

## **Activity Report of the Audit Committee of "Hellenic Petroleum S.A." for financial year 2020**

Dear Shareholders,

The Audit Committee ("Committee") presents in summary the Activity Report for the year 2020 (1/1 /2020-31/12/2020) in accordance with the provisions of article 44 par. 1(h) of Law 4449/2017 in order to demonstrate its contribution and assistance to the compliance of "Hellenic Petroleum SA" (the "Company") with the provisions of the current legislative and regulatory framework.

### **I. Purpose- Responsibilities**

The primary purpose of the Committee is to support the Board of Directors in its tasks, regarding the supervision of the quality and integrity of the financial information and financial statements, the evaluation of the effectiveness of the internal control and risk management systems as well as the monitoring of the statutory audit of the annual and consolidated financial statements of the Company.

The responsibilities and the operation of the Audit Committee for the fulfillment of its purpose are further analyzed in its current Charter, which is available through the following hyperlink in the corporate website:

<https://www.helpe.gr/investor-relations/corporate-governance/board-committees/>

### **II. Composition**

According to its Charter, the Committee comprise of at least three (3) non-executive members of the Board of Directors who are not involved in the operation of the Company in any way, in order to submit objective and free of conflict of interest judgments. The majority of the members of the Committee consist of independent non-executive members.

The members of the current Committee, were either elected by the Ordinary General Meeting of the Company's shareholders on June 6, 2018, regarding its Chairman, Mr. Spyridon Pantelias and its member Theodoros Pantalakis, both independent non-executive members of the Board, or was appointed by the Board of Directors by its decision number 1368 of 23.07.2020 regarding its third member, due to the reconstitution of the Board of Directors with the appointment of new members by the Greek State, Mr. Iordanis Aivazis, non-executive member of the Board, according to

the authorization provided by the relevant decision of the Ordinary General Meeting of the Company's shareholders of June 24, 2020.

The term of office of the Committee coincides with the term of office of the existing Board of Directors and ends on 17.4.2023.

The members of the Committee, collectively, have skills related to the industry sectors in which the Company operates as well as in matters of finance, accounting, internal audit, operation of an audit committee.

### III. Meetings

The Committee meets regularly at least four (4) times a year, i.e. quarterly or extraordinarily whenever necessary.

During the year 2020, the Committee held a total of ten (10) meetings and discussed all issues falling within its areas of responsibility. Depending on the topic of the meetings, Company's executives as well as the Company's certified auditors were invited to participate in order to provide the necessary information. . All decisions of the Committee were taken unanimously.

### IV. Activities of the Committee

#### A. Internal Audit

The Committee met five (5) times during the year 2020 in relation to issues of its responsibilities regarding the monitoring of the activity, the role and the effectiveness of the Group Internal Audit General Directorate (GIAGD). In summary, the main issues addressed by the Committee concerning the internal audit activity are:

- **Scope of audits of the Group Internal Audit General Directorate:** The Committee approved the annual and three-year audit activity plan and monitored the progress of the Group Internal Audit General Directorate internal audit activities, as well as the ongoing process and results of the audit process, carried out by the Group Internal Audit General Directorate.
- **Results of activities of the Group Internal Audit General Directorate:** The entirety of findings of the reports of the internal audits were examined as well as the opinions of the auditees on them.

- **COVID-19 Pandemic:** The Committee was informed of the impact of the COVID-19 pandemic on the activities of the Group Internal Audit General Directorate and was further informed and approved thereof the initiatives taken by the Group Internal Audit General Directorate as part of its contribution to addressing the consequences on the operation of the Group.
- **Shutdown of Aspropyrgos Refinery:** The Committee was informed about the effects of the general shutdown on the Industrial Facilities of Aspropyrgos during the COVID-19 pandemic and was further informed and approved thereof the initiatives undertaken by the Group Internal Audit General Directorate.

In addition, the Committee approved, following a request by the Group Internal Audit General Directorate, the cooperation with external providers of internal audit services for the following extraordinary audit projects:

- EKO BULGARIA - Purchase of a Gas Station in Bulgaria –
- Ship Management Contracts

Below are detailed data and information of the meetings of the Committee during the year 2020:

**Audit Committee Meeting 16/01/2020: Group Internal Audit General Directorate**

- Report of GIAGD activity for the period December 2019 - January 2020
- Business program GIAGD 2020 & Report of GIGD activity for the year 2019
- Approval of the Annual Audit Program 2020
- Risk Assessment for the year 2020

**Completed Audits:**

- EKO BULGARIA - Purchase of a Gas Station in Bulgaria – Extraordinary Audit
- Audit of Accounting Department for Payment and Deliveries (32\_2019)
- Audit of the Fire Safety Department of Thessaloniki Industrial Facilities (40\_2019))
- Directorate of Strategic Planning of Industrial Activities and Participations (13\_2019)
- Directorate of Business IT Applications - Department of Business Applications (16\_2019)
- Internal Communication & Public Relations Directorate of the Group (15\_2019)

**Audit Committee Meeting 26/02/2020 Group Internal Audit General Directorate**

- Report of GIAGD activity for the period December 2019- January 2020
- Follow Up of the High, Medium and Low Risk Findings with implementation date of 31.12.2019
- Approval of GIAGD Quality Assurance & Improvement Program
- Presentation of the Activity Report of the Regulatory Compliance Office for the second half of the year 2019 and planned actions for the year 2020

**Completed Audits:**

- EKO BULGARIA (23\_2019)
- Division for Quality, Health, Safety & Environment of EKO (33\_2019)
- Group Administrative Services Department (12\_2019)
- BEA aquifer pollution contract (42\_2019)
- Contract for Sporadic electrical projects BEE (36\_2019)
- Audit in the energy index EII of the Refineries (47a\_2019)

**Audit Committee Meeting 07/05/2020 Group Internal Audit General Directorate**

- Report of GIAGD activity for the period January 2020- April 2020
- Various topics

**Completed Audits:**

- Ship Management Contracts (50\_2020) Extraordinary Audit
- Audit of Updates to ASE and Capital Market Commission (01\_2020)
- Audit the Legality of Remuneration of Board Members and Executives (02\_2020)
- Audit of Stock Trading Transactions of Obligated Persons (03\_2020)
- Audit of Transactions with Affiliated Companies (04\_2020)
- Division of Tax & Customs Affairs of the Group - Department of Tax Affairs (08\_2020)
- Receipt in the South of LSFO cargo outside specifications from the SEAEMPRESS D/P (49\_2020) - EXTRAORDINARY
- Contract for maintenance of BEA process analysts (36\_2020)
- Shipping Sales Division of EKO SA (31\_2020)
- BP South Network Sales Department (20\_2020)
- BP North Network Sales Department (21\_2020)
- Covid-19 Policy Compliance Audits (51-55\_2020) - Extraordinary

**Audit Committee Meeting 09/09/2020 Group Internal Audit General Directorate**

- Report of GIAGD activity for the period May- August 2020

**Completed Audits:**

- Department of Design - Construction Thessaloniki Industrial Facilities (38\_2020)
- Five-year Investment Program BEE (39\_2020)
- Five-year Investment Program Thessaloniki Industrial Facilities (40\_2020)
- Department of Industrial Production Systems Thessaloniki Industrial Facilities (42\_2020)
- Department of Supply and Maritime Transport (32\_2020)
- Aspropyrgos LPG Installation (63\_2020)
- Audit of the Report of the Board of Directors of HELPE remunerations (62\_2020) - Extraordinary
- Department of Education and Human Resources Policy (10\_2020)
- Pylos Methoni Energy SA (17\_2020)
- HELPE Renewable Energy Sources SA (18\_2020)
- Accounting Department of HELPE - Department of Customers & Pricing (06\_2020)
- Covid-19 Policy Compliance Audits (56-60\_2020) - Extraordinary

**Audit Committee Meeting 14/10/2020 Group Internal Audit General Directorate**

- Report of GIAGD activity for the period September 2020

**Completed Audits:**

- Department of General Accounting & Assets Reports-Accounting Department of HELPE & International Subsidiaries (07\_2020)
- Procurement Performance Development and Control Department - Group Procurement Division (11\_2020)
- External Communication Division - Group Corporate Relations Division (12\_2020)
- EKO Procurement Division - Hydraulic Testing / vacuum / electrical discontinuity tests of submarine and aboveground rubber hoses and receiving pipes in installations of EKO SA (65\_2020) - EXTRAORDINARY
- Organizational Change Management Process (35\_2020)
- Department of Marine and Aviation Fuels – EKO Domestic Sales Division (47\_2020)
- Audit on the Performance Indicators BEA, BEE, BETH: Real Utilization of Units, Operational Availability, Maintenance Efficiency Index (48 $\alpha$ \_2020)
- Audit on the Performance Indicators BEA, BEE, BETH: Personnel Efficiency Index, PI, Personnel Index, PCI, Personnel Cost Index (48 $\beta$ \_2020)

- Process Analyst Maintenance Contract - BEE Maintenance Division (61\_2020)
- Covid-19 Policy Compliance Audit (66\_2020) - Extraordinary

## **B. Financial Reporting**

The Committee was informed by the Chief Financial Officer (CFO) of the Company about the Company's Financial Statements, on an individual and consolidated level, which were prepared in accordance with IFRS for the year ended December 31, 2020. During the same meeting, the Committee was also informed about the main accounting estimates adopted by the Company for the preparation of the Financial Statements, which did not differ from those adopted by the Company for the preparation of the Financial Statements for the year 2019, and in relation to the key matters that concerned the Financial Reporting department during the preparation of those statements.

The Committee recommended the approval of the Financial reports in a written report to the Board of Directors. In the same report, the Audit Committee informed the Board of Directors how the statutory audit contributed to the integrity of the financial information and what the role of the Committee was in this process.

The Committee discussed with the external auditor (EY) and with the Financial Management of the Company, the main audit issues during the audit of the annual financial statements of the Company for the financial year ended on 31.12.2020.

The Committee also met and was informed by the Company's Financial Management about the Company's Condensed Interim Financial Statements, on an individual and consolidated level, which were prepared in accordance with IFRS on 31.03.2020, 30.06.2020, and 30.09.2020.

The Committee informed the Board of Directors and recommended the approval of these Financial Statements.

## **C. Statutory Auditors**

### **Appointment of Statutory Auditors**

The Committee has the primary responsibility for selecting the lead audit partner (statutory auditor). The relevant tasks of the Committee include: negotiating the

remuneration and the scope of the audit, initiating the tender process, expressing an opinion for the responsible main project partner and proposing to the Board of Directors for the appointment, reappointment, and removal of external auditors.

Within 2020, following a proposal by the Company's Financial Management, the Committee proposed to the Board of Directors that EY be reappointed as Statutory Auditor to audit the Company and the Group's Financial Statements for the year ended 31 December 2020.

In its relationship with the external auditor, the Committee must ensure that it maintains its independence and objectivity and is effective in conducting its statutory audit.

Both the Board of Directors and the external auditor have policies and procedures designed to safeguard the independence and objectivity of the statutory auditor.

The Committee takes into account the statutory auditor's annual declaration of independence and discusses with them any threats that might jeopardize statutory auditor's independence and the means of ensuring that those threats are addressed.

The Committee examines whether the relationships, taking into account the views of the statutory auditor, of the Management and the internal auditor, on a case-by-case basis, appear to affect the independence and objectivity of the statutory auditor.

### **Non-audit services**

The Committee is responsible for the approval of non-audit services to the Group Companies, which are not prohibited by law. The Committee considers that the statutory auditors have significant knowledge of the Group's activities and the way in which the accounting policies are applied.

This means that in some cases, it may be more efficient for statutory auditors to provide non-audit services. In some cases, there may be reasons of confidentiality that make statutory auditors the preferred choice to provide specific non-audit services.

However, protecting the objectivity and independence of statutory auditors is a top priority. The Committee therefore ensures that in each case the provision of such services will not impede the independence or objectivity of the statutory auditor.

In the context of non-statutory audit services, the Committee makes judgements and evaluates the following:

- Potential threats to the independence and objectivity arising from the provision of the service and any safeguards to eliminate or reduce those threats as long as they do not jeopardize the statutory auditor's independence and objectivity,
- The nature of non-audit services,
- If the skills and experience of the audit firm make it the most appropriate non-audit services' provider,
- Remuneration incurred or to be incurred for non-audit services both individually and as a whole, in relation to remuneration for audit services, including specific terms and conditions (eg any remuneration arrangements), and
- The criteria governing the remuneration of the persons conducting the audit.

For 2020, the Committee examined the non-audit services proposed to be undertaken by the statutory auditor.

Both the work performed and the remuneration of the approved non-audit services did not jeopardize the independence or objectivity of the Company's statutory auditors.

#### **D. Sustainable Development Policy**

HELLENIC PETROLEUM Group ("Group") has integrated Sustainable Development into its strategic planning and is committed through the Health, Safety, Environment and Sustainable Development Policy, which aims at safe and accident-free, economical operation, with respect for the environment and society in accordance with the 17 UN Sustainable Development Goals (SDGs).

The Group, due to the nature of its activities, faces a number of risks in its daily activities, regarding the use of hazardous and flammable substances and technical challenges in production and distribution facilities (petroleum and non-petroleum) of particular complexity and significant size. Failure to manage the above risks could have a significant impact on the operation and financial position of the Group, including administrative sanctions, and / or inability to conduct business.

Regarding the management of risks related to health, safety and environmental issues, the Group applies a series of response procedures during the design of the

equipment and operations, for their management and containment and monitors them through selected performance indicators (KPIs). At the same time, actively participates in international organizations for measuring and comparing important indicators with the European petroleum and chemical industry, as well as the transfer and integration of best practices, to improve its performance in health, safety and environment.

#### ***A. Health and Safety***

Health and Safety are the principal priorities for the Group in all its activities. The holistic approach to managing health and safety issues includes planned initiatives and prevention measures to eliminate risks and improve performance. At the same time, it encompasses management systems, inspections and leadership strengthening actions, in all the activities of the Organization. In addition, the Group takes all necessary safety measures for employees, partners and visitors to all workplaces in line with the UN Sustainable Development Goal (SDG 3).

#### ***B. Environment and Climate Change***

The Group, as a producer of energy products but also a significant consumer, faces significant challenges in the field of energy and climate change. Especially with regard to the phenomenon of Climate Change, this affects its business activity, creating significant challenges and opportunities. The potential risks and opportunities for the Group's business activities include, for example, the management of costs of participation in the European Emissions Trading Scheme - EU ETS and legislative changes, but also an opportunity to accelerate energy efficiency projects, investment feasibility studies, investments with emphasis on RES and the increase of the portfolio for the energy transition to climate neutrality.

The first step for the effective planning of the Group's actions / strategy is the identification, measurement and management of the risks and the opportunities that exist, both in terms of mitigation of the phenomenon of climate change and in terms of adaptation strategy on the effects of climate change. Increased costs for fuels and raw materials, reduced demand for energy-intensive products as well as additional measures to control and reduce greenhouse gas emissions (GHG) are critical issues that are addressed and analyzed through different pillars such as the existing and forthcoming legislation, the new technologies but also the markets in which the Group operates. At the same time, the international forecasts for the energy market and climate change are analyzed, in order to formulate the long-term strategy of the Group.

The Group has set the improvement of its environmental footprint until 2030 as its main strategic goal. The main contribution will be the de-carbonization program of the main activities, with a reduction of emissions by 30%, while a 20% will come from compensations through the development of RES, with an initial target of 600 MW by 2025 and 2 GW by 2030.

### ***C. Society***

The cooperation of the Group both with the wider community and with the local communities, which are adjacent to our facilities is continuous, multidimensional and essential. The initiatives undertaken by the Group are connected with the needs of each region and are formed through an open dialogue with the interested parties, by conducting surveys and identifying the essential issues, public opinion polls, public discussions and consultations.

In recent years, we have developed close cooperation with an extended circle of social partners and we all work together for the common good. The younger generation is always at the center of our programs by awarding scholarships, in Greece and abroad, to young people who are distinguished for their talent and performance. We support actions and initiatives that promote innovation, entrepreneurship and create prospects for young people.

Maroussi, 8 June 2021

### **THE AUDIT COMMITTEE**

Spyridon Pantelias

Theodoros Pantalakis

Iordanis Aivazis