

Report from the Chairman of the Audit Committee to the shareholders to the Annual General Meeting on the activities of the Audit Committee based on the planned activities.

Purpose

The purpose of the Audit Committee is to assist the Board of Directors in carrying out its supervisory duties in relation to (i) the Financial Reporting process, (ii) the internal control system, (iii) internal control (iv), the external audit process, (v) the procedures of the GEK TERNA Group for the monitoring of the compliance with the laws, the regulations, and the Code of Ethics and (vi) the Corporate Governance System. The Committee has been set up and operates in accordance with all applicable laws and regulations.

Composition

The General Assembly of July 1, 2021, elected a new four-member Audit Committee with a two-year term, consisting of:

1. Apostolos Tamvakakis, independent non-executive member of BoD, who was appointed as Chairman of the Committee,
2. Spyridon Kapralos, independent non-executive member of the BoD
3. Dimitrios Afentoulis, non-executive member of the BoD and
4. Aggelos Tagmatarchis, who is the third independent person, non-member of the BoD.

The above composition of the Audit Committee is in accordance with the provisions of article 44 of Law 4449/2017, namely all members of the Audit Committee have sufficient knowledge in the field in which the Company operates.

In addition, Messrs Tamvakakis and Tagmatarchis possess sufficient knowledge in the field of auditing and accounting.

Operating conditions

The Audit Committee meets at least four times a year, with the jurisdiction to convene additional meetings if the circumstances so require in accordance with its action plan in order to carry out the tasks and responsibilities assigned to it.

The secretary of the Audit Committee, after communication with the Chairman and the other members of the Committee, the Head of the Internal Control Unit and other executives or third parties, if required, sends (himself or by another authorized executive) to the members of the committee, its issues agenda and an e-mail invitation to those expected to attend or an e-invitation via a video conferencing platform if the meeting is teleconferenced.

All members of the Audit Committee are expected to attend the meetings, either in person or by teleconference or video conference. Decisions are taken by a majority of the members present. The Committee may invite members of the Company's Management, executives of the Company or its subsidiaries, or another person (employee, associate, etc.) to participate in meetings and provide relevant information, where necessary.

It organizes meetings with the external auditors and meetings with the Executive Directors. If required, joint meetings may be held with the Audit Committees of the Group's subsidiaries. The agendas are

prepared and provided in advance to the members, along with the appropriate information materials. Minutes are kept with a complete record of decisions and actions on the topics of discussion.

Every six (6) months or more regularly, if necessary, the Committee prepares and submits to the Board of Directors reports on its activities on important issues and once a year, a report of activities (including the evaluation of its work and the description of the Sustainable Development Policy implemented by the Company) which is addressed to the annual General Assembly of shareholders.

The Audit Committee will be evaluated periodically every 3 years.

The Rules of Operation of the Audit Committee, approved by the Board of Directors of the Company, is posted at the following link:

[GEKTERNA Audit Committee Charter July 2021 GR.pdf](#)

Responsibilities

The Audit Committee has the following, by section, key responsibilities:

- Monitors the process of preparation of the financial statements and other reports of financial information of the Company and examines their reliability. Informs the Board of Directors about the result of the mandatory audit. Monitors the financial information process and submits recommendations or proposals to ensure its integrity.
- Ensures the smooth conduct of internal audit work by providing support to the relevant Internal Control Unit and periodically evaluating the adequacy and reliability of the methods and procedures it uses to carry out its work. Its main goal is the timely diagnosis and analysis of business risks so that the Board of Directors can react quickly to address them.
- The Audit Committee receives the reports of the Internal Control Unit, evaluates their content, proposes to the BoD the head of the Service, evaluates its efficiency and effectiveness and on the basis of these suggests the continuation or cessation of the performance of his/her duties.
- Monitors the work of the regular auditor and evaluates whether it is in accordance with the relevant legal-regulatory framework, international standards, and best practices. It also researches and evaluates the adequacy of knowledge, professional consistency, independence, and effectiveness of the regular auditor, and based on these it suggests to the BoD the continuation or cessation of the performance of his/her duties.

Evaluation method

The Committee evaluates its work annually. In the context of the annual evaluation of the Board of Directors, the members of the Committee answered a questionnaire concerning the said Committee with sections of questions on a) the composition of the committee, b) its role and responsibilities and a) its organization and operation. The Committee conducts an annual review of its work, a summary report of which is submitted to the BoD. This includes suggestions for improving its operation and efficiency.

Proceedings

The Audit Committee met thirteen (13) times in 2021.

NAME	NUMBER OF MEETINGS DURING THE TERM OF EACH MEMBER	NUMBER OF MEETINGS PARTICIPATED	NUMBER OF MEETINGS REPRESENTED	NUMBER OF MEETINGS ABSENT & NOT REPRESENTED	PARTICIPATION PERCENTAGE IN THE MEETINGS
Tamvakakis Apostolos	13	13	-	-	100%
Afentoulis Dimitrios (Member of the Committee as of 01.07.2021)	6	6	-	-	100%
Kapralos Spyridon	13	13	-	-	100%
Aggelos Tagmatarchis	13	13	-	-	100%

The topics of the meetings also included meetings with the Internal Control Unit, the Heads of the Financial, Administrative Services and other Directorates, the Risk Officer, the Compliance Officer, and the Certified Auditors of the company Grant Thornton. The Chairman of the Audit Committee informs the Board of Directors in most of its meetings, about the work of the committee or important issues that arise.

More specifically, the activities of the Audit Committee are summarized in the following points:

Financial information

- Examined and evaluated the adequacy and effectiveness of all the policies, procedures and safeguards of the Company regarding, on the one hand, the internal control system and, on the other hand, the assessment and management of risks, in relation to financial information.
- Recommended to the Board of Directors the renewal of the appointment of the auditing company Grant Thornton and the amount of their remuneration after taking into account a) the existing good cooperation with the auditing company for 4 consecutive years b) the contribution of the auditing company, in its upgrade quality and integrity of the financial information and c) the absence of threats that alter the independence of judgment of the specific auditing company in relation to the Company.
- Regularly contacted the Certified Auditors, who participated in four (4) meetings of the Audit Committee within 2021 - in order to inform it regarding the planning, the evolution of the statutory audit of the financial statements of the Company and the Group and received the additional audit report of article 11 of Regulation 537/2014. It was informed about the findings (Key Audit Matters) and the results of the audits which it discussed with the Certified Auditors
- It was informed about the following sections, during the planning of the audit of the Financial Statements for the year 2021, by the Certified Public Accountants of the company:
 - Areas of audit interest
 - Audit Risks
 - Important events
 - Audit Schedule
 - Audit approach
 - Independence
 - Use of specialist work

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- More specifically, the areas of audit interest that were discussed and analysed are a) the management override of controls, b) the impact of the COVID-19 pandemic, c) the disinvestment of wind farms in Texas of the USA by TERNAL ENERGY, d) the acquisition of a percentage in the company IRON by GEK TERNAL, e) the recognition of revenues from construction contracts, f) the impairment of non-current assets, g) provisions and possible liabilities from court cases, h) Hedge accounting, i) provisions for bad debts accounts and j) the possibility of recovering deferred tax assets.
 - Held meetings with the Financial Director of GEK TERNAL and was informed about the significant items of the Financial Statements, about the significant changes in relation to the previous period and about the following issues:
 - The evaluation of the use of the going concern assumption,
 - The significant judgements, assumptions and estimates in the preparation of the financial statements,
 - The valuation of assets at fair value,
 - Assessing the recoverability of assets,
 - The accounting treatment of acquisitions,
 - The adequacy of the notifications for the significant risks faced by the company,
 - Significant transactions with related parties,
 - Significant unusual transactions.
 - Followed the process of preparation by the Financial Management of the Group of the interim and annual financial statements of the Company and the Group which were prepared in accordance with the applicable accounting standards.
 - Reviewed the annual and semi-annual financial statements of the Group and the Company, as well as the content of the Audit Report of the Certified Auditors before their submission for approval by the Board of Directors and received the necessary assurances regarding the completeness and consistency of these statements in relation to the information taken into account.
 - Pre-approved all non-audit services provided by Grant Thornton in 2021 and aggregated total remuneration, non-audit services provided for 2021. It considered that the work carried out and the remuneration of the assigned non-audit services did not endanger the independence or objectivity of the Certified Auditors.

Internal Control Unit Operations

- Collaborated and co-worked systematically and throughout the year with the Internal Control Unit of the Company, providing the appropriate instructions for carrying out the internal audit work by topic and priority. The Internal Control Unit participated in 12 of the 13 meetings of the Audit Committee in the year 2021.
- Received from the Internal Control Unit all the audit reports produced during 2021. The total number of audit reports amounts to 15 out of which 3 related to the audit program of 2020. The Audit Committee reviewed and commented at the meetings on all audit reports (reports issued at the end of December were discussed at the first meetings of 2022). In addition, during 2021,

the Internal Control Unit carried out an additional 6 important tasks, such as 2 consulting projects related to a) compliance with the new law 4706/2020, b) implementation of the transition to SAP 4HANA, and other tasks for the organization of the Internal Control Unit and the Timeless Evaluation of Internal Audit Findings.

- Discuss the findings as well as the conclusions and the relevant suggestions with the Head of the Internal Control Unit of the Company. Where necessary, a meeting was scheduled with the participation of the Audit Committee, the head of the Internal Control Unit, the head of the department / project that was audited and, as the case may be, the heads of other departments who were involved in the audit.
- Monitored throughout the year the progress of the audit activities of the Internal Control Unit and the general operation of the Unit.
- Received the annual report of the work of the Internal Control Unit.
- Reviewed and approved the audit program for 2022 by the Internal Control Unit.
- Reviewed the Report of the Internal Control Unit for 2021 and the audit program of 2022 for the company TERNA ENERGY.
- Made decisions regarding the staffing of the Internal Control Unit. Decided and suggested to the BoD the enhancement of the Internal Control Unit with an additional member.
- Carried out the annual evaluation of the Head of the Internal Control Unit.
- Decided on the evaluation of the Internal Control Unit in the year 2022 in accordance with the International Standards on Internal Audit and the expression of opinion on compliance.

Risk Management

- Collaborated and co-worked with the Risk Officer of the Group. Received and reviewed - the Risk Management Report before submitting it to the Board of Directors. It was informed in detail about the new risks in the Group, which were identified due to the effects of the COVID-19 Pandemic.
- It was informed about the risks of the subsidiary TERNA ENERGY and was immediately informed about the effects on the Group from the extreme and intense weather phenomena that took place in the US state of Texas.

Regulatory compliance

Collaborated and co-worked with the Compliance Officer and received the inspection program as well as the Regulatory Compliance Report.

Internal Control System

- Discussed and monitored the new Law 4706/2020 on Corporate Governance and the relevant circulars by the Hellenic Capital Market Commission (Internal Control System).
- Revisioned and approved the new Rules of Operation of the Audit Committee that entered into force with the decision of the Audit Committee of 29.06.2021.

- Reviewed and approved the Revised Rules of Operation of the Internal Control Unit.
- The Audit Committee monitored the implementation of the Group's commitments regarding sustainable development and corporate responsibility, as the latter promote social prosperity, protect the environment and are the only sustainable business practice.

The Audit Committee constantly informed the Board of Directors of the company about its activities.

Sustainable Development

The Group's approach to Sustainable Development is based on dialogue with stakeholders, as well as the recognition and regular evaluation of the most important economic, social and environmental impacts of its activities. It aims to enhance the positive effects and reduce the negative ones, through best practices, sustainable initiatives, and reliable partnerships, looking forward to continuous improvement for the benefit of shareholders, investors, employees and society.

The Unit responsible for the development and updating of this policy is the Directorate of Strategic Communication, Press Office, CSR, and Sustainable Development.