

## **Quest Holdings S.A.**

### **Report of the Independent Non-Executive Members of the Board of Directors to the Annual Ordinary General Meeting of Shareholders, in accordance with article 9 § 5 of L.4706 / 2020**

#### **1. Introduction**

This report has been jointly prepared by the independent non-executive members of the Board of Directors (hereinafter referred to as the "BoD") of the company "Quest Holdings S.A." (hereinafter referred to as the "Company") and is submitted to the Annual Ordinary General Meeting of Shareholders, which will take place on 15 June 2022, in accordance with the provisions of article 9 § 5 of law 4706/2020 and the relevant guidelines of the Hellenic Capital Market Commission (reference number 428 / 21.2.2022).

According to article 7 of law 4706/2020 the non-executive members, including the independent non-executive members: a) monitor and examine the strategy of the Company and its implementation, as well as the achievement of its objectives, b) ensure the effective supervision of executive members, including monitoring and controlling their performance, and c) examine and express views on proposals made by executive members, based on existing information.

This report presents the joint report of the independent non-executive members of the Company's Board of Directors on: the overall operation of the Company's Corporate Governance system, the operation of the BoD, the operation of the BoD Committees, the monitoring and review of the Company's strategy, the supervision of the executive members and the monitoring of their performance, as well as the examination of the proposals submitted by the executive members.

#### **2. The Company's Corporate Governance System**

The Company complies with the applicable legislation on Corporate Governance (i.e., with law 4706/2020 and the resolutions and circulars of the Board of Directors of the Hellenic Capital Market Commission and the other competent Bodies and Authorities), as well as with the Hellenic Corporate Governance Code 2021 which has been adopted by the Company according to the resolution passed by its Board of Directors on 15-7-2021 and pursuant to article 17 of Law 4706/2020 and has been posted on the website of the Hellenic Corporate Governance Council (hereinafter "HCGC"), as well as on the website of the Company.

In the year 2021, the Company, on the occasion of the full compliance of its Corporate Governance system with Law 4706/2020, completed a very important project in collaboration with a specialized consultant, which concerned the adaptation of the Corporate Governance system of the Quest Group of companies to the requirements of Law 4706/2020 and international best practices.

The new Corporate Governance system (hereinafter "CGS") of Quest Group supports and ensures a modern and effective way of managing the Group and ensures the interests of all stakeholders, taking into account the size, nature, scope and complexity of their activities. By way of indication, it consists of the following:

- The Board of Directors, which shapes at a group level the vision, the mission, the principles, the values, the culture of the Group as well as the strategy, the goals and the business planning.
- The Committees of the Board of Directors, which contribute to the effective coordination, control and monitoring of the various activities in the Group and operate

with a view to their alignment with the broader strategy and objectives of the Group.

- The Management Committees at Group level consisting of Company and Group executives.
- The organizational Units of the Company that coordinate and supervise key operations of Quest Group and contribute to the optimization of cooperation, the achievement of synergies and economies of scale, the utilization of common resources and the monitoring of critical operations at Group level.
- The Group Policies and the uniform Standard Procedures, which are a key tool for improvement, development and effective management at Group level.
- The other organizational structures, functions, policies and procedures of each Group Company, which allow the operational autonomy of the Group Companies as well as their simple and flexible organization.

Upon completion of the CGS adjustment project and approval of all the relevant regulations, policies, procedures and systems for the Company and its important subsidiaries (hereinafter referred to as the "Group Companies") by their Boards of Directors, before 17/7/2021 when law 4706/2020 came into force, the new CGS of the Company fully complies with the requirements of law 4706/2020, the executive decisions / circulars / instructions of the Hellenic Capital Market Commission, the provisions of the HCGC and adopts many international best practices.

It is worth noting and shows the commitment of the Company to a modern and good corporate governance, that the completion of the above project was followed by a systematic relevant training of the members of the BoD and its Committees, as well as of all executives and organizational units of the Company and of the Group Companies involved in the CGS in 2021, while during the current year its further internal dissemination and integration within the Group is underway.

We believe that with the new CGS and all the effort that the Company has made for its development and integration, the following have been achieved:

- full compliance with the applicable legal and regulatory framework,
- integration of key best practices,
- ensuring an excellent working environment for all its employees, perfectly in line with the wider social needs and developments and attracting and retaining talent,
- the effective delimitation of related responsibilities and functions such as Internal Control, Risk Management and Regulatory Compliance, in order to avoid overlaps and to continuously simplify procedures,
- strengthening the competitiveness and sustainability of the Group,
- recognition of the Group by all stakeholders as a leader in CG issues,
- maintaining and strengthening the Group's character as an important, well-managed group of companies.

### **3. The Operation of the BoD**

The BoD of the Company, in accordance with its Rules of Procedure, exercises its duties in accordance with the stipulations of the Company's Articles of Association and the applicable Greek legislation (Law 4548/2018, Law 4706/2020, as well as in accordance with the provisions of Law 4449/2017, the regulatory decisions and documents no. 1302 / 28.4.2017 and no. 1508 / 17.7.2020 addressed to the listed companies by of the Hellenic Capital Market Commission).

The BoD of the Company consists of twelve members, out of which seven (7) are independent

non-executive members (one of whom acts as the independent Vice Chairperson). Out of the other five (5) non-executive members, four (4) are executive, namely the Chairman, the Chief Executive Officer, the Deputy Chief Executive Officer, the Executive Director and one (1) is non-executive. The requirements of the applicable legislation, the decisions / instructions / circulars of the Hellenic Capital Market Commission, the HCGC 2021 which has been adopted by the Company, the Suitability Policy for the Members of Board of Directors of the Company and the international good practices have been taken into account for their election.

The independent non-executive members of the BoD meet the criteria of independence, as such are set out in Article 9 of Law 4706/2020 and are explained in detail in the Internal Rules of Procedure of the Company and in the Procedure for Notifying Dependency Relations of the Company's Independent Board Members. The fulfilment of the conditions for categorising a member of the BoD as independent is reviewed by the BoD at least annually per fiscal year and in any case prior to the publication of the annual financial report, which includes a relevant finding.

All members of the BoD, including the independent ones, meet the criteria of individual suitability and in general the criteria of collective suitability set out in the Suitability Policy for the Members of the Board of Directors of the Company. This Suitability Policy has been prepared in accordance with article 3 of Law 4706/2020, Circular 60/2020 of the Hellenic Capital Market Commission, the Internal Rules of Procedure of the Company and the HCGC 2021 and has been approved by virtue of resolution passed by the Ordinary General Meeting on 18.6.2021 which has been posted on the Company's website (<https://www.quest.gr/el/the-group/policies>).

The Policy is fully harmonized with the applicable legislation. Furthermore, during its preparation, the size, the internal organization, the risk appetite, the nature and the complexity of the Company's activities have been taken into account.

More specifically, the Policy complies with the provisions of Law 4706/2020 and the regulatory decisions and circulars issued by virtue of this law, is in accordance with the provisions of the Internal Rules of Procedure of the Company, and follows in its entirety the HCGC 2021 of the Hellenic Corporate Governance Council that has been adopted by the Company. It also incorporates good practices, which are followed internationally by companies of similar characteristics to those of the Company.

In the performance of their duties, the non-executive members have timely access both to the required information regarding the items on the agenda of the BoD meetings, as well as to the executive members of the BoD and the senior management of the Company for their information.

The Corporate Secretary makes sure that all members of the BoD receive by electronic means in a timely manner and as a rule three (3) calendar days prior to the meeting the supporting documents (data, analyses, recommendations, studies, etc.) relating to the items of the agenda of each meeting.

Whenever the non-executive members deem it necessary, they meet or communicate with the Chairman of the BoD, the executive members or the Company executives in order to timely receive any additional information, so as to be prepared and in the position to express their opinion during the meetings.

The Board of Directors met 51 times in the year 2021 (of which 10 meetings with physical presence of the members and 41 meetings without).

The main categories of issues dealt with by the Board of Directors were: Strategy, Investments, Corporate Governance, Monitoring and Performance Management, Risk Management, Internal Control System, Sustainable Development / ESG, Financial and Non-Financial Information, Management Systems and Processes, Compliance.

Based on the above, we consider that the operation of the BoD of the Company with regard to the levels of compliance, integration of good practices, efficiency and organization is very satisfactory. In particular, the independent non-executive members receive all necessary information, have access to information and employees and have the ability to monitor, supervise, control and express an opinion, in order to effectively perform their duties.

#### **4. The Operation of the BoD Committees**

A very important part of the contribution of the independent members to the Board of Directors of the Company is made through their participation in the Committees of the BoD. The Board of Directors of the Company has established five (5) relevant Committees, three of which are provided for by Law 4706/2020 and two more have been established on the basis of good practices. Specifically, the BoD Committees are as follows:

- Audit Committee,
- Nominations and Corporate Governance Committee,
- Remuneration Committee,
- Sustainability Committee,
- Strategic Planning Executive Committee.

All Committees have in place Rules of Procedure, meet regularly and keep minutes for their meetings. It is also noted that as a good practice, the members of the above first three Committees are entirely independent and non-executive.

The Committees of the BoD contribute decisively to the effective operation of the Board of Directors. In particular:

**4.1 The Audit Committee**, in the year 2021 met eleven (11) times in the presence of all its members. In the discussion of issues within the competence of the Internal Control Department, the manager of the Internal Control Department was called.

In this context, the Audit Committee met four (4) times with the certified auditors of KPMG and discussed with them their audit approach, the focus points of the audits (key financial statement risks) as well as the results of their reports.

Furthermore, in 2021 the Audit Committee within the framework of its responsibilities and in accordance with § 3 of article 44 of Law 4449/2017, and the relevant decisions of the Hellenic Capital Market Commission (resolutions no. 1302/28.4.2017 and 1508/17.07.2020) proceeded during the fiscal year 2021, inter alia, to the following:

*a. Statutory audit monitoring and information of the Board of Directors about its results:*

It monitored the process and the carrying out of the statutory audit of the company financial statements and the consolidated financial statements of the Company, took into account the content of the supplementary report, which was submitted by its certified auditors.

*b. Financial reporting process*

Monitored, examined and evaluated the process of preparation of the financial reporting, was informed about the process and the schedule of compiling the financial information by the Management, was also briefed by the statutory auditors on the annual statutory audit program prior to its implementation, evaluated it and ensured that the annual statutory audit program covers the key areas of audit, taking into account the main business and financial risk areas of the Company.

*c. Independence overview of certified public accountants*

Reviewed and monitored the independence of the certified auditors or the auditing firms in accordance with Articles 21, 22, 23, 26 and 27, and Article 6 of Regulation (EU) No 537/2014 and in particular with regard to the suitability of the provision of non-audit services to the Company in accordance with article 5 of the same Regulation.

*d. Procedures of internal control and risk management systems, regulatory compliance and Internal Control Department:*

Internal Control System: The Audit Committee monitored, examined and evaluated the adequacy and effectiveness of all Company policies, procedures and control activities regarding on the one hand the internal control system and on the other the risk assessment and management, in relation to the financial information. It reviewed and submitted for approval to the BoD the updated or new, according to the provisions of law 4706/2020, texts of the relevant regulatory decisions, of the Rules of Operation of the Audit Committee, of the Rules of Operation of the Internal Control Department, of the Risk Management System, of the Rules of Operation of the Risk Management Committee, of the Rules of Operation of the Risk Management System, of the Regulatory Compliance System, of the Rules of Operation of the Regulatory Compliance System, of the Periodic Evaluation of the Internal Control System Policy (by an external evaluator) and the Periodic Evaluation of the Internal Control System Procedure (by an external evaluator). The Audit Committee monitored the effectiveness of the internal control system, in particular as to the adequacy and correctness of the financial and non-financial information provided, the risk management, the regulatory compliance and the corporate governance code adopted by the Company. With regard to the results of the above actions, the Audit Committee informed the BoD about its findings and submitted proposals for the implementation of corrective actions, where deemed appropriate. It also submitted to the BoD the quarterly reports of the Internal Control Department with the most important issues and recommendations of the Internal Control together with its comments (according to article 16 of Law 4706/2020).

Internal Control Function: Regarding the internal control function, the Audit Committee monitored and inspected the proper functioning of the Internal Control Department in accordance with the professional standards, as well as the applicable legal and regulatory framework and evaluated the project, its adequacy and effectiveness. Reviewed the disclosed information regarding the internal control and the key risks and uncertainties of the Company, in relation to the financial information. Collaborated with the Remuneration Committee to determine the remuneration of the manager of the Internal Control Department. It recommended the outsourcing to an external consultant of the evaluation of the staffing and the organizational structure of the Internal Control Department.

It was informed on the annual report of 2020 audit works and on the annual (2021) audit program of the Internal Control Department before its implementation and evaluated it. It checked that the annual audit program (in combination with any relevant medium-term programs) covers the key areas of control and systems related to financial information based on the Company's risk assessment and submitted relevant proposals and approved it and submitted it to the Board of Directors for approval. Finally, it was informed about the requirements of the necessary audit resources as well as the consequences of limiting the resources or the control work of the Internal Control Department (according to Article 15 § 5 of Law 4706/2020).

It held regular meetings with the manager of the Internal Control Department to discuss issues within his competence, as well as problems that may arise from the internal controls. It became aware of the work of the Internal Control Department and its reports (regular and extraordinary) and is in regular contact with the manager of the Department.

Regulatory Compliance: Approved the annual Regulatory Compliance action plan of the Company (according to the Company Regulatory Compliance System).

Was informed about the recruitment of the Group's Regulatory Compliance Officer with whom

it met and approved the Compliance Action Plan for the fiscal year 2022.

Risk Management: Reviewed the management of the key risks and uncertainties of the Company and their periodic review through regular meetings with the Management and the manager of the Risk Management Department. In this context, it evaluated the methods used by the Company for identifying and monitoring risks, treating key risks by the internal control system and the Internal Control Department as well as properly disclosing them in the published financial reports. Approved the updated Risk Register of the Group and was informed about the more efficient use of the electronic platform (Enterprise Risk Management Software) by all companies in the ongoing process of automating the identification and evaluation of Strategic, Operational, Financial and Non-Regulatory Compliance Risks as well as their mitigation actions. Was informed about the periodic risk management reports and was further briefed by the Risk Management Director on the risk assessment of the Risk Register by the Risk Management Committee.

The members of the Committee were informed about the relevant Group Risk Appetite Statement for 2022, which was prepared by the Risk Management Committee of the Company, was approved by the Audit Committee and was further submitted by the latter to the BoD for approval.

Was constantly informed about the progress of the project "Planning Procurement Procedures Control Environment and suppliers' payment Procurement to Pay" and the final deliverables, i.e., Procurement and Payments Policy and three procedures (Procurement and Payment Management, Merchandise and Payment Management and Expenditure and Payment Management), as well as about the development of their integration in the policies and procedures of the Group companies.

Was informed by the Group Chief Information Security Officer about the progress of the actions for the redesign of the Group's information security and the ongoing actions based on a drawn-up schedule in collaboration with external consultants. It was also informed about the replacement of the Group Chief Information Security Officer.

It met with the new Group Chief Information Security Officer and was informed about the Group Information Security Structure, for the first 50 days in the Group, about the Quest Information Security Framework, Maturity level, High Risk Areas, prioritization of topics for discussion and consideration.

Finally, the Audit Committee has prepared and will submit to the shareholders at the forthcoming Ordinary General Meeting the annual report for the year 2021.

**4.2 The Nominations and Corporate Governance Committee** in the year 2021 met five (5) times in the presence of all its members.

During the year 2021, the Nominations and Corporate Governance Committee supported the Board of Directors in:

- nominating candidate members of the Board of Directors in compliance with the provisions of Law 4706/2020;
- evaluating proposals of candidate consultants for awarding the project "Provision of consulting services for the adaptation of the Corporate Governance system of Quest Group Companies according to the requirements of Law 4706/2020 and international best practices";
- selecting a consultant for awarding the project "Provision of consulting services for the adaptation of the Corporate Governance system of Quest Group Companies according to the requirements of Law 4706/2020 and international best practices", after evaluating the submitted proposals and establishing the Project Management Team;
- nominating of member of the Board of Directors as candidate for filling the position of President of the Audit Committee;

- updating the Rules of Operation of the NCGC;
- preparing and recommending to the General Meeting the Suitability Policy for the Members of the BoD;
- preparing the composition and new candidate members for the Board of Directors,
- preparing the composition of the Audit Committee; and
- preparing the Corporate Governance System and its “roll out plan” in the Group.

Last, the Nominations and Corporate Governance Committee prepared its annual report for the year 2021. The President of the Committee participates in the meeting of the General Meeting, providing information to the shareholders regarding the activities of the Committee, upon request.

**4.3 The Remuneration Committee** in the year 2021 met five (5) times in the presence of all its members.

During the year 2021, the Remuneration Committee supported the Board of Directors in:

- deciding on the remuneration of the Company BoD Members,
- deciding on the 2020 variable remuneration,
- preparing the Remuneration Report of the BoD Members for the year 2020,
- amending the Remuneration Policy of the Board Members,
- examining and proposing an external Consultant regarding the remuneration of the Chief Executive Officer and the Deputy Chief Executive Officer, as well as the Managing Directors of subsidiaries,
- approving a new System of Variable Remuneration for Senior Executives,
- adjusting Fixed Remunerations for Senior Executives,
- adjusting the remuneration of Independent Non-Executive Members of the BoD for their participation in the meetings of the Board of Directors and its Committees,
- investigating the possibility of paying a remuneration to Board Members from the distribution of profits,
- amending the Remuneration Policy for the Board Members and
- including the Managing Director in the Variable Remuneration System of the Group Senior Executives.

Last, the Remuneration Committee prepared its annual report for the year 2021. The President of the Committee participates in the meeting of the General Meeting, providing information to the shareholders regarding the activities of the Committee, upon request.

**4.4 The Sustainability Committee** in the year 2021 met three (3) times in the presence of all its members.

During the year 2021, the Sustainability Committee supported the Board of Directors in:

- establishing of a working group on sustainability;
- receiving an external Consultant offer for: Systematization of the collection of Environmental, Social and Governance (ESG) disclosures for all Group Companies, recognition of the risks and opportunities arising for the Group from climate change Sustainability Report 2020 (GRI, ESG Athex Guide, UNGC, SDGs, Greek Sustainability Code), Sustainability Report 2020 - Text Editing to reduce information and Environmental Performance Assessment (environmental footprint, waste, water) of ACS and suggestions for improvement,
- Informing about the presentation of the Athens Stock Exchange regarding the implementation of the ESGs and
- Informing about the progress of the project, provision of consulting services to support the design and implementation of the ESG Transition Framework of Quest Group according to international good practices, as well as about the workshops carried out

with Group executives regarding the individual sectors in which the implementation of the Group's ESG Transition Framework is focused.

**4.5 The Strategic Planning Executive Committee**, in the year 2021 met five (5) times in the presence of all its members. During the year 2021, the Strategic Planning Executive Committee supported the Board of Directors, inter alia, in:

- Examination of important strategic issues, of the development framework, the strategic planning and the significant investments of the Group.
- Examination of the budgets and business plans of all Group companies and monitoring of the course of their implementation.
- Monitoring of important Company and Group Companies projects.
- Examination of the targets' framework for all Group companies and their Managements.
- Monitoring risk management, crisis management and extraordinary important issues that arise in the Group companies.

## **5. Monitoring and examination of the Company strategy**

In 2021, with regard to key strategic decisions, the following were included, inter alia:

- Preparation of five-year strategic plans for the three most important activities of the Group supported by an international strategy consultant,
- Sale of an important company asset (Cardlink & Cardlink One) with realization of significant capital gain,
- Significant new investments,
- Covid -19 pandemic crisis management,
- New Corporate Governance System,
- Significant changes in the remuneration system for Senior Executives.

All the above were examined thoroughly and in an organized manner in the relevant meetings of the BoD. Very detailed and documented information, presentations, and supporting material was provided by the Executive Management to the BoD and its Committees and sufficient discussions took place. In the cases where support was provided by external consultants, said external consultants made presentations in addition to those of the Executive Management.

The independent non-executive members of the Board of Directors actively participated in all stages of making, reviewing and approving decisions on all important strategic issues of the Company and the Group. All issues were discussed thoroughly at the BoD meetings and the independent non-executive members contributed significantly to the final formulation of the decisions taken.

In light of the above, we believe that the independent non-executive members received all the necessary information, and were able to participate in the formulation of important strategic decisions, thus exercising in an effective and satisfactory manner their role and responsibility in monitoring and controlling the Company strategy.

## **6. Supervision of the executive members of the BoD monitoring their performance**

In the exercise of their duties the independent non-executive members further supervised the executive members and monitored their performance. The proposals of the executive members were thoroughly discussed and the independent non-executive members had the opportunity to consider them and openly express their views taking into account all available information, thus ensuring that the interests of all stakeholders were taken into account in the discussions and the decision-making of the BoD and its Committees.



The monitoring of the Company's performance is done in a very systematic way on a regular monthly basis and, extraordinarily if so required, with a full and detailed presentation of the relevant data by the executive members of the BoD. The independent non-executive members of the BoD systematically supervised the achievement of the corporate objectives following this process, requested and received additional information where they deemed it necessary and became aware of the planning, the carrying out and the results of the internal controls.

With regard to the monitoring of the performance of the executive members and in particular of the Chief Executive Officer and the Deputy Chief Executive Officer in 2021, the independent non-executive members through their participation in the relevant Committees and the BoD partook both in setting their goals in a specific measurable way, as well as in the evaluation of their achievement.

In general, in addition to achieving their goals, it was found that the executive members exercised their duties with diligence in the interests of sound management, proper management of the Company assets, successful pursuit of its goals and increase in its value. They also willingly provided any information requested by the independent non-executive members and cooperated effectively with them whenever requested, ensuring their access to the management structure and the Group executives and inviting them to participate in all important corporate events of the Company and its subsidiaries, including the quarterly presentations made by all subsidiaries to the Management of the parent company, where all independent non-executive members of the BoD of the Company are invited to participate, thus having the opportunity to form a direct opinion about all the activities of the Group.

#### **7. Examination of the proposals made by the executive members of the BoD**

All proposals and assessments of the executive members - including those relating to current crisis or risk situations or cases that are expected to affect the Company's financial position - are presented and discussed in detail at the BoD. The views, comments and interventions of all members, independent or not, are recorded in the minutes of the meetings of the BoD, which are kept very diligently by the Corporate Secretary and remain accessible after their approval by all members of the BoD on the Company intranet. The same applies to the issues discussed in the Committees of the BoD, as well as to the minutes of the relevant meetings.

In 2021, the members of the BoD and its Committees participated actively in the respective meetings, showing an impartial attitude and independent judgment. The various proposals and assessments of the executive BoD members were thoroughly examined and evaluated - including those relating to current crisis or risk situations (e.g., the covid-19 pandemic), and/ or cases that were expected to affect the Company's financial position, and they did not seem to be influenced by the views of the public. Also, no cases of unjustified domination of individual members or individual small groups of the BoD were recorded and no resolutions of the BoD were passed with disagreement of independent members.

In the meetings of the Board of Directors in 2021, all the members of the Board of Directors participated in person or by authorizing another member of the Board of Directors to represent them. All the independent non-executive members of the BoD participated in the meetings of the Board of Directors whose items included the preparation of the financial statements or whose item required the approval of the General Meeting with an increased quorum and majority. Furthermore, the items submitted to the General Meeting of Shareholders to whom this report is addressed, have been unanimously approved by the members of the Board of Directors, including the independent non-executive members.

We deem that in the light of the above, the independent non-executive members have adequately considered the proposals of the executive members, had sufficient information and access to the necessary information, participated without any restriction in the evaluation and discussion of all proposals, openly expressed their thoughts and opinions, which were recorded in the minutes of the meetings of the BoD and its Committees and agreed with the resolutions passed.

In conclusion, the Company guarantees and ensures a CGS that is modern and fully compliant with the legislation, under the supervision and responsibility of the Board of Directors. The CGS being consistent with the timeless values and the Company's commitment to responsible entrepreneurship and sustainable development, allows the effective exercise of the duties of independent members of the BoD with due diligence and independence of judgment, contributes to the protection of the interests of all stakeholders and guarantees the long-term viability and growth of the Company and the Group.

Kallithea, 9 May 2022

The independent non-executive BoD members

Pantelis Tzortzakis

Emil Yiannopoulos

Maria Damanaki

Nikolaos Karamouzis

Panagiotis Kyriakopoulos

Philippa Michali

Apostolos Tamvakakis