire on December 31, 2024 and the six-month period that will end on June 30, 2024, respectively, taking into account articles 17 and 41 of EU Regulation 537/2014 and article 52 of Law 4449/2017, which contain the provisions regarding the maximum duration of the assignment of the mandatory audit of public interest entities (hereinafter "ODS"). The Audit Committee has launched the tender process for receiving financial offers for the mandatory audit and review of the Financial Statements of the

Company and its subsidiaries (the "Group") for the year ending December 31, 2024, and the interim period that will end on June 30, 2024.

Within the framework of the above legislative framework, the audit committee has collected financial quotations from independent auditing companies, evaluating the most favorable financial terms, ensuring the independence of the auditors, ensuring the quality of the project in accordance with the instructions of the Hellenic Accounting and Auditing Standards Oversight Board (HAASOB) and is going to submit a reasoned recommendation towards the company's Board of Directors for the selection of the most appropriate auditing firm.

**The President of the Audit Committee**

**Dimitrios D. Leventakis**

