AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
ANNUAL REPORT

Financial Year 2022

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Introduction

Through this Report, the Audit Committee (hereinafter "the Committee") informs the General Meeting of Shareholders of EYDAP SA on how it has fulfilled its duties based on its responsibilities during 2022, as well as the most important points on which its work was focused, during which the Committee dealt with important issues of the Company as they emerged during the year.

The Committee believes that ongoing improvement of the internal control environment continues to be critical to the Company's sustainability.

1. PURPOSE, COMPOSITION AND OPERATION OF THE COMMITTEE

1.1. Purpose and main responsibilities of the Committee

The purpose of the Committee is to support the Board of Directors (hereinafter the "Board") in fulfilling the supervisory responsibilities procedures of monitoring compliance with the legislative and regulatory framework on:

a) The review of the financial reporting process and the assurance of the integrity of the financial statements
b) The review of the adequacy of the Internal Audit System and the monitoring of the effectiveness and performance of the Internal Audit Department
c) The supervision of the (external) mandatory regular audit of the Company's individual and consolidated financial statements

While all Board members have an individual and collective duty to act in the best interests of the Company, the Committee has a special role, acting independently of the executive members of the Board, to ensure that the interests of shareholders are properly protected in relation to financial reporting and internal control systems. However, the Board of Directors carries overall responsibility for the way the Company addresses the risk management and the internal control system.

The Committee reports to the Board on how it is carrying out its responsibilities and makes recommendations to the Board when necessary.
A full list of the Committee's responsibilities is contained in its Operating Regulation, which was updated with the implementation of the provisions of Law 4706/2020 "Corporate governance of public limited companies, modern capital market, incorporation into Greek law of Directive (EU) 2017/828 of the European Parliament and of the Council, measures implementing Regulation (EU) 2017/1131 and other provisions."

The Rules of Procedure of the Committee approved by the Board of Directors are available on the Company's website at the following address The Rules of Procedure of the Committee approved by the Board of Directors are available on the Company's website at the following address"

https://www.eydap.gr/TheCompany/RegFramework/

The members of the Committee have declared that they accept their responsibilities and duties and that they will perform their work in accordance with the current Rules of Procedure of the Committee, the Company's Internal Rules of Procedure and the Law, and in compliance with best practices, with the aim of enhancing the financial value of the Company and protecting the interests of shareholders.

1.2. Composition of the Committee, term, skills and experience

The Audit Committee is a committee of the Board of Directors and consists of three (3) members, two of whom are independent non-executive members of the Board of Directors and one non-executive member.

According to the Rules of Procedure of the Committee, the term of its members is proportional to the term of the Board of Directors, which is four years, unless it is otherwise decided by decision of the General Meeting or by delegation of the latter by the Board of Directors.

Hereafter, the composition of the Committee in 2022, the term of its members and relevant notes/explanations are presented:

During the Extraordinary General Meeting of the Shareholders of EYDAP SA held on 24-12-2021 and after a vote, the Shareholders and their representatives approved, by a majority with a percentage of 99,92% of the valid votes, the re-determination of the type of the Audit Committee, the term of office, the number and the qualities of its Members in accordance with article 44 paragraph 1 point b of Law 4449/2017, as amended by par. 4 of article 74 of Law 4706/2020 confirming, otherwise validating, reiterating and in any case maintaining in force:

i) the Resolution of the 37th Ordinary General Meeting of the Shareholders of EYDAP S.A, which took place on 26.6.2019 and

ii) the Resolution of the Extraordinary General Meeting of the Shareholders of EYDAP S.A., which took place on 15.5.2020 and vote in favour of the relevant proposal of the Board of Directors of EYDAP S.A as follows:

1. Nature of the Audit Committee: the Audit Committee shall be a committee of the Board of Directors consisting exclusively of non-executive members of its Board of Directors.
2. Composition of the Audit Committee: The Audit Committee shall consist of three (3) Members, two (2) of whom shall be Independent Non-Executive Members of the Board of Directors and one (1) of whom shall be an ordinary Non-Executive Member.
3. Term of Audit Committee: The term of the Audit Committee should coincide with the term of office of the Members of the Board of Directors, which is four years.

Following the above, the General Meeting decided by majority vote to ratify the election of the existing members of the Audit Committee in accordance with its Resolutions of 26.6.2019 and 15.5.2020, with a term of office expiring on 28.6.2023, extended until the expiry of the period within which the next Ordinary General Meeting must be convened, i.e. until 30.9.2023 and in no case exceeding five years, as follows:

1. Aikaterini Beritsi (of Constantinos), Independent non-Executive member
2. Michail Stavroulakis (of Adam), Independent non-Executive member
3. Christos Karaplis (of Gregory), non-Executive member

The results of the voting were posted on the Company's official website (www.eydap.gr), in accordance with article 133, paragraph 2 of Law 4548/2018.

Following the above, the members of the Audit Committee met on 04-01-2022 in accordance with the Rules of Procedure of the Audit Committee of the Board of Directors, approved by the 18958/15-7-2016 decision of the 1189th Meeting of the Board of Directors, updated by the 19412/8-11-2017 decision of the 1236th Meeting of the Board of Directors of EYDAP S.A and the 20411/06-11-2019 decision of the 1350th meeting of the Board of Directors of EYDAP S.A. and subsequently by 20943 decision of the 2420th/20-10-2021 Meeting of the Board of Directors of EYDAP SA, with the only item on the agenda being the following:

1. Establishment of the Audit Committee, under the decision No. 3 of the Extraordinary General Meeting of the Shareholders of EYDAP SA, held on 24-12-2021.

The members of the Audit Committee Mrs. Ekaterini Beritsi , Mr. Michael Stavroulakis and Mr. Christos Karaplis were present.

In accordance with article 4 of section 2 of the Audit Committee's Rules of Procedure, Mrs.Aikaterini Beritsi was appointed as Chair of the Audit Committee by unanimous decision of the members of the Audit Committee {the Chair of the Audit Committee is appointed by its members or elected by the General Meeting of Shareholders of the Controlled Entity - Company and is independent of the audited entity (§ 1, Article 44, Law 4449).

After the constitution and the election of the Chairman, the Audit Committee of the Board of Directors of EYDAP SA consists of:

1. Aikaterini Beritsi, Chair of the Audit Committee of EYDAP S.A.
2. Michail Stavroulakis, Member of the Audit Committee of EYDAP S.A.
3. Christos Karaplis, Member of the Audit Committee of EYDAP S.A.

The members of the Committee have skills relevant to the areas in which the Company operates, as they have sufficient knowledge in the relevant services industry, auditing or accounting and experience in the areas of Corporate Governance and Internal Control Systems.

The Audit Committee unanimously determined that the members of the Committee who are required to attend its meetings concerning the approval of the financial statements will be two (2):

1. Aikaterini Beritsi, Chair of the Audit Committee and
2. Michail Stavroulakis, Member of the Committee

since they meet all the criteria and conditions of article 44 of Law No. 4449/2017 and the independence criteria of article 9 par. 1 and 2 of Law No. 4706/2020.

They are independent non-executive with proven knowledge and experience in the field in which the Company operates as well as in the accounting knowledge related to international standards.
The detailed curricula vitae of all members of the Commission are attached to this Report.
Lastly, the Commission has the necessary resources to obtain the assistance of an external consultant if and when necessary.

1.3. Meetings and operation of the Committee

The Committee shall meet on a regular basis, in accordance with the annual meeting schedule it draws up, and shall hold extraordinary meetings when necessary.

During 2022, the Committee met on a regular basis (12 meetings in total) and discussed all issues within its areas of competence, with emphasis on the following:

a) External Audit and Financial Reporting, b) Internal Audit, c) Internal Audit System d) Organizational issues of the Committee, e) Other issues related to the responsibilities/purpose of the Commission.

All Committee decisions were taken by unanimity.

All members of the Committee attended all the meetings for 2022. All members of the Committee with sufficient knowledge and experience in auditing or accounting attended the Committee meetings relating to the approval of the financial statements.

In addition to the members of the Committee, the Secretary of the Committee participates in the meetings.
The Secretary of the Committee gathers the topics, prepares the agenda and distributes it to the members in a secure manner together with the information material at least three (3) days before the Audit Committee meeting.
The Audit Committee keeps, for each meeting, Minutes in which the decisions taken, the attendees and the agreed actions are recorded, which are signed by the members present, in accordance with Article 93 of Law No. 4548/2018. In the case of decisions taken by a majority, the opinion of the minority must be recorded in the minutes.
It is at the discretion of the Committee to invite, whenever deemed appropriate, other members of the Board of Directors, or other persons inside and outside the Company, in order to inform and/or attend a specific meeting or specific agenda items. Depending on the topics of the meetings, the heads of the units responsible for Financial Reporting, Internal Audit, Sustainable Development, Legal Services, the Chief Executive Officer and the Deputy Chief Executive Officer, as well as the Statutory Auditors were invited to participate.
The relevant information material (internal audit reports, management reports, auditors' reports and presentations, financial and non-financial information, etc.) was distributed to the members of the Commission in time for them to give their opinion. The Chairman of the Board of Directors is invited to all meetings of the Committee.

1.4. Committee Work Program for the year 2022

The Committee approved its work program for the year 2022 including distinct sections on:

- Internal Audit issues (indicatively: approval of the annual Audit Plan, discussion of audit reports, progress in the implementation of proposed corrective actions on audit findings, etc.).
- External Auditors' Issues - Meetings with the External Auditors to discuss audit issues, performance evaluation and independence issues.
- Issues relating to the financial statements, in the presence of the Chief Executive Officer, , the Chief Financial Officer and the External Auditors.
- Internal Audit System issues and discussion with Management on corrective actions.

1.5. Reports to the Board of Directors

The Committee shall inform the BoD, at least once a quarter and additionally whenever necessary, of its work.

This information shall include, but is not limited to:

- the important, critical and material issues relating to the preparation of the financial statements and how to deal with them,
- the assessment of the effectiveness of the regular audit procedure and the recommendation for the appointment of the statutory auditor
- the outcome of the regular audit and an explanation of how it contributed to the integrity of the financial reporting and the Committee's role; and
- the reports submitted to the Committee by the Director of Internal Audit on the work of the Internal Audit Division.
- specific issues of concern to the Committee

The Committee has prepared and submitted reports regarding its activities, as described above, to the Board of Directors for the year ended December 31, 2021, as well as for the quarters ended December 31, 2021, March 31, 2022, June 30, 2022 and September 30, 2022.

2. EXTERNAL AUDIT AND FINANCIAL REPORTING

During its meetings, the Committee spent considerable time being informed and discussing issues related to the process of preparing the annual and half-yearly financial statements. The main issues discussed and the activities of the Committee are as follows:

2.1. Report of the Audit Committee to the Board of Directors on the Financial Statements 2021

The statutory auditors have submitted and presented to the Committee their supplementary report to the Committee, in accordance with Article 11 of Regulation (EU) 537/2014, regarding their audit of the Company's Financial Statements, individually and on a consolidated basis, for the year ended 31 December 2021.
he Committee, having reviewed the Financial Statements of the Company and the Group for the year ended 31 December 2021 and the discussions with the Finance Department and the auditors, has assessed and concluded that the annual financial report taken as a whole together with the annual financial statements and the annual management report of the Company, give a true, fair, balanced and understandable view of the development, performance and position of the Company, and of the businesses of the Company and the Group for the year ended 31 December 2021. The Committee also informed the Board that the Auditors have contributed to the integrity of the Financial Statements through their expertise and independent assurance that the Financial Statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2022, their financial performance and their cash flows for the year then ended. He subsequently prepared an information report to the Board of Directors.

2.2. External (Statutory) Auditors - Designation of the External Auditors

The Committee has a primary responsibility for the selection of the lead audit partner (regular auditor). The relevant tasks of the Committee include: the scope of the audit, the initiation of the tender procedure, the expression of an opinion on the lead audit partner responsible for the project and the recommendation to the Board of Directors on the designation.
In April 2022, the Committee, at its 4th/18-04-2022 meeting, having evaluated the work of Grant Thornton, the Company's statutory auditor, and taking into account the financial offer submitted and deemed to be the most advantageous, decided to propose to the Board of Directors the reappointment of Grant Thornton as statutory auditor for the financial year 2022.

2.3. Ensuring independence and objectivity and maintain effectiveness

In its relationship with the statutory auditors, the Commission must ensure that they maintain their independence and objectivity and are effective in carrying out the regular audit. Both the Board and the auditors have policies and procedures designed to protect the auditor's independence and objectivity.

The Commission shall take note of the statutory auditor's annual declaration of independence and discuss with him threats that may jeopardise his independence and the ways to ensure that such threats are addressed. The Committee shall consider whether the relationships, taking into account the views of the statutory auditor, management and internal audit, as appropriate, appear likely to affect the statutory auditor's independence and objectivity.

The statutory auditors in 2022 submitted to the Committee a declaration of independence from the Company in accordance with the Code of Ethics for Professional Accountants of the International Auditing Standards Board (IASB Code of Ethics) and the ethical requirements related to the audit of financial statements in Greece.

2.4. Regular audit planning

The Statutory Auditors presented to the Committee the audit planning, in relation to the timetable of the regular audit of the corporate and consolidated financial statements of the Company and its subsidiaries for the financial year 31.12.2022, the audit and expert teams, as well as a report on the significant issues in the audit planning and in particular on the identified risks of the financial statements.

2.5. Financial Information

The Financial Statements of EYDAP SA have been prepared in accordance to the International Financial Reporting Standards "IFRS".
An analysis of significant accounting policies is provided in paragraph 3 of the Financial Statements. This paragraph discusses the policies applied by the Company regarding recognition of:

- Surplus Value
- Income
- Leasing
- Grants
- Current and deferred income tax
- Tangible fixed assets
- Intangible assets
- Requirements
- Stock
- Forecasts
- Financial instruments
- Obligations

Paragraph 2 of the Financial Statements describes new standards, interpretations and amendments to existing standards.

In particular, amendments concerning:

- ✓ International Financial Reporting Standards 3 “Business mergers”, International Accounting Standards 16 “Tangible fixed assets”
- ✓ International Accounting Standards “forecasts”
- ✓ “Contingent Liabilities and Contingent Assets” and
- ✓ “Annual Improvements 2018 – 2020” have been inserted in May 2020 by the IASB.

The above amendments have been applied for annual periods beginning on or after 01/01/2022. The Company has reviewed the amendments and has determined that they do not have a significant impact on the Financial Statements.

The accounting policies applied by the Company do not differ from those applied in the comparative period. The following are noted:

- On 02.02.2022, was signed, between EYDAP SA, the Greek State and the legal entity under public law EPEYDAP, the contract of Law 4812/2021 (Contract of Sale of Water and Exclusive Right) on the basis of which, among other things, the State - EPEYDAP grants the intangible and by law special right of exclusive supply of raw water to EYDAP SA and agrees to supply raw water per year and for twenty (20) years with effect from 01.01.2021 and ending on 31.12.2040, as specifically defined in Article 10 of this contract. In execution of the provision in Article 10 of the Exclusive Right Agreement, the Price of this (Raw Water) was also agreed, determined on the basis of a price per cubic meter applicable for each reference year, according to a table included in the said Agreement. The price for this right was set at €87.5 million.
  Management has evaluated the requirements of IFRS and the provisions of the contracts and concluded that the exclusive water supply right for the period 2021 - 2040 meets the conceptual characteristics of an intangible asset in accordance with the requirements of IAS 38 "Intangible Assets". Furthermore, this intangible asset is subject to amortization corresponding to the commitment period of the above contract (twenty years).

Based on the above, the Company recognized the intangible asset of € 87.5 million in the Financial Statements for the financial year 2021 and the corresponding annual amortization for this financial year.

In fiscal year 2022 the company followed the same accounting policy and recognized the corresponding depreciation for this fiscal year.

- The International Financial Reporting Interpretations Committee ("IFRIC") issued a decision on "Allocation of Benefits over Service Periods (IAS 19)" (the "Decision") in May 2021. This Decision has significantly affected the calculation of the provisions for employees' compensation based on the provisions of the Greek labour legislation (Law 2112/20, Law 3198/55 & Law 4093/12).

The Company has reviewed the Decision, in conjunction with the SOEL Guidelines. Based on this review, the Company has determined that the Decision is not applicable to EYDAP, for the reasons discussed in paragraph 29 of the Financial Statements and does not apply its provisions for both FY 2021 and FY 2022.

2.6. Financial Results for the first half of 2022

The Financial Services Division briefed the Commission on the financial results for the first half of 2022 and the assurances on the correctness and accuracy of the information.
The statutory auditors informed the members of the Committee on their review of the individual and consolidated financial statements of the Company and its subsidiaries for the six-month period from 01.01.2022 to 30.06.2022 in accordance with International Standards on Auditing and submitted to the Committee a report - presentation. The statutory auditors

reported, among other things, on the scope and areas of the Group's review procedures, the determination of materiality, the non-finalized differences and the significant review issues.

The Committee prepared a relevant report on the review of the half-yearly individual and consolidated financial statements of the company to the Board of Directors.

2.7. Annual Financial Statements 2022

The Committee was briefed by the Financial Services Division on the Company's and the Group's Financial Statements prepared in accordance with IFRS for the year ended 31 December 2022 as well as on the main accounting assumptions adopted by the Company in preparing the Financial Statements and the main issues that concerned the Financial Services Department in the preparation of the Financial Statements.
The statutory auditors have submitted and presented to the Commission their supplementary report to the Commission, in accordance with Article 1 of Regulation (EU) 537/2014, on their audit of the Company's Financial Statements, individually and consolidated, for the year ended 31 December 2022.
The Committee discussed with the statutory auditors (Grant Thornton) and the Financial Services Division the main audit issues during the audit of the Company's annual financial statements for the fiscal year ended December 31, 2022.

The Committee has reviewed the financial statements, based on the above, prior to their approval by the Board of Directors, assessed their completeness and accuracy, in accordance with the information disclosed to the members of the Audit Committee, and that appropriate accounting principles have been adopted and expressed its opinion thereon, paying particular attention to the following:

α) Evaluation of the use of the going concern assumption
b) Significant judgements, assumptions and estimations made by Management in the preparation of the financial statements,
c) Adequacy of disclosures about the significant risks faced by the Company - Group,
d) Significant transactions with related parties,
(e) Significant unusual transactions.

The Committee prepared an informative report to the Board and explained to the Board how the statutory audit contributed to the integrity of the financial reporting and what the role of the Committee was in this process.
In addition, the Committee informed the Board that the Statutory Auditors have contributed to the integrity of the Financial Statements through their expertise and independent assurance that the Financial Statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2022, their financial performance and their cash flows for the year then ended.

The Audit Committee has received assurance from the Regular External Auditors that, based on the procedures performed and the information gathered by the audit team, no facts and evidence have emerged that raise doubts as to the Group's and the Company's ability to continue as a going concern.

The Audit Committee considered the most significant issues and risks that could have an impact on the financial statements and on the significant judgments and estimates made by management in preparing them, including:

- Revenue recognition
- Assessing the recoverability of trade receivables
- Employee benefit liabilities
- Provisions for pending litigation
- Contingent liabilities

The Audit Committee, taking into account and having considered the above, considers it necessary to:

- The further intensification of management's actions to reduce doubtful receivables. It should be noted that the total receivables from private customers appear significantly reduced compared to 2021, by 22.33%, but this improvement is mainly due to the normalization, during the current period, of the suspension of the issuance of water bills. Regarding the total receivables from local authorities, public utility companies and the public sector, it increased by 16.51%.
- The utilization of the Company's significant number of real estate assets in order to reduce its management costs and to freeze capital. The Audit Committee also pointed out, in its report to the Board, the significant discrepancies, both in absolute amount and in percentage terms, that appear in important categories of income and expenses between the FY 2022 budget, submitted and approved by the Board in February 2022, and the FY 2022 report 2022 and which ultimately resulted in a negative variance of 82% between budgeted pre-tax profit and final profitability.

The Audit Committee pointed out in its report to the Board that, in accordance with the principles of budgeting, any forecast of revenue and expenditure contained in the budget must be accurate as far as possible and must not overestimate or underestimate the actual data on which the forecasts are based in order to avoid large discrepancies.
For this reason, it was proposed to evaluate the methodology of budgeting and the relevant forecasts, to investigate the reasons for any discrepancies in order to draw usable conclusions and feasible proposals that will contribute to the most accurate preparation of the company's annual budget.
In addition, during the review of the interim financial statements for the financial year 2022, the Audit Committee had referred to the need to revise the budget following the significant events that had taken place in the first half of 2022 and affected the development of key figures.

2.8. Tax Audit

The statutory auditors, in a meeting with the Committee without the presence of executives of the Company's financial services, informed the members of the Committee of:

- the completion of the tax audit carried out in accordance with Article 65A par. 1 of Law No. 4174/2013 and POL.1124/2015, as amended, to the Company itself and to those Greek subsidiaries that have been subject to the tax audit for the fiscal year 2021.
- the Tax Compliance Reports issued in the context of the above tax audit and the progress of tax audits by the authorities.

2.9. Provision of permitted non-audit services by statutory auditors

The Committee monitors the statutory auditor's compliance with the provisions of Regulation (EU) No. 537/2014, as applicable, as well as other relevant regulatory requirements, regarding the amount of the total fees paid by the Company to the auditor in relation to the total revenues of the auditor or the total revenues of the auditor from audit services, so that the independence and objectivity of the auditor is not questioned due to the size of the services provided to the Company.
The Committee is responsible for approving the provision of non-audit services to Group Companies that are not prohibited by law. The Committee considers that the auditors have significant knowledge of the Group's business and the manner in which the accounting policies are applied. This means that in some cases it is sometimes considered more efficient for statutory auditors to provide non-audit services themselves. Also, in some cases there may be confidentiality considerations that make the statutory auditors the preferred choice to provide certain non-audit services.
However, ensuring the objectivity and independence of the statutory auditors is a top priority. For this reason, the Commission ensures that in any case the provision of such services does not impair their independence or objectivity.

For non-audit services not prohibited by law, the Committee shall consider and assess the following:

- any potential threats to independence and objectivity arising from the provision of the service and any safeguards to eliminate or reduce such threats so far as they do not compromise the independence and objectivity of the auditor
- the nature of non-audit services
- whether the skills and experience of the audit firm make it the most appropriate provider of the non-audit service
- the fees incurred or to be incurred for non-audit services, both for individual services and in aggregate, in relation to the fees for audit services, including specific terms and conditions (e.g., and any adjustments to fees); and
- the criteria governing the remuneration of the persons carrying out the audit

In 2022, the Committee reviewed non-audit services proposed to be undertaken by the auditor to the Company or subsidiaries of the Group and, having assessed the nature of the proposed services and received relevant clarifications, representations and assurances from the auditor, considered that they do not pose a threat to the auditor's independence in accordance with the provisions of article 44 of Law no. 4449/2017 and Article 5 of Regulation (EU) 537/2014:

USE 2022
JOB DESCRIPTION
EUDAP AG 2022 ADDITIONAL ANNEX TO THE 2021 REGULAR AND TAX AUDIT CONTRACT CONCERNING THE REPORT ON THE ASSURANCE REPORT ON THE FINANCIAL STATEMENTS IN ACCORDANCE WITH THE REGULATORY REQUIREMENTS LAID DOWN IN REGULATION (EEA) 2019/815 FOR THE FINANCIAL YEAR 2022
SAFEGUARDING WORK ON THE ACCURACY OF THE REMUNERATION REPORT YEAR 2022
ICS ASSESSMENT (Internal audit evaluation) USE 2022
PRE-AGREED PROCEDURES FOR THE USE OF ETMEAR POLLUTANTS IN 2022

EXTERNAL VERIFICATION OF THE 2022 EFA REPORT
AGREED PROCEDURES EVOLUTION OF EQUITY 1999-2021

The work involved is provided for by the relevant legal provisions

Both the work performed and the fees for the non-audit services provided did not compromise the independence or objectivity of the statutory auditors.

3. SUPERVISION OF THE INTERNAL AUDIT DIVISION

In order to monitor the activities, role, and effectiveness of the Internal Audit Directorate, as well as its audit program, the Committee held regular meetings with the Director of Internal Audit.
Every quarter, reports were received from the Internal Audit Department, outlining its most significant issues and recommendations regarding the duties prescribed by Law 4706/2020, Article 16, paragraph 1, which were then forwarded to the Board of Directors for its information.
The main topics addressed in 2022 are as follows:

3.1. Preparation of the audit plan for 2022 as follows:

During the review of the audit plan for 2022 proposed by the ECA, in addition to the results of the risk assessment, the following audit criteria were also taken into account:
The Company's strategy and objectives, significant changes in information systems, the legal framework, the size and significance of the audited entity, the frequency of previous audits in the specific area, the assurance provided by other audit mechanisms, any observations by external auditors as stated in the management letter, the requests of the Audit Committee and Management, legal and regulatory compliance requirements, findings from previous audits, and the extent to which the audited units have addressed these issues.
Based on this overall assessment, the audit topics were reviewed, and the Audit Committee, as provided for by the legal and regulatory framework governing its operations within the scope of its duties, unanimously approved the submission of the 2022 draft audit program for discussion and approval at a meeting of the Board of Directors of EYDAP S.A., based on a proposal by the Audit Committee drafted by its Chair, Based on the above, it was unanimously approved for submission to the Board of Directors on January 12, 2022.
The Board of Directors then approved the 2022 Audit Plan.
The Committee was regularly updated by the Internal Audit Department on the progress of the 2022 audit plan.

In September 2022, the Internal Audit Department submitted a revision of the Internal Audit Program, which was approved by the Executive Committee and subsequently forwarded to the Board of Directors for finalization, taking into account:

- emerging risks during the year,
- findings from ongoing audits,
- the company's evolving operating conditions,
- the resources available to the Internal Audit Department

3.2. Scope of Audits Conducted by the Internal Audit Division

The Committee monitored the progress of the audits conducted by the Internal Audit Department, which focused on key risk areas, based on the annual audit plan for 2022 (which was prepared in accordance with the Company's risk assessment).

3.3. Internal Audit Results

The Committee was briefed by the Internal Audit Department on the audits it conducted and the reports it issued throughout 2022. The Committee reviewed the most significant findings of the internal audits, as well as management's responses.

The Audit Committee evaluates, at least once a year, the adequacy, quality, and efficiency of the Internal Audit Department, with the aim of promoting more effective approaches and improvement measures, where deemed necessary, without infringing upon its independence.

The criteria for the performance and work of the Internal Audit Department, as outlined in the IIA's General Framework for Internal Audit Capabilities, are as follows:

- Timely completion of tasks
- Performance of additional responsibilities
- Added value to the Organization
- Timely and high-quality reporting to the Board of Directors
- Compliance with company policies and procedures
- Compliance with the Department's regulations, policies, and procedures, the Code of Ethics, and International Standards
- Relationships/cooperative atmosphere with auditees
- Auditing and technical skills and knowledge

Of the 16 audits included in the 2022 audit plan, 11 were carried out (68%), marking a 10% decrease compared to the previous year (2021 percentage: 78%) for the following reasons:

• unexpected absences due to illness and COVID-19 quarantine (a total of 2,241 hours),
• Training to obtain mandatory certifications regarding the Internal Audit Department's compliance with legal requirements for practicing as an internal auditor (a total of 2,364 hours).
• Inability to reinforce the Directorate with the number of auditors that had been set as a prerequisite when the 2022 audit program was approved.

Constraints faced by the DEE that affect its smooth operation:
• Lack of sufficient human resources—both in terms of quality and quantity—at the DEE, despite repeated efforts by management.
• Exceptional circumstances due to the COVID-19 pandemic and restrictive measures (special-purpose emergency leave, remote work for auditors and auditees)
• Difficulties and delays in collecting data and receiving responses from audited entities
• Lack of documented procedures, inadequate quality controls, and incomplete implementation of the second line of defense.
Beyond the quantitative coverage of the program, due to the above limitations, the Audit Committee took into account the significance of the results arising from the audit process, which, through the importance of the findings that emerged, to the identification of material problems, determining their causes, and submitting recommendations on issues that can be corrected or improved.

The Audit Committee monitored the status of "open" findings and the progress made in implementing the relevant corrective actions to address the findings of previous audits conducted by the Internal Audit Directorate, through regular presentations by Management and follow-up audit reports prepared by the Internal Audit Department, and subsequently forwarded this information to the Board of Directors.

With regard to the effectiveness of the Internal Audit Department, as part of the External Evaluation of the Internal Control System conducted in accordance with the requirements of Law 4706/2020 and international best practices, and based on the Results Report of the External Evaluation of the Internal Control System conducted by Grant Thornton:
No material weaknesses or findings were identified regarding the operation of the Internal Audit Department. Only one recommendation was made by the external evaluator, concerning the updating of the methodology for classifying audit report findings and its adjustment to a four-point scale. The Internal Audit Directorate responded promptly to the proposal put forward by the external evaluator and updated its methodology, which was approved by the Audit Committee.

Taking all of the above into account, the Audit Committee considers the operation and performance of the DEE to be satisfactory for the year 2022, based on the quantitative and qualitative fulfillment of the 2022 audit program.

4. ASSESSEMENT OF THE INTERNAL CONTROL SYSTEM IN ACCORDANCE WITH LAW No. 4706/2020

An external assessment of the Company's Internal Control System was conducted in accordance with the provisions of Law 4706/2020, pursuant to paragraphs 3 and 4 of Article 14.

The Audit Committee monitored the process of conducting the assessment of the Internal Control System with regard to adherence to timelines and monitoring of the agreed-upon scope of work.

The results of the external evaluation report on the internal control system, conducted by Grant Thornton, were presented and discussed at a special meeting of the Audit Committee by the Grant Thornton project team.

The final evaluation report on the adequacy and effectiveness of the SEE, dated March 29, 2023, concludes that, based on the work performed and the evidence obtained regarding the assessment of the adequacy and effectiveness of the Company's ICS, no weaknesses were identified that could be considered material weaknesses in the Company's ICS, in accordance with the Regulatory Framework, with the exception of the finding of insufficient gender representation on the Board of Directors, as the percentage of female Board members falls short of 25% of the total number of Board members (2 of the 13 Board members are women), which deviates from the relevant legal requirement for adequate gender representation.

With regard to the effectiveness of the Company's organizational structure's control mechanisms and safeguards, and the non-material weaknesses identified, the EU's views are set forth below:

• Regarding the lack of documented procedures and the organization of existing ones, the following was identified:

The Audit Committee has repeatedly emphasized the need to strengthen the First Line of Defense by documenting procedures where none exist and by evaluating the safeguards in existing ones. Documenting detailed procedures that incorporate safeguards will also help eliminate conflicts between the three lines of defense of the Internal Control System, by providing a clear understanding of the roles, responsibilities, and obligations, as well as the relationships among them.

The Audit Committee recommends that, in 2023, the Company commission an external consultant to conduct a study to identify and analyze gaps (GAP Analysis), best practices and procedures, and to submit proposals for improving existing ones that will have a positive impact on business operations.

• Regarding delays in the implementation of corrective actions based on internal audit findings:

The Audit Committee systematically monitors the progress of corrective actions and has repeatedly pointed out at Board of Directors meetings that there are numerous internal audit findings that have remained "open" for a long time.
The Committee proposes establishing a framework for risk acceptance by management, following categorization, through the documentation and reassessment of existing ones in

terms of their rating, and the continuous evaluation and optimization of risk management procedures. In addition, the Committee has issued instructions to the Internal Audit Department regarding the screening and categorization of corrective actions based on the required implementation timeframe (short-term vs. long-term), as well as for the future adjustment of the methodology for classifying findings in audit reports (reviews), so as to help senior management prioritize existing risk management needs and make the most rational and effective decisions regarding the allocation of available resources.

• Regarding the organization and effectiveness of the audit mechanisms and safeguards in the company's information systems:

More generally, with regard to the organization and effectiveness of audit mechanisms and safeguards, the audit reports of the Internal Audit Directorate have highlighted, in certain areas, weaknesses of moderate significance that require further improvement, which is expected to be achieved through the implementation of the enterprise resource planning (ERP) system, with a more rational organization and utilization of the Company's data and resources, as well as the automation of several processes.

• Regarding the delay in conducting a regular audit of the newly established Risk Management and Regulatory Compliance Unit:

The Risk Management and Regulatory Compliance Unit is scheduled to be audited during fiscal year 2024, given that it was established in 2021 and its activities are still in the development phase.

• Regarding the improvement of the Internal Audit Department's operations:

With regard to the operations of the Internal Audit Department, the Audit Committee has repeatedly raised the need, during Board of Directors meetings, to strengthen the Internal Audit Department's staffing with specialized personnel in specific audit areas.
The Audit Committee presented its views, as outlined above, to the Company's Board of Directors during the presentation of the External Evaluation Report.

4.1. ESG

The Committee was briefed by Management on the key categories of ESG risks and Management's role in managing and addressing them.
EYDAP has incorporated sustainable development as a key element of its business strategy. Its primary goal is to ensure a framework for operations and the provision of high-quality services to consumers, its partners, and its employees, while acting responsibly and with respect toward society as a whole and the natural environment in which it operates and grows, and by meeting the ambitious targets set by the regulatory framework governing these issues. To ensure the above, EYDAP has identified the ESG risks that may affect the implementation of the sustainable development strategy it has formulated, taking into account the material issues and the needs of its stakeholders. These risks have been assessed internally, and the necessary control mechanisms have been established and activated to safeguard the company against any breaches of its commitments and obligations. ESG risks are monitored using all the mechanisms provided for in the external environment.

In 2022, the Company continued to incorporate ESG criteria into the disclosure of non-financial information to its stakeholders. Specifically, the Company continued to disclose non-financial data based on internationally recognized standards such as the GRI, the SASB Standard—with an emphasis on material issues in the Water Utility and Services sector—as well as the Athens Stock Exchange Guide for the Disclosure of Non-Financial Information. In the same context, the Company underwent a limited-scope external assurance review of its 2021 Report (based on the AA1000 standard).

Furthermore, in order to improve its ESG ratings from independent rating agencies, the Company participated for the first time in 2022 in the Climate Disclosure Project (CDP) on climate change and in S&P Global's questionnaire-based assessment (CSA), significantly improving its score compared to the previous year and exceeding the industry average.

5. SUSTAINABLE DEVELPMENT POLICY

In accordance with Law 4706/2020 (Article 74), the Audit Committee is required to submit this report to the General Meeting of Shareholders, including a description of the Company's Sustainable Development Policy.

Sustainable Development is an integral part of EYDAP's long-term business strategy. It is the driving force through which the Company aims to remain competitive over the long term, address contemporary challenges, and, by developing appropriate partnerships, contribute to a new, efficient, and inclusive development model, as reflected in the United Nations Sustainable Development Goals.

The Company's Sustainable Development Strategy aims to create long-term and sustainable value for shareholders and other stakeholder groups, through a holistic approach that combines financial stability with social and environmental sustainability. This is implemented through three fundamental levels, which are inextricably linked, and is governed by specific Principles that ensure completeness (Principle of Materiality), quality (Principle of Stakeholder Engagement), and transparency (Principle of Accountability) across the full scope of its activities.

EYDAP, recognizing not only its institutional corporate role but also its responsibility toward society, incorporates sustainable development goals into its operations and carries out initiatives within the framework of corporate social responsibility, guided by the following principles:

· Optimizing Corporate Governance

· Supporting the Economy: Research and Innovation

· Respect for the Environment and Climate

· Respect for Human Rights and Employees

· Supporting Society · Culture

The Audit Committee reviewed the Sustainability Report, including matters related to sustainability disclosures and the Environmental, Social, and Governance (ESG) areas.

The Audit Committee, in its review of EYDAP's Sustainable Development Policy, requested, on a supplementary basis, that GRANT THORNTON provide services to prepare an external verification report on the Company's economic, social, and environmental performance indicators (ESGs) for the year 2022, covering the reporting period from January 1, 2022, to December 31, 2022, with the aim of confirming that the Company meets the needs and expectations of EYDAP's stakeholders based on how the Company manages its most significant impacts, within the framework of Sustainable Development.

Based on the above and in accordance with Grant Thornton’s view:

• We are not aware of anything that would lead us to conclude that the Company’s 2021 Sustainability Report does not meet the requirements of the “In accordance” (Core) level of compliance with the GRI Standards.

• We did not become aware of any information that would lead us to conclude that the indicators, as described in the “Scope of Work” section and included in the Company’s 2021 Sustainability Report, are materially inaccurate.

The Audit Committee fulfilled its obligations with a sense of responsibility toward the shareholders and other stakeholders, acting as a partner to the Board of Directors and consistently focusing on fostering a culture of accountability and supporting management’s efforts to achieve sustainable business growth and optimize the Company’s operations.

On behalf of the Audit Committee of the Board of Directors of EYDAP S.A.

The Chairwoman

Aikaterini Beritsi

INDEX – CV OF AUDIT COMMITTEE MEMBERS

Ms. Aikaterini Beritsi, Chair of the Audit Committee, has sufficient knowledge of the public utilities sector, the sector in which the Company operates, having served in senior and top management positions in the financial system, where, through her many years of professional experience and her active participation in credit evaluation and approval teams, she has acquired sufficient knowledge of the various sectors of the Greek economy.

From 2019 to the present, she has served as an independent non-executive member of the Board of Directors of EYDAP and as Chair of the Audit, Compensation, and Nominating Committees.

Mr. Michael Stavroulakis, a member of the Board of Directors of EYDAP S.A. and a member of the Audit Committee from June 2015 to the present, served as Chairman of the Board's Audit Committee until June 2019, and has since served as a member of the Board's Audit Committee, as well as a member of the Board's Compensation & Nominating Committee since September 2019. Through his seven years of experience, he has acquired sufficient knowledge and experience in the sector in which the Company operates.

Mr. Christos Karaplis, a member of the Audit Committee, was elected as a non-executive member of the Board of Directors of EYDAP S.A. by the Company's General Meeting of Shareholders on May 15, 2020, in accordance with Article 11, paragraphs 2(c) and 7 of its Articles of Incorporation, following a proposal by the Minister of Finance to the Majority Shareholder of EYDAP S.A., "Hellenic Holding and Asset Management S.A.," in accordance with the second sentence of paragraph 4 of Article 197 of Law 4389/2016.

He has twenty years of professional experience in the private and public sectors, in positions of high responsibility, having worked in the banking industry and served as an advisor in administrative positions within the Central Administration, including at the Ministry of Finance (General Accounting Office of the State).

From July 2019 to June 2023, Mr. Christos Karaplis served as Director of the Office of the Minister of Finance, systematically overseeing organizational and operational matters of public enterprises, as well as issues related to the General Meetings of public limited companies in which the Greek State is a shareholder and to the Greek State's overall participation in their share capital.

Since June 2023, he has served as Director of the Office of the Minister of Infrastructure and Transportation.