

## **CORPORATE GOVERNANCE STATEMENT**

### **I. Introduction**

Corporate Governance refers to a set of principles based on which adequate organisation, operation, management, and audit of a company is pursued, with the long-term objective of maximising its value and safeguarding the legitimate interests of all persons related to it.

This Corporate Governance Statement is a special part of the Annual Report of the Board of Directors, in accordance with Article 43β of Codified Law 2190/1920, as amended and currently in force.

### **II. Corporate Governance Code**

The Company has decided, on its own initiative, to adopt the Greek Corporate Governance Code for Listed Companies (hereinafter to be called, the "Code"). This Code is available on the website of Hellenic Exchanges SA, at the following address:

<http://www.helex.gr/documents/10180/2227277/ESED+Kodikas+FEB+2015+-+A4+-+FINAL+-+Internet.pdf/a1b406ab-52e4-4d76-a915-9abefd0a9d09>

The Company derogates from the Code and the Corporate Governance Principles, as permitted, with regard to the matters described in the following section.

### **III. Derogations from the Corporate Governance Code and reasons thereof**

As the case may be, the Company derogates from, or does not apply in their entirety, certain provisions of the Code relating to the following matters:

#### **Role and responsibilities of the Board of Directors**

In 2018, the Board of Directors had not set up a separate committee to preside over the procedure of nomination to the Board of Directors and to prepare proposals to the Board of Directors with regard to the remunerations of executive directors and the main senior executives, because the Company's policy with regard to such remunerations is stable and already determined. However, following best practices, the Remuneration and Nomination Committee was set up in the early months of 2019.

#### **Size and line-up of the Board of Directors**

By virtue of the Articles of Association, in 2018 the number of Directors ranged between 3 and 7, the majority of which are non-executive directors, derogating from the Code which provides for 7-15 Directors. In early 2019, the Company amended its Articles of Association increasing the number of its Directors to 3-11. Currently, the BoD comprises 5 executive directors, 2 non-executive directors, and 3 independent non-executive directors. This particular balance has ensured its efficient and productive operation.

Furthermore, the Board of Directors appoints an independent Vice-Chairman from its independent members.

#### **Duties and behaviour of Directors**

Directors are not required to disclose in detail any professional commitments (including important non-executive commitments to companies and non-profitable institutions) before appointment to the Board of Directors and there is no limitation as to the number of boards of directors of listed companies they may be members of, provided that all Directors have been able up to know to respond to their duties, to dedicate enough time thereto, and to be kept up to date about developments in matters relating to their duties.

No approval by the Board of Directors is required regarding appointment of any executive director to a company which is neither a subsidiary nor an associate.

### **Nominations to the Board of Directors**

In 2018 there existed no nomination committee for the Board of Directors. As indicated above, such committee was set up in 2019.

As per the Articles of Association, the term of the Directors' mandate is 5 years (and not 4), given that this provision has ensured, in the past, the BoD's more stable performance and effectiveness.

### **Operation of the Board of Directors**

The Chairman does not hold meetings, on a regular basis, with non-executive Directors, without the presence of executive Directors, to discuss the performance and remuneration of the latter, and other relevant matters as well as any matter that may be discussed in the presence of all Directors.

There are no induction sessions provided by the Board of Directors for its new members, there is no continuous professional training for the rest of the Directors, because the persons nominated to the Board of Directors have sufficient and demonstrated experience and organisational/managerial skills.

There is no specific provision for allocating adequate resources to the committees of the Board of Directors to perform their duties as well as to hire external consultants, since the relevant resources are approved on a case by case basis by the company's management according to the then corporate needs.

### **Evaluation of the Board of Directors**

There is no institutionalised procedure for evaluating the efficiency of the Board of Directors or its committees, nor is the performance of the Chairman of the Board of Directors evaluated. This procedure is not deemed a priority given the *modus operandi* of the Company's bodies.

The Board of Directors does not describe in summary, in the annual corporate governance statement, the procedure for its own evaluation and the evaluation of its committees.

### **Internal audit system**

In the second year of operation of the Audit Committee, the Board of Directors did not carry out the annual evaluation of the internal audit system. The Audit Committee examines and expresses its opinion to the BoD on the periodic reports of the internal audit department.

## Remuneration

The agreements entered into with executive Directors do not provide that the Board of Directors may require the restitution of the whole or part of the bonus granted, because of the revision of financial statements of previous financial years or, in general, due to erroneous financial data used to calculate such bonus.

In 2018 there existed no remuneration committee, exclusively comprised of non-executive Directors, the majority of whom are independent Directors, tasked with determining the remuneration of executive and non-executive directors, and, therefore, there are no arrangements regarding the tasks of such committee, the frequency of its meetings, and other matters relating to its operation. Based on the Company's structure and operation, the set up of such committee was deemed necessary and it was indeed set up in the early months of 2019.

The remuneration of each executive Director is not approved by the Board of Directors, upon proposal by the remuneration committee, without the presence of its executive members, given that there existed no remuneration committee. Remunerations and benefits of all kinds to executive Directors are determined by resolution of the Board of Directors and in accordance with the provisions of Codified Law 2190/1920, as amended and currently in force. Compensation may be paid to Directors, for an amount to be determined by special resolution of the ordinary General Meeting of Shareholders. Any other remuneration or compensation of Directors shall be borne by the Company, where approved by special resolution of the Ordinary General Meeting.

## General Meeting

For the time being, there exist no methods for electronic voting and/or voting by mail.

## IV. Corporate Governance Practices additional to those provided by the law

As part of the implementation of a structured and adequate corporate governance system, the Company has applied specific good corporate governance practices, some of which are additional to those provided by the relevant legislation (Codified Law 2190/1920 as amended and currently in force, Law 3016/2002 and Law 3693/2008).

In particular, the Company implements the following additional corporate governance practices, which all relate to the size, the line-up, the duties, and the operation, in general, of the BoD:

- Due to the Company's nature and object as well as the complexity of matters, the BoD -whose members have by now been increased to ten, i.e. seven more than the minimum number required by law- has set up committees to assist it with its tasks, comprised by its members having advisory, regulatory, and/or approval responsibilities. These committees and their composition are:
  - the Audit Committee which consist of:
    - Dimitrios Goumas, President
    - Alexandros Manos, member

- Stergios Nezis, member
- the Regulatory Compliance Committee which consist of:
  - Dimitrios Goumas, President
  - Ioannis Pantoleon, member
  - Sultana Chadouli, member
- the Remuneration and Nomination Committee (since 2019) which consist of:
  - Stergios Nezis, President
  - Dimitrios Goumas, member
  - Rouben Bourlas, member
- Since 2015, the Company has adopted an Ethics Code and set up the Regulatory Compliance Committee, which has been tasked with monitoring the implementation of such Code.

## **V. Main features of the internal audit systems with regard to the procedure for preparing financial statements and financial reports**

With regard to the procedure for preparing financial statements and financial reports, the internal audit system includes controls and audit mechanisms at various levels in the organisation as described below:

### **A) Controls at corporate level**

*Risk identification, assessment, measurement, and management:*

The scope, the size, and the complexity of the Group's activities require a complex system for methodically approaching and dealing with risks, which is implemented by all Group companies. Risk prevention and management is at the core of the Company's strategy.

### **Internal Audit System Adequacy**

The Internal Audit System includes the policies, procedures, and duties defined and implemented by the Company's Management and human resources for efficiently managing risks, achieving business objectives, ensuring reliability of financial and administrative reporting, and complying with laws and regulations.

The Company's Internal Audit Department prepares the annual audit plan on the basis of the assessment of risks to determine the operational priorities of the Internal Audit Department as well as on the basis of the issues identified by the Audit Committee and Management.

The Company's Internal Audit Department submits quarterly reports to the Audit Committee to allow for systematic monitoring of the Internal Audit System's adequacy.

Reports of the Company's Management and Internal Audit Department provide an assessment of the major risks and the effectiveness of the Internal Audit System for managing them. Reports communicate any weaknesses that may be identified, the actual or possible impact thereof as well as the Management's actions

to correct them. The audit results and the monitoring of the implementation of agreed actions are taken into account in the Company's Risk Assessment System.

To ensure independence of the regular audit of the Company's financial statements, the BoD applies a specific policy when preparing the proposal to the General Meeting regarding appointment of the Regular Auditor.

### **Preventing and fighting financial fraud**

As part of risk management, areas which are considered to be of high risk in terms of financial fraud are monitored by appropriate audit systems, there being accordingly enhanced controls. Examples include the existence of detailed organisational charts, operating rules, detailed procedures, and approval limits as well as application of the four eyes principle to practically all Company commitments. In addition to the control mechanisms implemented by each Directorate, all Company activities are subject to controls by the Internal Audit Department, whose results are presented to the Company's Audit Committee and BoD.

### **Internal Operating Rules:**

The Company has prepared the relevant Internal Operating Rules, approved by the BoD. The Rules also define the tasks and responsibilities of the main posts, thus promoting adequate separation of responsibilities within the Company.

### **B) Controls in IT systems**

The Company's IT Directorate is in charge of determining the strategy in matters of technology and information technology and of training the staff to cover for any needs that may arise. It is also responsible for supporting the applications through adherence to, and updating of, the software user manuals in collaboration, as the case may be, with external partners.

The Company has developed an adequate framework for monitoring and controlling its information systems determined by separate control mechanisms, policies, and procedures. Furthermore, specific access rights have been determined to the various information systems for all employees, depending on their position and role, and a relevant entry log is also kept for the Company's systems.

### **C) Controls for the preparation of financial statements and financial reports**

As part of the procedures for preparing the Company's financial statements, specific controls exist and apply which relate to the use of commonly accepted tools and methodologies based on international practices. The main areas in which controls apply relating to the preparation of the Company's financial statements and financial reports are the following:

#### **Accounting and financial reporting procedures**

Uniform policies and accounting procedures for the Company and its subsidiaries.

Verifications between the various reporting systems, and special approval for non-recurring accounting operations.

### **Preservation of assets procedures**

Controls for fixed assets, stocks, cash/checks and other Company assets, such as, for example, physical security of safes or inventories and inventory and comparison of counted quantities with quantities entered into accounting books.

Periodic physical inventory plan to verify the balances of physical and accounting inventories and detailed manual for conducting inventories.

### **Transaction approval limits**

Chart of Authorities describing the powers granted to various Company executives to perform specific transactions or operations (for example, payments, collections, legal transactions, etc.).

## **VI. The General Meeting and the Rights of Shareholders**

The role, the responsibilities, the call, the participation, the ordinary and extraordinary quorum and majority of attendees, the Bureau, the agenda, and, in general, the operation of the General Meeting of the Company's shareholders are all matters laid down in the Company's Articles of Association, as updated according to the provisions of Codified Law 2190/1920, as amended and currently in force.

## **VII. Line-up and Operation of the Company's Board of Directors, Supervisory Bodies, and Committees**

### **Board of Directors (BoD)**

#### **Introduction**

The Company is managed by a BoD comprising (10) members; the term of its mandate is five (5) years starting from election of the Directors, i.e. from 28.01.2019, it is automatically extended until the first Ordinary General Meeting after expiration of their mandate, but it may not exceed six years (i.e. 28.01.2024).

The members of the current BoD are:

1. Vassileios Billis, son of Aggelos, Chairman of the BoD and Managing Director, executive member
2. Dimitrios Goumas, son of Georgios, Vice-Chairman and Director, independent member
3. Alexandros Manos, son of Stefanos, Director, independent member
4. Michael Mastorakis, son of Konstantinos, Director, executive member
5. Stergios Nezis, son of Georgios, Director, independent member
6. Ioannis Pantoleon, Director, non-executive member

7. Rouben Bourlas, Director, non-executive member
8. Spyridon Kopolas, Director, executive member
9. Lampros Bisalas, Director, executive member
10. Stefanos Kanidis, Director, executive member

Information is provided below on individual Directors:

1. Vassileios Billis, Chairman of the Bod and Managing Director

Vassileios Billis is the Chairman and Managing Director of SYSTEMS SUNLIGHT ABEE, member of the Olympia Group. Before becoming Managing Director, he was in charge of the development of the mobile telephony subsidiaries, PLAY Poland and MTN Cyprus, of the Olympia Group abroad.

He has a Master's degree in Electrical Engineering from the University of Southampton as well as an MBA from the INSEAD Business University.

2. Dimitrios Goumas, son of Georgios, Vice-Chairman and Director, independent member

Dimitrios Goumas has a Degree in Economics from the Athens University of Economics and Business (ASOEE). He began his career in 1963 at the National Bank of Greece, where he worked for 41 years in various departments and headquarters directorates of the Bank's Administration. From 1987 to 1996, he was Deputy Director of the Investment and Capital Market Directorate of the National Bank, he became Director of the same Directorate in 1997, a post he held until January 2001, when he became Managing Director of ETEVA. Following the merger of ETEVA and the National Bank, in December 2002, he became General Manager of the National Bank, responsible for Investment Banking, until 2004, when he retired. In the past, he has been a member of the BoD of many companies in which the National Bank held a stake.

He is currently Vice-Chairman and independent non-executive member of the BoD of SYSTEMS SUNLIGHT SA. He is also an independent non-executive member of the BoD of Olympia Group SA and chairman of the Audit Committee. He is also member of the Audit Committee of the company Trastor REIC SA.

3. Alexandros Manos, son of Stefanos, Director, independent member

Alexandros Manos started his professional career in 1989 at the British Gas-Midlands Research Centre. In 1992, he joined Salomon Brothers as an analyst in the Transportation & Infrastructure department of Investment Banking. Then, after working for a short period of time at the corresponding department of Société Générale, in 1998, he reintegrated Citigroup as head of Investment Banking initially for Greece and, then, for Greece, Central and Eastern Europe, and Northern Africa.

In May 2007, he became executive member of the Board of Directors of Piraeus Bank and Deputy Managing Director. From June 2008 to December 2012, he was Managing Director of Piraeus Bank, Chairman of Piraeus Securities SA and participated in the boards of directors of subsidiaries of the Group abroad. From December

2012 to December 2013, he was Managing Director of Geniki Bank, a subsidiary of the Piraeus Group. From December 2013 to April 2019, he has been Management Consultant. Currently, he holds the post of Chief Operations Officer in Praxia Bank.

Mr. Manos has an MSc in Mechanical Engineering from the Imperial College of Science, Technology & Medicine and an MBA from the INSEAD Business University.

4. Michael Mastorakis, son of Konstantinos, Director, executive member

Michael Mastorakis, the Company's CFO, has a Degree in Economics and an MBA from the Athens University of Economics and Business, as well as a post-graduate degree from the Wharton School of the University of Pennsylvania. He has worked for a long time in companies of the VIOHALCO Group (Corinth Pipeworks, Hellenic Cables, ICME ECAB Romania), as CFO and Deputy General Manager, as well as from 2012 to 2016 as CFO in the listed companies CRETA FARMS and Karamolegos.

5. Stergios Nezis, son of Georgios, Director, independent member

Stergios Nezis was Deputy Managing Director and executive Director of the Chipita Group from early 2011 to May 2018, in charge of manufacturing, supplies, the Human Resources (HR) Department, and development of new markets. He has been COO in DOL SA (2006-2011) and Managing Director in six of the Group's subsidiaries. Mr. Nezis has also held the position of Managing Director in the Delta Ice Cream Group and the position of Deputy Managing Director in Delta Holdings SA (currently Vivartia) (2005-2006). He has been Managing Director of DEI SA (2000-2005) leading the company to its successful listing in the Athens Exchange in 2001, which was followed by 2 further public offerings in 2002 and 2003. He has been Managing Director of SCA Hygiene Products SA - a subsidiary of the Swedish multinational SCA Group (1989-2000) and the Phosphoric Fertilizers Industry SA (1984-1989). Mr. Nezis has been Director and Executive Director, in charge of industrial activities for Commercial Bank of Greece (1987-1989).

He graduated from the National Technical University of Athens with a degree in Chemical Engineering and has an MBA from the Athens University of Economics and Business.

6. Ioannis Pantoleon, Director, non-executive member

Ioannis Pantoleon graduated in Economics from the Athens University of Economics and Business (ASOEE) and has a Master's Degree in Financial Management and Accounting from the University of Manchester. He has a long experience in economics, international activities, and investment. From 1999 to 2013, he was Group Chief Financial Officer in Intralot, and from 2014 to 2015 he was Group Chief Operations Officer in the same company. In 2015, he became Chief Financial Officer of the Marinopoulos Group. Since February 2017, he has been Chief Financial Officer of the Olympia Group.

7. Rouben Bourlas, Director, non-executive member

Rouben Bourlas has a BSc and a MSc in Mechanical Engineering from Cornell University in New York as well as an MBA from MIT in Boston. He began his career in 1999 as Senior Analyst in First Manhattan Consulting Group in New York. In 2003, he moved to London and joined the easy Group, owned by Stelios Chatziioannou, where

he was Commercial Director until 2006. In 2006, he started working for the Olympia Group of Companies as Sales Manager for the Public chain store. In 2008, he became General Manager of Public and in 2012 Managing Director of the company. In 2015, he became CEO of Westnet. In February 2018, he became CEO of the Olympia Group.

8. Spyridon Kopolas, Director, executive member

Spyridon Kopolas started his career in the shipping sector and then joined Germanos SA as Sales Engineer. He then worked as head of the Energy Projects department in Sunlight and later on became head of international operations development. He has been an executive and a shareholder in companies in the sector of renewable sources of energy and since 2013 he is in charge of the construction and operation of the battery recycling plant in the Industrial Zone of Komotini.

9. Lampros Bisalas, Director, executive member

Lampros Bisalas started his career as certified auditor in PricewaterhouseCoopers. He then became internal auditor in Marfin Egnatia Bank. He joined Sunlight 12 years ago, initially being in charge of subsidiaries abroad, and then moved to the Commercial Department, initially as head of the motive power solutions department and then as Commercial Manager. He is a graduate from the Panteion University. He has post-graduate degrees from the IMD Business School in Switzerland and the Wharton Business School, University of Pennsylvania.

10. Stefanos Kanidis, Director, executive member

Stefanos Kanidis is the Company's Technical Manager. He began his career as an engineer at various construction projects in Germany, and became Production Manager in Pipe Manufacturing Supplies & Ancillaries - Komotini. In 1999, he joined Sunlight, initially as Production Manager, before being promoted to his current post in 2017.

### **Roles and responsibilities of the BoD**

The BoD is the Company's highest administrative body and it is mainly responsible for defining its growth strategy and policy, as well as for supervising and controlling management of the Company's assets. The line-up and the skills of the members of the BoD are determined by the law and the Company's Articles of Association. The primary obligation and duty of the members of the BoD is to constantly seek to enhance the Company's long-term economic value and to defend the general corporate interests.

To achieve corporate objectives and to ensure the Company's smooth operation, the BoD may delegate part of its responsibilities, other than those that require collective action, as well as the management, administration, or conduct of business, to the Chairman of the BoD and Managing Director, to one or several Directors, to Managers or to Company employees. Directors and any third parties to whom the BoD has delegated any of its responsibilities are prohibited from pursuing own interests that are contrary to the Company's interests. Directors and any third parties to whom the BoD has delegated any of its responsibilities are required to timely disclose to other Directors their own interests that may result from Company

transactions falling under their remit, as well as any other conflict of their own interests with those of the Company or associated companies resulting from the exercise of their duties.

Among other things, the BoD makes decisions about and approves the following:

- Acceptance of the Company's commitment by encumbering its (movable or immovable) assets with real rights and registration of prenotations.
- Sale and purchase of assets having book historical cost or market value, whichever is higher each time, exceeding a specific limit.
- Establishment of new companies in which the Company will have a stake or conversion of interests in existing companies, irrespective of the stake.
- Acquisitions, sales, and merger of companies, in which the Company participates in any manner whatsoever (capital or management).
- Making any commitment on behalf of the Company or signing any contract where their value exceeds a specific amount.

In 2018, the Board of Directors met 59 times and attendance of its members at these meetings has been as follows:

1. Vassileios Billis	59 times
2. Dimitrios Goumas	59 times
3. Alexandros Manos	58 times
4. Michael Mastorakis	59 times
5. Stergios Nezis	56 times
6. Ioannis Pantoleon	59 times
7. Rouben Bourlas	40 times

### **Executive and non-executive Directors**

When constituted as a body, the BoD determines the capacity and the responsibilities of its executive and non-executive members. The number of non-executive Directors may not be less than 1/3 of the total number of its members.

### **Chairman of the BoD and Managing Director**

The Chairman and Managing Director is the Company's lawful representative and is responsible for all Company Directorates.

### **Vice-Chairman of the BoD**

The Vice-Chairman of the BoD is an independent non-executive Director and the chairman of the Audit Committee and the Regulatory Compliance Committee.

## Audit Committee

### Audit Committee main responsibilities

1. It monitors the procedure and the conduct of the mandatory audit of the Company's corporate and consolidated financial statements. In this context, it informs the BoD by submitting the relevant report on the issues that have arisen from the mandatory audit, explaining in detail:

(a) the contribution of the mandatory audit to the quality and integrity of financial reporting, i.e. the accuracy, completeness, and correctness of financial reporting, including the relevant disclosures, approved by the BoD and made public;

(b) its role in the procedure under (a) above, i.e. description of the Audit Committee's actions during the conduct of the mandatory audit.

2. It monitors, reviews, and evaluates the procedure for preparing the financial reporting, i.e. the production mechanisms and systems, the flow and dissemination of financial information generated by the relevant Company's organisational units. The Audit Committee informs the BoD about its findings and submits proposals for improving the procedure, where necessary.

3. It monitors, reviews, and evaluate the adequacy and efficiency of all Company policies, procedures, and controls with regard to, on the one hand, the internal audit system and, on the other hand, the risk assessment and management, with regard to financial reporting. Regarding the operation of the internal audit, the Audit Committee monitors and supervises the proper operation of the Group Internal Audit Department and evaluates its work, adequacy, and efficiency, without, however, affecting its independence. It also reviews the reports made public as to the internal audit and the major risks and the uncertainties faced by the Company with regard to financial reporting. In this context, the Audit Committee informs the BoD about its findings and submits proposals for improvement, where necessary.

4. It reviews and monitors the independence of certified auditors and accountants or audit companies, in accordance with Law 4449/2017 (Articles 21, 22, 23, 26, and 27), as well as Article 6 of Regulation (EU) No 537/2014 of the European Parliament of the Council of 16 April 2014 and in particular the adequacy of the provision of non-audit services under Article 5 of the Regulation.

5. It is responsible for the selection procedure of certified auditors and accountants or audit companies and it proposes the certified auditors and accountants or audit companies to be appointed by resolution of the General Meeting.

### Line-up and activity of the Audit Committee

Line-up of the Audit Committee	Capacity	Committee Meetings 2018	Committee Meetings 1.1-23.4.2019	Percentage of participation in meetings
D. Goumas	Chairman	9	5	100%

A. Manos	Member	9	5	100%
S. Nezis	Member	9	5	100%

In 2018, as well as from 1.1.2019 to 23.4.2019 (date of approval of the annual financial report for financial year 2018), the Audit Committee met a total of 14 times, as shown in the above table, and discussed and evaluated matters as part of the requirements of the current legislation and the Company's operational needs. For example:

- The Committee repeatedly met with the CFO and the Chief Accountant about the procedure for preparing the financial reporting for 2017 and 2018 (including the financial reporting for the first half of 2018), analysing all data.
- The relevant meetings were held with the certified auditors about the procedure for the regular audit of financial reporting for 2017 and 2018 (including the financial reporting for the first half of 2018), paying particular attention to and having lengthy discussions about key audit matters.
- The Audit Committee reviewed and confirmed the independence of the certified auditors, and reviewed and approved the permitted non-audit services provided by them. It also informed the Company's and the subsidiaries' Management about the prohibited non-audit services.
- As part of monitoring the efficiency of the internal audit systems and risk management, the Audit Committee, *inter alia*:
  - Approved the annual audit plan of the Internal Audit Department;
  - Obtained, during the course of the year, all Internal Audit reports, which contained the findings and the manner in which Management dealt with such findings;
  - Held regular meetings with the Internal Auditor to discuss the audit findings;
  - Held regular meeting with the Company's Managers about corporate operational matters.
- The Audit Committee gave the required approvals and submitted the required reports and/or proposals to the Board of Directors.

During the Ordinary General Meeting in 2018, the chairman of the Audit Committee informed the Company's shareholder about the work of the Audit Committee in financial year 2017.