



## **Audit Committee**

### **Annual Activity Report 2022**

## Intro by the Chair of the Audit Committee

In my capacity as Chair of the Audit Committee of the Company "LAMDA DEVELOPMENT - Holding and Real Estate Development Société Anonyme", I hereby submit to you, on behalf of the Audit Committee, the Activity Report for the year 2022, referring to our work on the basis of the duties and responsibilities assigned to it, as presented in detail in the Audit Committee Charter published on the Company's website <https://www.lamdadev.com>.

### Composition

The current Audit Committee, established according to the terms and conditions of article 44, par 1(c) of Law 4449/2017, as amended by article 74 of Law 4706/2020, was elected by resolution of the Extraordinary General Meeting of the Company's Shareholders dated 22.12.2020, following which the Audit Committee was established as a body and its Chair was elected by decision of the Audit Committee that convened on the very same day, according to article 44, par. 1(e) of Law 4449/2017, as amended by article 74, par. 4 of Law 4706/2020. More specifically, the Audit Committee is composed of:

1. Chariton Kyriazis, Chair of the Audit Committee and Non-Executive Member of the Company's Board of Directors and Independent within the meaning of article 9, par. 1 & 2 of Law 4706/2020, meeting in any case the criteria of article 4 of Law 3016/2002, as currently in force;
2. Ioannis Zafeiriou, Member of the Audit Committee, Senior Independent Director, Non-Executive Member of the Company's Board of Directors and Independent within the meaning of article 9, par. 1 & 2 of Law 4706/2020, meeting in any case the criteria of article 4 of Law 3016/2002, as currently in force;
3. Evgenia Paizi, member of the Audit Committee and Non-executive of the Company's Board of Directors ; and
4. Konstantinos Sfakakis, member of the Audit Committee, Third Person outside the Company, Independent within the meaning of article 9, paras 1 & 2 of Law 4706/2020, meeting in any case the criteria of article 4 of Law 3016/2002, as currently in force;

All Audit Committee members have sufficient knowledge of the sector that the Company operates. At least one member of the Committee, Mr. Sfakakis, has sufficient knowledge in auditing and accounting.

### Meetings

During the financial year 2022, a total of thirteen (13) meetings were held. The following table shows the meeting attendance statistics of the Audit Committee members:

Members	Audit Committee Meetings - Year 2022													Attendance percentage:
	20/1	2/2	30/3	5/4	24/5	20/6	28/6	19/7	8/8	28/9	27/10	23/11	20/12	
Kyriazis Chariton	√	√	√	√	√	√	√	√	√	√	√	√	√	100%
Zafeiriou Ioannis	√	√	√	√	√	√	√	√	√	√	√	√	√	100%
Paizi Evgenia	√	√	√	√	√	√	√	√	√	√	√	√	√	100%
Sfakakis Konstantinos	√	√	√	√	√	√	√	√	√	√	√	√	√	100%

With regard to the activities of the Audit Committee, during the financial year 2022, all issues falling within its responsibilities were examined, with emphasis on statutory audit, the financial and non-financial reporting process and the Internal Control System and Corporate Governance System:

#### A. Statutory Audit

- The Audit Committee monitored and examined the process of the statutory audit of the Company's individual and consolidated statements for the financial year 2021 and the first-half of the financial year 2022 as well as the content of the chartered auditor-accountant's additional reports. In particular, during the statutory audit,

meetings were held with the chartered auditor-accountant's team where it has been discussed and agreed, inter alia, the relevant audit plans and the analysis of the risks affecting the Company's financial status, based on which were prepared the Key Audit Matters, the accounting standards affecting the assumptions of the audit plan, as well as the priorities set by the European Securities and Markets Authority (ESMA) regarding the audit of the annual financial results, the materiality threshold, the scope of the audits, the results of the audits, the problems highlighted in the audit process due to the complexity of their work and the future challenges for the Company. The Audit Committee has ascertained the accuracy and completeness of the statutory audit procedure in accordance with the relevant regulations.

- The Audit Committee discussed with the chartered auditors-accountants the risk analysis and audit plan for the audit of the financial year 2022. In particular, the discussions addressed, inter alia, not only the main risks but also the positive elements that may affect the financial year results, the new ISO 315 auditing standard which affects the assumptions of the audit plan and is expected to input additional information into the annual financial report regarding the significant risks affecting the Company's financial activity, the expected results based on the data available so far, the priorities set by the European Securities and Markets Authority (ESMA) as regards the audit of the annual financial statements, the scope of the audit, the key audit matters and the materiality threshold.
- The Audit Committee was briefed on the completion of the tax audit and the issuance of the tax certificate for the fiscal year 2021.
- The Audit Committee confirmed the chartered auditor-accountant's independence. More specifically, it reviewed the total amount of the fees of the chartered auditors-accountants (PwC) for the financial year 2021 regarding the audit and non-audit services that were carried out, as well as reviewed and approved additional fees for non-audit services during financial year 2022, pursuant to the Company Policy in force for the Assignment of Non-Audit Services, which implements, the applicable restrictions of European Regulation no. 537/2014 and the relevant HAASOB's (Hellenic Accounting and Auditing Standards Oversight Board) directives. In addition, PwC stated in writing its independence according to the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (the IESBA Code) and the ethical requirements of the European Regulation 537/2014 and Law 4449/2017.
- The Audit Committee proposed to the Board of Directors the submission to the 2022 Ordinary General Meeting of Shareholders of a proposal for the reappointment of the audit firm PwC for the statutory audit of the financial year 2022 given that, in light of the evaluation of its work and taking into account the opinion of the Chief Financial Officer, the cooperation to this day has been evaluated to be satisfactory. The Audit Committee also confirmed with the Financial Division that the proposed fee for the above work is reasonable for its quality and approved its amount.
- It approved an additional chartered auditor-accountant's fee for the audit of the annual financial statements for the financial year 2022, concerning the audit of McArthurGlen's post-acquisition financial statements.
- It approved an additional chartered auditor-accountant's fee related to the provision of assurance services in preparation for a bond issuance.
- Having noted from the previous financial year the need, in compliance with the applicable legal framework, to change the chartered auditor-accountant for the statutory audit for the financial year 2024, the Audit Committee took the following actions:
  - It decided the timely initiation of the process of selecting a new chartered auditor-accountant for the audit of the 2024 financial statements, targeting the advantages identified during the examination of this action, the main ones being the avoidance of assignments for non-authorized services to the future chartered auditor-accountant, which would call into question its independence, the timely engagement of the said auditor and the smooth transition into the new chartered auditor-accountant.
  - It addressed the selection procedure and took steps to prepare a call for proposals.
  - It selected the participants in the tender process, conducted interviews with them and examined in detail the content of the tenders submitted, with the assistance of the Chief Financial Officer, with the main criteria being the qualitative characteristics of the individual tenders as well as the technical skills of the audit teams.
  - It proceeded with the pre-selection of Ernst & Young (EY) as the new chartered auditor-accountant following an evaluation process in which the Chief Financial Officer also participated and informed the Board of Directors accordingly. The final decision on the appointment of the chartered auditor-accountant will be taken by the Board of Directors and subsequently by the Ordinary General Meeting that will be held in 2024.
  - It initiated discussions with the statutory chartered auditor-accountant (PWC) and the pre-selected chartered auditor-accountant (EY) on the transition plan between the two audit firms.

- It proceeded, in cooperation with the Chief Financial Officer, to the assignment of various necessary tasks to the pre-selected audit firm in order to familiarise it with the Group and to confirm its pre-selection through the quality of the services provided.

## **B. Financial Reporting Procedure**

- It reviewed and evaluated the Financial Reporting procedure followed for the issuance of the Annual Financial Report 2021 and the Semi-Annual Financial Report 2022. During the review of the above procedure, inter alia, it discussed with the Chief Financial Officer, the Chief Internal Auditor, the chartered auditor-accountant and the independent property appraiser the key information/review points as these emerged during the audit of the financial results and the other recommendations of the above, it was briefed about the key financial data, it initiated actions to address any risks to the Company, and, having ascertained their proper execution, informed the Board of Directors and proposed the approval of the relevant financial statements.
- With regard to the audit of the preparation of the Parent Company and Group interim financial statements for the first quarter of 2022, the Audit Committee proposed its inclusion in the audit plan of the Internal Audit Service and, having received an update by the Chief Internal Auditor on the audit result and having discussed with the Chief Financial Officer and the Chief Operation Officer the key information/review points, as these emerged during the audit of the financial results and key financial data, the Audit Committee recommended their approval to the Board of Directors. Also, in light of the discussions that took place with the responsible company officers during the preparation of the above statements and the points for improvement that were highlighted by the audit carried out by the Internal Audit Service, the Audit Committee considered the possibility to recommend to the Management, as an additional control activity regarding the correctness of the information, the audit of the preparation of the Parent Company and Group financial statements for the nine months of 2022 by a chartered auditor-accountant.
- As far as the review of the preparation of the Parent Company and Group interim financial statements for the first nine months of 2022 is concerned, the Audit Committee assigned its audit to a specialized team of external consultants, namely Ernst & Young (EY), following its pre-selection as the new chartered auditor-accountant for the financial year 2024, aiming at the same time at familiarizing the new chartered auditor-accountant with the procedures of the Group. The discussions during the meetings with the EY chartered auditors-accountants addressed the key information/review points, the results of the review with the points for improvement identified and the actions taken by the Financial Division to improve the applicable process. The key financial data were also discussed at length with the Financial Division and, after providing any clarifications needed, the Audit Committee proposed their approval to the Board of Directors.
- The Audit Committee reviewed the financial year 2022 Corporate Announcements and the process for their preparation.

## **C. Internal Control System**

### **Internal Audit**

- The Audit Committee was briefed by the Chief Internal Auditor about all the audits carried out within the reported period and reviewed the findings thereof, the corrective actions agreed with the senior management and the timeline for their implementation. In addition, it was given a follow up on the progress of the implemented actions according to the implementation timeline set by the responsible officials for the above actions. Where necessary, the Audit Committee contacted the responsible company officers for further clarification on the corrective actions decided. The examination of the significant findings and the identification of areas for improvement, contributed to the preparation of additional proposals by the Audit Committee to the Company's Management, which concerned the adoption of additional control activities in various functions of the Company, such as important procurements for the Ellinikon project, the drafting of the respective contracts and the Company's ERP system, which the Audit Committee discussed with the Company.
- The Audit Committee approved the initial 2022 annual audit plan of the Internal Audit Service, as well as the revisions of said plan containing the addition of new audits according to the needs of the Company. It was also briefed by the Chief Internal Auditor on the revised methodology to be followed by the Internal Audit Service in developing its audit plans, which is based on the risk identification & management register of the Company.
- It reviewed the annual activity report of the Internal Audit Service for 2021, as well as the respective 2022 quarterly reports for the periods that ended on 31.3.2022, on 30.6.2022 and on 30.9.2022.

- The Audit Committee was briefed, by written statement of the Chief Internal Auditor, about the independence of the Internal Audit Service.
- It evaluated the needs for necessary resources, and the potential impact of any restrictions on the resources or the auditing work of the Internal Audit Service in general, at the request of the Chief Internal Auditor, and proposed the further strengthening of the Service. It was also informed about the actions being implemented in the Internal Audit Service with the aim of procuring a tool for internal audit, which will facilitate the automation of specific tasks and will save additional human resources.
- The Chair of the Committee carried out the evaluation of the Chief Internal Auditor's performance, in the context of the annual evaluation of the Group's personnel for the year 2022. The Committee was also informed of the evaluation of all auditors of the Internal Audit Service based on the performance evaluation system implemented by the Company.
- During financial year 2022, and in addition to the Committee meetings, the Chair of the Committee had weekly meetings with the Chief Internal Auditor in order to be updated on the progress of internal audits and for the rest of the matters related to the responsibilities and management of the Internal Audit Service.

### **Risk Management**

- It reviewed the Group's most significant risks through the quarterly reports of the Senior Risk Manager, with emphasis on those related to the Ellinikon project and on those of the Financial Division.
- It reviewed the operation and the work of the Risk Unit through the meetings held with the Senior Risk Manager and other officers of the Company, as well as through the relevant reports submitted, namely the 2021 annual activity report and the quarterly reports for the periods ended on 31.3.2022, on 30.6.2022 and on 30.9.2022.
- It was briefed extensively on the capabilities of the new electronic risk management tool (Archer) and on the progress of its implementation in the Group. It also took actions to assess the recorded risks of the Financial Division and the relevant management actions, as well as the functionality of the application.
- It discussed with the Chief Operating Officer, to whom the Senior Risk Manager functionally reports, the final steps remaining to complete the Archer implementation.

### **Compliance**

- It was extensively briefed on the progress of the works of the Compliance Unit and the implementation of the 2022 action plan and reviewed the 2021 annual report and the quarterly reports submitted for the periods that ended on 31.3.2022, on 30.6.22 and on 30.9.2022.

### **Evaluation of the Internal Control System (ICS)**

- It was briefed and evaluated the adequacy and effectiveness of the Internal Control System through a relevant precursory mid-year audit carried out by the Internal Audit Service with the aim of identifying potential weaknesses and monitored the implementation of the corrective actions agreed for its improvement.
- Within the framework of its responsibilities, that are stipulated in the Policy for the Evaluation of the Company's Internal Control System, which is approved by the Board of Directors, the Audit Committee accommodated the evaluation of the Internal Control System by an independent external auditor with a reporting date as of 31.12.2022. In particular, the Audit Committee has taken the following actions:
  - It evaluated the briefing notes sent to the Audit Committee and to the Internal Audit Service by certified external auditors and consulting firms.
  - After extensive discussions, the Audit Committee decided to assign the task to the firm that would be pre-selected as the Company's new chartered auditor-accountant for the financial year 2024, as it considered that the advantages of such an action were numerous and, above all, would contribute to a better understanding of the Group. Therefore, the evaluation work was undertaken by EY.
  - It monitored in detail the progress of the evaluation works.
  - It was briefed on the result of the evaluation, which was free from material weaknesses, and received the relevant Internal Control System Evaluation Results Report from the external auditor.
  - The Audit Committee submitted the report to the Board of Directors and arranged for a summary of the report to be sent to the Hellenic Capital Market Commission.
- It was briefed on the Company's new privileged information disclosure manual.
- It reviewed the new procurement policy and submitted proposals for its improvement.

#### **D. Corporate Governance System**

- The Audit Committee was informed about the actions of the Internal Audit Service regarding the preparation of the Corporate Governance Declaration to be included in the 2021 Annual Financial Report, a task which was considered of high importance for the Company's compliance with Law 4706/2020 and the Hellenic Corporate Governance Code adopted by the Company.
- The Chair of the Audit Committee held meetings with the Chair of the Board of Directors, the Chief Executive Officer, as well as other officers of the Company on issues related to the Company's internal audit, risk management, regulatory compliance as well as the Internal Control System and the Corporate Governance System.

#### **E. Other Significant Matters**

- The Audit Committee was briefed about the Company's pending litigation for the financial year 2021, through a detailed presentation by the Company's Legal Counsel.
- It reviewed the invoicing of expenses from Lamda Development to HELLINIKON S.M.S.A. and the respective tax accounting treatment.
- It was informed about the Whistleblowing issues managed by the Reports Committee, the procedure followed to investigate the relevant reports and the actions taken to resolve them. It also certified the correctness of the procedures followed and, based on the examination of the issues raised, prepared proposals to mitigate the relevant incidents.
- It examined two (2) situations that could lead potentially to conflicts of interest, where it approved the relevant response plans in accordance with the Company's conflict of interest policy and the respective conflict of interest management procedure .
- In order to enhance the credibility of the Group's real estate valuer's appraisals, the Audit Committee took actions, through which his independence was ascertained.
- The Audit Committee was informed, through the audits of the Internal Audit Service, about the actions of the Technology Department on issues concerning IT systems security.

#### **F. Matters related to the operation of the Committee**

- The Audit Committee performed a self-assessment of its work for 2021, its operation and the overall qualifications of its members through the completion of a relative questionnaire, the conclusions of which were duly discussed and communicated to the Board of Directors of LAMDA Development S.A.
- It reviewed and approved the minutes of its meetings.
- It has submitted its Annual Activity Report for the financial year 2021 to be included in the 2021 Corporate Governance Declaration and to be submitted to the Annual General Meeting of Shareholders on 22 June 2022.
- It prepared and submitted reports regarding its activities to the Board for the year ended 31 December 2021, as well as for the quarters for the periods ended on 31.3.2022, on 30.6.2022 and on 30.9.2022. These reports included, inter alia, information on the progress of the work of the Internal Audit Service, the Compliance Unit and the Risk Unit. The audit reports of the Internal Audit Service were also sent along with the aforementioned reports, and, in order to ensure the safe and timely information of the Board of Directors, the Audit Committee arranged for their submission to be made through a restricted-access electronic platform.

#### **G. Non-financial reporting and sustainable development**

- The Audit Committee was extensively briefed on the new institutional framework regarding the non-financial reporting and the ESG principles.
- The Chair of the Audit Committee was informed by the relevant company officers on their actions regarding the adoption and implementation of the sustainable development strategy for the Ellinikon and the Group. Following this, it supervised the drafting procedure of the Management's proposal to the Board of Directors regarding the above issues while participated in the presentation of its main points.
- It reviewed, through the work of the Internal Audit Service, ESG Reports for the years 2020 and 2021 and having found them to be comprehensive, technically detailed and satisfactory in terms of the quality of the work produced, approved their publication.
- It was briefed about the Company's action plan for the establishment of the decision-making and governance system for Sustainable Development issues and the progress of its implementation in the context of the implementation of the Company's strategy.

The Chair of the Audit Committee informed the Board of Directors on all the above matters as needed on a case by case basis.

### **Sustainable Development Policy**

Sustainable Development is an integral part of the Company's long-term strategy. By virtue of its Board of Directors' decision dated 16.7.2021, the Company implements a Sustainable Development Policy («The Policy»), the main points of which may be summarised below:

The Policy summarizes the Company's commitment to the responsible management of the economic, social and environmental impacts of all its activities towards its stakeholders, as well as the respective wider impacts towards the economy, society and natural environment. The company aims, on the one hand, at the reduction of any negative impacts and on the other hand, at the increase of positive impacts, within the framework of the United Nations Sustainable Development Goals.

The Company's Sustainable Development Policy is based, inter alia, on the Principle of Materiality and the Stakeholder Inclusiveness Principle, as both principles are defined in the GRI Standards and the United Nations Agenda 2030 for Sustainable Development (17 Sustainable Development Goals). It is also based on the principles of the Company - i.e. Extroversion, Innovation, Investing in its people, Customer-centered approach - and covers the following axes:

**Environment:** In any business and commercial development, takes into consideration the following environmental aspects:

- Climate change;
- Air, noise and particulate matter pollution;
- Biodiversity (effect on ecosystems - animals, plants) and soil quality;
- Resource efficiency/materials (raw materials and supplies)
- Solid waste;
- Waste and wastewater.

**Society:** The company's activity creates a series of social and economic impacts for its stakeholders, as well as for the country in general. The most important socio-economic impacts covered by this policy include:

- Employment and economic value;
- Prosperity for the society and the local communities;
- Innovation and digital transformation;
- Dignity and equality;
- Training and skills development of the future
- Health, safety and well-being.

**Governance:** The Company, through the implementation of standards, principles and corporate governance best practices, seeks to operate with ethics, extroversion and transparency in every business operation aspect, in order to enhance its competitiveness and to create benefits at every level of its value chain. This policy includes the following aspects of a robust corporate governance approach:

- Corporate governance
- Stakeholder engagement/participation;
- Regulatory compliance and business ethics;
- Risk management, business continuity and emergency preparedness;
- Responsible investments and sustainable finance;
- Responsible procurement.

Maroussi, 31.03.2023

The Chair of the Audit Committee

C. Kyriazis