

CONCISE EDITION

2013 ANNUAL & CORPORATE RESPONSIBILITY REPORT



**HELLENIC**  
PETROLEUM

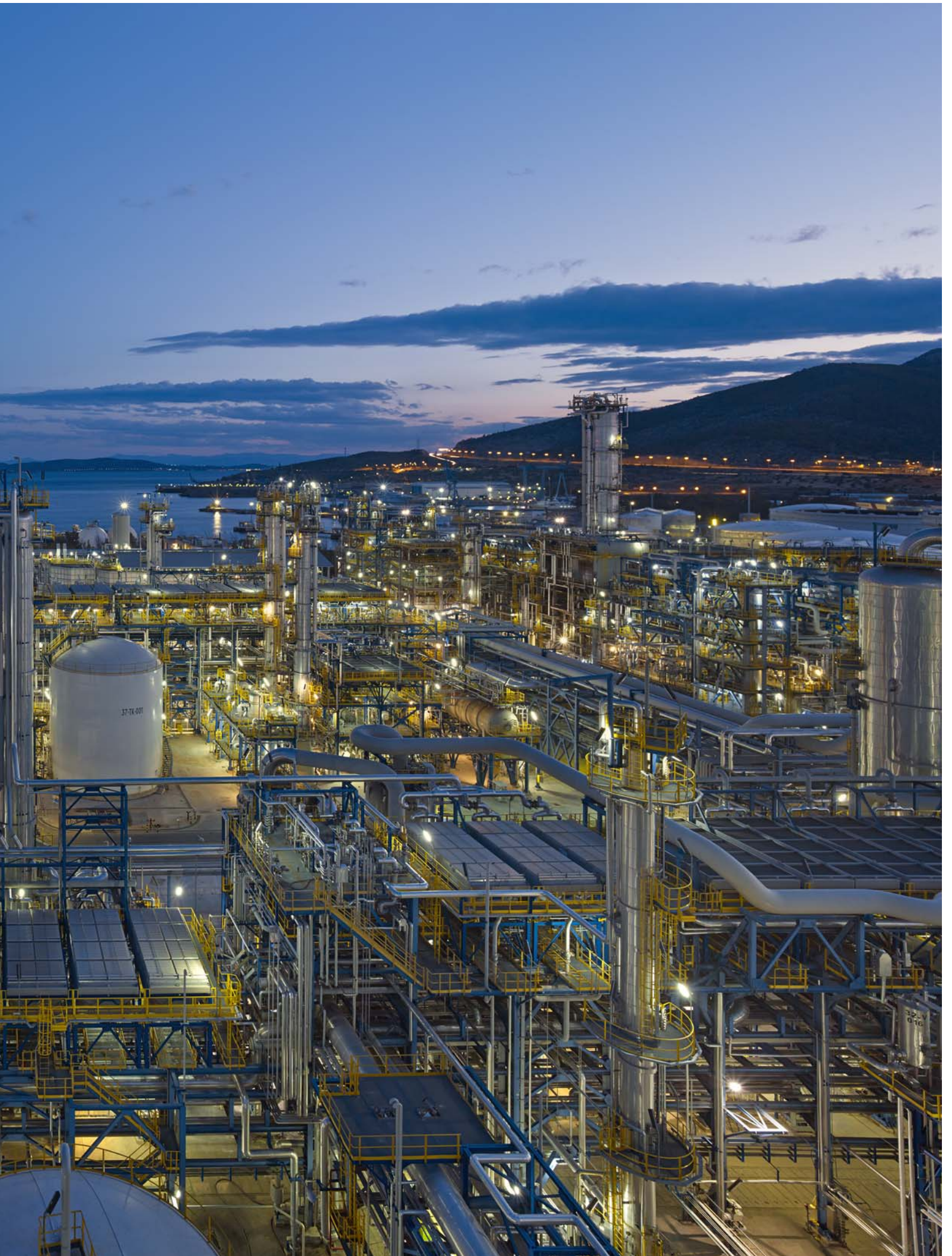
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PETROLEUM

WE SEEK TO BE A LEADING REGIONAL ENERGY GROUP WITH  
SUSTAINABLE GROWTH EMBEDDED IN OUR STRATEGY.









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# INTRODUCTION

The HELLENIC PETROLEUM Group, in the context of the consistent and transparent communication with its social partners and the wider community (stakeholders), issues Annual Reports, as from 1998, and Social Corporate Responsibility Reports, since 2006.

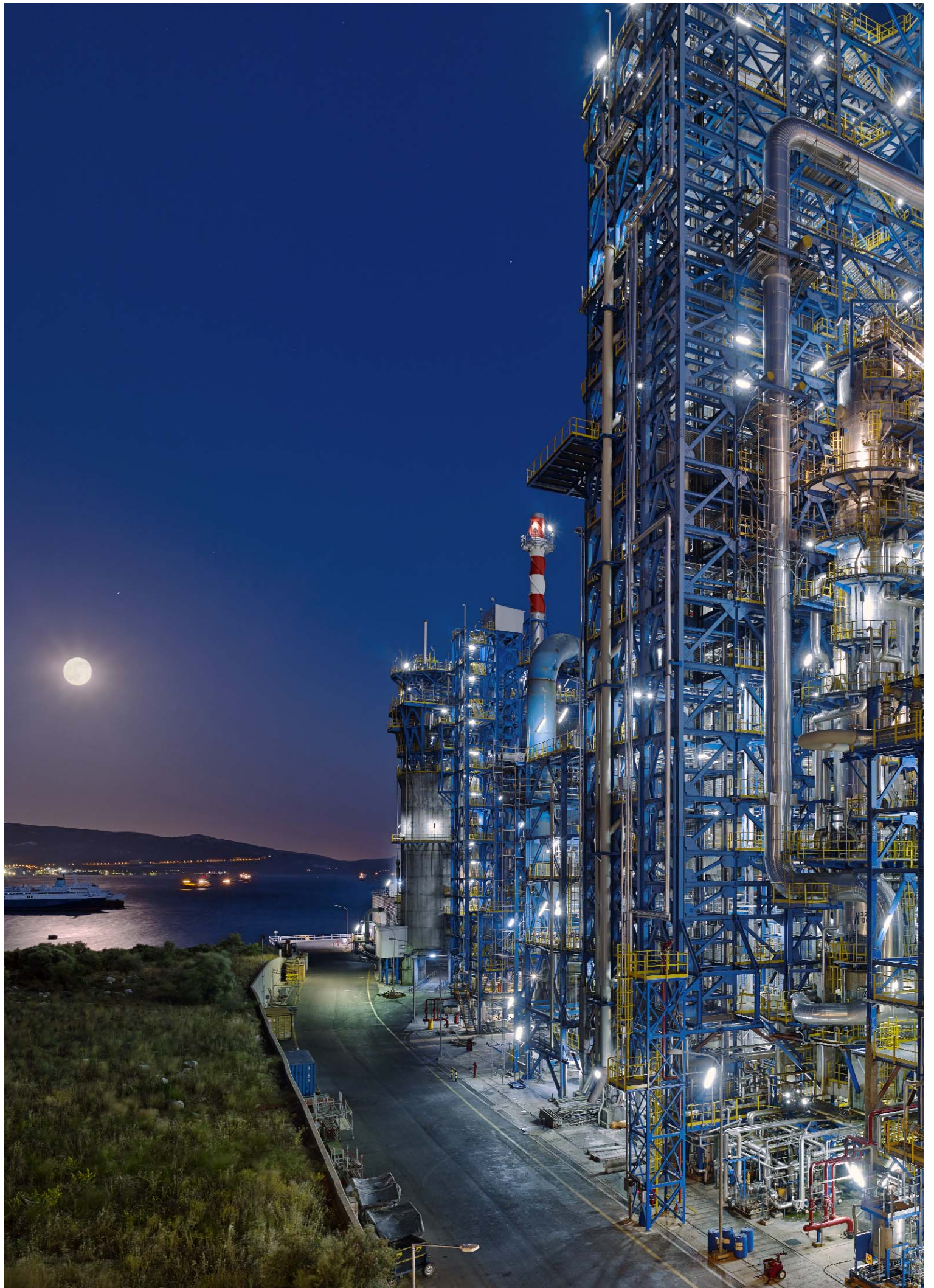
This edition, the second Concise Report of the Group, was designed for two reasons. First, to present, in a clear and simple way, the financial and operational activities of the Group and its multifaceted social activity and contribution to environmental protection. Second, in the effort to reduce our environmental footprint, the printed forms of the Annual & CSR Reports have been replaced by this concise printed version.

Readers wishing extensive information may seek it, in electronic form, at the Group's website, [www.helpe.gr](http://www.helpe.gr)

We inform our stakeholders that the documentation and certification of our CSR Report was made in order to assure its compliance with the requirements of the guidelines GRI-G4 (Comprehensive Option). The independent body, that reviewed the Report, certified also that the indicators of the Oil & Gas Sector Supplement are covered. Also, the Report is satisfying the requirements of CoP of the UNGC (Advanced Level).

Furthermore, the accuracy of the data is assured through internal validation procedures and annual audits from accredited certification bodies. These inspections and audits ensure that the Report is reliable, adequately balanced and relevant to the expectations and interests of the Group's stakeholders.

We thank you for your interest and commit ourselves to a sincere and consistent communication, aimed at integrating and implementing policies for sustainable development in our strategies and operational practices.



# 1. MESSAGE TO SHAREHOLDERS & STAKEHOLDERS



**John Costopoulos**  
*Chief Executive Officer*

HELLENIC PETROLEUM has acted proactively in coping with the adverse economic conditions in Greece, as well as the tough European refining environment, through asset-modernization investments and broad-based transformation efforts that have enhanced our competitiveness.

2013 results were affected by this unprecedented adverse external environment, as well as our Elefsina refinery's operational optimisation process that restricted its full utilisation during the first half of 2013, leading the Group's Adjusted EBITDA to €178 million and Adjusted Net Result to a €117 million loss.

It is important to note that in early 2013, amid a particularly difficult liquidity environment, the Group successfully completed the refinancing of credit lines amounting to €1.2 billion. Moreover, in May 2013, it issued its first €500 m Eurobond. This was the first unrated Eurobond issue by a Greek company in the international capital markets after the financial crisis.

During the five year period 2007– 2012, the Group completed its growth investment program which exceeded €2 bn. It also focused on fully utilising its upgraded asset base, maximising synergies between its modern refineries, further developing its international trading activity in the eastern Mediterranean and accelerating a number of competitiveness enhancement programs. Over the course of the last five years, the Group implemented a comprehensive transformation program in order to improve the performance across all its businesses (optimisation of the refineries' operations, increase competitiveness in domestic and international marketing, procurement optimisation, organisational restructuring, process simplification and reduction of the operating cost base) with a total, cumulative annualized benefit exceeding €270 million

compared with 2008. In 2013 the target has been increased to €400 million. The additional transformation initiatives that are currently under implementation will yield the incremental €130 million over the 2014–2015 period and will focus mainly on the reduction of operating and energy costs.

The successful implementation of these strategic actions has supported us in managing effectively the extended recession and the challenging business environment and strengthened competitive position enabling us now to capitalise further on the expected economic recovery both in Greece and regionally.

During the last years, we focused on:

*Our clients*

By completing the “Koryfi” transformation program and restructuring the operating model of our marketing activities we reduced our operating costs and capital employed, enhanced our service levels and deployed new control mechanisms to ensure quality and quantity of the fuels we sell.

We also introduced new products with a better value-for-money profile across all the markets where we operate (Greece, the Balkans and Cyprus), which together with the optimization of our supply chains enhanced both customer service levels as well as our competitive position. Our efforts in the marketing sector has led, amongst others, to the award of two Guinness world records for the lowest and most efficient fuel consumption in Diesel powered vehicles, thus further strengthening client awareness and loyalty.

At the same time, the export orientation of the Group was significantly enhanced. Exports in 2013 represented 45% of our production, compared with 22% in 2008.

*The environment*

The implementation of best available technologies in the upgrade of the Elefsina refinery resulted in an impressive reduction of all local emissions and the further improvements in air quality. Through active consultation and cooperation with our social partners, both at local and national levels, we respond actively to the increasing need for sustainable solutions, implementing consistently best practices to protect the environment.

In 2013, the Group increased its participation in Renewable Energy Sources, adding to its portfolio a 7MW wind farm. We also note that a number of projects, with a total capacity of 200MW, are at various stages of development.

*Our employees*

Based on the three pillars of our Human Resources policies -Meritocracy, Recognition and Development we seek to strengthen and to empower our people. We have increased our focus on the development of appropriate skills and know-how. Through the Hellenic Petroleum Training Academy we are rolling out specialised Management Development Programs (Education and Development for Growth and Excellence-EDGE). In 2013 alone, a number of targeted programs were planned and implemented, totaling 75,000 hours of training for the Group’s employees and managers.

### *Safety*

Safety at work remains our top priority as we continue to pursue a continuously improving performance record. In 2013, the primary index for plant operations safety was up 30% compared to 2012. We are proud to have been recognised at a European level through the award of the EU-OSHA European Good Practices Award in occupational safety and health, for a safety program that involved the active participation of our employees.

### *Our suppliers*

We consider our suppliers as strategic partners for accomplishing the Group's objectives of competitiveness and sustainable development. During 2013, we focused our efforts on signing long term contracts with suppliers whose principles are aligned with our Group's values and objectives for sustainable development, thus ensuring a reliable supply chain during a time of crisis. This effort contributed to the national economy and created tens of thousands of indirect job positions both in Greece and regionally. These significant contributions have been confirmed in a recent study for the refining sector in Greece by the Foundation for Economic and Industrial Research (IOBE).

### *Society*

For several years now, we are consistently implementing a large number of targeted programs primarily supporting socially vulnerable groups, as well as rewarding young talented people by providing them with opportunities for learning and professional experience.

Local communities remain our priority and more than 30% of our workforce now comes from areas where we have facilities and operations. We actively monitor the procurement of goods and services from local suppliers which have increased and now constitute over 15% of our total procurement budget.

The effort we have undertaken across all aspects of Sustainable Development is detailed in this year's edition of our Corporate Social Responsibility Assessment Report. The methodology adopted is based on the Global Reporting Initiative (GRI) G4 directive, with a particular emphasis on the identification of material issues which are important both for the Group and our Stakeholders.

The external evaluation of the Corporate Responsibility Report by an independent third party ensures an objective verification that the report does fulfill all the requirements of the GRI-G4 Comprehensive Option framework, including the Oil and Gas Sector Supplement; while at the same time it confirms the significant progress achieved, as well as our strong position across industry as a whole.

We also remain fully committed in applying and disseminating the principles of the United Nations Global Compact (UNGC) — and thus we actively contribute to their adoption throughout the full extent of our supply chain. This is further confirmed by the fact that meets the requirements of the Communication on Progress (Advanced Level).

For 2014, we expect the business environment to continue to be challenging as the recovery of the European refining margins is not anticipated to be immediate. In this context, the Group will continue to focus its efforts on factors that it can control directly. The objective for continu-


















ous competitiveness improvement is a key priority for HELLENIC PETROLEUM Group, in order to remain on its course as one of the most dynamic energy groups in Southeast Europe and the Mediterranean.

We, at HELLENIC PETROLEUM, believe that the recovery of the Greek and regional economies is on its way. Looking forward, we plan to broaden our strategy for Sustainable Development and will continue to rely on the active involvement of our people, as well as the trust and support of all our stakeholders.

A handwritten signature in black ink, appearing to read 'John Costopoulos', with a long, sweeping horizontal stroke extending to the right.

John Costopoulos  
Chief Executive Officer

## 2. THE GROUP IN BRIEF

<p><b>GROUP</b></p>  <p>A Group that is active in 7 countries</p>	 <p>€9,674 mil. in turnover</p>	<p>3 refineries in Greece (covering <b>65%</b> of the country's refining capacity) as well as 1 refinery in FYROM</p>	<p>Holds 30% of retail market with <b>1,816</b> service stations in Greece and 279 abroad</p>
 <p><b>15</b> bulk storage and supply terminals</p>	 <p><b>23</b> aircraft refuelling stations &amp; 2 LPG bottling plants</p>	 <p><b>1</b> lubricants production and packaging unit</p>	 <p>Participation in the cross-border gas pipelines in South-eastern Europe</p>
<p><b>EMPLOYEES</b></p>  <p><b>2,691</b> employees in Greece &amp; a total of <b>3,718</b> employees in seven countries</p>	 <p>around <b>75,000</b> training hours</p>	 <p><b>20%</b> women in the workforce and <b>13%</b> women in senior management positions</p>	 <p><b>152</b> employees with special needs</p>
 <p><b>95.4%</b> average employee loyalty indicator</p>	<p><b>ENVIRONMENT/ SAFETY</b></p>  <p>€4.08 mil investments made in H &amp; S</p>	 <p>€3.82 mil made in environmental investments</p>	 <p><b>3,727</b> hours of environmental training</p>
<p><b>SOCIETY</b></p> <p>Over <b>100</b> initiatives/ CSR programs in 2013</p>	 <p>Approximately <b>€3.5 mil</b> has been invested in CSR activities both in Greece and abroad</p>	 <p><b>15.3%</b> “buying locally”</p>	 <p><b>30%</b> of our employees are sourced from neighbouring areas</p>



## During 2013, the Group:

- Managed to stabilize the upgraded Elefsina refinery's operation, with a significant impact on the Group's financial results in the second half of the year.
- Strengthened its export orientation, with exports amounting to 44% of total sales in the refining business.
- Secured, despite the adverse liquidity environment, the refinancing of loans amounting to €900 million maturing in January 2013 with new loans totaling over €600 million (with the participation of both Greek and international financial institutions).
- Issued the first Eurobond in its history amounting to €500 million in May 2013.
- Enhanced optimization programs and restructured the domestic marketing business with additional cash benefits amounting to €45 million in 2013.

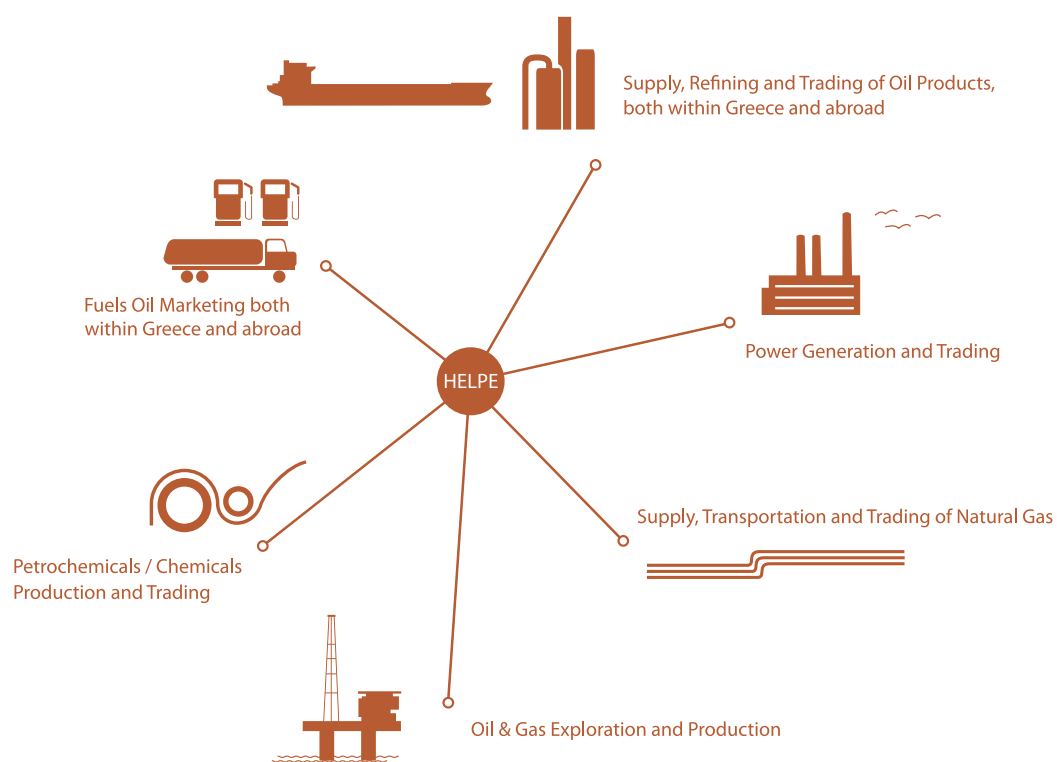
## 3. THE GROUP AND ITS STRATEGY

### 3.1 Who we are

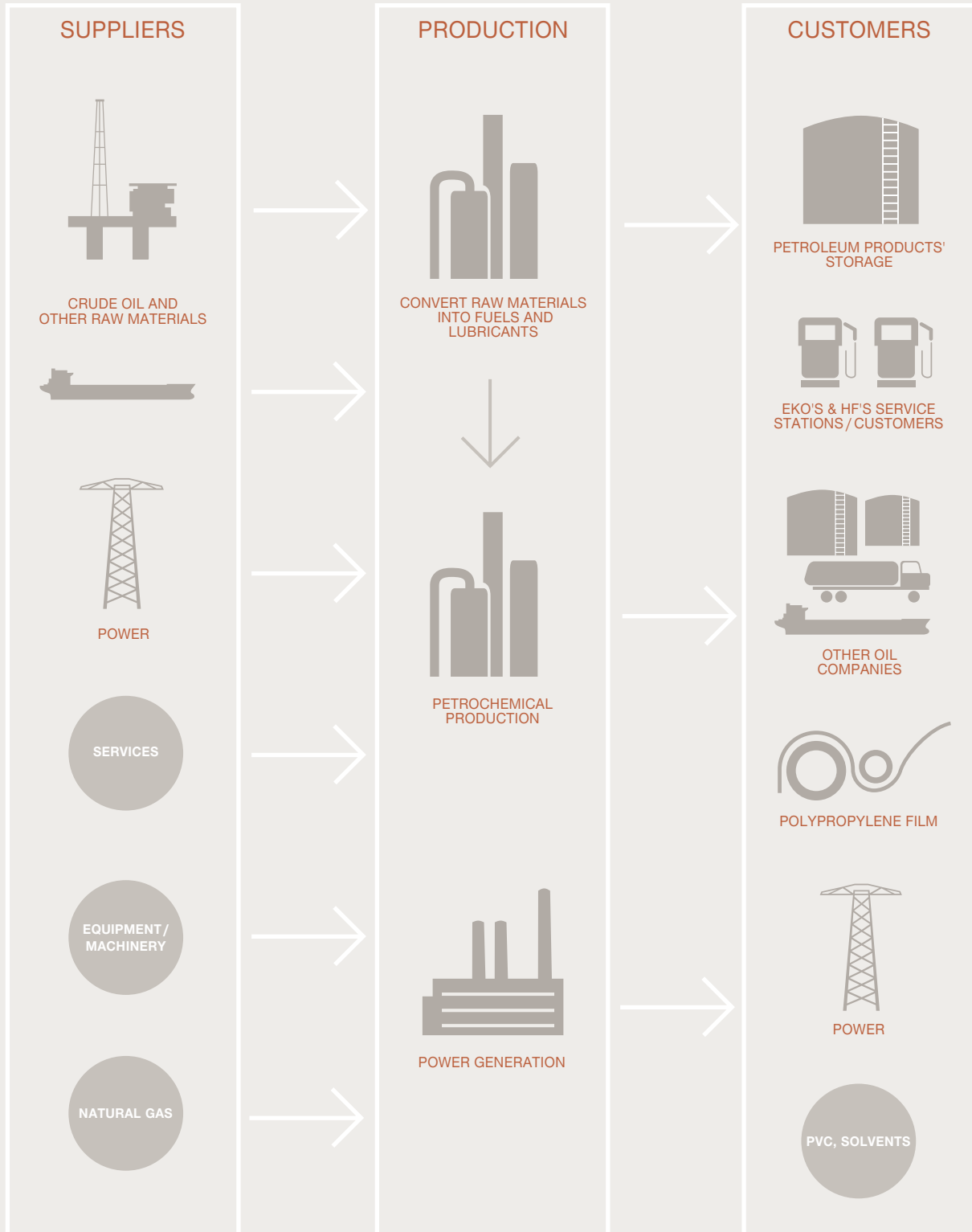
HELLENIC PETROLEUM is one of the most important energy Groups in Southeastern Europe, with total Capital Employed at €3,905 m., Turnover at €9.7 b. and Adjusted EBITDA at €178 m. in 2013.

The Group is involved in a wide range of activities in the energy sector which include the following:

- Supply, Refining and Trading of oil products, both within Greece and abroad.
- Fuels Oil Marketing, both within Greece and abroad.
- Petrochemicals/Chemicals Production and Trading.
- Oil & Gas Exploration and Production.
- Power Generation & Trading & R.E.S.
- Supply, Transportation and Trading of Natural Gas.



# Supply Chain



## 3.2 Vision – Mission – Principles

### Our mission: “Energy for Life”

To produce and offer top quality products and services in the energy sector, serving our customers in both the Greek and international market, both with efficiency and innovation.

### Our vision

leads us in the direction with which to fulfill our mission, that being: *“To be a leading regional Energy Group with sustainable growth embedded in our strategy”*.

### Values – Principles

Our values and principles are the foundation of who we are and how we interact with everyone we come into contact with during the course of our daily activities. It is our mission, vision and values that define our culture and help us in securing our leading position in the S.E. European energy industry.

The Group’s business principles constitute a code of principles and values that define attributes and modes of actions that we believe are essential parameters for the creation of sustainable value.

#### OUR PRINCIPLES

- Safety is always our First Priority.
- Offering Value to our Customers.
- Operating Responsibility towards Society and the Environment.
- Respecting our Colleagues and Partners, promoting Meritocracy, Teamwork, Innovation, Continuous Improvement and Results Orientation.
- Investing in Sustainable Development.
- Continuously enhancing our Competitiveness.
- Applying high standards of Corporate Governance.
- Creating Value for our Shareholders and focusing on the Continuous Improvement of our Results and Cash Flows.

#### OUR ATTRIBUTES

- (1) integrity
- (2) professionalism
- (3) commitment
- (4) sound judgment
- (5) initiative
- (6) extroversion

The aforementioned behaviours (attributes), principles and values are in perfect alignment with the strategic objectives and the standards, regulations and directives that we are committed to disseminating and applying across the entire range of our activities.

### 3.3 Strategic Objectives (2013–2017)

Having successfully implemented an unprecedented growth and transformation program during the five year period 2007– 2012, the Group aims to fully exploit its investments. The Group’s strategy for the five year period 2013– 2017 revolves around excellence, sustainable development and competitiveness.

The Group’s main objectives are as follows:

- Fully realize synergies and benefits arising from the newly upgraded Elefsina refinery
- Maintain and enhance the competitiveness improvement momentum and restructure domestic marketing
- Maximise profitability and cash flows with the aim of balance sheet deleveraging
- Focus on the development of our people and support of society

Our strategic priorities, with which these objectives will be achieved, are listed below:

#### LEVERAGE INVESTMENTS IN ORDER TO STRENGTHEN RESULTS

- **Operational optimization and full synergies’ realization in the South Refining Hub**, (Aspropyrgos and Elefsina) which constitute two of the most modern and complex refineries in the Mediterranean, with the appropriate size to achieve significant economies of scale
- **Optimization of the new refining model**, maximizing the full potential of the three refineries and the synergies between them
- **Further development of international trading activities** in the Mediterranean and the Balkans

#### FOCUS ON TRANSFORMATION PROGRAMS

- **Optimize operational levels and costs** in relation to the safest and most competitive European refineries
- **Enhance transformation programs** and accelerating their implementation (DIAS Refining Excellence, BEST 80 Procurement, Marketing Competitiveness Program- “KORYFI”)
- **Focus on cost efficiencies** in Central Services, Domestic Marketing

#### STRATEGIC TRANSFORMATION IN DOMESTIC MARKETING

- **Marketing competitiveness transformation program “KORYFI”**, with an emphasis on network and customers management, products and services’ portfolio, logistics, as well as the development of our human resources and expertise
- Adapt activities, organization and operating costs to the current environment

#### MAXIMISE VALUE IN ACTIVITIES PORTFOLIO

- Maintain and further enhance vertical integration in International Marketing and Petrochemicals with Refining
- **Complete the sale of DESFA**
- **Realize the full benefit of our participation in DEPA** in partnership with the HRADF
- **Develop Renewable Energy Sources**

#### DEVELOP HUMAN RESOURCES

- **Focus on the development of our people** through investing in continuous training and developing expertise
- **Establish a culture of excellence** in all of our activities and rewarding initiative

#### FOCUS ON CORPORATE SOCIAL RESPONSIBILITY

- **Continue to provide support to local communities and to the broader society**, with an emphasis on socially vulnerable groups
- **Support the young generation** through awards for students commended for their excellence, the provision of scholarships for international studies and work experience opportunities

#### IMPROVING PROFITABILITY

- **Increase EBITDA** from the contribution of new investments and transformation programs
- **Maximize net cash flows** from increased profitability and capex control

#### GROUP FINANCIAL DELEVERAGING

- **Gradually reduce borrowing over the next few years**, through cash flow generation
- **Diversify funding sources** and reduce finance costs

### 3.4 Corporate Governance

#### CORPORATE GOVERNANCE STATEMENT

Corporate Governance refers to a set of principles on the basis of which the proper organization, operation, management and control of a company is evaluated with the aim of maximizing value and safeguarding the legitimate interests of all those related with it.

#### CODE OF CORPORATE GOVERNANCE

The Company has voluntarily decided to adopt the **Corporate Governance Code for listed companies of the Hellenic Federation of Enterprises** (or “Code”). The Code can be located on the website of the Hellenic Federation of Enterprises (or “SEV”), at the following address: [http://www.sev.org.gr/Uploads/pdf/kodikas\\_etairikis\\_diakivernisis\\_GR\\_OCT2013.pdf](http://www.sev.org.gr/Uploads/pdf/kodikas_etairikis_diakivernisis_GR_OCT2013.pdf)

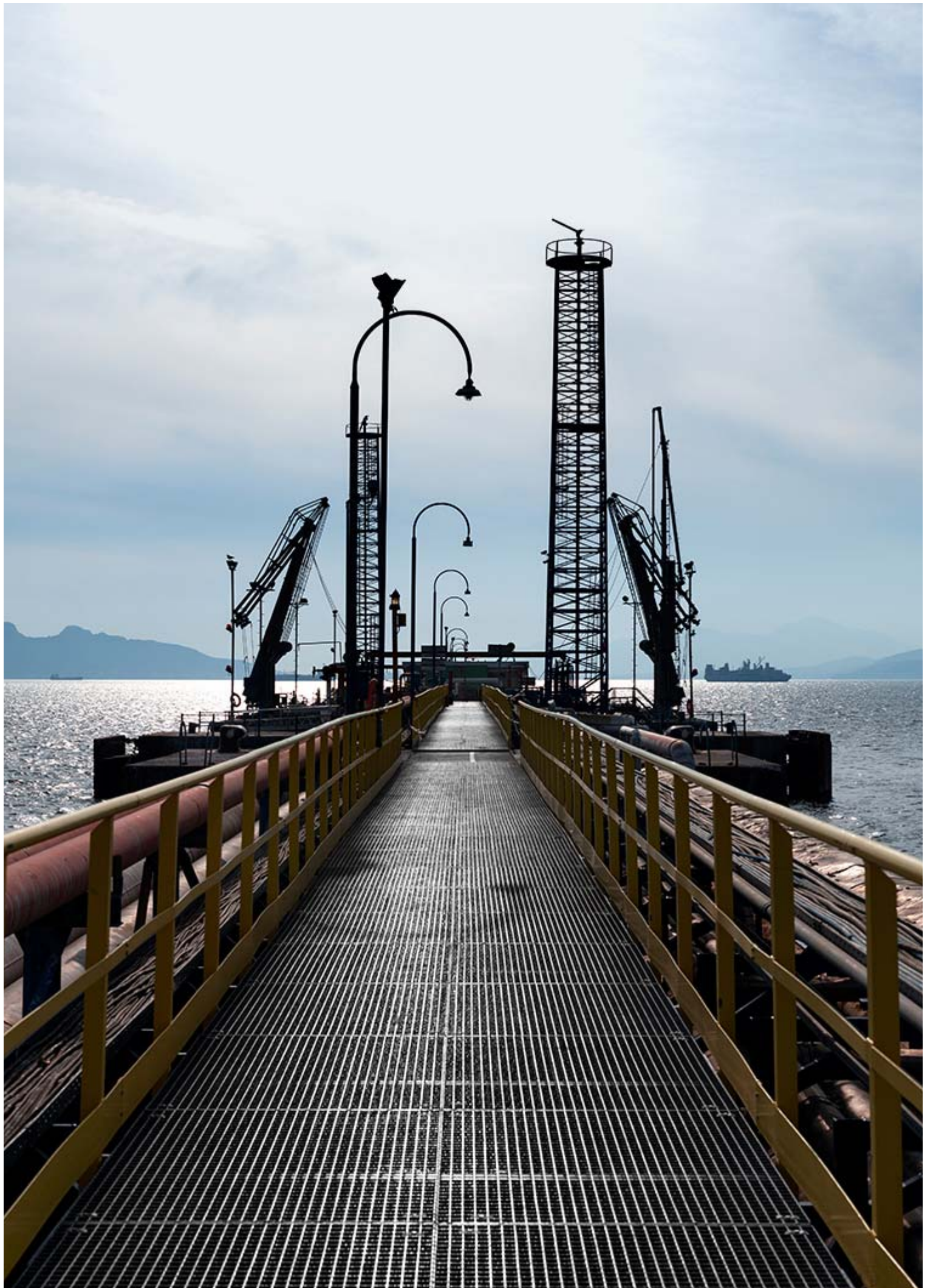
Apart from the SEV’s website, the Code is also available to all staff via the company’s internal website as well as in hard copy through the Group’s Divisions of Finance and Human Resources.

#### GROUP’S CODE OF BUSINESS CONDUCT

The Company within the scope of good corporate governance, prepared and adopted within 2011, a Code of Ethics, adopted by the company’s Board.

The Code of Ethics is intended to summarize the principles according to which every person, employee or third party involved in the operation of the Group and each of its collective bodies, must act within their duties. For this reason, the Code is a practical guide to the everyday work of all the Group’s employees and third parties working with it.

An awareness program ensures for the dissemination of the Code of Conduct at all levels within the Group further ensuring the trust of our stakeholders through transparency in all actions.



**BOARD OF DIRECTORS**

The Company is managed by 13 members of the Board for a term of 5 years as follows:

John Papathanassiou, Chairman of the BoD

John Costopoulos, CEO, Executive Board member

Theodoros-Achilleas Vardas, Executive Board member.

Andreas Shiamishis, Executive Board Member

Aggelos Chatzidimitriou, Non-Executive Board member

Vassilios Nikolettopoulos, Non-Executive Board member

Panagiotis Ofthalmidis, Non-Executive Board member – Employees’ Representative

Theodoros Pantalakis Non-Executive Board member – Minority shareholders’ Representative

Spiridon Pantelias, Non-Executive Board member- Minority shareholders’ Representative

Constantinos Papagiannopoulos, Non-Executive Board member – Employees’ Representative

Ioannis Raptis, Non-Executive Board member

Chirstos Razelos, Non-Executive Board member

Ioannis Sergopoulos, Non-Executive Board member



### 3.5 Materiality Assessment

In order to be consistent with our commitment to meeting the needs of all our stakeholders, as well as being relevant and meaningful, we implemented a Materiality Assessment to identify and evaluate the most essential aspects of social responsibility and sustainable development (material aspects).

The results of the study (materiality matrix) are reflected in Chart 2.1 in which the Group's stakeholders are depicted in different colours. The evaluation and prioritization of the material aspects led us to the decision to directly focus on 18 topics (all with high probability and high risk) which are briefly presented in Table 2.2.

Chart 2.1: Materiality Matrix

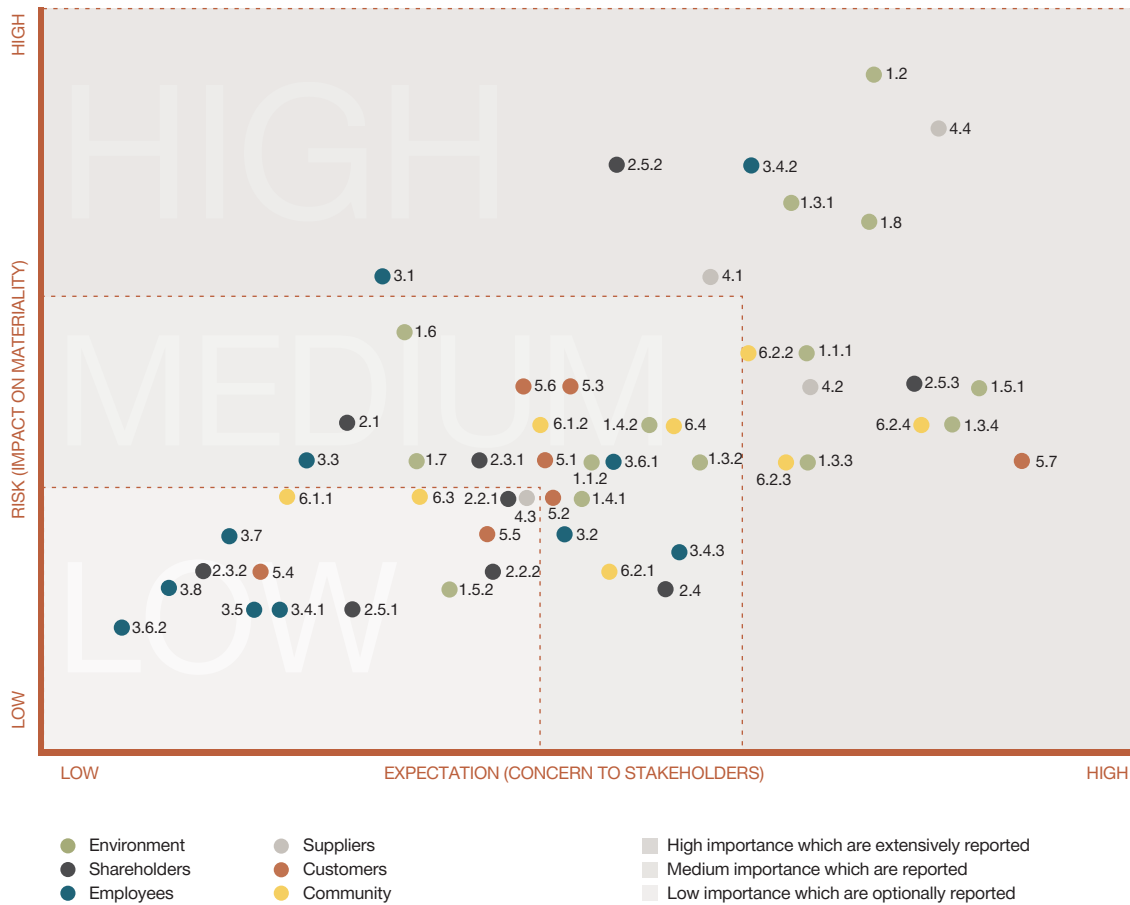


Table 2.2: **Material Aspects**

<b>ENVIRONMENT</b>	
Material Consumption	(1.1.1)
Energy Use	(1.2)
CO <sub>2</sub> Emissions	(1.3.1)
NOx Emissions	(1.3.3)
VOC Emissions	(1.3.4)
Oil Spills & Leakages	(1.5.1)
Product Impact	(1.8)
<b>SHAREHOLDERS</b>	
Supply Security	(2.5.2)
Operational Continuity	(2.5.3)
<b>SUPPLIERS</b>	
Supplier Assessment	(4.4)
Responsible Buying	(4.1)
Operational Support	(4.2)
<b>EMPLOYEES</b>	
Job Position Security	(3.1)
Occupational Health & Safety	(3.4.2)
<b>CUSTOMERS</b>	
Anti-competitive Behaviour	(5.7)
<b>COMMUNITY</b>	
Accident Impact	(6.2.2)
Health Screening	(6.2.4)
Acoustic Impact	(6.2.3)

During the preparation of the report, we took into account data and information from our key stakeholders — employees, customers, suppliers, local communities — as well as their interests and concerns, trying to broaden the way to communicate with them.

### 3.6 Risk Management

The size and complexity of the Group requires that a complex system be in place for identifying and managing risks, applying to all Group subsidiaries.

The identification and risk assessment takes place mainly during the drafting phase of strategic planning and the annual business plan. The topics that are examined vary depending on market and industry conditions and include, in particular, political developments in the markets where the Group is active or which are important sources of raw materials as well as technology changes, macroeconomic indicators and the competitive environment.

As part of risk management, the areas that are considered high risk are monitored with appropriate controls and safeguards.

Among these safeguards and control systems the following risk management mechanisms are in operation:

- Financial Risk Management & Market Risk (such as: Currency Risk, Product Price Fluctuation Risk, Cash Flow Risks and Risks associated with Fair Value Changes due to changes in interest rates, Credit Risk, Liquidity Risk Capital Risk)
- Safeguards in Information Technology Systems
- Occupational Risk Management
- Internal Controls over Financial Reporting (such as: procedures to Safeguard Assets, procedures for Monitoring and Preparing Financial Statements, Approving Transaction Limits)
- Local Communities – Assessment of impacts
- Corporate standards and regulations
- Stakeholder Relationships

## 4. HELLENIC PETROLEUM IN THE CAPITAL MARKETS

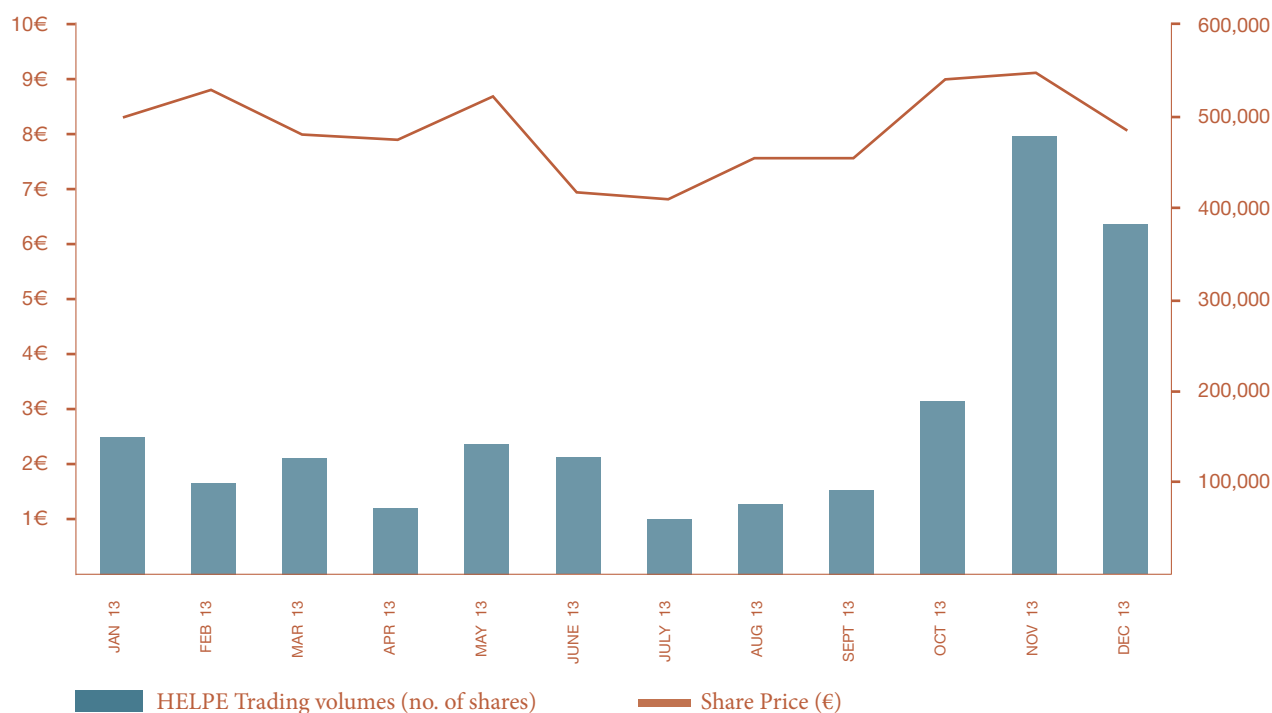
### 4.1 Main Info

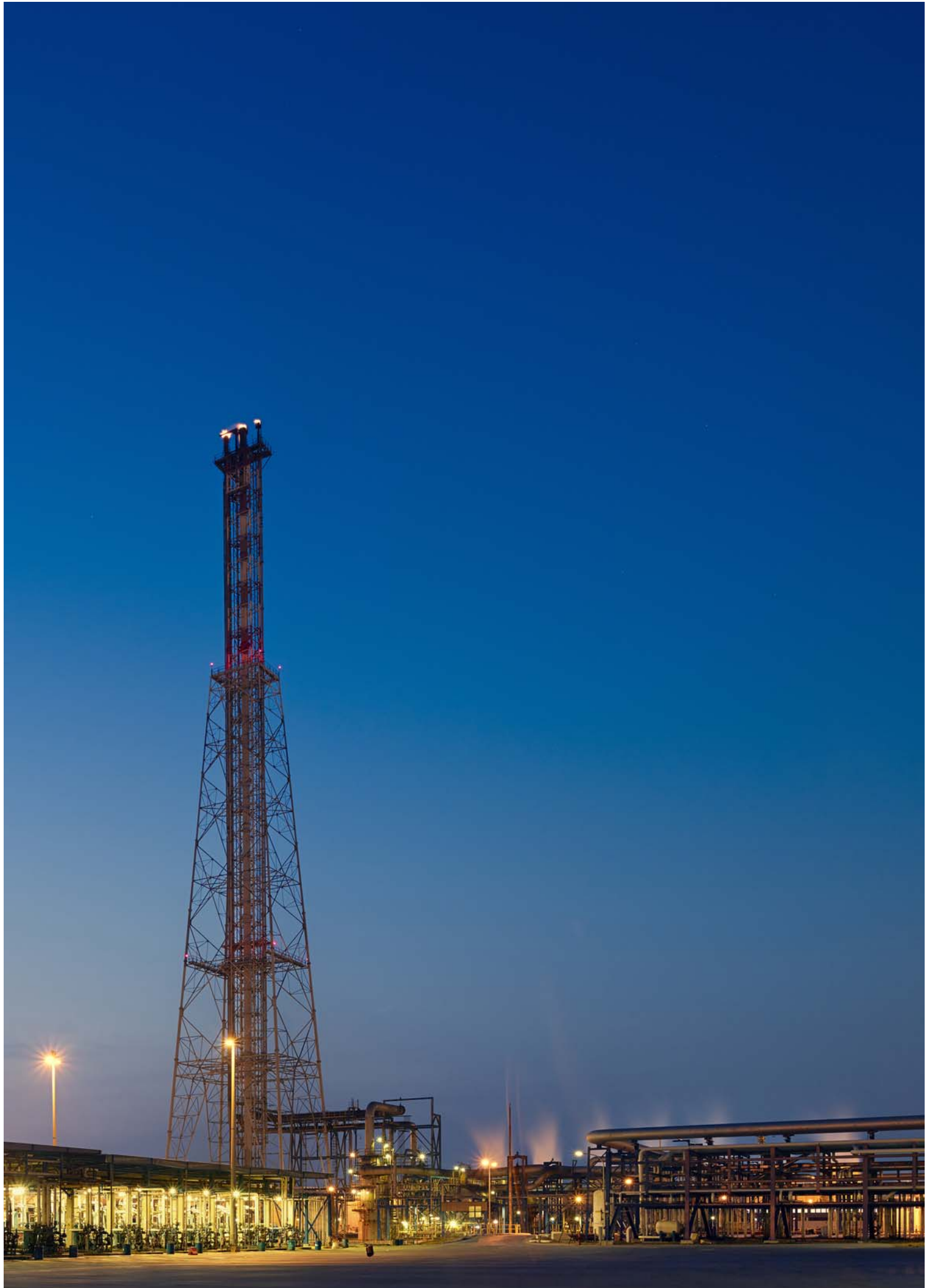
HELLENIC PETROLEUM's shares are listed on both the Athens (ATHEX: ELPE) and London (LSE: HLPD) Stock Exchanges; they are traded as Global Depository Receipts (GDRs).

### 4.2 Share price evolution

The Greek stock market moved higher in 2013, especially after the first half, mainly due to the improved macroeconomic environment, attaining, for the second consecutive year, the highest return amongst the major European markets. The General Index and the FTSE/XA Large Cap recorded total gain of over 28% and 24% respectively. HELLENIC PETROLEUM's shares maintained their upward trend, closing on 31/12/2013 at €7.58, up by 2.43% compared to last year's closing price. Both the positive developments in the sale process of the participation in DESFA as well as the €500m Eurobond issue, have contributed to the stock's positive performance which recorded a 5-year historical high of €9.60 on 31/10/2013.

Chart 4.1: HELLENIC PETROLEUM's Share Price Evolution





With a market capitalization of €2.32 billion on 31.12.2013, HELLENIC PETROLEUM was ranked amongst the ten largest listed companies on the Athens Stock Exchange in 2013.

**Table 4.2: Share Price Data, Fiscal Year 2013**

Average price	(€) 8.07
Lowest price	(€) 6.35
Highest price	(€) 9.60
Average daily trading volume	(no. of shares) 165,767
Average daily turnover	(€) 1,313,746

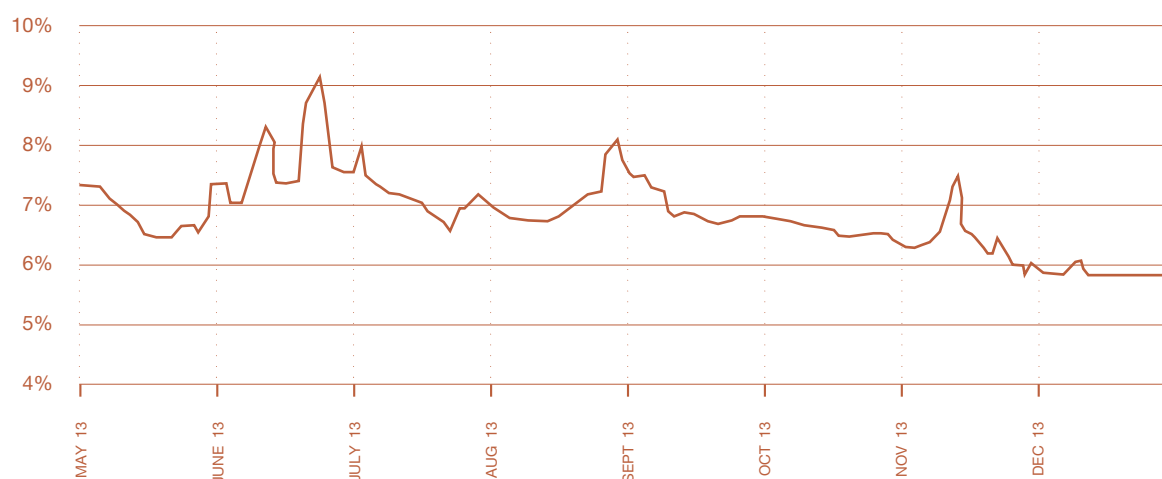
### 4.3 Dividend policy

The Board of Directors proposed to the Shareholders' Meeting not to distribute any dividend from 2013 financial results. The Board did not propose any change in the Group's dividend policy and will reassess the payment of a special or interim dividend for 2014 during the year.

### 4.4 Bond

HELLENIC PETROLEUM issued a €500 m Eurobond on 10 May 2013 (Bloomberg ticker: ELPE GA 8 05/10/17, ISIN XS0926848572), with an annual coupon of 8%, listed in Luxembourg Stock Exchange. The coupons paid twice a year in accordance with the provisions of the Offering Memorandum and the bond matures on 10 May 2017. During 2013, the bond recorded a positive performance with its yield reaching notably lower levels, since its issue date.

**Chart 4.3: ELPE GA 2017 Yield to Maturity (Mid - %)**



## 4.5 Social Product

HELLENIC PETROLEUM has defined its “interested parties” (social partners or stakeholders) as parties with which it communicates converses or cooperates, or who possess a direct/indirect interest due to its operations.

Interested parties include:

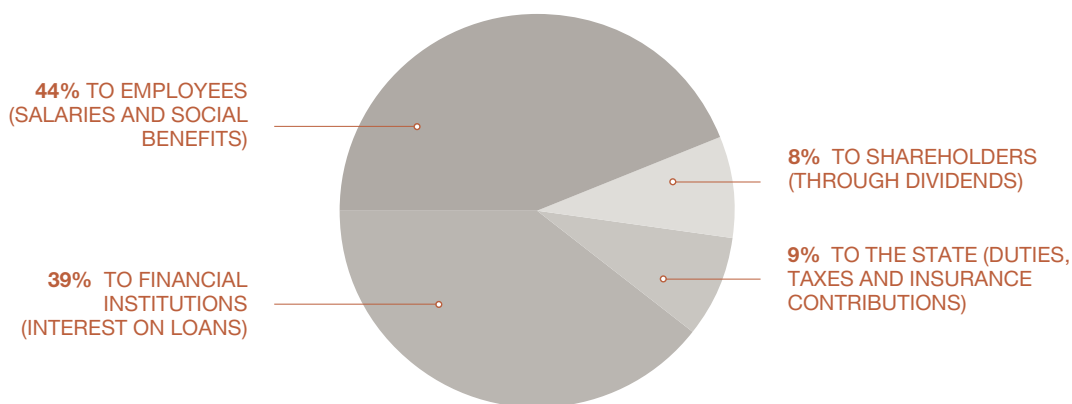
- Shareholders/investors
- Customers
- Employees
- Suppliers
- Society

The strategy and all of the Group’s actions aim at establishing relationships with the above mentioned stakeholders, so that the Group can in turn respond (comply) with their needs, minimize risks associated with its reputation and its operation and exploit the competitive advantages created through these synergies.

HELLENIC PETROLEUM defines its social product as the financial contribution that is made towards our key stakeholders and society as a whole. The Group, in the context of implementing its strategy and operations, makes significant investments and helps improve the country’s economy through the creation of additional secondary and tertiary income. This in turn creates jobs, improves human resources, reduces dependence on foreign companies – through major investments in new products - and provides funds for the country’s social security and public sector.

During 2013, the Group’s turnover was €9,674 million (2012: €10,469 million). The social product worth €492 million (2012: €517 million), was distributed as follows:

Chart 4.4: Social Product Distribution



Note that the above do not include levies and duties for product purchases made by the marketing companies EKO and HELLENIC FUELS. In including their levies and duties, the Group’s social product for 2013 amounted to €1,667 million (2012: €1,721 million).

## 5. BUSINESS ENVIRONMENT

### 5.1 The Global Economy

In 2013, the recovery of the global economy continued at a marginally slower pace, with the most recent estimates indicating that global GDP expanded by 3.0% in 2013 compared with 3.1% in the previous year, reflecting economic activity levels both in developed, as well as emerging economies. In addition, expectations around the reduction of monetary stimulus in the U.S. caused capital flight from emerging markets during the second half.

Growth rates varied significantly depending on the region, whereby the GDP in developing countries increased by 4.7%, with China reaching 7.7% whilst from the developed economies, in the U.S. growth rate reached 1.9%.

The Euro zone found itself in a second year of recession, albeit eased compared to the previous year (-0.4% compared to -0.6% in 2012), with 7 countries in recession in 2013, compared to ten in 2012\*.

### 5.2 Petroleum Industry Environment

In 2013, global crude oil demand reached 91.2 million bpd versus 90.0 million bpd in 2012, a 1.3% increase. In China, crude oil consumption grew by 3.8% reaching 10.2 million bpd. Demand from countries in the Middle East grew by 1.9% reaching 7.8 million bpd. European OECD member countries' demand marginally decreased by 0.5%, reaching 13.7 million bpd whilst demand in North America increased by 0.9%, reaching 23.8 million bpd.

In 2013, global crude oil production reached 91.6 million bpd signifying a 0.7% increase compared to 90.9 million bpd in 2012. OPEC decreased its production by 2.0% due to political developments in certain oil-producing countries to 36.8 million bpd, non OECD member countries stabilized their production at 29.6 million bpd whilst OECD member countries increased their production by 5.8% reaching 21.0 million bpd. It is worth noting that North America significantly increased its production by 8.7% to 17.2 million bpd, thus offsetting the reduction in OPEC production.

Global crude oil prices continued to remain at high levels during 2013 with yearly average prices coming at \$109/bbl (2012: \$112 bbl). Despite apparent stability, monthly price fluctuations as well as the changes of global oil trade flows have been significant. The most important development was the rapid increase in shale oil production in the U.S. which significantly reduced imports of light crudes (Nigeria, Algeria) which, in turn, were diverted to Europe and Asia, offsetting Libya's

\* IMF Data, World Economic Outlook Update, January 2013



Chart 5.1: Brent Crude Price (Platt's dated Mid) 2012–2013, \$/bbl

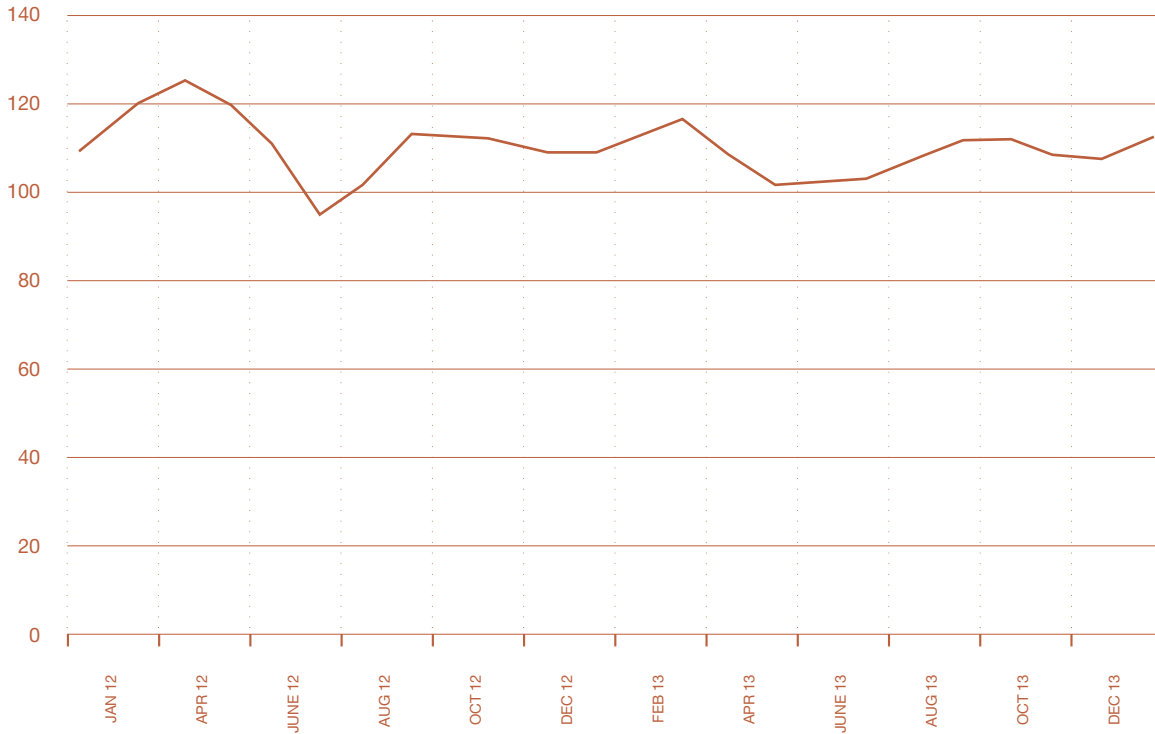
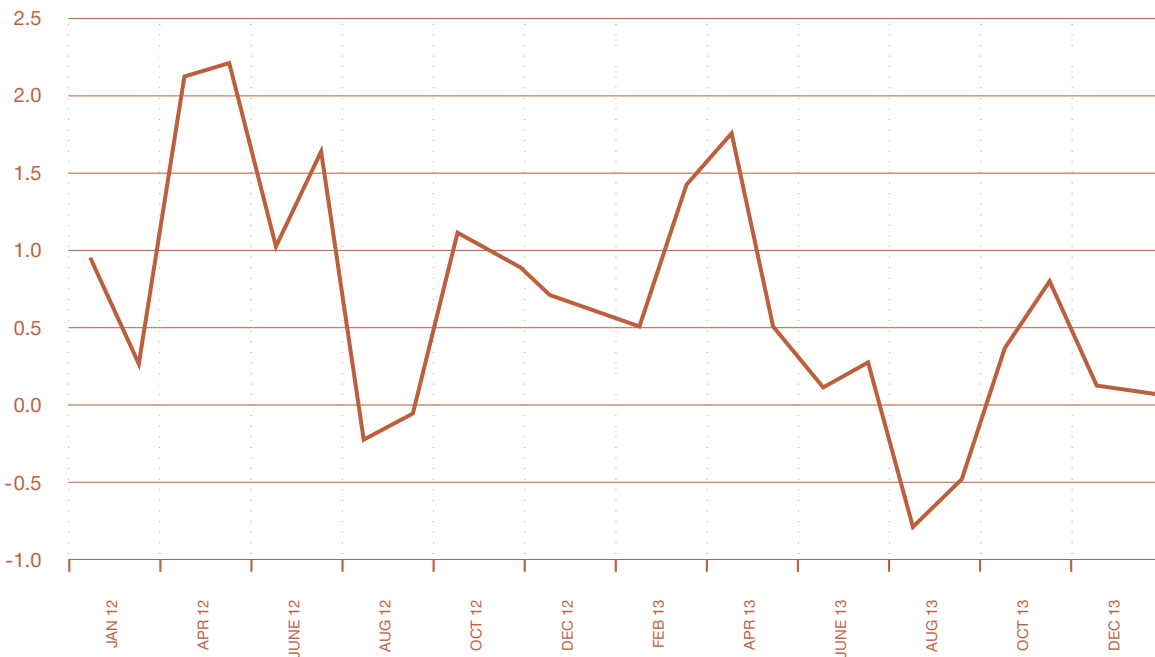


Chart 5.2: Brent – Urals Spread 2012 – 2013 (\$/bbl)



substantially reduced production. Additional pressures were brought about by fears regarding a possible military intervention in Syria and political developments in the Middle East.

Global demand for light and middle distillates was slightly higher in 2013 compared to 2012. Nevertheless, the year was marked by the worst refining environment over the last few years in Europe.

#### FINANCIAL INDICATORS

In 2013, the €/€ exchange rate continued to be volatile, peaking at 1€=\$1.38 and hitting a 1€=\$1.28 over the course of the year. The average stood at 1€=\$1.33 (2012: 1€=\$1.29), with a corresponding negative impact on the Group's results.

The most important effect on the Group's financial results was the increased cost of financing, that all Greek companies faced given the current economic situation since 2011.

### 5.3 The Greek Market

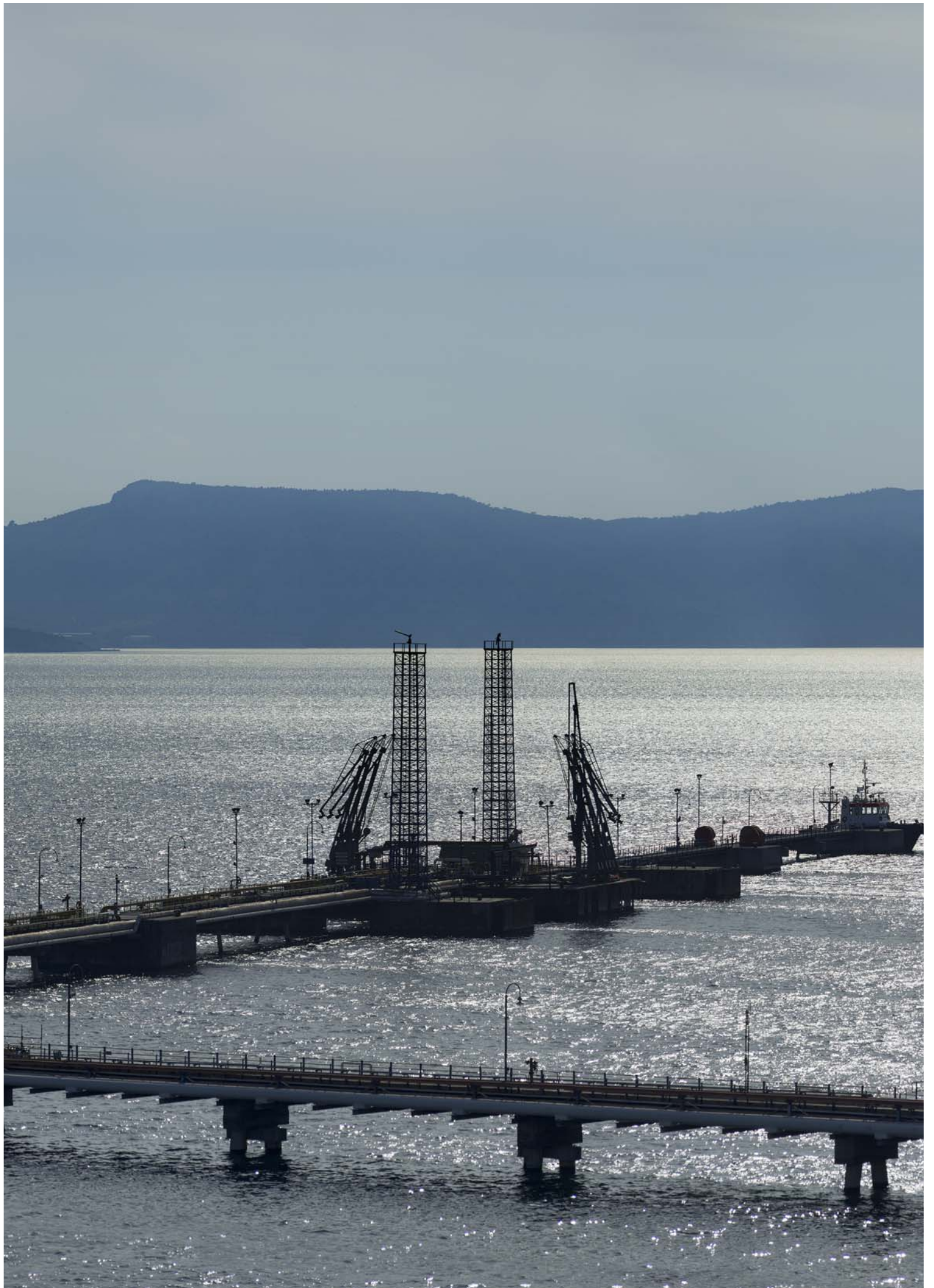
During 2013, the Greek economy continued to remain in recession for the sixth consecutive year, albeit at a slower pace compared to the previous three years, characterized by an improvement in the economic climate and political stability. GDP contraction reached 3.9% compared to the 7% decline in 2012. The unemployment rate maintained its upward trend, recording a new historical high at 27.3% in 2013.

Despite the deep recession, the Fiscal Adjustment Program, which runs its fourth year of implementation, recorded significant progress, with a small primary fiscal surplus achieved for the first time since 2002. The current account balance showed a surplus of €1.2 billion for the first time in decades and the general price index fell for the first time since 1962.

The Bank of Greece estimates, under plausible assumptions regarding the implementation of the stability program, that 2014 will be the first year of positive growth, after a six- year recession. In 2014, GDP is expected to grow by 0.5%, unemployment is expected to fall by one percentage point and a primary fiscal and current account surplus is anticipated.\*

The Group's results were affected by the financial crisis in the Greek market as the decline in economic activity, increased consumption taxes (excise duties and VAT), austerity measures and rise in unemployment maintained the challenging market conditions. Oil products demand recorded further decline, estimated, based on the latest figures, at approximately 15% compared to the previous year and 45%, cumulatively, compared to pre-crisis levels. The main driver has been the reduced demand in heating gasoil (-54% compared to 2012), due to the excise duty equalization between heating gasoil and auto diesel, and the continuing decline in demand for gasoline (-8%). On the positive side, demand recovered in the second half of 2013 by 4%.

\* Sources: Bank of Greece, "Monetary Policy" Interim Report, December 2013



## 6. FINANCIAL REVIEW & GROUP BUSINESS OPERATIONS

### 6.1 2013 Financial Review

Table 6.1: Table of Fundamental Figures

€ m.	2013	2012
Turnover	9,674	10,469
Adjusted EBITDA	178	444
Adjusted Net Income	(117)	232
Net Income	(269)	86
Capital Employed	3,905	4,350
Net Debt	1,690	1,855
Gearing Ratio (Net Debt / Capital Employed)	43%	43%

Group's Adjusted EBITDA for 2013 amounted to €178 million (-60% vs 2012). Key drivers included the historically low refining margins, the increased cost of feedstock, as well as the optimization process of the Elefsina refinery during the 1st half. The strong operating performance recorded in the refineries and the marketing companies, increased exports which reached their highest levels in the Group's history, as well as Petrochemicals increased profitability, only partially offset the effect of the abovementioned negative factors.

The results of the 1st half of 2013 were affected by the optimisation process of the Elefsina refinery. Following their start-up, in the 3rd quarter of 2012, the main new units were shut down for a short period, in order to address issues that commonly occur in the initial operation stage of a highly complex refinery, whereby the necessary adjustments are needed to optimize their performance.

In the 2nd half, there was an improvement in the operating performance of all of the Group's business activities, with the new Elefsina refinery running close to 100% of its capacity, according to plan and the production of middle distillates reaching 75%. The production of high value added white products at Group level amounted to 88%, amongst the highest in the European refining industry.

In a recent study conducted by an independent industry consultant covering all the refineries in the region, the new Elefsina refinery is listed as one of the most modern and profitable in Southern Europe. Moreover, the domestic fuels market showed its first signs of stabilization since the beginning of the crisis, while increased tourism during the 3rd quarter had a positive impact on the demand for fuels, both for transport fuels as well as for aviation and bunkering. In addition, efforts to control costs within the Group as well as the impact of the transformation initiatives, resulted in annual cash benefits amounting to €272million.

Reported results, after taxes, were affected by extraordinary items such as the restructuring cost to reduce operating expenses and a provision of €21 million for the new, retrospective taxation of prior year reserves. The high financial cost, which affects all Greek companies, negatively affected Reported Net Income resulting in a Net Loss of €269 million, while the Group's Capital Employed amounted to €3.9 billion. In the Domestic Marketing, restructuring and cost control efforts offset the decline in demand and led to an improvement in operational performance. Increased tourist traffic led to 5% higher sales in aviation.

In International Marketing, volumes remained at the same levels as those of 2012, with Adjusted EBITDA increasing to €44 million (+8%). All of the international subsidiaries showed positive results, with an improvement in margins and maintenance of market shares.

The Petrochemicals business improved its contribution with Adjusted EBITDA at €57 million, increased by 23%, enhanced by the improved integrated operation of the propylene and polypropylene units, while polypropylene margins remained at same levels as the previous year.

#### LIQUIDITY AND CASH FLOWS

The Group's liquidity and strong financial position remained important priorities in 2013, considering the prevailing macroeconomic conditions. The Group's Net Debt stood at €1.7 billion, a reduction compared to the previous year (€1.9 billion) and its Gearing Ratio (Net Debt/Capital Employed) at 43%, as the investment program which led to the peak of debt in 2012 was completed. Working capital requirements have also decreased due to the substitution of sales in the domestic market with increased exports, leading Capital Employed to €3.9 billion.

**In 2013, HELLENIC PETROLEUM refinanced credit lines amounting to €1.2 billion and proceeded with the issue of a €500m Eurobond, the largest unrated by a Greek company, thereby reopening the international capital market for Greek corporates.**

For 2014, the Group's top priority will continue to be the utilisation of cash flows for the gradual de-escalation of borrowing, and the reduction of finance costs; proceeds from the sale of the participation in DESFA will be used for this purpose.

Chart 6.2: Net Debt and Gearing Ratio Levels (€ bn)

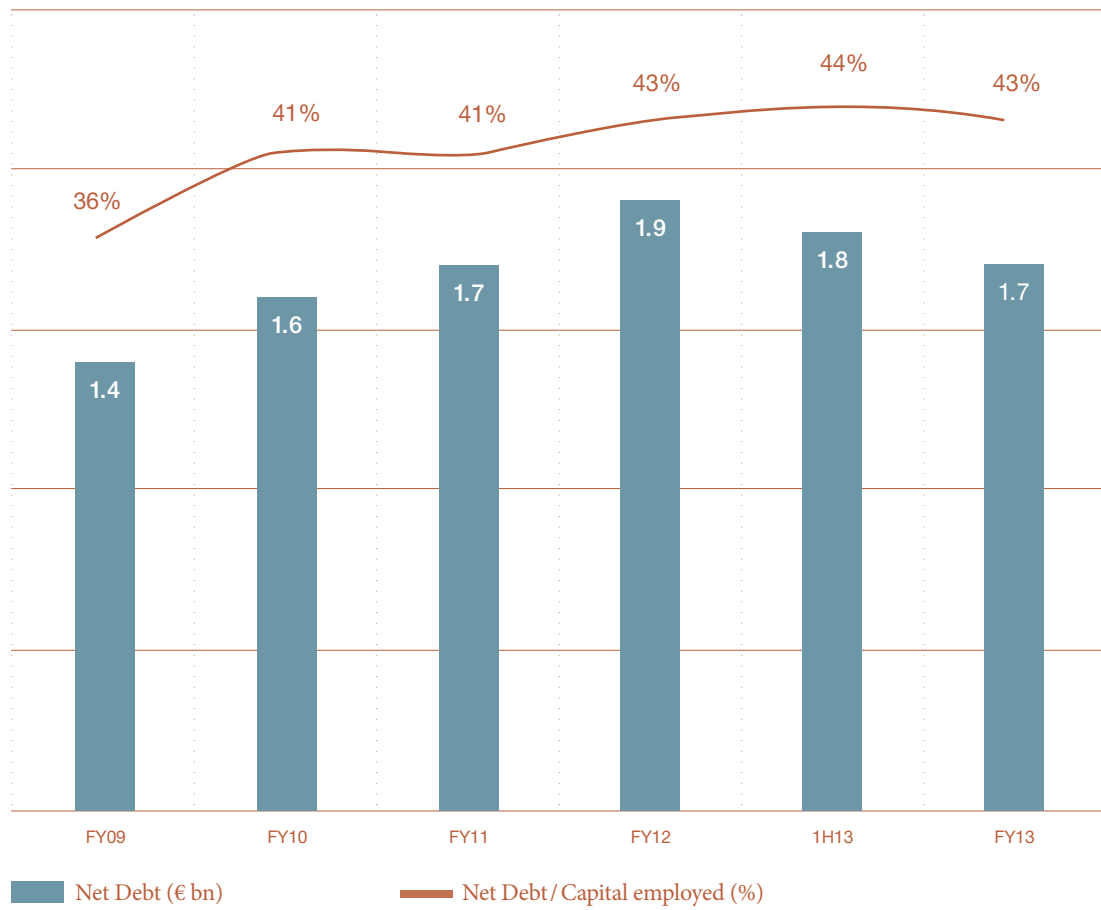
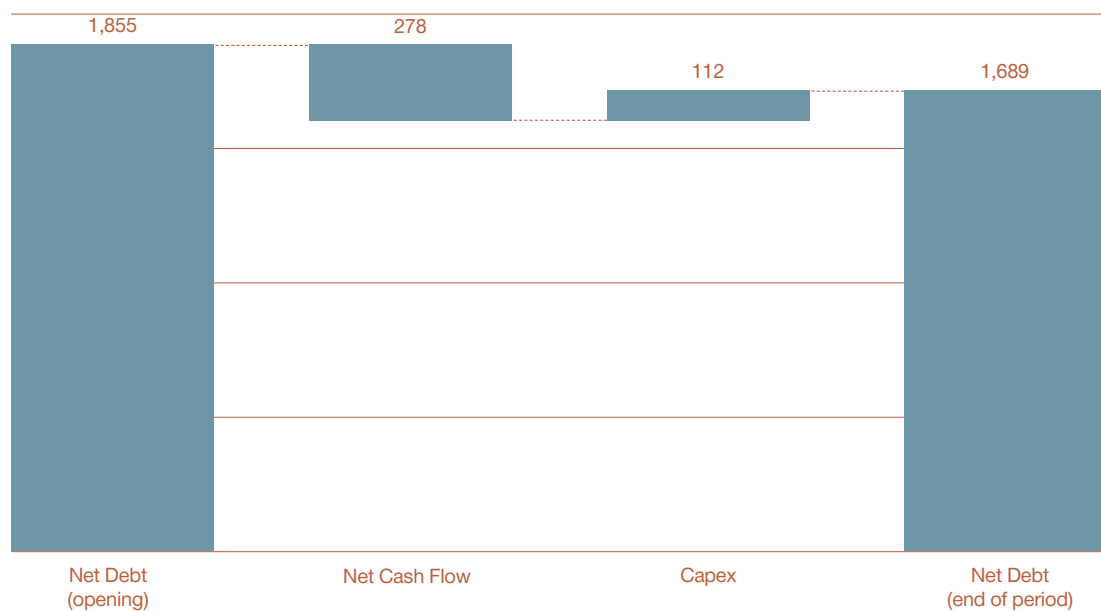


Chart 6.3: Group Cash Flow 2013





## 6.2 Refining, Supply & Trading

### ACTIVITY IN GREECE

In Greece, the Group owns and operates three refineries in Aspropyrgos, Elefsina and Thessaloniki which account for approximately 65% of the country's total refining capacity and combine a storage capacity for crude oil and petroleum products of 6.65 million m<sup>3</sup>.

Each refinery has different technical characteristics which define its profitability and are described below:

Refinery (in Greece)	Daily Refining Capacity in Thousands of Barrels (Kbpd)	Annual Refining Capacity (M/T m.)	Type of Refinery	Nelson Complexity Index	Solomon Complexity Index
Aspropyrgos	148	7.5	Cracking (FCC)	9.7	8.8
Elefsina	100	5.0	Hydrocracking	11.3	13.9
Thessaloniki	93	4.5	Hydroskimming	6.9	5.0

As part of efforts to improve competitiveness, during 2013, initiatives accelerating the overall transformation program continued in order to improve efficiency in the refining business and control operating costs, whilst synergies between the three refineries were achieved leading to a positive impact on profit margins.

In 2013, the refineries in Aspropyrgos, Elefsina and Thessaloniki processed a total of 10.7 million tons of crude oil, as well as 2.2 million tons of raw materials (semi-processed), with a combined net production of 11.8 million tons.

2013 was the first full year of operation of the upgraded Elefsina refinery. Although during the 1st half, the refinery's contribution was less than expected due to the optimisation process and the temporary shut-down of the new units, in the second half, the refinery reached almost 100% utilization, with many units exceeding their design specifications.

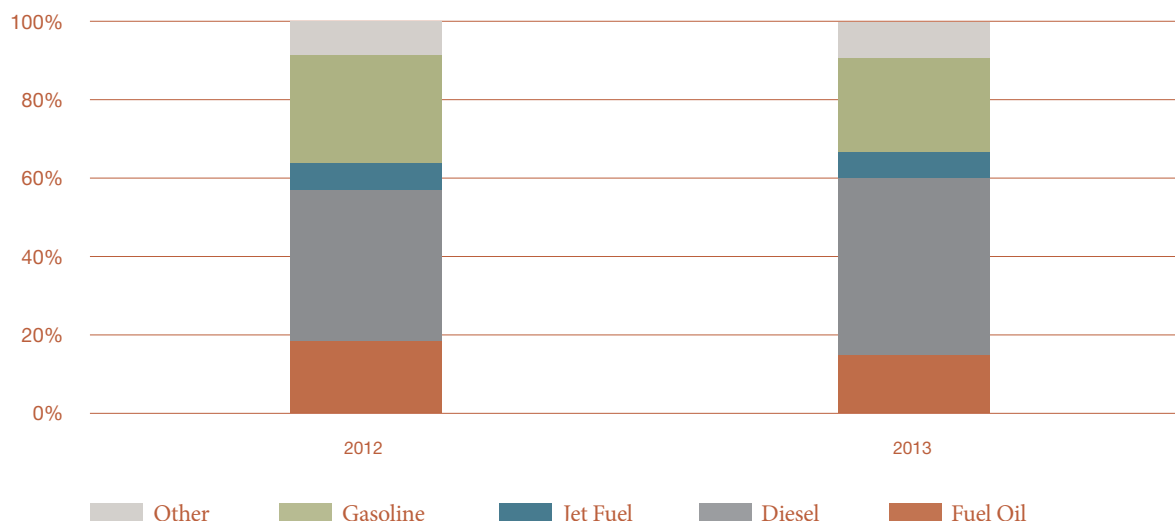
Middle distillates yield (diesel, jet) exceeded specifications and reached 75%, leading the respective yield at Group level to 52%.

This has positively contributed to the Group's refineries' operating performance, with the yield of high added value products standing amongst the highest in the European refining industry, highlighting the competitiveness of our asset base, following the considerable investment that was implemented during the five year period 2007–2012.

Moreover, HELLENIC PETROLEUM's international sales continued to rise, enhancing the Group's export orientation.



Chart 6.4: Group Product Mix 2012–2013



The Aspropyrgos refinery achieved an outstanding performance in terms of its operational availability (99.3%), with a particularly low number of main units' downtime.

Furthermore, the operational improvements implemented in production and utility units had a highly positive impact in reducing the consumption and energy costs with an annual benefit of € 4.7 million in 2013. The benefit derived primarily from the optimisation of the turbine bleed steam (€1.2 million) and maintenance works in pipes and steam traps (€2 million).

The contribution of the increase in the reaction temperature of the VGO desulfurization unit (LPMH) was also significant, increasing middle distillates yield and generating an annual benefit of €5.5 million.

Table 6.5: Financial Results and Key Operational Indicators

Financial Results (€ m.)	2013	2012
Sales	9,078	10,154
Adjusted EBITDA	57	345
<b>PERFORMANCE INDICATORS</b>		
Sales Volumes (M/T '000) – Total	12,696	12,796
Sales Volumes (M/T '000) – Refineries in Greece	12,664	12,060
Complex refinery margin (FCC)	\$2.4/bbl	\$4.7/bbl
Refinery utilization (% nominal capacity)	63.8%	66.7%
Safety indicator–AIF	4.5	3.8

The upgraded Thessaloniki refinery continued the refining of high margin crudes, minimizing the additive (MTBE) in gasoline production and the consumption of natural gas. The new Continuous Catalytic Reformer (CCR) Unit has enabled the refinery to process additional naptha from the Elefsina refinery, on top of own naptha production, maximising the system refining margins.

During 2013, significant financial benefits were derived from the stabilisation of the operation of the Elefsina refinery, as well as from the synergies between the two refineries of the South Hub, which partly offset the adverse effects of the international refining environment.

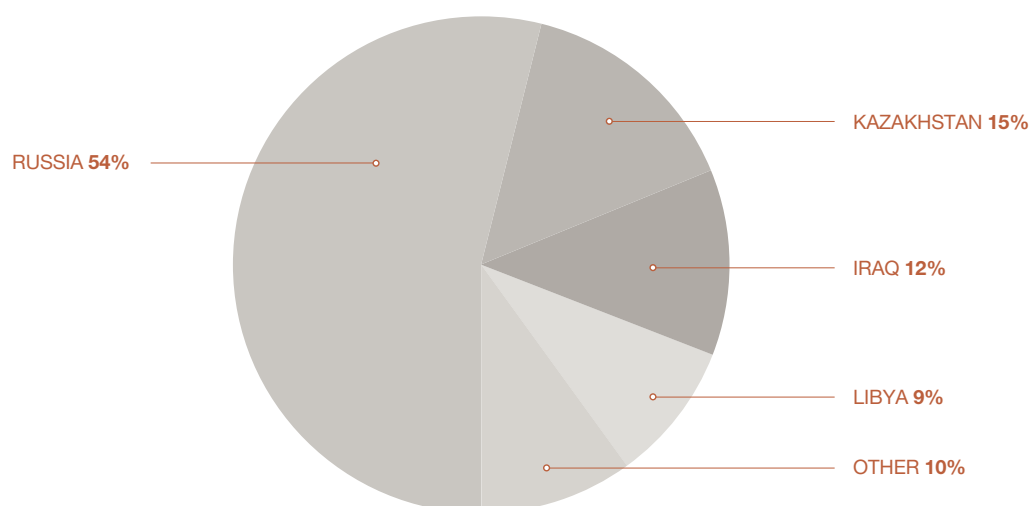
For 2014, HELLENIC PETROLEUM's strategy in terms of Competitiveness, Export orientation and Excellence aims to improve its competitiveness in the refining sector, mainly through:

- Realising the full potential of the production base and strengthening its competitive position in S.E. Europe
- Optimising its operational performance (DIAS, BEST80) by realizing synergies between the Group's refineries, improving the efficiency of the conversion units and the energy performances of our refineries
- Providing high quality services to customers
- Further strengthening export activities

#### CRUDE OIL SUPPLY

Crude oil supply is coordinated at Group level, through term contracts as well as spot transactions. Crude oil market conditions during 2013 were particularly challenging, mainly due to the ongoing (since 2012) EU sanctions on Iran and the political developments in Libya and Iraq which affected the smooth supply of the refineries. HELLENIC PETROLEUM adjusted its crude slate accordingly with supplies from Russia (54%) as well as Kazakhstan (15%). HELLENIC PETROLEUM also procured crude oil from Iraq (12%) and Libya (9%).

Chart 6.6: Crude Oil Supply Sourcing



The ability to access supplies, as well as the Group’s refineries’ flexibility in processing a wide variety of crude types, constitute the Group’s key competitive advantage, which is especially important for its profitability and ability to respond to sharp declines in the availability of specific crudes types; As a result the Group ensures the smooth supply of the markets where it operates.

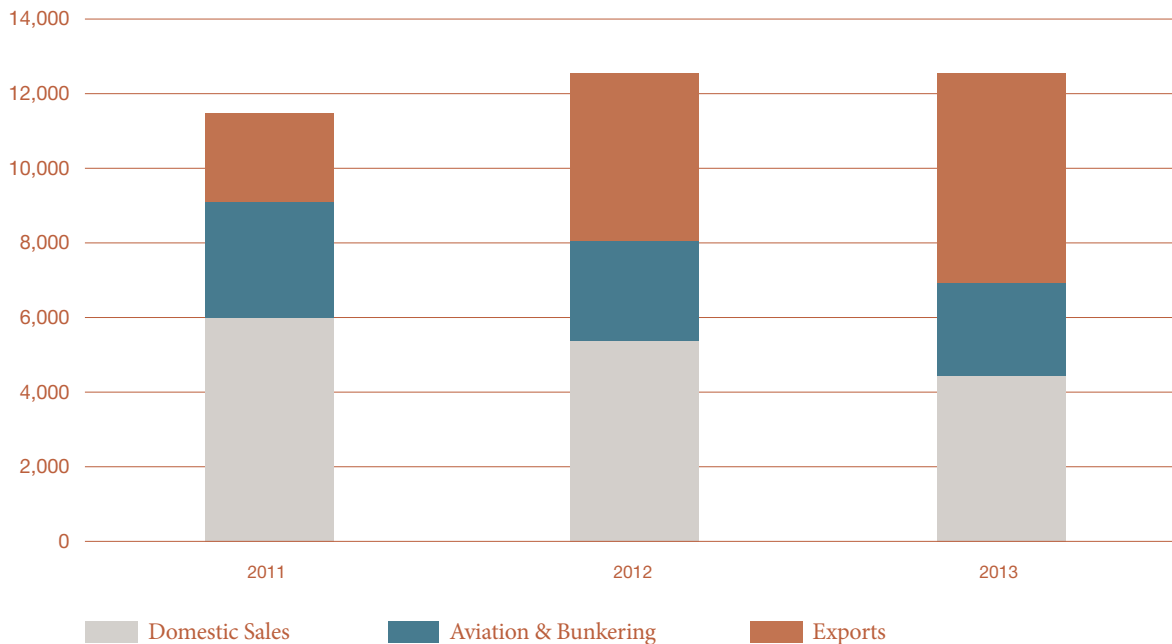
**REFINERY SALES (WHOLESALE TRADING)**

HELLENIC PETROLEUM S.A. is engaged in the sale of oil products to fuel marketing companies — including the Group’s subsidiaries EKO and HELLENIC FUELS and certain special customers such as the country’s armed forces, as well as export trading. All of the Group’s refined products meet the prevailing European standards.

During 2013, the Group’s total sales of products and goods from its domestic refineries remained stable. Sales in the domestic as well as the bunkering and aviation markets were weaker versus the previous year.

In order to offset the difficult economic environment, the Group expanded its export activities, resulting in a 23% increase in exports. The operation of the Elefsina refinery led to a significant increase in diesel exports, which together with gasoline, are the main products exported by the Group.

Chart 6.7: Sales by Trade Channel (MT '000)



### 6.3 Fuels Marketing

Further to ex refinery sales to marketing companies, HELLENIC PETROLEUM Group is also active in the distribution and marketing of petroleum products both in Greece through its subsidiaries EKO SA and HELLENIC FUELS LTD, as well as internationally, through its subsidiaries in Cyprus, Bulgaria, Serbia, Montenegro and FYROM.

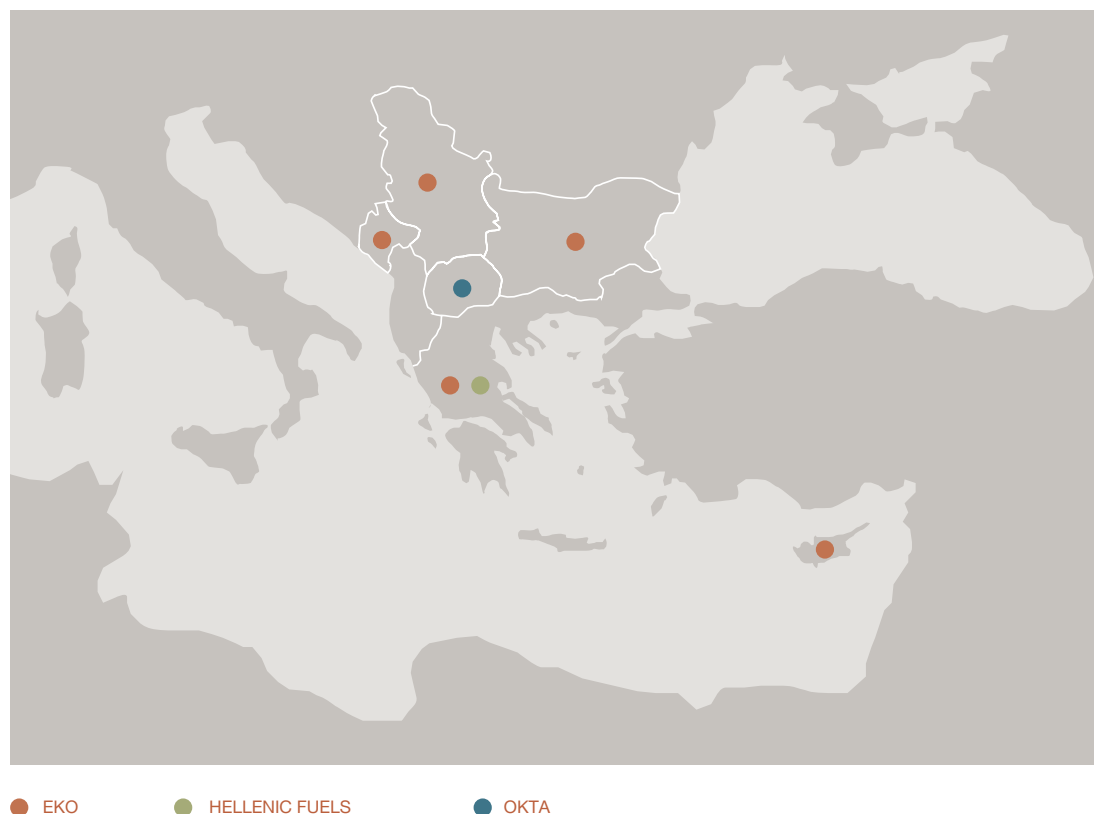


Table 6.8: Financial Results and Key Performance Indicators

Financial Results (€ m.)	2013	2012
Sales	3,345	3,868
Adjusted EBITDA	68	53
<b>PERFORMANCE INDICATORS</b>		
Sales Volumes (M/T '000) – Total	4,043	4,434
Sales Volumes (M/T '000) – Greek networks	2,971	3,361
Number of petrol stations – Greece	1,816	1,931
Number of petrol stations – International	279	283



**Table 6.9: Percentage of sales by product for each of the Group's companies**

PRODUCTS	EKO	HF	EKO SERBIA	OKTA	EKO BULGARIA	HP CYPRUS	JPK MONTE- NEGRO
Unleaded gasoline 95 octane	18.69	45.06	20.15	13.50	11.34	31.7	15.88
Unleaded gasoline 98 octane			4.32	2.39		2.1	3.27
Unleaded gasoline 100 octane	0.66	1.73			1.1	0.2	
LRP gasoline	0.09	0.34					
Automotive gas oil	25.39	34.91	50.08	51.58	64.01	27.1	58.32
Heating gas oil	6.02	14.48		3.29	1.78	9.2	4.12
Marine fuel	4.56					15.7	1.89
Lubricants	0.73	0.03				0.2	0.05
Kerosene	0.16					1.1	
Mazout (fuel oil)	23.17	1.03	0.15	22.96		3.1	
Bitumen	0.72	0.73	0.14		4.13		
LPG	2.75	1.7	25.17	1.88	15.47	5.3	2.07
CNG					1.5		
Jet A1	17.07			4.37	0.67	4.3	14.40
Other (sulphur)				0.03			

#### DOMESTIC MARKETING

EKO's network of petrol stations amounts to 942 out of the total of 6,000 in the country, whilst HELLENIC FUELS operates another 874 petrol stations under the BP trade name. Combined, the two companies own 15 bulk storage and supply terminals, 23 aircraft refueling stations located at major airports, 2 LPG bottling plants and 1 lubricant production and packaging unit; accounting for industrial customers, their market share amounts to c. 30%.

2013 was a year of restructuring of the business activities and increase of profitability, despite the continued downturn in the Greek economy which had a knock on effect across the fuels marketing business.

Specifically, domestic marketing was affected by reduced fuel demand, mainly due to heating gasoil. Gasoline consumption was 8.2% lower compared to 2012. Moreover, heating gasoil demand recorded an unprecedented decline of 55%, due to the increase in excise duties which led customers at alternative heating options.

An increase in demand for diesel (up by 8%) as well as auto LPG, partially offset the lower gasoline sales during 2013.

The challenges in the business environment of fuels marketing, due to the continuing lack of liquidity and limited financing from the banking sector were maintained. As a result, the number of petrol stations and industrial customers contracted further, with 2,400 petrol stations as well as 4 fuels marketing companies, exiting the market over the last four years.

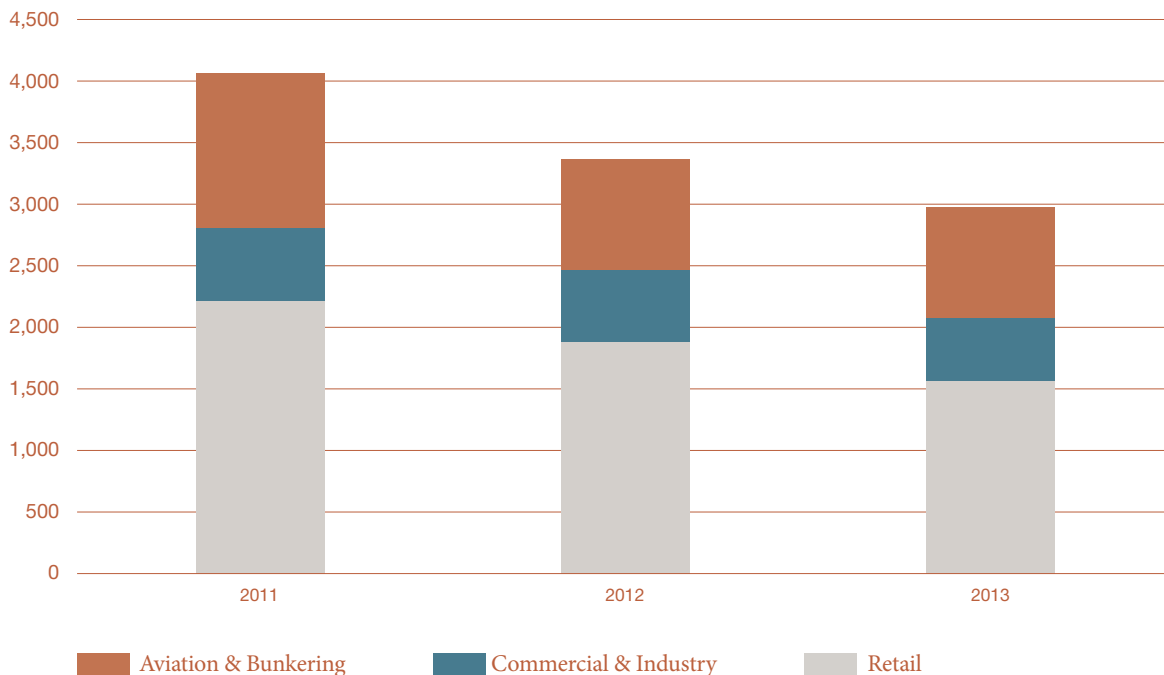
The Group’s main strategic objectives were extroversion, innovation and optimisation of marketing functions, with the ultimate objective of increasing the value proposition in all of fuels marketing segments.

In 2013, substantial synergies were realized between the two marketing networks — EKO and Hellenic Fuels aiming at efficiently and safely transporting products at a competitive cost, ensuring for the proper functioning of the customers’ network and reducing costs in support functions. Moreover, the Group developed a network of company owned and operated petrol stations to reduce bad debts and working capital needs.

The C&I and LPG segments improved profitability, despite the difficult environment, on the back of a reduction in operating cost and a targeted commercial policy. Bunkering and Aviation fuels maintained their market shares, while increasing their profitability.

The Group aims to increase the market share of its marketing companies, whilst improving their operating profitability and liquidity.

Chart 6.10: Domestic Marketing Sales 2011–2013 (MT '000)



## INTERNATIONAL MARKETING

The international petrol stations network amounts to 279 in total. In Cyprus and Montenegro, our local subsidiaries Hellenic Petroleum Cyprus and Jugopetrol Kotor respectively, are leading players in their markets. In Bulgaria and Serbia, where activities began with the establishment of a new company, the Group's subsidiaries EKO Bulgaria and EKO Serbia recorded rapid growth post 2005 and are now amongst the top five companies in their market. In FYROM, the network of 26 stations carries the brand of the Group's local refining subsidiary (OKTA refinery).

In the context of the Group's withdrawal from non-strategic investments, in early 2013, the Group sold the three stations owned by subsidiary Jugopetrol Trebinje in Bosnia. Note that the sale of the Group's subsidiary Global in Albania was completed in 2012.

All of the countries in which the Group operates continued to be affected by the recession in Europe throughout 2013 which resulted in reductions in the overall fuel consumption compared to the previous year.

In Cyprus, our companies Hellenic Petroleum Cyprus and Ramoil were affected by the recession environment and financial crisis with a negative impact on volumes and profitability. The reduction in the operating cost partly offset the effects of the recession. Market conditions are expected to continue to be challenging and to affect both sales volumes and profit margins in the near future. Within this environment, priorities such as efficiency improvement as well as controlling credit risk exposure will remain.

In Bulgaria, EKO Bulgaria almost doubled its profitability as a result of the increase in sales volumes through growth in wholesale as well as the reduction of operating cost, despite higher volumes. Maintaining market shares and reducing operating costs will remain key objectives for EKO Bulgaria.

EKO Serbia was adversely affected by market conditions in the first quarter of 2013, due to weak retail volumes and margins. These conditions came as a result of increased competition and the availability in the market of lower quality non-European standard products, from the local refinery. The gradual withdrawal of these products from the market improved conditions and financial performance in the fourth quarter. The year ended with a marginal decline in both volumes and profitability.

In Montenegro, the unfavorable situation regarding the country's public finances continues to affect the local economy, especially construction and manufacturing. Under these conditions, Jugopetrol Kotor recorded only a slight decline in its volumes, thanks to its targeted marketing strategy. However, profitability declined sharply due to increased competition in retail which adversely affected profit margins. Market conditions are expected to remain challenging in 2014.



Chart 6.11: Sales Volumes in Main International Markets (MT '000)

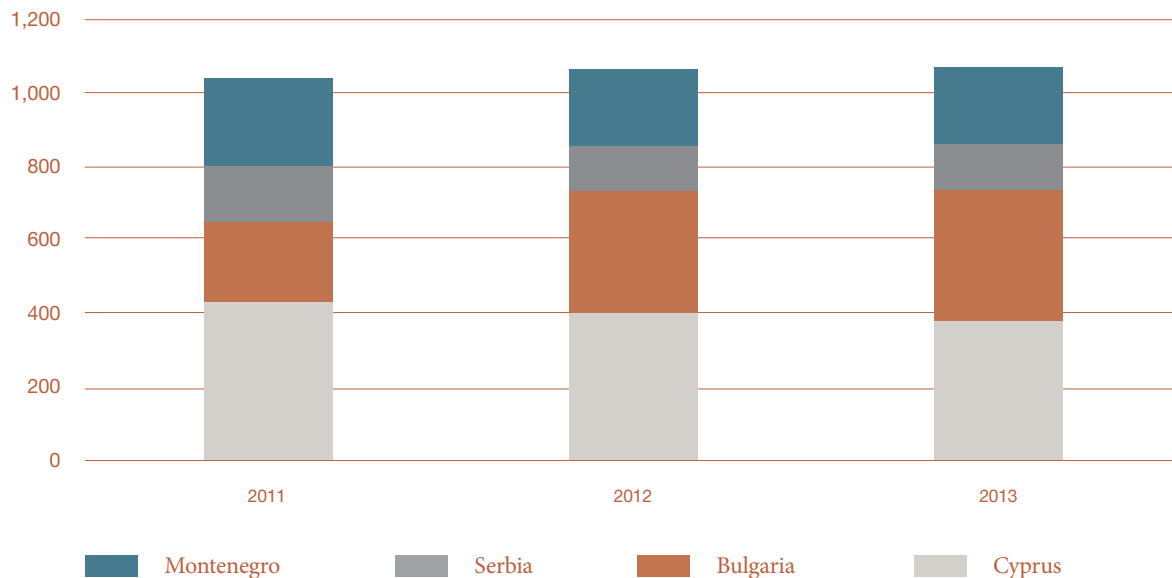
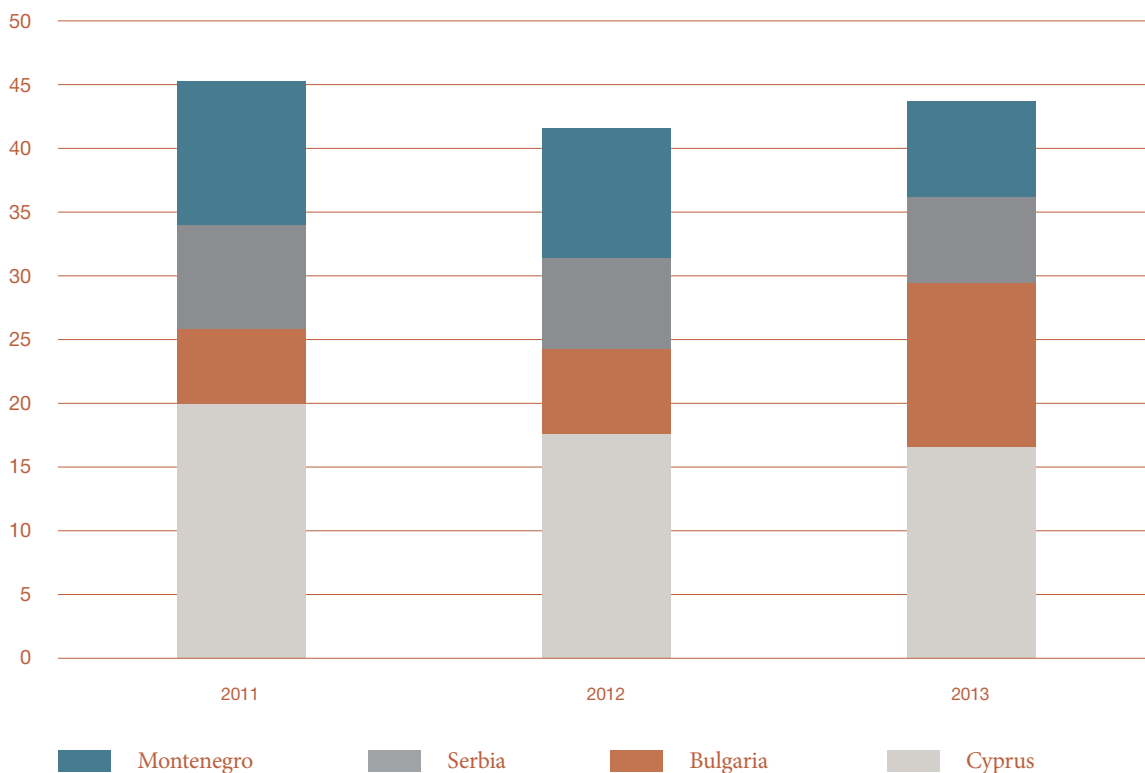


Chart 6.12: EBITDA Contribution in Main International Markets (€ m.)



## 6.4 Production and Trading of Petrochemicals / Chemicals

Petrochemical activities primarily focus on the further processing of the refined products such as propylene, polypropylene, solvents and minerals as well as their marketing in the domestic and international market. Part of the production takes place in Aspropyrgos refinery where propylene is produced, while most of the chemical plants are located at the Thessaloniki refinery. Note that the production of polypropylene is based on the internationally recognized Basel technology.

Based on its contribution to the Group's financial results, the propylene and polypropylene value chain constitutes one of the Group's main petrochemicals business activities. Finally, significant importance is placed on the export of chemical products as approximately 50% of sales volumes are directed towards the Turkish, Italian and Iberian markets where they are used as raw materials in local industries.

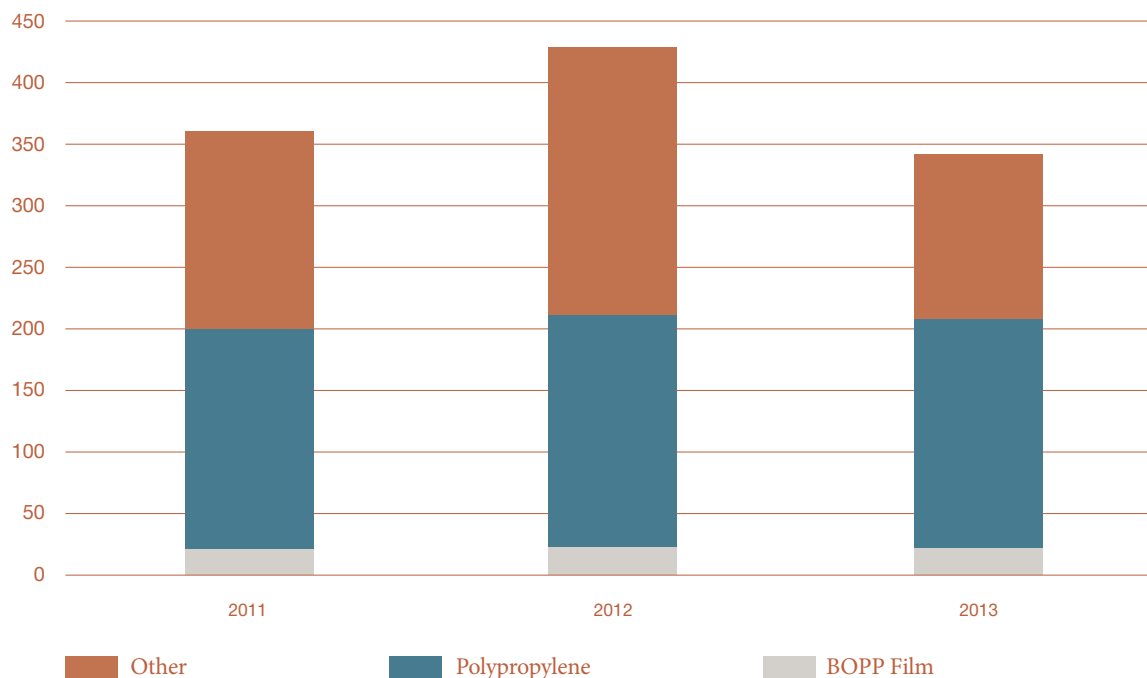
Table 6.13: Financial Results and Key Performance Indicators

Financial Results (€ m.)	2013	2012
Sales	327	371
Adjusted EBITDA	57	47
PERFORMANCE INDICATORS		
Sales Volumes (MT '000) – Total	295	348
Polypropylene Margin (\$/MT)	409	413

The Petrochemicals sector maintained its export orientation, with over 50% of sales directed to selected markets in the Mediterranean while the development of new products and markets in BOPP, in combination with cost control and improved trading performance in the petrochemical business overall, led profitability to record highs.



Chart 6.14: Petrochemicals Sales (MT '000)



## 6.5 Oil & Gas Exploration & Production

In 2013, the Group's activities focused on Egypt through participations in international joint ventures in the areas of West Obayed (W. Desert) and Mesaha (Upper Egypt) and in Greece through the participation in the Greek State's open tender for areas in Western Greece.

In 2012, the Greek Government announced an 'open door' tender for the exploration and production rights in three regions in Western Greece (Ioannina, the Western Patraikos Gulf and Katakolon). HELLENIC PETROLEUM formed a consortium (joined as operator) with Edison International SpA and Petroceltic Resources Plc in order to submit a bid. The three companies have a 33.3% stake of the rights in the consortium which, in July 2013, was chosen by the Ministry of Environment, Energy and Climate Change as the first preferred bidder for the Western Patraikos Gulf marine area. The lease agreement was signed on 14 May 2014. The Group is expecting the ratification of the agreement by the Greek government in order to establish the appropriate infrastructure and the commencement of the initial studies.

HELLENIC PETROLEUM monitors developments in the field of exploration and production in Greece. Within the scope of its role as consortium operator with other oil companies, it studies the wider sea region of Western Greece with the scope of participating in future concessions rounds.

## 6.6 Renewable Energy Sources (RES)

HELLENIC PETROLEUM RENEWABLE ENERGY SOURCES S.A. (HELPE Renewables) was founded in 2006 and is a 100% Group-owned subsidiary. The Company's objective is the production, distribution and trade of energy products.

HELPE Renewables' target is the development of a significant renewable energy portfolio in the next few years (wind, solar, biomass etc.), therefore diversifying its energy portfolio and helping to balance the Group's greenhouse emissions. The reduction of its carbon footprint will amount to at least 250,000 tons per year, offsetting a significant proportion of CO<sub>2</sub> emissions that correspond to the refining and power generation activities from natural gas.

HELPE Renewables operates already PVs on Group owned property with a total capacity of 1.4 MW and a wind park of 7 MW in Pylos, Messenia. Further projects, in various stages of development, include another 3 PV projects of nominal capacity of 11 MW as well as 5 power generation units and biomass plants (agricultural waste) of total capacity of 25 MW.

In addition, HELPE Renewables, in collaboration with LARCO, is developing a PV portfolio of 148 MW as well as wind and hybrid projects.

## **6.7 Engineering**

ASPROFOS is a subsidiary of the HELLENIC PETROLEUM Group and the largest Greek engineering services company, as well as the biggest energy sector consultant in South Eastern Europe.

In 2013, the Company's revenues reached €13 million, a large part of which was attained from services provided for the preliminary studies of the Trans Adriatic Pipeline (T.A.P.) which is planned to traverse Greece transporting natural gas from Azerbaijan to Italy.

## 7. OTHER MAJOR PARTICIPATIONS

### POWER GENERATION AND NATURAL GAS

Activities related to the power generation and natural gas sectors take place through the Group's participations in ELPEDISON BV (50% HELLENIC PETROLEUM S.A., 50% EDISON) and DEPA S.A. (35% HELLENIC PETROLEUM S.A., 65% the Hellenic Republic Asset Development Fund) respectively. The contribution of the abovementioned companies to Group profitability, according to their provisional financial statements, amounted, in total, to €57 million in 2013, a 17% decrease compared to 2012.

On the 16th of February 2012, HELLENIC PETROLEUM and the Hellenic Republic Asset Development Fund ("HRADF") agreed to proceed with the joint sale of their participation to the DEPA Group, with the aim of selling the total 100% of supply, marketing and distribution activities, as well as the 66% participation in the high pressure transmission network (DESFA S.A. – 100% subsidiary of DEPA S.A.).

The sales process reached a binding offer for the purchase of 66% of DESFA from SOCAR (State Oil Company of Azerbaijan Republic) which amounted to €400 million for 66% of DESFA, whilst the corresponding 35%, which belongs to the Group, amounted to € 212 million.

On 21 December 2013, the Share Purchase Agreement was signed whilst the completion of the transaction is subject to approval by the relevant energy and competition regulatory authorities in Greece and the European Union.

The HELLENIC PETROLEUM Group is also participating in the development of cross-border natural gas pipelines in Southern Europe.

## 8. SELECTED FINANCIAL DATA

Table 8.1: **Selected Financial Data** (Amounts in millions €)

GROUP	2013	2012	2011
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
Sales	9,674.3	10,468.9	9,307.6
Operating profit	(195.3)	121.6	175.0
Profit before income tax	(338.1)	116.3	163.4
Minority Interest	(3.2)	(3.0)	3.5
Profit for the year (attributable to owners of the parent)	(269.2)	85.5	114.2
EPS	(0.88)	0.28	0.37
<b>STATEMENT OF CASH FLOWS</b>			
Net cash generated from operating activities	492.6	523.9	813.3
Net cash used in investing activities	(89.3)	(497.7)	(634.8)
Net cash generated from financing activities	(338.9)	(114.4)	206.3
Net increase/(decrease) in cash & cash equivalents	64.3	(88.1)	384.7
<b>STATEMENT OF FINANCIAL POSITION</b>			
Total Assets	7,177.4	7,403.4	7,188.8
Non-current assets	4,470.0	4,510.4	4,116.3
Cash and cash equivalents	959.6	901.1	985.5
Non-current liabilities	1,475.4	605.7	1,415.2
Long term borrowings	1,311.8	383.3	1,142.3
Short term borrowings	1,338.4	2,375.1	1,531.9
Minority Interest	115.5	121.5	132.4
Total Equity	2,214.5	2,496.2	2,530.0

*Note: Comparative amounts have been adjusted where necessary to reflect the adoption of revised IAS 19.*

## 9. OUR COMMITMENT TO OUR EMPLOYEES

HELLENIC PETROLEUM recognizes that investment in human capital - and its optimum utilization- are crucial to its competitiveness. In this context, all available means are used, including performance assessment, incentives for improvement, continuous education and training (life-long learning), recognition & reward, in order to attract, motivate and retain manpower, creating the conditions for a modern working environment.

Particular emphasis is placed on creating a dynamic policy framework for the management, development and deployment of human resources in order to ensure maximum employee satisfaction.

Table 9.1: **Group's Employees\***

HELLENIC PETROLEUM SA.	1,964
EKO ABEE	277
HELLENIC FUELS SA	170
ASPROFOS ENGINEERING	184
DIAXON ABEE	96
OKTA AD SKOPJE (FYROM)	645
JUGOPETROL AD KOTOR	212
HELLENIC PETROLEUM CYPRUS LTD	59
EKO BULGARIA EAD	63
EKO SERBIA A.D.	48

\* The above information only concerns companies included in this Corporate Responsibility and Sustainability Report as well as employees who have work contracts with the Group's companies.

We have designed and implemented a social benefits program in order to ensure that our employees enjoy a healthy balance between their work and their social life. The program covers, amongst other areas, health issues, financial support and generally improved living standards.

**In 2013, the expenses for employee benefits exceeded the amount of €23 mil. with the average employee retention rate (loyalty indicator) over the same period at 96.1%**



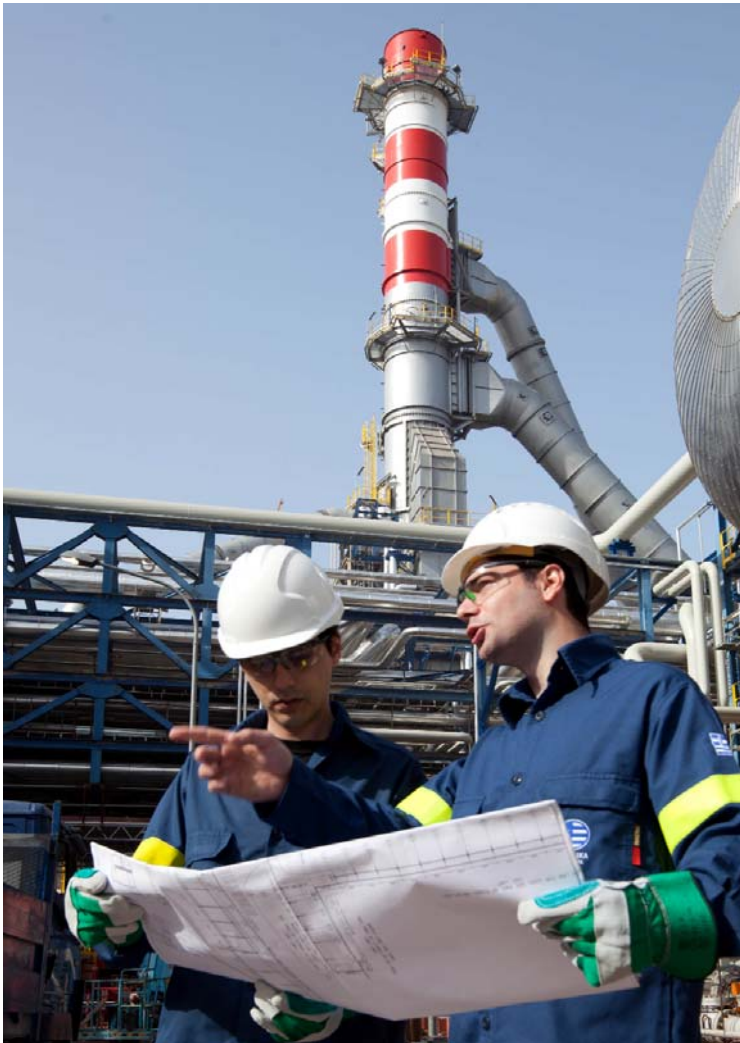
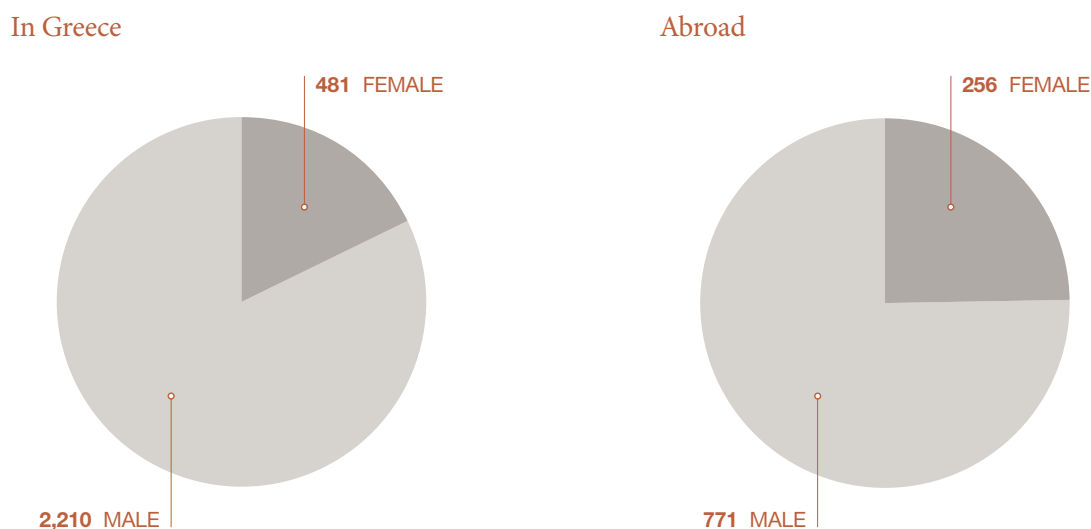


Chart 9.2: Group's employees breakdown by gender



HELLENIC PETROLEUM provide the opportunity for personal and professional growth and development, without discrimination. Ensuring equal opportunities is an essential prerequisite for a fair, efficient and pleasant working environment.

In utilizing modern approaches, such as a Performance Appraisal System fully harmonized with the vision and principles of the Group, employees' performance, qualifications and skills are evaluated and opportunities for growth and advancement in the administrative hierarchy are given; as a key objective is to consistently fill the vacancies through rotating or promoting employees within the Group.

The Group plans long-term programs on employees' development and training, aiming to develop behaviours such as professionalism, commitment, good judgment, initiative and extroversion, leading to outstanding performance and excellence.

The continued provision of education and training (lifelong learning), the securing of jobs, performance assessment, incentives, an equal opportunities policy and health and safety, are all key aspects of our commitment to our employees.

### 9.1 Training – Awareness

The Group has implemented policies which focus on continuous education, covering the following: employee participation in seminars and conferences in Greece and abroad, studying at the Open University, attending postgraduate programs, studying foreign languages, purchasing of books, subscriptions to scientific journals and professional associations.

Significant investments in employees' education continued into 2013 whereby training and education programs were related to areas such as New Technologies (refining, maintenance, etc.), Safety & Fire Safety, Labour and Insurance, Quality Management, Health, Safety and the Environment, Project Management, First Aid, etc.

Under the umbrella of the HELPE ACADEMY, two innovative educational programs, EDGE and EDGE Commercial, now meet the needs of our people and are aligned with the Group's strategy and objectives.

**During the course of the first year of their operation, over 320 employees attended more than 16,000 hours of training.**

**The Group's total educational investment for 2013 amounted to €788,805 (for 2012, the amount was €721,000) with around 75,000 completed training hours.**

As part of its training policy, in 2013, the Group invested €465,813 in enriching its libraries/subscriptions to scientific and professional associations and journals.

Employees, who have access to a computer, can learn about issues related to sustainable development through the corporate internal network. All employees are informed through bulletin boards and printed publications, that are regularly issued by the refineries and the relevant departments.

In addition, the relevant Group's Departments design and implement programs on awareness, information and education, such as:

- Training of Group's security personnel on human rights.
- Long-term training program on CSR issues for all employees.
- Training/information of all Group employees (inside and outside Greece) on the Group's Code of Conduct.

**Table 9.3: Training breakdown by gender & company**

	HELPE	EKO	HF	ASPROFOS	OKTA	EKO SERBIA	HP CYPRUS	EKO BULGARIA	JPK MONTE- NEGRO
Number of women who participated in at least one training course / seminar	149	19	17	60	114	29	9	6	39
Number of men who participated in at least one training course / seminar	1,488	76	69	96	523	18	18	7	29

**Table 9.4: Training activity breakdown by participation**

	HELPE	EKO	HF	DIAXON	ΑΣΠΡΟΦΟΣ	ΟΚΤΑ	EKO SERBIA	HP CYPRUS	EKO BULGA- RIA	JPK MONTE- NEGRO
In-house training seminars	1,621	89	83	34	217	165	48	16		40
Open seminars	109	11	6	3	53	30	20	11	13	4
Foreign languages	36	3	5	1	12	3	10		4	8
Health & Safety	1,131	3			92	676	46	29	4	16
Academic education	13	2		1		5				
Other type of training						104	4			

## 9.2 Labour Relations

The Group monitors and has adopted the relevant labour legislation (national, EU, ILO), including the prohibition of child labour, provisions for human rights and working conditions and is in full agreement with the collective and relevant international conventions.

HELLENIC PETROLEUM's employees possess the right to be involved in trade unions and professional associations, without any limitations. Currently, eight employee unions exist (in Greece) with a 94–100% participation rate (indicator G4-11).

HELLENIC PETROLEUM's representative union signs a one or two year collective bargaining agreement which defines the terms for employees' (with permanent contracts) remuneration. A corresponding agreement is also in place with regard to EKO's & DIAXON's employees. The percentage of workers (inside and outside of Greece) employed on fixed term contracts constitutes less than 5% of the Group's manpower. On average, 92.3% of employees are covered by collective bargaining agreements.

All employees have been aware of the Internal Labour Regulation and have access through the corporate internet. In 2013, approximately 100% of executives and other employees of the Group have been evaluated.

Executives of the Group in Greece and abroad are paid according to the "Senior Executive Remuneration System", which is directly linked to the achievement of predefined annual Group, Company and individual objectives (KPIs). In particular, the achievement of specific objectives in health, safety and environmental protection, which are a permanent component of the annual target, is weighted (20%) and affects remuneration.



### 9.3 Health & Safety

The Group's first priority is the health and safety of its employees as well as residents of local communities which are located close to our industrial facilities. As a result, HELLENIC PETROLEUM takes all the necessary measures to provide a safe workplace to its employees, partners, visitors and trainees in all of its workplaces. Further information, concerning occupational Health & Safety, may be viewed at: <http://www.helpe.gr/en/health-and-safety/health-and-safety/>

Taking into account that the employees' health is significant for both personal as well as professional life, HELLENIC PETROLEUM Group, in line with relevant policies, is ensuring effective control and safeguards the health of employees through occupational physicians, periodic medical examinations and other benefits. Always in the direction of health and safety of staff, each industrial plant as well as the Group's headquarters have their own first aid centers. The first aid centers are staffed by medical and nursing staff and are adequately equipped in order to deal with emergencies and provide immediate medical assistance to employees.

Group's facilities have also proprietary ambulances for cases where an immediate transfer to hospital is necessary. Employees participate in free annual medical examinations (check-up) according to legal requirements on health surveillance and protection.

#### HEALTH & SAFETY MANAGEMENT SYSTEM

In addition to certification in accordance with the international quality standard ISO 9001, all industrial complexes (refining facilities and production of petrochemicals) are certified to the OHSAS 18001 standard for occupational health and safety management.

An Employee Committee for Occupational Health & Safety (E.Y.A.E.) operates at each facility, consisting of the employees' elected representatives (according to Law 3850/2010) representing all employees. Every employee has the right to be elected in these committees (100% participation). The committees participate in scheduled meetings with the management of the facility in which they belong, and make suggestions for Health & Safety improvements in their workplace.

#### SAFETY AUDITS

Scheduled internal and external safety audits are conducted at different levels. Depending on the findings, actions to further improve safety are planned and implemented.

Moreover, independent globally recognized and experienced third parties are auditing the Group's installations aiming at experience transfer, identification of improvement opportunities, monitoring the implementation of the management system, etc.

Employees' health surveillance is consistent with the criteria of the relevant legislation, European and international standards, the Group's internal procedures and best practices.

#### HEALTH AND SAFETY TRAINING

2013 signified a year of training initiatives, amongst other areas, in the area of safety, the objective of which is to continuously develop our people's skills and expertise which is a prerequisite for sustainable development and competitiveness.

Employees' training needs are evaluated by their immediate supervisor annually following which, an implementation program is then scheduled in order to meet any needs that may arise.

The scope of the training extends beyond employees to also include contractors, customers, truck drivers, petrol station personnel and students. Visitors to the facilities are informed on safety instructions provided through the facilities' relevant informative leaflets.

Specifically with regard to contractors, training is based on extensive educational material which HELLENIC PETROLEUM provides to the contracting companies. The trained contractors' employees must successfully pass written exams in order to be granted an access card to enter the premises for work.

**Table 9.5: Health & Safety Training man-hours per facility & gender**

	BEA-BEE-BEΘ	EKO & HF	OKTA	DIAXON	ASPROFOS	HP CYPRUS	EKO's SUBSIDIARIES
No of employees (Male/Female)	1,743 (1,579/164)	462 (314/148)	645 (530/115)	95 (81/14)	179 (103/76)	53 (36/17)	322 (201/121)
No of trained employees (Male/Female)	1,616 (1,519/97)	213 (179/34)	637 (523/114)	26 (25/1)	149 (93/56)	11 (11/0)	88 (55/33)
Training manhours (Male/Female)	21,812 (20,682/1,130)	2,094 (1,891/203)	1,587 (1,302/285)	60 (58/2)	624 (366/258)	142 (142/0)	412 (313/99)
No of trained contractors & others (Male/Female)	6,940 (6,468/472)	146 (134/12)	104 (98/6)	3 (3/0)	—	27 (27/0)	427 (262/165)
Training manhours (Male/Female)	14,240 (13,244/996)	2,819 (2,658/161)	92 (87.5/4.5)	3 (3/0)	—	112 (112/0)	1,064 (683/381)

#### INVESTMENTS IN HEALTH AND SAFETY

In 2013, the Health & Safety investment program invested €4 mil. for the purposes of safety issues for the procurement of personal protective equipment, supply and maintenance of instruments and safety equipment, upgrading of fire fighting equipment, safety studies, etc.

The Group's safety investment program implemented in 2013, as well as the approved investment program for the period 2014-2018, are presented in Tables 9.6a and 9.6b.

Table 9.6a: **Group's safety investments per facility**

Facility	Investments amounts (K€)
BEA, BEE, BEΘ	3,096.00
EKO & HF	875.16
DIAXON	105.34
<b>TOTAL</b>	<b>4,076.50</b>

Table 9.6b: **Group's approved safety investment program per facility (2014-2018)**

Facility	Investments amounts (K€)
BEA, BEE, BEΘ	15,994.00
EKO & HF	2,830.00
DIAXON	63.00
<b>TOTAL</b>	<b>18,887.00</b>

#### HEALTH & SAFETY TARGETS AND INDICATORS

Each industrial facility sets annual measurable targets for improving its performance in terms of Health and Safety. The performance, against set targets, is reviewed on a monthly and annual basis, following which, the relevant report is presented to Management. Since 2012, amongst other goals, individual safety goals have also been set for all senior and middle managers in the industrial facilities.

In addition, HELLENIC PETROLEUM participates in the European Organization CONCAWE's annually conducted survey and benchmarking for accidents, through which the Group keeps abreast of international developments in the establishment of additional indicators to measure safety performance.

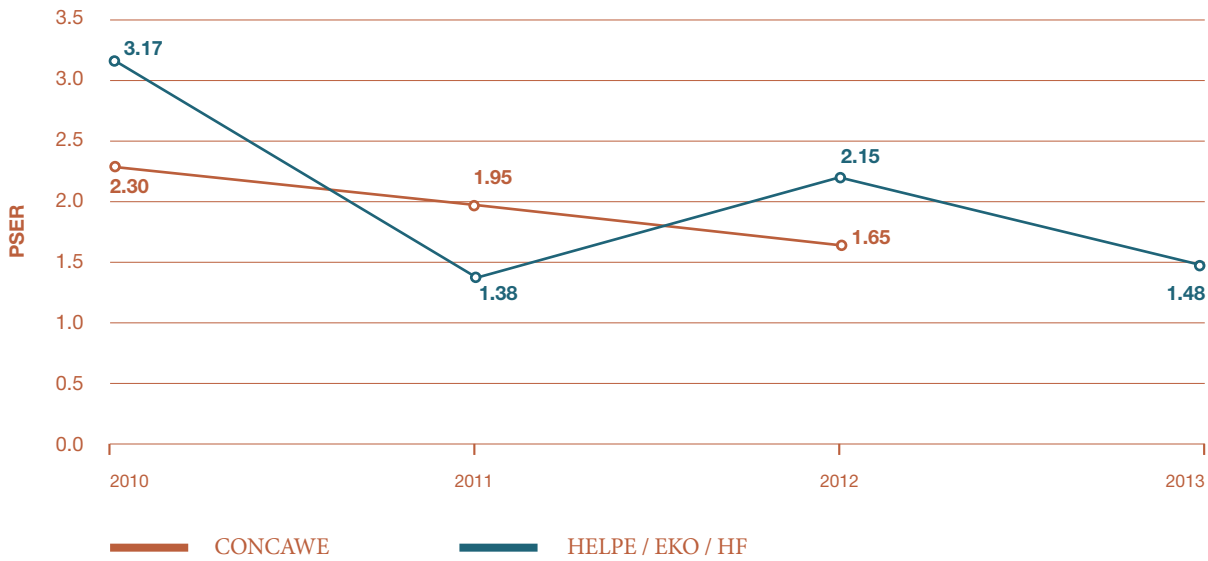
Over a total of 8,113,000 man hours worked, 29 lost workday injuries occurred during the course of 2013 concerning personnel and contractors either employed in the Group's refineries/chemical plants or by the EKO/HF marketing companies.

Chart 9.7 presents the total process safety index (PSER – Process Safety Event Rate) trend which corresponds to all process safety incidents per one million man-hours, compared with the CONCAWE's corresponding index.



The PSER trend is evident that the Group's index is reduced by 30% compared to 2012 and close to that of the European average. In order to reduce these indicators, all of the Group's facilities are striving to reach an annual target to minimize leakages with the ultimate goal of no leakages at all.

Chart 9.7: Process Safety incident Frequency (PSER)



## 10. OUR STAKEHOLDERS

At HELLENIC PETROLEUM, we have determined who our social partners (stakeholders) are, with whom we engage, communicate, collaborate, whom we affect, and who in turn, affect us.

The Group's strategy and all of its actions aim to establish relationships with these stakeholders; so that the Group can respond to their needs, minimize reputational and operational risks and exploit the competitive advantages that these synergies create. Stakeholders who are affected by the Group's business activities can be summarized as follows:

### OUR PEOPLE

Our goal is to be a "preferred employer". We want to ensure that we offer an attractive environment to our employees as well as opportunities for them to improve their professional and personal development without discrimination.

### OUR NEIGHBOURS

The ongoing forms of consultation, communication and collaboration — with society as a whole and the local communities where we practice our business activities — help us to create an atmosphere of trust and meet their needs in the best possible manner.

### OUR SHAREHOLDERS/INVESTORS

We seek to ensure high levels of competitiveness and efficiency through a combination of transparent processes and continuously updating the investment community.

### OUR PARTNERS

Our goal is to be in a position where our business partners, customers and suppliers actually prefer to work with us through cultivating synergies which create value for all of our stakeholders.

### OUR ENVIRONMENT

We behave like a responsible corporate-citizen. Through our wide range of activities in S.E. Europe, we contribute towards international efforts aimed at managing "complex globalized challenges" such as climate change, increasing RES and reducing environmental impacts in general.

The materiality assessment was an additional tool with which to investigate our stakeholders' opinions and expectations in addition to following conventional modes of continuous two-way communication and dialogue with our stakeholders, as presented in Table 10.1.

**Table 10.1: Stakeholder Engagement**

Stakeholder Group	Our Engagement Methods
Employees	Satisfaction surveys Dialogue/ Debates Scheduled meetings Events/ Speeches Intranet Periodical publications
Local communities	Dialogue/ Debates Public discussions, debates Focus group surveys Public opinion surveys Reports/ announcements in the press
Shareholders/ Investors	Road shows Meetings Publications, reports
Suppliers	Questionnaire survey Dialogue
Customers	Satisfaction Surveys Loyalty surveys Performance survey at petrol stations Custom surveys through questionnaire Acceptability survey of a new product/service Focus-Group surveys

### 10.1 Local Communities

As a Group, we believe that the communities where our facilities are located should enjoy added value through the creation of new jobs, business opportunities, buying products and services, taxes, levies, actions to improve the quality of life or programs to protect the environment. That is why our cooperation with stakeholders is multidimensional; from determining what our strategies and policies should be to our understanding of the needs and expectations and the relevant adjustment of the Group's services initiatives and benefits.

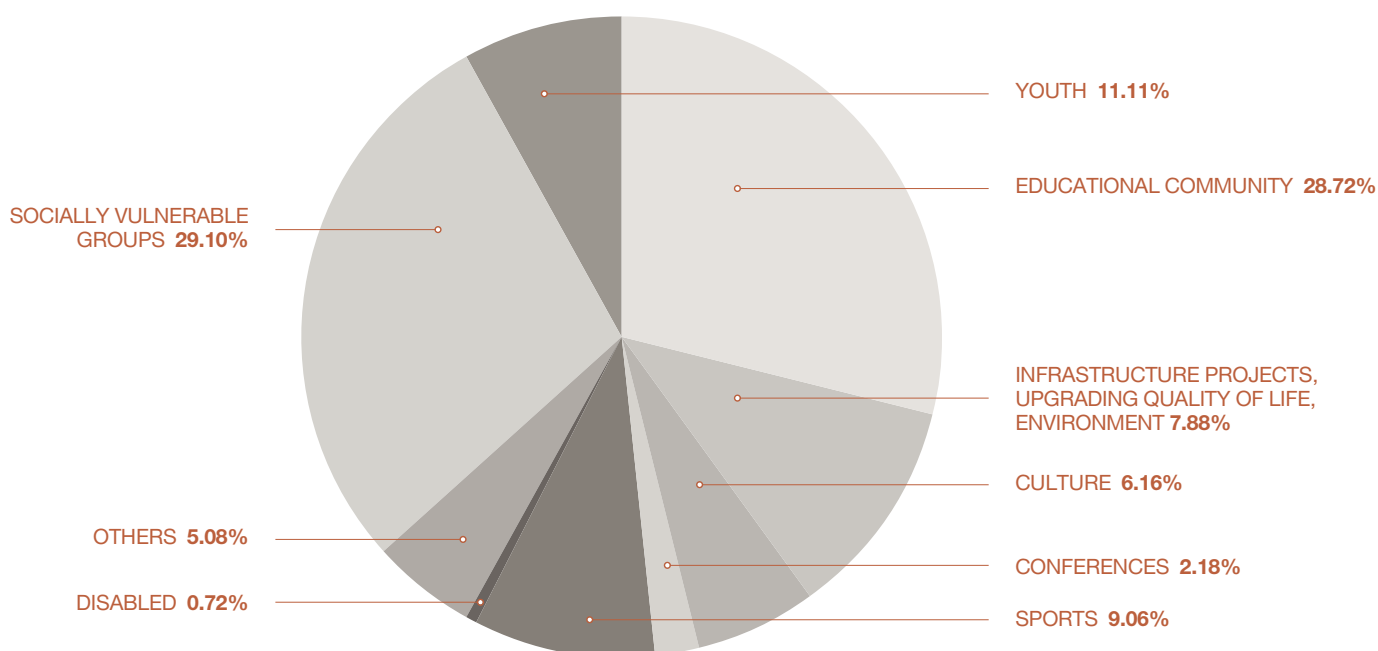
Through the use of regular public opinion surveys, the Group records both the needs and expectations of the local communities. It also explores the effects of the implemented CSR programs in order to address its actions towards the areas that surround it, where society and its people's needs are considered as urgent. These surveys, which are repeated every two years, investigate public opinion in the local communities adjacent to our industrial facilities.

The results of the surveys confirm the belief that supporting the communities where we live creates conditions for open communication along with operational action (social license to operate, SLO). The company's involvement plays an important role in securing and maintaining that SLO function, improves relationships, reducing risk, contributing to employee recruitment and retention and creating synergies with the state, local agencies as well as NGOs.

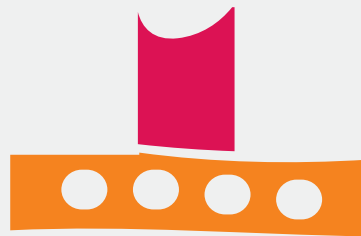
In 2013, we designed and implemented a broad CSR program having set the priorities presented in Charts 10.2. The Group's investments in CSR initiatives both within Greece and abroad, amounted to approximately €3.5 mil.

In the immediate future, we will be focusing our attention on areas where there is greater social demand, and improving both our endeavours and contribution in relation to CSR issues. This will in turn contribute to sustainable development, improved relations with employees and enhanced social solidarity as well as safeguarding relationships that are built on trust with both the local and wider society.

Chart 10.2: CSR expenditures breakdown by category



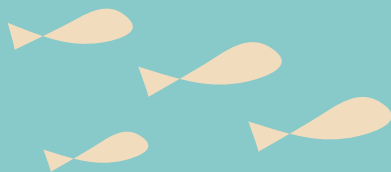
ΧΟΡΗΓΟΣ



Οκτώβριος-Μάρτιος 2013-2014

η ενέργεια για ζωή ταξιδεύει

ΣΙΚΙΝΟΣ ΣΕΡΙΦΟΣ ΣΚΙΑΘΟΣ ΚΑΣΟΣ  
ΚΑΣΤΕΛΟΡΙΖΟ ΣΚΟΠΕΛΟΣ ΚΑΡΠΑΘΟΣ



The conclusions from the public opinion surveys confirm the prioritization we set; ie hope for the helpless and vulnerable social groups, care for the environment, for youth, deserving, education and support of cultural and athletic events.

### **The Group's Social Contribution in Greece**

The act of giving and maintaining a responsible attitude towards society are both integral elements of the Group's culture and strategy. Through our specific initiatives, we place an emphasis on social solidarity, socially vulnerable groups, youth, education, health, the environment, culture and sport.

These actions (amounting to € 3.13 mil.) are addressed mainly to the local communities where the Group's business takes place. A number of these actions are presented in more detail below:

#### **Socially Vulnerable Groups**

- Donation of heating oil to unemployed residents in neighbouring municipalities.
- "Let's go Camping", a program hosting children from economically vulnerable families in the neighbouring municipalities.
- A program providing primary care services -with the cooperation of MDM
- Supporting the "social groceries" program through the donation of vouchers to purchase food.
- Donation of food vouchers to families with financial difficulties during the Easter and Christmas festivity periods.
- Supporting the "This summer is ours" program for the provision of creative activities for children with special needs in collaboration with the NGO ELIX.
- Supporting NGOs in lieu of corporate gifts and events during the Christmas period.

#### **Youth**

- Awarding individuals residing in neighbouring municipalities for their success in gaining places on courses at Universities and Colleges.
- Provision of free Skills Development Seminar Program, organised by ALBA, providing young people with the opportunity to be updated in fields such as entrepreneurship, strategy, negotiation techniques and emotional intelligence.
- Provision of a Scholarship Program for overseas postgraduate studies in fields of study related to the Group's activities.

#### **Educational Institutions**

- Donation of heating oil to schools and institutions in neighbouring municipalities as well as to municipalities all over Greece such as Nestorio, Deskati, Voio, Eordea, Servion-Velevento, Prespa, Doxato, Paranestio, Prosotsani, Kozani.
- Donation of heating oil to foundations and NGOs all over Greece.
- Donation of educational material to schools in neighbouring municipalities and supporting school events.
- Supporting "The Energy for Life...is travelling" program, in collaboration with the NGO "Agoni Grami Gonimi", under the auspices of the Ministry of Education and with the support of the European Parliament, which "traveled" to 7 islands in the Aegean (Sikinos, Serifos, Skiathos, Skopelos, Kasos, Kastelorizo, Karpathos), with the objective of disseminating ideas, thoughts and opinions about environmental issues with students and all residents living on the islands ([www.energyforlife.gr](http://www.energyforlife.gr)).
- Supporting "The climate is changing... do the monuments mind?" program, an environmental education program for schools.

### **Infrastructures – Environment – Upgrading Quality of Life**

- Donation of fuel to municipalities and voluntary organizations in local communities for fire protection purposes.
- Installation of photovoltaic systems in schools in Western Thessaloniki and the Municipality of Elefsina.
- Monitoring and promoting the Lake Koumoundouros area, in cooperation with the HCMR.
- Covering maintenance expenses for the atmospheric pollution measurement station in the Aspropyrgos municipality.
- Planting trees along the roads and in areas in the Municipality of Aspropyrgos.
- Supporting municipal libraries in the municipalities of Thriasio and Western Thessaloniki.
- Donation of specific type vehicles (one aerial, one tow vehicle) for the needs of the municipality of Mandra-Edillia.

### **Athletics – Culture**

- Annual sponsorship of local sports clubs and athletic clubs for people with special needs.
- Purchase of sports materials and equipment for social and athletic organizations.
- Financial aid and support of events organised by local cultural associations.
- Sponsorship and financial support for museums, cultural institutions and cultural associations.

### **Volunteering – Social Solidarity**

Organization of activities and events for strengthening volunteerism included:

- collecting food & books.
- museum visits.
- employees mentoring students.
- blood donation program.
- participation in the Marathon.

### **Educational Visits To Group Facilities**

In 2013, the Group's industrial facilities, in Aspropyrgos and Thessaloniki, welcomed 2,954 schoolchildren and students from educational institutions and took them on tours around the facilities.

An additional 80 undergraduate and postgraduate students (from Polytechnic and Finance Schools) were hosted at the headquarters of the Aspropyrgos industrial complex and were given a tour of the industrial facilities (Entrepreneurship Panorama - Business Day).

### **THE GROUP'S SOCIAL CONTRIBUTION ABROAD**

In 2013, the total expenditure incurred with regards to socially responsible activities abroad was approximately € 300,000. Indicative examples in corporate social responsibility initiatives in each country, reflecting the breadth of our commitment to society in general, are presented below.

### **In FYRoM**

- Sponsoring and supporting cultural events (such as the "Ohrid Summer Fest 2013" International Music Festival, the "Zlatnoslavejce 2013" Children's Song Festival, children's events in the Municipality of Ilinden and the "Rade Jovchevski Korchagin" nursery in Skopje).

- Voluntary donation of food vouchers by 460 employees for the “world day against hunger” supporting socially vulnerable groups (Red Cross Skopje).
- Donations in kind, to bodies such as the Zlatan Sremac and Idnina schools for children with special needs (winter clothing), the elementary school in the Ilinden Municipality (18 PCs & server) and a training centre for individuals with reduced vision (informatics equipment).
- Continued financial support for surface and rainwater drainage works pertaining to environmental improvement in the Municipality of Ilinden.

#### **In Cyprus**

- Donations and support provided to various social institutions and vulnerable groups (such as the Municipalities of Livadia and Larnaca for a grocery store, the Halcyon Association for helping those in need, the Pancyprian Organization of Families, the Cathedrals of Limassol, Famagusta and Konstantias for feeding the needy, Noah and St. Christopher foundations).
- Funding for the organization of informative and training events (such as the Global Seminar on Road Safety and the Youth event on Road Safety).
- Sponsoring cultural associations and social institutions (such as the Lions Care Youth Foundation, the Welfare Association for Patients & Deprived Children, the Neokleous Lyceum Alumni Association, the MKM sailing centre, the Geroskipou tennis club and the Alumni Association of Secondary Technical Education).

#### **In Montenegro**

- Financial support provided to organizations (such as the Kotor School for Music Education, the Municipality of Tivat, the Municipality of Kotor, the Greek Embassy - Economic Chamber) for the organisation of cultural events and conferences.
- Sponsoring the Marine Biology Institute for Environmental Research on marine protection.
- Donation of equipment to the Kotor Paraplegic Association and the Montenegro Clinical Centre.

#### **In Serbia**

- Fuel donation to support the work of charitable and humanitarian organizations (such as the HRH Crown Princess Katherine Foundation, the mali Velikiljudi Organisation and the Rajnovac Monastery).
- Donation to the Ana i Vlade Divac Foundation in order to support the homeless.
- Sponsorship given in support of athletic and cultural events (such as car races, the national football team, the Serbian Olympic team, the Nis Film festival).
- Fuel donation given to the Olympic team.

#### **In Bulgaria**

- Sponsoring issues concerning road safety and pedestrian crossings (to organisations such as: Space lab, Bulgarian Motorcycling Federation).
- Financial support given to sports associations for conducting events (such as the Brimabuild Racing Team, Autotzar, Olympia football club).
- Sponsorship given to the National Team for the “Homeless World Soccer Cup” to motivate the homeless to change their way of life.
- Cultural Sponsorship given to the Hellenic Business Council



## 10.2 Our Customers

Our aim is to optimize customer satisfaction through placing a further emphasis on the customer and creating value for all parties. In this context, the Group provides its business partners with various support programs and activities with which to improve the business environment and working conditions, whilst ultimately ensuring for competitive advantage.

For keeping customers (fuel stations, drivers etc.) fully informed and satisfied, a variety of activities are being designed and implemented, differentiated on a case by case basis, regular meetings are organized and training programs are provided.

With product quality and customer satisfaction being the main objectives, the Group's marketing companies:

- In cooperation with the NTUA's Fuels and Lubricants Laboratory, have established a Fuels Quality Control Program and Measuring Equipment Calibration Service at their fuel stations.
- Use vehicles specially equipped with fuel analyzers, manned by staff from the NTUA's Fuels and Lubricants Laboratory, to perform on-site fuels quality control and verify the calibration of measuring equipment, to ensure for the quality and quantity of the fuel the customer purchases.

To ensure that our products reach the final consumer without any form of alteration/adulteration, annual scheduled inspections take place throughout the service stations, where product samples are collected. This process covers all service stations. A particular emphasis is placed on large urban centers and geographical sites, where the probability of fuel adulteration may be increased. The samples are then delivered to an independent laboratory for chemical analysis. Further sampling is carried out on a case by case basis.

With the objective of achieving customer satisfaction, EKO created the first comprehensive fuel quantity and quality control program through its ongoing inspection process which tests quality from the refinery all the way through to the customer's fuel tank. Named "EKO ASSURANCE", the program ensures that the customer receives both quality and quantity in terms of the fuel purchased through specific actions which include:

- Ongoing qualitative fuel tests in the refinery and storage facilities
- Sealed tanks for fuel transportation
- Monitoring tankers transport routes through GPS systems
- Petrol pumps are checked and sealed with special, visible sealing tape
- Customers are given the opportunity to check fuels' quality - on site, with free spot test kits
- Unannounced quantitative controls at service stations using conventional vehicles
- Continuous qualitative and quantitative controls at service stations performed by the NTUA's mobile laboratories

**In the context of the EKO ASSURANCE program, in 2013 our customers carried out 26,140 free spot test kits. During the same period, through the Fuels Quality Control & Calibration Program, 2,342 service stations were also audited (through which 5,136 fuel pumps and 9,978 nozzles were checked).**

#### **PETROL STATIONS REWARD PROGRAM**

With its objective of assessing the performance of EKO and HF's service stations as well as relevant sales executives in Greece, Cyprus, Montenegro, Bulgaria, Serbia and FYROM, the "Retail Championship" program continued for its 4th year.

The program which entails evaluating and rewarding participants (managers, service station owners, sales staff) is conducted according to a set of specific criteria, aimed at ensuring that service stations operate safely, that effective levels of customer service are offered and that annual operational objectives are achieved.

#### **24 HOURS SERVICE**

For better service and meeting the needs of their customers, EKO & HF operate 24 hour telephone service lines whereby all manners of concerns, questions, thanks, congratulations or customer complaints are answered and resolved directly by qualified personnel. Any issues that cannot be directly and verbally answered and addressed are recorded in a database and the process of resolving them begins immediately. If the complaint can be resolved at a Customer Service or Sales Dept level, then the process, which involves oral or written communication with the customer, is completed. If the complaint requires specific information, it is conveyed to the Marketing Dept, whereby the issue is settled through written or oral communication with the customer.

**In 2013, HF's helpline received 2,767 calls (of which 2,644 were directly answered by qualified personnel, whilst 123 calls were resolved by the Group's staff). Similarly, EKO's helpline received 928 calls (of which 761 calls were directly answered by our partner's specialized staff, whilst 167 calls were resolved by the Group's staff).**

### **10.3 Our Suppliers**

Today, the Group has about 4,500 active suppliers and seeks cooperation with the aim of environmental awareness, responsible labor practices implementation and human rights respect. An indicative example of one such cooperation was the organization of a training program on occupational Health & Safety which was attended (mandatory) by potential subcontractors.

Our associates are selected and evaluated with the objective of improving the Group's overall performance and sustainable growth. Besides from our evaluation being based on business criteria, in 2014 relevant questionnaires were enriched with questions concerning environmental performance and the impact of their operations on society.

Emphasis is also placed on supporting local communities whereby local suppliers are given preference, where possible, and always in accordance with the Procurement Manual. In 2013, their percentage exceeded 15% of the total.

Table 10.3: Expenses on purchases made from local suppliers (\*\*\*)

Suppliers	Value (**) of invoices (€)	value (%)	No of suppliers(*)	Suppliers (%)
SOUTH	19,553,825	9.9%	144	5.7%
NORTH	10,737,680	5.4%	172	6.9%
<b>LOCAL TOTAL</b>	<b>30,291,504</b>	<b>15.3%</b>	<b>316</b>	<b>12.6%</b>
REMAINDER	167,073,379	84.7%	2,191	87.4%
<b>TOTAL</b>	<b>197,364,883</b>	<b>100.0%</b>	<b>2,507</b>	<b>100.0%</b>

\* Number of suppliers that match the invoices

\*\* The values refer to registered invoices (not commitments or provisions)

\*\*\* Local suppliers are defined as those operating in municipalities adjacent to the Group's industrial facilities. As a result the data relates only to HELPE & DIAXON

## 11. ENVIRONMENTAL PERFORMANCE

The main objective of Group's environmental policy is to continuously improve environmental performance and environmental protection, as key components of sustainable development.

A key element of the Group's environmental policy is upholding Greek and European legislation as well as, to this end, cooperating with the competent authorities. HELLENIC PETROLEUM systematically monitors developments in environmental law and actively participates in consultation processes whilst applying the Best Available Techniques which arise as a result.

With the objective of improving its environmental performance and corporate culture in regard to environmental issues, the Group is in the process of gradually, as well as consistently, implementing a number of initiatives concerning ongoing environmental education and awareness amongst its employees and also customers, suppliers, subcontractors, citizen groups etc.

### 11.1 Reducing Energy & Water Consumption

Energy saving in the refineries was and still is an area that is given particular emphasis and is a key tool for the Group's contribution to tackling climate change.

The Group's refineries consume natural resources (crude oil, water) for the production of end products that reach the consumer. So that raw material waste can be mitigated, the refineries possess the adequate systems with which to collect the produced waste and then re-use it.

Wherever it is technically feasible, Best Available Techniques are implemented in order to recover raw materials from various waste streams. Recovery amounts for 2013 are presented in Table 11.1.

Table 11.1: Raw Material Recovery

Facility	Recovery percentage	Quantity
Aspropyrgos refinery	0.11 %	10,180 tn
Elefsina refinery	2.40 %	114,274 tn
Thessaloniki refinery (limited operation)	1.57 %	48,358 tn

Significant measures are also implemented in order to recycle and reuse consumed water. Part of the refinery production process is the pre-treatment of polluted wastewater streams and their reuse within processes which results in a significant reduction in the consumption of fresh water as well as the reduction of wastewater. Amounts of reused water in 2013 are presented in Table 11.2. The benefit of this process is twofold: saving water and energy.

Table 11.2: Water reused & recycled

Facility	Recovery percentage	Quantity
Aspropyrgos refinery	10.58%	536,509 m <sup>3</sup>
Elefsina refinery	1.09%	107,523 m <sup>3</sup>
Thessaloniki refinery	1.12%	23,443 m <sup>3</sup>

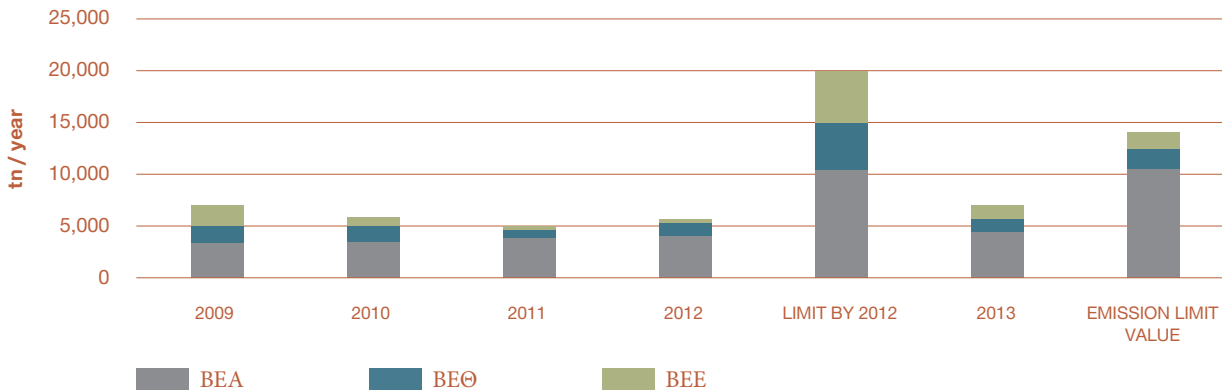
### 11.2 Air Emissions

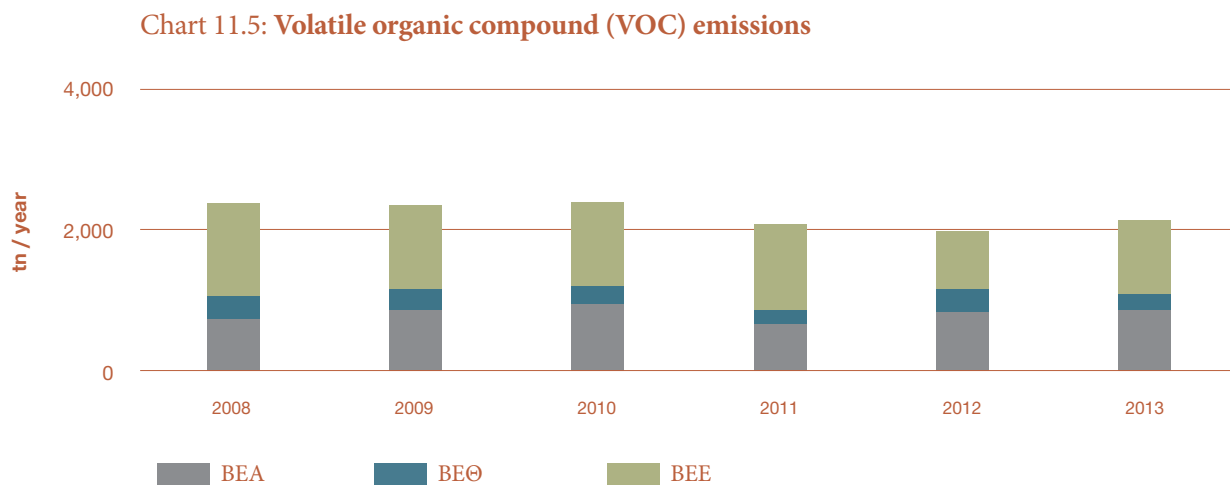
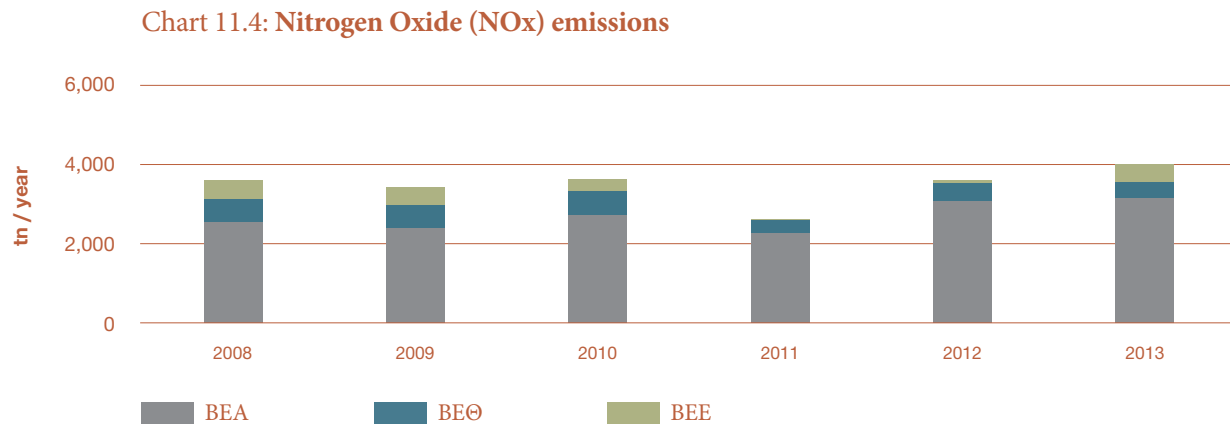
Apart from supplying the market with cleaner fuels, HELLENIC PETROLEUM uses cleaner fuels for energy (own consumption) required by the production process (such as furnaces, boilers) in order to reduce air emissions. Abatement technologies are also used.

Charts 11.3 –11.5 present the total air emissions from the Group’s refineries. The volume of these emissions is either the result of measurements based on international and European standards or estimates using methodologies recognized by international and European organizations.

Note that the reported emissions are much lower than the emission limit values allowed.

Chart 11.3: Sulphur Dioxide (SO<sub>2</sub>) emissions





Moreover, all of the Group's installations use vapours recovery systems when loading gasoline, as provided by the relevant legislation. EKO and HF's petrol stations are also equipped with vapours recovery systems which are utilized when gasoline is received from tank-trucks (stage I). EKO has furthermore progressed with the gradual introduction of vapours recovery systems when cars are fuelled with gasoline (stage II) at EKO's fuel stations (at controlled and owned stations being renovated).



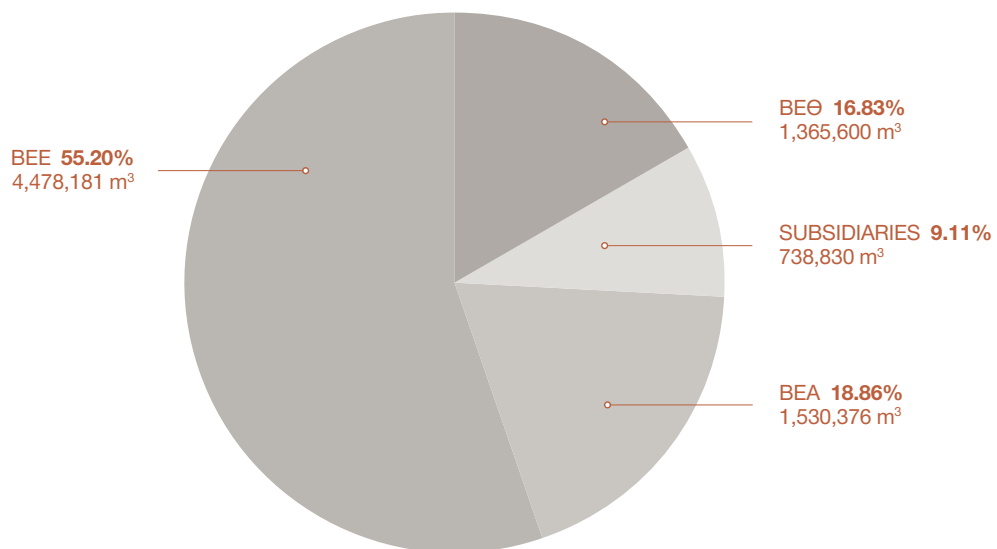
### 11.3 Waste Management

The three refineries already have operational up to date waste water treatment units (WWTP) in place which include 3-step treatment. The efficiency of the unit is continuously monitored by the facilities' specialized laboratories, based on the physicochemical characteristics of the discharged wastewater.

Moreover, priority is given to recycling where this is technically possible, such as the further process of recovered hydrocarbons from the wastewater treatment units and the use of treated wastewater for auxiliary uses and fire-fighting.

As a result of the treatment and recycling, there has been a significant reduction in the volume of discharged treated waste (Charts 11.6 and 11.7).

Chart 11.6: Wastewater volume per facility



All of the facilities have emergency plans in place which have been approved by the relevant port authorities, for dealing with marine pollution incidents. Scheduled drills are conducted, on an annual basis, in order to maintain a high degree of readiness.

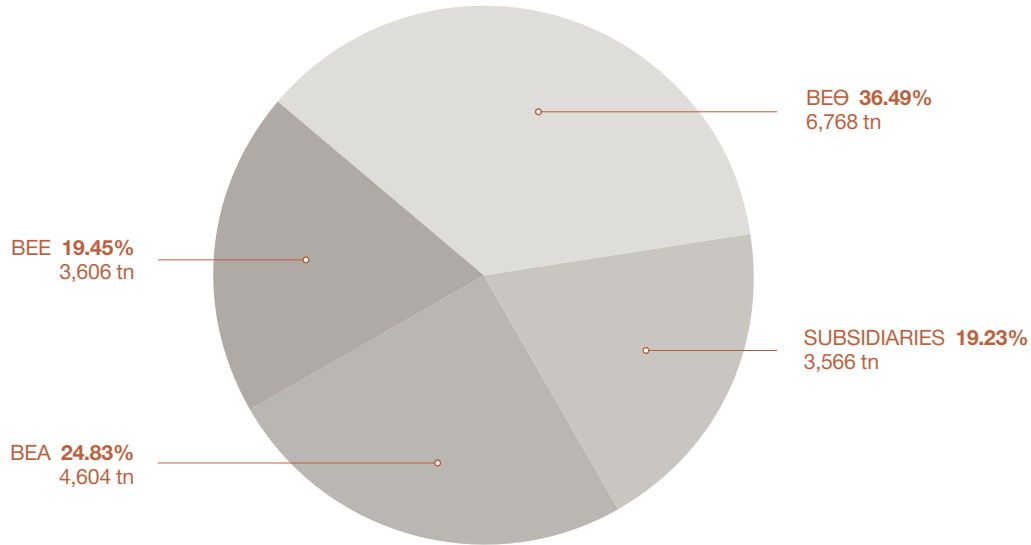
With regard to solid hazardous waste, environmentally friendly hazardous waste treatment methodologies are used, in order to assure for their safe disposal. In situ treatment is used wherever possible, e.g. for the bioremediation of oily sludge from wastewater treatment units. Wherever this cannot be performed on site, licensed and qualified hazardous waste management companies perform the pre-treatment of waste and safe disposal.

Significant efforts in recycling old metal and plastic materials, as well as wood, tyres and lubri-



cants, continued throughout the industrial complexes as well as in the Group's offices; existing recycling programs cover all relevant waste streams (such as paper, plastic, batteries, light bulbs, electrical and electronics, printer cartridges and cooking oil).

Chart 11.7: Solid waste volume per facility



### 11.4 Biodiversity

The HELLENIC PETROLEUM Group recognizes the importance of preserving biodiversity, within the context of the rising demand for energy, sustainable development and improving the quality of life in the regions that neighbour its industrial complexes.

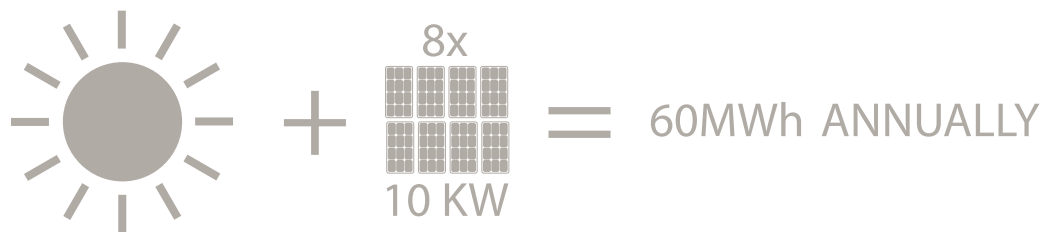
In order to protect the natural environment and biodiversity, the Group has designed a comprehensive system for managing environmental incidents and the immediate remediation of potential environmental impacts.

In addition, over the last few years, the Group has undertaken major initiatives to protect and promote the wider area of Lake Koumoundouros.

The above indicative actions, along with reforestation programs, and the configuration and enhancement of the areas, constitute aspects of a comprehensive biodiversity program. All these initiatives are solely aimed at protecting and promoting the region for the benefit of Local Society and the residents of Thrasio.

*Respecting the environment ...*

As part of the comprehensive Corporate Social Responsibility program, we sponsored the installation of four photovoltaic systems (10 kW each) in four schools in the Kordelio- Evosmos and Delta Municipalities (in the 2nd Elementary School of Evosmos, the 2nd & 3rd High Schools of Kordelio, the Kalochorio High School, Lyceum of Nea Magnesia). This sponsorship covered a significant proportion of the schools' energy consumption and helped in reducing their running costs.



In the same context, four photovoltaic systems (10 kW each) were also installed in the 2nd Elementary School of Magoula, the Special Elementary School of Elefsina, and the 10th Elementary School and the 10th Kindergarten in Elefsina. The project covers, to a large extent, the schools' energy demands as well as contributing to energy saving and environmental protection. These photovoltaic systems will produce, on an annual basis, approximately 60 MWh of green energy whilst reducing the emission of carbon dioxide by approximately 60 tons — with beneficial effects equivalent to those that would result from 60 acres of forest with 3,000 trees. This energy production balances the power of approximately 10–12 housekeepings.

## 11.5 Biofuels

HELLENIC PETROLEUM is also exploring the potential use of bioethanol as a gasoline component through a relevant research program conducted in cooperation with the National Technical University of Athens' Fuels and Lubricants Laboratory. The research program is investigating the pilot introduction of bioethanol, as a raw material for bio-ETBE (ethyl-tertio-butyl-ether) production which will be used as a component in gasoline.

Today, biofuels are the only available substitutes of fossil fuels in terms of transportation. Biofuels are environmental friendly and are broadly used since only minor changes in existing vehicles and infrastructure are required.

The HELLENIC PETROLEUM Group uses biodiesel as a blending component in diesel fuel, proving its commitment to sustainable development, in practice.

Table 11.8: Biodiesel received and used as conventional diesel additive

Year	Biodiesel (m <sup>3</sup> )	% v/v in diesel
2006	46,580	2.01
2007	79,010	3.65
2008	62,788	3.04
2009	68,961	3.84
2010	108,063	6.39
2011	78,623	6.37
2012	100,993	6.49
2013	101,269	6.73

## 12. INTERNATIONAL CO-OPERATIONS

As a Group, HELLENIC PETROLEUM has been a member of the Hellenic Network for Corporate Social Responsibility (member of CSR Europe) since 2005 and a member of CSR Europe since 2012. HELLENIC PETROLEUM actively participated in the establishment of the Council for Sustainable Development which has been created to serve businesses that are willing and able to play a leading role among the SEV's (Hellenic Federation of Enterprises) members. N.B. The Group's CEO serves as vice president on the Council for Sustainable Development.

In the context of the optimization of its operation and the implementation of its sustainability strategy, the Group is a member of the organizations presented below:

Pan-Hellenic Exporters Association (PEA)  
Association of SAs and LTDs  
Athens Chamber of Commerce and Industry (ACCI)  
Hellenic Federation of Enterprises (SEV)  
Federation of Industries of Northern Greece  
Hellenic Petroleum Marketing Companies Association (SEEPE)  
Federation of Industries of Northern Greece  
HELLENIC PETROLEUM CORPORATE RESPONSIBILITY REPORT 2013  
Hellenic Management Association  
EUROCHLOR  
FRI (Fractionation Research Institute)  
MTI (Material Technology Institute)  
IVEPE  
Thessaloniki Chamber of Commerce and Industry  
FUELS EUROPE  
CONCAWE  
CSR EUROPE  
FOUNDATON FOR GLOBAL COMPACT  
INSTITUTE OF ENVIRONMENTAL MANAGEMENT & ASSESEMENT, AFFILLIATE  
MEMBERSHIP  
HELLENIC NETWORK FOR CSR

Furthermore, the Group:

- Promotes company and country interests in important issues, such as the REACH European Regulation and in Carbon Trading etc, through its participations in the European Petroleum Industry Association (FUELS EUROPE) work groups, in which HELLENIC PETROLEUM is also a board member.
- Participates in the relevant UN Commission on climate change.
- It is also involved in the relevant Working Groups on Best Available Techniques (BATs) and the revision of the relevant reference documents (BREFs - Refinery and Large Combustion Plants).

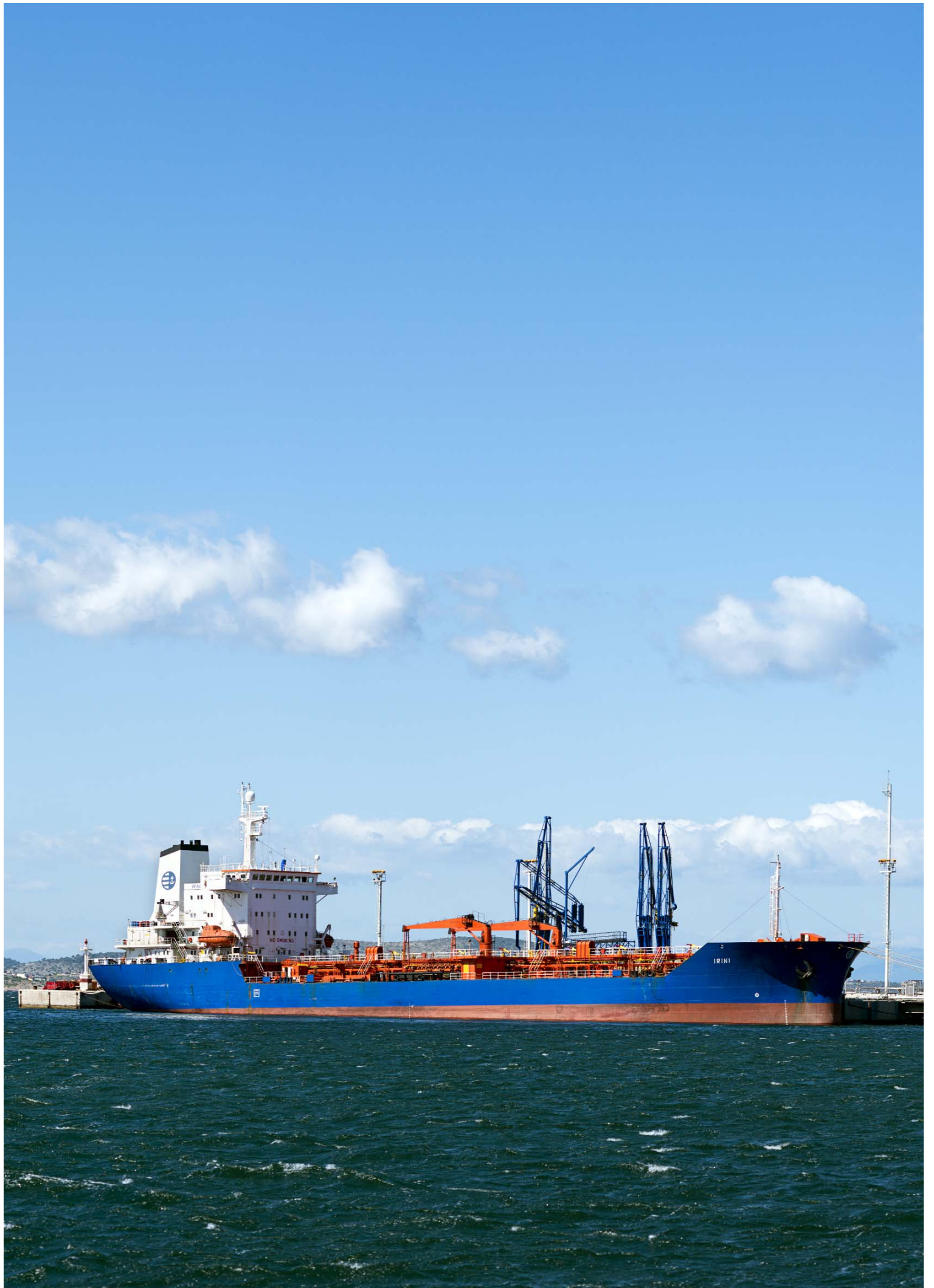
- As part of the consultation on the revision of Reference Documents on Best Available Techniques (BREF), the Group made suggestions and interventions through the Ministry of Environment, Energy and Climate Change (participated in the European Technical Group as national representatives for the industry) as well as through CONCAWE, which with its role as a representative of the European refineries, is actively participating in the consultation and formulation of the final texts. The Reference Documents (BREF), as well as the decision on the refinery BAT conclusions, is expected to be issued by the end of 2014.

## 13. DISTINCTIONS – AWARDS – VERIFICATIONS

During 2013, the Group was distinguished for its performance in sustainable development. The awards and prizes presented in Table 13.1 signify the recognition of the Group's policy and strategy, built on the three axes of sustainable development: financial performance – environmental management – respect towards society.

**Table 13.1: The Group's Awards in 2013**

2nd Prize in 2013 CSR Awards	Aegean University
Golden Award in the CR Index for CSR Performance	Institute of Corporate Responsibility in cooperation with the Business in the Community Organisation (BITC)
CR Index Prize for environmental care	
2nd Business Award in the CSR category	“Georgios Ouzounis” Business Awards
The Group occupied the 216th place overall amongst 250 top global energy companies, showing an improvement of 9 places compared to the previous year	International Platts organisation
European “Good Practice” award in the area of occupational health and safety	The European Organisation for Occupational Safety and Health (EU-OSHA)
Honorary Distinction for the contribution to the Union's social activity	“Together for Children” Union
Honorary Distinction for participation in the Corporate Relay Run 2013	
Honorary Commendation for sponsoring the participation of 5 athletes at the World Winter Games Special Olympics 2013	Special Olympics Hellas
Honorary Distinction for supporting the actions of the Association	Association of Social Responsibility for Children and Youth – SKEP
Honorary Distinction for sponsoring the Ultra-Marathon 2013	Hellenic Long Distance Running Association
Grand Award – Climate Protection (Environmental Awards)	Plant Management
Gold Award – Environmental CSR	Boussias Communications
Silver Award – Resource Recovery (Environmental Awards)	
“Greek Value - Northern Greece” award in recognition of the significant contribution made to environmental protection	The Federation of Industries of Northern Greece, in cooperation with the financial newspaper EXPRESS



## GUINNESS WORLD RECORD

From the 16th until the 18th of October 2013, three Greek companies (EKO, Kosmocar–Volkswagen & Driving Academy) cooperated and subsequently achieved the lowest consumption world record in real driving conditions, across nine districts in Greece and over 1,577 km of national and provincial roads.

The vehicles that were made available to the Driving Academy's driving instructors — skilled in low fuel consumption driving — were from Kosmocar–Volkswagen (2 cars with active cylinder management system (ACT)). The cars were fuelled with conventional fuels from EKO (petrol & diesel) available at all of EKO's service stations to everyday customers.

The result was the breaking of two Guinness world records, as follows:

- *The Guinness World Record for the lowest fuel consumption for a diesel fuelled car (the tour of Greece: 2.96 lt /100 km)*
- *The Guinness World Record for the lowest fuel consumption for a gasoline fuelled car (the tour of Greece: 3.42 lt /100 km)*



At the end of the route, measurements concerning the refuelling of the cars, distance covered by each car and data accuracy were validated through the Guinness World Records Organisation's strict guidelines and standards. The Organisation, after evaluating all of the data, the available measurements, the testimonies of the official bodies, the video of the route and the GPS data, confirmed that both records had indeed been broken and awarded the two prestigious prizes.



**Table 13.2: Certification of Group's industrial facilities, storage facilities and service stations, in accordance with internationally recognized standards**

FACILITY	ISO 9001	ISO 14001	OHSAS 18001	ISO 17025**	ELOT 1429
Aspropyrgos (BEA)	✓	✓	✓	✓	
Elefsina (BEE)	✓	✓	✓	✓	
Thessaloniki (BEΘ)	✓	✓	✓	✓	
DIAXON	✓		✓		
HF liquid fuel storage facilities at Aspropyrgos, Thessaloniki, Corfu and Heraklion		✓			
EKO Lubricants Factory	✓	✓	✓		
EKO liquid fuels and chemicals storage facility at Scaramanga & liquid fuels storage facilities at Elefsina & Aspropyrgos		✓	✓		
EKO aviation fuel filling stations at 18 airports	✓	✓	✓		
EKO CALYPSO Service Stations (Aspropyrgos Service Station)	✓				
Group's HQs (certification of the Hydrocarbon Exploration and Production activity)		✓	✓		
ASPROFOS	✓	✓	✓		✓
HP CYPRUS	✓	✓	✓		
OKTA	✓*	✓*		✓	

**Notes:**

\* In the certification process

\*\* Refineries' laboratories

## VERIFICATION OF THE CORPORATE SUSTAINABILITY REPORT

The Group has entrusted, this year too, the evaluation and verification of the 2013 Corporate Responsibility Report to TÜV AUSTRIA HELLAS. The Report was certified, as a whole and every material issue, in accordance with the guidelines GRI-G4, Comprehensive Option and the Oil & Gas Sector Supplement.

TÜV AUSTRIA HELLAS also verified report's compliance with the criteria of UNGC (CoP, Advanced Level).

Our goal is to continuously extend and the safeguard the objectivity and materiality of our annual Corporate Responsibility Report.



## 14. CONTACT INFORMATION

### Report Feedback

The present report of HELLENIC PETROLEUM is addressed to all our social partners, who wish to be informed regarding the Group's strategy, policy, business performance and sustainability achievements in 2013.

Readers wishing to be informed about the full versions of the Annual Report and Corporate Responsibility Report, can visit the Group's website: [www.helpe.gr](http://www.helpe.gr).

Any suggestion, concerning further improvement of the present report, as a tool for a two-way communication between the Group and its social partners, is welcome.

### Shareholders' Contact

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Photography: Yiorgis Yerolymbos ([yerolymbos.com](http://yerolymbos.com))

The paper that was used, covers the environmental specifications FSC.

