



**AUDIT COMMITTEE OPERATING REGULATION**

Approved by the Board of Directors on 12 September 2017

**SEPTEMBER 2017**

## **Article 1**

The Audit Committee Operating Regulation (hereinafter 'Regulation') of the company "ELLAKTOR SOCIETE ANONYME" (hereinafter the 'Company') was drawn up pursuant to Article 44 of Law 4449/2017 on the statutory audit on annual and consolidated financial statements, and the public oversight of the audit work, and the provisions of Law 3016/2002 (Articles 6-8) on corporate governance, as currently in force and approved, which entered into force by the decision of the Board of Directors of the Company dated 12 September 2017. The Audit Committee operates within the framework of the Company's Internal Operation Regulation and in line with the provisions hereof.

## **Article 2 - Scope of the Operating Regulation of the Company's Audit Committee**

This Regulation sets out:

- the purpose,
- the establishment, formation and operation of the Audit Committee,
- the responsibilities of the Audit Committee,
- the rules for the internal operation of the Audit Committee.

## **Article 3 - Purpose**

The purpose of the Audit Committee shall be to assist in the effective governance of the Company and the subsidiaries under its control (hereinafter jointly referred to for brevity as 'Group'), pursuant to the provisions of the law and, in particular, article 44 of Law 4449/2017 regarding the process of financial reporting on individual and consolidated level, the effectiveness of internal audit systems and the supervision of regular audit.

## **Article 4 - Establishment, formation and operation of the Audit Committee**

4.1. The Audit Committee consists of at least three members, most of whom should be independent in the meaning of the provisions of Law 3016/2002, as currently in force, and shall be either an independent committee or a committee of the Board of Directors. In particular, the Audit Committee shall consist of non-executive members of the Board of Directors and of members elected by the General Meeting of the Company's shareholders. As members elected by the General Meeting of shareholders may be the independent members of the Board of Directors or persons who are not members thereof, however they fulfill the independency requirements set out in the relevant provisions of Law 3016/2002, a fact that is justified upon their election.

4.2. The term of the members of the Audit Committee shall last until the term of the Board of Directors expires, unless otherwise decided by the General Meeting.

4.3. All members of the Audit Committee shall have sufficient knowledge of the sectors in which the Company operates and at least one of its members shall be a certified auditor, either in temporary interruption of service or retired, or have proven adequate knowledge of auditing and accounting. The assessment of candidates for membership in the Audit Committee is conducted by the Board of Directors following the submission of a proposal by the nomination committee, if applicable.

4.4. The Chairman of the Audit Committee shall be appointed by its members or elected by the General Meeting of the Company's shareholders and must be independent from the Company in the meaning of the provisions of Law 3016/2002, as currently in force.

4.5. The Audit Committee for the implementation of its work shall meet at regular intervals, i.e. at least four (4) times a year and on extraordinary occasions, whenever required. The Chairman of the Audit Committee shall send a written invitation to the members, which can be sent by email, at least two (2) business days before the meeting, indicating therein the items on the agenda, as well as the date, the time and the place of the meeting. The Audit Committee may convene with no prior invitation by the Chairman, provided that all its members are present. The Audit Committee may also convene validly by teleconference. The drafting and signing of a minute by all the members of the Audit Committee shall be equal to a meeting and a decision, even if no meeting is previously held.

4.6. Minutes shall be kept in each meeting of the Audit Committee. All members of the Audit Committee shall participate in its meetings. The Audit Committee may, at its sole discretion invite, whenever necessary, management executives involved in the Company's governance, including the executive members of the Board of Directors, the Chief Financial Officer and the Head of the Internal Audit Division, to attend specific meetings or specific items on the agenda and provide explanations.

4.7. The Audit Committee's meetings are valid as long as the present members are more than the absent ones. Members who participate by means of teleconference are considered to be present. The Audit Committee shall take decisions by an absolute majority of the members participating in the meeting.

4.8. The Audit Committee may elect a secretary to keep the minutes of its meetings. The secretary may not be a member of the Committee, but a Company employee.

## **Article 5 - Responsibilities of the Audit Committee**

Without prejudice to the responsibility of the members of the Company's Board of Directors, the Audit Committee, in accordance with Article 44 par. 3 of Law 4449/2017, as currently in force, has the following responsibilities:

5.1. The Audit Committee shall monitor the process and the performance of the statutory audit of the Company's and the Group's individual and consolidated financial statements. In this context, it shall update the Board of Directors by reporting on the issues arising from the statutory audit, explaining in detail:

(a) the contribution of the statutory audit to the quality and integrity of financial reporting, i.e. the accuracy, completeness and correctness of the financial information, including related notifications, as approved by the Board of Directors and disclosed; and  
(b) the role of the Audit Committee in the procedure described in point (a), namely in recording the actions of the Audit Committee during the statutory audit. In the context of the above information to the Board of Directors, the Audit Committee shall take into account the content of the supplementary report submitted by the auditor, which includes the results of the statutory audit carried out and meets at least the specific requirements of Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014.

5.2. The Audit Committee is responsible for monitoring, reviewing and evaluating the process of preparing financial reporting, namely the production mechanisms and systems, the flow and the dissemination of the financial information produced by the involved organizational units of the Company and the Group. The above actions of the Committee include the rest of the information made public in any way (e.g. stock exchange announcements, press releases) in relation to financial information. The Audit Committee shall notify its findings to the Board of Directors and submit proposals for improving the procedure, if it so deems necessary.

5.3. The Audit Committee monitors, reviews and evaluates the effectiveness of all policies, procedures and safeguards of the Company and the Group, regarding on the one hand the internal control system and on the other hand the risk assessment and management in relation to financial reporting.

Furthermore, the Audit Committee shall monitor and supervise the proper functioning of the Company's Internal Audit Division and the Company's liable subsidiaries, in accordance with the professional standards and the applicable legal and regulatory framework, and evaluate its work, competence and efficiency, without, however, affecting its independency. Furthermore, the Audit Committee shall review the publicly available information as to the internal audit and the main risks and uncertainties of the Company and the Group, in relation to financial reporting. In any event, the Committee shall submit to the Board of Directors its findings and any suggestions for improvement.

5.4. It shall monitor the statutory audit of the Company's and the Group's annual financial statements, especially its performance thereof, taking into account any findings and conclusions of the competent authority in accordance with Article 26 par. 6 of Regulation (EU) No 537/2014. Specifically:

The Audit Committee is informed by the management about the process and the time frame for the preparation of the financial information.

The Audit Committee shall also be informed by the auditor on the annual plan for the statutory audit prior to its implementation, it shall evaluate it and ensure that the annual statutory audit plan will cover the most important audit areas, taking into account the main business and financial risk sectors of the Company and the Group. Furthermore, the Audit Committee shall submit proposals for other significant matters as well, when it so deems appropriate.

For the implementation of the above, the Audit Committee is expected to meet with the management / competent Directors during the preparation of the financial reports, as well as with the auditor of the Company and the Group during the scheduling of the audit, during the implementation of the audit and during the preparation of the audit reports.

In the context of its responsibilities, the Audit Committee must take into account and review the most significant issues and risks which may affect the financial statements of the Company and the Group, as well as the significant opinions and estimates of the management during their drafting.

Below indicative topics are mentioned, which are expected to have been reviewed and evaluated in detail by the Audit Committee, to the extent that those are significant for the Company and the Group, mentioning specific related actions, by the time when the Audit Committee informs the Board of Directors.

- Assessment of the use of the continuing activity assumption.
- Significant judgments, assumptions and estimates when preparing financial statements.
- Evaluation of assets at fair value.
- Assessment of the recoverable nature of assets.
- Accounting dealing of acquisitions.
- Adequacy of disclosures on the major risks faced by the company.
- Significant transactions with related parties.
- Significant unusual transactions.

In this regard, attention is drawn to the timely and effective communication between the Audit Committee and the auditor in relation to the drafting of the audit report and the supplementary report of the latter to the Audit Committee.

In addition, the Audit Committee shall review the financial reports of the Company and the Group prior to their approval by the respective Board of Directors, in order to assess their completeness and consistency with the information brought to the attention of the Committee together with the accounting principles that the Company applies, and shall inform the Board of Directors accordingly.

5.5. The Audit Committee shall review and monitor the independency of auditors or auditing companies, pursuant to Articles 21, 22, 23, 26 and 27, and in accordance with Article 6 of Regulation (EU) No 537/2014, and, in particular, the suitability of the

provision of non-audit services to the Company and the Group, pursuant to Article 5 of Regulation (EU) No 537/2014.

5.6. The Audit Committee shall be responsible for the process of selecting auditors or auditing companies for the Company and the Group, and recommend the auditors or auditing companies, which will be appointed in accordance with Article 16 of Regulation (EU) No 537/2014, unless par 8 of Article 16 of Regulation (EU) No 537/2014 applies.

5.7. The Audit Committee shall review the adequacy, staffing and organisational structure of the Internal Audit Division of the Company and its liable subsidiaries, and identify any weaknesses. If it is necessary, the Audit Committee submits proposals to the Board of Directors so that the Internal Audit Division has the necessary resources, is adequately staffed with sufficiently educated, experienced and trained personnel, so that there are no restrictions to its work and it has the foreseen independence.

In addition, the Audit Committee shall be informed on the annual audit schedule of the Internal Audit Division of the Company and the liable subsidiaries prior to the implementation of said schedule, and evaluate it taking into account the main areas of business and financial risk, as well as the results of the previous audits. In the context of this information, the Audit Committee assesses that the annual audit schedule (in combination with any related medium-term plans) covers the most significant audit areas and systems related to financial reporting.

The Audit Committee shall hold regular meetings with the Head of the Internal Audit Division of the Company and its subsidiaries to discuss matters in its competence and any problems which may arise from internal audits.

Furthermore, the Audit Committee shall be aware of the work of the Internal Audit Division of the Company and its subsidiaries, including its reports (regular and extraordinary), and monitor the information to the Board of Directors as regards the content of said reports and the financial information of the Company in general.

5.8. The Audit Committee shall supervise the management of the main risks and uncertainties of the Company and the Group as well as their periodic reviews. In this context, the Audit Committee shall evaluate the methods used by the Company and the Group to identify and monitor risks, address the major ones through the internal control system and the Internal Audit Division and disclose them along with published financial information, as appropriate.

5.9. The Audit Committee shall inform the Board of Directors about the results of all the above-mentioned actions by communicating its findings and submitting proposals for the implementation of corrective actions, if it is considered to be necessary.

## **Article 6 - Compliance with the Code of Conduct**

6.1. The Audit Committee must comply with the provisions of the law, the Company's Articles of Association, the Company's Internal Operation Regulation, and the decisions of its bodies.

6.2. The Audit Committee shall be bound by the Code of Conduct and the Group's Ethics and Compliance Program, both as approved by the Board of Directors and are currently in force.

**Article 7 - Evaluation**

Every two (2) years, or more frequently if so deemed appropriate, the Audit Committee shall evaluate its performance and the adequacy of its current Operating Regulation and submit relevant proposals for approval to the Board of Directors.

**Article 8 - Amendments**

The present Operating Regulation may be amended at any time by relevant decision of the Board of Directors of the Company.