



**AUDIT COMMITTEE  
ANNUAL  
PROCEEDINGS  
REPORT**

**2023**



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## INTRODUCTION

**Dear Members of the Board of Directors,  
Dear Shareholders,**

In our capacity as Members of the Audit Committee of the Company under the name "Athens Water Supply and Sewerage Company SA" EYDAP (hereinafter the "Company") for the fiscal year 2023 (01.01.2023- 31.12.2023), and in accordance with what is provided in article 44 of Law 4449/2017, as amended by article 74 of Law 4706/2020 , on the one hand, and the details mentioned in No. 1302/28-4-2017 and 1508/17.7.2020 Announcements of the Directorate of Listed Companies of the Capital Market Commission on the other hand, we list below our present Report and bring to your attention, within the scope of the Audit Committee's responsibilities, our actions regarding the objects regulated by the Law and the above-mentioned announcements regarding the use 2023.

### 1. COMPOSITION OF THE AUDIT COMMITTEE

According to the decision of the Extraordinary General Meeting of shareholders of 24 December 2021, the Audit Committee is a committee of the Board of Directors, consisting exclusively of non-executive members of the Board of Directors, at least three (3) in number, and the term of office of its members is the same with their tenure as members of the Board of Directors in accordance with the provisions of article 44, case c) of paragraph 1 of Law 4449/2017, as amended by article 74 of Law 4706/2020.

According to the decision of the General Assembly dated 24.12.2021, the Audit Committee consisted of three (3) non-executive members of the Board of Directors, within the meaning of article 9 of Law 4706/2020, two (2) of which have the status of independent non-executive members of the Board of Directors and one (1) of which is a simple non-executive member and who are not involved in the operation of the Company in any way, in order to submit objective and judgments independent of conflict of interest.

During the meeting of the Audit Committee on 4.1.2022, the Audit Committee was constituted as a body and by unanimous decision of its members, the Chairman of the Committee and the composition of the Committee were appointed as follows:

Aikaterini Beritsi, President (independent member)

Michael Stavroulakis, Member (independent member)

Christos Karaplis, Member (non-executive member)

**The Audit Committee existed with the above composition until September 12, 2023**

On September 12, 2023, the 41st <sup>Ordinary</sup> General Assembly by its decision determined the type of Audit Committee, the term of office, the number and qualifications of its Members in accordance with article 44 par. 1(b) of Law 4449/2017, as amended by par. 4 of article 74 of Law 4706/2020, namely:

A) That the Audit Committee be a committee of the Board of Directors, consisting exclusively of non-Executive Members of the Board of Directors, who will be appointed by the Board of Directors. in accordance with article 44 par. 1(c) of Law 4449/2017, as applicable.

B) The Committee Members shall be three (3) in number, two (2) of which shall have the status of Independent Non-Executive Member and one (1) of which shall be a simple non-Executive Member.

C) The term of office of the Members of the Audit Committee coincides with the term of office of the Members of the Board of Directors, which is four years in accordance with article 11 par. 6 of the Statute of E.Y.D.A.P. S.A.

The Board of Directors of the Company at its meeting on September 20, 2023 following the 18.9.2023 recommendation of the Remuneration and Nominations Committee, found the suitability of Mr. Anastasia Martsekis, Marinas Mavrommatis and Christos Karaplis based on the provisions of the

legislation and the applicable Nomination Policy for the Members of the Board of Directors of E.Y.D.A.P. S.A.

It also found that the non-executive members of the Board of Directors met the conditions of independence. Ms. Anastasia Martseki and Marina Mavrommati.

The Board of Directors then appointed the following non-executive Members as Members of the Audit Committee with a term proportional to their term of office, as Members of the Board of Directors:

- Marcheki Anastasia
- Black-faced Marina
- Christos Karaplis

The Audit Committee of the Board of Directors of the E.YD.AP. S.A. as formed following the decision to appoint it by the Board of Directors of EYDAP SA met on Monday, September 25, 2023 and was formed into a body. In accordance with the legislation and with article 1 of section 2 of the Regulation of the Audit Committee, the Chairman of the Audit Committee is appointed by its members and is independent of the audited entity.

**After a vote and unanimous decision among the members, the Audit Committee of the Board of Directors. of EYDAP SA elected President and exists from 25/09/2023 until today, as follows:**

<i>Full name</i>	<i>Capacity</i>	<i>Expiration of Term</i>
<i>Anastasia Martseki</i>	<i>Chairman of the Audit Committee of the Board of Directors of EYDAP SA, independent non executive board member</i>	<i>September 6, 2027</i>
<i>Christos Karaplis</i>	<i>Member of the Audit Committee of the Board EYDAP SA, non-executive member of the Board</i>	<i>September 6, 2027</i>
<i>Marina Mavrommati</i>	<i>Member of the Audit Committee of the Board of Directors of EYDAP SA, independent non executive board member</i>	<i>September 6, 2027</i>

The Audit Committee decided unanimously and appointed two (2) members who will be required to attend its meetings, regarding the approval of the financial statements as follows:

1. Ms. Anastasia Martseki, Chairman of the Audit Committee, independent non-executive member of the Board of Directors and
2. Ms. Marina Mavrommati Member of the Audit Committee, independent non-executive member of the Board

Given that they meet all the criteria and conditions of article 44 of Law 4449/2017 and the independence criteria of article 9 par. 1 and 2 of Law 4706/2020:

a) the 2 (two) members are independent from the audited entity within the meaning of both the provisions of article 4 of Law 3016/2002, and in particular of Article 9 par. 1 & 2 of Law 4706/2020

b) they all have sufficient knowledge of the sector in which the Company operates and in particular of the sector in which the Company has been incorporated by the Athens Stock Exchange, and c) they have sufficient knowledge of Accounting.

Subsequently, the Audit Committee sent on time an Excerpt of the Minutes of the Meeting, with the above decisions, to the Capital Market Commission, in accordance with the instructions of the Capital Market Commission, in its letter dated 1508/17-07-2020, to the Companies Listed on the Athens Stock Exchange.

### Evaluation of the Audit Committee

The evaluation of the Audit Committee (with the previous composition) was carried out in the context of the evaluation of the effectiveness of the Board of Directors and its Committees through the company's corporate governance platform "The Board Practice" and was completed in two phases during the years 2022-2023.

The first phase of the evaluation process was completed in July 2022 and the results were presented to the Board in August 2022.

The second phase of the evaluation was completed in April 2023 and the results were presented to the Board in July 2023. The individual effectiveness of the Board members was captured through a self & peer-to-peer questionnaire completed online. This evaluation showed that the Members of the Board of Directors and its Committees largely ensure the smooth conduct of the body's work.

The corresponding evaluation process of the Board of Directors and its Committees for the years 2023-2024 has been decided by the Remuneration and Nominations Committee to be carried out in partnership with a consulting company and is expected to be completed within the current fiscal year. The Audit Committee with the present composition will be evaluated through this evaluation process.

It is noted that with the no. 21750/28.2.2024 Decision of the Company's Board of Directors found, following a relevant proposal of the Remuneration and Nominations Committee, that during the corporate year 2023 the conditions of independence of article 9 of Law 4706/2020 were met both in the persons of the existing independent members of the Audit Committee, i.e. Ms. Martsekis Anastasia and Ms. Mavrommati Marina as well as in the persons of the former independent members of the Audit Committee, i.e. Ms. Aikaterinis Beritsis and Mr. Michael Stavroulakis.

## **2. PURPOSE OF THE AUDIT COMMITTEE AND BASIC COMPETENCES**

The purpose of the Audit Committee is to support the Board of Directors in the fulfillment of the responsibilities of supervising the audit procedures for compliance with the legislative and regulatory framework regarding:

- (a) financial information,
- (b) the (external) mandatory regular audit of the Company's individual and consolidated financial statements and
- (c) the Operation of the Internal Audit Department

In more detail, the responsibilities of the Audit Committee on the above include monitoring:

- the process of compiling the financial information by the company's organizational units, as well as the proper disclosure of this information to the investing public (announcements to the AX, press releases).
- the process of the mandatory audit of the company's financial statements and informing the Board of Directors. on its contribution to the accuracy, correctness and completeness of the financial information. The Audit Committee takes into account the supplementary report submitted by the

Statutory Auditor, which includes the results of the external audit and everything else that is worth reporting to the Board of Directors.

- the independence of the Statutory Auditors (time period of cooperation, any incompatible non-audit services, level of remuneration). The Statutory Auditor annually submits his declaration of independence and discusses with EU members any threat to his independence and any safeguards.
- of the process of selection of the Sworn Auditors which is based on relevant market research and in a completely justified manner of the final selection of the statutory auditor.
- of the Internal Audit Department in terms of the quality and scope of the audits it carries out, the priorities determined by changes in the financial environment, the systems and the level of risks and the general performance and effectiveness of its operation.

### **3. OPERATION OF THE AUDIT COMMITTEE**

The operating framework of the Audit Committee is determined by its Operating Regulation, which has been updated with the no. Decision of the 1468th /05-07-2023 meeting of the Board of Directors of E.YD.AP. S.A. and posted on the Company's website.

The Audit Committee evaluates, at least every two years, the appropriateness and effectiveness of its Operating Regulations, in order to determine whether there is a need to update them, in any case, when there are changes in the role and responsibilities of the Committee, the Company or the legislation, the which concern the issues covered by the Regulation.

#### **Update of the Audit Committee Operation Regulation**

During the 5th/16-05-2023 meeting of the Committee, the Operating Regulations of the Audit Committee were reviewed based on the periodic assessment of its adequacy, as defined by the legislation and International Standards and it was unanimously deemed necessary to update it. In this context, improvements were incorporated in issues identified during the implementation of the current Regulation and related to:

- 1) The elimination of responsibilities, regarding the monitoring of reports (whistleblowing), which now belong to the newly established Regulatory Compliance Committee, established in accordance with no. 21268 decision of the 1460th/22-03-2023 Meeting of the Board of Directors of EYDAP SA.
- 2) The revision of paragraph 2.2, where it is clarified that the meetings for the review of the Financial Statements must be attended by (two) 2 independent, non-executive members of the Audit Committee, in accordance with the directive of the Capital Market Commission.
- 3) The deletion of references to the relations with the EESYP, since the Company was in the process of returning the shares to the State.

Based on the above, the Audit Committee sent a recommendation to the Board of Directors, which subsequently approved the update, with resolution no. 21549 Decision of the 1468th /05-07-2023 meeting of

#### **Audit Committee Meetings**

The Audit Committee, for the implementation of its work, meets at regular intervals and on an emergency basis, when required. The frequency and timing of the Audit Committee meetings are proportional to the extent of its responsibilities taking into account, among other things, the activity, size, business environment and business model of the Company.

During the entire 2023 fiscal year the Audit Committee held 10 meetings and 8 within 2024 (so far) on the following dates:

MEETING WITH EX. COMMISSION COMPOSITION UNTIL 12/09/2023	MEETINGS WITH EXISTING COMPOSITION COMMISSION FROM 25/9/2023
1-17/1/2023	8-25/9/2023
2-7/2/2023	9-31/10/2023
3-7/3/2023	10-12/12/2023
4-21/4/2023	1-08/01/2024
5-16/5/2023	2-12/01/2024
6-30/6/2023	3-30/01/2024
7-11/7/2023	4-26/02/2024
	5-01/04/2024
	6-18/04/2024
	7-30/04/2024
	8-04/06/2024

All members of the Committee (former and current) have participated in all the meetings held in 2023 and 2024 so far.

The Secretary of the Committee participates in the meetings of the Audit Committee.

The Secretary of the Committee collects the issues, draws up the agenda table and distributes it to the members in a secure manner together with the information material, at least three (3) days before the meeting of the Audit Committee.

The Audit Committee, for each meeting, keeps Minutes of Meetings, which record the decisions taken, the attendees, the agreed actions and those responsible for implementation, which are signed by the members present, in accordance with article 93 of Law 4548/2018. In cases where decisions have been taken by majority, the opinion of the minority must be recorded in the Minutes.

It is up to the discretion of the Committee to invite, whenever deemed appropriate, other members of the Board of Directors or Committees, executives of the Company or other persons inside and outside the Company, in order to inform it and/or attend a specific meeting or specific items on the agenda.

The General Director of Financial Services is invited to participate in the meetings of the Audit Committee and to provide information on the important, critical and essential issues related to the process of drawing up the financial statements and how to deal with them. The Audit Committee has frequent communication with the Internal Audit Department in the context of performing its duties. In this context, the head of the Internal Audit Department is invited to participate in the meetings of the Audit Committee and to provide information on the progress of the conducted audits and the monitoring of the course of implementation of the corrective actions decided in the context of the audits.

The Audit Committee also has frequent communication and meetings with the statutory auditors to review the financial statements and evaluate the financial information provided.

The Chairman of the Board of Directors is invited to all meetings of the Committee.

#### Work of the Audit Committee within the year 2023 with reference to the fiscal year 2022

Report of the Audit Committee to the Board of Directors on the 2022 Financial Statements:

The Committee, after reviewing the Financial Statements of the Company and the Group for the year ended 31 December 2022 and the discussions it had with the Financial Services Department and the statutory auditors, assessed and concluded that they are complete and consistent with respect to the



information that had been brought to our attention, as well as the accounting principles applied by the Company.

Based on the aforementioned, it was found that the Company's financial statements are in accordance with the mandatory, by law, their content and their preparation framework and the Committee assessed that the annual financial report, together with the financial statements and the Company's management report, depict in a true, correct, balanced and comprehensible manner the evolution, performance and position of the Company and provide the required information to the shareholders.

He then drafted and sent a detailed information report to the Board of Directors.

#### Work schedule of the Audit Committee for the year 2023

The Commission approved its work program for the year 2023 including distinct sections regarding:

- Internal Audit Issues (indicative: approval of the annual Audit Plan, discussion of audit reports, course of implementation of proposed corrective actions based on audit findings, etc.).
- External Auditor Matters – Meetings with the External Auditors to discuss audit matters, performance evaluation and independence matters.
- Matters of the financial statements, in the presence of the Managing Director, the Financial Director and the External Auditors.
- Issues of the Internal Control System and discussion with Management on corrective actions as well as joint meetings with other Board Committees

#### Reports of the Audit Committee to the Board of Directors

The Audit Committee informs the Board of Directors, at least once per quarter and additionally whenever deemed necessary, about its work.

This update includes indicatively:

- The important, critical and essential issues related to the preparation of the financial statements and how to deal with them,
- The evaluation of the effectiveness of the regular control process
- The recommendation of 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 role of the Committee, and
- The reports submitted to the Committee by the Internal Audit Director regarding the work of the Internal Audit Department.
- Other special issues that concerned the Committee (Update of Policies, Regulations, Provision of Consulting Services, etc.)

The Committee has drawn up and submitted activity reports within 2023 regarding its activities, as above, to the Board of Directors, for the year ended: December 31, 2022 (Annual Activity Report), as well as for the quarters ended on December 31 2022, 31 March 2023, 30 June 2023 and 30 September 2023.

#### **4. EXTERNAL CONTROL**

During its meetings, the Committee was informed and discussed issues related to the process of commissioning and preparation of the external audit of the 2023 half-yearly and annual financial statements, as well as the presentation of the results.

The main topics discussed and the related activities of the Committee are:



### External (Sworn) Auditors - Appointment of External Auditors

The Committee has primary competence in the selection of the main audit partner (regular auditor). The relevant tasks of the Commission include: the scope of the audit, the initiation of the tender process, the expression of opinion and the recommendation to the Board of Directors for the appointment.

During its 4th / 21-04-2023 meeting, the Committee, evaluating the work of Grant Thornton, the Company's statutory auditor, and taking into account the financial offer they submitted, which was judged to be the most favorable, decided to propose to the Board of Directors the re-appointment of the auditing company Grant Thornton as statutory auditor for the year 2023.

### Regular External Audit Planning 2023

The Statutory Auditors presented to the Committee the planning of the Audit, in relation to the schedule of the regular audit of the Company's corporate and consolidated statements for the year 2023, the audit teams and experts, as well as reference to the important issues during the audit planning and in particular to the recognized risks of the financial statements.

### Audit of Annual Financial Statements 2023 – Major audit issues

The Committee monitored the audit of the Company's annual financial statements for the corporate year ending on 31.12.2023 by the statutory auditors.

The statutory auditors referred, among other things, to the determination of the essential size in terms of the design and execution of the audit (materiality) and the methodology and parameters for its determination were discussed with the Commission. More specifically, the sworn auditors informed the Commission that for the calculation of the Essential Size, Profits before taxes have been set as a suitable benchmark, given that the Company is listed on the Athens Stock Exchange.

In the discussions with the statutory auditors, particular emphasis was placed on the most significant audit matters as identified by the statutory auditors and how they were addressed in their audit.

### Tax Audit

The statutory auditors, in their meeting with the Commission, informed the Commission members of:

- the completion of the tax audit conducted in accordance with article 65A par. 1 of Law 4174/2013 and POL.1124/2015, as amended, on the Company itself and on those of its Greek subsidiaries that have been subject to the tax audit for the year 2023.
- the Tax Compliance Reports they issued in the context of the above tax audit and the evolution of the tax audits by the authorities.

### Ensuring the independence, objectivity and maintaining the effectiveness of the External Audit

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

The Committee takes into account the statutory auditor's annual declaration of independence and discusses with him threats that may jeopardize his independence, as well as the ways in which these threats are addressed. The Committee considers whether the relationships, taking into account the

views of the statutory auditor, Management and internal control, as appropriate, appear to be capable of affecting the independence and objectivity of the statutory auditor.

The statutory auditors in 2023 submitted to the Committee a declaration of independence from the Company in accordance with the Code of Ethics for Professional Auditors of the International Standards Board of Auditors (ISA Code) and the ethical requirements related to the audit of financial statements in Greece.

#### Provision of permitted non-audit services by statutory auditors

The Commission monitors the auditor's compliance with the provisions of Regulation (EU) no. 537/2014, as applicable from time to time, as well as the other relevant regulatory requirements, regarding the amount of the total fees paid by the Company to him in relation to the total revenue of the statutory auditor or the total revenue from audit services, so that the independence and objectivity of the statutory auditor is not called into question 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, which are not prohibited by law. The Committee considers that the statutory auditors possess significant knowledge of the Group's activity and the manner in which the accounting policies are applied. This means that in some cases it is more efficient for statutory auditors to provide non-audit services themselves. Also, in some cases there may be confidentiality reasons that make statutory auditors the preferred choice to provide certain non-audit services.

However, ensuring the objectivity and independence of statutory auditors is a high priority. For this reason the Commission ensures that in any case the provision of such services will not alter their independence or objectivity.

For non-audit services not prohibited by law, the Committee judges and evaluates the following:

- possible threats to independence and objectivity arising from the provision of the service and any safeguards to eliminate or reduce these threats as far as they do not endanger the auditor's independence and objectivity,
- the nature of the non-audit services;
- if the skills and experience of the audit firm make it the most suitable provider of the non-audit service;
- the fees incurred or to be incurred for the non-audit services both individually and in the aggregate, in relation to the fees for the audit services, including special terms and conditions (e.g. and potential fee adjustments); and
- the criteria governing the remuneration of the persons carrying out the audit.

During 2023, the Committee reviewed non-audit services proposed to be undertaken by the statutory auditor to the Company or subsidiaries of the Group and, having assessed the nature of the proposed services and received relevant clarifications, statements and assurances from the statutory auditor, determined that no are a threat to the independence of a statutory auditor in accordance with the provisions of Article 44 of Law 4449/2017 and Article 5 of Regulation (EU) 537/2014.

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

## **5. Financial Information**

Financial Results for the First Half of 2023

The Directorate of Financial Services informed the Commission about the financial results of the 1st half of 2023 and the assurances about the correctness and accuracy of the information.

The sworn auditors informed the members of the Committee about the review they carried out on the individual and consolidated financial statements of the Company for the six-month period from 01.01.2023 to 30.06.2023 in accordance with International Auditing Standards and submitted a relevant report-presentation to the Committee. The statutory auditors referred, among other things, to the scope and areas of the Group's review procedures, the determination of materiality, the unresolved disputes and the significant review issues.

The Committee drew up a relevant report, on the review of the company's 2023 semi-annual individual and consolidated financial statements, to the Board of Directors.

### Annual Financial Statements 2023

Throughout the 2023 financial year, the Audit Committee monitored the most important issues that may have an impact on the financial statements and on the significant judgments and estimates of the Management during their preparation, including:

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

The Committee was informed by the Financial Services Department about the Financial Statements of the Company and the Group, prepared in accordance with IFRS for the year ending on 31 December 2023, as well as about the main accounting assumptions adopted by the Company for the preparation of the Financial Statements and the main issues that concerned the Financial Services Directorate during the preparation of the Statements before the announcement of the results.

He reviewed the report of the annual period, with reference to the important events that took place during the Financial Year 2023 and their effect on the Financial Statements of the same period, he was informed about important transactions concluded between the Company and its related parties, in accordance with IAS 24 as well as the most important events after the end of the year.

He also reviewed the Non-Financial Statement of the company, based on Law 4403/07.07.2016 as well as the taxonomy statement.

The statutory auditors submitted and presented to the Commission their supplementary report, in accordance with article 1 of Regulation (EU) 537/2014 regarding their audit of the Company's Financial Statements, on an individual and consolidated level, for the year ended 31 December 2023.

The Committee discussed with the statutory auditors (Grant Thornton) and the Financial Services Department the main audit issues during the audit of the Company's annual financial statements for the corporate year ending on 31.12.2023.

The Audit Committee received assurances from the Regular External Auditors that, based on the procedures carried out and the data gathered by the audit team, no facts and indications have arisen that would raise doubt regarding the Group's and the Company's ability to continue as a going concern. their activity.

The Committee reviewed the financial statements, based on the above, before their approval by the Board of Directors, assessed their completeness and accuracy, according to the information disclosed to the members of the Audit Committee, as well as that the appropriate accounting principles were adopted and expressed its opinion on them by sending an informative report to the Board of Directors.

### **Information Report of the Audit Committee to the Board of Directors on the Financial Statements 2023**

The Committee, after reviewing the Financial Statements of the Company and the Group for the year ended 31 December 2023 and the discussions it had with the Financial Services Department and the statutory auditors, evaluated and concluded that the annual financial report as a whole together with the annual financial statements and the annual management report of the Company, depict in a true, fair, balanced and comprehensible manner the evolution, performance and position of the Company, as well as of the companies included in the consolidation, and provide the required information to the shareholders. Also, the Committee informed the Board that the Statutory Auditors have substantially contributed to the integrity of the Financial Statements with their experience 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 2023, the financial performance and cash flows for the year ended on that date.

### **6. Supervision of Internal Audit Department Operation**

In order to monitor the activity, role and effectiveness of the Internal Audit Department, as well as the audit program, the Committee held regular meetings with the Director of Internal Audit. Every quarter, reports were received from the Internal Audit Directorate, with the most important issues and its proposals regarding the tasks provided for by Law 4706/2020, Article 16 par.1. which were then forwarded to the Board of Directors for information. The main issues examined within 2023 are the following:

#### **Preparation of the control plan for the year 2023**

During the review of the audit plan proposed by the DIE for 2023, in addition to the results of the risk assessment, the following criteria of audit interest were taken into account:

The strategy and objectives of the company, significant changes in information systems, legal framework, the size and importance of the audited entity, the frequency of previous audits in the specific area, the assurance provided by other audit mechanisms, any observations of the external auditors as formulated in management letter, the requests of the Audit Committee and the Management, the requirements of legal and regulatory compliance, findings of previous audits, as well as the degree of response of the audited units to them.

Based on this overall assessment, the objects of the audit were reviewed and the EU, as provided by the legal and regulatory framework of the operation of the Audit Committee within the framework of its duties, unanimously approved the sending of the draft audit program 2023, for discussion and approval at a meeting of Board of Directors of EYDAP SA with a proposal from the EU drawn up by the President of the EU, based on the above and unanimously approved.

Subsequently, the Board of Directors approved the Audit Program for the year 2023.

The Committee was informed at regular intervals by the Internal Audit Directorate on the progress of the implementation of the audit program for the year 2023.

### Progress of the implementation of the 2023 EU inspection program

The audit program of the Internal Audit Directorate for the year 2023, as approved with no. 21155 Decision of 1455/25-01-2023 of the Board of Directors of EYDAP SA, initially included 25 Regular Audits and 4 extraordinary audits (a total of 29 audits).

In November 2023, the Internal Audit Directorate submitted to the EU the revision of the Internal Audit Program, which the EU approved and sent to the Board of Directors for finalization.

After the approval of the Revision of the Audit Program of the DEE, with the Decision no. 211727 of the 1477/06-12-2023 Meeting of the Board of Directors of EYDAP SA, the scheduled audits were reduced to the number of 17 including the extraordinary ones.

Of the 17 audits included in the final, revised 2023 audit plan, 13 were implemented (76% rate).

The Committee was informed at its meetings by the Director and officers of the Internal Audit Department about all the audits completed within 2023, their findings, about how the findings of the audits adversely affect the effectiveness of the company's internal control system, for the corrective actions agreed with the top managers and the timeframe for their implementation.

In addition, it was informed by inviting the Managing Director to its meetings, at regular intervals, about the course of implementation of the corrective actions and the schedules of related works based on the findings of the audits.

The completed final reports are sent as attachments to the quarterly activity reports submitted by the Internal Audit Department to the Audit Committee and subsequently forwarded by the Audit Committee to the Board of Directors.

The Audit Committee deems it necessary, for the development of the internal audit department's organizational structure, to further strengthen it, numerically, with experienced and specialized personnel.

### Planning external evaluation of the Internal Audit Department

Regarding the further improvement of the operation and efficiency of the Internal Audit Department, the Audit Committee, in the context of its role and its efforts to consolidate good Corporate Governance, decided to proceed with the process of the External Evaluation of the Internal Audit Department of EYDAP SA, according to with International Standard on the Professional Practice of Internal Auditing (ISPPIA) 1312 of the International Institute of Internal Auditors (IIA).

The purpose of said project concerns the provision of an external evaluation and an independent opinion on the level of compliance of the Internal Audit Department with the internationally recognized Standards and in detail:

- The level of compliance with the Standards and the Code of Ethics (Conduct), overview of internal control regulation, plans, policies, procedures and practices and alignment with applicable statutory and regulatory requirements.
- The efficiency and effectiveness of the internal control function through the evaluation of the processes and structures of the internal control function, as well as the evaluation of the knowledge, experience and expertise of the internal auditors. □ The extent to which the internal audit function meets the expectations of the Board of Directors, senior management and those charged with governance of the organization's operations and adds value to the organization, based on local / international best practices and/or the extent to which expectations are met interested parties.
- Comparative evaluation of the Company in relation to similar companies (benchmarking), for example, using available information from the IIA ("Global Audit Information Network" - IIA GAIN reports).

- If possible, an IIA report will be selected for this evaluation for a sector related to the operation of the Company (e.g. Utilities or Government sponsored enterprises, etc.), depending on its availability by the IIA, during the performance of the evaluation.

The result of the work will be an evaluation report, with recommendations of a consultative nature and purpose, which will contain findings/observations regarding what, in detail, refers to the purpose of the project and related proposals regarding the degree of compliance (conformance) with the relevant International Standards, as well as proposals for further improvement of the structure and operation of the DIE, with the integration of good/best internal control practices, to achieve the objectives of both the DIE and EYDAP as a whole, action plans to improve the quality, efficiency and effectiveness of the internal audit, innovative ideas and ways to operationalize the internal audit function to better serve the organization's stakeholders and add value.

## 7. Internal Control System

The relevant matters attended to in the meetings held by the Committee in the year 2023 included the following:

Reviewed the effectiveness of the internal control system, in particular in terms of the adequacy and correctness of the provided financial and non-financial information, risk management, regulatory compliance and the corporate governance code adopted by the Company, through the results of the internal and external audit and the reports with the important findings and proposals, together with the Management's opinion on them.

She was informed in her meetings by the Managing Director about key IT projects related to the digital transformation of the Company, as well as about cyber security issues and the adequacy of the Company's information system security barriers.

Monitored the course and progress of implementing corrective actions to remove the findings of comprehensive audits carried out by the Internal Audit Department, through regular Management presentations and Follow-Up Audit Reports drawn up by the Internal Audit Department, transmitting following the information to the Board.

The response of the Administration regarding the degree of implementation of corrective actions of controls of previous years (based on the entries of the operators themselves in the follow up platform), shows an improvement compared to the previous years.

Immediate priorities of the Audit Committee, regarding the Internal Control System, are:

1. The intensification of efforts, in cooperation with the Management and the auditing bodies, in order to achieve further improvements in the agreement and in the recording of the findings and the actions to be implemented, and in the methodology of monitoring the corrective actions until their final implementation. Particular emphasis should be placed on the methodology and framework for examining and accepting risk limits, in collaboration with the Management and the Risk Management Unit.
2. Emphasis on emerging risk areas such as climate change related risks and cyber security related risks.
3. Actions that will contribute to strengthening and better coordination between all corporate structures that promote the smooth operation and improvement of the Internal Control System (Internal Control Functions, Risk Management, Regulatory Compliance, etc.).
4. Continuation of efforts to record procedures and security barriers in critical areas of the company's operation.

### External Evaluation of the Internal Control System

The Audit Committee monitored the process for carrying out the external evaluation of the Internal Control System in terms of meeting the schedules and monitoring the agreed project.

He learned about the results of the External Evaluation Report of the Interior System Audit carried out in application of the provisions of Law 4706/2020 in accordance with paragraphs 3 and 4 of article 14.

The final evaluation report of the adequacy and effectiveness of the EMS carried out by Grant Thornton and received on 29/03/2023 concluded that from the work carried out and the evidence obtained regarding the assessment of the adequacy and effectiveness of the Company's EMS, no weaknesses were identified that could be considered as essential weaknesses in the Company's ESS, according to the Regulatory Framework, except for the gender quota in the composition of the members of the Board of Directors which was marked as a finding of high importance.

The resolution of the above issue was reached at the 41st <sup>Ordinary</sup> General Assembly of the Company where the members of the Board of Directors were appointed in full compliance with the provision of article 3 par. 1b of Law 4706/2020

### Evaluation of the Company's internal procedures by the Certified Auditors (Management letter)

The statutory auditors submitted and presented a report to the Committee regarding the assessment of the Company's internal procedures as revealed during the regular audit of the year 2023

The CEO was invited by the Audit Committee and presented the Management's response plan to the management letter 2022 highlights as well as the course of implementation of the corrective actions on the management letter 2021 highlights.

Subsequently, the Staff Summary of the course of implementation of the Corrective Actions on the Management Letters 2021 and 2022, were forwarded by the EU and presented at a meeting of the Board of Directors, which has the general supervision of the effectiveness of the Internal Control System, in order to have more complete information regarding the course implementation of the decisions - commitments of the auditees, based on the schedule that the auditees have committed to implement, so that further measures can be taken, where there may be delays.

## **8. Sustainable Development Policy**

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

Sustainable Development is an integral element of EYDAP's long-term business strategy. It is the driving force through which the Company aspires to remain competitive over time, to face modern challenges and, by developing appropriate partnerships, to contribute to a new efficient development model without social exclusions, as reflected through the Global Sustainable Development Goals.

The Company's Sustainable Development strategy aims to create long-term and sustainable value, for shareholders and other groups of its Social Partners, through a holistic approach that combines economic stability with social and environmental sustainability. It is implemented through three main levels, which are inextricably linked to each other, while it is governed by specific Principles that ensure completeness (Principle of Materiality), quality (Principle of Participation of Social Partners) and transparency (Principle of Accountability) throughout the scope of its activity.



EYDAP, realizing not only its institutional corporate role but also its responsibility towards society, integrates sustainable development goals into its operation and carries out actions in the context of corporate social responsibility following the following principles:

- Optimization of Corporate Governance
- Supporting the Economy: research and innovation
- Respect for the Environment & Climate
- Respect for Human Rights & Employees
- Supporting Society · Culture

Much of the indicators for monitoring corporate goals are set with modern ESG-based governance standards and the company uses appropriate KPIs to monitor the achievement of its corporate strategy.

Regarding the impact on the environment (E), EYDAP focuses on the sustainable management of natural resources and water sources, the protection of ecosystems and the reduction of the carbon footprint, adopting circular economy principles.

Regarding the impact on society (S), services are offered and projects are implemented that improve the quality of life of citizens. strengthening local communities with integrated local development approaches. Essential issues are the health, safety of workers and consumers and the development of workers while ensuring equal opportunities and the right to diversity.

Regarding corporate governance (G), the essential strategic issues of EYDAP are the composition of the board of directors in accordance with the principles of sustainable development, the fight against corruption, financial performance and operational resilience, effective supply chain management and the protection of personal data.

The Sustainable Development Report is prepared in line with the guidelines of the international sustainability reporting initiative of the Global Reporting Initiative (GRI), with the aim of responding to the needs of its stakeholders and presenting the way the Company manages its most significant impacts , in the context of sustainability and long-term value creation. The effects of the Company are evaluated in terms of the UN's Global Sustainable Development Goals on a national basis.

In 2023, EYDAP implemented a materiality analysis to identify the essentials for the Sustainable Development of its issues.

The Sustainable Development Report, in addition to the GRI guidelines, is aligned with the principles of the Sustainability Accounting Standards Board (SASB) as well as the Athens Stock Exchange Guide "ESG Indicators of the Athens Stock Exchange" for the disclosure of non-financial information.

The Audit Committee reviewed the Sustainability Report for the fiscal year 2022 (issued within the fiscal year 2023) and the related Independent Limited Assurance Report by the audit firm Grant Thornton. The assurance engagement was designed and performed in accordance with International Standard on Assurance Engagements 3000, "Assurance Engagements Beyond Audits or Reviews of Historical Financial Information" (ISAE 3000 (revised)), in order to provide limited-level conclusions on the information referred to in the paragraph "Scope work" of the Assurance Report.

In the conclusions of Grant Thornton's Assurance Report, it is stated that:

*" Based on the scope of our work and its limitations, as described in the relevant paragraph above, we state the following conclusions which are based on the procedures we performed and are referred to in the section "Audit Work Performed:*

*Nothing came to our attention that would lead us to the conclusion that the Company's 2022 Sustainable Development Report does not meet the requirements of the agreement level according to GRI- Universal Standards "In accordance".*

*We have not come to our attention of any element that would lead us to the conclusion that indicators such as those mentioned in the paragraph "Scope of Work", and included in the Company's 2022 Sustainable Development Report, are materially inaccurate .*

EYDAP recognizes the importance of the external assurance of the Sustainable Development Report 2023 and aiming at the transparency and strengthening of the reliability of the information provided in view of the new standards, has assigned the external assurance of selected indicators and elements of the Report to Grant Thornton Greece and the report of Limited Assurance of Independent Auditor for the annual Sustainable Development Report of EYDAP.

The Sustainability Report for the year 2023, with the related Independent Limited Assurance Report from Grant Thornton, is expected to be finalized by July 2024.

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The Audit Committee fulfilled its obligations, as an assistant in the work of the Board of Directors, with a sense of responsibility towards the shareholders and other interested parties, in the context of the implementation and adoption of best corporate governance practices and with the aim of strengthening the audit culture, continuous improvement of the internal control system and the creation of corporate value.

**For the Audit Committee of the Board of Directors of EYDAP SA**

**The Chairman**

**Anastasia Martseki**