

## **AUDIT COMMITTEE REPORT FOR THE FISCAL YEAR 2023**

The current composition and type of the Company's Audit Committee was designated by virtue of a resolution by the Annual Ordinary General Assembly dated 7 June 2023. The term of office of the Audit Committee is for one year and is composed of the following members:

- Mr Panagiotis Konstantaras, son of Ioannis;
- Mr Konstantinos Thanopoulos, son of Nikolaos;
- Mr Spyridon Kyritsis, son of Charalambos.

The Company's Audit Committee is an independent committee comprising one independent non-executive member of the Board and two independent third persons. All the members of the Audit Committee meet the independence and sufficient knowledge criteria in accordance with Laws 3016/2002, 4449/2017 and 4706/2020.

The members of the Audit Committee have sufficient knowledge of the areas in which the Company operates as well as experience in accounting and the audit of financial statements.

The present Audit Committee organised as a body corporate in its meeting dated 8 June 2023, wherein Mr. Panagiotis I. Konstantaras (Independent, Non-Executive Member of the Board) was unanimously appointed as Chair.

In accordance with the Audit Committee charter, the members of the Audit Committee convene at least every three months each year while additional meetings are held whenever required.

During the fiscal year 2023, the Committee performed its duties without impediments within the framework of its competencies provided under the Law. The Committee conducted all the regular meetings required under the law, as well as extra-ordinary meetings, dictated by the needs arising on a case-by-case basis; it always constituted a legal quorum, on certain occasions via teleconferencing, through the presence of its members. All resolutions of the Committee were unanimously passed.

More specifically, during the year 2023 the Audit Committee convened 17 meetings and discussed all the matters falling in the areas of its competencies, with emphasis on the following: (a) External Audit and Financial Information; (b) Internal Audit and auditing procedures; (c) procedure for the replacement of the statutory auditors for the conduct of the Company's audit for the year 2024; (d) Informative meetings with the Company's senior management and executive Board members; (e) Approvals for the provision of non-auditing services by the External Auditors; and (f) Other matters that relate to the competencies / objective of the Audit Committee.

The activities of the Audit Committee during 2023 are presented in detail below:

**A. External Audit / Financial Information Procedure**

The Audit Committee held meetings in order to be briefed on the procedure of financial information and the external audit of the accounting financial statements.

Specifically, the Audit Committee was briefed by the Company's Chief Financial Officer and executives in relation to the Company's Financial Statements both on a standalone and consolidated basis, the main accounting assumptions adopted by the Company for drafting the Financial Statements, and the main issues that preoccupied the Company's Financial Division during the preparation of the financial statements.

The Audit Committee was also informed by the Company's Financial Division with regard to the Financial Statements for FY 2022, both on a standalone and consolidated basis, which were prepared in accordance with the International Financial Reporting Standards (IFRS), as well as for the Condensed Interim Financial Statements of the Company, on a standalone and consolidated level, prepared in accordance with the IFRS for the period 1.1.2023-30.6.2023.

With regard to the meetings with the External Auditors (Deloitte), it is noted that three (3) meetings were held, during which Deloitte presented the Annual Plan and the projected scope of its audit, its reports in relation to the audit of the Company's and the Group's Financial Statements, as well as its analysis of the annual (2022) and interim (H1 2023) financial statements. During the aforementioned meetings, discussions were held on the main issues that were examined by the Auditors, as well as on the content of the Supplementary Report that the Auditors submit to the Audit Committee pursuant to article 11 of the European Regulation 537/2014.

Based on the aforementioned meetings, the Audit Committee went through the most significant issues and examined the risk areas, in conformity with the relevant assessments by the Management, that might potentially affect the preparation of the financial statements during their drafting. It reviewed the financial statements prior to their approval by the Board, in order to assess their completeness and consistency with the information that had been brought to the Committee's attention, as well as the accounting principles applied by the Company.

The Audit Committee verified the observance of the conditions imposed by the Law pertaining to financial information publicity requirements, whilst it ascertained the capacity of free and unimpeded access to the relevant information.

The Audit Committee confirmed the independence of the Audit Firm that carried out the regular statutory audit as well as of the natural persons carrying out the audit, in accordance with the applicable provisions of national and EU legislation.

In view of the mandatory rotation of the External Auditors for the fiscal year 2024, in accordance with the provisions of the Law, the Audit Committee deemed that there is no reason to discuss the change of the statutory auditors in 2023 and thus recommended to the Company's Board to renew the appointment of the same External Auditors for the fiscal year 2023 as well as the amount of their fees.

With reference to the use of External Auditors for the provision of non-audit services, the Audit Committee is responsible for granting the approval for the provision to the companies of the Group of such services, not prohibited by the legislation. Considering that the External Auditors through their role possess a detailed picture of the activities of the Group, the Audit Committee considers that in many cases it is more effective and less costly for the Group to contract the External Auditors to provide specific non-audit services, which it approved.

However, protecting the objectivity and independence of the External Auditors is a top priority. Hence, the Audit Committee maintains that in any case the provision of such services, taking into account the written assurance of the Audit Firm, will not compromise the independence or objectivity of the External Auditors.

Considering the above, the Audit Committee at its 5 meetings during the year approved, inter alia, the provision of legally permitted non-audit services by the Deloitte Audit Firm and its affiliated companies. The relevant provisions of national and EU law regarding the eligibility, conditions and final approval of the provision of such non-audit services, including the level of their total fees as compared to those permitted by law and the relevant provisions, were complied with.

## **B. Internal Audit – Procedures of the Internal Audit Division**

The Audit Committee met five (5) times during 2023 to discuss issues related to the Internal Audit and the audit procedures of the Company's Internal Audit Division.

The Audit Committee monitored the effectiveness of the systems of the Internal Audit Division together with the quality assurance and risk management, by verifying the adequacy and effectiveness of the policies observed and the procedures implemented through the quarterly presentations by the Internal Audit Division that took place during the year.

The Audit Committee approved the annual audit plan of the Internal Audit Division prior to its implementation, by evaluating it on the basis of the Company's sectors of activity, as well as the business and financial risks it faces.

The Audit Committee received and reviewed the quarterly Internal Audit Reports and the schedule for implementing the proposed corrective actions with emphasis upon pending actions for which new, stricter monitoring procedures were discussed and proposed. The Audit Committee was informed by the Head of the Internal Audit Division about the automated process for monitoring compliance with the deadlines for the implementation of corrective actions by the Company's audited units regarding any findings of the audits carried out on an annual basis.

The Audit Committee ascertained the smooth operation of the Internal Audit Division and the preservation of its independence.

## **C. Upcoming replacement of External Auditor**

During the last quarter of 2023, and in view of the legally required replacement of the Auditors for the statutory audit of the Company's financial statements for the year 2024, the Committee initiated relevant discussions in cooperation with the competent executives of the Company's Financial Management in order to organise the new Certified Auditor selection process. Following relevant detailed consultations and considering the required statutory audit of the financial statements of certain subsidiaries, in addition to the parent company, a letter for expression of interest and submission of financial offers was finalised and sent in December 2023.

#### **D. Sustainable Development**

As regards the Sustainable Development Policy of the Company, the Audit Committee was informed that:

- a) a project was approved regarding the Company's readiness for the creation of a Sustainable Development Report in accordance with the new European Corporate Sustainability Reporting Directive (CSRD),
- b) in cooperation with the Risk Management Unit, a list of all risks related to sustainable development was created,
- c) training on non-financial statements (ESG) and the new CSRD legislation was conducted for senior management, members of the Board of Directors and the Audit Committee;
- d) the Sustainability Committee of the Company approved the 2023 targets with ESG criteria for senior executives and members of the Board of Directors and
- e) a project for the evaluation of the Group's existing processes in relation to the requirements of the new CSRD standard was approved by the Sustainability Committee of the Company.

The MOTOR OIL Group has developed an effective strategy to promote sustainable development in line with the European Green Deal, the Paris Agreement and the United Nations Sustainable Development Goals. The Group's sustainability strategy aims, among other things, to satisfy investors who want to understand the risks and opportunities posed by Environmental, Social and Governance (ESG) issues in their investments. The Group acknowledges the challenges regarding ESG reporting and sets a rigorous governance framework to ensure the reliability of information.

The Group's Sustainability Policy aims to effectively address all material ESG issues related to the Group's activities with the aim of continuously improving its ESG performance.

#### **E. Other Activities**

To facilitate its task, the Audit Committee held meetings with the Company's Management and with the heads of individual Company Divisions. During these meetings, the planning and course of implementing the Group's corporate restructuring and energy transition, through expansion into new activities in the broader energy sector, aimed at producing more environmentally friendly forms of energy, as well as investments in the refinery that will contribute to improving its energy footprint in accordance with the latest requirements imposed by Environmental Social Governance (ESG) criteria, were presented.

Following the enactment of the Law 4706/2020, and the appointment of an independent auditor with proven professional experience for the evaluation, for the first time, of the Internal Control System (ICS) of the Company and its significant subsidiaries AVINOIL and CORAL S.A., the Audit Committee received the said submitted evaluation report dated 30.03.2023, covering a reporting period from the entry into force of the Law up to 31.12.2022. The Independent Auditor, having performed the audit work, concluded that nothing came to his attention which could be considered a material weakness of the ICS pursuant to the Regulatory Framework.

The Audit Committee proceeded to a self-assessment of its work and operations for 2022, through the completion of a questionnaire, the conclusions of which were duly discussed at a Committee meeting on 04.04.2023. In the second quarter of 2024, the Committee will meet to discuss the self-assessment of its work and operations for 2023.

Moreover, the Audit Committee convened a meeting in the context of the annual review for the possible amendment of its Charter, without making any changes in its Charter within the calendar year 2023. Nevertheless, in view of the impending organisational change (February 2024) of the Group denoting the transfer of the Compliance Unit under the Company's Audit Committee, the Committee revised and updated its Charter on 31.01.2024.

Intending to be better informed, members of the Audit Committee attended the regular quarterly teleconference presentations of financial results organised by the General Finance Division, addressed to the Company's institutional shareholders.

The Audit Committee duly and promptly responded to all requests that were submitted by competent bodies and Authorities within the context of exercising its responsibilities.

Throughout its term of office, the Audit Committee had full access to the requested information and the infrastructure necessary for the smooth and unimpeded performance of its tasks.

During fiscal year 2023, the Audit Committee did not request the assistance of an external consultant.