



## INDEPENDENT, NON-EXECUTIVE BOARD MEMBERS 2022 REPORT

### Overview

This report is submitted jointly by the four Independent Non-Executive members of the Board of Directors (the "BoD") of AVAX SA (the "Company") to the Annual General Meeting of Shareholders of the Company in June 2023, in accordance with article 9, paragraph 5 of Law 4706/2020.

1. The Board of Directors of the Company comprises the members elected by the Annual General Meeting of shareholders on 24.06.2021. During 2022, and up to the Annual General Meeting scheduled to take place in June 2023, the Board includes a total of 10 Directors, of which five are Executive and 5 are Non-Executive, including the Vice Chairman and four Independent members. There were no changes to the membership of the BoD during 2022. The annual examination of independence prerequisites for the four Independent, Non-Executive Directors, according to article 9, paragraphs 1 and 2 of Law 4706/2020 was conducted at the Board meeting held on 05.04.2023. The examination confirmed that the independence prerequisites continue to be met by all members.

Throughout 2022, the BoD convened a total of 85 times to a meeting.

2. The BoD of the Company which convened following the Annual General Meeting of 24.06.2021, elected two Committees to assist its operations, namely:

- the Audit Committee
- the (joint) Remuneration and Nominations Committee.

More specifically:

2.1 The Audit Committee, in accordance with the provisions of article 44 of Law 4449/2017, comprises three Non-Executive Members of the Board of Directors, two of which are Independent, Non-Executive Members.

The Members of the Audit Committee of the Company are:

- Mr Christos Siatis, Independent Non-Executive Member



- Mr Alexios Sotirakopoulos, Independent Non-Executive Member, and
- Mrs Ekaterini Pistioli, Vice Chairman, Non-Executive Member

During 2022, the Audit Committee dealt with issues related to External Auditing, Financial Disclosure, as well as the Internal Auditing and Risk Management System of the Company. More specifically:

- (a) The Audit Committee prepared and oversaw the revision of the Operating Charter of the Audit Committee, which was presented to, and got approved by the BoD on 28.09.2022
- (b) The Audit Committee prepared and presented to the BoD the schedule of Internal Audits for 2023
- (c) The financial disclosure procedure and the assessment of the Company's financial statements in terms of their accuracy, completeness and consistency. As part of its responsibilities, the Audit Committee in 2022 presented to the BoD a report on the interim condensed financial information for the period 01.01.2022-30.06.2022.
- (d) The Audit Committee supervised the official announcements concerning the financial performance of the Company and examined the main elements of the financial statements, containing significant judgments and estimates by the Management etc.
- (e) During 2022, the Audit Committee monitored the effectiveness of the Company's internal auditing and risk management systems, to ensure that the main risks are identified, addressed and disclosed correctly and effectively. Furthermore, it supervised and evaluated the adequacy of the work of the Internal Audit Unit and the reports it prepared, ensuring its independence, smooth operation and unobstructed and full access to information, in accordance with international standards for the professional implementation of internal auditing, as well as the current legal and regulatory framework. Finally, the Audit Committee informed the BoD of the Company regarding the essential issues identified during the course of its work.

2.2 The (joint) Remuneration & Nomination Committee comprises three Non-Executive Members of the BoD, of which two (2) are Independent, Non-Executive Members.

The Members of the Remuneration and Nominations Committee are:

- Mr Michalis Hatzipavlou, Independent Non-Executive Member
- Mrs Theodora Monochartzis, Independent Non-Executive Member, and
- Mrs Ekaterini Pistioli, Vice Chairman - Non-Executive Member.



The role of the (joint) Remuneration and Nomination Committee is characterised by the following two basic functions:

- (a) Seeking, gathering information and proposing to BoD of suitable candidate members for the Company Board, to ensure the smooth succession and continuity of the top of the Company's management pyramid, and
- (b) Preparing proposals to the BoD regarding the remuneration of its executive members, as well as proposals for the revision of the Company's Remuneration Policy, and reviewing the final draft of the Remuneration Report submitted, in line with legal requirements, to the Annual General Meeting of shareholders. More specifically,

- i. During 2022, and within the scope of its responsibilities, the (joint) Remuneration and Nomination Committee reviewed the draft document of the new Remuneration Policy of the Company, in accordance with the provisions of articles 110, 111 & 112 of Law 4548/2018, coupled with articles 10, 11 & 12 of Law 4706/2020, which was approved by the BoD on 28.09.2022.

The new Remuneration Policy of the Company, prepared by the Remuneration and Nomination Committee in accordance with EU Directive 2017/828 of the European Parliament and the European Council of 17.05.2017 regarding shareholder rights, and enforced by article 110 of Greek law 4548/2018, the Committee also took into account the provisions of the 2021 Corporate Governance Code issued by the Greek Corporate Governance Council, as well as the Remuneration Policies and Remuneration Reports of other listed companies, both peers and operating in other business sectors, and best practices for listed companies as per legislation, to improve its own policy. The initial draft of the new Remuneration Policy received preliminary approval by the BoD on 28.09.2022, and was prepared to be presented to shareholders for approval at the Annual General Meeting in June 2023, to come into effect thereafter.

- ii. Over April-May 2022, the Committee reviewed the Remuneration Report for BoD members in 2021. During the review, the Committee examined all information included in the final draft of the annual remuneration report for 2021, and submitted its opinion to the Board ahead of the submission of the report to the annual shareholders meeting in June 2022, in accordance with article 1122 of Law 4548/2018 and the Operating Charter of the Remuneration and Nomination Committee. The Committee ratified that the remuneration information included in the report was in line with the Company's Remuneration Policy, approved by the Annual General Meeting of shareholders on 01.09.2020. It should be noted that the Remuneration Report for 2021 had also been validated by the auditors who signed the AVAX Group financial accounts for that year.



### **Conclusions from the operations of the Board of Directors**

3. The size of the BoD and its composition are considered to suffice in relation to the diverse activity of the Group, ensuring the smooth, efficient and successful management and development of corporate business & affairs, investments and the promotion of Corporate Governance.

Acting in line with pertinent legislation, the Corporate Charter and corporate decisions, the BoD defines and supervises the proper implementation of the corporate governance system, as provided in articles 1 to 24 of Law 4706/2020, making adjustments when needed to address any shortcomings. Throughout 2022, the Board of Directors ensured the adequate and efficient operation of the Company's Internal Auditing System, for the purpose of consistent implementation of the business strategy, as well as the identification and management of any risks associated with its business and operation. To this extend, the Board of Directors has ensured the efficient operation of the internal auditing unit, and the completeness and reliability of the data and information required for the accurate and timely recording of the financial situation of the Company and the preparation of reliable financial statements, as well as non-financial reports, according to article 151 of Law 4548/2018.

The Board of Directors has appointed the relevant bodies and supervises in an adequate manner their operation and compliance with regulations and legislation, as well as with the internal procedures for the operation of the Company. The Board has ensured that the functions constituting the Internal Auditing System are independent of the business sectors they audit, there is a clear and distinct allocation of responsibilities and departments and the Company has provided the appropriate financial and human resources, as well as the authority for their effective operation, in accordance with the relevant legislation.

It is also noted that the current BoD is suitable for the exercise of the responsibilities assigned to it, and its composition is balanced and contributes to the effective management of the Company and decision-making. The members of the current BoD collectively are capable of taking appropriate decisions in association with the business model, structure and operations of the Company, along with the strategy and markets in which the Company operates. More specifically:

The composition and function of the BoD corresponds to the principles set by pertinent legislation and listed in the Eligibility Policy for members of the BoD which was approved by shareholders at the Annual General Meeting on 24.06.2021 and put in effect. Board members are distinguished between Executive,



Non-Executive and Independent & Non-Executive. Independent & Non-Executive members constitute a minimum of 1/3 of total membership and their total count is not less than two.

Each Board member meets the eligibility criteria according to their role at the time of their nomination as well as throughout their term. The composition of the BoD aggregately reflects the knowledge, skills and experience required to perform their duties and is distinguished for the diversity and collaboration of executive, non-executive and independent, non-executive members. The areas of expertise required for the business activities of the Company (including construction/technical/finance/legal/administrative) are adequately met collectively by BoD members who share sufficient know-how among them. Therefore, the members of the BoD on a collective basis are fully equipped to have not merely a typical overview, but a meaningful understanding and critical judgement of the decisions taken by executive members and senior administrative personnel. The BoD has a thorough understanding of the areas in which its members are collectively responsible for, and has the required skills to perform meaningful management and supervision of the Company, which among others include its:

- business activities and related risks
- strategic planning
- financial reports
- compliance with legislation and regulations
- understanding of corporate governance issues
- influence of technology on its activities
- sufficient gender representation. More specifically, the Company has sufficient gender representation.

4. The Independent, Non-Executive members of the BoD recognise that the Executive members are characterised by long experience in managing corporate affairs, good reputation and ethics, honesty and integrity, and top level efficiency and collaboration among them and with Non-Executive members, having the skill set and experience which fully correspond to the Company's areas of business activity. Moreover, in the course of their duties and supervision, the Independent Non-Executive members of the BoD act in independent spirit and effectively, and examine all proposals submitted to the BoD, all discussions and decisions taken at the BoD and its executive committees, and have sufficient time and commitment to perform their duties as members of the BoD and the committees in which they participate.



5. The operation of the Board of Directors as a whole is considered adequate and corresponding to legislation and the Company's activities. More specifically, there are in-depth and detailed discussions and examination on proposals put forward by the Chairman and the Managing Director of the Company regarding Group strategy and its implementation, as well as the strategy of its subsidiaries, devoting several hours in each meeting. Each regular meeting of the BoD performs a detailed review of the progress of the implementation of the strategic plan of the Company and corrective actions are agreed upon, when the need arises or when the external environment or any unforeseen circumstances require it, thus allowing the Independent Board members to monitor and examine the strategy and the course of the Company. During regular meetings of the BoD in 2022, the Executive Members consulted with Non-Executive Members on the suitability of the strategic plans. It was also recognised that all required information and clarifications regarding the implementation of the objectives, projects, development and investment plans, as well as the financial course of the Company, were provided by the Executive Members and senior executives of the Company, to other Board Members and especially the Independent Members, allowing Non-Executive Members to express their views on the proposals and exercise effective supervision of the Executive Members.

6. The Agenda of the respective regular meetings of the BoD is prepared through the collaboration of the Chairman, the Managing Director and company executives to ensure that important, urgent and regulatory issues as well as corporate governance issues are adequately covered. Senior staff or department heads of key business units of the Company are invited to some meetings, on a case-by-case basis, when the Management deems it necessary and feasible, to present to the Board the course of important / key projects of the Company, and / or to bring to the attention of the Board any issues that need improvement regarding the operation and performance of various Company units. The Agenda as well as the supporting material, including financial data, are usually forwarded several days in advance of Board meetings, providing its members sufficient time to prepare.

Regular BoD meetings are carried out with seamless communication, mostly at full attendance by its members as well as with timely resolution of the issues of the Agenda. Non-Executive members (including the Independent ones) express their opinions, based on the information provided to them, regarding suggestions / actions put forward to the Board by Executive members.

Regular Board meetings thus allow satisfactory monitoring of achievement of Company objectives and the performance of Executive Members during the year.



### **Recommendations**

7. Based on the above, an area qualifying for improvement of the broader BoD function, is further training of Board members on more specific issues related to the construction / technical projects sector, including continuous updating on current developments.

May 2023

Christos Siatis

Michalis Hatzipavlou

Alexios Sotirakopoulos

Theodora Monohartzis