



Mytilineos S.A.

Annual Report on the activities of the Audit Committee  
for the year 2020

27/04/2021

## Introduction

The Audit Committee (hereafter the Committee) is pleased to report to the General Meeting of Shareholders on how the Committee has discharged its responsibilities during what has and continues to be very demanding and challenging times.

First and foremost, the Company had to respond to the unprecedented challenges of the global COVID-19 pandemic. We are more than satisfied with the agility, innovation and tenacity our people have demonstrated to keep assets operating safely despite the severe restrictions on travel, and the need to socially distance and work remotely. From the Committee perspective, it has been reassuring to see the organisation adapt to maintain the effectiveness of Internal Controls.

The impacts of the COVID pandemic have been a key focus during the year across the Company, and continue to be felt as we go into 2021, and I am pleased to report that the Committee has played its significant part in supporting the Group's response to the crisis through its recurring activities.

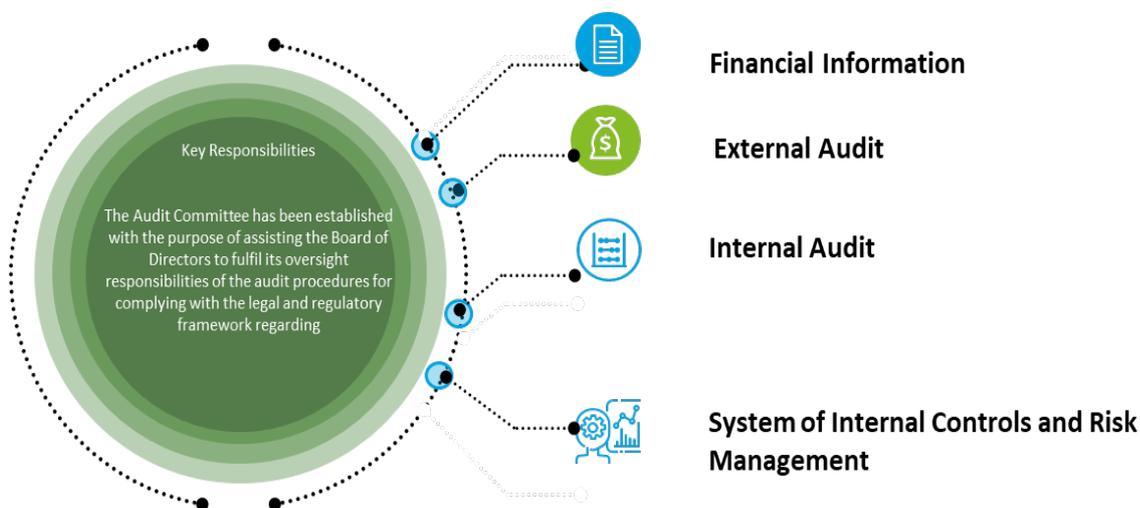
The Committee believes that the strength of our internal control environment over financial reporting and our commitment to improving it continuously, will be key to the Company's sustainability.

## Committee purpose and key responsibilities

While all members of the Board individually and collectively have a duty to act in the interests of the company, the Committee has a particular role, acting independently from the executive Board Members, to ensure that the interests of shareholders are properly protected in relation to financial reporting and internal control and risk management systems. However, the Board has overall responsibility for the Company's approach to risk management and the system of internal controls.

The Committee reports to the Board on how it diffuses its responsibilities and makes recommendations to the Board. A full list of responsibilities is provided in the Committee's terms of reference which has been revised to comply with EU and national legislation also taking into account of the provisions of the United Kingdom Corporate Governance Code - 2018, and of the FRC Guidance on Audit Committees 2016. The Committee's Terms of Reference, which is approved by the Board of Directors, is available at [https://www.mytilneos.gr/media/5djp5ehm/audit\\_committee\\_terms\\_of\\_reference\\_en.pdf](https://www.mytilneos.gr/media/5djp5ehm/audit_committee_terms_of_reference_en.pdf).

The key responsibilities of the Committee include:



## Committee composition, skills and experience

The Committee consists of non-executive Board Members and of members elected by the General Meeting of Shareholders. Appointments to the audit committee are made by the Board on the recommendation of the Company's Remuneration and Nomination Committee. The Committee Chair is appointed by the committee members. The Chair of the board cannot be a member of the Committee.

For 2020, the Committee composed of two independent non-executive members of the Board of Directors and one member, who was elected by the General Meeting of the Company's shareholders on 07.06.2018. The member who is not a Director was a member of the Audit Committee before the new members were appointed so he maintained his position for reasons of continuity.

In accordance with the Committee's Terms of Reference, the term of office of its members is commensurate with that of the Board Directors, unless otherwise decided by resolution of the General Meeting or of the Board of Directors acting under the General Meeting authorization.

## Composition of the Committee during 2020

Member	Status	Tenure in office
Alexios Pilavios	Chairman	07.06.2018 – 07.06.2022
Ioannis Petrides	Member	07.06.2018 – 02.02.2021(*)
Constantine Cotsilinis	Member	07.06.2018 – 07.06.2022

(\*) It is worth mentioning that on 02.02.2021, Ioannis Petrides following his appointment as Lead Independent Director and Chair of the Remuneration & Nomination Committee and due to increased workload, stepped down from the Committee, and he was succeeded by Tina (Konstantina) Mavraki, independent non-executive member of the Board of Directors as well.

Attorney Mrs Vassiliki Prantzou is the Committee's Secretary.

The Committee members as a whole have competence relevant to the sectors in which the Company operates, as well as to accounting, auditing, audit committee's operations, internal audit and financial division, and at least one of is independent with a proven track record and experience in auditing or accounting.

Detailed CVs of the Committee members are appended to the present Report.

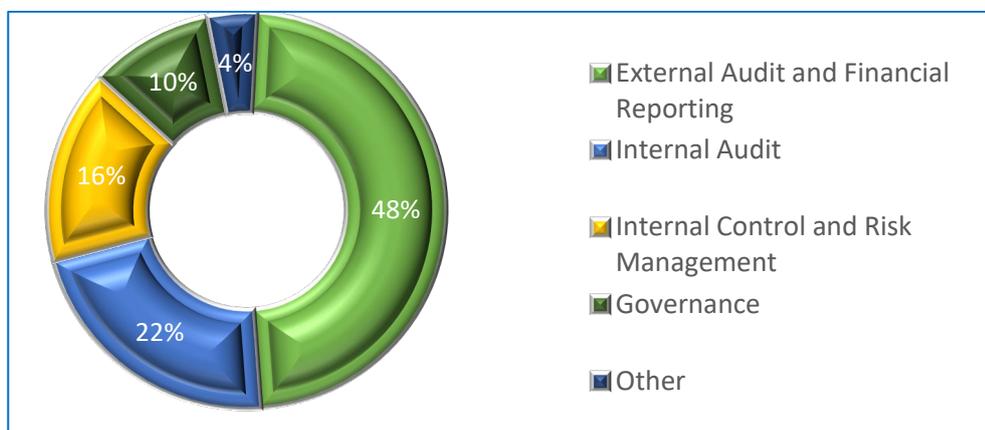
The Committee, in case it deems it necessary, has access to all the required resources in order to be supported by external consultants. During 2020 the Committee has not requested the support of an external consultant.

## Committee Meetings and Operation

The Committee meets at regular intervals, at least four (4) times per year, and holds extraordinary meetings when required. The Committee Chairman discusses with the Board on the work of the Committee at every scheduled Board meeting, according to the annual meeting schedule/calendar.

For 2020, the Committee met frequently (12 times in total) and discussed on all the topics falling under the areas of its responsibilities, with main focus on: a) External Audit and Financial Reporting process, b) Internal Audit, c) Internal Control and Risk Management, d) Governance, e) Other topics relevant to the mandate of the Committee.

## Use of Committee meeting time in 2020



All three members of the Committee attended 100% of the meetings for 2020.

It is for the Committee to decide if key executives involved in the management of the Company, including the Chief Executive Officer (CEO), or other non-Board members, will be invited to inform the Committee and attend specific meetings or a particular agenda item. No one other than the Committee's members, the Committee Secretary, the Company Secretary and their deputies is entitled to be present at a meeting of the Committee.

The Internal Audit Director was invited and attended all Committee meetings. In addition, during the course of the year, the Committee met with key executives such as the Chief Finance Officer, the Non-Financial Risk Officer, and the Compliance Director. Last, the Committee Secretary and the Company Secretary attended all Committee's meetings.

## Financial Reporting

The Company's Chief Finance Officer informed the Committee of the Company's Financial Statements, both at company as well as at consolidated level, which were prepared in accordance with the IFRS for the year ended December 31, 2019. At the same time, the Committee also was informed regarding the main accounting assumptions the Company adopted for preparing the Financial Statements which did not differ from those adopted by the Company for preparing the Financial Statements for the year 2018, and regarding the key issues the Finance Division considered while preparing these Statements. The Committee drafted an explanatory report for the Board of Directors and recommended that the Board approves the Financial Statements. In this report, the Committee explained to the Board how the mandatory audit contributed to the integrity of financial reporting and what the role of the Committee was in this process.

The Committee discussed with the external auditor (Grant Thornton) and the Company's Finance Division on key audit matters during the audit of the annual financial statements of the Company for the corporate year ended 31.12.2019.

The Company's Finance Division also informed the Audit Committee of the Company's Condensed Interim Financial Statements both at individual as well as at the consolidated level, which were prepared in

accordance with the IFRS for the period between 1.1.2020 and 30.6.2020. During the presentation, the Audit Committee again was informed of the main accounting assumptions adopted by the Company for regarding the main accounting assumptions the Company adopted for preparing the Condensed Interim Financial Statements, which do not differ from those the Company adopted in 2019. The Audit Committee drafted an explanatory report for the Board of Directors and recommended that the Board approve these Financial Statements.

## External Auditors

### Appointment of the auditors

The Committee has primary responsibility for the appointment of the key audit partner (external auditor). This includes negotiating the fee and scope of the audit, initiating a tender process, influencing the appointment of an engagement partner and making formal recommendations to the board on the appointment, reappointment and removal of the external auditors. In 2020, following a proposal by the Company's Finance Division, the Committee proposed to the Board of Directors Grant Thornton to be reappointed as External Auditor for the audit of the Company's and the Group's Financial Statements for the year ended 31 December 2020.

### Safeguarding independence and objectivity, and maintaining effectiveness

In its relationship with the external auditor, the Committee needs to ensure that they retain their independence and objectivity, and are effective in performing the statutory audit. Both the Board and the external auditor have policies and procedures designed to protect the independence and objectivity of the external auditor. The Committee takes into account the external auditor's annual declaration of independence and discusses with them threats that may call into question their independence, as well as ways to ensure that these threats are addressed. The Committee examines whether the relationships, taking into account the views of the external auditor, the Management and the internal auditor, as appropriate, appear to affect the auditor's independence and objectivity.

## Financial Statements

The Committee has dedicated a significant time of its meetings in order to be informed and discuss on the process for preparation of annual and semi-annual Financial Statements. Main matters and activities performed are as follows:

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Matter	Activity
Audit for 2019	<ul style="list-style-type: none"><li>• The External Auditors presented to the Committee their reports on the audit of the Company and Group Financial Statements for the year 2019. The main issues the Auditors examined during their audits were discussed.</li><li>• The External Auditors also described the findings that emerged from the evaluation of the internal procedures of the audit of the year 2019 (Management letter).</li><li>• The External Auditors also informed the Committee of the completion of their work for the tax audits of fiscal years 2018 and 2019.</li></ul>
Review of Interim Financial Statements	The External Auditors presented to the Committee their review of the Condensed Interim Financial Statements for the first half of 2020. The main issues the Auditors examined during their audits were discussed.
Special Report	The External Auditors also presented to the Committee their special report, as provided by the legislation (Law 4449/2017 and E537/2014), on their audit of the Company and Group Financial Statements for the year ended 31 December 2019.
Audit process	The External Auditors informed the Committee of the progress of their audits and of their findings for the 2020 audit.
Meetings with External Auditors	In 2020, the Committee also met with the External Auditors without the presence of members of the Management.

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## Use of the external auditors for non-audit services

The Committee is responsible for approving non-audit services to the Group entities that are not prohibited by law. The Committee considers that the external auditors have significant knowledge of the Group's business and of how accounting policies are applied. That means it is sometimes cost-efficient for them to provide non-audit services. There may also be confidentiality reasons that make the external auditors the preferred choice for a particular task.

However, safeguarding the external auditors' objectivity and independence is an overriding priority. For this reason the Committee ensures that the provision of such services does not impair the External Auditor's independence or objectivity by applying judgement, including assessing:

- threats to independence and objectivity resulting from the provision of such services and any safeguards in place to eliminate or reduce these threats to a level where they would not compromise the auditor's independence and objectivity;
- the nature of the non-audit services;
- whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit service;
- the fees incurred, or to be incurred, for non-audit services both for individual services and in aggregate, relative to the audit fee, including special terms and conditions (for example contingent fee arrangements); and
- the criteria which govern the compensation of the individuals performing the audit.

For 2020, the Committee examined the non-audit services to be undertaken by the external auditor. Neither the work done, nor the fees payable of the assigned non audit services, compromised the independence or objectivity of our external auditors.

## Internal Audit

In monitoring the activity, role and effectiveness of the Internal Audit Division (IAD) and their audit programme the Committee had frequent meetings with the Internal Audit Director. The main matters examined through 2020 related to the following:

Matter	Activity
Internal Audit Results	Considered the major findings of presented internal audits, and management's response.
Covid-19 Pandemic	The Committee was informed of the impact on the work of Internal Audit Division caused by the Covid-19 pandemic.
Internal Audit Coverage	The Committee monitored the progress of internal audit's coverage of key risk themes
Internal Audit Plan and Budget for 2021	The Committee was also informed of IAD's proposed audit and budget plans for 2021, which were approved by the Committee.
Annual Evaluation of the Internal Audit Director	The Committee evaluated the Internal Audit Division Director.
IT Internal Audit performed by external provider (PwC)	The Committee approved a presentation to the Board of Directors of the findings of PwC's and the IAD's second phase audit of the Company information systems.

## Risk management and Internal Control Systems

Specific related matters that the Committee considered for the year 2020 included the following activities:

Matter	Activity
Covid-19 emerging risks	The Committee was informed by the Non-Financial Risk Officer for the identification of emerging risks due to Covid-19 pandemic.
Non-Financial Risks	The Committee was informed by the Non-Financial Risk Officer for the progress of his work within the framework of his responsibilities.

COSO 2013 Project	The Committee was informed about the progress of the project "Assessment of the adequacy of the processes of central and support functions within the framework of COSO 2013 Internal Control System" by the responsible executives of the company, as well as by the external consultant.
Compliance Management	The Committee was informed on the work of the Compliance Division.

## Other Significant Issues

Matter	Activity
Corporate Governance	The Committee was informed about certain clarifications by the Hellenic Capital Market Commission after the adoption of the new law on Corporate Governance.
2020 work program	The Committee approved its working programme for the year 2020.
Reports to the Board of Directors	The Committee prepared and submitted reports on its activities to the Board of Directors for the year ended 31 <sup>st</sup> December 2019, and for the quarters ended 31 <sup>st</sup> December 2019, 31 <sup>st</sup> March 2020, 30 <sup>th</sup> June 2020, and September 30 <sup>th</sup> , 2020.

The Committee, expressed its satisfaction for the information received as reported above, as well as the progress of relevant activities / projects in progress.

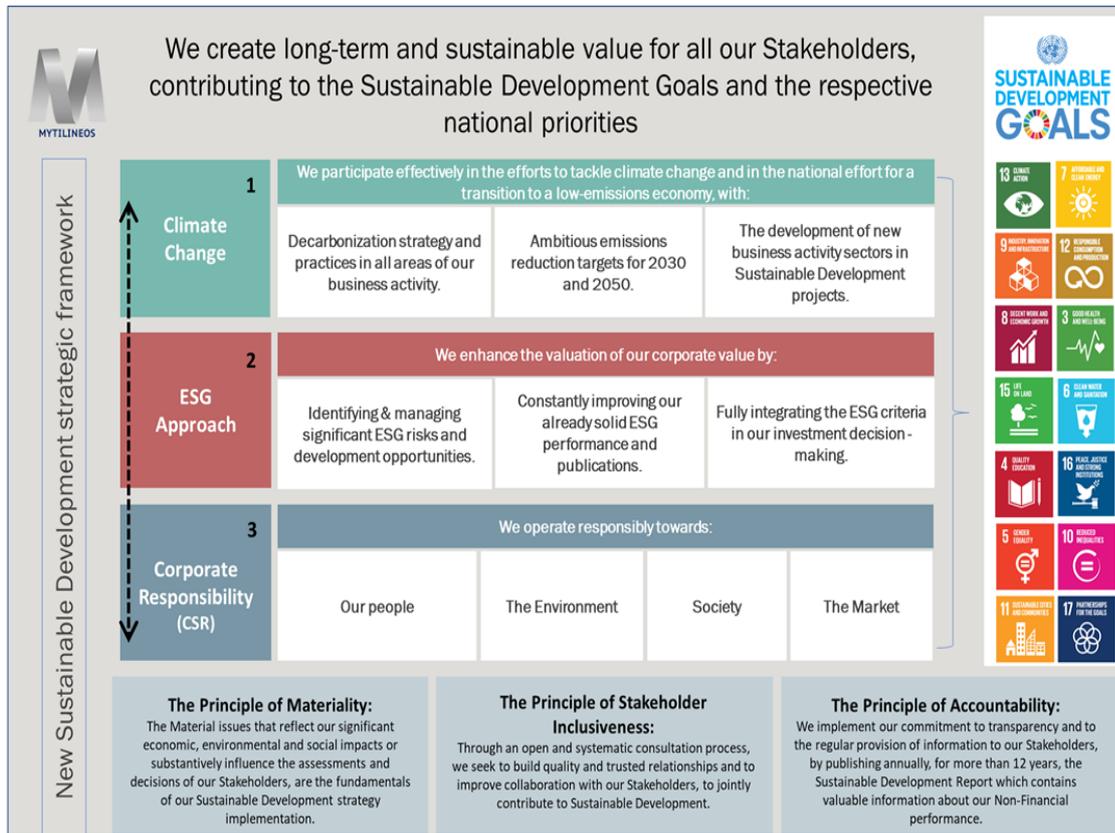
## Sustainable Development Policy

According to Law 4706/2020 (art. 74), the Audit Committee is requested to submit to the General Meeting of Shareholders the present report, including a description of the Company's Policy for Sustainable Development. The following paragraphs present a summary description of the Mytilineos Sustainable Development Policy.

Sustainable Development is an integral part of the "corporate DNA" of MYTILINEOS and, therefore, thus of its long-term business strategy. It is the driving force through which the Company aspires to remain competitive in the long term, to meet contemporary challenges and, by developing appropriate

partnerships, to contribute to a new and efficient model of socially inclusive growth, as it is reflected in the Sustainable Development Goals.

The Company, after carefully examining the existing significant social, environmental, and economic challenges affecting its activity, developed a new Sustainable Development strategy aiming at creating long-term and sustainable value for its shareholders and other Stakeholder groups, through a holistic approach that combines economic stability with social and environmental sustainability.



The Company's new strategy is implemented on three basic levels that are inseparable from one another and is governed by specific Principles that ensure completeness (Materiality Principle), quality (Stakeholder Inclusiveness Principle) and transparency (Accountability Principle) across all its activities. More specifically:

The **first level** focuses on the Company's commitment to tackling climate change and on its contribution to a low-emissions economy. MYTILINEOS is fully aware that climate change is one of the most urgent issues the planet is facing for the next decade. Considering the high CO<sub>2</sub> emission intensity in both aluminium production and electric power generation processes, climate change is a key element for the sustainability of its activities. In this context, the Company has designed a strategy to address climate change, which serves to guide its initiatives to reduce carbon dioxide emissions as defined by the Kyoto Protocol, the Paris Agreement on Climate Change (COP21) and the corresponding National Plan of Greece, which sets out its contribution to the European Green Deal. MYTILINEOS becomes the first Greek industry to set specific, measurable and ambitious CO<sub>2</sub> emission reduction targets for 2030 and 2050, thus making the reduction of its carbon footprint a priority of its new Sustainable Development Strategy.

In addition, the creation by the Company of new Business Units oriented towards the dynamic development of sustainable projects internationally (Renewables & Storage Development BU, and Sustainable Engineering Solutions BU), is predicted to play, in the next critical decade, an important role in the energy transition and in the reduction of greenhouse gas emissions globally, giving MYTILINEOS the opportunity to scale up its positive impact and become one of the leading companies in the global market in this area.

The **second level** highlights MYTILINEOS' systematic approach to the monitoring, optimal management and disclosure of information about the ESG risks and opportunities that affect its performance, as well as about its efforts to implement its strategy. Through the ESG approach, MYTILINEOS strengthens its ability to create long-term value and manage significant changes in the environment in which it operates. In this way, it responds to the modern-day sustainability requirements of investors, capital markets and financial institutions, as well as to society's expectations of commitment and transparency regarding these issues, whose number keeps increasing.

The **third level**, which forms the basis of this new strategic framework, expresses the responsible operation of MYTILINEOS, which has been systematically cultivated over the last 12 years through the implementation of its Corporate Social Responsibility (CSR) policy and the Company's commitment to the 10 Principles of the UN Global Compact. For MYTILINEOS, CSR is an ongoing self-improvement and incessant learning process, while also serves as a key mechanism for renewing its "social" license to operate and, at the same time, improves its competitiveness at national and international level.

**Marousi, 27.04.2021**

**The Audit Committee**

**Alexios Pilavios**

**Constantina Mavraki**

**Constanttine Cotsilinis**

## Appendix - Audit Committee Members CVs

### ALEXIOS PILAVIOS

#### Non-Executive Director – Independent

Alexios Pilavios is currently Non-Executive Chairman of Alpha Asset Management and Vice Chairman of ABC Factoring. He is also Chairman of the Athens Exchange Clearing House and member of the Board of Directors of the Hellenic Exchanges. He has a deep experience in the fields of Banking, Asset Management and Capital Markets.

During his thirty-five year career, he held senior positions in the Greek financial sector. He was Chairman of the Hellenic Capital Markets Commission (2004-2009) and General Manager of Alpha Bank (Head of Wealth Management) and member of the Executive Committee (2009-2017).

Alexios has served also for numerous years as CEO of Alpha Investments and Alpha Asset Management (1992-2004), holding also the position of Chairman of the Association of Greek Institutional Investors (1996-2000).

Prior to his assignments with Alpha Bank he held senior positions with Ergo Bank, Commercial Bank of Greece and the National Investment Bank of Industrial Development (NIBID).

Born in 1953, Alexios graduated from the Athens College and holds a BSc (Econ) from the London School of Economics, a MSc in Economics from the University of Essex and a PhD in the Economics of Education from the London University Institute of Education.

### YIANNIS (IOANNIS) PETRIDES

#### Non-Executive – Lead Independent Director

Yiannis Petrides served from 2013 to 2018 as Chairman of the Supervisory Board of Rotterdam-based Refresco N.V., the world's largest independent producer of private label beverages with Revenues of around 4 billion euros and 60 manufacturing facilities in Europe, North America and Mexico. Yiannis led the listing of the Company in 2015 in the Amsterdam stock exchange. Until 2016, he also held the position of Chairman of the Board of Largo (parent of Wind Hellas Telecommunications), a major fixed, broadband and mobile telecommunications operator in Greece. Yiannis is currently also a Director on the Board of PUIG, a privately held global player in fashion and perfumes. He also serves as the Chairman of PUIG's Audit and Compliance Committee. During 2005-2014 he served as Vice-Chairman of the Board of Directors of the Campofrio Food Group, Europe's leader in the processed and packaged meat market which was listed on the Madrid stock exchange. During that time he served as the Chairman of Campofrio's Audit Committee as well as Chairman of the Strategy Committee and member of the Remuneration and Nomination Committee.

Between 2010-2013 he served as Director on the Board of Panrico, Spain, leader in the sweet snacks industry and also as member of the Remuneration and Nomination Committee.

Yiannis worked for 23 years with PepsiCo Inc. Between 2000-2010 he served as President - Europe for the Pepsi Bottling Group, significantly expanding the Group's presence in countries like Russia, Spain and Turkey through organic growth as well as strategic acquisitions, creating a 4 billion USD business with 20 manufacturing facilities and over 10000 employees. He was one of the founders of PBG, which was spun-off from PepsiCo and listed on NYSE in 1999. Prior to that, he held the position of President of PepsiCo Spain. He also served as President for PepsiCo Greece/Balkans and as well as in different Marketing and Franchise positions with the company in the Middle East – working across both Beverage and Food Divisions of

PepsiCo. Prior to PepsiCo, Yiannis worked with the Procter and Gamble Company in the Middle East and USA.

Born in Cyprus in 1958, he holds a Bachelors and Masters degree with Honours in Economics from Cambridge University and an MBA from the Harvard Business School.

## **TINA (KONSTANTINA) MAVRAKI**

### **Non-Executive Director – Independent**

Tina (Konstantina) Mavraki is a C-Level Executive with extensive global experience in capital markets, company and project funding, risk management and audit. She started her career in 1998 and lives in London.

She has held senior positions with global institutions including Morgan Stanley, Citigroup and Noble Group, where she was responsible for multi-million US\$ financial and physical commodity investments in developed and emerging markets.

She has extensive financial and operational internal audit and due diligence experience, most notably as Office of CEO of US\$ 1.4 billion fund Barak Fund Management Limited, and as Head of Financing of commodities Division of US\$ 1.75 billion fund Gemcorp Capital LLP. She is a devoted sustainability professional, with deep expertise in governance and environmental impact.

Born in 1977 in Athens, Tina received an MA and BA in Philosophy, Politics & Economics from Oxford University and an MSc in Finance from London Business School. She is a CFA Charter- holder and holds a Certificate in Company Direction from the UK Institute of Directors.

Tina also founded UK Charity Hellenic Hope, making a lasting impact on thousands of children at risk in Greece.

## **COSTAS (CONSTANTINE) COTSILINIS**

### **Non Board – Member of the Audit Committee**

Costa Cotsilinis commenced his professional career in 1968 at Coopers & Lybrand, Wellington and transferred to the London office in 1972 and later that year to the Greek office. From 1978 to 2003 he was head of the audit practice of Coopers & Lybrand/PwC Greece and in the later years served as Chairman of the Board. He retired from PwC in 2003.

He has served on various boards and committees including the Supervisory Board of the European Financial Reporting Advisory Group (2002-2004) and the Accounting Harmonization Committee of UNICE (2002-2005). From 2009 to 2014 he was Deputy Chairman of the Hellenic Accounting and Auditing Standards Oversight Board and Chairman of the Auditing Standards Board and represented Greece during that period in the relevant committees of the European Commission including Chairman of the Auditing Working Group during the Greek Presidency.

Since 2006 he is Chairman of the Board of a Greek subsidiary of an Israel Insurance Company, Deputy Chairman of the Board of the charitable organisation, "The Smile of the Child" and he also acts as advisor to the Audit Committee of the National Bank of Greece. From 1991 to 2020 he was the Honorary Consul-General for New Zealand in Greece and has been twice honoured by Queen Elizabeth for his services.

He was born in New Zealand in 1946, was educated at Victoria University of Wellington and graduated with a Bachelor of Commerce and Administration degree. He is a Chartered Accountant: 1969 – 2012, Member

of the New Zealand Institute of Chartered Accountants and 1993 – present Member of the Institute of Certified Public Accountants of Greece. He has dual New Zealand and Greek citizenship and is fluent in both Greek and English.

## **VASSILIKI PRANTZOU**

### **Audit Committee Secretary**

Vassiliki Prantzou was born in 1981 in Athens. She is a graduate of the Law School of the Aristotle University of Thessaloniki and holds a postgraduate degree (Private Law A) from the School of Law of the National and Kapodistrian University of Athens. She is an accredited intermediary and has also attended a postgraduate course in business administration for executives (e-mba) at the University of Piraeus.

She is a member of the Athens Bar Association since 2006 and has joined the Company's Legal Department in 2014.