



## **Audit Committee**

### **Annual Activity Report 2023**

**April 2024**

## Intro by the Chairman of the Audit Committee

In my capacity as Chair of the Audit Committee of the Company "LAMDA DEVELOPMENT - Holding and Real Estate Development Société Anonyme" and on behalf of the Committee, I hereby submit to you the Activity Report for the year 2023, which includes the Committee's actions until the approval of the 2023 annual financial statements by the Board of Directors, and describes its work, on the basis of the duties and responsibilities assigned to it, as presented in detail in the Audit Committee Charter published on the Company's website <https://www.lamdadev.com>.

### Composition

The current Audit Committee, established according to the terms and conditions of article 44, par 1(c) of Law 4449/2017, as amended by article 74 of Law 4706/2020, was elected by resolution of the Extraordinary General Meeting of the Company's Shareholders dated 22.12.2020, and re-elected by resolution of the Ordinary General Meeting of the Company's Shareholders held on 21.06.2023. The election of the Committee's Chair and its establishment as a body has been effected by a decision of the Audit Committee, which convened on the same day, in accordance with article 44 par. 1(e) of Law 4449/2017, as amended by article 74, par. 4 of Law 4706/2020. More specifically, the Audit Committee is composed of:

1. Chariton Kyriazis, Chair of the Audit Committee and Non-Executive Director of the Company, and Independent Director within the meaning of article 9, par. 1 & 2 of Law 4706/2020, meeting in any case the criteria of article 4 of Law 3016/2002, as currently in force;
2. Ioannis Zafeiriou, Member of the Audit Committee and Non-Executive Director of the Company, and Independent Director within the meaning of article 9, par. 1 & 2 of Law 4706/2020, meeting in any case the criteria of article 4 of Law 3016/2002, as currently in force;
3. Evgenia Paizi, member of the Audit Committee and Non-executive Director; and
4. Konstantinos Sfakakis, member of the Audit Committee and a third party outside the Company, Independent within the meaning of article 9, paras 1 & 2 of Law 4706/2020, meeting in any case the criteria of article 4 of Law 3016/2002, as currently in force.

All Audit Committee members have sufficient knowledge of the sector that the Company operates. At least one member of the Committee, Mr. Sfakakis, has sufficient knowledge in auditing and accounting, as required by law.

The CVs of the Committee members are available on the Company's website ([www.lamdadev.com](http://www.lamdadev.com))

The Audit Committee members are appointed for a three-year term of office, starting from their election by the above mentioned Ordinary General Meeting (21.06.2023). The term of office for the members of the Committee that are also members of the Board of Directors in any event expires upon expiry of their term of office as members of the Board of Directors. The term of office of Committee members that are not members of the Board of Directors may be extended by decision of the Board until the immediately following Ordinary General Meeting of shareholders, but in any case not later than eleven (11) months.

### Meetings

During the fiscal year 2023, a total of twelve (12) meetings were held. The following table shows the statistics of the members' participation in the Audit Committee meetings:

Members	Audit Committee Meetings - Year 2023												Attendance percentage:
	11/1	31/1	14/3	25/4	2/5	30/5	20/6	21/6	5/7	12/7	26/9	21/11	
Kyriazis Chariton	√	√	√	√	√	√	√	√	√	√	√	√	100%
Zafeiriou Ioannis	√	√	√	√	√	√	√	√	√	√	√	√	100%
Paizi Evgenia	√	√	√	√	√	√	√	√	√	√	√	√	100%
Sfakakis Konstantinos	√	√	√	√	√	√	√	√	√	√	√	√	100%

With regard to the activities of the Audit Committee, during the financial year 2023, all issues falling within its responsibilities were examined, with emphasis on external audit, the financial and non-financial reporting process and the Internal Control System and Corporate Governance System:

#### **A. External Audit**

1. The Audit Committee monitored and reviewed the process of the statutory audit of the Company's individual and consolidated statements for the financial year 2022 and the first-half of the financial year 2023 as well as the content of the additional reports provided by the certified auditor-accountant -PricewaterhouseCoopers (PwC). In particular, during the statutory audit, meetings were held with the chartered auditor-accountant's team where it has been discussed, inter alia, the Key Audit Matters, the accounting standards affecting the assumptions of the audit plan, the materiality threshold, the scope and the results of the audits, the problems highlighted in the audit process due to the complexity of their work and the future challenges for the Company. Special mention was made, inter alia, to the improvement of the Company's liquidity, to which the issuance of the green bond contributed significantly, while the accounting of the acquired Designer Outlet Athens in the 2022 financial statements and the accounting valuation of the Company's investment properties, which returned to pre-pandemic levels, were also analysed in detail. There were no other reports in the statutory chartered auditor-accountant's report that were not discussed by the Committee. Following this, the accuracy and completeness of the audit process was verified, based on the applicable regulatory provisions.
2. The auditors have briefed the Company and its significant subsidiaries on the existence of an effective Internal Control System. During the discussion that took place, it was found that no material weaknesses were identified.
3. The Audit Committee discussed with the external chartered auditors the risk analysis and audit plan for the FY 2023 audit. The discussion covered, inter alia, the main risks and significant developments in the business environment, that could have an impact on the results of the financial year, as well as the Key Audit Matters for the financial year 2023, as these had been developed by 26.01. 2024, namely the valuation of the investment properties, the net realizable value of the assets under development, as well as the adequacy of a two-fold liquidity: the resources available for the construction of the Hellinikon project, on the one hand, and the refinancing of the loans, on the other hand.
4. The Audit Committee confirmed the chartered auditor's independence. More specifically, it reviewed the total amount of the chartered auditors-accountants (PwC) fees for the financial years 2022 and 2023 regarding the audit and non-audit services that were carried out, pursuant to the Company Policy in force for the Assignment of Non-Audit Services, which implements the applicable restrictions of European Regulation no. 537/2014 and the relevant HAASOB's (Hellenic Accounting and Auditing Standards Oversight Board) directives. In addition, PwC confirmed in writing its independence according to the *International Code of Ethics for Professional Accountants* of the International Ethics Standards Board for Accountants (the IESBA Code) and the ethical requirements of the European Regulation 537/2014 and Law 4449/2017.
5. The Audit Committee recommended to the Board of Directors to propose to the Annual General Meeting of Shareholders of 2023, the reappointment of the audit firm PwC for the statutory audit of the FY 2023, given that, in light of the evaluation of its work, the cooperation to this day has been found to be satisfactory. The Audit Committee also confirmed with the Financial Division that the proposed fee for the above work is reasonable for its quality and approved its amount. It is noted that 2023 is, according to law, the last FY for which the statutory audit can be carried out by PwC and that the Audit Committee has held a competition among the major audit firms to select the new firm to be proposed for the statutory audit, which is EY.

#### **B. Financial Reporting Process**

1. The Audit Committee was briefed on, and reviewed the result of the property valuation as included in the Financial Reporting process followed for the issuance of the 2022 Annual Financial Report and the 2023 Half Yearly Financial Report.
2. It reviewed and evaluated the Financial Reporting procedure followed for the issuance of the Annual Financial Report 2022 and the Half-Yearly Financial Report 2022. During the review of the above process, *inter alia*, it discussed with the Chief Financial Officer, the Chief Internal Auditor and the Chartered Auditor the key information/review points as these emerged during the audit of the financial results and the other recommendations of the above, it was briefed about the key financial data, it initiated actions to address any risks

to the Company related to the above, and, having ascertained their proper execution, informed the Board of Directors and recommended the approval of the relevant financial statements.

3. The Audit Committee reviewed the preparation of the interim financial statements of the Company and the Group for the first quarter and the first nine months of 2023, through the audits of the Internal Audit Service. Following a briefing by the Chief Internal Auditor on the results of the above audits and after discussion with the Chief Financial Officer on the main briefing / review points - as these emerged during the audit of the financial results and the key financial metrics - the Audit Committee recommended their approval to the Board of Directors.
4. The Audit Committee reviewed the Corporate Announcements regarding the financial results and the process for their preparation.
5. It reviewed - through an audit carried out by the Internal Audit Service - and approved the relevant Management Presentation, as published in the context of the Investor Day's event.
6. It discussed, during several meetings with the Chief Financial Officer, the actions taken by the Financial Division to reduce the closing time required to prepare the Company's Financial Statements in a reliable manner.

### **C. Internal Control System**

#### **Internal Audit**

1. The Audit Committee was briefed by the Chief Internal Auditor about all the audits carried out within the reported period and reviewed the findings thereof, the corrective actions agreed with the senior management and the timeline for their implementation. In addition, it was given a follow up on the progress of the implemented actions according to the implementation timeline set by the responsible officials for the above actions. Where necessary, the Audit Committee contacted the competent company officers for further clarification on the corrective actions decided. The examination of the significant findings and the identification of areas for improvement contributed to the preparation of additional proposals by the Audit Committee to the Company's Management, which were discussed at length and concerned the adoption of additional safeguards in various operational areas of the Company, such as the major procurements in the context of the Hellinikon project and the drafting of the respective contracts.
2. The Audit Committee approved the initial 2023 annual audit plan of the Internal Audit Service, as well as the revisions of said plan, incorporating new audits according to the evolving needs of the Company and modifying the scope of some of them. It was also briefed by the Chief Internal Auditor on the revised methodology followed by the Internal Audit Service for the development of its annual audit plan, which is based on the universal risk identification & management register of the Company.
3. The Audit Committee was briefed on the progress of the preparation of the 2024 Annual Internal Audit Plan, which covers the period of the March 2024 - March 2025 audit cycle.
4. It reviewed the quarterly activity report of the Internal Audit Service for the period ended on 31.12.2022, as well as the quarterly reports for the periods that ended on 31.3.2023, on 30.6.2023, 30.09.2023 and 31.12.2023, respectively.
5. The Audit Committee was briefed, by written statement of the Chief Internal Auditor, about the independence of the Internal Audit Service.
6. It evaluated the needs for necessary resources, and the potential impact of any restrictions on the resources or the auditing work of the Internal Audit Service in general, at the request of the Chief Internal Auditor, and was briefed on the further strengthening of the Service. In this context, it reassessed and approved the organisational structure of the Service.
7. It approved the assignment of independent external assessment services for the Company's Internal Audit Department, after having been informed by the Chief Internal Auditor heading the Service on the nature, cost and duration of the project. The said assessment was conducted in accordance with International Standard 1300 (Quality Assurance and Improvement Program) and International Standard 1312 (External Assessments) for the professional practice of internal auditing and was carried out by the Institutes of Internal Auditors of Greece (HIIA) and France (IFACI), in accordance with the Internal Audit Standards and international best practices. The assessment process took place in January 2024 and the results will be reported to the Internal Audit Service within the first half of FY 2024.
8. The Audit Committee was briefed on the implementation by the Internal Audit Service of a new methodology for the preparation of Audit Reports and reports on the progress of its audit work, which was prepared in cooperation with a specialized team of external consultants, based on data visualization best practices, thereby introducing a

more effective visual representation of audit observations, which will be more understandable especially by the Group's senior executives.

9. It approved the revised Charter of the Internal Audit Service, which became necessary following the completion of the external assessment, and recommended its further approval by the Board of Directors of the Company.
10. Upon authorization of the Committee, the Chairman of the Committee carried out an evaluation of the Chief Internal Auditor's performance in the context of the annual evaluation of the Group's senior officers for the year 2022, and approved the objectives for the year 2023.
11. During FY 2023, and in addition to the Committee meetings, the Chairman of the Committee had weekly meetings with the Chief Internal Auditor in order to be updated on the progress of internal audits and other matters related to the responsibilities and organization of the Internal Audit Service.

#### **Risk Management**

1. The Audit Committee reviewed the Group's most significant risks through the quarterly reports of the Risk Director, with emphasis on those related to the Hellinikon project and on those of the Financial Division.
2. It discussed in detail the main risk management issues in FY 2023. Particular emphasis was placed on the quality review of the recorded risks and their effective monitoring. In particular, the Chairman of the Commission focused on the importance of risk validation at top management level and on the mapping of risk management actions, which form an effective management tool for top management.
3. It reviewed the operation and the work of the Risk Management Unit through meetings held with the Risk Director and other officers of the Company, as well as through the relevant reports submitted, namely the quarterly reports for the periods ended 31.12.2022, 31.03.2023, 30.06.2023 and 30.09.2023, and also reviewed the annual activity report for the FY 2023.
4. It approved, on the basis of the relevant authorization granted by the Company's Board of Directors on 02.11.2023, the Company's Risk Management Process, as prepared by the Risk Management Unit and reviewed by the Internal Audit Service, in the framework of a consultancy work. The need to monitor possible future updates of this process in the context of the implementation of an integrated Risk Management System was highlighted.
5. The Audit Committee was thoroughly briefed on the action plan for FY 2024. In this context, the need for the Unit to be staffed by professionals from the sector was highlighted and the possibility of outsourcing consultancy services to external consultants was considered with the aim of enhancing the effective operation of the Unit.

#### **Compliance**

1. The Audit Committee was thoroughly briefed on the progress of the work of the Compliance Unit, through the quarterly reports submitted to it for the periods ended 31.12.2022, 31.03.2023, 30.06.23, 30.09.2023 and 31.12.2023 and through the contacts of the Chairman of the Committee with the officers of the Unit.
2. It reviewed the Compliance Unit's Action Plan for FY 2024.

#### **Evaluation of the Internal Control System (ICS)**

Within the framework of its responsibilities, as provided for by the Board of Directors-approved Policy for the Evaluation of the Company's ICS, it was briefed on the Results Report of the ICS evaluation conducted by the independent external assessor-auditor, with a reporting date of 31.12.2022. In particular, the Committee was informed of the result:

1. of the summary Report of the External Assessor's Report disclosed to the Hellenic Capital Market Commission and which does not contain any material weaknesses (a "clean report"); and
2. of the detailed respective Report, which includes non-material points for improvement and the timeframe for the implementation of the actions agreed with the Management. The Committee has authorised the Internal Audit Service to take follow-up steps related to the monitoring of these actions.

#### **D. Corporate Governance System**

1. The Audit Committee initially approved the assignment of the assessment of the adequacy and effectiveness of the Corporate Governance System, with a reporting date of 31 December 2023, which is also a requirement of Law 4706/2020, to an independent external evaluator. In particular, it selected the company "Ernst & Young

(Hellas) Certified Auditors Accountants S.A." (EY), which has carried out the respective evaluation of the Internal Control System of the Company and its significant subsidiaries, in accordance with the provisions of paragraph j of par. 3 and para. 4 of article 14 of Law 4706/2020, and therefore it has already acquired significant experience regarding the Corporate Governance framework governing the Company's operation, thus expecting considerable synergies in the work to be carried out. Following the above, it proceeded with the further recommendation to approve the assignment of the aforementioned assessment during the Board of Directors' meeting of 07.02.2024. The assessment was completed within the first quarter of 2024 and did not identify any material weaknesses in the Company's Corporate Governance System. More detailed results of the above assessment are included in the Corporate Governance Statement 2023.

2. The Audit Committee was informed about the actions of the Internal Audit Service regarding the preparation of the Corporate Governance Statement that was included in the 2022 Annual Financial Report, in compliance with the Greek Corporate Governance Code adopted by the Company.
3. The Chairman of the Audit Committee held meetings with the Chairman of the Board of Directors, the Chief Executive Officer, as well as other officers of the Company on issues related to the Company's internal audit, risk management, regulatory compliance and the Internal Control and Corporate Governance Systems.

#### **E. Other Significant Matters**

1. The Audit Committee was briefed by the Legal Counsel about the Company's pending litigations during December 2022 and 2023.
2. It was briefed on the Group's information systems and in particular:
  - About the information systems used at Company level, in the Hellinikon project (with particular emphasis on the application that monitors the sales of the residential developments and leases of the Shopping Centres under construction and the application that monitors the work plan on Health and Safety and Sustainable Development issues), as well as the management of the Shopping Centres and Flisvos Marina, through a detailed presentation by the Senior Director, Technology of the Company.
  - About security issues of the Group's information systems, within the scope of its responsibilities.
  - About the functioning of the tool that supports the needs of the Financial Division, with emphasis on the ongoing adjustment tasks, due to the needs that arise during the implementation of the Hellinikon project.
3. It confirmed the effective security of the Company's information systems, following a briefing by the Company's IT Department. The above effective security of the Company's information systems was also confirmed by a relevant review carried out by an external team of KPMG.
4. It was informed about the Whistleblowing issues managed by the Reports Committee, the procedure followed to investigate the relevant reports and the actions taken to resolve them. It communicated to the Company's Management the conclusions drawn from the cases investigated, through a briefing note prepared by the Reporting Committee for the implementation of improvement actions, where required.
5. It examined four (4) potential conflict of interest situations, where it approved the relevant response plans in accordance with the Company's conflict of interest management policy and procedures.
6. It reviewed the Corporate Announcements in their entirety, as well as their drafting process.

#### **F. Operational Matters**

1. The Audit Committee performed a self-assessment of its work for the year 2022, its operation and the overall qualifications of its members through the completion of a relevant annual questionnaire, the conclusions of which were duly discussed and communicated to the Board of Directors of LAMDA Development. With respect to the 2023 assessment, it is noted that it is being conducted by an external consultant as required by law, and will be completed within the first half of 2024 and will then be communicated to the Board of Directors of LAMDA Development.
2. It reviewed and approved the minutes of its meetings.
3. It has submitted its Annual Activity Report for the FY 2022 to be included in the 2022 Corporate Governance Statement and to be submitted to the Annual General Meeting of Shareholders on 21 June 2023.
4. It drew up its action plan for FY 2023 and discussed it, with particular emphasis on the obligations to review the non-financial information disclosed and the strict timeframes for such reviews, in order to ensure the completeness and accuracy of the relevant disclosures.

5. It prepared and submitted reports regarding its activities to the Board for the quarters ended 31.12.2022, 31.03.2023, 30.06.2023, 30.09.2023 and 31.12.2023. These reports included, inter alia, information on the progress of the work of the Internal Audit Service, the Compliance Unit and the Risk Management Unit. These reports incorporated the complete Reports of the Internal Audit Service, which are submitted via an electronic platform with authorized access only for the members of the Board of Directors, for their complete, secure and timely information.

#### **G. Non-financial reporting and sustainable development**

1. The Audit Committee was briefed on the sustainable development matters implemented in FY 2022 and FY 2023. It is noted that, during the above-mentioned briefing, particular emphasis was placed on the obligations imposed by the Green Bond Framework and the disclosures of non-financial information.
2. The Chairman of the Audit Committee was informed by the competent officers on their actions regarding the progress of the adoption of the Group's sustainable development strategy, as well as on the progress, in this context, of the adoption and alignment of long-term sustainable development objectives among the Group's subsidiaries.
3. The Committee reviewed, through the work of the Internal Audit Service:
  - o The Green Bond Report for the FY 2022
  - o The 2022 Non-Financial Statement Report
  - o The 2022 Taxonomy Reporting Review, which is a section of the above 2022 Non-Financial Statement Report but, due to its scope and complexity, was the subject of a separate audit; and
  - o The Sustainable Development Report for the FY 2022

Since the above Reports were found to be comprehensive, technically detailed and satisfactory in terms of the quality of the work carried out, the Committee authorized their publication.

4. It was informed of the establishment of the Company's Sustainable Development Committee, a mixed committee consisting of independent non-executive Directors and officers of the Company, whose main responsibility is to assist the Board of Directors in strengthening and overseeing the Company's and the Group's long-term commitment to value creation in the three pillars of Sustainable Development. The said Committee reports to the Board of Directors of the Company, and its members include, among others, the Chairman of the Audit Committee.

The Chairman of the Audit Committee informed the Board of Directors on all the above matters as needed on a case by case basis.

#### **Sustainable Development Policy**

Sustainable Development is an integral part of the Company's long-term strategy. By virtue of its Board of Directors' decision dated 16.7.2021, the Company implements a Sustainable Development Policy, the main points of which may be summarised below:

*The Policy summarizes the Company's commitment to the responsible management of the economic, social and environmental impacts of all its activities towards its stakeholders, as well as the respective wider impacts towards the economy, society and natural environment, with a view to mitigating any adverse consequences (e.g. greenhouse gas emissions) on the one hand, and increasing the positive effects (e.g. job creation), in conformity with the UN Sustainable Development Goals, on the other.*

*The Company's Sustainable Development Policy is based, inter alia, on the Principle of Materiality and the Stakeholder Inclusiveness Principle, as both principles are defined in the GRI Standards and the United Nations 2030 Agenda on Sustainable Development (17 Sustainable Development Goals). It is also based on the principles of the Company - i.e. Extroversion, Innovation, Investing in its people, Customer-centered approach - and covers the following axes:*

**Environment:** *In every business and commercial development, the Company takes into consideration the following key environmental aspects:*

- *Climate change;*

- *Air, noise and particulate matter pollution;*
- *Biodiversity (effect on ecosystems - animals, plants) and soil quality;*
- *Sustainable use of raw materials and other materials;*
- *Solid waste;*
- *Water and wastewater.*

**Society:** *The Company's activity creates a series of social and economic impacts for its stakeholders, as well as for the country in general. The most important socio-economic effects covered by this policy include:*

- *Employment and economic value;*
- *Prosperity for the society and the local communities;*
- *Innovation and digital transformation;*
- *Dignity and equality;*
- *Training and developing the skills of the future;*
- *Health, safety and well-being.*

**Governance:** *The Company, through the implementation of standards, principles and corporate governance best practices, seeks to operate with ethics, extroversion and transparency in every business operation aspect, in order to enhance its competitiveness and to create benefits at every level of its value chain. This policy includes the following aspects of a robust corporate governance approach:*

- *Corporate governance - Stakeholder engagement/participation;*
- *Regulatory compliance and business ethics;*
- *Risk management, business continuity and emergency preparedness;*
- *Responsible investment and sustainable finance;*
- *Responsible procurement.*

Maroussi, 15/03/2024

The Chairman of the Audit Committee

C. Kyriazis