

**Clarifications on item 6 of the Agenda regarding the Invitation
to the Ordinary General Meeting of PPC S.A. Shareholders
to be held on 24 June 2020.**

ITEM SIX: Information to Shareholders on the activities of the Audit Committee of the Company.

The Audit Committee (AC) submits the present Report on the Activities of the Committee for the fiscal year 2019 (1.1.2019 – 31.12.2019) aiming to inform shareholders, pointing out the substantial contribution and assistance of the AC in safeguarding the Company's compliance with the applicable legislative and regulatory framework, in a context of complex challenges and severe uncertainties.

A. Competences and composition of the Audit Committee

The current AC operates according to the provisions of Article 44 of L. 4449/2017 and taking into consideration the Circular of the Capital Market Committee no 1302/28.4.2017 and the Regulation (EU) no 537/2014 of the European Parliament and of the Council, as well as in accordance with article 9 of L. 4643/2019.

As a permanent committee of the Board of Directors, its purpose is to assist the Board in fulfilling its monitoring responsibility towards the shareholders, the investor community, and third parties regarding the procedures for preparing financial reports. Moreover, following the enactment of the provisions of article 9 of L. 4643/2019, the task of the AC is:

- The auditing and monitoring of the correct implementation of the Company's Regulations on Works, Supplies and Services on a sampling basis.
- The submission of an annual report to the Board of Directors on the performance of the function of awarding works, supplies and services of the Company based on specific indicators, aiming at enhancing effectiveness, reducing associated risks and connecting the Procurement function with corporate strategy and policies.
- The recommendation to the Board of Directors for amendments to the Regulations on Works, Supplies and Services and in general for measures to be taken in order to improve the performance of the Procurement function of the Company.

At the Company's Ordinary General Meeting held on 27.6.2019 a new three-member AC was elected according to the provisions of article 44 of L. 4449/2017.

The AC consisted of independent, as provided by L.3016/2002, Members of the Board of Directors of the Company. The structure and composition of the AC was as follows:

- George Venieris, Independent Non-Executive Member of the Board of Directors, Chairman of the AC,
- Christos Papageorgiou, Independent Non-Executive Member of the Board of Directors, and
- Despina Doxaki, Independent Non-Executive Member of the Board of Directors.

At the Company's Extraordinary General Meeting held on 22.8.2019, Mr. Stefanos Kardamakis was elected as an independent member to the Board of Directors of the Company and a member of the AC to replace the resigned member Mr. Christos Papageorgiou.

Consequently, as of December 31, 2019 the AC consisted of:

- Georgios Venieris, Independent Non-Executive Member of the Board of Directors, Chairman of the AC, for a three-year term of office, namely from 27.6.2019 up until 26.6.2022,
- Despina Doxaki, Independent Non-Executive Member of the Board of Directors, for a three-year term of office, namely from 27.6.2019 up until 26.6.2022, and
- Stefanos Kardamakis, Independent Non-Executive Member of the Board of Directors, for a three-year term of office, namely from 22.8.2019 up until 21.8.2022.

In accordance with those stipulated in par. 1 , article 9 of L. 4643/2019, the Company held an Extraordinary General Meeting of Shareholders on 8.5.2020 and elected two (2) new Independent Members of the AC, with proven knowledge and experience on matters pertaining to works, supplies and services.

Following the above, as of 8.5.2020 the AC consists of five members and has the following composition and structure:

- Georgios Venieris, Independent Non-Executive Member of the Board of Directors, Chairman of the AC, for a three-year term of office, namely from 27.6.2019 up until 26.6.2022.
- Despina Doxaki, Independent Non-Executive Member of the Board of Directors, for a three-year term of office, namely from 27.6.2019 up until 26.6.2022.
- Stefanos Kardamakis, Independent Non-Executive Member of the Board of Directors, for a three-year term of office, namely from 22.8.2019 up until 21.8.2022.
- Evangelos Angeletopoulos, Member of the AC, for a three-year term of office, namely from 8.5.2020 up until 7.5.2023 and
- Aimilios Stasinakis, Member of the AC, for a three-year term of office, namely from 8.5.2020 up until 7.5.2023.

Within the context of the effective functioning of PPC S.A.'s Internal Audit System, the AC held meetings with the participation of the Internal Audit Department, the Compliance Department, the Risk Management, Planning & Control Department, and the Accounting Department, since they all jointly contribute to the Company's activities effective monitoring and audit. Said meetings were organized in order to discuss in detail all matters of common interest and collaboration, which are crucial for the prompt and effective management of the company's risks, and determine the framework for regular exchange of information and holding of meetings with the aforementioned Departments.

Within the scope of the AC competences, twenty five (25) meetings were held in 2019, during which minutes were kept. These meetings concerned mainly, per category (Internal or External Audit), the following:

B. External Audit / Financial Reporting Procedure

- In 2019 the AC submitted a recommendation to the Board of Directors concerning the statutory audit of the separate and consolidated financial statements of the Company for the fiscal year 2019, the reappointment of the Certified Auditors-Accountants firm ERNST & YOUNG (HELLAS) CERTIFIED AUDITORS-ACCOUNTANTS S.A., following a tender procedure launched on 15.5.2018 and pursuant to the offer of the said firm dated 21.5.2018 for the audit of the fiscal years 2018 and 2019, also providing for an additional fee concerning the audit of the Group's Property, Plant and Equipment valuation procedure. This recommendation was submitted to and approved by the OGM of the Company.
- In order to proceed to the above recommendation, the AC verified once more, as per Law, the required independence of the certified auditors-accountants firm and of the audit teams involved in the audit of PPC S.A. and its subsidiaries and requested:
 - o a written confirmation of the independence of the chartered auditors-accountants firm vis-a vis the Group and
 - o a written confirmation of the nature and the extent of non – audit services provided to the Group.

No deviations from the standing provisions were identified.

Furthermore, the AC proceeded to the following actions:

- The monitoring of the financial reporting procedure and of the progress of the statutory audit of the separate and consolidated financial statements of the Company, for the fiscal year 2018. To this end:
 - 1) The AC was briefed by the certified auditor-accountant on the annual schedule of the statutory audit prior to its implementation and proceeded to its evaluation and approval.

- 2) Held meetings with the Chartered Auditor-Accountant and the involved Departments of the Company on matters pertaining to the audit of the separate and consolidated financial statements for the fiscal year 2018.
 - 3) Was briefed in detail on a) the appropriateness of management's use of the going concern basis of accounting, b) the significant judgements, assumptions and estimates of the Management for preparing the separate and consolidated financial statements for the fiscal year 2018, c) the recoverability of the Group's assets value, d) the adequacy of the disclosure of major risks faced by the Company, and e) important transactions with related parties.
 - 4) Reviewed the financial statements before being approved by the Board of Directors, in order to assess their completeness and consistency with regard to the provided information and the accounting principles applied by the Company.
 - 5) Was informed on the content of both the Audit Report and the Additional Audit Report of the Certified Auditor-Accountant for the fiscal year 2018.
- The monitoring of the procedure for the review of the interim separate and consolidated financial statements of the Company for the first half of 2019 by the Certified Auditors-Accountants. To this end:
 - o It held meetings with the Certified Auditor-Accountant and the Company's Departments involved on matters pertaining to the review of the interim individual and consolidated financial statements of the Company for the first half of 2019.
 - o It carried out the above actions (3) & (4) by applying those provided for with regard to the statutory audit of the annual individual and consolidated financial statements of the Company.
 - o It was informed on the content of the Review Report of the Certified Auditor-Accountant for the first half of 2019.
 - The monitoring of the procedure of internally prepared 3-month and 9-month separate and consolidated financial statements of the Company for the year 2019, as well as of the Company's main operational and financial figures, which were published for the corresponding time periods.
 - Its information on the amount of the Letters of Guarantee, which were issued and were outstanding by the end of the second half of 2018 and of the first half of 2019.

C. Internal Audit System

The AC reviewed issues concerning the functioning of the Internal Audit Department (IAD), as well as the auditing activity of the IAD in critical areas of audit interest, namely the monitoring of Contract execution, the management of inventories, the operation of the Sales Offices of the Supply Business Unit and the security of the company's Information Technology Systems, taking cognizance of the results and findings on the audits conducted by the IAD.

Following the presentation of the findings which resulted from the internal audits performed by the IAD, the AC held meetings with the competent Divisions and Business Units in order to discuss all major findings, focusing on ways to handle them and on corrective actions.

More in particular, the AC held meetings with the Chief Generation Officer and the Chief Human Resources & Organization Officer and pointed out areas of improvement mainly concerning:

- The monthly inventories of liquid fuels in the autonomous power plants of the Generation Business Unit.
- The procedure of delivery and receipt of liquid fuels at the autonomous power plants. A working group has been established for the updating of the relevant regulation on the delivery and receipt of liquid fuels.
- The management of useless or redundant materials and equipment in the company's power plants to be decommissioned (TPP PTOLEMAIDA LIPTOL & TPP AG. GEORGIOS).

Respectively, the following issues were discussed with the Chief Sales Officer, the Chief Support Operations Officer and the Director of Information Technology Department:

- The procedure for customer succession.
- The drawing-up of regular, periodic reports on the systematic monitoring of the operation of the Sales Offices of the Supply Business Unit.

The AC is being briefed by the IAD on the progress of the implementation of corrective actions with regard to major findings and informs accordingly the Board of Directors of the Company.

George Venieris

BoD Member and Chairman
of the Audit Committee