

## Code of Corporate Governance “MOTOR OIL (HELLAS) S.A.”

### Disclaimer

The code set out hereunder describes the “best practices” in the area of corporate governance followed by the Company with regard to fundamental aspects of its operation. In cases of future changes in the institutional and regulatory framework, the Company’s Board of Directors will revise/amend this code with a view to improving the methods of Company Corporate Governance and Control, with obvious benefits in terms of performance, attainment of Company objectives and the promotion of the interests of the management, the employees, the shareholders, the investors and the creditors. The present code with the indication “February 2020” constitutes the seventh revision of the initial code approved by the Board of Directors of the Company in March 2011.

### A. BOARD OF DIRECTORS

The Board of Directors is the Company’s highest administrative body and according to its Articles of Association may comprise from eight (8) up to twelve (12) members elected by the Shareholders’ General Assembly for a one – year term commencing on the day following the General Assembly from which they were elected and its tenure is extended until the expiration of the period within which the next Ordinary General Assembly must be convened and until a relative decision is taken. The members of the Board of Directors may be shareholders or not, as well as “MOTOR OIL (HELLAS) S.A.” executives. The Board of Directors members may be re-elected indefinitely without restriction and may be freely recalled. Immediately after its election by the General Assembly, the Board is organized as a Body Corporate and appoints its Chairman, up to two (2) Vice-Chairmen and the Managing Director. The independent Board members are elected by the General Assembly of the Shareholders.

The Chairman presides over Board meetings and, in the cases he is absent or cannot attend, he is substituted by either one of the Vice-Chairmen, while when both the latter are absent or cannot attend, they are substituted by any member appointed by the Board of Directors. The Chairman, the Vice-Chairmen and the Managing Director may always be re-elected.

According to the Company Memorandum & Articles of Association of “MOTOR OIL (HELLAS) S.A.”, the Board of Directors is entitled to deliberate on any affair, matter, deed or action pertaining to the administration of the Company in general or to the management of Company property, to represent the Company in all its relations and transactions with third parties and to take any action that exploits its goals, including the granting to third parties of Company guarantees on behalf of affiliated or related companies, with the exception of only those matters that, according to the provisions of the Law or the Company Memorandum & Articles of Association, fall within the jurisdiction of the General Assembly. By decision of the General Assembly, which is made by an open vote following the approval of the Annual Financial Statements, the overall administration of the company performed in the respective fiscal year may be approved. The members of the Board are individually responsible to the company in accordance with the provisions of the Law 4548/2018 (Government Gazette A' 104/ 13.6. 2018).

## Corporate Governance “Best Practice” followed by MOTOR OIL (HELLAS) S.A.

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The Company opts to maintain a Board with a number of Directors at the maximum membership range of 12 Directors as stipulated by its Articles of Association so that a wide array of knowledge, skills and expertise is represented at it and a balance, pursuant to the provisions of the legal framework and to the degree that this is feasible, between the number of executive and the number of non-executive members is secured.

Out of the twelve (12) Company Directors comprising the present Board, one is Chairman and Managing Director while another is Executive Vice-Chairman.

In June 2017 the Organization & Corporate Governance Committee was established to which the Board has assigned duties with regard to Organizational matters, pertaining to the Company organization chart changes, as well as matters pertaining to the Company compliance with the relevant Regulatory and Institutional framework on Corporate Governance. The Committee is composed of four (4) Board members of which three (3) are executive (both Deputy Managing Directors - one being the Chairman, and the General Manager of Administration & Human Resources) and one (1) is non-executive.

As a result of business developments and changes in the Company organization chart as well in the regulatory framework governing the conduct of listed companies, subsequent changes in the composition of the Board and/or re-definitions of the Directors' roles become necessary. The present Board is composed of six (6) executive members and six (6) non-executive members – three (3) of which are independent. It is noted that pursuant to the Greek Corporate Governance Law 3016/17.05.2002 at least one third of the Board members must be non-executive and at least two (2) of them must be independent. The choice of the Company to maintain a Board with a number of Directors at the top end of the membership range provided by its Articles of Association has proved beneficial over time as regards the efficient and uninterrupted operation of the BoD.

Each time a change in the composition of the Board takes place, the BoD is re-organized as a body corporate and the Company Approval Authorities and Signature Authorities are re-defined according to the provisions of the Internal Company Rules<sup>1</sup> that are also amended and adapted to the new circumstances.

The fact that the Chairman of the Board also carries out the duties of the Managing Director does not influence the operation of the BoD since, as mentioned earlier, in the cases he is absent or cannot attend a meeting, he is substituted by the Vice-Chairman, while at the same time there are two Deputy Managing Directors that are executive members of the Board.

The Organization & Corporate Governance Committee has the responsibility for nominating the Board members for election by the General Assembly and, to this end, makes its recommendations to the Company's Board whereupon the opinion of the Chairman and Managing Director carries particular weight. The final decision on the election of the candidates as BoD members rests with the free judgement of the shareholders present and lawfully represented at the General Assembly.

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<sup>1</sup>Internal document functioning in a manner complementary to the provisions of the Articles of Association of the Company. It was compiled for the first time in the context of the listing of MOTOR OIL (HELLAS) S.A. shares on the Athens Exchange pursuant to the provisions of the Greek Corporate Governance Law 3016/2002. It is amended whenever the circumstances dictate so (i.e. changes in the Company organization chart, in the composition of the Board, in the Regulatory framework) and it is approved by the Board.

## B. EXECUTIVE MANAGEMENT & BoD REMUNERATION POLICY

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According to the Articles of Association of “MOTOR OIL (HELLAS) S.A.”, the Board may assign the execution of all or part of its authorities and duties, with the exception of those calling for collective action, to Committees established by the BoD.

The Remuneration Committee is one of the three committees operating within the framework of the Board of Directors of “MOTOR OIL (HELLAS) S.A.” to which the Board has assigned the duties with regard to staffing and remuneration in order to ensure that the executive management and the Board members are compensated in a manner consistent with the Company remuneration policy, the competition, the regulatory framework in place for labor issues and the interests of the shareholders.

The Company Articles of Association provide that the members of the Board are entitled to receive remuneration or other benefits in accordance with the Law and the Company Remuneration Policy. It is noted that the Company has established a Directors’ Remuneration Policy which was approved by the Annual Ordinary General Assembly of the Shareholders on June 5th, 2019. The Company Articles of Association also stipulate that the members of the Board may receive compensation through their participation in earnings distribution.

### Corporate Governance “Best Practice” followed by MOTOR OIL (HELLAS) S.A.

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The operation of the Remuneration Committee at MOTOR OIL (HELLAS) S.A. dates back to 1996. The Committee is composed of five (5) members of which four (4) are executive Board members (both Deputy Managing Directors participate – one being the Chairman, the Refinery General Manager and the Human Resources General Manager) and the fifth member is the Refinery Deputy General Manager who is not a Director.

The absolute level of executive management remuneration is determined as a function of a number of parameters such as the level of responsibility, seniority, performance and Company perks. As a general policy the Company strives for the creation of a working environment that encourages long-term staying and provides incentives for business decision making oriented toward the maximization of shareholder value on a timely basis. Moreover, in 2010 the Company entered into a Directors and Officers Public Liability insurance contract for the protection of its personnel for any liability against third party damages.

The salary increase of the executive management team members who are also Board members under employment relationship is determined by the Company general salary policy framework.

The Company does not offer its employees and executive management additional bonuses on a regular basis and it does not implement an incentive policy in the form of stock options.

The Remuneration Committee constantly monitors the development of the aggregate amount of personnel salaries and other related benefits in conjunction with the progress of Company

operations and makes recommendations to the Board whenever a corrective action is deemed necessary in order to protect the long-term interests of the stakeholders and the viability of the Company.

The Company Board taking into consideration the Hellenic Capital Market Commission circular dated 28/4/2017 providing guidance to listed companies “to secure that the remuneration of Audit Committee members must reflect, among others, the complexity and diversity of their work, the amount of time required to fulfil their duties, the degree of responsibility and the remuneration level of the rest members of the Board”, proposed, and the Annual Ordinary General Assemblies of June 2018 and 2019 approved, the differentiation of the annual compensation of Company Directors as follows:

- **Executive Board members: Euro 16,000**
- **Non-executive Board members: Euro 19,000**
- **Non-executive Independent Board members: Euro 28,000**
- **Audit Committee Members: Euro 35,000**

It must be pointed out that the above annual compensation of the Executive and Non-Executive Board members has remained unchanged since the fiscal year 2003. The Directors' fees mentioned above are not related to the number of meetings convened by the Board during the year.

In exceptional circumstances only, the Company management has proposed the granting of additional compensation to Company personnel and to members of the Board following approval by the Annual Ordinary General Assembly.

More specifically for the fiscal years 2015-2018, following a proposal by the Remuneration Committee, the management of the Company included as a daily agenda item of the Annual Ordinary General Meeting the distribution of part of the net income to all Company personnel and to members of the Board as reward and recognition of their contribution to the generation of outstanding financial results which led to the increase of the shareholder value at the same time.

The Annual Ordinary General Assemblies of 2016-2019 approved the proposed distribution of part of net income of the fiscal years 2015-2018 to all Company personnel and to members of the Board with a high percentage of votes “in favour”.<sup>2</sup>

Of the existing executive Board members, the two Deputy Managing Directors, the Refinery General Manager and the Human Resources General Manager have been providing their services to the Company for a long period of time under a salaried position. These four (4) members in addition to their salaries and related company perks receive also the annual fee of Euro 16,000 while in 2016-2019 they received additional compensation through the distribution of part of the net income of the fiscal years 2015-2018 following approval by the Annual Ordinary General Assemblies.

The Chairman and the Executive Vice-Chairman receive for their services only the stipulated

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<sup>2</sup> The distribution of part of the net income to all Company personnel and to members of the Board was approved by the Annual Ordinary General Assemblies as follows: votes “in favour” in June 2016 General Assembly 83.17 % (quorum 73.34%), in June 2017 General Assembly 78.78 % (quorum 74.42%), in June 2018 General Assembly 74.41 % (quorum 77.35%), in June 2019 General Assembly 76.72% (quorum 78.97%)

annual fee of Euro 16,000. The years 2016–2019 were an exception as they received additional compensation through the distribution of part of the net income of the fiscal years 2015–2018 following approval by the Annual Ordinary General Assemblies.

## C. GENERAL ASSEMBLY MEETINGS – SHAREHOLDER/INVESTOR RELATIONS

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The General Assembly Meetings of “MOTOR OIL (HELLAS) S.A.” take place in accordance with the provisions of the Law 4548/ 2018 (Government Gazette A’ 104/13.06.2018). The General Assembly of the Shareholders is the Company’s highest authoritative body and is entitled to deliberate on every Company affair or matter. Specifically, the Company Articles of Association provide that the General Assembly is the only body corporate that is entitled to deliberate on issues such as, indicatively but not exhaustively, amendments to the Company Articles of Association, election of BoD members, any increase or decrease of the Company share capital, appointment of Certified Public Accountants, approval of annual financial statements and distribution of Company earnings, approval of the overall management pursuant to article 108 of the Law 4548/2018, discharge of the auditors, approval of the fees and their advance payment to the members of the Board pursuant to article 109 of the Law 4548/2018, approval of the Remuneration Policy pursuant to article 110 of the Law 4548/2018 and the Remuneration Report pursuant to article 112 of the Law 4548/2018. Participation in the General Assembly Meeting does not require the prior blocking of shares. The proof of Shareholder identity can be made in accordance with any legal means and in any case is based on the electronic file received by the Company from the ATHEX CSD or through the participating and registered intermediaries at the Central Securities Depository.

The General Assembly is at a quorum and lawfully transacts its business on the issues on the agenda insofar as those present or represented at the meeting comprise at least 1/5 of the paid up share capital of the Company. If such a quorum is not attained, a Repeat Meeting is convened within twenty days that is considered at quorum and lawfully transacts its business on the issues of the original agenda regardless of the percentage of attendees. Decisions on the items of the agenda require simple majority of those shareholders present or represented.

According to the Company Memorandum & Articles of Association, for decisions involving 1) change of nationality, 2) change of business activity, 3) increase of shareholder liabilities, 4) increase of Company share capital, 5) decrease of Company share capital, 6) change in earnings distribution policy, 7) merger /spin off/corporate restructuring/corporate revival/ extension of duration/dissolution of the Company, 8) granting or renewing of authority to the Board of Directors for share capital increase, and in any other case specified by the Law, the Assembly convenes lawfully insofar as present or represented in it are shareholders representing 1/2 of Company paid up share capital. In case such a quorum is not attained, a Repeat General Assembly meeting is called that is considered being at quorum if at least 1/5 of the Company paid up share capital is represented in it. Voting at General Assembly meetings takes place in an open/overt manner; nevertheless the General Assembly may opt for a secret vote prior to voting on any particular issue. Each share carries the right to one vote. The General Assembly makes its decisions on the basis of absolute majority of present and represented shareholders. Specifically on issues requiring increased quorum, the General Assembly decides on the basis of 2/3 majority of present and represented shareholders.

The Corporate Announcements & Shareholders' Office of the Company undertakes to carry out all tasks relating to the preparation of the General Assembly Meetings (publication of the invitation, dispatch/collection of Proxy Voting Form, receipt and editing of the electronic files with the shareholders entitled to participate and vote, updating the Company website and posting the comments of the Board of Directors on the daily agenda items, posting on the Company website of minority rights according to article 141§ 2,3,6 and 7 of the Law 4548/2018 (Government Gazette A' 104/13.6. 2018) as well as the update on the decisions of General Assembly Meetings (quorum at Meetings, vote outcomes per agenda item, electronic transmission of announcements to be posted onto the organized stock exchange market website and their posting onto the Company website, submission of Meeting minutes to the supervisory authorities).

### **Corporate Governance “Best Practice” followed by MOTOR OIL (HELLAS) S.A.**

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MOTOR OIL (HELLAS) S.A. strives to serve its shareholders in the best possible manner in order to facilitate their widest possible attendance and representation at the General Assembly Meetings.

The quorum attained at the last five Annual Ordinary General Meetings (years 2015 - 2019) ranged between 68.80% and 78.97%. This fact has particular significance considering that the free float percentage of the Company in January 2020 is approximately 54%.

Contributing factors to the above developments have been, the following:

- The adoption of the “Proxy Voting Form” that the Company is making available through its website,
- The dispatch of the invitation to the General Assembly approximately one week prior to the day of the Meeting together with the Annual Financial Report provided in article 4 of Law 3556/2007 to those shareholders that hold at least 3,000 Company shares according to the electronic records received from the “HCSD” on the postage date.<sup>3</sup>
- The cooperation and frequent communication of the company Corporate Announcements & shareholders' Office with local and global custodians concerning the representation of Company shareholders who are also their clients.

Lacking a relevant provision in the Articles of Association of the Company, the electronic or remote participation and voting at the General Assembly Meeting or a likely Repeat Meeting are not feasible. Likewise, due to a lack of any relevant provision in the Articles of Association, the Company does not accept electronic acknowledgments of appointments of shareholder representatives and their cancellation.

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<sup>3</sup> The threshold of 3,000 shares mentioned above is subject to change depending on the current market price of the share of the Company thus securing that the “Proxy Voting Form” is posted to as many shareholders as possible in order to achieve the highest percentage of their participation or/and representation at the General Assembly.

The Chairman of the Board of Directors, the Vice-Chairman, the Chairman of the Audit Committee, one of the Deputy Managing Directors, the Internal Audit Manager, and the Certified Public Accountant are present at the Annual Ordinary General Meetings of Company shareholders.

MOTOR OIL (HELLAS) S.A. always issues a timely announcement in the Greek and the English language informing the shareholders and the investment public on the decisions of General Assembly Meetings, as well as on any Company event that, according to the Athens Exchanges Rulebook and the regulatory framework governing the conduct of listed companies, needs to be acknowledged.

## D. ACCOUNTABILITY & CONTROL

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### I) FINANCIAL REPORTING

As a company having its shares listed on the Athens Stock Exchange, "MOTOR OIL (HELLAS) S.A." informs the investment public, the shareholders, the supervisory and regulatory authorities on the progress of its operations every fiscal year, as follows:

**Ia)** On an annual basis, through the Annual Financial Report provided in article 4 of the Law 3556/2007 on "transparency". This report contains the following:

- The Annual Financial Statements on consolidated and stand alone basis prepared in accordance with the International Financial Reporting Standards
- The Annual Published (in the press) Figures and Information
- The Annual Report of the Company's Board of Directors the content of which is defined in paragraphs 6 through 8 of the article 4 of the Law 3556/2007 and in the article 2 of the Board of Hellenic Capital Market Commission decision 8/754/14.04.2016
- The Declaration of the representatives of the Board of Directors of the Company pursuant to the paragraph 2 case (c) of the article 4 of the Law 3556/2007
- The Corporate Governance Statement the content of which is defined in the article 152 of the Law 4548/2018 (Government Gazette A' 104/13.06.2018)

The Annual Financial Report mentioned previously (in a unified document including the Auditor's Report) is submitted electronically to the Hellenic Capital Market Commission, is uploaded on the website of the organized market (Athens Exchange), is wired to the General Electronic Commercial Registry (G.E.M.I) and it is also uploaded on the Company's website where it remains available to the investment public for a period of at least ten (10) years pursuant to the Law 4374/2016 (Government Gazette A' 50/01.04.2016). In addition, the Company makes available to all the shareholders present at the Annual Ordinary General Assembly the print edition of the Annual Financial Report in both Greek and English. A copy of the print edition is sent to anyone interested who enquires with the Company Corporate Announcements & Shareholders Office, while it is mailed, as already mentioned in the previous section on General Assembly Meetings, to those shareholders in possession of 3,000 Company shares or more.

**Ib)** On a semi-annual basis, through the Semi-Annual Financial Report provided in the article 5 of the Law 3556/2007 “on transparency”. This report includes the following:

- The semi-annual financial statements on consolidated and stand alone basis prepared in accordance with the International Financial Reporting Standards
- The semi-annual report of the Board of Directors the minimum content of which is defined in the paragraph 6 of the article 5 of the Law 3556/2007 and in the article 4 of the Board of Hellenic Capital Market Commission decision 8/754/14.04.2016
- The Declaration of the representatives of the Board of Directors of the Company pursuant to the paragraph 2 case (c) of the article 5 of the Law 3556/2007

The semi-annual financial report mentioned above (in a unified document including the Auditor’s Review Report) is submitted electronically to the Hellenic Capital Market Commission, is uploaded on the website of the organized market (Athens Exchange), is wired to the General Electronic Commercial Registry (G.E.M.I) and it is also uploaded on the Company’s website where it remains available to the investment public for a period of at least ten (10) years pursuant to the Law 4374/2016 (Government Gazette A’ 50/01.04.2016).

**Ic)** On a quarterly basis and, specifically the Q1 and Q3 of every fiscal year, the Board of Directors approves the financial statements on consolidated and stand alone basis prepared in accordance with the International Financial Reporting Standards.

The quarterly financial statements mentioned above are uploaded on the website of the organized market (Athens Exchange) and also on the Company website.

Following the introduction of the Law 4374/2016 (Government Gazette A’ 50/01.04.2016) the listed companies are no longer under the obligation to release Q1 and Q3 financial statements. MOTOR OIL (HELLAS) S.A., nevertheless, continues to upload on the Athens Exchange site and on the Company website the quarterly financial statements thus providing in-depth information to the investment public and to the Company shareholders.

Finally, in cases of an interim dividend distribution, the company complies with the provisions of the article 162 of the Law 4548/2018 (Government Gazette A’ 104/13.6.2018) regarding the preparation of interim financial statements and the subsequent publicity requirements.

### **Corporate Governance “Best Practice” followed by MOTOR OIL (HELLAS) S.A.**

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To ensure equal treatment of the investment public in relation to the dissemination of information concerning the progress of Company operations during each fiscal year, “MOTOR OIL (HELLAS) S.A.” adopts the following practices:

- The release or/and publication of the financial statements (quarterly, semi-annual, annual) takes place shortly following their approval by the Board of Directors (according to a relevant Hellenic Capital Market Commission recommendation which the Company Corporate Announcements & Shareholders Office brings to the attention of the Board members immediately after their election).

- The financial statements (quarterly, semi-annual, annual) are published without any Company preview announcement of any form referring to estimates as to the anticipated development of key financial figures.
- The exact release or/and publication date of the financial statements (quarterly, semi-annual, annual) is communicated to the investment public through an official stock exchange announcement a few days in advance. Effort is made to match each year's release or/and publication dates to the respective release or/and publication dates of the previous calendar year.
- The teleconference takes place in the afternoon of the next working day following the release date of the financial results thus providing sufficient time to those interested in attending the conference to review the financial figures and notes/disclosures. The access to the teleconference is freely available to anyone interested.
- Due to the characteristics of the refining sector and the uncertainty associated with the development of the key industry parameters (price of crude oil, USD/Euro parity) no press release/commentary is offered with regard to Company financial figures each quarter (apart from the disclosures/notes included in the relevant financial statements); the only commentary is offered during the annual briefing to analysts which, pursuant to the Athens Exchanges Rulebook, takes place in the intervening period following the release of the Company Annual Financial Statements submitted electronically to the Athens Exchanges and the Hellenic Capital Market Commission and prior to the publication of the invitation to the Annual Ordinary General Assembly. This commentary concerns the Company financial figures of each fiscal year as a whole.

## II) INTERNAL CONTROL

Companies must ensure that their financial statements present a true and fair view of their assets, liabilities, financial position and financial results and, therefore, it is of the utmost importance to them to identify risk areas that may affect the process of preparation of their financial statements so as to take corrective measures and thereby ensure the accuracy of their content on a timely basis.

### **Corporate Governance “Best Practice” followed by MOTOR OIL (HELLAS) S.A.**

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“MOTOR OIL (HELLAS) S.A.” uses a professional and highly advanced software for financial reporting to the management of the Company as well as to external users. Comprehensive Income and Financial Position Statements along with other relevant analyses are reported to the management of the Company on a monthly basis and are consolidated for management and statutory reporting purposes according to the International Financial Reporting Standards and pertaining regulations on a quarterly basis. Both the management and the statutory reports include all the necessary information pertinent to an up-to-date internal control system, including analyses of sales, costs/expenses, operating profit and other details. All the management reports include current period data which are compared to the budget approved by the Board of Directors

and to Last Year's respective reporting period used as a reference. All the statutory quarterly and year end financial statements are prepared in accordance with the International Financial Reporting Standards, include all the necessary statements and the disclosures according to the International Financial Reporting Standards, they are reviewed by the Audit Committee and they are approved in their entirety by the Board of Directors.

As a standard practice, in December of each calendar year the General Managers and the top management of "MOTOR OIL (HELLAS) S.A." submit to the Board of Directors for approval the Budget for the next year as well as the 5-year Business Plan. Moreover, in May of each calendar year, the General Managers and the top management of the Company submit to the Board of Directors the accountability report on the previous year.

### III) AUDIT COMMITTEE and EXTERNAL AUDITORS

The members of the Audit Committee are elected by the Annual Ordinary General Assembly of the shareholders of the Company pursuant to article 44 of the Law 4449/2017 (Government Gazette A' 7/24.01.2017). This article stipulates that the Committee is composed of at least three (3) members all being non-executive and in their majority independent according to the definition provided by the Greek Corporate Governance Law 3016/2002 (Government Gazette A' 110/17.05.2002). The Chairman of the Committee is independent in relation to the audited organization and is appointed by the members of the Committee or is elected by the General Assembly of the shareholders of the Company. At least one member of the Committee has sufficient knowledge on accounting and auditing matters while the members of the Committee, as a whole, are adequately knowledgeable of the economic sector the audited organization engages in.

The duties of the Audit Committee, according to the Law 4449/2017, indicatively but not exhaustively, include:

- Briefing the Board of Directors of the audited organization for the result of the statutory audit explaining the contribution of this audit on the truthfulness of the financial information
- Monitoring the process of the financial reporting and submitting recommendations or proposals in order to secure its integrity
- Supervising the effective operation of the Internal Control and Risk Management systems of the enterprise and, as the case may be, of its Internal Audit Department with regard to the financial information of the audited entity without affecting the independence of this entity
- Observing the statutory audit of the yearly stand alone and consolidated financial statements and, particularly, the performance of this audit taking into consideration any findings and deductions of the relevant competent authoritative body according to paragraph 6 of article 26 of the Regulation (EU) 537/2014 (concerns the findings of the Hellenic Accounting and Auditing Standards Oversight Board on the quality of the statutory auditor)
- Supervising and overseeing the independence of the statutory auditors or of the auditing firms and, especially, the rightness of their providing non-financial services to the audited organization according to paragraph 5 of the Regulation (EU) 537/2014 (refers to prohibitions regarding the provision of non-financial services).

- Having the responsibility for the selection process and the submission of the recommendations to the Board with regard to the appointment of the statutory auditors or of the auditing firms

The Audit Committee assists in a decisive manner the Board of Directors of MOTOR OIL (HELLAS) S.A. to accomplish their duties given that the Committee is briefed, as outlined in articles 7 and 8 of the Greek Corporate Governance Law 3016/2002 or whenever it deems it necessary, on all the reports concerning the audits performed by the Internal Audit Department of the Company while the Certified Public Accountant or the Auditing Firm also reports to the Audit Committee every issue concerning the process and the results of the statutory audit submitting a special report on any weakness of the internal control system, particularly pointing to weaknesses on the procedures relating to the financial reporting and the preparation of the financial statements. Moreover, the Certified Public Accountant submits to the Audit Committee the supplementary report stated in article 11 of the Regulation (EU) 537/2014 at the same time he submits to the Committee the Auditor's Report for the annual financial statements of the Company.

### **Corporate Governance “Best Practice” followed by MOTOR OIL (HELLAS) S.A.**

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At MOTOR OIL (HELLAS) S.A. the operation of the Audit Committee dates back to 1996. Up until 2017 the Audit Committee was composed of three (3) non-executive Board members, two (2) of which non-executive independent, elected by the Annual Ordinary General Assembly of the Company shareholders pursuant to the article 37 of the Law 3693/2008 (Government Gazette A' 174/25.08.2008). The non-executive Board member was the Chairman of the Audit Committee.

Following the introduction of the Law 4449/2017, and given the increased duties and responsibilities assigned to the Audit Committee, the June 2018 Annual Ordinary General Assembly proceeded with the qualitative upgrading of the Committee appointing as a Chairman a newly elected independent non-executive Board member and as regular members one non-executive Board member and another independent member who is not a Director. The AGM appointed as a substitute member of the committee a non-executive Board member.

Moreover, the Assembly approved the re-adjustment of the annual compensation of the Audit Committee members taking into consideration the requirements of their duties and the complexity of the industry in which the Company operates.

The Chairman of the Committee has more than thirty years of working experience with an international bank and participates in Audit Committees of other organizations, while the regular independent member of the Committee has more than thirty years of working experience as an internal auditor. Additionally, both the second regular and the substitute member of the Committee (which are non-executive members of the Board) have in-depth knowledge of the oil refining and marketing industry.

The supervision and appraisal of the auditing work performed by the Internal Audit Department and by the Certified Public Accountant has been assigned by the Board of Directors of the Company to the Audit Committee.

The Internal Audit Department of “MOTOR OIL (HELLAS) S.A.” has a personnel headcount of ten (10) employees and its operation dates back to 1990. In December of each calendar year

the Internal Audit Manager presents to the Audit Committee the proposed audit plan for the coming year. The audit plan evolves through an analysis of various Company operational areas, which, based on the degree of risk, economic substance, complexity of function, and probability of economic loss, are deemed eligible to be subjected to audit. For certain Company operations an audit is conducted on a regular basis regardless whether a necessity occurs based on the methodology described previously. The audit plan is approved by the Audit Committee.

The Internal Audit Department conducts several audits each year (indicatively, fiscal 2015: 9 audits, fiscal 2016: 8 audits, fiscal 2017: 15 audits, fiscal 2018: 20 audits, fiscal 2019: 21 audits) based on the regulatory framework in place, the decisions of the Hellenic Capital Market Commission, and the audit plan approved every December. The reports are sent to the Chairman of the Board, the Vice-Chairman, the two (2) Deputy Managing Directors, the Chairman of the Audit Committee, the independent regular member of the Audit Committee and the General Managers.

The proposal of the Board of Directors to the General Assembly of Company shareholders with regard to the appointment of the Statutory Auditor or the Auditing Firm is made based on the recommendation made by the Audit Committee to the Board as defined in article 16 of the Regulation (EU) 537/2014 taking into consideration the transitional provisions stated in article 52 of the Law 4449/2017.

The Certified Public Accountant issues the Auditor's Review Report for the semi-annual financial statements and the Auditor's Report for the annual financial statements of the Company in the context of his audit duties.

The Audit Committee meets at least two (2) times a year with the Certified Public Accountant who, in addition, submits to the Committee and the Board of Directors at least once (1) a year a "Management Letter Points Report" in case he identifies weaknesses in the Company's internal control system making recommendations for their elimination.

Furthermore, the Audit Committee receives the supplementary report of the Certified Public Accountant provided in the article 11 of the Regulation (EU) 537/2014.

The Audit Committee gathers the recommendations of all audits performed by the Internal Audit Department as well as the Certified Public Accountant and notifies the Board of Directors in order to proceed with any corrective action deemed necessary.