

2004

ENVIRONMENTAL AND SOCIAL REPORT





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The Company's Mission and Values

MOTOR OIL's 32-year presence in the Greek market has been marked throughout by its business integrity. Its commercial success has been based on sustainable and socially responsible operations. Its dynamic growth is driven by the company vision and the corporate mission, and is guided by a set of principles and values that provide the foundation for its operations and business activities.

The company's **vision** is to establish itself as a leading oil refiner and oil products distributor in Greece and the wider region.

Its corporate **mission** is to carry out its business activity so as to benefit all stakeholders - shareholders, personnel, clients, suppliers and associates, as well as the local and regional community - through practices demonstrating its responsibility and integrity, as well as its respect for people and the environment.

MOTOR OIL's vision and corporate mission are underpinned by three basic **principles**:

- **Respect for labour rights**
- **Respect for the environment**
- **Transparency**





The realization of the vision and corporate mission is based on the following four company values:

<p>Efficacy in</p>	<ul style="list-style-type: none"> - achieving defined objectives - adding value for its shareholders and society in general - protecting the environment - top-quality servicing of clients' needs - providing a safe, healthy, pleasant and harmonious workplace - promoting knowledge and innovation
<p>Responsibility towards</p>	<ul style="list-style-type: none"> - clients - personnel - associates - society
<p>Social responsibility</p>	<ul style="list-style-type: none"> - respect for people and their needs - pursuit of sustainable growth - ensuring that the company acts as an active and responsible corporate citizen
<p>Integrity</p>	<ul style="list-style-type: none"> - respect for laws and regulations - applying the principle of corporate governance - honest and open communication - credibility and decency in all company relations

This MOTOR OIL Environmental and Social Report describes in detail the activities of the company and those of its subsidiary AVIN OIL, in 2004, in caring for its personnel, in matters of health and safety, environmental protection and quality. It also describes its collaboration with local communities in the areas where it primarily conducts its business activities, as well as its contribution to the overall public welfare and the society in general.

The Company

MOTOR OIL plays a leading role in the oil refining sector, supplying the region with a wide range of high-quality products. The company, with a consolidated income representing in 2004 approximately 1.4% of Greece's GNP, (the 2004 consolidated financial statements incorporate the results of MOTOR OIL, AVIN OIL, OLYMPIC FUEL COMPANY and HAFCO), has developed into one of the main pillars of the national economy and a leading player in the wider region. It owns 100% of AVIN OIL shares, 28% of OLYMPIC FUEL COMPANY shares (14% directly and 14% through AVIN OIL), 50% of HAFCO (through AVIN OIL) and 16% of ATHENS AIRPORT FUEL PIPELINE COMPANY shares. It also formed, along with AVIN OIL, a joint venture which, in 2004, obtained an electricity production license from the Ministry of Development.

MOTOR OIL's continuous and dynamic growth has contributed to its financial strength and the establishment of a modern corporate philosophy. This has allowed the company to attract competent staff and management and enabled it to perform its social role effectively, to enhance its contribution to society and to guarantee its future growth prospects.





The company's growth stems from a consistent but flexible business strategy that encompasses:

- **Continuous upgrading of the refinery**, in order to achieve the best possible financial performance.
- **Presence in domestic, bunkering and international markets**, in a way that enables the company to attain an optimal overall profitability.
- **Implementing technical, operational and organizational improvements in the refinery**, so as to achieve the highest possible standards of health and safety, environmental protection and quality.

The company's management and control is based on the modern principles of corporate governance, as defined by the relevant legislation, as well as other international best practices and auditing standards. As a philosophy, corporate governance rules its strategy and, in practice, determines its daily operations in issues such as the structure of its Board of Directors, its compliance with legal and regulatory provisions, the respect and protection of its shareholders, the reliability of any information disseminated, and the assessment and monitoring of all inherent risks. In 2004, the continuous effort of the company for equally reliable information to its shareholders, resulted in the award of the "*Investor Relations*" prize.

The company's refinery is located in Aghioi Theodoroi, Corinth, approximately 70km outside Athens. Along with the auxiliary facilities and the fuel offsites, it is the largest private industrial complex in Greece and is regarded as one of the most flexible refineries of southeast Europe. It processes crude oil of various types, producing a wide range of oil products, which comply with the most rigid international specifications, thus serving major oil companies in Greece and abroad. Furthermore, MOTOR OIL is the only Greek company that produces base oils.

Its head office is located in a modern building in Maroussi, a suburb in the north of Athens.

MOTOR OIL invests every year significant capital amounts to serve its overall strategy, which focuses on satisfying its customers, producing products that conform to the most stringent international specifications, and on protecting the environment, and the health and safety of people. Up to year 2002, the investment plan of the company aimed at improving the operations of the refinery, in terms of vertical integration, automation, energy sufficiency, and the applied quality management processes. Due to these investments it is considered as one of the most sophisticated refineries in Europe and worldwide as well, with ISO 14001:1996 and ISO 9001:2000 certifications for its environmental and quality management practices respectively. It is the only refinery in Greece with these two specifications, and one of the few in Europe.

The company's investment programme for the three-year period 2003-2005 is expected to exceed 400 million Euros. These investments - the major part of which are intended for the construction of a Hydrocracker plant - will facilitate the production of "clean fuels", based on European Union specifications for 2005, and the stricter specifications that will be applying from the year 2009. They will also increase the production of middle distillates (diesel and kerosene) of which there is a shortage in Greece and in Europe. In addition, they will give the refinery the flexibility to maximize production of diesel or petrol, according to seasonal demand. Moreover, the refinery's environmental performance will be further improved and emissions significantly reduced. With the completion of the 2005 investment, the Nelson Complexity Index will increase considerably. The significant investment programme of the company, which constitutes one of the largest private investments in Greece over the recent years, was publicly recognized in 2003 and 2004, by the award of "*High Investments*" prizes.

Significant investments completed during 2001-2004 included the following: installation of a gas turbine at the refinery's power production station to ensure energy independence; installation of a Distributed Control System and of an Advanced Process Control System (ongoing); the upgrading of the Custody Transfer System at the refinery jetty; the construction of a new Truck Loading Terminal at the refinery; the construction of a new Sulphur Recovery Unit, and the upgrading of the Waste Water Treatment Unit, due to be completed in 2005.

MOTOR OIL entered the retail fuel market in March 2002 through the purchase of AVIN OIL. AVIN OIL, which began operations in the Greek oil market in 1977, aims in marketing products that meet all modern fuel and lubrication requirements. It sells high quality fuel for automobiles, aviation and industry, as well as domestic heating fuel, asphalt, liquefied petroleum gas and lubricants, complying with all international product specifications (API and ACEA), as well as those of major car and equipment manufacturers. AVIN's main supplier is MOTOR OIL and its most significant competitive advantage is the ability to supply high quality products at competitive prices. It also exports significant fuel quantities to neighbouring countries. AVIN has constructed and operates the Megara Twin Petrol Station and holds a 14% stake in OLYMPIC FUEL COMPANY, the company that constructed and operates the Aviation Fuel Supply System (Hydrant System) at Athens International Airport. It runs a network of over than 570 petrol stations throughout Greece and, with annual sales (for 2004) of 1,274,000 tons, it holds the 4th position among oil marketing companies in the Greek fuel market. The company's turnover for 2004 was 578 million Euros, with a net profit before tax of 7 million Euros.

Highlights of MOTOR OIL's history, covering a period of steady expansion, are:

- **1970 - 1972:** Refinery is built and begins operations. It has a crude oil distillation unit, base oils production unit, a pier for loading and unloading vessels and a gantry for road tankers loading.
- **1975:** Expansion in fuels' production by the addition of an atmospheric distillation unit.
- **1978:** Construction of a naphtha reformer unit.
- **1980:** Installation of a fluid catalytic cracking unit (FCC), for converting fuel oil to higher-value products.
- **1984:** Construction of a power plant which runs on fuel gas. Surplus energy is sold to the Public Power Corporation.
- **1993:** ISO 9002 certification for the entire spectrum of company activities.
- **1996:** Purchase of 50% of the company's shares by Aramco Overseas Company BV, a wholly-owned subsidiary of the Saudi Arabian Oil Company (Saudi Aramco). Relocation of head office to new modern facilities in Maroussi.
- **2000:** Completion of the FCC unit modernization, allowing production of high-quality fuels conforming to EU specifications for year 2000. The Environmental Management System was ISO 14001:1996 certified the same year.

- **2001:** Increase of the company's equity capital through flotation on the Athens Stock Exchange. Installation of a new gas turbine, in the power production plant. Upgrade of the lubes vacuum distillation unit.

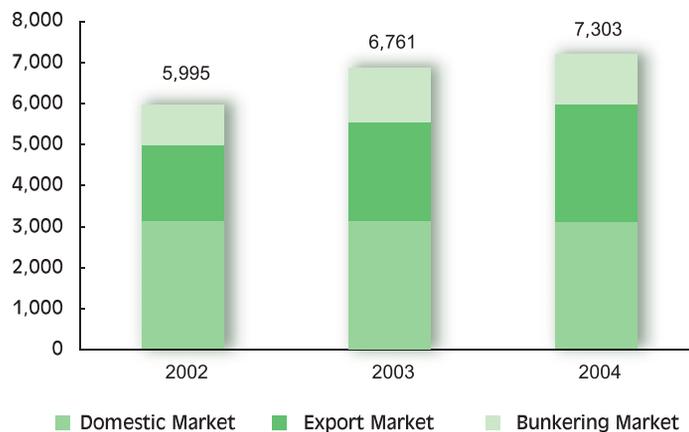
- **2002:** Full acquisition of the oil marketing company AVIN OIL.

- **2003:** Start of construction of new facilities (Hydrocracker complex) for producing "clean fuels" conforming to 2005/2009 specifications. Development of a Quality Management System which was certified compliant with ISO 9001:2000 in January 2003.

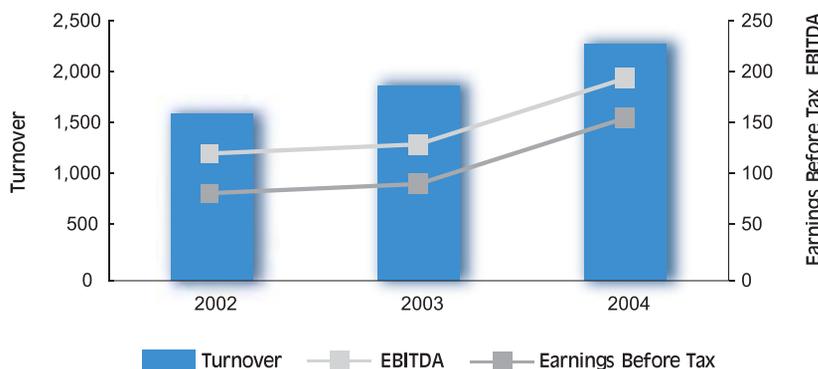
- **2004:** The refinery's Truck Loading Terminal begins operations. The Environmental Management System is recertified according to ISO 14001:1996 for three more years (until 2007).

MOTOR OIL's successful strategy has resulted in expansion of sales and profitability. The charts show the evolution of MOTOR OIL's sales volume by market, and the progress of three key indicators of consolidated performance - turnover, EBITDA (earnings before interest, depreciation and tax) and earnings before tax.

Evolution of MOTOR OIL Sales Volume by Market (thousand tons)



Evolution of Key Consolidated Figures (million Euros)



MOTOR OIL's contribution to society (on the basis of the consolidated results) - analyzed in a separate chapter - has been in proportion to its financial performance. Indicative of this is the fact that, in the past two years, it has contributed revenue to the state budget, by way of taxes and other payments, in excess of 105 million Euros and has paid its personnel, in the form of net salaries and other benefits, over 86 million Euros. During the past three years, its contribution to public welfare projects and its investments in environmental protection has been over 306 million Euros.

Economic Benefits to Society

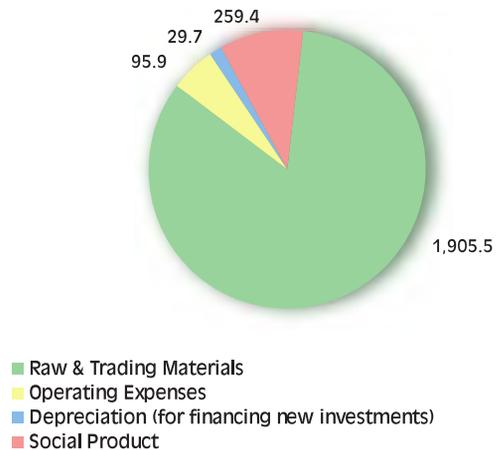


MOTOR OIL's and AVIN OIL's steady growth, combined with their scale of operations, have been associated with a very significant contribution to the national economy. This contribution, linked directly to the effectiveness and commercial success of the companies' industrial operations, encompasses wealth creation, generation of jobs, measures to protect the environment and increased social cohesion. The extent of this contribution is clearly defined by the magnitude and the constituents of their *social product*.

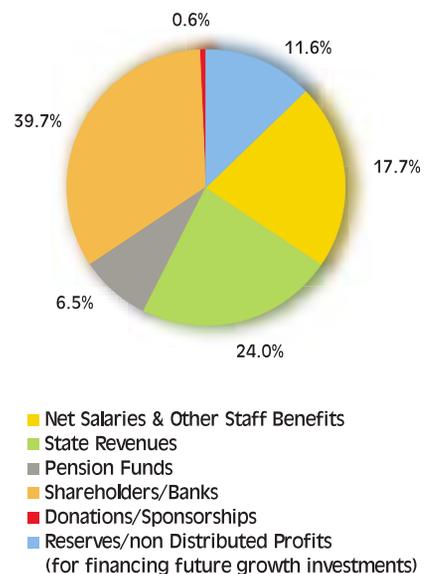
This *social product* can be defined as that part of the companies' income that is allocated to the various stakeholders, that is: company employees, the state, shareholders and society in general. It encompasses: payroll expenditure and various other employee benefits, over and above those required by legislation (such as health insurance and pension allowances); social insurance contributions (pension funds); corporate and employee income taxes paid; donations and sponsorships; interest paid to credit institutions; dividends paid to shareholders; and increases in the capital reserves of the company itself. In its broader sense, social product could be said to include the company's operational expenses, since they help finance other enterprises, which, in turn, produce social product in its narrower sense, as described above.

In 2004, the two companies' income totaled 2,290.5 million Euros, equivalent to approximately 1.4% of Greece's gross national product (GNP) that year. Of this, 1,905.5 million Euros were allocated to the purchase of crude oil and fuel products. A further 29.7 million Euros represented depreciation. It should be noted that, due to the nature of the two companies' activities (refining and oil products marketing), the expenditure on raw materials (crude oil) and fuel products accounts for 83.2% of total revenue. On the basis of the above data for 2004, the social product allocated to stakeholders was 259.4 million Euros (compared with 183.6 million Euros in 2003).

2004 Income Distribution (All Sources)
(million Euros)
Total 2004: 2,290.5 million Euros (about 1.4% of the GNP)



2004 Social Product Components
Total 2004: 259.4 million Euros



Corporate Social Responsibility: The Commitment of MOTOR OIL

Corporate Social Responsibility (CSR) emerged as a prominent issue for the business world in the early 1990s, although social responsibility - in the sense of initiatives by businesses to integrate community and environmental activities into their programmes - was adopted by progressive companies in both the United States and Europe many years earlier. CSR indicates a balanced approach to the economic, social and environmental impact of business operations and is based on the three pillars of economic growth, sustainable development and social cohesion.

In the past few years, the world's major and most responsible businesses have begun to move away from the traditional approach - which confined their social role merely to donations for charity causes, sponsorships of events and basic welfare measures for their staff - and are gradually adopting a more systematic and strategic approach to Corporate Social Responsibility, both internally and externally. This strategy aims at a long-term increase in their performance, through practices that satisfy all stakeholders.

Since its establishment, MOTOR OIL's business activity has been characterized by responsibility and social awareness. Today, as a modern company listed on the Athens Stock Exchange, its activity complies with current codes of business ethics and meets contemporary demands for openness and reliable and timely dissemination of information to all stakeholders. As a founding member of the Greek Network for Corporate Social Responsibility, the company systematically supports the application of best practices and promotes the concepts of social sensitivity, corporate responsibility, social cohesion and sustainable development - namely, development that meets today's needs, without depleting resources for future generations.



MOTOR OIL's commitment to Corporate Social Responsibility - focusing on three main issues: "community-environment-economy" - is an integral part of its business strategy and operations.



MOTOR OIL:

as a responsible employer

cares about developing its human resources, investing in training, ensuring a creative and supportive workplace, where health and safety constitute major priorities, assured through state-of-the-art technical support and management practices,

having a responsible attitude towards the environment,

tries to ensure the minimum possible impact of its activities on the environment, utilizing the most highly developed systems for environmental protection, and energy management and saving,

as a responsible member of society,

seeks fruitful social dialogue, in a climate of mutual trust and respect, with the local communities in which it operates; it supports these communities, by participating in programmes that enhance their economic, social and cultural life and takes part in activities that benefit society as a whole,

having a responsible position in the market,

respects market rules and produces top quality products; it focuses on relations of trust with its clients and associates, and strives - through systematic and consistent achievement of its business targets - to ensure satisfactory returns to shareholders.



Community Involvement

In accordance with the principles of sustainable development, and as a responsible and active corporate citizen, MOTOR OIL also places special emphasis on the community in its three-fold focus on "economy-environment-society". It acknowledges the value of fulfilling its civic role, contributing to economic growth and promoting communal and cultural life in the area where the refinery is located, as well as in the broader society.

In 2004, MOTOR OIL, in accordance to its mission and principles, fulfilled its civic role again, through communal and cultural activities, continuing a long tradition. The company has supported a wide range of cultural, athletic, social and philanthropic activities; made financial contributions to education and science; made donations and sponsored international sports meetings, athletics associations, hospitals and church-run aid agencies; it has supported the work of various non-governmental organizations and charity institutions; and, generally, it assisted in addressing social needs.

Contribution to local communities

- For over 26 years, MOTOR OIL - within the context of its charity work - has been the main patron of the *Vardinogiannis Foundation* which is based at, and supervised by, the Panagia Kalyviani women's monastery in the Heraklion prefecture of Crete. The foundation was set up and funded by the company's founder, Nikos Vardinogiannis, and its mission is the accommodation and social/professional rehabilitation of orphaned and indigent girls, who are trained in household tasks, particularly in the art of weaving and sewing. The foundation accepts girls aged 12-18 for a three-year stay.
- In 2004, the company continued to make a financial contribution to heating expenses during the winter, for a number of public schools, kindergartens, and child care centres, churches and church institutions in the neighbouring with the refinery municipalities, as well as in the Athens area. It also contributed to heating expenses for municipal premises, and for the Corinth elderly people's home and orphanage. In addition, the refinery's canteen provided a daily lunch for residents of the elderly people's home.
- MOTOR OIL actively and regularly participates in social, cultural and athletic activities in the nearby communities, offering the municipalities near the refinery site - Corinth, Loutraki, Aghioi Theodoroi, Saronikos and Solygia - significant financial support. It provides financial aid to various sports clubs in the area and assists the local workforce through educational and cultural initiatives. Local infrastructure projects, which have a social impact, are supported by the company financially and through other resources. MOTOR OIL contributes to initiatives which promote these areas and facilitate their development. It seeks to develop its relations with local communities, through creative dialogue, so as to utilize synergies, aiming to achieve more than simply meeting social needs.



- In 2002, a 1,600-capacity open-air theatre was inaugurated at Examilia, Corinth, named after the renowned Greek composer Mikis Theodorakis. MOTOR OIL sponsored concerts by the *Mikis Theodorakis Orchestra* at the theatre in 2002 and 2003. This cultural initiative continued in 2004, with the exclusive sponsorship of another concert by the orchestra, performed on July 29. The orchestra, featuring performances by well-known singers and actors, presented an anthology of musical works of Mikis Theodorakis from contemporary films and theatrical plays soundtracks. The concert was a significant cultural event in the area, presenting a high standard entertainment for its audience.
- The company boosts the market in the Corinth area, through its policy of giving preference to the local businesses for the refinery's needs in consumables, food, etc., even when cheaper sources are available.
- The company provides technical and financial support for various school programmes, or the programmes of other bodies. The following are some examples of these activities in 2004:
 - Financial assistance to the 2nd Corinth Integrated Senior High School, for the participation of its intercultural youth group *Pegasus* in the *Youth* programme of the General Secretariat for Youth, which operates under the aegis of the European *Socrates Comenius* programme. Within this context, the Belgian youth group, *Kindervgreud* was hosted, giving children with limited financial means, the opportunity to participate in the programme's activities.
 - Economic support for the Philologists Association of the Corinth Municipality, for organizing musical and theatrical performances.
 - Financial aid to the Corinth theatre organization, *Irida*, for their participation in the European Theatre Festival, held in the city of Braila in Rumania.
 - Sponsorship for the Corinth Philharmonic and Jazz Club, for the release of a commemorative album and the organization of the *International Corinth Jazz Festival*.
 - Financial assistance to the children's charity *The Smile of the Child*, for an accommodation centre in the area of Ancient Corinth.
 - Financial support for the Aghioi Theodoroi Animal Welfare Society, for activities related to the protection of stray animals.
 - Financial aid to the *Nostos* therapeutic centre, for the purchase of an automobile.
 - Construction of a shelter for the Aghioi Theodoroi Elementary School, as well as financial assistance to the Aghioi Theodoroi Senior High School, for the purchase of multimedia equipment and to the Aghioi Theodoroi Junior High School for technical equipment.
 - Financial aid to the *Aghioi Theodoroi* Forest Protection Association, to meet its technical and material needs.
 - Donation of a sailboat to the Corinth Marine Club's yacht department and general financial assistance to the club.
 - Financial aid to the Aghioi Theodoroi Municipal Development Enterprise, for the repair of extensive damage to the Municipality's irrigation system, caused by extreme weather conditions.

- Significant financial aid was given to the Aghioi Theodoroi elderly people's home, and MOTOR OIL also assisted in the efforts to prevent the closure of the *Efthymeion Centre* for Treatment and Rehabilitation of People with Special Needs, in Corinth. The centre's financial problems were resolved - along with the support of other bodies - so it could continue functioning as usual. The company also financially assists sports clubs, cultural centres, school committees, church committees and institutions, community associations, drug rehabilitation programmes, etc. It financially supported events by various local associations and distributed Christmas gifts to schoolchildren in the area.
- In addition, the company supports the provision of better healthcare services in Greece, through donations to hospitals for the purchase of medical equipment and devices. MOTOR OIL has fully equipped a clinic at the Crete University Hospital, and in previous years donated medical equipment to the Corinth Hospital (including a cryogenic centrifuge, an electrocardiograph, folding armchairs, wheeled sphygmomanometers, an electric diathermic device, etc). In 2004, it donated to the Corinth General Hospital a state-of-the-art blood transfusion device, mainly for use in the intensive care unit. This donation boosted the prestige of the hospital as it is the first medical facility so equipped in the Peloponnese. It also donated a cardiac resuscitator to the Corinth Football Club and gave financial aid to the Corinth Nephropathy Association *Elpida*, and the Association of Mediterranean Anaemia Sufferers, as well as to the Corinth Medical Association for organizing a scientific event.
- Company personnel are encouraged to participate in blood donation programmes, arranged in cooperation with the Corinth Hospital, for refinery employees, and with the *Metaxa Hospital* for head office staff. MOTOR OIL personnel have been voluntarily donating their blood for over 20 years, and this humanitarian initiative has now become a tradition. As a token of its appreciation, at a ceremony held at the refinery, the director of Corinth Hospital awarded commendatory Health Ministry certificates to more than 100 company employees, who had voluntarily donated blood more than five times.
- The company provides assistance to neighbouring communities in emergency situations, placing at their disposal the refinery's fire-fighting and medical equipment whenever necessary, as well as its personnel buses, to meet the occasional transport needs of schools and sports clubs. During 2004, its medical equipment and buses were used a number of times. Fortunately, the fire-fighting equipment was not required, as it had been in 2000, when a fire broke out in Aghioi Theodoroi and MOTOR OIL provided significant assistance to the fire brigade.



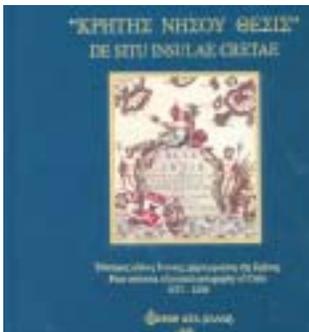
Broader social contribution



MOTOR OIL's social activities are not restricted merely to the local communities, but they also cover a wide range of other sectors. These multi-faceted activities, continued in 2004, examples of which are mentioned below:

- The company's endeavours to support and promote education, research and technology, as well as related conference events, have been long-standing and consistent, based on the belief that they constitute the foundations of society's future and the driving force for progress.
 - As in previous years, the company continued in 2004 to support the *Vardinogiannis Foundation*, which awards scholarships for post-graduate studies, to candidates from low-income families who have distinguished themselves academically. Through the scholarships, the candidates are assisted in overcoming any financial problems and continuing their studies.
 - Visits to the refinery are organized annually for technical, university, military academy and school students. At these events, the students are briefed on technical, commercial and career matters, according to their specific interests. During 2004, over 540 students visited the refinery for such events.
- Each year, the company offers summer jobs or work experience training - partial or complete - for a large number of university and technical school students at the refinery and the head offices. In 2004, 110 students were involved in this activity.
- A research programme was sponsored, for the construction of an accurate replica of a pre-historic 15th century BC Minoan rowing boat, of the so called "insular shipbuilding school". Part of a four-year Experimental Marine Archaeology research programme (2001-2004), the project has been conducted according to strict scientific standards, with the use of authentic materials, tools and techniques of that era. The programme is being implemented within the framework of collaboration between the Maritime Museum of Crete and the *Navdomos* Ancient Shipbuilding Research Institute.
- The company funded the publication of the book "Our Navy's Action in the Second World War 1939-45", published by the Society for the Study of Greek History.
- Publication of the book "General Shipping - Coastal Navigation", by the retired Vice-Admiral I. Economopoulos, the fourth in a series dealing with maritime matters, was also funded.

- The company offered a significant grant to the Marine Archaeology Research Institute, for research and other activities, aiming at advancing Greek marine archaeology to the position it deserves in the European cultural heritage and maritime tradition. The institute is the leading body for conducting and promoting underwater archaeology in Greece and has carried out groundbreaking research and performed an educational role in the protection and advancement of marine archaeology in Greece.
- Ongoing collaboration with diverse educational institutions - developed in previous years - continued in 2004, either through research grants, or covering the costs of conducting studies relating to the activity of the refinery (Universities of Athens, Piraeus, Patras and Crete).



- MOTOR OIL is a firm believer in the role of art and culture, as requisite components of a healthy social development, based on solid cultural foundations. For this reason, it provides multifaceted support for a range of activities within this context.
 - It supports cultural and other events organised by the *Elpida* Association of Friends of Children with Cancer and the Child and Family Foundation. The main objective of the *Elpida* Association is the completion of the first Oncology Hospital for Children in Greece and the financial support of the *Elpida Hostel*, where the families of children are accommodated during their hospitalization. At the bone marrow transplant unit, established by *Elpida* at the *Aghia Sophia* Children's Hospital, 291 children have been hospitalized and treated, and members of 420 families have been accommodated at the hostel. In 2004, MOTOR OIL supported a concert organized by the *Elpida* Association at the Herod Atticus theatre in June for this purpose. At the concert - which was the most important cultural event of the year - the greatest tenor of the 20th century, Luciano Pavarotti, gave a marvelous performance of arias from famous operas. The company also supported, with a generous donation, the exhibition "*Drawings of Traditional and Modern Handicrafts of Jordan*", organised by the Child and Family Foundation, in cooperation with the Jordan River Foundation, at the Museum of Cycladic Art. The aim of the exhibition - held under the aegis of UNESCO and Her Majesty the Queen of Jordan - was the advancement of intercultural dialogue, the promotion of traditional and folk art, and the philanthropic support for children and families in Jordan.
 - The company supported the Rethymno Municipal Experimental Symphony Orchestra, which was founded in 1993 and, since then, has performed classical music at prestigious concerts.
 - The company supported the production of an extremely important bilingual (Greek and English) publication, entitled "*Location of Crete Island - Four Centuries of Cretan Cartography*", which - apart from the historical introduction and texts - contains colour illustrations of 30 manuscripts and 185 maps from the period 1477 to 1800. This is an exceptionally important work, as it is the first systematic study of cartography in Crete, and brings to light valuable and largely unknown historical material.
 - It supported the Pan-Cretan Union for the organization of a series of cultural events in Athens and Piraeus, on the occasion of the 63rd anniversary of the Battle of Crete.
 - It provided financial assistance for the repair of the Aghia Varvara church, which is a historical cathedral in Rethymno.

- Since 1971, MOTOR OIL has been the chief publisher of the magazine Oil, which carries important articles on historical, sociological, religious, energy, environmental, scientific and technological topics, and promotes important company activities of broader public importance. The magazine is widely distributed to both public and private organizations, as well as to higher educational institutions.
- MOTOR OIL offers support for activities promoting the spirit of athleticism. Some examples of this contribution include:
 - The company is the main sponsor of the international sports meeting known as the *Vardinogiannia*, held every year since 1985 in Rethymno, Crete, in honour of the memory of Pavlos Vardinogiannis. Organised by the *Atromitos Union of Rethymno*, it is held under the aegis of the European Athletics Association (EAA) and observes International Association of Athletics Federations (IAAF) rules. Major Greek athletes and many foreign sports champions have competed in the games and 24 national records have been achieved. At the 2001 meeting, Cuban javelin thrower Menendez set a new world record, while in 2002, in the 400 m men's race - in which top international athletes competed - six athletes ran the race in under 45 seconds. Because of the wide participation, the outstanding performances and the excellent organization, the *Vardinogiannia* - for the third consecutive year - were declared in 2004, as the best European outdoors sports meeting, with the highest IAAF ratings. In the 20th *Vardinogiannia* - held on June 23, 2004 - 180 athletes from 28 countries competed. These included Olympic and world champions.
 - For several years, MOTOR OIL has been a regular sponsor of Greek teams participating in Special Olympics; it was a Golden Sponsor of the Greek Olympic Team for the Disabled at the Sydney Paralympics. In 2004, the World Special Olympics Organization - within the context of events for "2004: European Year for Education through Sport" - entrusted Special Olympics Hellas with the organization of the World Festival, with the aim of educating and informing young people about the beneficial effects of sports on people with intellectual disability and learning problems, as well as the creation of conditions to ensure respect for those who are different. The Special Olympics World Festival was held in Rhodes on May 14-21, 2004. As a Silver Sponsor, MOTOR OIL met the participation costs of 50 athletes.
 - Each year, MOTOR OIL supports the Spartathlon athletics event with medical equipment and personnel (doctor, nurses and an ambulance). In 2004, the 21st games were held on October 1-2, with more than 200 athletes competing from all over the world. As always, the historic 246km Athens-Sparta route is followed - the same that the messenger of the Athenians, Pheidippides, ran in 490 BC, to summon help from the Spartans against the Persians at the battle of Marathon.
 - In 2004, the company supported with donations the following athletic unions:
 - > The *Atromitos Union of Rethymno* for the refurbishment of the *Gallos Municipal Sports Centre of Rethymno*.
 - > The football team of Rethymno's Episkopi community.
 - > The *Rethymno Union of Football Associations*, which incorporates D League Teams, Women's Football Teams, as well as coed teams (junior, pre-children, children and juvenile), and which aims at upgrading football and offering young people a creative outlet.
 - > The *Rethymno Volleyball Club*.
 - > The *Rethymno Athletic Gymnastic Club*.



Human Resources

Concern for the welfare of the workforce is fundamental to the corporate philosophy of both MOTOR OIL and AVIN OIL, because employee welfare is inextricably linked with the achievement of corporate objectives, with the implementation of growth business plans and the maintenance of long-term competitiveness. This concern for employee welfare is manifested in the companies' continuous efforts to develop and motivate employees; to support, encourage and offer them equality of opportunity; to create a working environment in which they can pursue personal development and achieve their full potential, while at the same time, attracting competent staff to work for the companies.

This commitment is enshrined in a series of policy objectives which include:

- Compliance with legislation in force and with established principles of human and employment rights.
- The creation of strong bonds of the workforce with the organization, through openness and meaningful communication.
- Fairness in all aspects of employee relations.
- Operation of an equal opportunities policy, based on the principles of inclusiveness and nondiscrimination.
- Sharing responsibility for achievement of the company's business goals.
- Fair and competitive remuneration, linked to productivity and in line with prevailing market conditions.
- Offering employees opportunities for professional and personal development.
- Continuous training to ensure that the necessary skills are acquired, for work to be carried out effectively and safely.
- Extending welfare provisions to include employees' family members.





Equal opportunities policy

All aspects of human resource management - including recruitment, transfers, promotions, remuneration, education and training - are subject to equal opportunity principles and the avoidance of any form of discrimination.

To make effective the above policy, the two companies respect the dignity and diversity of the cultural backgrounds of the workforce and aim to act transparently and in a meritocratic way, so as to ensure that:

- The composition of management reflects the composition of the workforce as a whole.
- Education and training programmes are open to all staff, subject to operational requirements being met.
- The various benefits and welfare provisions available to employees and their families provide additional support and contribute to the maintenance of a healthy work / life balance.

Labour relations

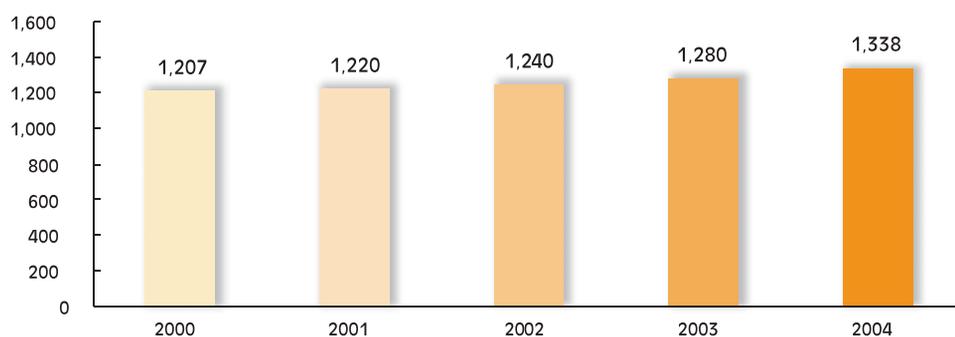
Labour relations have been particularly good at both MOTOR OIL and AVIN OIL, because they have been developed not only to meet legal requirements, but also on the basis of mutual trust and co-operation and as a result of a progressive human resources management policy, which enshrines clarity and fairness in matters of recruitment, transfers, promotion, remuneration, education/training, holidays and leave.

A reflection of the harmonious state of industrial relations is the fact that there have been no strikes in recent years. Terms and conditions of employment are covered by a company collective labour agreement, approved by the Ministry of Labour, which has been in place since September 1974. Refinery employees have their own union which, since 1986, has signed a national collective labour agreement with the Federation of Greek Industries. This agreement lays down minimum pay levels and terms of employment in the refinery and is supplemented by an annual local agreement between the company and the union. The local agreement covers matters such as continuous attendance bonuses, other allowances related to the school performance of employees' children, paid maternity or bereavement leave etc.

Composition of the workforce

Total staff employed by MOTOR OIL and AVIN OIL rose in 2004 to 1,338 (averaged over the year) and MOTOR OIL remains one of the biggest employers in Greece.

Evolution of MOTOR OIL's and AVIN OIL's Staff Numbers
2000 - 2004



In 2004, 945 of MOTOR OIL's 1,132 employees were based at its main site, the refinery in Aghioi Theodoroi, Corinth (the remaining 187 were based at the company's head office in Maroussi). About half the refinery personnel live in the area of Aghioi Theodoroi, where MOTOR OIL is the biggest employer. AVIN OIL, by comparison, employed 206 people in 2004. Besides employees directly employed by the two companies, it should be noted that a significant number of people are indirectly employed through sub-contractors.

Staffing levels within the two companies remained virtually constant until 2002, despite new investments in refinery automation. The significant rise in the total number employed in 2003 and 2004 reflects an increase in staff required in order to implement the extensive investment programme associated with "clean fuels" specifications, which came into force in 2005.

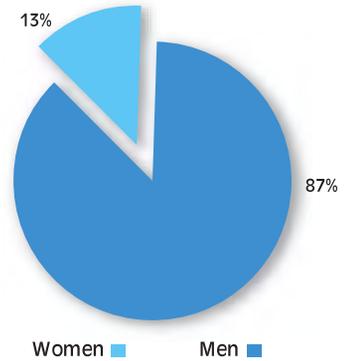
Considerable efforts are made to avoid excluding disadvantaged groups, such as the disabled, from the workforce. Both companies subscribe to the principle that disabled people should not be discriminated against, in employment, education or professional development and, in 2004, both companies were employing individuals with special needs.

Gender profile of the workforce

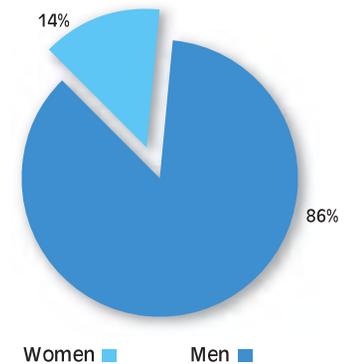
The two companies do not discriminate on grounds of gender, although the nature of most refinery jobs, means that few are taken by women. Thus, in 2004, across both companies, 14.1% of the workforce were female, rising to 34.1% for head office staff. Among management, women made up 13.0% of the total, while in other office and technical jobs the percentage is 14.0%.



Managerial Staff



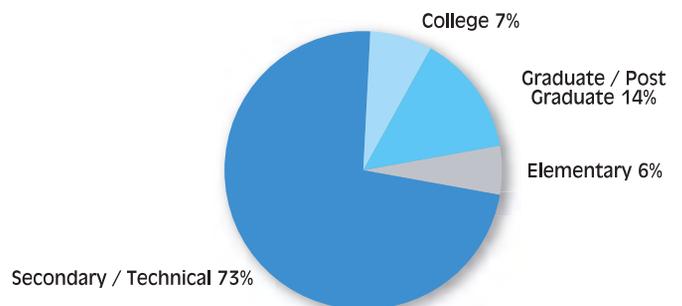
Office and Technical Staff



Educational level of the workforce

MOTOR OIL and AVIN OIL attach considerable importance to the educational level of their employees, aiming to attract those with high-level qualifications and encouraging existing staff to follow courses leading to recognized certifications. Approximately 21% of the workforce hold graduate or postgraduate academic certifications.

Educational Level of Staff

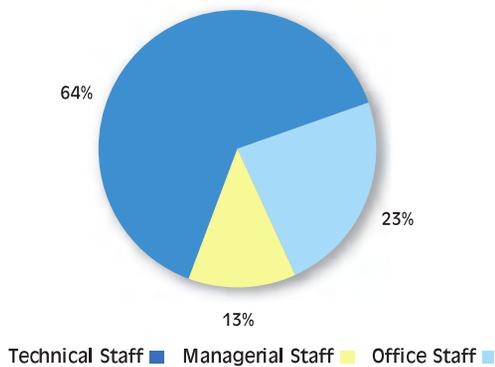


Management, technical and administrative staff

In 2004, across the two companies, management grades made up 13% of the total workforce, while technician and administrative staff accounted for 87% of the total.

An indication of MOTOR OIL's responsible policy on staffing is that the majority of workers, even on the refinery site, are regular full-time employees.

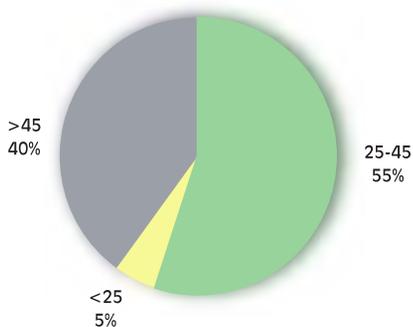
Categories of Staff



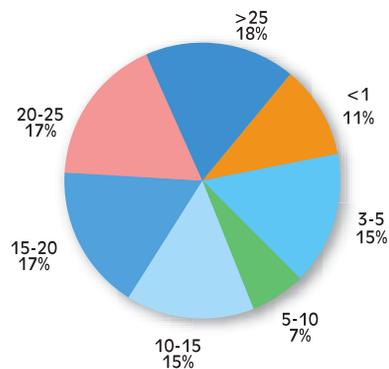
Age profile of the workforce and staff turnover

The average age of the companies' employees in 2004 was 42.2 years, while 60% of the two companies' workforces were aged less than 45 (as indicated in the chart).

Age Distribution of Staff (Years)



Distribution of Staff by Service Years



As far as length of service is concerned, the average length of service was 15.1 years, reflecting the low level of staff turnover. Some 52% of the combined workforce of the two companies have more than 15 years' service, while only 26% have less than five years' service.

Recruitment is carried out in accordance with procedures compatible with the two companies' policies, without any discrimination on grounds of gender, while giving preference to individuals with knowledge of new technologies. At the refinery, inexperienced young people are trained, so as to be able to satisfy the company's requirements for specialised knowledge and skills.

In 2004, MOTOR OIL and AVIN OIL recruited 150 new employees while 66 left for various reasons. Recruitments in 2003 and 2004 were significantly higher than previous years, reflecting the scale of the investment programme under way at the refinery (related to the new product specifications mentioned above).

The remarkably low level of staff turnover (averaging less than 4.9% across the two companies' workforces) reflects the long-term and harmonious relationship established between the companies and their workforce. The fact that staff turnover did in fact rise compared to the previous two years, is a reflection of a particularly high level of retirements in 2004.

HIRINGS			
	2002	2003	2004
New hirings	38	101	150
REASONS FOR LEAVING			
	2002	2003	2004
Retirement	25	25	49
Resignation	8	14	15
Other	7	3	2
Total	40	42	66
STAFF MOBILITY*			
	2002	2003	2004
	3.2	3.3	4.9

$$\text{*Staff Mobility (Turnover Index)} = \frac{\text{Number of staff leaving}}{\text{Average staff number}} \times 100$$

Salaries

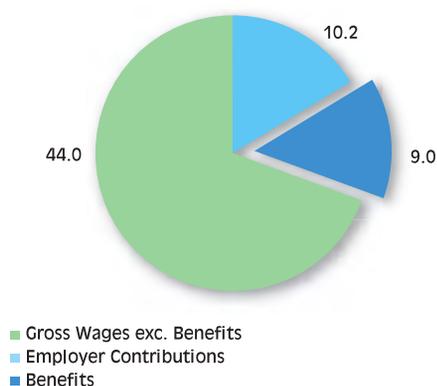
The policy of MOTOR OIL and AVIN OIL is to offer competitive, performance-linked remuneration to all employees. Total personnel expenditure during 2004 amounted to 63.2 million. This includes the costs of both regular and overtime working, employer's contributions to various social insurance organizations and other employee benefits.

Additional benefits are offered by the two companies to their personnel, so as to foster long-term relationships (for example, a long-service allowance) and to reward uninterrupted attendance (for which an allowance is available to refinery employees). Every employee who completes five years of employment with the company receives a double annual leave allowance, while those who complete 10 years receive a double Easter bonus. This means that an employee with 10 years of employment with either company receives the equivalent of 15 months pay each year.

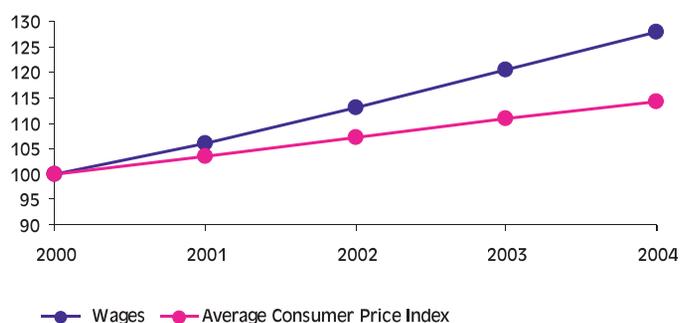
All employees of the two companies earn more than the legal minimum wage, being 560 Euros for office staff and 625 Euros for technical staff (monthly base gross pay).

The average annual salary increments, as a rule, exceed the Average Consumer Price Index (CPI), as shown in the diagram of average annual increments in comparison with the average CPI.

2004 Expenditure on Employees Salaries and other Benefits (million Euros)



Wages and the Average Consumer Price Index (Base Year 2000 = 100.0)



Other benefits

MOTOR OIL and AVIN OIL, in their efforts to provide upgraded and flexible benefits for their employees, introduced a group insurance plan in 2002, which provides employees with valuable financial support in cases of a medical or financial emergency. The entire cost of the plan, which covers spouses and dependants as well as employees, is covered by the companies.

The group insurance policy provides compensation in the following cases:

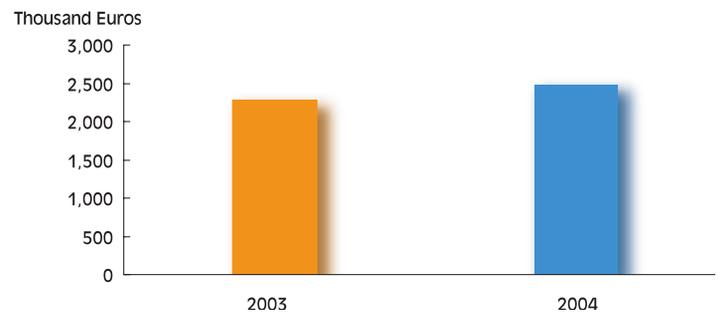
- Loss of life caused by illness or accident
- Permanent total disability caused by illness or accident
- Permanent partial disability caused by accident
- Loss of earning capacity caused by illness or accident
- Hospital care
- Maternity allowance.

Employees also benefit from a private pension plan, which pays out a lump sum to those retiring (either early or at normal retirement age) or becoming disabled. The cost of these provisions is paid entirely by the two companies.

Other benefits offered to employees and their families include a variety of activities, which aim to strengthen relations with the companies, cultivate team spirit and help employees achieve a healthy work/life balance. The main activities during 2004 were:

- Operation of the refinery canteen
- Excursions
- Provision of loans to cover emergencies
- Wedding allowance
- Special leave arrangements covering bereavement, childcare needs, etc.
- Christmas parties for employees' children
- Special benefits for refinery personnel (76 performance awards given to secondary school children, 110 educational grants to university students, participation in summer camps for 57 children, 64 long-service awards etc.)
- "Name-day" gifts
- Transportation of employees to work by bus
- Financial support of the employees' football team.

Expenditure on Social Programmes for Employees and their Families





The MOTOR OIL football team has competed for 13 consecutive years in the Athens' Corporate Games football league, achieving several major trophies (9 championships and 7 cups). In 2004, during the 16th world Corporate Games tournament held in Thessaloniki - involving 1,300 athletes from various countries competing in 14 different events - the MOTOR OIL team was unbeaten in the football competition, winning the gold medal for the second year running.

Training

Education and training of personnel, both in respect of personnel development and professional training, is a matter of strategic importance for MOTOR OIL and AVIN OIL. The growth strategy of the two companies requires matching training with business objectives. This is achieved by investing in the improvement and development of staff skills. To achieve this objective:

- In-company training seminars are regularly organised.
- Employees participate in seminars organised by internationally-recognised educational and training bodies, such as the Institute of Petroleum and the Oxford Princeton Programme, and in local or international conferences, such as the European Refining Technology Conference.
- Employees are given the opportunity to continue their education and to follow postgraduate courses.
- Employees are encouraged to follow foreign language courses and are supported financially in this.
- Both the head office and the refinery have libraries for employee use.
- The companies pay for magazine subscriptions and professional society membership fees.



The companies' training policy aims to ensure that each employee's knowledge and skills match their job function; this is achieved through continuous, flexible and comprehensive vocational training and personal development.

Dedicated in-house training facilities, equipped with state-of-the-art IT and presentation systems, are available at the refinery and at the head office.

A particularly comprehensive induction training programme has been developed for newly recruited refinery operatives. Encompassing both theory and practice, this aims to ensure both that all refinery personnel are competent and that they adopt safe working practices appropriate to the working environment which is both demanding and potentially hazardous. This programme lasts approximately nine months and is conducted at the refinery by engineers and operators from the various refinery units, depending on the new employee's position. The time schedule and the subjects of the introductory programme are:

- Two months training on general subjects (health and safety, environment, fire protection, quality, first aid, petroleum products, refining, maintenance, English, computers etc.).
- One and a half months of day-shift practice in the individual's particular occupation.
- Six months practice shift-working (without the assumption of operational responsibilities).

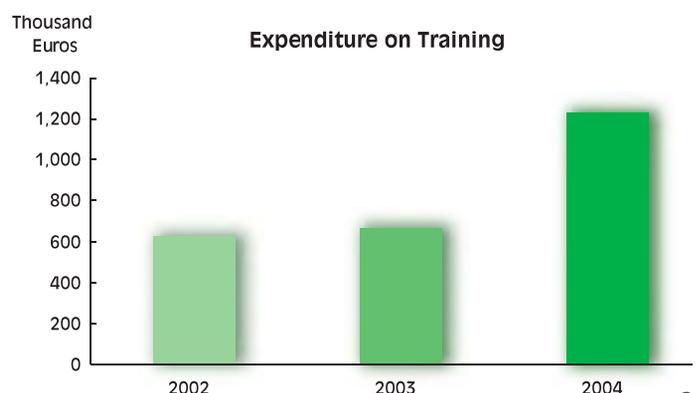
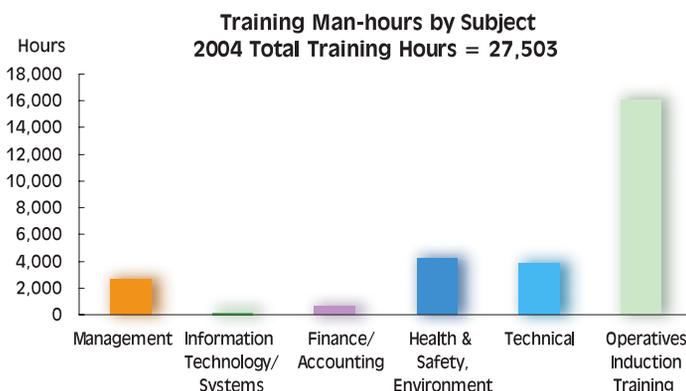
A thorough updating and republication of the training documentation used during the induction training process was initiated during 2004. This was necessary to ensure that training was adapted to take account of the new facilities and refining processes being put in place for the production of "clean fuels", complying with the new European Union specifications, coming on stream in 2005.

During 2004, 496 employees participated in training programmes (62 managers and engineers and 434 other grades). The total training man-hours were 27,503 equivalent to 55.5 hours of tuition per person. The total cost was 1.23 million Euros. Both companies are subject to a 0.45%-of-payroll levy administered by the state employment and training body OAED which applies to all employers.

In line with the policy of paying tuition fees of employees pursuing educational qualifications, a number of grants were made in 2004, including those for attendance of postgraduate marketing courses (eight employees); attendance of business administration courses (three employees); attendance of secretarial courses (one employee); attendance of accounting and book-keeping courses (two employees); attendance of a quality systems management course (one employee); and foreign language courses (eight employees).

Most training activities carried out during 2004 were focused on the operatives' induction training, and on technical, management, health and safety, and environmental protection matters, in accordance to the core activities of the two companies.

The diagrams indicate the types of training carried out in 2004, with the corresponding man-hours associated with each type of training and provide training expenditures in recent years.



Quality

Quality is a vital element of the strategy of every company, which adheres to the principles of Corporate Social Responsibility, due to its undoubted positive impact on consumers and the community in general. Since the start of its operations, MOTOR OIL has focused its efforts on the production of quality products, aiming to satisfy the customers' needs and supplying them with reliable, high-quality products.

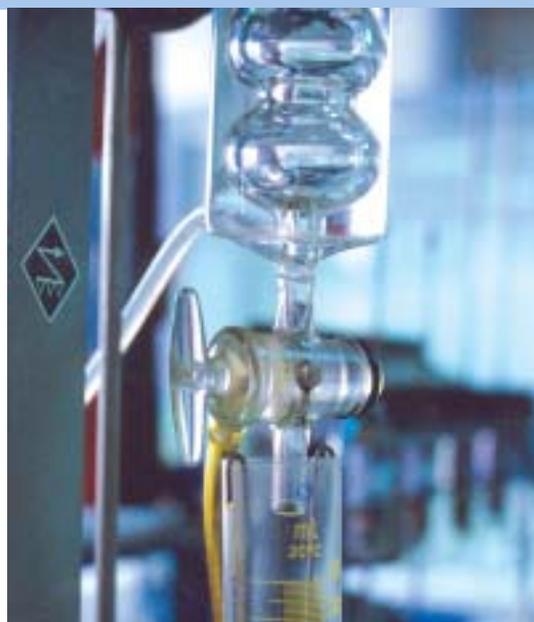
MOTOR OIL's quality policy is summed up in two key principles, to which both management and employees are fully committed:

- MOTOR OIL will produce and sell products that satisfy its customers, always taking into consideration stakeholder interests.
- MOTOR OIL focuses on its customers, examines and evaluates their requirements, and applies all necessary technologies and actions to avoid compromises in quality matters and constantly improve the effectiveness of the Quality Management System. Quality is everyone's business.

The quality policy is achieved through the active involvement of management and staff and the application of preventive management procedures, which allow potential problems to be pre-empted before they arise.

The planning and development of a Quality Management System, covering all company activities, according to the principles of ISO 9002 began in 1992, and certification was issued in January 1993.

Aiming at even higher quality standards and the strengthening of the company's competitive quality advantage - essential for the achievement of its business objectives - it was decided to proceed to certification according to the new, stricter ISO 9001:2000 standard. The laborious internal process of upgrading the existing quality management system was carried out in 2002 and this was certified, according to the ISO 9001:2000, by Bureau Veritas Quality International (BVQI), in January 2003.



Within the framework of this effort, an *Integrated Management System* has been designed, through which:

- Focus is placed on the customer and on satisfying his needs and expectations.
- The effective involvement of management and staff is achieved.
- Measurable quality objectives are set, in alignment with other business objectives.
- The processes affecting the quality system are detailed and the criteria for their effective monitoring are established.
- Measures to ensure the continuous improvement of both the quality system and of the procedures that affect quality are incorporated.

Within the context of the *Integrated Management System*, annual quality targets are set, based on the quality policy, as well as the overall strategy of the company. These targets are measurable and broken down into specific actions for which responsible personnel are assigned, deadlines set and indices monitored. The system's efficacy is monitored through internal inspections and is subject to periodical reviews.

AVIN OIL, with MOTOR OIL as its main supplier, supplies high quality fuels for automobiles, aviation, industry and home heating, asphalt and liquefied gas, plus lubricants that meet international technical specifications (API and ACEA), as well as

the requirements of major automobile manufacturers. Strict management procedures are applied to fuel distribution throughout the three stages of fuel delivery: from the loading points (company installations and refineries), to the transport vehicles (road tankers), and to the final delivery points (petrol stations, factories, etc.), in order to ensure both safe transportation and quality for the final consumer. For its network of petrol stations, the company began in 2000 a quality campaign based on a Quality Competition, conducted by a specialized research company, with the aim of further improving the image of AVIN's petrol stations and the standard of customer service.



Health and Safety - Environment

Occupational health and safety and environmental protection - two principal components of Corporate Social Responsibility - are strategic aims of MOTOR OIL and AVIN OIL. That is, the companies strive to carry out their industrial and commercial operations without compromising the health and safety of their employees or of contracted staff, while maintaining high standards of environmental protection and of protecting the life quality of those living in the vicinity of their industrial facilities.

For MOTOR OIL, the particular emphasis it places on health and safety management and environmental protection, and its commitment to the continuous improvement of its performance in these areas, is set forth in the relevant policy which is implemented through the operation of its *Environmental Management System* and *Health and Safety Management System*, that lay down the detailed programmes and auditable targets to be achieved.





Health, Safety and Environment policy

MOTOR OIL operates with due respect for health and safety and protection of the environment. To that end, the company is committed to:

- Setting goals compatible with continuous improvement of its health and safety, and environmental management systems.
- Complying with, or exceeding the requirements of all relevant legal or other requirements.
- Producing high-quality products, conforming to up-to-date environmental standards, through the efficient use of raw materials, energy and technology.
- Recording its performance, good or bad, and thus helping to promote the concept of socially responsible business and of the responsibility of enterprises.
- Maintaining emergency action plans which are regularly rehearsed.
- Operating a coherent Integrated Management System that takes account of health and safety, and environmental protection factors

when business or operational decisions are being made, plans drawn up etc.

- Offering advice, information and training, to its own employees and to those of subcontractors and others working on its premises so as to ensure their vigilance and commitment to compliance with safe working practices.
- Reducing waste production and atmospheric emissions to the lowest level possible.
- Co-operating with all interested parties for developing health and safety, environmental protection programmes.

At MOTOR OIL, whatever we aspire to achieve, plan or do, we do it:

- Safely
- Without risk to the environment, and
- In an economically acceptable way

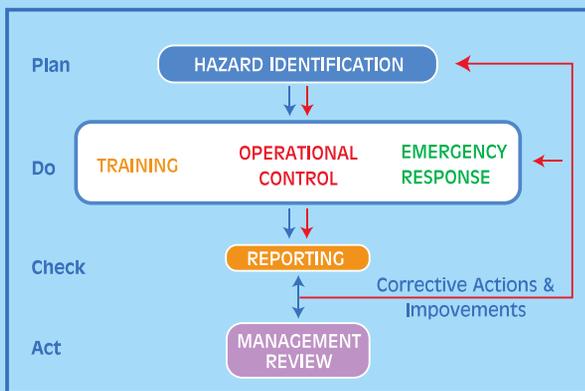
Health and Safety

Occupational health and safety at MOTOR OIL are organised within an overall policy framework that ensures that safety is an integral part of the company's management system and a primary concern of its management. The Health, Safety and Environment policy, mandates management to take whatever measures are necessary, implement projects and programmes to:

- Minimize the risk of major accidents to the lowest level possible.
- Eliminate occupational accidents.
- Achieve continuous improvement in working conditions.
- Ensure that all employees (including subcontractors' employees), the life quality of neighbours, the environment and the company's own installations, are protected from any dangers that may arise from its activities.

Since 2003, attainment of these goals has been based on a comprehensively revised *Health and Safety Management System*, developed by MOTOR OIL's own specialists, which is based on best practice elements of other internationally-recognized safety management systems.

The system comprises a four-stage (*Plan* → *Do* → *Check* → *Act*) management cycle, that operates as a self-checking and self-correcting mechanism, designed to ensure continuous improvements in the system's operation.



The most significant aspects of the Health and Safety Management System are:

- Strict compliance with relevant legislation, with international standards and codes of practice and with established operational rules. The refinery was designed and built, and operates, in accordance with Greek and international regulations and standards. But, there is a continuing programme of investments in technical upgrades, taking account of engineering developments, aiming at maintaining the highest possible standards of safety and accident prevention.
- Systematic identification, control and assessment of all risks associated with the hazards arising from the refinery's operations.
- Provision of training to all workers covering: information and instructions relevant to the hazards arising from their work, correct use of personal protective equipment, safe working practices, appropriate emergency response procedures and first aid.
- Ensuring enforcement of safety rules in all situations, including the implementation of all required protective measures, and the compliance with safe working procedures.

- Continuous review of the *Emergency Response Plan* and consolidation and improvement of existing emergency procedures.

The plan prescribes equipment, organisation and facilities available (both internally and from off-site sources) to mitigate the effects of an emergency.

Arrangements related to the Emergency Response Plan are:

- A Mutual Aid Agreement, dating from 1988, whereby all Greek refineries co-operate in the event of an emergency. The effectiveness of this collaboration is ensured through six-monthly joint exercises involving MOTOR OIL, the local fire brigade and the other refineries.
- Safety drills, organized weekly, and preparedness exercises concerned with the consequences of major accidents that are organized several times a year. During these exercises, the Major Incident Response Plan is activated and all relevant public services are involved.
- The fixed and portable equipment for fire detection and fire-fighting, and those for detecting leakages.
- The continuous availability on the refinery site of five fire engines and one foam-generating road tanker, operated by trained fire-fighters.
- Systematic recording, investigation and analysis of accidents, near-misses and fires with a view to effecting corrective measures to prevent repetitions.
- Active involvement of all staff in health and safety arrangements, both individually and through their being represented on the Health and Safety Committee.
- Continuous monitoring of equipment and workplaces for potential risks through

the regular health and safety inspection programmes, involving both internal inspection teams and external (Greek and foreign) safety specialists. The internal inspections are carried out on an annual basis, by teams consisting of refinery managers, engineers and operatives. Recommendations arising from these audits lead to appropriate technical and/or organizational measures being taken to achieve long-term improvements in working conditions.

- Excellent cooperation with public authorities, including providing them with all relevant information.
- Six-monthly joint conferences on health, safety and environmental protection, involving representatives of Greek and Cypriot oil refineries and public authorities. In 2004, the 24th and 25th such meetings were held.
- Availability of three fully-equipped ambulances. At the same time, the refinery has a fully equipped medical centre, staffed by an occupational physician and nursing staff, while the alkylation unit also has a medical station. A medical centre, staffed by two doctors, is also available for MOTOR OIL and AVIN OIL staff, at the company's head office premises.
- The planned medical examination of refinery personnel (blood tests, X-rays, cardiograms, eye tests etc).
- Systematic monitoring of safety performance, using established industry indicators, so as to ensure the constant improvement in performance and the highlighting of malfunctioning and vulnerabilities.

The cost of the company's capital projects for improving health and safety standards and for maintaining safety equipment and medical centres was 1.2 million Euros in 2004. This amount includes the following investments:

- Installation of permanent foam-generating fire-extinguishing equipment at all pumping stations, significantly improving refinery safety by minimising reaction times following accidental releases.
- Installation of automatic safety valves on fuel and lubricant production facilities, which can be operated by remote control in case of emergency.
- Improved capability for remote operation of loading valves at the tanker-loading jetty.
- Installation of double-isolation valves in the fuel lines of various furnaces, thus improving safety levels.
- Extension of permanent scaffolding, to provide safer access for operatives during both normal and maintenance operations.
- Construction of a reservoir for collection of waste oil at the catalytic cracker, in order to ensure its safe and environmentally friendly disposal in case of need.
- Construction of new bridges and re-arrangement of pipework, in order to improve ease of inspection and maintenance.
- Upgrading of the fire extinguishing system, through installation of water jet systems at the main distillation towers.
- Significant improvement of the alarm system, through installation of 17 additional activation buttons in the tank farm area of the refinery. These buttons are connected with the central unit by a fiber optics network.

Amongst the major refinery investment projects of the last three years that are safety-related were:

- The completion of the installation, in 2002, of a Distributed Control System, computerizing the control of refinery operations (cost: 20.9 million Euros).
- The continuation of the installation of the Advanced Process Control System, which constitutes an extension of the Distributed Control System. Up to now this system has been implemented in the catalytic cracking section, and will follow across all refinery units (budget: 8.8 million Euros).
- The completion of installation, in 2004, of the Custody Transfer System at the jetty, which has enhanced the reliability, safety and effectiveness of product loading (cost: 1.6 million Euros).
- The start of works, in 2004, for the installation of a Power Management System, which will improve the reliability of the refinery power network, also directly improving safety (budget: 3.0 million Euros).
- The start of works, in 2004, for installing an operators' training simulator, which will be used to achieve more effective training of operators, both in respect of normal operations but also in start-up and emergency situation procedures.
- The commissioning of the new Truck Loading Terminal, which incorporates innovative safety technology, with positive health and safety implications, including a state-of-the-art automatic loading system and improved fire extinguishing devices, operating independently from the refinery system.

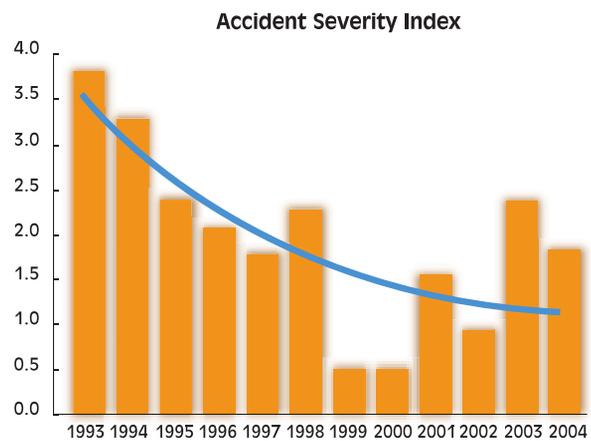
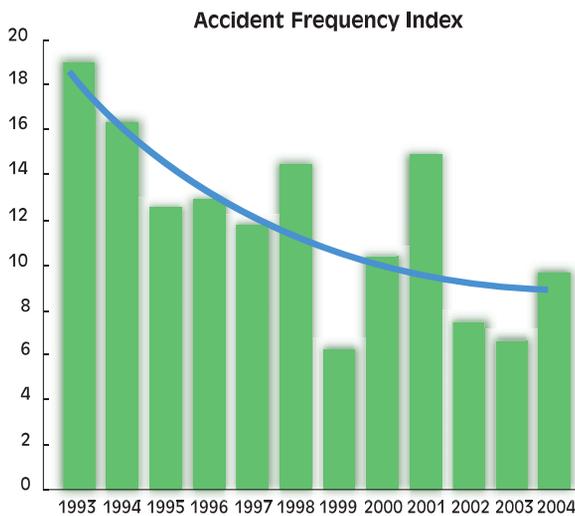
ACTIONS TAKEN IN 2004, ARISING FROM THE IMPLEMENTATION OF THE HEALTH AND SAFETY MANAGEMENT SYSTEM

<p>HAZARD IDENTIFICATION</p>	<ul style="list-style-type: none"> • Mapping of noise levels in processing areas and implementation of appropriate noise reduction and/or exposure control measures where necessary. • Review of hazard identification and risk assessments for a number of workplaces. • Preparation of a database of Greek regulatory health and safety requirements relevant to the refinery's operation. • Updating and republication of Material Safety Data Sheets for refinery products.
<p>TRAINING</p>	<ul style="list-style-type: none"> • Updating and republication of health and safety documentation used during induction training. • Listing of training subjects in the content of occupational health and safety for refinery duty engineers and fire brigade chiefs. • Refresher training for all supervisors and foremen at the refinery on issuing work permits, and review of relevant training materials. • Refresher training for refinery duty engineers on emergency procedures and the use of escaping devices. • Refresher training for production and off-sites personnel, regarding the correct use of respiratory protective equipment. • Production of four information and training videotapes for visitors and subcontractors' employees. • Establishment of a subcontractor certification scheme, in collaboration with other refineries, and development of information material and auditing questionnaires covering 29 subcontractor job categories. In the framework of this scheme, a special software was developed, which will support the development and update of an online database of all informed subcontractor personnel. This database will be made available to all refineries. • Development of training and examination documentation regarding work permits to be used for training subcontractors' personnel that are to be issued with such permits. Similar training and assessment documentation related to issuing or receiving of work permits for refinery employees has also been developed.
<p>OPERATIONAL CONTROL</p>	<ul style="list-style-type: none"> • Development of a checklist for the safety inspection and approval of all vehicles entering refinery premises for whatever reason. • Continuation of the work to develop specifications for all health and safety related work equipment in use (personal protective equipment, fire-fighting equipment etc.). • Revision of the safety procedure for constructing, commissioning and checking of all types of scaffolding used at the refinery. • Issue of safety instructions relating to emergency situations at various processing units at the refinery. • Improvement of the means by which health and safety information is disseminated to the workforce.

<p>EMERGENCY RESPONSE</p>	<ul style="list-style-type: none"> • Continuous training of refinery personnel, and confirmation of readiness for emergency situations, through various types of drills and exercises. Forty nine readiness exercises were carried out, ten major incident scenarios and one exercise in which the fire brigade was involved and the Greek refineries' mutual assistance scheme was activated (involving participation of the nearby Aspropyrgos and Elefsina refineries). • Rescue training of refinery personnel, under the direction of the Fire Brigade rescue team. • Re-organization of the Emergency Control Center, which co-ordinates the activation of emergency plans, regarding both the procedures in place, and the available communication means. • The frequency of inspection of the fire-fighting system was increased from a six-month basis to monthly.
<p>REPORTING AND MANAGEMENT REVIEW</p>	<ul style="list-style-type: none"> • Inspections carried out by various internal health and safety committees led to 167 suggestions for improvements, of which 137 were followed up during 2004. • Daily inspections of site works in progress were carried out with immediate rectification of unsafe conditions that came to light. • Checking and review of issued work permits to identify shortcomings. • 11 shortcomings of the <i>Health and Safety Management System</i> were identified and rectified by the proper actions.



The successful operation of the *Health and Safety Management System* is reflected in accident frequency and severity statistics (relating to company employees), which have shown a clear downward trend over the past years, although the frequency index showed a slight increase in 2004; this may be partly attributed to the major expansion and upgrading programme that has been under way. These statistics relate to our own employees and do not include accidents involving sub-contractors' employees, of which four were recorded in 2004, compared with nine in 2003. It is to be noted that at the worksites of the expansion projects, where up to 2,500 workers were simultaneously working, no serious accident occurred.



In respect of health and safety, AVIN OIL, in its operations, follows equally strict standards as those described above aiming to achieve equivalent high standards of health and safety and to avoid all types of accidents. The company:

- Fully complies with all relevant legal requirements.
- Regularly makes available to the authorities full and accurate safety data about the products it distributes.
- Provides its employees with a safe and healthy working environment.
- Ensures that health and safety issues are handled by competent and dedicated in-house personnel (occupational physicians, safety engineers, etc.).
- Provides appropriate health and safety training to its employees and those with which it collaborates.
- Keeps abreast, as far as possible, with international technical developments.
- Continuously strives to improve its health and safety performance.



Environment

Since it began operations, MOTOR OIL has been acting responsibly and been concerned with the importance of environmental protection. It has been continuously striving to apply the best available technology and procedures for the effective protection of the environment. Being a member of the Greek Corporate Social Responsibility Network, it has also espoused the principles of sustainable development, that is, development that satisfies today's needs without compromising the ability of future generations to enjoy access to the same resources. Today, the commitment to environmental protection is made clear in the company's *Health, Safety and Environment Policy* and is implemented through the operation of its *Integrated Management System*.

The company's *Environmental Management System* was certified compliant with ISO 14001:1996 by BVQI (Bureau Veritas Quality International) in December 2000 for all refinery activities; it was re-certified at the end of 2003 and this will remain valid until January 2007. For an oil company to achieve the double ISO certification (14001:1996 and 9001:2000) it is unique in Greece and rare even in Europe.

Key elements of the company's *Environmental Management System* are:

- The active participation of the company's employees, and contactors' personnel working on its premises, through continuous training, updating and awareness-raising activities appropriate to their job function.
- The assessment of environmental impact, hazard identification and assessment of risk for major accidents associated with both current and planned activities. Recommendations thereof, are included in the relevant business plans.
- The full compliance with Greek and EU legislation and standards applying to the refinery and its products. Similarly, other international codes of practice, if needed, are complied with.

The MOTOR OIL refinery:

- Complies rigidly with the environmental protection terms of its operating licences issued by the competent Ministry.
- Makes annual reports to the competent authorities of the quantities of emissions to air, and liquid and solid waste arising from the refinery's operation, in accordance to EU law (decision 2000/479/EC), as required for the implementation of the European Pollutant Emission Register (EPER).
- Reports the total annual emissions of sulphur dioxide, nitrogen oxides and particulate matter from its major combustion units, as required by EU directive 2001/80/EC.
- Similarly, reports are made to competent authorities and to the local authority (Corinth Prefecture and Aghioi Theodoroi Municipality) on annual emissions to air, on liquid and solid waste, and on a monthly basis, in respect of liquid waste.
- Reports to the competent authorities are also made on the way of handling any solid waste. MOTOR OIL collaborates on this with licensed solid waste disposal companies to ensure the most effective handling.
- The monitoring and, as far as reasonably practical according to technological and financial potentials, the continuous reduction of solid, liquid and air emissions. At the same time, the practicing of recycling and re-use wherever this can be effectively achieved.
- The monitoring and, as far as possible, reduction of the consumption of raw materials and energy.
- The prevention and mitigation of pollution risks, by the development, implementation and regular rehearsal of the appropriate emergency response procedures.
- The frequent internal and external evaluations, aiming at assessing the effectiveness of the environmental protection measures, and the continuous development of the Environmental Management System. For example, during 2004, six in-house audits were carried out within the framework of the Integrated Management System, resulting in 33 operational procedures being reviewed or revised.
- The communication with all interested third parties, including the local community, aiming to creative information exchange and to the building of mutual trust.
 - Four years ago, MOTOR OIL began holding annual meetings at the refinery, involving representatives of local communities, during which the company's investment plans are discussed, and opinions exchanged, with special attention being paid to environmental protection programmes; the 2004 meeting was held on the 10th of February.
 - Complaints expressed by refinery neighbours are recorded and analyzed, and accordingly, short- or long-term measures are taken to address the complaints. There were 23 such complaints in 2004, 50% fewer than in 2003.

A very important part of the company's overall investment programme relates to capital expenditure on environmental protection measures, as shown in the following table, which includes relevant investments made by AVIN OIL.

CAPITAL INVESTMENTS 2001-2004 (million Euros)

Year	2001	2002	2003	2004	Total	Percent
Total Capital expenditure*	39.2	47.4	88.5	259.6	434.7	
Environmental Capital Projects	13.6	9.3	58.3	234.6	315.8	72.6%
- For Clean Fuels	0.0	1.0	54.6	231.5	287.1	66.0%
- For Improving Performance	13.6	8.3	3.7	3.1	28.7	6.6%

* Acquisitions not included

The objectives of the environmental protection measures, along with examples of relative investment projects, are:

- **Production of the most environment-friendly products possible, to the extent allowed by technological, legislative and financial factors.**
 - The most important investments made at the refinery in the last five years, expected to be completed during 2005, are related to the production of cleaner fuels. In 2004, approximately 231.5 million Euros were spent on the installation of a new hydrocracking unit which, along with the associated high-pressure desulphurization unit and other related units (for which the total budget is 344 million Euros), and the upgrading of other existing production units, will make the production of "clean" fuels, possible satisfying new low-sulphur specifications prescribed by the EU for 2005, and indeed even the stricter standards coming into force in 2009. The hydrocracking complex is equipped with Best Available Technology (BAT) pollution control devices.
 - Capital investments were completed in 2000 on facilities, to reduce sulphur and benzene levels in fuels, in order to comply with EU specifications, at a total cost of 66.6 million Euros; this involved:
 - > the construction of a new benzene hydrogenation unit.
 - > the construction of a new gasoline hydrodesulphurization unit
 - > the revamping of the reformer unit.
- **Reduction of consumption of natural resources and energy, through optimization of the consumption of fuels, steam and water; aiming to cover all the refinery's electric power requirements through self-generation of electricity and to prevent pollution of the environment by using, wherever possible, Best Available Technologies.**
 - An agreement was signed in January 2004 with the state gas company DEPA, covering the connection of the refinery site to the new natural gas distribution network. Natural gas will be used as a fuel to satisfy the heating and energy requirements of the refinery and also as a raw material for the new hydrogen production plant, helping to improve the environmental operating terms of the refinery. It should be noted that MOTOR OIL's becoming the principal industrial consumer of natural gas in the region was an important factor of making it economically feasible for the natural gas pipeline network to be extended to Corinth, Patras and the surrounding region, a decision which has significant positive economic and environmental consequences for the region.
 - During 2004, a new Truck Loading Terminal was commissioned at the refinery; this is equipped with a vapour recovery unit that allows volatile compounds to be more effectively contained and reduces odours.
 - During 2004, the installation of a Power Management System was initiated. Besides increasing the reliability of the refinery's electrical power system, this will reduce its electrical energy requirements (budget: 3.0 million Euros).
 - During 2004, works began on the upgrading of the crude oil pre-heating furnace, which will result in significantly reduced energy consumption, as well as reduced atmospheric pollution (budget: 2.7 million Euros).
 - Further reductions in energy consumption and atmospheric pollution will result from the phased renewal of all steam-generating boilers at the refinery, which also began during 2004 (budget: 1.0 million Euros).
 - In 2003, a project for the optimization of the refinery's slop management processes was completed, including the construction of a 10,000 cubic metre tank, which is helping to improve energy efficiency and the quality of waste to be treated.



- During 2002 the installation of a 20.9 million Euros Distributed Control System (DCS) was completed. This investment (which concerns the monitoring of the refinery production processes using computers), although not a direct environmental investment, will have a significantly positive effect on the environment, through the automation of production. Similarly, there will be a benefit for the environment, resulting from the phased commissioning of an Advanced Process Control System which is under way. This is already in operation at the FCC plant and will come into operation throughout the refinery over the next three years (budget: 8.8 million Euros).
- During 2001, the installation of a new (third) gas-turbine in the power production unit was completed (at a total cost of 23.4 million Euros). The new gas-turbine allowed for the self-sufficiency of the refinery in respect of energy requirements.
- **Management of gas emissions and constant monitoring of atmospheric quality.**
 - In 2004, MOTOR OIL's carbon dioxide emissions were calculated so as to assemble baseline data for the National Allocation Plan for the European system of greenhouse gas emissions trading provided for by EU directive 2003/87/EC.
 - The installation of the hydrocracker plant to produce low-sulphur fuels, which began in 2003 and is due for completion in 2005, will significantly contribute in improving the quality of air.
 - During 2004, works began on facilities to reduce suspended particulates' (PM₁₀) emissions from the catalytic cracking unit (budget: 10.9 million Euros). This will include, among other measures, installation of electrostatic filters for processing the flue gases of the unit, in accordance with the Best Available Technologies for refineries adopted by EU authorities.
 - Management of gas emissions and constant monitoring of air quality, conducted by three fixed analyzers and a mobile measurement station, which record the main gas pollutants (NO_x, H₂S, SO₂, hydrocarbons and particulate matter PM₁₀). New measuring devices have been purchased to enhance the recording potential of the stations.

- In 2004, an additional heat exchanger was installed, in order to reduce the temperature of the residue of the visbreaking unit (fuel oil) before it is stored, so as to minimize odours in the vicinity of the refinery.
- Works for another project aiming at reducing gaseous hydrocarbons' odours by covering the rain water sump, started during 2004.
- In 2003, aiming at the more effective control of gaseous emissions, the work of connecting with the Distributed Control System the devices that continuously monitor air pollutants was completed.
- In 2003, the installation of a new sulphur recovery unit was completed, replacing an old facility (cost: 9.3 million Euros) This unit substantially improves the sulphur recovery rate, thus proportionally reducing the environmental impact.
- The first stage of a project to reduce pollution from gaseous hydrocarbon leakages by 10% was completed in 2002. The necessary equipment was installed for identifying sources and recording the extent of leaks (using the EPA21 method). The system indicates when corrective measures are required and monitors the situation to confirm that the corrective action has been effective. This is an ongoing programme, aiming at the further reduction of leaks and of the resulting emissions of volatile organic compounds.
- **The effective management of solid and liquid waste, by implementing recycling and re-use wherever possible.**

Liquid effluents are treated twice before re-use or disposal, over and above the limits set by Greek environmental ruling. Moreover, waste water collected from all possible sources (sewage system, ballast, rain water) is properly treated before disposal in the sea.

- In 2004, a project was initiated for upgrading the biological treatment unit, aiming at increasing its capacity in view of the additional requirements brought forward by the construction of the hydrocracker complex, and for catering for extraordinary situations of heavy rainfall. Moreover, the project provides for the modernization of the unit by the implementation of new technologies in order to further improve the quality of effluents, and its availability (budget: 10.0 million Euros). In 2003, works were carried out for improving the operation of the biological treatment unit by installing a device for the continuous monitoring of temperature and pH, which allows the time required for taking preventive measures to be reduced.





Particular care is taken for the disposal of solid wastes:

- In 2004, a project of particularly important environmental significance was carried out. It concerned the dismantling of the unit that was in the past used for adding tetraethyl lead (TEL) in gasoline. This equipment, containing highly poisonous lead residue, was dismantled by a firm specialized in handling lead contaminated materials. The lead containing mud residues, were exported to Belgium for being incinerated.
- The oily deposits from crude oil tanks are treated for oil removal at a yield of more than 90%, while the resulting solid residue is subjected to biological treatment in landfarms, before disposal as filling soil. These landfarms, conform to the relevant API landfarming standard, and occupy an area of 36,000 square meters.
- The exhausted catalysts are collected by firms licensed to handle solid disposals, and are disposed in a number of approved ways (sold abroad, regenerated, or disposed of at cement factories to be used in cement kilns).
- For used lubricants and their packaging, MOTOR OIL has contracts in place with firms specialized in recycling used oils and in handling used packages. These two contracts secure the recycling of used oils and of their packages from customers' premises, contributing to the protection of the environment and the saving of raw materials.
- office paper is collected for recycling.

In 2004, the company continued its collaboration with the Laboratory of Applied Geochemistry of the Geology Department of the University of Patras, aiming at determining the chemical condition of sea water at the shore side

of the refinery. Another study, concerning the management of solid waste disposal, was conducted in collaboration with the Biology Department of the University of Athens in 2003. Also in 2003, the Laboratory of Biochemical Processes and Environmental Technology of the Environmental Engineering Department of Crete Technical University, carried out a study that confirmed the effectiveness of the landfarming methodology used by MOTOR OIL to treat the oily residue from crude oil tanks.

- **The prevention of environmental damage, in case of oil spills through the implementation of proper action plans, like the Oil Spill Contingency Plan.**

In the sections above, the main environment-related projects and plans of MOTOR OIL of the last three years have been briefly presented. Their main focus is prevention. Of equal importance is, of course, the ability to deal with small - or large - scale incidents, if they occur. Cases of water pollution are of particular concern, due to the extensive consequences they may have, affecting large areas by destroying marine life and causing an economic slowdown in the affected areas, and due to the fact that the recovery cost in large-scale accidents is indeed huge.

MOTOR OIL is committed to taking all possible measures to prevent damage that may occur from the normal operation of its refinery, on the land or to the sea area for which is responsible. However, in case of force majeure, or unforeseen occurrences, MOTOR OIL has the expertise and know-how, as well as the required equipment, and its staff is duly trained, to effectively and timely deal with water pollutions of small and medium scale (Tier-1 and Tier-2) in the greater sea area around the refinery.

In such a case, the management of MOTOR OIL activates the Oil Spill Contingency Plan of the company, which provides measures for dealing with an oil spill. This plan is in accordance with the Local Contingency Plan (managed by the local port authorities) and the National Contingency Plan (managed by the Ministry of Mercantile Marine).

MOTOR OIL has the suitable equipment for dealing with medium scale (Tier-2) pollution, like absorbents, booms, skimmers, vessels (boats and towboats), a special vessel equipped with tanks for storing the collected pollutants, equipment for shore cleaning, etc., while its staff is being continuously trained on the mobilization and use of this equipment. There is also sufficient stock of oil spill dispersants, which is used at the final stage of the cleaning operation, following a proper license from the Port Authorities. The oil spill response equipment is regularly upgraded, in order to conform to state-of-the-art technologies and to pollution control requirements. Furthermore, the company is contracted with Southampton Oil Spill Response Limited (an international organization that provides know-how, equipment and materials and technical support in dealing with oil pollution, especially large scale (Tier-3) incidents. MOTOR OIL's Oil Spill Contingency Plan lists all tourist and other installations in the area along with the appropriate, in each case, shore cleaning method. Practice drills are carried out on an annual basis - eight for dealing with small scale pollutions (Tier-1) and two for dealing with medium scale pollutions (Tier-2).

MOTOR OIL is also a regular member of the Mediterranean Oil Industry Group (MOIG). It is a regional oil industry forum on oil spill preparedness and response for the Mediterranean Region. MOIG represents a network of industry experts in oil spill response in order to ensure good coordination by the oil industry in case of a major oil spill incident in the Mediterranean Sea. MOTOR OIL hosted the 5 - 8 June 2001 meeting of MOIG, and quite successfully, organized and executed a large scale oil spill response drill in the marine area of the refinery, in which the Greek Port Authorities participated. The drill was observed by representatives from all Mediterranean countries.

AVIN OIL has been operating responsibly and effectively in the oil products market for 27 years and respect for people and the environment has always been and remains a priority. In order to ensure the safe and uninterrupted supply of its products and services to customers, the company has developed and implements a programme of measures which comprise its *Health, Safety and Environmental Protection Policy*. The policy requires compliance with all legal obligations, regulations and codes of practice. The company operates a comprehensive *Health, Safety and Environment Management System* which provides for regular audits and management reviews, to ensure its effectiveness and continuous improvement.

Starting in 1999, AVIN OIL is investing in its distribution network, so as to be able to comply with the requirements of EU directive 94/63 (Stage I), concerning the control of volatile organic compound (VOC) emissions resulting from the storage and distribution of petrol. The company's fleet of road tankers used to distribute its products has been equipped so as to control VOC emissions. VOC emission control capability was also introduced at the road tanker loading terminal at Aghioi Theodoroi. VOC emission control systems are thus in operation throughout the fuels distribution chain, encompassing the terminal, the road tanker fleet and service stations. In keeping with the company's policy of constant improvement, one service station has been equipped, on a pilot basis, with emission control equipment, which complies with the requirements of the second phase (Stage II). This phase concerns the recovery of VOC emissions, occurring when cars are refueled at petrol stations.



