



Audit Committee

PUBLIC POWER CORPORATION S.A.

Annual Report of the Audit Committee for the year 2023



I. Introduction

The Audit Committee (AC) submits this annual report to inform the Company's Shareholders of its activities for the year ended on December 31, 2023 (1.1.2023 - 31.12.2023), demonstrating its significant contribution to the Company's compliance with the laws and regulations governing its operations, in an environment characterized by complex challenges and intense uncertainties.

Despite external challenges, the Company has taken significant steps towards implementing its plan of transforming into a modern, outward-looking, and sustainable energy company. In this new context, the AC focused on strengthening the Internal Control System through its regular activities, actively contributing to management's efforts in safeguarding proper operations and decision-making in an environment where laws and best corporate governance practices are applied and risks are identified and managed, as required for the Company's sustainability.

II. Responsibilities - Purpose of the Audit Committee

The AC operates according to the provisions of Article 44 of Law 4449/2017, as amended, Article 10 of Law 4706/2020 "on corporate governance," and Article 9 of Law 4643/2019, as well as the provisions of secondary legislation, such as the relevant circulars and decisions of the Hellenic Capital Market Commission (HCMC) as in force (indicatively, circulars/letters 1302/28.4.2017, 1508/17.7.2020, 427/21.2.2022, 428/21.2.2022), of the Directorate of Listed Companies of the HCMC, and Regulation No. 537/2014 of the European Parliament and of the European Council of 16 April 2014.

The purpose of the AC is to assist the Board of Directors in fulfilling its duties and responsibilities towards the Company's shareholders and the investors' community, particularly in ensuring the integrity, objectivity, adequacy, and effectiveness of:

1. The process of preparing the financial statements, especially the process of financial reporting and the process of the audit of the individual and consolidated financial statements by independent Certified Auditors -



- Accountants.
2. The selection and evaluation of the independence of the Certified Auditors - Accountants.
 3. The Internal Control System, including risk management, compliance, and the Internal Audit Unit.
 4. The corporate governance system.
 5. The procurement function.

The role, responsibilities and mode of operation of the AC are reflected in its Rules of Procedure of the Audit Committee, which is in accordance with the current legal and regulatory framework, has been approved by the Company's Board of Directors, and is available at the following link on the corporate website:

[https://www.ppcgroup.com/en/ppc-group/corporate-governance/organization-of-the-company/bod-committees/audit-committee/.](https://www.ppcgroup.com/en/ppc-group/corporate-governance/organization-of-the-company/bod-committees/audit-committee/)

III. Type - Structure - Composition of the Audit Committee

The AC is an independent, "mixed" committee, consisting of independent non-executive members of the Board of Directors and third-parties, non-members of the Board of Directors, in accordance with Article 44, paragraph 1, case (a), subparagraph (ab), of Law 4449/2017, as amended, and Article 9 of Law 4643/2019.

By Decision No. 18/07-03-2023, the Board of Directors of the Company appointed Mr. Nikitas Glykas as the temporary replacement of the resigning, for professional reasons, member of the Audit Committee, Mr. Konstantinos Cholevas, for the period from 07-03-2023 to 31-03-2023, when the Extraordinary General Meeting of the Company's Shareholders was held, at which Mr. Nikitas Glykas was elected, in accordance with Article 9 of Law 4643/2019, to replace the aforementioned resigning member for the remainder of the term, until 07-05-2023, and subsequently was elected as a member of the Audit Committee for a three-year term, from 08-05-2023 to 07-05-2026, according to Article 44 of Law 4449/2017, as amended by Article 74 of Law 4706/2020 and in force.

The AC of PPC S.A. consists of six (6) members, appointed by the General Meeting



of Shareholders (GMS), including:

- Four (4) members of the Board of Directors or non-members of the Board of Directors. Generally, any combination may be determined, provided there is at least one member of the Board of Directors and the majority of the members are independent of the Company, according to Article 9, paragraphs 1 and 2 of Law 4706/2020. The AC members must have sufficient knowledge of the sector in which the entity operates, and at least one (1) of them, independent of the Company, as per the provisions of Law 4706/2020, must have sufficient, documented knowledge and experience in auditing or accounting.
- Two (2) members, according to Article 9 of Law 4643/2019, are selected from a list of persons with proven experience in the field of contract and procurement management of projects and services, who are independent of the Company, within the meaning of the provisions of Law 4706/2020.

Following the above, the current Audit Committee was constituted at its meeting on April 5, 2023.

Two (2) of the above-mentioned members, namely Ms. Maria Psillaki and Mr. Christos-Stergios Glavanis, according to Article 44 of Law 4449/2017, as amended by Article 74 of Law 4706/2020 and in force, have sufficient knowledge and experience in auditing or accounting.

IV. Audit Committee Meetings

In 2023, the AC held twenty-three (23) meetings. The participation of the members of the AC in these meetings is summarized in the table below:

Name	Position	Tenure	Participation
Maria Psillaki	Chair of the AC, Independent Non- Executive Member of the Board of Directors	17.12.2021 - 16.12.2024	23/23



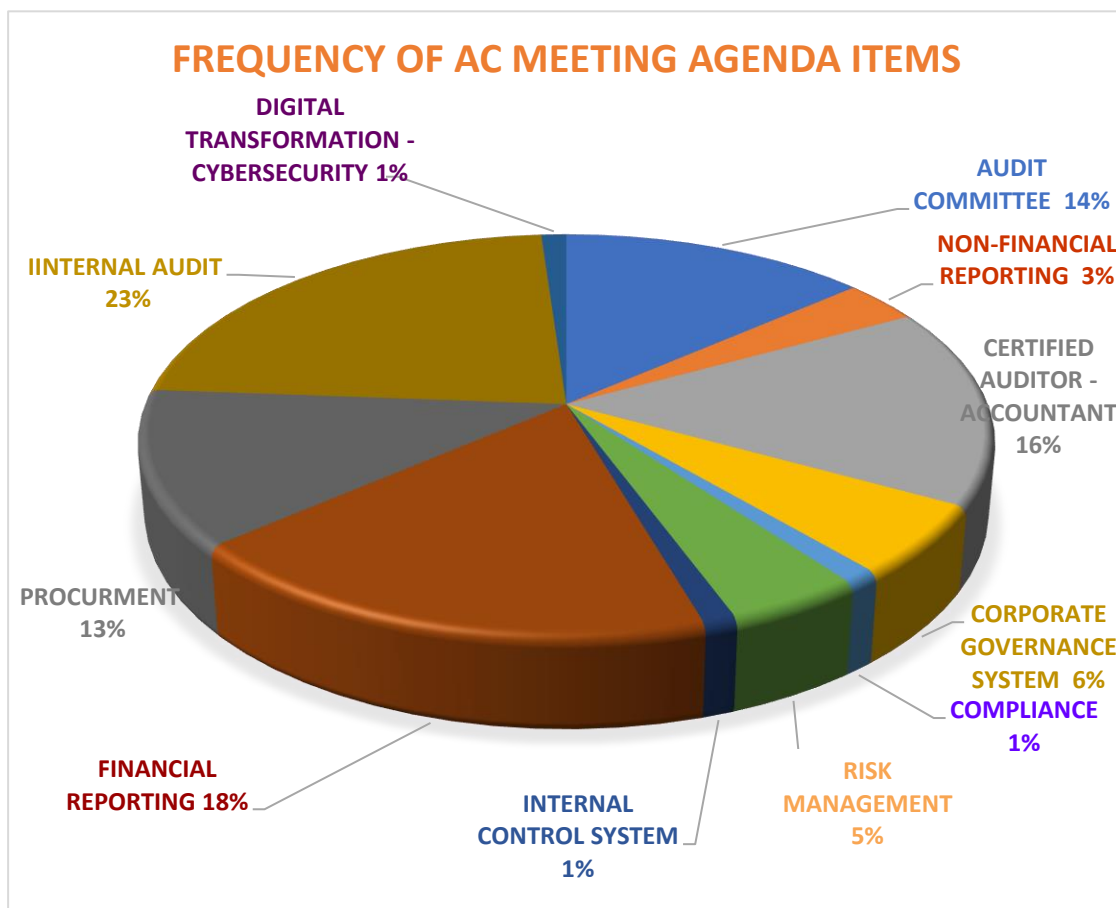
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Name	Position	Tenure	Participation
Despoina Doxaki	Independent Non-Executive Member of the Board of Directors	27.06.2019 - 26.06.2022 29.06.2022 - 28.06.2025	18/23
Stefanos Kardamakis	Independent Non-Executive Member of the Board of Directors	22.08.2019 - 21.08.2022 22.08.2022 - 21.08.2025	18/23
Evangelos Angeletopoulos	Independent Non-Board Member	08.05.2020 - 07.05.2023 08.05.2023 - 07.05.2026	23/23
Konstantinos Holevas	Independent Non-Board Member	05.05.2022 - 07.05.2023 (in replacement of a resigned member)	3/13
Christos-Stergios Glavanis	Independent Non-Board Member	14.12.2022 - 13.12.2025	23/23
Nikitas Glykas	Independent Non-Board Member	07.03.2023 - 07.05.2023 08.05.2023 - 07.05.2026 (in replacement of a resigned member)	18/18

According to the provision of Article 5 of the Operating Charter of the AC "Representation of Third Parties in Meetings", during 2023, the Director of Internal Audit was invited and participated in the meetings of the AC. Additionally, the AC held meetings with the participation of the Company's executives, such as the Deputy CEO of Digital Transformation, the Chief Legal Affairs & Corporate Governance Officer, the Chief Support Operations Officer, the Chief Finance Officer, the Chief Human Resources and Organization Officer,

and the Directors of Compliance, Risk Management, Sustainable Development, Accounting Services, Procurement System Transformation, Renewable Energy Procurement, among others. The Certified Auditor Accountant of the 2023 financial statements was also invited and participated in meetings, as required. Finally, the Secretary of the AC attended all meetings of the AC.

The supporting material for the meetings was distributed to all members through the PPC portal. Minutes were kept for all AC meetings held in 2023. The meetings of the AC addressed topics in the following thematic areas.



A. External Audit / Financial Reporting Process

Selection of External Independent Certified Auditor - Accountant

The AC is responsible for the selection of the Certified Auditors Accountants and proposes the statutory auditors-accountants or the audit firms to be appointed



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to the BoD, in accordance with Article 16 of Regulation (EU) No 537/2014, unless paragraph 8 of Article 16 of Regulation (EU) No 537/2014 applies.

Since the three-year period (2020-2022) for which the assignment of the mandatory audit of the Company's individual and consolidated financial statements to Ernst & Young Certified Auditors - Accountants S.A. (EY) ended in 2023, the AC initiated the process for the selection of the external independent Certified Auditor - Accountant for the next years. According to it and taking into account, among others, the technical adequacy and experience of EY, its performance during the previous three-year period, as well as the absence of conflicts of interest regarding the statutory audit services, the AC proposed to the shareholders the election of EY as the Certified Auditor-Accountant of the Company for the years 2023 and 2024, as well as the approval of its fee for the year 2023, which includes the fee for the statutory audit of the financial statements and the fee for issuing the tax certificate.

The decision for the fiscal year 2024 will be renewed by the Annual Ordinary General Meeting of Shareholders of that year.

The aforementioned audit firm will also be proposed for the audit of the Group's subsidiaries for the same period, based on the corresponding fees for each company.

Ensuring the independence and objectivity and maintaining the effectiveness of the Company's certified auditors

The AC is responsible to ensure the external auditor's independence and objectivity, as well as to monitor the effectiveness of the statutory audit. Additionally, the AC, as per its established practice and in accordance with Article 5 of EU Regulation No 537/2014, as well as its Operating Charter, pre-approves all audit and non-audit services provided to the Company by the Certified Auditors - Accountants or audit firms that have undertaken the statutory audit of its financial statements.

During 2023, additional engagements were assigned to EY, which were not related to the statutory audit for the fiscal year 2023. The AC consented to these assignments, having duly assessed compliance with the relevant legal framework



and the objectivity and independence of the statutory auditors, examining, for each assignment, in accordance with Article 22b of Directive 2006/43/EC:

- i) the total amount of fees of EY,
- ii) the type and nature of the permitted non-audit services,
- iii) the adequacy of any required safeguards, and
- iv) the reasons for their selection (confidentiality, efficiency) compared to other providers.

The AC determined in each case that these projects fall within the permitted non-audit services and do not raise independence issues, in accordance with the provisions of Law 4449/2017 and Article 5 of Regulation (EU) No 537/2014. Additionally, the AC determined that the total fees for these services did not exceed 70% of the average fees paid over the last three consecutive years for the statutory audit of the Parent Company and the Group.

Financial Statements

In the context of monitoring the financial reporting process and the progress of the statutory audit of the Company's individual and consolidated financial statements for the fiscal year 2022, the AC took the following actions:

- 1 Held meetings with the Certified Auditor - Accountant and the relevant Company units to assess the progress of the annual audit of the individual and consolidated financial statements for the year 2022, as well as the approach to addressing significant audit matters to be included in the Audit Report.
- 2 Was thoroughly informed of: a) the use of the going concern assumption adopted for the preparation of the financial statements, b) significant judgments, assumptions, and estimates made by Management in preparing the individual and consolidated financial statements for the year 2022, c) the adequacy of disclosures regarding significant risks faced by the Company and the Group, which may adversely affect their financial position or profitability, in conjunction with the financial impact of measures to curb the Covid-19 pandemic, and d) significant transactions of the Company with related parties.



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It is noted that particular emphasis was placed on the methodology for calculating unbilled revenue, a factor that significantly affects both the figures and the financial results of the Company and presents significant fluctuations between periods, depending on seasonality, energy demand, the Company's share in the retail market, and the prices in the wholesale market.

- 3 Was also informed about all pending legal matters to be included in the individual and consolidated financial statements for the fiscal year 2022, with particular emphasis on cases that may result in significant cash outflows for the Company and the Group, as well as about the content of the Corporate Governance Statement included in the Board of Directors' Annual Report for the fiscal year 2022.
- 4 Reviewed the financial statements before their approval by the Board of Directors, to assess the completeness of the provided information and their consistency, in relation to both the detailed material, which had been brought to its attention, and the accounting principles applied by the Company and the Group.
- 5 Reviewed both the Audit Report and the Supplementary Audit Report of the Certified Auditor - Accountant for the year 2022.

In the context of monitoring the financial reporting process and the progress of the statutory audit of the individual and consolidated financial statements of the Company for the fiscal year 2023, the AC took the following actions:

- Was informed by the Certified Auditor-Accountant about the annual statutory audit program for the year 2023. To this end, the Certified Auditor-Accountant submitted a schedule and a list of the audits / tasks to be carried out, as well as the most important risks and audit issues that in the opinion of the Certified Auditor-Accountant might need to be addressed.
- Held meetings with the Certified Auditor-Accountant and the relevant Company units regarding the preparation, review, and disclosure of the individual and consolidated financial statements of the Company for H1 2023.
- Reviewed the Certified Auditor's - Accountant's Report for H1 2023.



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- Monitored the process of preparing the individual and consolidated financial statements of the Company for Q1 2023 and the nine-month period of 2023, along with the key operational and financial figures of the Company disclosed for the respective periods, with particular emphasis on the conditions created both by the Covid-19 pandemic and the new conditions prevailing in the global energy markets due to the Ukraine-Russia conflict.
- Was informed by the Finance Group Function on each date of preparation of individual and consolidated financial statements, regarding the amount of the calculated unbilled revenue, seeking extensive clarifications on the observed fluctuations between periods.
- Was informed about the method of consolidation of ENEL Romania companies into the Company's consolidated financial statements, following their acquisition by PPC S.A., the process of auditing the consolidated figures of the new subsidiaries, as well as the extent to which the figures and results of the Company's consolidated financial statements will be affected.

It is noted that the AC met four (4) times with the external auditors, overseeing the process of auditing the 2022 financial statements, while regarding the audit of the fiscal year 2023, it held three (3) meetings within the year.

B. Internal Control System / Risk Management Department, Compliance Department, and Internal Audit Department

The Company, by decision no. 154/20.12.2022 of its Board of Directors, assigned to KPMG Certified Auditors S.A. the assessment of the adequacy and effectiveness of the Internal Control System of the Company and its significant subsidiaries, PPC Renewable Energy S.A. and Hellenic Electricity Distribution Network Operator S.A. (HEDNO S.A.), as of December 31, 2022, in accordance with the provisions of par. 1 of article 3 and par. 4 of article 14 of Law 4706/2020 and decision 1/891/30.09.2020 of the Board of Directors of the Hellenic Capital Market Commission, as applicable (the "Legislative Framework").

The assurance engagement was performed in accordance with the audit program included in decision no. 040/2022 of the Hellenic Accounting and



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Auditing Standards Oversight Board (HAASOB) and the International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information".

Based on the work performed by the assessor regarding the adequacy and effectiveness of the Internal Control System of the Company and its significant subsidiaries, no material weaknesses were identified.

Risk Management Department (RMD)

During 2023, the AC was informed by the Risk Management Director on the activities of the RMD and risk management in the Company. Particularly:

- The final drafts of the Corporate Risk Management Framework and the Operating Charter of the Risk Management Committee were presented to the AC, which were then introduced to the Board of Directors and were approved during its meeting on 20.2.2023.
- The current classification, assessment, and ranking of risks of the Company and the Group were presented and discussed with the AC, any changes were noted, and the quarterly review process was outlined.
- The close collaboration between the RMD and the Internal Audit Department was confirmed.
- The AC was informed about the key risks affecting the Company's financial statements. The prioritization of key risks, which is updated quarterly, was confirmed, and the process of identifying, assessing, and monitoring risks was discussed.
- The risk rating scale and ranking methodology were presented to the AC. Details were provided regarding the documentation and preparation of detailed response plans for addressing significant risks. It was clarified that while the Company has actions and processes in place for addressing key risks, these are not yet codified.
- The Company's Risk Appetite Framework was presented to the AC, and the key principles and procedures it entails were analyzed.
- The AC was informed about the implementation progress of the Corporate Risk Management Framework.



Compliance Department (CD)

The AC was informed by the Compliance Director about the action plan and the objectives achieved during 2023, during which the CD absorbed the role and responsibilities of the Director of Energy Transactions.

Specifically, the AC was informed about the preparation of a registry of key regulatory obligations, an issue highlighted during the assessment of the Company's Internal Control System by the External Auditor in March 2023, and about the development of a CD portal for the digital registration in a single point ("one-stop-shop") of all information pertaining to the thematic responsibilities of the CD.

Furthermore, the AC was informed about the achievements of all pillars of the CD, including compliance with the regulatory framework of energy transactions of the General Division of Energy Management, the anti-money laundering policy, and compliance with the legal framework for personal data protection.

Internal Audit Department (IAD)

Regarding the planning of the audit activities of the IAD, the AC received and evaluated the annual plan and resource requirements for its implementation. The annual audit plan of the IAD was developed based on the relevant legislative framework concerning the obligations of the IAD, as well as risk assessment. It includes audits related to:

- The implementation of the Operating Regulation and the Internal Control System, especially regarding the adequacy and accuracy of financial reporting, regulatory compliance, and the corporate governance code applied by the Company,
- quality assurance controls,
- corporate governance controls,
- the adherence to the commitments included in the Company's prospectus and business plans,



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- the Company's procurement system and, specifically, the implementation of the Regulation of Projects, Procurements and Services (RPPS),
- compliance of the General Division of Energy Management with the regulatory obligations related to the energy exchange.

The AC submitted to the Board of Directors the IAD 's proposed annual audit program and the need to strengthen the IAD with the required audit resources. Additionally, it assessed and adopted IAD's recommendations to the Board of Directors regarding required changes to the annual audit program during the year and aligned the commencement of the annual audit plan with the calendar year.

Regarding the monitoring of the audit work and the results of the internal audits, the AC received the detailed reports of the audited units. Additionally, it monitored the work of the IAD through quarterly reports and was extensively briefed on the key audit issues and the response of the audited units to the improvement recommendations of the IAD. Based on the above, the AC submitted to the Board of Directors the quarterly reports of the IAD.

Following the recommendation of the AC, the IAD, having set specific operational and strategic objectives, adopted Key Performance Indicators (KPIs) to monitor the achievement of the established objectives and evaluate its performance.

During 2023, the AC initiated the evaluation process of the Director of IAD for the year 2022, in accordance with the Company's operating framework.

The AC monitored the independence and adequate access of the IAD to organizational units and information as required for exercising its duties during the year.

C. Company's Procurement Function

Regarding the operation of the procurement function of PPC SA and PPC Renewables S.M.S.A and in accordance with the provisions of the current legal and regulatory framework that governs its operation, the AC performed the following in 2023:



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- Conducted audits to monitor the proper implementation of the current framework of the Company (Procurement Manual, RPPS, etc.) during the fiscal year 2022.
- Monitored the performance of the procurement function of the above-mentioned companies for the year 2023, using specific Key Performance Indicators (KPIs).
- Monitored the Inventory Control System, the inventory counts, and the inventory operations of PPC S.A.
- Monitored the transformation of the procurement function.
- Submitted an annual report to the Board of Directors regarding the audit results, the performance of the procurement function, and recommendations for improving its efficiency and effectiveness.

D. Sustainable development

In 2023, PPC, within the context of the revised Sustainable Development Policy (No. 88/12.7.2022 decision of the Board of Directors), formulated the Group's new sustainable development strategy, which is coordinated by the Sustainable Development Division and focuses on three pillars:

1. Net zero carbon footprint, with a transition to a low-carbon economy and the development of renewable energy sources (RES).
2. Nature positive operations, through resource use reduction, waste management, and preserving natural ecosystems.
3. Creating socio-economic shared value by enhancing the economy, empowering people, and promoting social collective action.

In 2023, the AC was informed by the Sustainable Development Division on the progress of projects and actions implementing the strategy in the context of the Sustainable Development Policy.

Furthermore, the AC was informed about the preparation and publication of the PPC Group Sustainable Development Report for 2022, which was conducted in accordance with the international standards of the Global Reporting Initiative Organization (GRI Standards). This is the third Sustainable Development Report at Group level, and the first time that a Double Materiality analysis was carried out to identify material issues, based on the guidelines of the CSRD regulatory



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framework.

In the 2022 report, 50 performance indicators were consolidated for the three significant companies of the Group (PPC, HEDNO, PPC Renewables), while the number of indicators that received external assurance, both the GRI ones (from 69 in 2021 to 80 in 2022) and those of the ATHEX ESG category (from 16 in 2021 to 129 in 2022), were substantially increased to enhance the credibility and transparency of the report.

Furthermore, the contribution of the Group's companies to the achievement of the United Nations' Sustainable Development Goals (SDGs) was presented to the Committee, through the implementation of specific actions, considering the impact of the activities of the Group's significant companies.

Maria Psillaki
Member of the Board of
Directors and Chair of the AC