

Clarifications on the 2nd item of the Agenda in the Invitation to Extraordinary General Meeting of PPC S.A.'s Shareholders on 4.6.2021

ITEM 2: Suitability Policy for PPC S.A.'s Board Members, pursuant to article 3 of Law 4706/2020

By its Decision no 46/13.5.2021 the PPC S.A.'s Board of Directors (BoD) decided to present the Suitability Policy for PPC S.A.'s Board Members to the Extraordinary General Meeting of Shareholders on 4.6.2021 for approval pursuant to article 3 Law 4706/2020.

Background – Legal Discussion

Law 4706/2020 on "Corporate governance of societies anonymes modern capital market" has transposed in Greek law Directive (EU) 2017/828 of the European Parliament and the Council, which adopts measures in application of Regulation (EU) 2017/1131.

The provisions of said Law take full effect twelve (12) months following their publication, i.e. on 17/07/21.

Article 3 introduces for the first time the obligation of societies anonymes falling under articles 1 to 24 of said Law to put in place a Suitability Policy for Board Members; the policy in question as well as any material amendments thereof must be presented to the General Meeting for approval.

Description of Suitability Policy for Board Members

According to the Capital Market Commission's Circular no 60/2020 (available at http://www.hcmc.gr/en_US/web/portal/elib/circulars) "Suitability Policy means the set of principles and criteria applied at least to the selection, replacement and renewal of term of the members of the BoD in the context of assessment of individual and collective suitability".

Thus are defined the standards based on which the members of the BoD are selected.

Purpose

According to the foregoing Circular "the Suitability Policy aims at ensuring quality of the staffing, the effective operation of the BoD and the fulfillment of its role based on the company's broader strategy and medium-long term business goals in order to promote the company's interests".

Content

The proposed Suitability Policy was drawn up in line with the guidelines set out in the aforementioned Circular by the Capital Market Commission, according to which said policy should include at least:

"a) the principles governing the selection or replacement of Board Members and the renewal of term of current Board Members,

b) the criteria on the evaluation of suitability of the members of the BoD and,

c) the diversity criteria on the selection of the members of the BoD".

In particular, according to the foresaid Circular, "the suitability of Board Members is distinguished in individual and collective suitability" as follows:

Assessment criteria for the Individual Suitability of Board Members:

- "Adequacy of knowledge and skills,
- Morality and Reputation Safeguards,
- Independent judgment and conflict of interest,
- Sufficient time availability".

Included in the proposed Policy are procedures for preventing conflict of interest as well as measures for disclosing and managing any eventual conflict of interest.

Assessment criteria for Collective Suitability:

1. Adequate knowledge and experience.
2. Suitability of the Board to carry out its duties and a composition that contributes to the Company's management and balanced decision-making.

The Board's composition should reflect the necessary knowledge, skills and experience required to carry out its duties.

"In this context, the Board's composition ensures that the Board as a whole adequately understands the areas for which its Members are collectively responsible and has the required skills for the actual management and supervision of the Company with regard to, among other things:

- its business activity and the basic risks associated with it,
- strategic planning,
- financial reports,
- compliance with the legislative and regulatory framework,
- understanding issues of corporate governance,
- ability to identify and manage risks,
- the impact of technology on corporate activity".

Diversity criteria – adequate gender representation

The proposed Policy aims, in line with the foresaid Circular, to "promote a more suitable diversification inside the Board and an inclusive team of Board Members. Through the

accumulation of a broad range of qualifications and skills when selecting Board Members, guarantees a diversity of insights and expertise with a view to sound decision-making. The Suitability Policy includes or refers to the Diversity Policy in order to ensure that it is taken into account when appointing new members of the BoD".

In particular, the Company:

- must ensure adequate representation of gender corresponding to at least twenty five per cent (25%) of the total number of Board Members. In case of a fraction, the percentage is rounded to the previous integer,
- by adopting and implementing a Diversity Policy, ensures that no-one is excluded from selection and appointment in the BoD because of gender, race, colour, ethnic or social origin, religion or belief, property, birth, disability, age or sexual orientation. Furthermore, the proposed Policy includes arrangements to achieve a wider representation of shareholders at the BoD, either individually or in the aggregate, representing at least 10% of the Company's share capital.

The Nominations Committee takes these criteria into consideration when making proposals for the appointment of Board Members.

Nominations Committee

Article 10 of Law 4706/2020 requires a Nominations Committee made up of independent non-executive Board Members. The current Remuneration & Recruitment Committee is converted to the **Nominations** Remuneration & Recruitment Committee of the Board of Directors, responsible for identifying and proposing to the Board suitable candidates for becoming board members (article 12 Law 4706/2020).

When selecting candidates, the Nominations Committee takes into account the factors and criteria defined by the Company in accordance with the Suitability Policy it has adopted. The Nominations Committee works with and is assisted, when necessary, by the Competent Units (Division of Legal Affairs & Corporate Governance, and other Company Units such as, especially, the Audit Committee and the Division of Human Resources and Organization).

Induction programme for the members of the BoD

Board Members must maintain and deepen the knowledge and skills required to perform their duties. The Company provides induction programmes to Board Members to help them get a clear understanding of the Company's structure, business model, risk profile and governance rules.

Furthermore, the Company is primarily responsible for identifying areas of improvement in regard to collective suitability. To this purpose, the BoD is evaluated biannually on the initiative and care of the Nominations Committee.

Continuous monitoring and assessment of BoD suitability

- For the evaluation of Board Members, account was taken of the Capital Market Commission's recommendations (see aforementioned circular) as well as international

best practices, especially the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO),

- The continuous monitoring and assessment of individual and collective performance of Board Members rests with the BoD acting on the initiative and a proposal of the Nominations Committee, in collaboration with and assisted, when necessary, by the Competent Units.

Implementation - Requisites

The Suitability Policy:

- is in line with the Code of Corporate Governance applied by the Company; it is approved by the BoD and presented for approval to the General Meeting. Only material amendments of said Policy are presented to the General Meeting. According to the aforementioned Circular, "material amendments are those derogating from or significantly changing the content of the Suitability Policy, in particular, as to the applied general principles and criteria",
- Minor amendments of the Suitability policy are approved by the BoD,
- The most recently updated version of the Suitability Policy is posted on the Company's website.