

## Annual Audit Committee Report to Shareholders for 2021

Dear Shareholders,



I am pleased to present our Audit Committee Report for 2021 covering our work over the course of the year including some areas of particular focus.

The primary role of the Audit Committee (hereinafter referred to as the 'Committee') is to assist the Board of Directors in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting, the effectiveness of the risk management framework and system of internal controls as well as consideration of ethics and compliance matters. We are also responsible for assessing the quality of the audit performed by, and the independence and objectivity of, the statutory auditor (Deloitte). The Committee also makes a recommendation to the Board on the appointment or reappointment of the statutory auditor. In addition, the Committee oversees the work and

quality of the internal audit function.

In 2021, the Committee continued to focus attention on the Company's response to its many regulatory and economic challenges to ensure the steady restoration of financial stability during one of the most difficult periods created by the continuing pandemic. The year represented a watershed for the Company with a focus on the continued ambitious plan to derisk the balance sheet and allow a full focus on the growth agenda.

This year of change was also a year of risk and the Committee, working in partnership with other Board Committees, focused on ensuring that the Company managed its activities safely and in line with best practice to ensure a successful outcome. The Committee convened sixteen (16) times during year 2021 and all its decisions were taken unanimously, based on the thorough examination of supporting material and further clarifications provided during these meetings by the competent managerial officers, statutory auditors and other experts.

Meetings of the Committee are always held before the Board meeting in order to allow the Committee to report its findings and recommendations in a timely manner. This is accomplished through the Chairperson who comments on matters of particular importance and the Board receives copies of the minutes of meetings, thus ensuring any significant matters are considered and addressed appropriately.

**Anne Weatherston**  
**Chair of the Audit Committee**  
**March 24th, 2022**

### **Committee Membership**

The Committee is comprised of Non-Executive members of the Board, the majority of which are independent. The Hellenic Financial Stability Fund (HFSF) Representative participates as a member in the Audit Committee, with full voting rights. The Committee is supported by an Executive Secretary and its operation is governed by the regulatory framework, including article 44 of Law 4449/2017, Law 4706/ 2020 and Law 3864/2010. The Committees operations and responsibilities are described in its Terms of Reference.

On 31 December 2021, and on the date of the publication of the 2021 Annual Financial Report, the composition of the Audit Committee is as follows:

<b>AUDIT COMMITTEE</b>	
Anne Weatherston	Chairperson, Independent Non-Executive BoD Member
	Member since: July 2020 Chairperson since: June 2021 Attendance rate for 2021: 100%
Andrew Panzures	Vice-Chairman, Independent Non-Executive BoD Member
	Member since: July 2020 Attendance rate for 2021: 100%
Karel De Boeck	Member, Independent Non-Executive BoD Member
	Member since: August 2016 Attendance rate for 2021: 94%
David Hexter	Member, Independent Non-Executive BoD Member
	Member since: August 2016 Attendance rate for 2021: 94%
Solomon Berahas	Member, Independent Non-Executive BoD Member
	Member since: February 2017 Attendance rate for 2021: 100%
Periklis Dontas	Member, Non-Executive BoD Member, HFSF Representative pursuant to Law 3864/2010
	Member since: December 2019 Attendance rate for 2021: 100%
<b>83% Independent Non-Executive</b>	
<b>17% Non-Executive</b>	

It is noted that the HFSF's Observer attends the meetings of the Committee without voting rights.

The Chief Finance Officer (CFO), Head of Internal Audit, Compliance and Risk Officer, Group Controller, Senior Advisor on Internal Control and Audit Issues and other Executives of Senior Management are invited to attend the Audit Committee meetings. The Group's statutory auditors are invited to attend all meetings.

In addition to the formal Committee meetings, the Chair held regular meetings with the Management, Chief Audit Executive and the external auditor to discuss agenda planning and specific issues that arose during the year.

### **Role and responsibilities**

The main duties of the Audit Committee based on its Terms of Reference are:

- Supervising and evaluating of the drafting processes of the annual financial statements and interim financial information of the Group and the Company prior to their publication;
- Supervising of the audit and review of the Group and the Company's annual financial statements and mid-year interim financial information conducted by the statutory auditors and cooperation with the statutory auditors on a regular basis;
- Ensuring the independence of the statutory auditors in accordance with applicable Greek Laws; a procedure which includes reviewing, inter alia, the provision by them of Non-Audit services to the Group and the Company;
- Proposing to the Board the selection of statutory auditors. Whenever it deems appropriate, the Committee shall also make a proposal for their replacement or rotation; the Committee is responsible for the tender procedure for the appointment of the auditors in accordance with article 16 of Regulation (EU) no. 575/2014 in conjunction with article 44 of Greek Law 4449/2017 and article 13 of Greek Law 3864/2010;
- Identifying weaknesses, making recommendations and monitoring the implementation of measures decided by the Committee;

- Proposing measures for specific areas requiring further investigation by internal or statutory auditors;
- Monitoring and annual evaluation of the adequacy and effectiveness of the Internal Control System (ICS) of the Group and the Company, based on the data and information provided by the Internal Audit as well as by the statutory auditors and other supervisory bodies;
- Evaluating the work of the Internal Audit, focusing on issues related to the degree of its independence, the quality and scope of its audits, the priorities determined by changes in the economic environment, the systems and in the level of risks and the overall efficiency of its operation;
- Determining the scope and appointing the latest every three years, an external audit firm, other than the statutory auditors to assess the adequacy of the ICS as provided for by paragraph 3, article 14 of Law 4706/2020 and in accordance with the specific provisions of BoD Resolution no. 1/891/30.9.2020 of the Hellenic Capital Market Commission and the Internal Regulation of the Company;
- Monitoring and evaluating on an annual basis the work of the Compliance function;
- Updating the Board of Directors for the results of the special and regular audits and other significant matters arisen and its role in the whole process.

#### **How the Committee discharged its responsibilities during 2021**

Regarding **Financial Statements and relevant notifications**, the Audit Committee:

- Reviewed the Group and the Company's critical accounting estimates and judgments and their application to the Group and the Company's quarterly interim financial information and annual financial statements;
- Reviewed the quarterly interim financial information and annual financial statements prior to their publication, discussing and asking for clarifications on the accounting standards implemented and suggested to the Board their approval;
- Met regularly with Management and the statutory auditors to discuss any changes in accounting policies, critical accounting estimates, one-off items impacting the Financial Statements and any other significant issues. The Committee was also informed on how the Management and the statutory auditors responded to the risks related to Covid-19 pandemic;
- Was updated regularly and reviewed legal and tax matters which could significantly impact the judgments made by management when preparing the financial statements.

Regarding **External Audit**, the Audit Committee:

- Reviewed the statutory auditor's audit plan and methodology for the interim review and the annual audit, the extended independent auditor's report and audit findings. The Committee was also informed and discussed any modifications to the statutory auditors' plan;
- Ensured tendering and appropriate rotation of the statutory auditors after five (5) consecutive years and pre-approved the appointment of Deloitte as the Group's statutory auditor for the financial year 2021;
- Reviewed and proposed to the Board the fees for audit and permissible non-audit services to Deloitte for the year ended 31 December 2021, as disclosed in Note 47 in the Annual Financial Statements;

- Considered Deloitte independent; Deloitte, in accordance with professional ethical standards, provided the Audit Committee with written confirmation of its independence for the financial year 2021;
- Requested the presence of the statutory auditors in every Audit Committee meeting. The statutory auditors attended all Audit Committee meetings in 2021. The Audit Committee Chairman maintained regular contact with the audit partner throughout the year;
- Assessed the effectiveness of Deloitte as the Group and the Company's statutory auditor as part of its self-assessment process using a questionnaire, which focuses on the overall audit process, its effectiveness and the quality of output.

Regarding **Internal Control System**, the Audit Committee:

- Promoted the continuous strengthening of the ICS as a strategic priority for the Board of Directors and Management of the Group and the Company, as well as the procedure for the development and integration of the appropriate internal control mechanisms, with the objective of the further improvement of the operational risks that the Group face in its operations;
- Assessed the effectiveness of the ICS and any developments affecting it. In order to carry out its assessment the Audit Committee:
  - Discussed with Management the internal control deficiencies as well as the implementations of remediation actions, following recommendations of the internal and statutory auditors as well as the Supervisory Authorities;
  - Examined and discussed reports and information regarding the ICS pursuant to the quarterly reports prepared by the Internal Audit;
- Was updated on the Share Capital Increase Control Process;
- Was updated on the performance of Piraeus Financial Holdings' subsidiary, JSC Ukraine;
- Reviewed and pre-approved the updated Audit Committee Terms of Reference.

Regarding **Internal Audit Unit**, the Audit Committee:

- Monitored the implementation of the Internal Audit Annual Action Plan for year 2021 and concluded that the Internal Audit was effective;
- Was notified of the Internal Audit Annual Action Plan for year 2022, staff related issues and budget. Pre-approved its implementation and submitted it for further approval to the Board of Directors;
- Was notified on the significant audit findings (regular and special audits) and Management's responses in relation to timing and activities of remediation plans;
- Reviewed and pre - approved the Internal Audit Charter;
- Ensured that Internal Audit has the appropriate skillset and capacity to audit and evaluate the effectiveness of the internal control framework;

Regarding **Compliance Function**, the Audit Committee:

- Monitored the implementation of the Compliance Annual Action Plan for year 2021 and concluded that Compliance function was effective;
- Was notified of the Compliance Annual Action Plan for year 2022, pre-approved its

- implementation and submitted it for approval to the Board of Directors;
- Reviewed and approved the Piraeus Financial Holdings Compliance Policy;
  - Was regularly updated on the assessment and implementation of the requirements of the Law 4706/2020 and Law 4799/2021.

### **Self-Assessment**

The Audit Committee carried out its self-assessment for the year 2021. The analysis of the feedback received, revealed that the Audit Committee performed its duties effectively. In particular, it was noted that with respect to its operation, the Audit Committee carried out its role and responsibilities in accordance with its approved Terms of Reference, which is in compliance with the applicable legal and regulatory framework in force, and is approved by the Board of Directors. Moreover, the results of the self-assessment showed that the level of knowledge, professional experience, as well as the availability and cooperativeness of the Audit Committee members ensured its independence and effectiveness of its performance.

Information on the current composition of the Audit Committee, its operation and responsibilities is available on the Company's website.

### **Piraeus Group Sustainable Development Policy**

Piraeus Group seeks to contribute to and operate in alignment with the United Nations Sustainable Development Goals and the Paris Agreement on climate.

The scope of the Piraeus Group Sustainable Development Policy (henceforth 'Policy') is to support, promote, and finance sustainability with adherence to ESG criteria, also embodying the commitment of the organisation to transparency.

The Policy focuses on the areas of corporate governance – economy – society – culture – employees – environment. In the context of its responsible business activities, Piraeus Group remains consistent with its commitments regarding the growth of the Greek economy, financing sustainable entrepreneurship, ensuring best workplace practices, reinforcing social coherence, strengthening its relationship with local communities, safeguarding cultural heritage and protecting the environment.

Through this Policy and guided by the Principles for Responsible Banking of UNEP FI (United Nations Environment Programme Finance Initiative), Piraeus Group integrates Environmental, Social and Governance factors in its operation and business activity.

The Group supports and promotes the Sustainable Development Goals, which address the most important global economic, social and environmental challenges, as well as the Paris Agreement.

The Policy is available in the Group's website: ([https://www.piraeusholdings.gr/~media/Com/2021/Files/Environment-Society/2020\\_Sustainability\\_Policy\\_Piraeus\\_Group\\_ENG.pdf](https://www.piraeusholdings.gr/~media/Com/2021/Files/Environment-Society/2020_Sustainability_Policy_Piraeus_Group_ENG.pdf)) and incorporated herein by reference.