



POLICY
OF SUITABILITY

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1. Introduction

This Suitability Policy (hereinafter referred to as the "Policy") of the members of the Board of Directors (hereinafter the "BoD") of Nafpaktos Textile Industry S.A. (hereinafter the "Company"), is part of the Company's Corporate Governance system and sets out the basic principles, the framework for the selection, renewal of the term and replacement of the members of the Board, as well as the criteria that have been set for this purpose.

The Policy is fully harmonized with the current legal provisions concerning the Corporate Governance of Societes Anonymes and in particular, to those provided in article 3 of Law 4706/2020, in Circular 60/2020 of the Hellenic Capital Market Commission as well as with the Company's Articles of Association.

2. Definitions

Suitability Policy is defined as the set of principles and criteria that are applied during the selection, replacement, and renewal of the term of office of the members of the Board. in the context of the assessment of individual and collective suitability.

For Policy purposes, suitability is defined as the degree to which a person is considered to have sufficient knowledge, skills, and experience to performance of his specific duties as a member of the Board. The suitability it also covers the good reputation, honesty, integrity, and independence of the crisis each individual and his ability to have sufficient time to perform them

his duties.

Suitability is divided into:

i. Individual

The degree to which a person is considered to have sufficient knowledge, skills, experience, crisis independence, moral guarantees and a good reputation for performing his duties as a member of the Board. of the Company, according to the suitability criteria set by the Company Policy is the individual suitability.

ii. Collective

The suitability of the members of the Board as a whole is the collective suitability.

3. Aim

The Policy aims at ensuring the quality staffing, efficient operation, and fulfillment of the role of the Board. Based on the general strategy and medium-long-term business of the Company, in order to promote the corporate interest.

4. Application

The Policy applies to the members of the BoD of the company.

Basic principles of the Policy can be used as a reference point for the selection of the members of the BoD. of the subsidiaries of the group and the senior executives of the Company.

5. Roles and Responsibilities

The BoD, through the Remuneration & Nominations Committee, is responsible for initiating, guiding, and coordinating the process of selecting the appropriate candidates its members, without prejudice to the rights of shareholders.

The Remuneration & Nominations Committee has an advisory character to the BoD, identifying candidates who, in its opinion, meet the relevant criteria. The proposals of the Nominations Committee are submitted to the Board of Directors, which proposes, in accordance with the proposals of the Nominations Committee, to the General Meeting of Shareholders the proposed members of the Board of Directors to be elected. in accordance with article 78 of Law 4548/2018 and the Articles of Association of the Company.

The positive proposal of the Remuneration & Nominations Committee is a necessary condition to be proposed by the BoD candidacy for election by the General Meeting of Shareholders.

6. Principles of renewal of tenure, election or replacement of members of the BoD.

Considering the size and complexity of its activities, the BoD of the Company has a sufficient number of seven (7) members, and an appropriate composition. More specifically, it consists of an Executive Chairman of the Board, an independent non-executive Vice Chairman of the Board, the Chief Executive Officer and four (4) members of the BoD three (3) of which non-executives. The Company seeks the staffing of the Board of Directors with persons of morality and reputation.

The Remuneration & Nominations Committee will propose nominations of persons it deems appropriate to become members of the Board, in accordance with the criteria set out in the Policy. The suitability is determined in relation to the criteria of the Policy for the candidate members (individually and collectively) and the current needs of the composition of the Board.

The members of the Board in addition to the skills and experience required based on the tasks and the role they undertake; they also have sufficient time to perform their duties on a case-by-case basis.

The knowledge and skills acquired through training in areas related to the field, training on industrial issues and practical experience, are considered sufficient to carry out the role and tasks of the position assigned to each member.

During the selection, renewal of the term of office and replacement of a member, the evaluation of the individual and collective suitability is considered, as well as the recognition and adaptation to the culture, the values, and the general strategy of the Company.

The Company constantly monitors the suitability of the members of the BoD; in particular to identify, in the light of any relevant new event, cases in which it is deemed necessary to re-evaluate it. In particular, the reassessment of suitability is carried out in the following cases:

- when doubts arise regarding the individual suitability of the members of the Board. or the suitability of the instrument composition,
- in case of a significant impact on the reputation of a member of the Board,
- in any case of occurrence of an event that may significantly affect the suitability of the Board member, including cases in which members do not comply with the Company's Conflict of Interest Policy.

The Board ensures the appropriate succession plan, for the smooth continuation of the management of the Company's affairs and decision-making after the departure of members of the Board of Directors, especially executive and members of committees.

7. Suitability assessment criteria

A. Individual Suitability

The individual suitability of the Board members evaluated based on the criteria described below. The criteria apply to all members of the Board, regardless of their capacity, as executive or non-executive members.

i. Adequacy of knowledge and skills

The members of the Board have the required knowledge, skills, and experience to perform their duties in view of the role, position and skills required by the Company for the position. The experience covers both practical and professional experience, as well as the theoretical knowledge acquired.

For the evaluation of the practical experience, previous positions held by the member and the duration of his / her stay in the respective position are considered.

In this case, in the context of the assessment of sufficient knowledge and skills, the following may be considered:

- the role and tasks of the position and the required skills,
- knowledge and skills acquired through education and training,

The practical and professional experience gained in the past, and

- the knowledge and skills that have been acquired and demonstrated by the professional behavior and development of the member of the Board.

The evaluation is not limited to the academic qualifications of the member or to the proof of a specific length of service. On the contrary, a thorough analysis of the member's experience and training is carried out, as the knowledge and skills acquired from the previous employment depend on the nature, scale, and complexity of the business activity, as well as on the duties performed by the member in the within this and its degree of responsibility.

The members of the Board They must know and clearly understand the regulations of the corporate governance of the Company, as they arise from the Law and the Corporate Governance Code that it applies, their respective role and responsibilities, both as members of the Board, as well as as members of its committees, as well as its structure and possible conflicts of interest.

ii. Guarantees of Ethics and Reputation

The good reputation and the ethos of the members of the Board, are criteria of utmost importance for the Company. The above are mainly determined by the honesty and integrity shown by the members or candidate members. A member of the Board is

presumed to have a good reputation, honesty, and integrity, unless there are objective and proven reasons to suggest otherwise.

To evaluate the reputation, honesty and integrity of a candidate or an existing member of the Board of Directors, the Company may investigate and, without prejudice to the legislation on personal data protection, request data and relevant supporting documents for any final administrative and judicial decisions against him, in particular for infringements and offenses related to his capacity as a member of the Board. or by non-compliance with the provisions of the legislation of the Hellenic Capital Market Commission or in general with financial crimes. Without prejudice to the provisions of article 3 par. 4 and 5 of law 4706/2020, for this evaluation may be considered, the relevance of the offense or measure with the role of the member, the seriousness of the offense or measure, the general conditions, including mitigating factors, the role of the person involved, the sentence imposed, the stage of the proceedings and any remedial action taken. It is helpful to consider the time elapsed and the person's behavior after the offense or offense.

iii. Conflict of Interest

The Company has, adopts, and implements a Conflict-of-Interest Policy, according to par. 3 (g) of no. 14 of Law 4706/2020. The Conflict-of-Interest Policy adopted by the Company includes, at least for the members of the Board of Directors, procedures for the prevention of conflicts of interest, measures for the disclosure and management of conflicts of interest and any cases and conditions that, exceptionally, would be acceptable. for a member of the Board have conflicting interests, provided that the member's interests are significantly limited or properly managed.

All real and potential conflicts of interest at the Board level. are subject to adequate communication, discussion, documentation, decision-making and proper management (i.e., the necessary measures to reduce conflicts of interest are taken).

iv. Independence of Judgement

All members of the Board are required to actively participate in meetings and to make their own sound, objective and independent decisions and judgments in the performance of their duties. The impartial attitude and mentality of each member for the execution of his work, constitute the criterion for his objectivity. Independence means the release from conditions that prevent the member of the Board. to perform his duties impartially.

For the evaluation of the independence of the crisis, the Company considers whether all the members of the Board. have the necessary behavioral skills, including:

a) courage, conviction, and vigor to carry out a substantial evaluation and challenge of the proposals or opinions of other members of the Board.

b) the ability to ask reasonable questions to the members of the BoD and to its executive members and to exercise criticism, and

c) the ability to resist to the phenomenon of groupthink.

v. Allocation of sufficient time

The members of the BoD must have the time required to carry out their duties based on the description of their position, role, and duties. To determine the adequacy of time, the capacity and the responsibilities assigned to the member of the Board of Directors are considered, as well as the resulting qualities held by the member at the same time.

The Company informs each candidate member of the BoD for the expected time he / she is required to devote to his / her duties and to the meetings of the BoD and any other committees in which he / she participates as a member.

B. Collective Suitability

The members of the BoD must collectively be able to make appropriate decisions taking into account the business model, risk-taking, strategy and markets in which the Company operates. Also, the members of the BoD collectively they must be able to effectively monitor and critique the decisions of senior management.

All areas of knowledge required for the Company's business activities must be covered by the BoD collectively with sufficient experience and knowledge among its members. There will be enough knowledgeable members in each area to be able to discuss the decisions to be made. The members of the BoD as a whole, must have the necessary skills to present their views.

During the selection of candidate members of the BoD, the Nominations Committee must nominate candidates whose election ensures that the BoD, as a collective body, adequately understands the areas for which its members are collectively responsible, and has the necessary skills to exercise the actual management and supervision of the Company, including in terms of:

- its business activity and the key risks associated with it,
- strategic planning,
- financial reports,
- compliance with the legislative and regulatory framework,
- the distribution of corporate governance issues,
- the impact of technology on its activity,

- Adequate gender representation.

The Company assumes the responsibility of identifying gaps in terms of collective suitability and conducts a self-assessment of the BoD annually.

The Company must have an adequate representation by gender of at least twenty-five percent (25%) of all the members of the Board of Directors. The Nominations Committee takes this criterion into account when submitting proposals for the appointment of members of the Board of Directors. In the case of a fraction, this percentage is rounded to the previous whole.

The Company generally ensures equal treatment and equal opportunities between the sexes. It is noted that this aspect extends beyond the selection of BoD members and the provision of training to BoD members.

8. Diversity Policy & Criteria

For the appointment of new members, the Company implements a diversity policy that aims to promote an appropriate level of differentiation in the BoD and a diverse group of members.

Through the accumulation of a wide range of qualifications and skills in the selection of the members of the BoD, the variety of views and experiences is ensured, in order to make the right decisions.

In addition to the adequate representation per gender as provided above, the selection of new members of the BoD is not excluded on grounds of discrimination based on sex, race, color, ethnic or social origin, religion or belief, property, birth, disability, age, or sexual orientation.

9. Validity – Policy Modification

The Board of Directors is responsible for the recommendation to the General Assembly of the Policy of Suitability, its periodic evaluation, review, amendment, and implementation.

The Suitability Policy is valid from the date of its approval by the General Meeting of the Company's shareholders until its amendment by the Board of Directors or the General Meeting, in case of substantial amendments. Modifications that introduce derogations that significantly alter the content of the Suitability Policy, as regards the general principles and criteria applied, are considered substantial.

This Suitability Policy is posted on the Company's website.