



RULES OF OPERATION OF THE AUDIT COMMITTEE

as in force after Article 44 of Law 4449/2017 (Government Gazette, Series I, No 7/24.01.2017) was amended by Article 74 of Law 4706/2020 (Government Gazette, Series I, No 136/17.07.2020)

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CONTENTS

Introduction	3
Article 1. Purpose of the Audit Committee	3
Article 2. Establishment and structure of the Audit Committee.....	4
Article 3. Term of office of the Audit Committee.....	5
Article 4. Composition of the Audit Committee	5
Article 5. Meetings of the Audit Committee.....	6
Article 6. Functions and obligations of the Audit Committee	7
Article 7. Remuneration and training of Audit Committee members	14
Article 8. Evaluation of Audit Committee members	14
Article 9. Ethical principles and rules of proper internal functioning of the Audit Committee	14

Introduction

These Rules of Operation of the Audit Committee (hereinafter referred to as the “Rules of Operation” for the sake of brevity) of the public limited company trading under the name “PLASTIKA THRAKIS ETAIREIA SYMMETOCHON ANONYMI EMPORIKI ETAIRIA” and the distinctive title “THRACE PLASTICS CO SA” (hereinafter referred to as the “Company” for the sake of brevity) were prepared according to the provisions of Law 3016/2002 (Government Gazette, Series I, No 110/17.05.2002), Law 4449/2017 (Government Gazette, Series I, No 7/24.01.2017) as in force after being amended by Law 4706/2020 (Government Gazette, Series I, No 136/17.07.2020) and of relevant circulars Ref. 1302/28.04.2017 and Ref. 1508/17.07.2020 issued by the Hellenic Capital Market Commission, as in force in each case.

The Rules of Operation describe the functions, duties, obligations and other operating parameters of the Audit Committee (hereinafter referred to as the “Committee” for the sake of brevity), according to the above provisions, and were adopted and entered into force on the basis of the Decision of 16 July 2021 taken by the Company’s Board of Directors (hereinafter referred to as “BoD” for the sake of brevity) and revised on 21/2/2022. After being adopted, the Rules of Operation of the Audit Committee shall be posted on the Company’s website. Those serving as Committee members at any given time are required to abide with the Rules of Operation.

The Rules of Operation of the Audit Committee shall be reviewed from time to time and revised as appropriate when this is deemed necessary. The Rules of Operation shall enter into full force on the date they are adopted by the BoD and shall then be posted on the Company’s website.

Article 1. Purpose of the Audit Committee

The Committee shall be established according to the provisions of Article 2 hereof and shall be entrusted with selecting and supervising the external auditors and notifying the results of the statutory audit to the Company’s BoD, monitoring the financial reporting process and the internal audit and risk management systems, as well as supervising the Internal Audit and Risk and Compliance Units.

More specifically, the Audit Committee shall, among other things:

- (a) notify the statutory audit results to the Company’s BoD and explain how the statutory audit has contributed to the integrity of financial reporting and what the Audit Committee’s role was in the process concerned;

- (b) monitor the financial reporting process and make recommendations or proposals to ensure its integrity;
- (c) monitor the effectiveness of the Company's internal audit, quality assurance and risk management systems and, as appropriate, its Internal Audit Department in respect of the Company's financial reporting process, without compromising the Department's independence;
- (d) monitor the statutory audit of the annual and consolidated financial statements, its efficiency in particular, taking due account of any findings and conclusions reached by the competent authority according to Article 26(6) of Regulation (EU) No 537/2014;
- (e) oversee and monitor the independence of certified auditors-accountants, as well as Article 6 of Regulation (EU) No 537/2014, in particular the suitability of the provision to the Company of non-audit services according to Article 5 of Regulation (EU) No 537/2014;
- (f) carry out the procedure for selecting certified auditors-accountants or audit firms and recommend the certified auditors-accountants or audit firms to be appointed according to Article 16 of Regulation (EU) No 537/2014, except in cases where Article 16(8) of Regulation (EU) No 537/2014 applies.
- (g) oversee the main risks and uncertainties of the Company and their periodic review and monitor the timely, complete and continuous compliance of the company with the relevant regulatory framework and monitor the extent to which this goal has been achieved, in accordance with the applicable legal framework and Company's articles of association, through the efficient operation of the risk and compliance unit.

Article 2. Establishment and structure of the Audit Committee

The Committee may comprise:

- non-executive Directors (BoD Committee), appointed by the BoD; or
- non-executive Directors and third parties (independent Committee), appointed by the General Meeting of Company shareholders (hereinafter referred to as the "General Meeting" for the sake of brevity); or
- only third parties (independent Committee), appointed by the General Meeting of Company shareholders.

The type of Committee (as per the above classification) and the term of office, number and capacities of Committee members shall be decided by the General Meeting of shareholders. The Committee shall comprise at least three (3) members, most of them being independent.

The independence criteria shall be determined according to Article 4 of Law 3016/2002, for as long said Law remains in force, and from then on (from 17 July 2021) according to Article 9 of Law 4706/2020, as listed in Annex A hereto.

Article 3. Term of office of the Audit Committee

The Committee members shall remain in office up until they are removed by the General Meeting of shareholders.

Article 4. Composition of the Audit Committee

All Committee members must be adequately acquainted with the sector in which the Company operates. At least one (1) Committee member, who is independent from the Company, must have sufficient knowledge and experience in accounting or auditing and must necessarily attend the Committee meetings on the approval of financial statements.

Furthermore:

- Should a Committee member resign, die or be disqualified, the BoD shall appoint a new member from among the existing Directors as replacement of the departed member for the period up until the expiry of that member's term of office, without prejudice, where appropriate, of Article 82(1) and (2) of Law 4548/2018, which will apply mutatis mutandis. Where the member referred to in the previous paragraph is a third person, not a Director, the BoD shall appoint a third person who is not a Director as temporary replacement, and the following General Meeting shall either ratify the appointment of that member or select another one for the period up until the expiry of departed member's term of office in the Audit Committee.
- The selection concerned shall be referred for approval to the following Ordinary or Extraordinary General Meeting of Company shareholders.
- The Chairperson of the Committee shall be designated by the Committee members at the meeting on the establishment of the Committee as body. The Chairperson must be independent from the Company.

Article 5. Meetings of the Audit Committee

The Committee shall hold its meetings either at the Company's registered office or at such other place as provided for by its Statutes. The Committee may also hold meetings by teleconference, using any widespread electronic or digital platform.

Given the extent of the Committee's functions, in conjunction with the Company's activity, size, business context and business model, the Committee shall hold meetings at regular intervals, including on an extraordinary basis, to carry out its tasks duly and effectively. In any event, however, the Committee shall meet at least four (4) times a year to carry out its tasks substantially. Moreover, it shall meet with the Company's external auditors, in the absence of Company managers, twice (2 times) a year.

All Audit Committee members shall attend, or be represented in writing at, its meetings. However, the Committee may, at discretion, whenever advisable and appropriate, invite the Company's Management and executives, as well as the head and other members of the Internal Audit Unit to specific meetings or to the discussion of specific agenda items and ask them to provide clarifications or explanations as appropriate.

The Chairperson of the Committee shall summon its members to a meeting by sending them an invitation at least four (4) business days before the date of the meeting. The invitation shall clearly set out the items on the agenda, as well as the date, time and place of the meeting.

The Committee shall adopt its decisions by the absolute majority of its members. The Committee may also meet without sending an invitation if all its members are present at the meeting concerned and none of them opposes the holding of the meeting and the adoption of decisions. Minutes shall be kept in any event. Where minutes are drawn up and signed by all Committee members, this will be equivalent to adopting a decision, even if no prior meeting has been held.

The Committee may select a secretary to keep the minutes of its meetings and provide support for its overall tasks.

The Committee's deliberations and decisions shall be recorded in minutes, to be signed by the attending members, according to Article 93 of Law 4548/2018.

The minutes shall be available to all members of the Audit Committee and the Board of Directors.

Article 6. Functions and obligations of the Audit Committee

Taking into account the specific conditions and needs of the Company, such as its size, ownership structure, organizational complexity and risk profile, the specificities of the market in which it operates and other relevant factors, the Committee's functions shall, without prejudice to the Directors' full responsibility, include the following:

(i) Financial reporting

The Committee:

- Shall be kept up-to-date with the process and timeline of the preparation of financial reports by the Management and shall monitor, examine and evaluate the process of drawing up the financial reports, i.e. the report generation schemes and systems, the flow and dissemination of financial reports generated by the Company's organizational units concerned.
- The above actions shall also include all other information that is disclosed in any way whatsoever (e.g. stock market communications, press releases, etc.) with regard to financial reporting.
- Shall notify the BoD of its findings on critical issues within its remit, make proposals for improving the procedure where appropriate, and follow up on how Company Management responds to them.
- Shall take into account and consider the most important issues and risks that may affect the Company's financial statements and the Management's important judgments and assessments made in preparing those statements.

Following is an indicative list of issues to be considered and assessed thoroughly by the Audit Committee insofar as they are important for the Company, making sure that the relevant report to the BoD sets out specific steps to be taken on them:

- Assessment of the use of the going concern assumption.
- Important judgments, assumptions and estimates in preparing the financial statements.
- Assessment of assets at fair value.

- Asset recoverability assessment.
- Accounting of acquisitions.
- Adequate disclosure concerning the significant risks to which the Company is exposed.
- Significant transactions with related parties.
- Significant unusual transactions.

The Committee must have meaningful communication with the external auditor in view of the drawing up of the auditor's audit report and supplementary report to the Committee. Moreover, the Committee shall review the (annual and semiannual) financial reports before they are approved by the BoD, to verify that they are complete and consistent with the information provided to the Committee, as well as with the accounting principles followed by the Company, and shall notify the BoD accordingly.

(ii) External audit

The Committee:

- Shall carry out the procedure for selecting and removing the external auditors or audit firms and shall recommend to the General Meeting of shareholders, through the BoD, the external auditors to be appointed as well as their terms of engagement and remuneration (according to Article 16 of Regulation (EU) No 537/2014, except in cases where Article 16(8) of Regulation (EU) No 537/2014 applies).
- Shall oversee and monitor the independence of external auditors or audit firms (according to Articles 21, 22, 23, 26 and 27, and Article 6 of Regulation (EU) No 537/2014), in particular the suitability of the provision to the Company of non-audit services (according to Article 5 of Regulation (EU) No 537/2014 applies).
- Shall ensure its timely and meaningful communication with the external auditor or audit firm in view of the drawing up of the auditor's audit report and supplementary report to the Audit Committee and shall resolve any disputes between the Management and the certified auditoraccountant.
- Shall monitor the process and conduct of the statutory audit of the Company's individual and consolidated financial statements, audit efficiency in particular, taking due account of any findings

and conclusions reached by the competent authority (according to Article 26(6) of Regulation (EU) No 537/2014). In this context, the Committee shall notify the BoD by submitting a report to them on the issues that have arisen from the performance of the statutory audit, explaining in detail: (a) how the statutory audit has contributed to the quality and integrity of financial reporting, i.e. to the accuracy, completeness and correctness of financial reporting, including the relevant BoD-approved disclosures which are made public;

(b) the Committee's role in the procedure referred to under point (a) above, i.e. recording the actions taken by the Committee during the statutory audit process.

- In providing the above information to the BoD, the Committee shall take into account the content of the supplementary report submitted by the external auditor, which contains the results of the statutory audit conducted and meets at least the specific requirements laid down in the relevant regulatory framework (Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014).
- Shall also be informed by the external auditor of the annual statutory audit program before that audit is conducted and shall evaluate that program and verify that it covers the most important audit areas, taking due account of the main business and financial risks to which the Company is exposed.
- The Committee shall also make proposals on other important issues at discretion.

(iii) Internal control system

The Committee:

- Shall monitor, examine and evaluate the adequacy and effectiveness of all Company policies, procedures and safeguards with regard, firstly, to the internal control system and, secondly, to quality assurance and risk assessment and management in terms of financial reporting.
- Shall monitor the effectiveness of the internal control systems, primarily through the work of the Internal Audit Unit, without prejudice to the independence of the Unit and of the external auditor's work. Shall request an annual activity plan from the Internal Audit Service. Shall make sure that any problems identified by the Internal Audit Service are notified to and discussed with the Management, also making recommendations to the latter on the corrective action to be taken.

- Shall be informed of the internal control system evaluation report, drawn up according to Article 14(3)(i) and (4) of Law 4706/2020 and Decision No 1/891/30.9.2020 of the Board of Directors of the Hellenic Capital Market Commission, also making recommendations to the Management on the action to be taken to address any findings.
- Shall look into the policy and procedure for the conduct of periodic evaluation of the internal control system, as regards in particular the adequacy and effectiveness of financial reporting, by persons with proven professional experience who are independent within the meaning of Article 14 of Law 4706/2020.
- Shall make proposals to the BoD on the appointment and remuneration – in accordance with the legal and regulatory framework in force – of the external auditors and audit firm selected to evaluate the Company's Internal Control System.

(iv) Risk management

The Committee:

- Shall oversee the management of the key risks and uncertainties to which the Company is exposed, including a periodic review thereof. In this context, the Committee shall evaluate the methods used by the Company to identify and monitor the risks, the action taken to address key risks through the internal audit system and the Internal Audit Unit, and proper disclosure thereof in the financial reports published.
- Shall evaluate reports on the risk management action taken at company and group levels.
- Shall notify its findings to the Board of Directors and make proposals for improvement as appropriate.

(v) Regulatory compliance

The Committee:

- Shall give opinions on the approval and revision of the Company's Rules of Operation and Corporate Governance Code, and shall, at discretion, make a proposal on revising these Rules of Operation.
- Shall monitor the effectiveness of the regulatory compliance system, including adopting and implementing appropriate and up-to-date procedures, to ensure that the Company fully and

constantly complies with the legal and regulatory framework in force in a timely manner and that there is, at all times, a complete picture available of the degree to which this objective is attained.

- Shall supervise compliance with specific governance practices such as personal data protection, cybersecurity and information security.
- Shall review the findings of the audits carried out by the supervisory authorities, the external and internal auditors as well as by the risk and compliance unit and monitor the degree to which the Company complies with the applicable requirements.
- Shall follow up on cases of non-compliance and review the corrective action taken by the Management.
- Shall obtain information from the Management and work together with the Company's legal consultants on compliance issues.
- Shall look into conflicts of interest in the Company's transactions with related parties and report to BoD accordingly.
- Shall look into the existence and content of the procedures followed to allow Company staff to express their concerns confidentially about any potential illegal and irregular practices with regard to financial reporting or other issues which are associated with the Company's operation. The Committee must see to it that procedures are in place for investigating such issues effectively and independently, as well as addressing them adequately.
- Shall look into the existence and content of the procedures followed to allow Company staff to express their concerns confidentially about any potential illegal and irregular practices with regard to financial reporting or other issues which are associated with the Company's operation. The Committee must see to it that procedures are in place for investigating such issues effectively and independently, as well as addressing them adequately.

The oversight of the main risks and uncertainties and the monitoring of the effectiveness of the regulatory compliance system is done through the supervision of the risk and compliance unit. Moreover the Committee:

- Evaluates the staffing and organizational structure of the Unit and detect any weaknesses therein.
- Monitors and inspects the proper functioning of the Risk and Compliance Unit according to the professional standards and the legal and regulatory framework in force and assesses its work, adequacy and effectiveness.

- Where appropriate, makes proposals to the BoD for the Unit to have the necessary means and be adequately staffed with employees who have sufficient knowledge, experience and training.
- Evaluates the annual work plan of the Unit before it is implemented taking into account the key areas of business and financial risk, proposes any additions or changes and finally approves it.
- Receives and evaluates the result of the unit's annual work plan, the Annual Compliance Report and notifies the non compliance cases to the Company's BoD and its Committees, if any, and makes recommendations to the Management on the corrective action to be taken.

(vi) Internal audit

The Committee:

- Shall evaluate the staffing and organizational structure of the Internal Audit Unit and detect any weaknesses therein. Shall also monitor and inspect the proper functioning of the Internal Audit Unit according to the professional standards and the legal and regulatory framework in force and shall assess its work, adequacy and effectiveness without, however, prejudice to its independence. The Committee shall, where appropriate, make proposals to the BoD for the Internal Audit Unit to have the necessary equipment and be adequately staffed with employees who have sufficient knowledge, experience and training, with a view to preventing its work from being impeded and ensuring its independence as appropriate. Therefore, the Head of the Internal Audit Unit may be appointed and removed from office by proposal of the Audit Committee to the BoD. The Audit Committee shall, in the same context, propose to the Nomination and Remuneration Committee the amount of the remuneration to be paid to the members of the Internal Audit Department and shall prepare and review the rules of operation of the Company's Internal Audit Unit, proposing it to the BoD.
- Shall be informed of the annual or periodic audit program of the Internal Audit Unit before it is implemented and shall evaluate it taking into account the key areas of business and financial risk and the results of previous audits, the resources required and the consequences of limiting the resources or the overall audit work of the Internal Audit Department in general, and shall finally approve the final annual program. The Committee may decide to adjust the annual or periodic internal audit plan, as well as to have extraordinary audits conducted by the Internal Audit Unit.

- In the context of this information, it shall verify that the annual or periodic audit program (in conjunction with any relevant medium-term programs) covers the most important audit areas and systems relating to financial and non-financial reporting.
- Shall meet regularly with the internal auditors to discuss issues within their remit and problems resulting from the internal audits.
- Shall be kept up-to-date with the work of the Internal Audit Unit and its (ordinary and extraordinary) reports and shall monitor the information provided to the Board of Directors on the content thereof, with regard to the Company's financial and non-financial reporting.
- Shall review the information disclosed in terms of the internal audit and the key risks and uncertainties to which the Company is exposed with regard to financial and non-financial reporting.
- Shall, as appropriate, order and oversee specific audits in areas which, in its opinion, need further auditing.

The Committee shall, in respect of the results of all the above actions, notify its findings to the BoD and make proposals for taking corrective action as appropriate.

The Committee shall have unhindered and full access to the information, files and data necessary for carrying out its functions and shall be provided with the resources required to carry out its work, including the use of external consultants.

The Committee shall keep record of all necessary information, including minutes of Committee meetings, reflecting its actions and the results of those actions, in respect of the execution of its tasks.

The Committee shall submit quarterly reports to the BoD including the most important issues and proposals concerning its fields of responsibility, also making reference to the areas in which the Audit Committee feels, upon completion of its work, that there are critical issues with regard to the financial reports provided and the Management's follow-up on them.

The Chairperson of the Committee shall, in the context of the General Meeting, report to the shareholders annually on the Committee's activity, in accordance with the above-mentioned functions, by drawing up and submitting a relevant report. The report shall include a reference to the sustainable development policy followed by the Company.

To comply with all the above requirements, the Audit Committee shall be expected to hold meetings with the Management and competent executives during the drawing up of the financial reports, as well as with the external auditor during the planning and implementation of the audit and during the drawing up of the audit reports.

Article 7. Remuneration and training of Audit Committee members

Company Management shall make sure that the remuneration paid to the Audit Committee members takes into account, among other things, the complexity and scope of their work, the actual time to be spent on issues within their remit, the degree of their responsibility and the level of remuneration of the other Directors. In that context, the remuneration to be paid to the Committee members shall also be reviewed by the Nomination and Remuneration Committee through the remuneration policy.

Moreover, Company Management shall make sure that complete and sufficient information is provided to each Committee member, along with the training required for them to carry out their tasks effectively.

Article 8. Evaluation of Audit Committee members

Candidate members of the Audit Committee shall be evaluated by the Nomination and Remuneration Committee, and the competent corporate body (General Meeting or Board of Directors, depending on the type of the Committee) upon the election/appointment of its members.

The Committee shall evaluate its effectiveness and its contribution to the seamless functioning of the BoD and of the Company once a year.

Article 9. Ethical principles and rules of proper internal functioning of the Audit Committee

The Committee members shall, in carrying out their tasks, respect and adhere closely to the following principles:

- Observance of the requirements laid down in the legislation, in the Company's Statutes and Internal Rules of Operation and in the decisions adopted by its bodies.
- Trust in the Company and prevention of any harm to its interests.
- Respect for the confidentiality of information.

- No exploitation and use of confidential and inside information.
- Prohibition of extra-corporate activities which could prevent independent decision-making and cause a conflict of interest.

Annexes

ANNEX A

(This is an integral part of the Rules of Operation)

Provisions on independence of Article 9 of Law 4706/2020.

The non-executive Director shall be considered independent if at the time of his/her appointment and during his/her term of office:

- (a) he/she does not directly or indirectly hold voting rights that correspond to more than zero point five percent (0.5%) of the Company's share capital; and
- (b) is free from any financial, business, family or other relationships of dependency which may influence his/her decisions and his/her independent and objective judgment.

A relationship of dependency exists in particular:

(a) where the Director concerned receives any significant remuneration or benefit from the Company, or a company that is related thereto, or takes part in a share option scheme or any other performance-related remuneration or benefit scheme, other than the remuneration paid to the Director for his/her participation in the BoD or in BoD committees and the collection of fixed benefits under a retirement plan, including delayed benefits, for previous services to the Company. The criteria used as a basis to define the concept of significant remuneration or benefit shall be laid down in the Company's remuneration policy; (b) where the Director, or a person closely associated with that Director, has or had in place a business relationship in the last three (3) fiscal years prior to his/her appointment with:

- (i) the Company, or
 - (ii) a person that is related to the Company, or
 - (iii) a shareholder that has held directly or indirectly ten percent (10%) or more of the Company's share capital in the last three (3) fiscal years prior to his/her appointment, or in the share capital of another company that is related to the Company, provided that the relationship concerned does or may affect the business activity either of the Company or of the person referred to in paragraph 1 or of the person closely associated therewith. Such a relationship exists, in particular, where the person concerned is a significant Company supplier or customer;
- (c) where the Director or the person closely associated with the Director:
- (i) has served as Director of the Company, or of a company that is related thereto, for more than nine (9) fiscal years in aggregate as of the date of his/her election;

- (ii) has served as executive for, or has had an employment or project or service or salaried mandate relationship with, the Company, or with a company that is related thereto, in the last three (3) fiscal years prior to his/her appointment;
- (iii) is related up to the second degree by blood or by marriage to, or is the spouse, or partner considered to be equivalent to a spouse, of a Director or a senior executive or a shareholder that holds ten percent (10%) or more of the share capital of the Company or of a company that is related thereto;
- (iv) has been appointed by a certain Company shareholder as per the Statutes, as provided for in Article 79 of Law 4548/2018;
- (v) represents shareholders that hold directly or indirectly five percent (5%) or more of the voting rights at the General Meeting of Company shareholders during his/her term of office, without any written instructions;
- (vi) has carried out a statutory audit on the Company or on a company that is related thereto, either through an undertaking or himself or through a relative up to the second degree by blood or by marriage or through the spouse thereof in the last three (3) fiscal years prior to his/her appointment;
- (vii) is serving as executive Director for another company in whose BoD a Company executive Director participates as non-executive Director.

Please note that the above list of cases of dependency relationships is provided on an indicative basis and is not meant to be restrictive or exhaustive. Therefore, the BoD shall carry out a review and verify from time to time that the independence criteria are fulfilled by its independent non-executive Directors.

ANNEX B

(This is an integral part of the Rules of Operation)

Selection procedure for external auditors

Unless it concerns the renewal of an engagement (Article 17(1) and (2) of Regulation (EU) No 537/2014), the recommendation made by the Committee shall contain at least two choices for the audit engagement and shall express a duly justified preference for one of them.

Following are the parameters and criteria to be taken into account and evaluated:

- independence and objectivity;
- existence of a control methodology, application of auditing standards;
- specialization and experience;
- annual cost; and
- any other information that the Committee considers necessary.

The Committee shall make a recommendation to the BoD based on the evaluation results, and the latter shall then forward the recommendation to the General Meeting of shareholders for approval.

Evaluation of criteria

The evaluation shall include but not be limited to the following:

In evaluating the “**independence and objectivity**” criterion, the following parameters shall be assessed and looked into:

- The remuneration paid by the Company to the audit firm for each one of the last three fiscal years, expressed as percentage (%) of the total remuneration received for each one of those fiscal years.
 - The external auditor’s relations with the Company, its key shareholders or its executives.
- The external auditor’s previous or current engagements with the Company in areas other than auditing (e.g. consultancy services), to avoid conflicts of interest.
- Whether any of the external auditor’s partners are possibly hired by the Company.

In evaluating the “**existence of a control methodology**” criterion, such parameters shall be assessed and looked into as:

- The application of the auditing principles and rules followed by the Institute of Certified Public Accountants of Greece, as well as the principles laid down in the International Standards on Auditing, the International Standard on Review Engagements and the International Standards on Related Services.
- The use of any other procedures which are based on the above principles and are appropriate for the nature and volume of Company operations.

In evaluating the “**specialization and experience**” criterion, the following parameters shall be assessed and looked into:

- Their reputation in the market.
- The companies or groups they have audited recently and whether the characteristics of the companies concerned are similar to those of the Company in terms of size and object.
- The rendering of any services other than auditing.

In evaluating the “**cost**” criterion, the following parameters shall be assessed and looked into:

- Their remuneration in relation to the above criteria and the quality of the services rendered.
- The cost of rendering services other than auditing.