

SUITABILITY POLICY
OF THE MEMBERS OF THE BOARD OF DIRECTORS

1. Introduction

The present suitability policy (the “Suitability Policy”) was drawn up by the Board of Directors of the company “LOULIS MILLS S.A.” (the “Company”) pursuant to the provisions of article 3 of law 4706/2020 and the guidelines of the Hellenic Capital Market Commission and was approved by its decision dating [●] and subsequently by the decision of the Ordinary General Assembly of the Company’s shareholders on [●] 2021. The members of the Board of Directors fall within its scope of application. The Suitability Policy aims to ensure qualitative staffing, efficient operation and fulfillment of the BoD’s role on the basis of the overall strategy and the medium/long-term business endeavors of the Company, in order to promote corporate interests. It also aims to enhance the effectiveness of the risk management system to which the Company is exposed by its internal operation and organization and ensures that the members of the Board of Directors have professional qualifications, knowledge and experience that enable them to exercise efficient management and have good reputation and integrity. This Suitability Policy is available at the Company’s website.

2. Principles of Suitability Policy

The basic principles of this Policy are:

- To be clear, well documented, governed by the principle of transparency and proportionality and comply with the Internal Operating Regulation and the Corporate Governance Code applied by the Company.
- For the establishment of the suitability policy, the size, the internal organisation, the risk management system of the Company, the nature and complexity of the Company's activities shall be taken into account.
- The suitability policy takes into account the specific description of the responsibilities of each board member or his or her participation in committees, the nature of his or her duties (executive or non-executive board member) as well as their incompatibility or characteristics or contractual commitments.
- The suitability policy is evaluated at regular intervals or when significant events or changes occur.

3. Approval and Amendment of the Suitability Policy

The Suitability Policy is approved by the Board of Directors of the Company, in accordance with article 3 paragraph 1 of Law 4706/2020 and submitted for approval to the General Assembly in accordance with article 3 paragraph 3 of Law 4706/2020. Amendments to the Suitability Policy are approved by the Board of Directors of the Company and, if the amendments are substantial, are submitted for approval to the General Assembly, in accordance with article 3 paragraph 3 of Law 4706/2020.

The Suitability Policy and its substantial amendments come to force from their adoption by the General Assembly. Substantial amendments are the amendments which introduce derogations, or which significantly modify the content of the Suitability Policy, in particular its general principles and criteria.

The applicable Suitability Policy is available, updated, at the Company’s website.

4. Criteria for the Assessment of the Suitability of the members of the Board of Directors

A. Individual Suitability

The individual suitability of the members of the Board of Directors is assessed based on the criteria of paragraphs 4.1 – 4.5 hereof, which are applicable for all members of the Board of Directors, regardless of their quality as executive or non-executive. Specific barriers, obligations and requirements provided for by the applicable legislation in matters of the functions of the members of the Board of Directors as executive or non-executive are applied regardless of the suitability criteria.

4.1. Professional training, experience, sufficiency of knowledge and skills

The members of the Board of Directors must have sufficient knowledge, skills, professional training and experience at least for the most important functions and activities of the Company in the execution of their tasks. The term "experience" consists of both the theoretical training acquired by the members of the Board of Directors through theoretical and practical training and the practical experience of previous positions of responsibility they had, or from the exercise of a business activity, for a sufficient period of time.

All members of the Board of Directors should understand the Company's activities and key risks of the Company.

The detailed CVs of the members of the Board of Directors must have all the information on their training and professional experience and copies of diplomas and professional certifications, must be available, when required.

4.2. Guarantees of morality and reputation

The good reputation, the honesty, the morality and the integrity of the members of the Board of Directors constitute criteria of exceptional importance for the Company, which are thoroughly assessed by the latter. A member of the Board of Directors is presumed to possess such characteristics, so long as there are no objective and proven reason simplifying differently.

In order to evaluate the reputation, honesty and integrity of a candidate or existing board member, the Company may conduct an investigation and, without prejudice to the legislation on the protection of personal data, request information and relevant supporting documents for any final administrative and judicial decisions against him, in particular for infringements and offences related to his status as a member of the Board of Directors or to non-compliance with provisions of the legislation of the Securities and Exchange Commission or in general with financial crimes.

Without prejudice to the provisions of Article 3 paragraphs 4 and 5 of Law 4706/2020, for the above-mentioned evaluation can be taken into account in particular the relevance of the offence or measure to the role of the board member, the seriousness of the offence or measure, the general circumstances, including attenuating factors, the role of the person, the penalty imposed, the stage at which the legal proceedings have reached and any other remedies. It is useful also to evaluate the time elapsed and the behavior of the person after the offence.

4.3. Conflict of interests

The members of the Board of Directors must always be fully informed about the policy of conflicts of interests applied by the Company, as included in its Internal Rules of Procedure.

4.4. Independence of judgement

Every member of the Board of Directors must actively participate in the meetings and take their own proper, objective and independent decisions and estimations when exercising their duties.

“Objectivity” is the unbiased attitude and mentality, which allows to the member of the Board of Directors to execute their tasks, as they personally believe, without accepting compromises on their quality.

“Independence” is the release from circumstances impeding the member of the Board of Directors from making unbiased judgment within the exercise of their duties.

When evaluating the independence of the judgement of the members of their Board of Directors, the Company takes into account whether all members of the Board of Directors possess the required skills of conduct, which include in particular:

- (a) courage, beliefs and strength of character to make material assessment and challenging of the proposals or opinions of other members of the Board of Directors,
- (b) the ability to pose reasonable questions to the members of the Board of Directors and especially to the executive members and to express criticism, and
- (c) the ability to resist to the “groupthink” phenomenon.

4.5. Time commitment

The members of the Board of Directors must allocate the time needed for the unhindered execution of their mandate. The expected time needed for every candidate member of the Board of Directors to dedicate to their tasks is defined by the Company, according to its needs, and is notified to the candidate member.

When determining the time sufficiency, the quality and the skills assigned to the member of the Board of Directors by the Company are primarily taken into account.

The members of the Board of Directors must notify about the number of positions they eventually occupy in other boards of directors and the functions they have at the same time, as well as their other professional or individual commitments, to the extent that they are able to affect the time available for the exercise of their mandate as members of the Board of Directors.

B. Collective Suitability

The members of the Board of Directors must collectively be at the position to take appropriate decisions, by evaluating the business model, the risk appetite, the strategy and the markets in which the Company is active, as well as to make material monitoring and criticism against the decisions of higher administrative executives. For the assessment of the collective suitability, it is examined whether the composition of the Board of Directors reflects the knowledge, the skills and the experience required for the exercise of its competences as a collective body. Namely, the Board of Directors, as a whole, must adequately understand the sectors for which the members are collectively responsible, and to have the required skills in order to exercise actual management and supervision of the Company, especially in matters of its business activity and the major risks connected thereto, the strategic planning, the financial statements, the compliance with the legislative and statutory frameworks, the understanding of matters of corporate governance, the ability to recognize and manage risks, the impacts of technology in its activity and the sufficient representation of each sex.

4.6. Sufficient representation of each sex

Both genders must be adequately represented in the Board of Directors (25% of the total number of members of the Board of Directors), a criterion which is taken into account by the Committee of Candidature and Remunerations for the submission of approvals to designate the members of the Board of Directors. According to the present Suitability Policy, the Board of Directors must at any time ensure the equal treatment and equal opportunities between the sexes in general.

5. Diversity criteria

In order to promote an appropriate level of diversity in the Board of Directors and a diverse group of members, the Company applies a diversity policy when appointing new members of the Board of Directors. Apart from the adequate representation of both sexes, as provided for in point 4.6 above, when appointing new members of the Board of Directors of the Company, no exclusion due to discriminations due to sex, race, color, ethnic or social origin, religion or beliefs, property status, birth, disability, age or sexual orientation is made.

6. Application, Monitoring and Amendment of the Suitability Policy – Evaluation of Suitability

The monitoring of the application of the Suitability Policy constitutes a collective obligation of the Board of Directors. The Board of Directors is primarily assisted by the Committee of Candidature and Remunerations, which follows and applies the Suitability Policy within its relevant competences, it organizes the performance of the annual self-assessment of the Board of Directors based on the above criteria and makes proposals for the harmonization of the Suitability Policy with the framework of corporate governance, the corporate culture and the risk appetite determined by the Company, including eventual amendments of the Suitability Policy. Also, the Company's Internal Audit unit assists in that process. A respective reference is made in the annual Declaration of Corporate Governance of the Company. The Board of Directors proceeds annually to its self-assessment as a whole as well as of any party individually, pursuant to the process provided for by the Company, which is launched and organized by the Committee of Candidature and Remunerations. As for the documentation regarding the approval of the Suitability Policy and any amendments thereof, they are kept in an electronic record of the Company. The Board of Directors records the results of the assessment of suitability and, in particular, any weaknesses identified between the intended and the actual individual and collective suitability, as well as measures to be taken for the rectification of such weaknesses.