



ELVALHALCOR

HELLENIC COPPER AND ALUMINIUM INDUSTRY S.A.

**REGULATION OF OPERATION
OF THE
AUDIT COMMITTEE**

12/07/2021

DOCUMENT IDENTITY

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PRESENT VERSION DETAILS

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PREVIOUS VERSIONS DETAILS

Version Nr.	Date of Approval	Title	Description
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TABLE OF CONTENTS

1. Object of the Regulation of Operation of the Audit Committee.....	3
2. Composition of the Audit Committee	3
3. Powers of the Audit Committee.....	4
4. Relation with other persons / bodies of the Company	9
5. Meetings and Decision Making	9
6. Transparency	10
7. Remuneration of Members	11
8. Effect – Review Process – Publicity	11
ANNEX	12

REGULATION OF OPERATION OF THE AUDIT COMMITTEE OF “ELVALHALCOR HELLENIC COPPER AND ALUMINIUM INDUSTRY SOCIETE ANONYME”

1. Object of the Regulation of Operation of the Audit Committee

1.1. This Regulation specifies the principles, powers, the composition and the issues concerning the operation of the Audit Committee of the Société Anonyme under the name “ELVALHALCOR HELLENIC COPPER AND ALUMINIUM INDUSTRY SOCIETE ANONYME” (hereinafter the “**Company**”). The Audit Committee operates as an independent and objective body responsible for the review and assessment of the auditing practices and the performance of the internal and external auditors.

1.2. In view of articles 1 – 24 of L. 4706/2020 (Gov. Gaz. A’136/17.07.2020) entering into force (as of 17.07.2021 henceforth), the adjustment of this Regulation was required, the present version of which was approved by the Company’s Board of Directors (hereinafter the “**Board of Directors**”) and enters in force on 17.07.2021.

2. Composition of the Audit Committee

2.1. The Audit Committee, which consists of at least three (3) members, may be:

- a) A committee of the Board of Directors composed by non-executive members thereof, or
- b) an independent committee that consists of non-executive members of the Board of Directors and third parties, or
- c) an independent committee which consists only of third parties.

As third party is considered any person that is not member of the Board of Directors.

2.2. The type of the Audit Committee, the term of office, the number and the qualities of its members are decided by the general meeting of the shareholders of the Company or any equivalent body. The term of office of the members of the Audit Committee is equal to the term of office of the members of the Board of Directors. The members of the Audit Committee may be reelected.

2.3. The members of the Audit Committee are nominated by the Board of Directors when the Audit Committee is a committee of the Board of Directors or by the general meeting of the shareholders of the Company when the Audit Committee is an independent committee.

2.4. The members of the Audit Committee are, in their majority, independent from the Company, according to the applicable at the time provisions on independence [article 9, L. 4706/2020 (Gov. Gaz. A’ 136/17.07.2020), a fact which is recorded,

adequately reasoned, at the time of their nomination/election. The participation in the Audit Committee of persons carrying out transactions incompatible with the objects of the Company is prohibited.

2.5. The Chairman of the Audit Committee is nominated by its members at the time of its meeting for constitution to body and he/she is independent from the Company.

2.6. The members of the Audit Committee, in their entirety, possess adequate knowledge in the sector in which the Company operates. At least one (1) member of the Audit Committee that is independent from the Company, with adequate knowledge and experience in auditing or accounting, mandatorily attends the meetings of the Audit Committee concerning the approval of the annual corporate and consolidated financial accounts.

2.7. In the act of nomination/election of the members of the Audit Committee, the qualifications of the proposed members as well as the fact of independence of its independent members, are sufficiently justified, upon reasoned recommendation/assessment by the competent bodies of the Company (Remuneration and Nomination Committee, Board of Directors).

2.8. In case of resignation, death or loss of membership, the Board of Directors nominates from among its existing members, a new member in replacement of the missing one, for the term remaining until expiry of his tenure, the par.1 and 2 of article 82 of L. 4548/2018 (A' 104) that applies *mutatis mutandis*, being observed, where appropriate. When the member as per previous section is a third party, non-member of BoD, the board of directors nominates a third person, non-member of BoD, as provisional replacement and the next general meeting proceeds to either the nomination of the same member or the election of another, for the term remaining until expiry of his tenure at the Audit Committee.

2.9. The participation of a person in the Audit Committee does not exclude his/her participation in another committee of the Board of Directors, as long as this does not affect the correct execution of the duties of such person as member of the Audit Committee.

3. Powers of the Audit Committee

3.1. Basic mission of the Audit Committee is to assist the Board of Directors in performing its duties by supervising the proceedings of financial information, the fullness and correctness of the annual corporate and consolidated financial statements, the policies and the internal audit system of the Company (article 2 par. 7 L. 4706/2020) and by assessing the adequacy, efficacy and performance of the internal audit system (article 44 par. 3 (c) L. 4449/2017), the auditing operation of the work of the internal audit and the external auditors, aiming to ensure the

independence, quality, qualifications and performance of the auditors. The Audit Committee, among others:

- 3.1.1.** monitors the procedure of financial information and files recommendations or proposals for ensuring its integrity,
 - 3.1.2.** informs the Board of Directors about the results of the mandatory audit and explains how the mandatory audit contributes to the integrity of financial information and which was the role of the Audit Committee in such procedure,
 - 3.1.3.** monitors the efficacy of the internal audit, quality assurance, risk management and regulatory compliance systems of the Company and, per case, its internal audit Unit in terms of the Company's financial information, without violating its independence,
 - 3.1.4.** monitors the mandatory audit of the annual corporate and consolidated financial statements and mainly, the degree of its performance, taking into consideration any findings and conclusions of the Accounting Standardization and Audit Committee according to par. 6 of art. 26 of (EU) Regulation Nr. 537/2014 and par. 5 of article 44 of L. 4449/2017, as amended by par. 7 of article 74 of L. 4706/2020,
 - 3.1.5.** reviews and monitors the independence of the chartered auditors-accountants or the auditing companies according to articles 21, 22, 23, 26 and 27, as well as article 6, of Regulation (EU) Nr. 537/2014 and especially the fitness of the provision of non-auditing services at the audited entity as per article 5 of (EU) Regulation Nr. 537/2014,
 - 3.1.6.** is responsible for the organization of the procedure of selection of the chartered auditors – accountants or auditing companies and recommends the chartered auditors – accountants or the auditing companies that shall be nominated according to article 16 of (EU) Regulation Nr. 537/2014 unless par. 8 of article 16 of (EU) Regulation Nr. 537/2014 applies,
 - 3.1.7.** gives its opinion on the approval and review of the Operation Regulations of the Company, the Corporate Governance Code, and it submits at its discretion, a proposal for the review of the present Regulation.
- 3.2.** For the correct implementation of the foregoing authorizations, the Audit Committee has the following specific duties and powers:
- 3.2.1.** It submits a report on the issues raised from the performance of the mandatory audit, explaining in detail:
 - i) The contribution of the mandatory audit to the accuracy, quality and integrity of the financial information approved by the Board of Directors and communicated, including the relevant notifications.

- ii) The actions of the Audit Committee in the context of the aforementioned under (i) procedure.
- iii) In the context of the aforementioned information of the Board of Directors, the Audit Committee takes into consideration the content of the supplementary report which its chartered auditor – accountant files and which contains the results of the mandatory audit performed and fulfills at least the specific requirements according to article 11 of Regulation (EU) Nr. 537/2014 of the European Parliament and the Council of 16th April 2014.

3.2.2. The Audit Committee monitors, examines and assesses the procedure for the preparation of the financial information, including the other information published in any manner (eg. stock market announcements, press releases) in relation to the financial information. In this context, the Audit Committee informs the Board of Directors about its findings and submits proposals for the improvement of the procedure, if deemed advisable.

3.2.3. The Audit Committee monitors, examines and assesses the adequacy and efficacy of the Internal Audit System as a set of the policies, procedures and safeguards of the Company regarding both the internal audit system and the risk assessment and management, as well as the regulatory compliance, in terms of the financial information. Regarding the internal audit function, the Audit Committee monitors and inspects the correct operation of the Internal Audit Unit according to the professional standards as well as the applicable legal and regulatory framework and assesses its work, adequacy and efficacy without affecting its independence in any case. The Audit Committee reviews the published information as to the internal audit and the most significant risks and uncertainties of the Company, in terms of financial information. In such context the Audit Committee informs the Board of Directors about its findings and submits proposals for improvements, if advisable.

3.2.4. Especially, as to the external audit and the financial information procedure, the Audit Committee:

- i) Proposes to the Board of Directors the nomination, renomination (by the General meeting of the Shareholders of the Company) and potential (under the conditions of article 43 of L. 4449/2017, as in force) cessation of the chartered auditor – accountant. Respectively, it examines and monitors the independence of the chartered auditor – accountant and the objectivity and efficacy of the auditing process, according to the international audit standards, and examines also the provision of additional services to the Company from the auditing company to which the chartered auditor – accountant belongs.

- ii) Is informed on the procedure and the time schedule for the preparation of the financial information by the Management.
- iii) Is informed by the chartered auditor – accountant on the annual plan of mandatory audit of the annual corporate and consolidated financial statements of the Company for each financial year, before implementing the same, makes assessment thereof and makes sure that such audit plan shall cover the most significant audit fields, taking also into account the main business and financial risk sectors of the Company. The Audit Committee files proposals for other significant issues as well when it deems this advisable.
- iv) Examines and analyzes thoroughly the most important issues and the risks that may possibly have effect on the annual corporate and consolidated financial statements of the Company as well as the significant judgments and assessments of the management while drafting the same, such as, indicatively mentioned: Assessment of the application of the going concern assumption – significant judgments, admissions and assessments while drafting the mentioned financial statements – evaluation of property assets at fair value – assessment of assets recoverability – accounting treatment of takeovers – adequacy of notifications for the significant risks encountered by the Company – significant transactions with related parties – significant unusual transactions.
- v) Secures its timely and substantial communication with the chartered auditor – accountant in view of the preparation of the audit report and the supplementary report of the latter (article 11 (EU) Regulation 537/2014) to the Audit Committee and solves possible differences between the management and the chartered auditor – accountant.
- vi) Reviews the financial statements before their approval by the Board of Directors in order to assess the fullness and consistence thereof in relation to the information available to it, as well as the accounting principles applied by the Company, and informs the Board of Directors respectively.

3.2.5. Especially, as to the internal audit, risk management, regulatory compliance systems and the Internal Audit Unit, the Audit Committee:

- i) Submits to the Board of Directors a proposal for the person candidate as head of the Internal Audit Unit and assesses the staffing and the organizational structure of the Internal Audit Unit and detects any possible weaknesses. If deemed advisable, the Audit Committee submits proposals to the Board of Directors so that the Internal Audit Unit has the necessary means to be sufficiently staffed with personnel having sufficient

knowledge, experience and education, does not to face any restrictions in its work and possesses the requisite independence.

- ii) Submits to the Board of Directors proposals for the internal regulation of operation of the Internal Audit Unit which is approved by the Board of Directors and periodically and especially examines (eg. in case of amendment of the applicable legislation or verification of deficiencies while monitoring the implementation thereof) the need for revision and, if necessary, it submits a relevant proposal for revision of this regulation to the Board of Directors
- iii) Is informed on the annual audit program of the Internal Audit Unit before its implementation and makes assessment thereof considering the main business and financial risk sectors as well as the results of the previous audits. In the context of such briefing, the Audit Committee examines whether the audit program (combined with any interim respective programs) covers the most significant audit sectors and systems pertaining to the financial information.
- iv) Is informed on the work of the Internal Audit Unit, its reports (ordinary and extraordinary ones), among which:
 - a) the reports to the audited units as per paragraph 1(b) of article 16, L. 4706/2020; and
 - b) the reports submitted every three (3) months at least as per paragraph 1(c) of article 16, L. 4706/2020, which the Audit Committee presents and submits along with its comments to the Board of Directors,and generally monitors the updating of the Board of Directors with the content of such reports relating to the financial information of the Company.
- v) Monitors the efficacy of the internal audit systems mainly through the work of the Internal Audit Unit and the work of the chartered auditor – accountant.
- vi) Sees to the timely notification and discussion of the issues detected by the Internal Audit Unit with the management and proposes to the management the necessary corrective measures to be undertaken.
- vii) Reviews the management of the most important risks and uncertainties of the Company and their periodical revision. In such context, it assesses the methods used by the Company to detect and monitor the risks, the management of the most important of those via the internal audit system

and the Internal Audit Unit, as well as their notification in the published financial information in a proper manner.

3.3. For the results of all foregoing actions, the Audit Committee informs the Board of Directors by filing quarterly reports with its findings and its proposals for implementing corrective actions, if advisable.

4. Relation with other persons / bodies of the Company

4.1. The Audit Committee is an independent body, its decisions are made independently of the decisions of other bodies of the Company and its members act and decide on their own conscience only.

4.2. The Audit Committee calls, at its discretion and when advisable, key executives involved in the governance of the Company, including especially the General Director, the Internal Auditor, executives of the Company, to attend specific meetings or specific issues of the agenda.

4.3. The Audit Committee meets with the management/competent top executives during the preparation of the financial reports as well as the chartered auditor – accountant at the audit scheduling stage, during execution and during preparation of the audit reports.

4.4. The Audit Committee meets regularly with the head of the Internal Audit Unit and in any case at the end of each audit module to discuss issues of his authority as well as problems which might arise from the internal audits.

4.5. The Committee may meet with the external auditors at any time deemed advisable.

4.6. The Audit Committee has full access to all documents of the Company required in order to perform its duties and the Company disposes to the Audit Committee all persons the Committee deems requisite.

4.7. Following a reasoned request of the Audit Committee, the Board of Directors ensures for the Audit Committee the assistance by external consultant and places to its disposal all necessary funds to this effect.

4.8. The Board of Directors ensures appropriate information and education to each member of the Audit Committee so as to enable the most efficient exercise of his/her duties.

5. Meetings and Decision Making

5.1. The Audit Committee meets at the registered seat of the Company or anywhere its Articles of Association may provide for, according to article 90 of L. 4548/2018, as applicable. The Audit Committee meets regularly and, in any case, at least as many times within each year, so as to examine and resolve on all issues of its competence

as described hereinabove under clause 3 and in any case on the issues mentioned, indicatively and not restrictively, in the Annex hereof. It meets extraordinarily, whenever deemed necessary. The Audit Committee may also meet, without the presence of the management, with the chartered auditor – accountant of the Company.

5.2. The Audit Committee is convened by notice given to its members, at least two (2) business days before the meeting. The notice includes the agenda items, the date, the time and the place of the meeting of the Audit Committee. No notice is required, if all members are present on the day of the meeting and none of them raises any objection.

5.3. The participation of all its members must be sought in the meetings of the Audit Committee. In any case though, the Committee will be found at quorum, if at least two of its members are present. The Committee may also meet via teleconference or via telephone conference of some or all its members. By analogy with article 94 par. 1 of L. 4548/2018, as in force, the preparation and signing of minutes by all members of the Audit Committee is equivalent to a decision thereof, even if no meeting has preceded.

If at least two (2) members are not present at the meeting, the meeting is canceled and repeated without a new invitation no later than seven (7) days after its cancellation (where again the required quorum is required to exist).

Decisions are taken by a majority of its members, and in the event of a tie, the vote of the President shall prevail.

The Audit Committee appoints its secretary to follow the minutes of its meetings and to support its work in general. The discussions and decisions of the Audit Committee are recorded in minutes, which are signed by the present members, in accordance with article 93 of L. 4548/2018, as in force.

6. Transparency

6.1. The Audit Committee keeps in detail all the necessary data, including its minutes of meetings, in which its actions and their results are recorded, regarding the implementation of its work. For this purpose, the Audit Committee may incorporate in the minutes, reports, presentations as well as any other material that was brought to its attention and was the subject of discussion among its members.

6.2. Under the responsibility of the Chairman, the Audit Committee informs the shareholders during the Ordinary General Meeting, submitting an annual report on its activities based on its foreseen responsibilities. In particular, this report details the actions of the Audit Committee and the issues addressed during the current corporate year. This report also includes a description of the Company's sustainable development policy. This report is posted on the Company's website.

6.3. The members of the Audit Committee fully abide by the provisions of the Internal Regulation of Operation and the Corporate Governance Code of the Company.

7. Remuneration of Members

The remuneration of the members of the Audit Committee is determined by a decision of the Board of Directors and is approved by a decision of the Ordinary General Meeting of the Company. The remuneration must correspond to the scope of their duties, taking into account, inter alia, the complexity – breadth of their work, the time of engagement required, the degree of their responsibility and the level of remuneration of the other members of the Board of Directors.

8. Effect – Review Process – Publicity

8.1. The Regulation of Operation is prepared by the Audit Committee and is valid from the date of its approval by the Board of Directors.

8.2. The Regulation of Operation is reviewed, at any time, upon the recommendation of the Audit Committee and approval by the Board of Directors. The Audit Committee may adopt and apply immediately, and prior to the amendment of this Regulation, provisions of new legislation governing different matters governed by this Regulation.

8.3. The Audit Committee evaluates at regular intervals the adequacy and effectiveness of the Regulation of Operation and recommends to the Board of Directors the necessary amendments.

8.4. The Regulation of Operation of the Audit Committee is posted on the Company's website, in accordance with par. 1, point h) of article 44 of L. 4449/2017, as replaced by par. 4 of article 74 of L. 4706/2020.

ANNEX

INDICATIVE ISSUES OF MEETINGS – DECISIONS OF THE AUDIT COMMITTEE

1. Organization Issues

1.1. Regulation – constitution

1.1.1. Preparation of a draft regulation of operation of the Audit Committee and introduction – submission thereof to the Board of Directors for approval (articles 10 L. 4706/2020 and 44 par. 1 (h) L. 4449/2017)

1.1.2. Constitution to body – election of Chairman (articles 10 par. 3 L. 4706/2020 and 44 par. 1 (e) L. 4449/2017).

1.2. Internal Audit Unit

1.2.1. Recommendation to the Board of Directors for the selection of the head of the Internal Audit Unit (article 15 par. 2 L. 4706/2020).

1.2.2. Independence control of the head of the Internal Audit Unit (article 15 L. 4706/2020).

1.2.3. Recommendation to the Board of Directors on the regulation of the Internal Audit Unit (article 16 par. 1 L. 4706/2020).

2. Audit of annual corporate and consolidated financial statements

2.1. Selection of chartered auditors for the audit of the annual corporate and consolidated financial statements of the Company for recommendation to the Board of Directors, for further proposal to the General Meeting of the shareholders of the Company (article 16 of Regulation (EU) 537/2014 and article 44 par. 3 point (f) L. 4449/2017).

2.2. Control and monitoring of the independence of the chartered auditors according to articles 21, 22, 23, 26 and 27 as well as article 6 of Regulation (EU) 537/2014 and especially the fitness of rendering non-auditing services to the audited Company according to the article 5 of Regulation (EU) 537/2014.

2.3. Discussion with the chartered auditors on scheduling the audit of the annual corporate and consolidated financial statements of the Company.

2.4. Monitoring of the audit procedure of the annual corporate and consolidated financial statements (article 11 par.2d of Regulation (EU) 537/2014).

2.5. Discussion with the chartered auditors regarding the results of the audit of the annual corporate and consolidated financial statements in the context of a supplementary audit report (article 11 par. 2 (f), last part, of Regulation (EU) 537/2014).

- 2.6. Briefing to the Board of Directors regarding the procedure and the outcome of the audit of the annual corporate and consolidated financial statements and introduction regarding their approval (article 44 par. 3 (a) L. 4449/2017).
- 2.7. Discussion with the chartered auditors related to the outcome of the review of the interim (semiannual) corporate and consolidated financial statements.
- 2.8. Briefing to the Board of Directors regarding the procedure and the outcome of the review of the interim (semiannual) corporate and consolidated financial statements and introduction regarding their approval (article 44 par. 3 (a) L. 4449/2017).

3. Monitoring — Assessment of Internal audit System (IAS) and Internal Audit Unit (IAU)

- 3.1. Discussion with the IAU on its quarterly (a) reports (article 16 par. 1 (c) L. 4706/2020) and (b) reports (art. 16 par. 1 (b) L. 4706/2020) and review thereof.
- 3.2. Assessment of the IAS and the IAU – discussion with the Internal Audit Unit on its assessment regarding IAS (article 16 par. 1 (a) (aa) L. 4706/2020).
- 3.3. Discussion with the IAU and expression of opinion on the annual audit plan (article 15 par. 5 L. 4706/2020).
- 3.4. Discussion with the Company’s internal auditors regarding the results of the internal audit.
- 3.5. Briefing to the Board of Directors regarding the regular reports of the IAU and the observations thereon by the Audit Committee (article 44 par. 1 (c), L. 4449/2017).
- 3.6. Briefing to the Board of Directors on the IAS annual assessment.
- 3.7. Monitoring of the procedure of risk management and regulatory compliance and briefing on the Board of Directors (article 44 par. 3 (d) L. 4449/2017).
- 3.8. Preparation – approval of the annual report of proceedings related to the account of the works of the Audit Committee (article 44 par. 1 (i) L. 4449/2017).

4. IAS Internal Assessment

- 4.1. Recommendation to the Board of Directors for the selection of independent IAS evaluator (HCMC Decision 1/591/30.09.2020).
- 4.2. Independence control of the IAS independent assessor according to the particular decisions of the Hellenic Capital Market Commission.
- 4.3. Monitoring of the process of the IAS independent assessment.
- 4.4. Discussion with the IAS independent assessor regarding the scope of the assessment project.

- 4.5. Discussion with the independent IAS assessor regarding the outcome of the assessment project.
- 4.6. Briefing to the Board of Directors regarding the outcome of the project of the IAS independent assessment.