

REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR 2019

In my capacity as Chairman of the Audit Committee of the Company, I would like to briefly present to you the Report of the Committee for the year 2019 (01.01.2019 - 31.12.2019), in order to demonstrate its essential contribution to the Company's compliance in line with the provisions of the current legislative and regulatory framework in an environment characterized by intense and multilevel challenges as well as uncertainties.

The Company, fully complying with the provisions and requirements of Law 4449/2017, decided at the Extraordinary General Meeting of the Company's Shareholders on March 19, 2019, inter alia, to elect a new three-member Audit Committee, consisting of two (2) independent non-executive members of the Board and by a third member who is independent as this individual meets the relevant criteria by law and is not a member of the Board of Directors of the Company, on the contrary was appointed by the aforementioned decision of the General Meeting of Shareholders as non-member of the Board and in particular:

George Samothrakis	Chairman of the Committee
Konstantinos Gianniris	Independent Non Executive Member of the Board
Ioannis Apostolakos	Independent Non Executive Member of the Board

The members of the Audit Committee as a whole possess proven and sufficient knowledge in the field in which the Company operates and in particular in the field of production and marketing of plastic materials, as well as in the areas of accounting and auditing, with most this knowledge deriving from the member who heads the Audit Committee.

In particular, with regard to the Committee's activities during the previous year:

A. Meetings - frequency of attendance of each member in the meetings per year

The Committee meets at least four (4) times a year. The Chairman of the Committee decides on the frequency and schedule of meetings. External auditors are entitled to request a meeting with the Committee if they deem it necessary.

In 2019, the Committee met 7 times, with all its members attending all meetings, and the internal auditors informing the Committee on the pertinent matters. At most of its meetings, and following invitation from the Committee, key executives in charge of the administration and management of corporate affairs and business activities were also present.

The relevant minutes were kept for all meetings of the Committee that took place in 2019, and during those meetings the following main issues were examined:

B. External Audit / Financial Information Procedure

The Audit Committee was mainly concerned with:

- The process of financial information and the evaluation of the financial statements of the Company in terms of their accuracy, completeness and consistency. In particular, it was found that the financial statements were in accordance with the relevant framework concerning their content and preparation process. At the same time, the compliance of the financial statements with the respective publication rules as well as the ability of all interested parties to have direct, unhindered and uninterrupted access to them was verified.
- The announcements concerning the financial performance of the Company and the review of main points of the financial statements that contain significant judgments and estimates by the Management.
- The provision of additional services to the Company by the auditing company to which the ordinary auditor belongs. The selection and determination of the terms of cooperation and the remuneration of the regular auditor, through the proposal made during the Ordinary General Meeting of the Company as well as the selection criteria (provision of high quality services, determination of a fair, reasonable and competitive remuneration, etc.).
- Confirmation of the independence of the ordinary auditor, the objectivity and effectiveness of the audit process, based on the relevant professional and regulatory requirements. The regular auditor was summoned by the Committee, before which he confirmed his independence and the absence of any external direction or directive or recommendation in the performance of his duties. Monitoring and ensuring the completeness, objectivity and effectiveness of the audit by the ordinary auditor is a key priority of the Committee.
- The process of carrying out the statutory audit of the separate and consolidated financial statements of the Company, as well as the content of the main and the supplementary report submitted by the ordinary auditor.

It is noted that in the financial year 2019, the Audit Committee met twice with the external auditors, overseeing the process of the relevant audit of the financial statements.

C. Sustainable Development Strategy

The Audit Committee examined the implementation of the sustainable development strategy followed by the Group at all levels and areas of business activity. During the relevant examination process, it was found that the Group's objectives have included essential issues of employment, health, safety and welfare of employees, financial performance, supply chain, corporate governance, compliance and business ethics, product safety, health and customer safety, energy consumption and climate change, circular and new plastics economy, but also the respect and protection of the environment and the harmonious coexistence with the local communities in which the Group operates.

The Audit Committee also examined the commitment of the Management to the strict compliance with the current legislation and the full implementation of the strategic objectives that have been set up regarding the goals of reducing the environmental footprint of the Group and the sustainable development of the local areas.

D. Internal Audit and Risk Management System / Internal Audit Unit

The Audit Committee also dealt with the following:

- Overseeing the Company's internal controls and monitoring the effectiveness of the Company's internal control and risk management systems to ensure that the principal risks (indicative risk of fluctuations in raw material prices, credit risk, liquidity risk, currency risk, interest rate risk, capital adequacy risk, risks due to capital controls and restrictions on the domestic banking system, etc.) are identified, dealt with and disclosed publicly in a proper manner.
- Ensuring the independence of the internal control unit, monitoring its proper functioning in accordance with international standards for the professional implementation of internal control, as well as the applicable legal and regulatory framework (indicative of Law 3016/2002, as in force today).
- Reviewing the work of the Internal Audit Unit and its reports, evaluating the work of the Unit, its adequacy and effectiveness.
- The delivery of reports of the internal audit department to the Board of Directors
- Informing the Board of Directors of the areas in which the Audit Committee, in the course of its work, considers that there are substantive issues and monitoring the Management's response to them.
- The identification and examination of the operating regulatory framework of the Company's internal control unit.
- Identification of potential cases of conflicts of interest during the Company's transactions with related parties or any unusual transactions that have not taken place

under normal market conditions and submission to the Board of Directors of relevant reports.

- Ensuring the existence of those procedures by which the Company's personnel can confidently express concerns about possible financial reporting violations or irregularities or other matters relating to the operation of the business, which then they should be properly investigated and treated.

It is noted that during the exercise of our duties, we had and have uninterrupted and full access to all the information we need, while the Company provides to us the necessary infrastructure and space to effectively perform our duties.

George Samothrakis

Chairman of the Audit Committee of Thrace Plastics Co. SA