



ACTIVITY REPORT OF AUDIT COMMITTEE

2023

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# 1. Introduction

# Dear Shareholders,

The Audit Committee (the “Committee”) of “HELLENiQ ENERGY” (the “Company”) is pleased to present its report for the year 2023 in accordance with the provisions of article 44 par. 1(h) of Law 4449/2017 (as amended by article 74 of Law 4706/2020) to the General Meeting of Company’s shareholders. This report outlines how the Committee has fulfilled its obligations in alignment with the current legislative and regulatory framework.

The report provides an overview of the Committee’s purpose and principal activities in 2023, as outlined in its Terms of Reference, as well as the activities regarding the financial statements of 2023, which were published in 2024. Moreover, this report describes the Company’s sustainability policy.

Our work plan is initially determined early in the year with the objective of ensuring all areas falling within our responsibility are addressed. Modifications to our plan may be implemented as the year progresses, depending upon developments.

## **In executing our plan for 2023, key points of focus included:**

- Consideration of the impact of macroeconomic and geopolitical developments on the Company’s business, as well as climate-related matters and the implications for the financial statements, including going concern, asset impairment and accounting for emissions.
- Monitoring the Group’s refinancing activities.
- Overseeing the effectiveness of the Group Internal Audit General Division (GIAGD) including matters related to staffing and organization. This included appointing an external assessor to conduct an External Quality Assessment (EQA) of GIAGD in accordance with IIA Standards (which confirmed conformance with the Standards), approving a new IT Control strategy developed in collaboration with an external consultant, as well as approving and monitoring an external assignment for the development of a new risk assessment methodology for GIAGD.
- Reviewing and discussing the results of the first triennial external evaluation of the Company’s System of Internal Controls under Law 4706/2020, which concluded that there were “no material weaknesses” and monitoring progress in addressing “Non- significant findings” identified, as well as actions taken to address internal control recommendations raised by the external auditors in their Management Letters.

**In 2024, apart from continuing to monitor the impact of macroeconomic and geopolitical developments on the business, other priorities include:**

- Monitoring, in collaboration with the Sustainability Committee, the project plan initiated in 2023 for the implementation of the new CSRD European Sustainability Reporting Standards (ESRS), effective from the financial year 2024.
- Monitoring progress in achieving Vision 2025 commitments.
- Following up on the results of GIAGD’s recently implemented Audit Risk Methodology and the introduction of the new Risk Taxonomy across the organization (In collaboration with the Risk and Strategy Committee on the establishment of the new Risk and Compliance function).

## 2. Purpose of the Committee and Key Responsibilities

The purpose of the Committee is to assist and inform the BoD in fulfilling its oversight responsibilities regarding:

### **A) Financial Reporting and External Audit**

The Committee is responsible for:

- Monitoring the procedure and conduct of the statutory audit of the annual financial statements.
- Monitoring the financial reporting process.
- Reviewing the annual financial statements, semi-annual and quarterly condensed financial statements prior to their approval by the BoD and submitting recommendations or proposals to the BoD as considered appropriate.

### **B) External Audit Process**

The Committee submits proposals to the BoD on issues arising from the statutory audit, explaining:

- The contribution and results of the statutory audit of the Company's annual and consolidated financial statements regarding the quality and integrity of the financial reporting, including the relevant disclosures, approved by the BoD, and published.
- The Committee's role in the above process.
- The selection, appointment and remuneration of the auditing firm/statutory auditor for the purpose of recommending its appointment by the Annual General Meeting of Shareholders ("Annual General Meeting") to ensure the independence, objectivity and effectiveness of its operation as well as its periodic rotation in accordance with the current regulatory framework.

### **C) The Effectiveness of Internal Control Systems, Risk Management , Regulatory Compliance, Corporate Governance and the General Internal Audit Group Division**

The Audit Committee monitors, examines and evaluates:

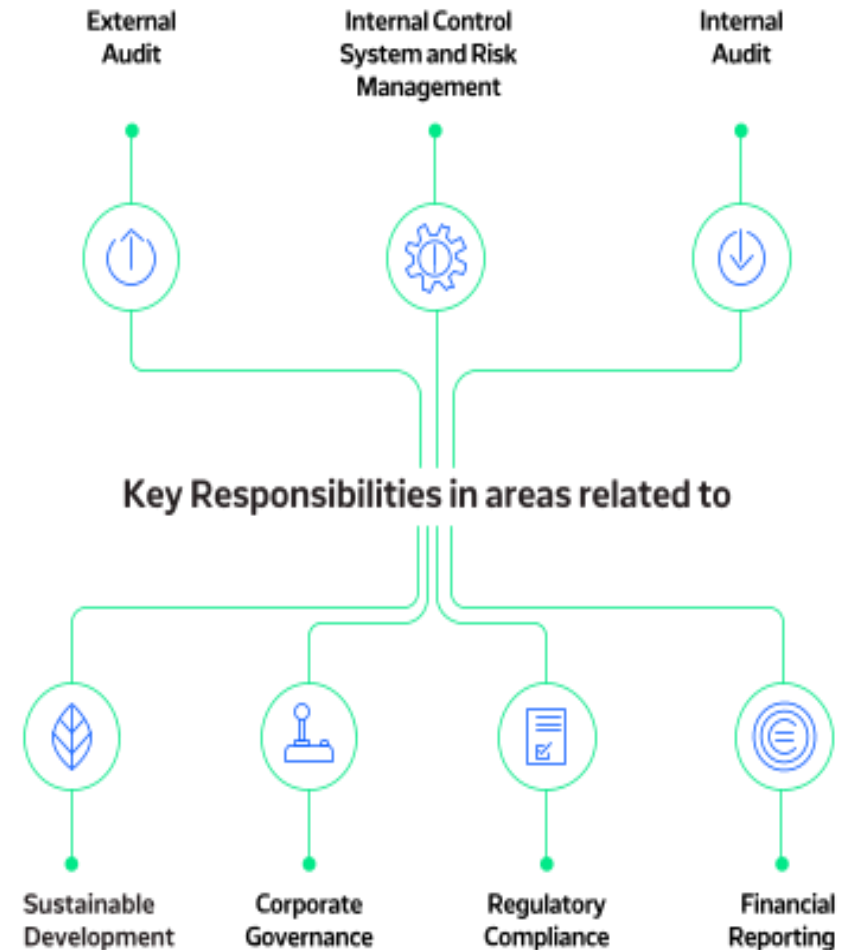
- The design adequacy and operational effectiveness of the Company's policies, procedures, and control activities. This evaluation pertains to both the internal control system and the risk assessment and management, in relation to financial reporting.
- The assurance and compliance of the design adequacy and operational effectiveness of the corporate governance system.

The Committee reports to the BoD on how it discharges its responsibilities and provides recommendations to the BoD.

Further information on the Committee's responsibilities is provided in its Terms of Reference, which has been approved by the BoD, and is available at :

<https://www.helleniqenergy.gr/en/investor-relations/bod-committees>

The main responsibilities of the Committee cover the following:



# 3. Composition of the Committee, Skills and Experience



The Annual General Meeting of the Company's shareholders of 30 June 2021 decided that the Committee will be a committee of the BoD, as defined by the provisions of article 9 of Law 4706/2020, consisting of three (3) non-executive and in their majority independent members. In this context, the BoD on 30.06.2021 appointed three of its independent members as members of the Committee. The three (3) appointed members are Lorraine Scaramangas (Chair), Iordanis Aivazis and Panagiotis Tridimas.

The members comprising the Audit Committee have, collectively, sufficient knowledge of the sector in which the Company operates. Furthermore, one of the members has proven significant expertise and experience in the field of auditing or accounting, within the meaning of the provisions of article 9 of Law 4706/2020.

Brief CVs of the Committee's members of the Committee are attached in the annex of this Report.

**The tenure of office of the Committee's members is in alignment with the term of the office of the BoD, which is three years. The tenure of office of this Committee shall expire on 30.06.2024.**

The Committee is supported by an Audit Committee Secretary and other staff from within the organization. Additionally, it may engage external consultants to support in the discharge of its responsibilities.

## Composition of the AC



Lorraine Scaramanga  
Chair



Iordanis Aivazis  
Member

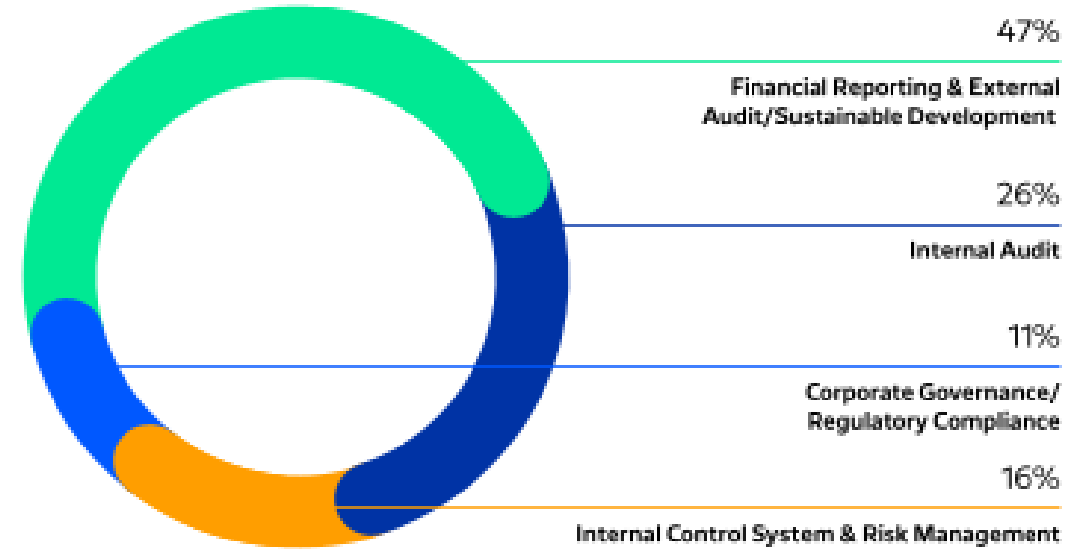


Panagiotis Tridimas  
Member

## 4. Committee Meetings

**In Accordance with Terms of Reference of the Committee, the Committee meets at regular intervals at least six (6) times per year and holds extraordinary meetings when required.**

- The Committee has opted to hold frequent meetings of varying duration spread over the year, to enable it to dedicate sufficient time to the items on its annual agenda. During 2023, the Committee held nineteen (19) meetings, including one joint meeting with the Remuneration and Succession Planning Committee, covering all of the areas falling within its responsibilities. The Committee also participated in a joint informative session with members of the Sustainable Development Committee. The attendance at the meetings was very satisfactory, with all of the Committee members attending each meeting. Depending on the subject matter of the meeting, Senior Management and the external auditors of the Company are invited to attend. Furthermore, the Head of GIAGD is invited to all Committee meetings, except for the meetings where the Head's remuneration is discussed. The Committee members also held frequent discussions/informal meetings in between scheduled meetings.
- The Committee also held two (2) further meetings with Management and the external auditors in 2024 to discuss the 2023 annual financial statements and the results of the audit as well as holding a discussion with the external auditors without Management's presence.
- All the Committee's decisions were taken unanimously.
- In 2023 the performance of the Audit Committee was assessed as part of the overall self-assessment of the BoD and its committees.
- The members participated in various conferences and development activities during 2023. The Board Strategy Day, which included presentations from Management and external experts, provided an excellent forum to receive briefings on industry developments and their implications for the Company's business and strategy.
- The Committee submitted quarterly memos to the BoD prior to the approval of the annual and interim financial statements, including information on the role of the external auditors and the results of their audits and provided periodic reports on its activities throughout the year, highlighting issues of importance.
- Minutes were kept of all Audit Committee meetings setting out the issues discussed and approvals of the members. The minutes are maintained on the Group's Board Management portal.

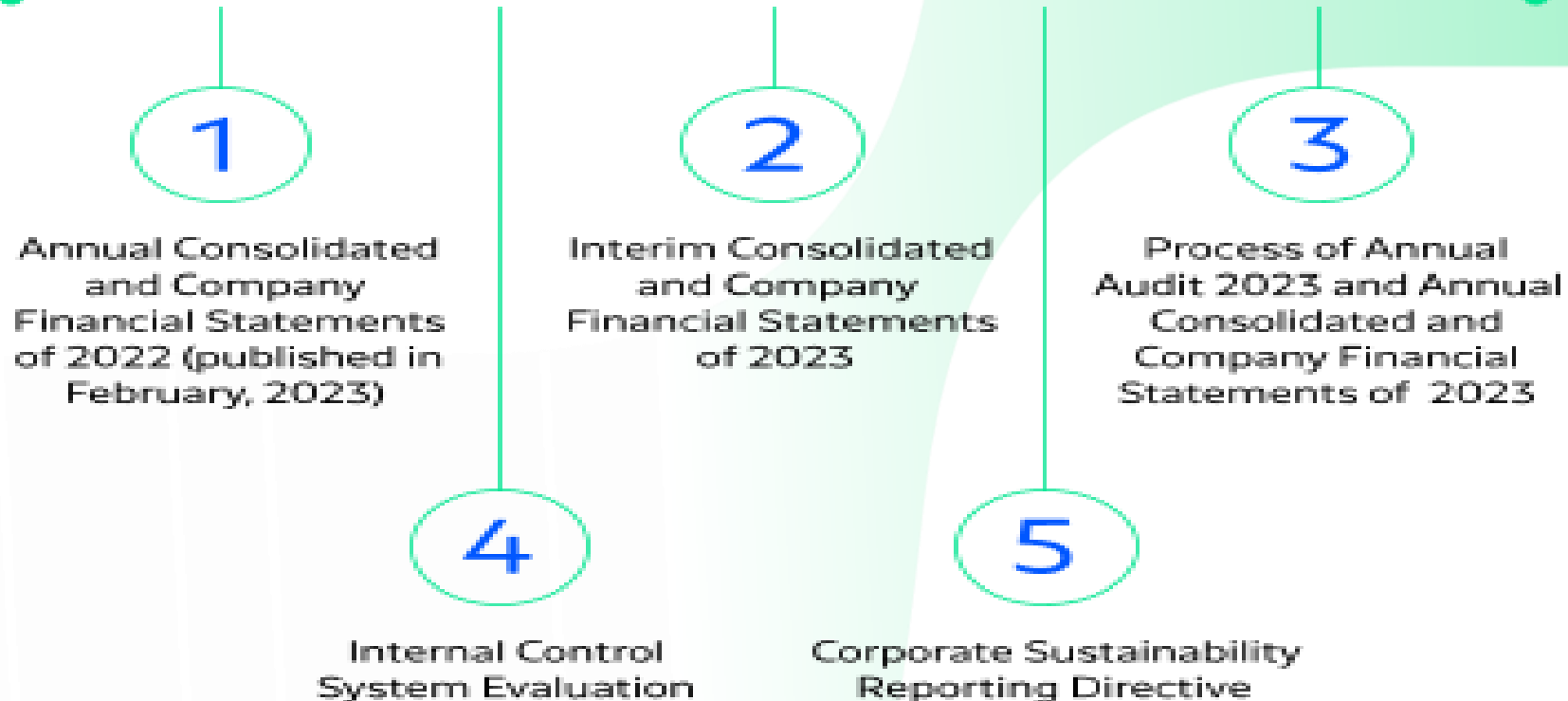


## Content allocation of meetings in 2023

# 5. Financial Reporting & External Audit

The Committee was involved throughout the financial statement preparation process holding meetings with the Company's Management and external auditors, as well as carrying out its own review of the financial statements and management information.

**The main issues that were discussed  
and the activities undertaken by the Committee were the following:**



## Meetings with Company's Management

The Committee held regular meetings with the Company's Management prior to the publication of the financial statements to review and discuss the financial statements and explanatory memos prepared by Group Finance, covering matters such as:

- Business Developments (e.g., refining industry developments; progression of energy crisis)
- Assessment of the need for impairment of assets
- Updates on the treatment of the Solidarity Contribution on 2022 profits
- Group's operations financing
- Going concern assessments and assumptions
- Status of contingencies and litigation- discussed with the Group Legal Counsel
- Management's plan for the implementation of the Corporate Sustainability Reporting Directive (CSRD)

## Meetings with external auditors

With respect to the annual and semi-annual financial statements, the Committee met with the Company's external auditors during the planning, execution and completion phases to review and discuss:

### Financial Statements 2023

- Timetable of annual and semi-annual audits
- Composition of the Audit team and involvement of specialists
- Scope and work plan of the audit including materiality levels to ensure that it addressed the key audit areas
- Key audit matters/risks identified by the auditors
- The status/ progress of the audit and the conclusions of the audit work
- The special annual report by the external auditors to the Committee (A. 10 of EU Reg 537/2014)

In addition, the Committee reviewed the Consolidated and Company financial reports and other management information provided in relation to the financial reports. With respect to the Non-Financial ESG information, the Committee confirmed that the disclosures were shared with the Sustainability Committee for review and also that, such disclosures were reviewed by EY's sustainability team in the context of the audit of 2023 Annual Financial report.

### Financial Statements 2022

- The status/ progress of the audit and the conclusions of the audit work
- The special annual report by the external auditors to the Committee (A. 10 of EU Reg 537/2014)
- The Internal control recommendations included in the Management letter and the status of actions taken by Management

## 6. External Auditors

**The Committee is responsible for the external auditor selection process and overseeing the periodic rotation of the statutory auditor.**

The Committee assessed the performance of the external auditors considering the efficiency of the audit process, experience of the team, technical expertise and the quality of communication/reporting to the Committee. Taking into account the Committee's own experience with the 2022 audit, as well as considering feedback from the Management, the Committee decided to propose to the BoD the reappointment of EY as auditors for 2023, for a seventh term.

**In its relationship with the external auditor:**

- The Committee is responsible for ensuring that the external auditor maintains its independence and objectivity and is effective in conducting its statutory audit.
- The Committee receives the statutory auditor's annual declaration of independence and discusses any threats that might jeopardize the statutory auditor's independence and the safeguards ensuring that any threats are mitigated.
- The Committee, considers the representations of the external auditor and the views of Management and internal audit as appropriate and forms a view on the independence and objectivity of the auditors'.



- **Selection and appointment of statutory auditors**
- **Ensuring the independence and objectivity**
- **Maintaining effectiveness**



**The Committee is responsible for the approval of non-audit services by the external auditors to the Group companies, which are permissible by law.**

The Committee recognizes that there may be cases ( e.g. due to knowledge of the Group's activities /reasons of confidentiality) where the statutory auditor is the preferred provider for specific non- audit services provided that such services do not affect their objectivity and independence and examines relevant cases, based on the existing Non- Audit Services Preapproval Policy.

The committee examines:

- ✓ the nature of the proposed non-audit services
- ✓ if the skills and experience of the audit firm make it the most suitable 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 (e.g., non-audit services fee cap).

Subject to satisfactory conclusion of the above considerations, the Committee confirms that the provision of such services will not impede the independence or objectivity of the statutory auditor.

In 2023, the Committee examined all requests for non-audit services to be undertaken by the statutory auditor and concluded that the scope and remuneration of the proposed non-audit services did not jeopardize the independence or objectivity of the Company's statutory auditors.

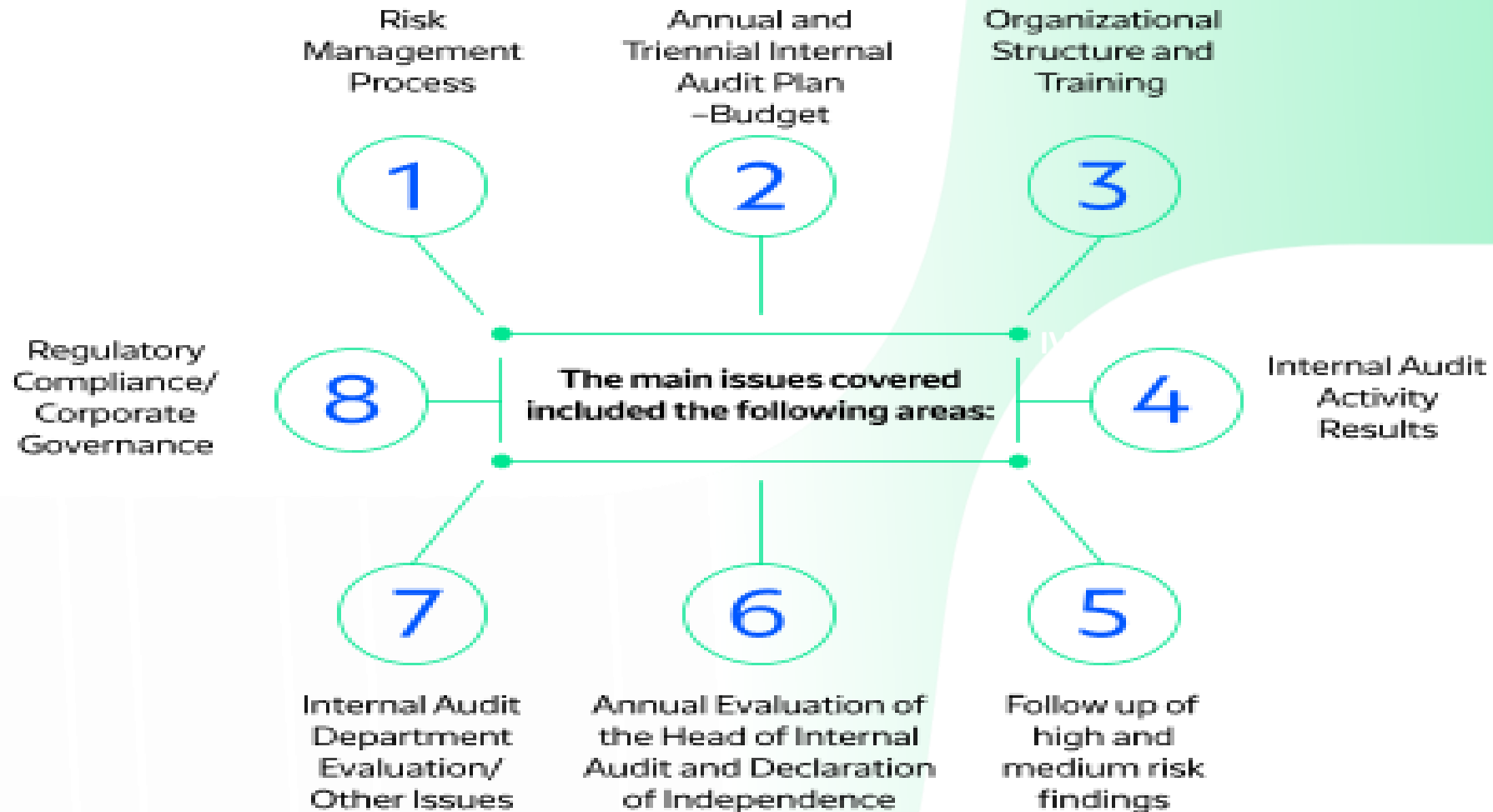
The Committee also approved an updated Auditor Independence Policy.



## • Non-audit services

# 7. Internal Audit/System of Internal Controls/ Regulatory Compliance/Corporate Governance

The Committee met seven (7) times during the year 2023 to review and discuss the activities of the GIAGD and regulatory compliance.



## The matters discussed/ addressed by the Committee included:

### Internal Audit

#### Risk Assessment and Audit Plan

- The results of the annual risk assessment process conducted by the Group Internal Audit Division and the review and approval of the proposed annual audit plan and the three-year plan, as well as the budget and training plan of the GIAGD for the year 2023.
- The organizational structure as well as the staffing requirements of the department, including the steps being taken to enhance /develop the information system (IS) skills of the department including the approval of a new IT Control Strategy developed in collaboration with an external consultant for implementation by GIAGD.
- The approval of the appointment of an external firm to support the implementation of a new audit Risk Assessment Methodology by GIAGD for 2023, (which was utilized for the 2024 Audit Plan approved in 2024).

#### Internal Audit

- The findings of internal audit reports (regular and special investigations) as well as Management's responses/actions.
- The progress in addressing high risk findings (discussed on a quarterly basis) as well as other findings (reviewed every six months).
- The progress of internal audit assignments and the Audit Plan status communicated through quarterly Activity Reports.
- The results of the first triennial external evaluation of the Company's System of Internal Controls undertaken in accordance with Law 4706/2020, as well as the status of actions taken to address "Non-Significant Findings" which are monitored on a quarterly basis.
- The progress in implementing the new audit management software acquired by GIAGD, in 2022 including, staff training.
- The activity report of the Quality Assurance and Improvement Program for the year 2022.
- GIAGD's training and participation in conferences /committees.

#### Independence

- The Committee received confirmation of the Independence of the General Director for the year 2023 and the Declaration of Confidentiality and Avoidance of Conflict of Interest for 2023 by all members of GIAGD. Furthermore, the Committee also carried out an evaluation of the General Director's performance for the year 2022 and held a joint meeting with the Remuneration and Succession Planning Committee, regarding the annual review of the General Director's remuneration.

**Assessment of  
the Internal  
Audit  
Department**

- The Committee approved the appointment of an Assessor to carry out an External Quality Assessment of GIAGD, which is required every five (5) years in accordance with the IPPF Standards and the Terms of Reference of GIAGD.
- The assessment was completed in September 2023, and the report was discussed with the Committee and subsequently presented to the BoD in November 2023.
- The assessment report concludes that GIAGD is “Generally Compliant” with the IPPF Standards showing an improvement in overall compliance with the Standards since the previous assessment.

**Regulatory  
Compliance  
/ Corporate  
Governance**

- The Committee held two (2) meetings with the Head of regulatory compliance matters to discuss the report on the activities undertaken for the year 2022, including recommendations relating to the Organization and operation of the Compliance function. The Committee also approved the proposed activities for 2023.
- The Committee discussed with the Head of GIAGD the results of four (4) regulatory compliance audits conducted by GIAGD in collaboration with an external audit firm.

**Cyber Security**

The Committee held three (3) meetings with the Cyber Security Officer and was briefed by the Cyber Security Officer and IT General Director on projects/initiatives to protect the Group's information and systems and on the status of audit recommendations.

# 8. Sustainable Development Policy

The incorporation of sustainable development into the Company's strategic planning is a fundamental aspect of its operations. The Company has made a commitment to prioritize health, safety, environment and sustainability through its policy. This policy aims to ensure a safe and accident-free operation that is economically sustainable, while also respecting the environment and society, in accordance with the United Nations' 17 Sustainable Development Goals (SDGs).

Central to the Company's planning lies the major task of transitioning to a low-carbon emissions economy and the Company's vision for health, safety and the environment is "Zero Negative Impact – Zero Damage", as a precondition for sustainable development. The Company's and the Group Companies' commitments are stated in the health, safety, environment and sustainability policy, which is an integral part of the Company's Bylaws.

The Company publishes a Sustainability Report on an annual basis, following recognized sustainability reference standards, such as the GRI Standards, the ESG Reporting Guide of the Athens Exchange (Athex), as well as the adoption of principles of the United Nations' Global Compact, with the relevant progress report (Global Compact Communication on Progress - CoP).

The substantial non-financial issues concerning the Company's long-term sustainability, as well as the manner of addressing them, are summarized in the [Non-Financial Information - ESG](#) section (J.) of the Annual Financial Report 2023. These issues are further elaborated upon in the Sustainability Report. They encompass various aspects including the broader pillars of health, safety, environment and climate change and society, in general.



## Sustainable Development Policy

As regards the health and safety and environmental issues, which also affect local communities, the Group, due to the nature of its activities, faces a number of risks in its day-to-day operations. These risks include the use of hazardous and flammable substances and technical challenges at production and distribution facilities (including oil and other products) of special complexity and substantial scale.

Inability to manage the above risks could have a significant impact on the Group's operation and financial position, including administrative sanctions, or/and inability to conduct its activities.

With regards to the investigation of risks concerning health, safety and environment issues, the Group uses a series of handling procedures, at the equipment's designing and operation. These procedures are implemented to effectively manage and mitigate these risks and monitors them through Key Performance Indicators (KPIs).

Simultaneously, it actively participates in international organizations for measuring and comparing key indexes with the European oil and chemical industry, as well for transposing and incorporating best practices, in order to improve its performance on issues of health, safety and the environment.

More information regarding the Policy and its content is available at the Company's website, under the Bylaws (Internal Regulation) (<https://www.helleniqenergy.gr/en/investor-relations/policies-regulations>).



# Sustainable Development Policy



## 9. Annex – Members' CVs

## Lorraine Scaramanga

### **Independent Non Executive Member of the Board of Directors**

Ms. Scaramanga was born in Scotland and is a graduate of the University of Glasgow, with an MA (Language and Literature) and LLB (Law). She is a fellow (F.C.A.) of the Institute of Chartered Accountants in England and Wales (ICAEW), as well as a member (non-practicing) of the Institute of Certified Public Accountants of Greece (SOEL).

She has extensive experience in accounting, finance and auditing. She worked at Arthur Andersen in London between 1979 and 1985 and at Coopers & Lybrand/PwC in Greece from 1985 to 2005, where she became a partner in 1991. Subsequently, between 2005 and 2011, she was a Consultant/Finance Director of Alpha Tankers & Freighters International Ltd and, from 2007 to 2020 she chaired the Audit Committees of Eurobank Bulgaria (Postbank) and Eurobank Serbia (Beograd). She also acted as a consultant on quality assurance and improvement matters for the Internal Audit Department of a large Greek Bank and provided consultancy services in the shipping sector.

She is currently a member of the Board of Directors and of the Audit Committee of Eurobank Private Bank Luxembourg and an independent non-executive member of the Board of Directors of "Athens International Airport S.A." and chairs its Audit Committee.

## Iordanis Aivazis

### **Senior Independent Director, Independent Non-Executive Member of the Board of Directors**

He graduated from the University of Athens with a Degree in Economics (Department of Politics and Economics). He completed his postgraduate studies at the University of Lancaster (England) and he obtained a Postgraduate Diploma in Economics and a Masters of Arts (M.A.) in Marketing and Finance.

He worked at senior positions with Greek and international banks in Athens, Greece, and he was Chief Financial Officer (CFO) and Chief Operating Officer (COO) with Hellenic Telecoms (OTE S.A.). Following the acquisition of OTE by Deutsche Telekom (DT), he joined OTE's Board of Directors as an Executive member and DT's European Management Board.

Additionally, he was sitting, as a NED, on the Boards of Greek listed companies.

Currently, he is Chair of the Special Liquidations Committee of the Bank of Greece.

## Panagiotis (Takis) Tridimas

### **Independent Non Executive Member of the Board of Directors**

Mr. Tridimas was born in Athens in 1963. He is a graduate of the University of Athens, with a degree in Legal Sciences, and holds a Master of Science (LL.M.) and a Ph.D. from the University of Cambridge with a specialization in Harmonisation of Securities Regulation in the European Community.

He is a lawyer in Athens since 1987 and a Barrister in England and Wales since 2000 and has appeared before the European Court of Justice, the General Court of the European Union, the Supreme Court of the United Kingdom, the European Court of Human Rights, as well as investment arbitration courts.

He previously held academic positions at the Universities of Birmingham, Southampton, Cambridge, and London (Queen Mary), while he has also worked at the European Court of Justice as a Référéndaire. He has taught in a number of universities in Europe, the U.S.A, and Canada.

He is currently Professor of European Law and Director of the Center for European Law at Dickson Poon School of Law, at King's College London, while he is also Professor and Distinguished Researcher (Nancy A. Patterson Distinguished Faculty Scholar) at Pennsylvania State University School of Law (Penn State Law) and Visiting Professor at the College of Europe in Bruges. He works as a Barrister at Matrix Chambers in London.

He has experience in international and European affairs, having been an advisor to European institutions on a number of legal issues as well as the Republic of Cyprus during the negotiations on Brexit, as well as the Greek Presidency of the European Union between 2002-2003 with emphasis on issues of enlargement of the European Union.

From 2005-2013 he was an independent non-executive member of the Board of Directors of EFG Eurobank, and since February 2020, he is a non-executive member of the General Council of the Financial Stability Fund. He has published numerous legal studies and has written important textbooks on European Law.