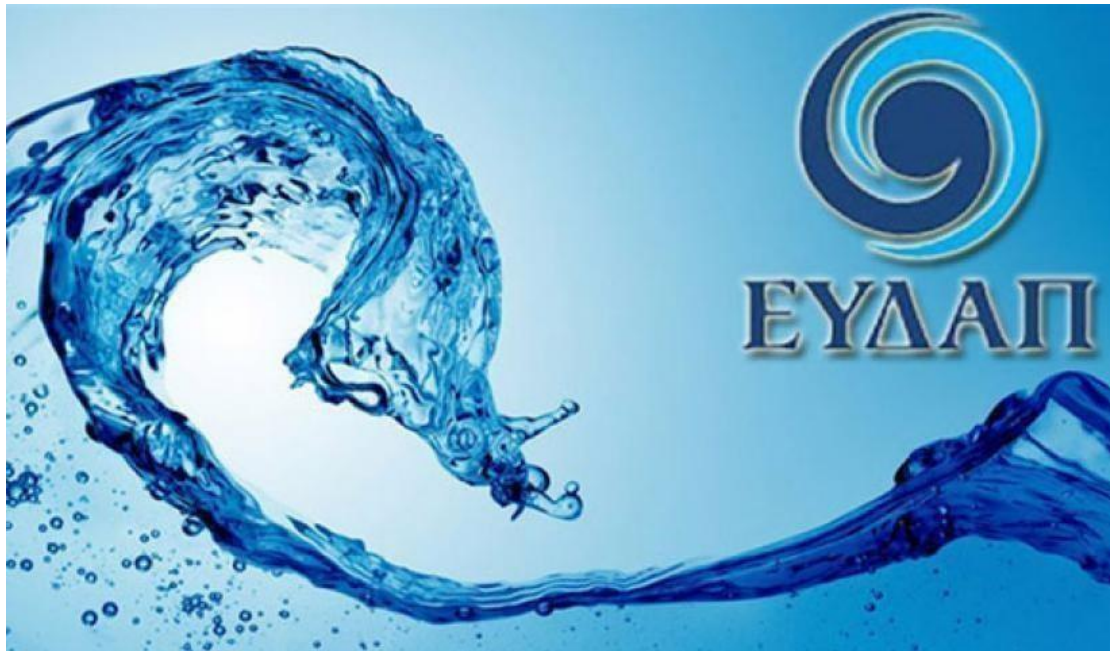


EYDAP S.A.



**AUDIT COMMITTEE OF THE BOARD OF DIRECTORS  
ANNUAL REPORT**

Financial Year 2021

In the context of the Company's Corporate Governance, the evaluation of the Internal Audit System and the implementation of the decisions of the Supervisory Authorities (Hellenic Capital Market Commission Decision 5/204/14.11.2000, Law 3016/17.05.2002, Law 4449/24.01.2017, Law 4706/2020) the Audit Committee is established by the Decision of the General Meeting of Shareholders, members of the BoD, it reports, through its Chairman to the BoD and aims to assist the BoD of the Company in its duties regarding financial information and the internal control system.

The report of the Audit Committee activities for the year 2021 to the General Meeting of Shareholders is part of the regular information of the shareholders, based on its Regulation of Operation, the circular 1302/28-4-2017 of the Hellenic Capital Market Commission and in accordance with the current legal framework, as defined by Law 4449/2017 and **pursuant to no. 74 of Law 4706/2020 on the amendment of the relevant provisions of Law 4449/2017.**

#### Purpose

The Audit Committee operates within the Institutional Rules and Principles of the Company, the Decisions of the Hellenic Capital Market Commission and the Laws of the State and in harmonization with the operation under the best practices of the majority shareholder of EYDAP, ie the Hellenic Corporation of Assets and Participations S.A. in order to enhance the financial value of the Company and its defending the interests of shareholders.

#### COMPOSITION OF THE AUDIT COMMITTEE

From 01-01-2021 to 31-12-2021

The Audit Committee members are (3) three non-executive members of the BoD and are, in the majority of them, independent from the audited entity, in accordance with the provisions of Law 3016/2002 (A' 110) and Law 4706/2020 or the legislation in force, and are responsible for all corporate affairs (1 article 44, Law 4449/2017, Law 4706/2020:

- Aikaterini Beritsi, Chairman
- Michail Stavroulakis, Member
- Christos Karaplis, Member

The members of the Committee have proven knowledge in the field in which the Company operates. At least one member, independent from the audited entity, with proven knowledge and experience in the audit procedures and accounting matters is required to attend the meetings of the Audit Committee regarding financial reports approval.

The members of the Audit Committee shall not hold parallel positions or functions and shall not conduct transactions that could be considered incompatible with their duties.

Furthermore, the Members of the Committee, during their term, shall not hold shares in a percentage over 0,5% of the Company Share Capital.

of the 2020, while both their objectivity and independence were ensured, in the absence of any transaction with the Company could affect them.

## PURPOSE AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The main responsibilities of the Committee, as defined by relevant Legislation and the Regulation of Operation, regard: a) monitoring of the financial reporting process b) monitoring of the effective operation of the internal control system as well monitoring the correct operation of the Internal Audit Division c) monitoring the progress of the mandatory audit of the individual and consolidated financial statements d) the overview and monitoring of issues related to existence and maintenance of the objectivity and independence of the statutory auditor of the audit firm, particularly with regard to the provision of other services to the audited entity by the statutory auditor or the audit firm, e) the General Meeting of Shareholders is the competent body for the appointment and termination of external statutory auditors. However, the Audit Committee provides recommendations-advice to the General Meeting regarding their appointment, retention or termination.

Furthermore, the Commission has at its disposal the necessary resources to receive the assistance of an external consultant if and when necessary.

Its duties include monitoring issues related to sustainable development policy (Law 4706/2020).

All above-mentioned are presented in detail in the Regulation of Operation of the Audit Committee posted on the Company's website.

For the financial year 2020, the Audit Committee fulfilled its obligations in its areas of responsibility as follows:

### 1. Operation

During the year 2020, twelve (12) meetings of the Audit Committee were held. All members of the Audit Committee attended all its meetings. The minutes of each meeting recorded the actions of the Audit Committee and their results and, depending on the issues, it submitted proposals to the Board of Directors, when deemed necessary. In addition to the annual and quarterly reports of Audit Committee activities, they are prepared and submitted to the Board.

In its meetings, the Audit Committee extensively examined essential issues related to Corporate Governance, the results of the Audits of the Internal Audit Department,

as well as the financial results of the Company, evaluating the adequacy and efficiency of the Internal Audit System, and focusing, as a matter of priority, on its or deficiencies with the ultimate goal of improving them and facilitating the Company's Management in understanding any problems and weaknesses of the existing mode of operation. In carrying out its work, the Audit Committee had full access to all information that was necessary and at the same time had the necessary infrastructure for the effective performance of its duties.

The cooperation between the members of the Audit Committee and the Management of the Company was constructive.

There is no pending issue regarding the work of the Audit Committee.

## **2. Financial Information Supervision and monitoring regular external audit**

The Audit Committee in the year 2020 monitored:

- The process of assigning and carrying out the mandatory control of individual and consolidated financial statements of the company.
- The compliance of issues related to the existence and maintenance of objectivity and independence of regular external auditors, in particular as regards the provision of others services.
- The preparation of the interim financial statements and the annual financial report and discussed important issues with the competent financial executives of the Company and the regular external auditors.

The Audit Committee of the BoD of EYDAP SA, within the framework of its responsibilities and duties, in relation to the review of the financial information process and the assurance of the integrity of the financial statements as well as the Supervision of the Regular External Audit, regarding the Financial Statements, monitored, examined and evaluated the process of financial information in relation to the preparation of the Interim and Annual Financial Statements for the year 2020 and the annual financial report by taking specific actions:

It was briefed by the regular external auditors on the annual mandatory audit program 2020, before its implementation, evaluated it and was assured that this will cover the most important areas of audit, taking into account the main areas of business and financial risk of the company.

The Audit Committee took into account and considered the most important issues and risks that may have an impact on the financial statements and the significant judgments and assessments of the Management during their preparation.

In addition, it was informed about the court cases of financial interest for the year 2020 by the Legal Services Department of the Company.

During the audit of the individual and consolidated statements of the Company, a total of eleven (11) meetings took place between the Regular External Auditors and the Audit Committee.

4

Four of them took place between the Audit Committee Chairman and the Regular External Auditors and seven with the Audit Committee plenary.

The frequency of communication of the regular external auditors with the Audit Committee was based on the audit requirements and the information needs of the Audit Committee. The Audit Committee also monitors the independence of the Chartered Accountants in accordance with the applicable laws in order to comply with the relevant procedure for the

"Assignment of non-audit services to the Regular Auditors".

The Committee assessed the nature and cost of the non-audit services provided by the auditing firm "Grant Thornton S.A." and confirmed that they do not pose a threat to the independence

of the latter, regarding the regular audit of the fiscal year 2020, in accordance with the provisions of Law 4449/2017 and Regulation 537/2014 of the Audit Committee.

The Audit Committee held meetings where it discussed important issues with the relevant financial executives and the Administration, during the preparation of the financial statements.

The Audit Committee reviewed the financial statements (1st Semester 2020 and Annual 2020)

before their approval by the BoD, in order to assess their completeness and consistency in

relation to the information submitted to it, as well as the accounting principles applied by the

Company.

Specifically:

On 02/04/2021 the Audit Committee met and reviewed the Annual Financial Statements for the

period 1.1.2020 –31.12.2020. The presentation was made by the Assistant Chief Financial

Officer, in the presence of the Company's Regular External Auditors Grant Thornton who

expressed an opinion on the completeness and integrity of the Annual Financial Statements.

The Chairman of the Board of EYDAP SA, the CEO of EYDAP SA and the Deputy CEO were invited and attended the meeting. The Audit Committee received the assurance from the Regular External Auditors that, based on the audit evidence, the procedures performed and the data collected by the audit team, on the degree of completeness and reliability of the Financial Statements for the year 2020, no facts and indications that raise doubts regarding the ability of the Group and the Company to continue their activity.

The Audit Committee then assured the Board of EYDAP SA that: The Financial Statements for the managing period from 01.01.2020 to 31.12.2020 of EYDAP SA, were prepared in accordance with the applicable International Financial Reporting Standards, as well as the New Standards, Interpretations and amendments to Standards issued by the Council of International Standards. (IASB), have been adopted by the European Union and their implementation is mandatory from 01/01/2020 or later and the Annual Financial Report was prepared in accordance with Law 3556/2007, as it has been amended and is valid today and the following his decisions BoD and the Hellenic Capital Market Commission, the provisions of Law 4548/2018.

The audit of the individual and consolidated financial statements was carried out in accordance with International Auditing Standards as incorporated into Greek law.

### **3. Supervision of the Internal Audit Department**

The most important issues regarding the supervision of the operation of the Internal Audit

Department during the year 2020 are the following:

5

#### **General reference to the Internal Control System**

On the Evaluation of the Internal Control System - Procedures, and Corporate Governance, the Audit Committee, in the context of its responsibilities in relation to the supervision of the Internal

Audit system of the company informed the Board of EYDAP SA as follows:

☒The Company's first line of defense in 2020 remains weak due to the lack of policies, systems and procedures based on which risks are identified, controlled and minimized, in important

operations of the Company. It is emphasized, however, that the Company proceeded in 2020 to approve-update certain Regulations and Policies, in order to align it with its strategic priorities, for regulatory compliance, compliance and implementation of all quality operating standards and risk management throughout the business operation. By 2021, other policies and regulations related to corporate governance and operations are expected to be completed.

☒The second line of defense, which consists of the Risk Management Unit (RMU) and the Regulatory Compliance Unit (RCU), does not exist. For 2021, the operation of RMU and RCU was launched through the new Organization Chart and is expected to contribute to the improvement of the Operations and the Internal Control System of the Company. ☒The Third Line of Defense (Internal Audit Division) is considered satisfactory given the constraints that exist, due to the limited control consciousness of the controlled units and the insufficiency of human resources.

#### **2020 Annual Audit Program Execution**

For 2020, the Internal Audit Department offered satisfactory work to the Company, through the performed audits, contributing to the improvement of the Corporate Processes through the identification of the weaknesses identified, thus reducing the risks and contributing to the most efficient and economical of the Company, in the optimization and acceleration of the procedures, in the reduction of the risk of imposition of fines, in the reduction of the risk of financial losses, in the enhancement of the transparency and the moral climate. In some cases, during the audit work, there was a high supply of important, adequate, accurate and useful information to the Management, resulting in immediate action to avoid and correct significant errors.

The Performance Index of the Annual Audit Program for the year 2020 (implementation rate 70%) is considered satisfactory given the limitations of the Internal Audit Department due to:

- The special operating conditions of the Company, due to the pandemic, where there are significant delays in sending responses and data by the audited services, while it has become

difficult, and often prohibitive, to conduct on-site audits in various organizational units.

- The lack of human resources, in proportion to the range of the audit program and the size of

the company. The absence of specialized auditors in the fields of Informatics-Engineering-

Finance, makes it necessary to strengthen the operational adequacy of the Internal Audit

Department, in order to achieve its objectives and the most effective coverage of the annual

audit plan.

6

During the regular quarterly updates of the Audit Committee and the Internal Audit Department

to the BoD, within 2020, the findings and proposals for corrective actions of each audit have

been formulated in detail.

The progress of implementation of corrective actions by the competent organizational units, on

findings of integrated audit reports, is monitored by the IAD and reviewed by the AC periodically

and is considered, so far, partially satisfactory, compared to the same period in 2019, however

interventions by the Management to optimize it.

An electronic platform for recording and monitoring the implementation process operates for

the monitoring of the corrective actions resulting from audits, for the immediate and real-time

information of the competent organizational units and the Administration. In this implementation

that was implemented, following the Audit Committee's directives, the findings and proposals

per audit are recorded and their implementation is monitored by the competent Divisions.

However, there are long delays in implementation progress. The Audit Committee recommends

the establishment of a permanent regular monitoring mechanism for the resolution, for the open

findings of Audit Reports of previous years.

### **2021 Audits Scheduling**

The Audit Program for the year 2021 was prepared by the IAD and reviewed by the AC, before

its submission for discussion to the Board of EYDAP SA. The AC considered the proposed

areas for scrutiny, in line with the IAD proposals, and unanimously considered that the control



environment in relation to risk assessment is adequately reflected, in line with the risk-based approach followed by the legal framework and regulatory framework and International Standards on Internal Auditing.

In addition to the scheduled audits, the Internal Audit Department will undertake, in case of a relevant order, to carry out extraordinary audits and will proceed to follow up audits that have been completed.

#### **Internal Audit Department Evaluation**

The AC, in the context of its responsibilities in relation to the supervision of the Internal Audit Division, taking into account the annual report of the Internal Audit Division, considered that its operation is in line with International Standards, as in areas that could be improved, as external quality evaluation of the IAD (completed on 15/02/2020 and carried out by Deloitte), significant corrective actions were launched and implemented a large part of those concerned with the competence of the IAD, as to their execution.

In 2020, the performance of the IAD and its audit work was affected by the restrictive measures imposed, due to the Covid 19 pandemic and the limited number of auditors employed.

It is noted that there are still areas for improvement, which, do not prevent the operation of the Internal Audit Department from performing its responsibilities, however complicate its work, regarding the adequacy and effectiveness of the internal control system in some areas of work, as it is areas directly related to the reduced efficiency of the first line of defense and the nonexistence of the second line defense in the year 2020. It is pointed out that the Management has launched significant corrective actions, which are expected to be implemented within 2021 in the framework of the optimization projects of the Corporate Processes.

#### **4. Sustainable Development Policy**

7

Within 2021, the elaboration of the sustainable development strategy of the Company is expected to be completed, which will reflect the prioritization of the essential issues, the evolution of its actions but also its commitment to the creation of long-term value. In the context of the inclusion in this report, based on no. 74 of law 4706/2020, a description of

the Sustainable Development Policy followed by the Company, in the absence, against the writing of this and pending its publication within 2021, we mention indicatively and not restrictively that the Company within the fiscal year 2020 in the context of its operation:

☑Adopts principles and carries out actions to improve its economic, environmental and social performance.

☑It focuses on the monitoring of specific issues, which have been recognized as essential in the context of its Sustainable Development.

EYDAP SA approaches the issue of Corporate Sustainable Development, setting priorities which focus on the following axes:

#### **Corporate Governance Optimizing**

The Company in the year 2020 fully complied with the legal framework of corporate governance

that governs the listed companies as well as the Internal Regulations - Corporate Governance

Code that it has voluntarily decided to apply.

In the framework of the principles of corporate governance, which among other things advocate

transparency in the operation and organization of internal procedures, the Company proceeded

in 2020 to adopt new Regulations and Policies, in order to align itself with its strategic priorities

for regulatory compliance and Corporate Governance, compliance and implementation of all

quality operating standards and risk management throughout the business operation.

#### **Environment Respect**

EYDAP, providing high quality water supply and sewerage services contributes effectively

achieve the Sustainable Development Goals as defined by the United Nations, incorporating in

its activities all three dimensions of sustainable development: economic, social and environmental.

The management of the hydrological cycle ensures the viability of the water supply sources by

providing excellent quality drinking water in sufficient quality but also its return to nature free

from its polluting load at a rate of 95%. In this context, a key parameter is the conservation of

biodiversity and the protection of aquatic ecosystems in the areas where it operates.

The technical design of the projects, always in compliance with the environmental legislation,

adopts prevention and precautionary practices and follows strict regulations, environmental specifications and standards. The new studies assess the emission of gaseous pollutants and investigate measures to address the effects and protect new infrastructure from extreme phenomena. EYDAP aiming at improving its energy efficiency and reducing the carbon footprint in all corporate activities is in a continuous process of identifying actions for the permanent reduction of its carbon footprint and the continuous upgrade of its facilities. A decisive factor in this direction will be the design and the implementation of new sewerage projects in Eastern Attica with the integrated wastewater management of the area, with the possibility of reusing the treated effluents for irrigation purposes and for suburban use, to ensure maximum environmental benefit.

8

#### **Working environment optimization**

EYDAP fully implements and observes what is defined by the labor legislation. Recognizing that its human resources are an important factor in ensuring business continuity and resilience, it seeks its rational and objective utilization while providing the opportunity for personal improvement and professional development. EYDAP continues its transformation into a modern and efficient Organization, ensuring a fair and dynamic working environment through the implementation of optimization projects in the field of Human Resources. In 2020, after a successful evaluation, the management system was re-certified according to the Standard EN ISO 9001:2015 applied by the Human Resources Department and its Services, adding value to the Company. For EYDAP, ensuring safe working conditions, protecting the health of workers and risk prevention is not only a legal but also a moral obligation. Ensuring human rights at work and eliminating discrimination in all areas of the Company is a permanent and long-term commitment of EYDAP. On November 27, 2020, the BoD of the Company approved the new organizational structure of the Company, based on the Company's response to two major challenges: the better utilization

of the Company's staff, as well as the implementation of the highly demanding investment plan that gives in the transformation of the Company and the implementation of its major projects.

**Quality of Services provided by the Company:**

• **Water Quality:** Ensuring the supply of drinking water of excellent quality with continuous controls and use of modern methods and technologies to protect the health of citizens by publishing quality control data.

• **Sewerage Services:** responsible, uninterrupted and efficient collection, wastewater treatment. Return of treated effluents to the environment with a discharge from their pollutant load. Use of new technologies and constant monitoring of the results of the processing by posting them in an open database. Design of modern projects for collection, treatment and disposal of urban wastewater with the possibility of reuse for irrigation and suburban purposes using state-of-the-art technology and in full harmonization with the current institutional framework.

• **Affordable Invoice and Customer Service:** access to clean water and sanitation for all citizens, maintaining a scalable tariff, with process optimization and digital service upgrade projects, alongside important initiatives that return value to society.

**EYDAP's response to the COVID-19 pandemic**

The Company has established management policies to deal with the COVID-19 pandemic for all its operations and mainly for the uninterrupted provision of water and sewerage services.

The Company's reaction was immediate and the adaptation to the new data was made at a very fast pace and mainly effectively, as its operations continued smoothly. Also, due to the immediate measures and the responsibility of the human resources, a relatively limited number of confirmed cases was observed, in relation to the size of the Company. EYDAP continues to adapt and adopt each new directive of National Public Health Organization (NPHO), aiming to return to a smoother operation and the protection and safety of workers.

The dynamic triptych of safety at work - efficiency in operation - development for society redefines the strategic priorities of the Company, with emphasis on sustainable development,

9

sustainable water management and the implementation of responsible environmental practices for the benefit of customers, society, shareholders and the environment. The Audit Committee fulfilled its obligations with a sense of responsibility towards the shareholders and other stakeholders, as an assistant in the work of the BoD and with a firm goal of consolidating the control culture and supporting the work of the Management to achieve sustainable business development and operations of the Company.

Audit Committee Chairman  
Aikaterini Beritsi