

## THPA S.A. AUDIT COMMITTEE

**SUBJECT: Update of the Audit Committee to the shareholders on the activities of the Audit Committee during the financial year 2020 and submission of the Audit Committee's annual report on its activities referred to in Article 44 par.(10), of L. 4449/2017, and is in force.**

### **A. ESTABLISHMENT AND OPERATION OF THE AUDIT COMMITTEE.**

ThPA SA has an Audit Committee, as provided for in article 44 of Law No 4449/2017 (A' 7) as amended by article 74 of Law No 4706/2020 and currently in force.

The Committee has three members and consists of two independent non-executive members and one non-executive member. The members of the Audit Committee of ThPA SA are the following:

- Alevras Panagiotis, independent non-executive member (member)
- Vlachos Angelos, non-executive member (member)
- Michalopoulos Panagiotis independent non-executive member (Chairman)

### **B. THE COMMITTEE AND ITS MEMBERS COMPLY WITH AND FULFILL THE REQUIREMENTS OF ART. 44 OF LAW NO 4449/2017 (A'7) AS AMENDED AND CURRENTLY IN FORCE.**

Specifically:

- **The members of the Audit Committee are in their majority independent of the audited entity.** In accordance with article 44 par. 1 d) of Law No 4449/2017 (A' 7) as amended by article 74 of Law No 4706/2020 and currently in force.
- **The Chairman is appointed by the members and is independent of the audited entity.** In accordance with article 44 par. 1 e) of Law No 4449/2017 (A' 7) as amended by article 74 of Law No 4706/2020 and currently in force.
- **The members of the Audit Committee of ThPA SA have sufficient knowledge of the industry in which the company operates** in accordance with article 44 par. 1 g.) of Law No 4449/2017 (A' 7) as amended by article 74 of Law No 4706/2020 and currently in force.

“The members of the Audit Committee have sufficient knowledge of the industry in which the audited entity operates. At least one member of the Audit Committee, who is independent of the audited entity, with sufficient knowledge and experience in auditing or accounting, shall attend the meetings of the Audit Committee regarding the approval of the financial statements”.

**-The Audit Committee of ThPa SA has Rules of Procedure posted on the company's website** in accordance with article 44 par. 1 h.) of Law No 4449/2017 (A' 7) as amended by article 74 of Law No 4706/2020 and currently in force.

“The audit committee prepares Rules of Procedures that shall be posted on the website of the audited entity and convenes at the headquarters of the audited entity or where its Articles of Association provide for, in accordance with article 90 of Law No 4548/2018. The discussions and

decisions of the Audit Committee shall be recorded in minutes, which shall be signed by the members present, in accordance with article 93 of Law No 4548/2018. “

**-The audit committee submits this annual activity report to the Ordinary General Meeting of ThPA SA** in accordance with article 44 par. 1 i.) of Law No 4449/2017 (A' 7) as amended by article 74 of Law No 4706/2020 and currently in force.

“The Audit Committee shall submit an annual activity report to the Ordinary General Meeting of the audited entity or, in the case of non-shareholder entities, to the equivalent body. This report shall include a description of the sustainable development policy pursued by the audited entity”.

### **C. RESPONSIBILITIES OF THE AUDIT COMMITTEE.**

The Audit Committee of ThPA SA shall consistently fulfill its obligations under the law and in particular the obligations contained in article 44 par. 3 of Law No 4449/2017 (A' 7) as amended by article 74 of Law No 4706/2020 and currently in force.

Within this framework, during the FY 2020, the Audit Committee of ThPA SA :

and in addition to the liability as members of the Board of Directors according to article 44 par. 3 of Law No 4449/2017 (A' 7) as amended by article 74 of Law No 4706/2020 and currently in force, complied with the paragraphs of the above article which stipulate that the Audit Committee:

a) informs the Board of Directors of the audited entity on the outcome of the statutory audit and explains how the statutory audit has contributed to the integrity of the financial reporting and what the role of the Audit Committee was in this process;

b) monitors the financial reporting process and raises objections or makes proposals to ensure its integrity;

c) monitors the effectiveness of the Company's internal audit, quality assurance and risk management systems and, where appropriate, its internal audit department, in respect of the audited entity's financial reporting, without violating the independence of such entity;

d) monitors the statutory audit of the annual and consolidated annual financial statements and, in particular, its performance, taking into account any findings and conclusions of the competent authority in accordance with par. 6 of article 26 of Regulation (EU) No 537/2014;

e) supervises and monitors the independence of certified accountants or audit firms in accordance with articles 21, 22, 23, 26 and 27 and article 6 of Regulation (EU) No 537/2014 and in particular the suitability of the provision of non-audit services to the audited entity, in accordance with article 5 of Regulation (EU) No. 537/2014;

f) is responsible for the selection procedure of certified auditors or audit firms and proposes certified auditors or audit firms to be appointed in accordance with article 16 of Regulation (EU) No 537/2014, unless par. 8 of article 16 of Regulation (EU) No 537/2014 applies.

The Audit Committee, throughout 2020, has exercised its supervisory and monitoring role according to the Law and the BoD and General Meeting decisions across the institutional structure of ThPA SA.

This audit was multifaceted and was performed in accordance with the international auditing and accounting standards, as they have been incorporated in the Greek legislation and according to the European Directives 43/2014/EU, 537/2014/EU, 56/2014/EU and article 44 par. 3 of Law No 4449/2017 (A' 7) as amended by article 74 of Law No 4706/2020 and currently in force.

Given that ThPA SA is a **Public Interest Entity**, the operation and activities of the Audit Committee are also subject to audit by the Hellenic Accounting and Auditing Standards Oversight Board (HAASOB).

## **D. DETAILED ACTIONS OF THE COMMITTEE WITHIN 2020, AS PROVIDED BY THE LAW.**

The detailed actions of the Audit Committee of ThPA SA, in order to comply with the above obligations of the law during 2020, consist of the following:

### **D.1. IN RELATION TO THE STATUTORY AUDIT**

#### **D.1.1. Cooperation with the administrative or supervisory board.**

This cooperation includes:

- a) frequent meetings of the Committee members with the executive Management, the Chairman, the Managing Director and the Chief Financial Officer, during scheduled meetings and at all Board of Directors meetings within the timeframe. During these meetings, the annual and half-year financial statements and the selection of the Audit Company were presented and voted, with the consent of the Committee.
- b) Presentation to the BoD of the overall planning of the External and Internal Audit and explanation where necessary, of the Audit Committee's role and contribution to the auditing procedure and ensuring the completeness of the statutory audits and to the integrity of financial reporting.

#### **D.1.2. Controlling the Independence of the Audit Firm including the previous approval of the permitted non-audit services.**

The Audit Committee has monitored the fees that were paid to the audit firm in order to ensure future compliance with 70% of fee CAP of non-audit services (NAS). To this end, in cooperation with the Company's Finance Division, it monitored, examined and approved the type and amount of non-audit services to make sure that it is in compliance with up to 70% of the Contract. At its meeting of 28/05/2020, the Audit Committee approved the provision by KPMG of the non-audit services requested by the Finance Division.

#### **D.1.3. Monitoring the external auditor election procedure and its completion.**

The Audit Committee took into account the quality of the audit work and procedures of KPMG SA, based on the opinion formed by the cooperation and the views of the Chief Financial Officer, Mr. Henrik Jepsen and, at its meeting of 28/05/2020, it considered the audit service provided as satisfactory and in accordance with the current legislation and decided and proposed the designation of KPMG SA as the audit company for ThPA SA for the FY 2020.

#### **D.1.4. Monitoring the mandatory audit.**

The Audit Committee as an institutional body and its members, accordingly, monitored the implementation of the statutory audit plan for the 2020 management period. The Audit Committee did not suggest any changes, given that the audit is conducted based on the International Accounting Standards, as incorporated into the Greek Law and require the application of *specific* audit standards.

However, has consulted thoroughly the necessary additions and specifications, which form the relevant final reports.

For this purpose, it has met three times with the auditors of KPMG in an equal number of meetings while regular communication and cooperation was by mail.

#### **D.1.5 Monitoring the financial reporting process.**

To ensure the integrity of the entity's financial reporting process, the audit committee monitored the financial reporting process in close collaboration with the Internal Audit Department, the Chief Financial Officer and the Financial Department of the Finance Division.

It has been ensured through meetings and is reflected on the relevant correspondence.

Particular emphasis was placed on monitoring the cooperation between the certified auditors and the Internal Audit Department for information on issues related to financial reporting, while the Committee made available to the external auditors the necessary supporting material related to its operational activity.

## **D.2. IN RELATION TO THE MONITORING OF INTERNAL AUDIT SYSTEMS.**

### **D.2.1. Regular monitoring of the internal audit systems, quality assurance and risk management.**

The Committee performed systematic supervision, monitoring the implementation and results of the implementation of internal audit systems, the implementation of the approved plan of statutory audits as well as the risk management based on the Risk Registry, which was approved together with the audit plan on 12/18/2019 with the Decision No of the Board of Directors of ThPA SA.

b) The Audit Committee has evaluated the operation of the Internal Audit Department. With its remarks and by performing its supervisory role, the Audit Committee has substantially contributed with its proposals to the enhancement and efficient organization and operation of the Internal Audit Office.

It has monitored the implementation of the general planning of the audit works and the implementation of the audit plan, informing the executive management and the board of directors on the issues related to the observance of the plan and compliance with the deadlines.

### **D.2.2. Undertaking initiatives and specific action in strict conformity of the applicable legislation and relevant circulars.**

These include:

**\* The Upgrade of the Internal Audit Office** after the study, monitoring and timely identification of weaknesses in relation to the new requirements and the submission of a proposal to start the process of selecting a new qualified Head of Office according to the increased corporate needs, development planning and objective operating conditions of ThPA SA. The Audit Committee recommended the justified upgrade of the Internal Audit Department to the Board of Directors and supervised the implementation of the decided process of selecting an auditor for the position of head of the department, as the first step of an upgrade process. It evaluated the candidates based on pre-determined criteria and suggested to the BoD the appointment of Mr. Tsintzas Eleftherios in accordance with the current legislation, who was elected by the Board of Directors.

### **\* Consistency and continuity of operation of the Audit Committee in exercising its duties.**

The Committee's interest and practical contribution to all matters handled by the Internal Audit Department is continuous and scrupulous.

Thanks to the experience and the constant care of its members, the Audit Committee monitors the implementation of the audit plan increasing thus the effectiveness of the audits performed. Thanks to the knowledge of its members and their technocratic approach, the Audit Committee practices substantial and in-depth advisory auditing in the identification of risky areas, as well as, in the implementation of the audit, with special attention to the strict observance of the independence of the auditors and the department and in the context of the operational report provided by the law.

Topics that were also addressed and highlighted by the Audit Committee during 2020:

- \* the continuous effort to develop and implement the digitization of processes and the operational interconnection of the departments of ThPA SA
- \* the need to integrate internal audit at a conceptual level but also at the level of action as an operational need in an individual and organizational context
- \* the importance of linking internal audit with building and developing a corporate culture
- \* the presentations of the audit reports of the Internal Audit Department in application of the approved audit plan and detailed observations and proposals on the estimates of the results
- \* planning and implementation of the approved audit plan and follow-ups and the connection of the audit results with the current Risk Registry
- \* assistance in the flow of completion of audit procedures but also on the contents of audit reports
- \* Evaluation of the operation of the internal audit department and systems
- \* the specific weight and importance of meeting the requirements of sustainable development and linking areas of audit and priorities with the pillars of Sustainable Development as set out in the specific paragraph no. F.

**\* The cooperation, communication and participation in the framework of corporate governance and the development of corporate culture.**

The Committee, during its work in 2020, in the framework of corporate governance, promoted the consultation and mutual information with the Chairman and the Managing Director, but also with company executives in order for the Company's Management to participate substantially and contribute to the implementation and the completion of the complex audit process. The importance of the continuity of the flow of audits and the promotion of internal audit as an individual and institutional collective process of continuous cyclical flow were particularly communicated.

To this end, the Audit Committee carried out regular telephone and electronic communications, as well as meetings, focusing on the respect to the internal auditor's operation, his independence, as well as to the undistorted application from his side of the necessary procedures in order to adhere to the hierarchy in the company's operation and to the transparency in financial reporting.

The Committee also cooperated regularly with the Legal Department on matters within its competence.

In meetings of the Committee during 2020, executives, the internal audit department, as well as representatives of the legal department were invited and participated, depending on the issues to be discussed.

**\* The use of new technologies and the digitization of Audits.**

Since its establishment, the Committee, throughout 2020, has stressed and insisted on the need and importance of upgrading the audit systems through digitalization and vertical and horizontal integration of the internal audit procedures, as well as, the application of automated audit systems. In this context, the Audit Committee monitored, supported and welcomed the adaptation to the needs of the Company of the new management information system in the verification process for the objectification of the Risk Registries and the exercise of "follow up" by recognizing the responsibility of implementation.

**\* Update and adjustment of regulations into the applicable legislation.**

The Committee, during 2020, has approved in principle, describing it as positive, the effort to update the Rules of Operation and the Procedure Manual of the Internal Audit, responding to the modern needs and the new business environment, the commitments and the new strategic planning

of ThPA SA, but also to the current legislation and changes brought by Law No 4706/2020 regarding the operation of internal audit.

### **E. Proven operation and action.**

**The Audit Committee's above action is reflected not only in the recorded correspondence but also in the most official way in the submitted multi-pages detailed reports, as topics for discussion in the BoD Meetings and in the relevant decisions and the Minutes of Meetings (MoMs) of the Audit Committee.**

Specifically:

#### **E.1. Meetings convened and implemented during 2020.**

During 2020, 14 Committee meetings were **convened** in total as follows:

1. MEETING OF 21-28.02.2020
2. MEETING OF 22-03.03.2020
3. MEETING OF 23-11.04.2020
4. Meeting of 24-21.04.2020
5. Meeting of 25-28.04.2020
6. Meeting of 26-25.05.2020
7. Meeting of 27-28.05.2020
8. Meeting of 28-30.06.2020
9. Meeting of 29-22.07.2020
10. Meeting of 30-20.09.2020
11. Meeting of 31-28.09.2020
12. Meeting of 32-24.11.2020
13. Meeting of 33-01.12.2020
14. Meeting of 34-22.12.2020

#### **E.2. Proposals for information and decision-making of the Board of Directors of ThPA SA**

The Committee informed the Board of Directors on a regular basis and on an extraordinary basis whenever required with detailed multi-page presentations in the following meetings:

1. On 30/4/2020
2. On 25/5/2020
3. On 4/6/2020
4. On 30/9/2020.
5. On 16/12/2020

#### **E.3. Proven correspondence and scheduled meetings with executive management, internal audit and external auditors.**

Electronic invitations, e-mails and telephone communications through secretarial support and face-to-face meetings are the documentation of meetings with the executive management as well as for all activities and actions of the Audit Committee.

### **F. SUSTAINABLE DEVELOPMENT**

Thessaloniki Port Authority SA has the managerial, administrative and operational responsibility of the port of Thessaloniki. The position and the relationship of the port with the organization and operation of the city of Thessaloniki on a socio-economic and political level is, determined by the objective historical conditions of its establishment and evolution.

The geophysical location of the port leads to the port being characterized as a Gateway to the Balkans and SE Europe. At the same time, its relationship with the population of the wider supranational region makes it a hub in a network which operates in interaction with the growing commercial network of the wider Mediterranean region.

In this complex environment, which constitutes the external framework of the corporate operation and contributes to the development perspectives and the shaping of the Company strategy, Thessaloniki Port Authority SA recognizes its responsibility to consumers, employees, customers, investors and the local communities in which it operates, based on the principles of Sustainable Development. For this reason, it has adopted the United Nations agenda, as set out in the 2030 Sustainable Development Goals. The pillars of the strategy for the Sustainable Development of ThPA SA are the following:

✓ **Health and safety of employees**

ThPA SA recognizes the importance of Health and Safety and is committed to maintaining a healthy and safe work environment for all its employees. For this reason, it has established practices that contribute to achieving the goal of "zero accidents" and has been certified according to the OHSAS 18001 standard that describes the basic principles for the implementation of health and safety systems in the workplace.

In order to ensure the health of employees and continuous and smooth operation, ThPA SA dealt with the COVID-19 pandemic with due diligence, including disinfecting workplaces, installing automatic thermometers, starting telework, conducting regular COVID-19 detection tests and providing personal protective equipment to employees.

✓ **Training of employees**

The main priority of ThPA SA is the continuous training of employees, in order to effectively develop the skills, knowledge and know-how of employees, increasing their performance and their degree of satisfaction. In this context, the Company trains its employees in Health and Safety topics.

✓ **Non-discrimination**

The choice of employees of ThPA SA is made with the unique criteria being their skills and the value they can offer to the Company. According to the Company's Diversity Policy, no candidate may receive less favorable treatment due to age, race, gender, color, nationality, religion, health, sexual orientation, or beliefs.

✓ **Employment**

In order to attract and retain experienced specialized talent having the necessary skills and attitudes, which can contribute substantially to the optimization of individual and overall performance, the Company provided additional benefits to its employees, beyond what is required by the law.

In 2020 and despite the crisis faced by the country as a result of the spread of COVID-19, the Company increased the number of its staff to 459. It is noted that most of the Company's staff is attracted from the local community in which it operates.

✓ **Indirect economic impact**

In 2020 and despite the crisis faced by the country as a result of the spread of COVID-19, the Company proceeded to the implementation of a significant investment program.

It established a subsidiary - dry port based in Sofia, Bulgaria in order to expand the operational hinterland and improve the connectivity of the Port of Thessaloniki, contributing significantly to the enhancement of the export activity of many companies.

At the same time, it implements obligations undertaken towards the Hellenic Republic in the context of the Mandatory Enhancements provided for in the Concession Agreement, acquiring new equipment to improve the services provided and proceeding with the Tender for the assignment of a contractor for the project "Pier 6, expansion of the marine works infrastructure.", a project that will drastically upgrade the position of the Port of Thessaloniki in the port industry.

It has been recognized as a reliable and safe business partner in the international supply chain, obtaining a license as an Approved Economic Operator for Safety and Protection (AEOS) from the Independent Authority for Public Revenue.

✓ **Local Community Support**

The operation and development of the port is directly linked to the economic, social and cultural development of Thessaloniki. In addition, the Company, with a high sense of social responsibility, proceeded to donate significant amounts to enhance the National Health System in hospital equipment and consumables, helping to address the crisis facing the country since the spread of COVID-19. In addition, being an active part of the community in which it is active, it made donations to the Police and the Municipality.

✓ **Waste Management, Emissions, Seawater Quality**

It is pointed out that environmental protection is a key element of the sustainable development strategy of ThPA SA and for this reason it is certified according to ISO 14001.

It has formed and implements an Environmental Policy, is a member of the EcoPorts network and participates in the Green Award network.

It manages the waste generated within the Port Facility based on an approved plan, it completed the rainwater management project, implements a program to monitor environmental parameters by conducting daily measurements and implementing relevant actions.

It has plans and equipment for dealing with sea pollution.

The Audit Committee, through the Internal Audit System, in each audit field emphasized the interconnection of audit procedures, results and corrective actions with the main pillars of the company's policy that are the foundations of Sustainable Development.

These are continuous actions and repeated proposals in three directions:

- a. Towards participation in the design of audit plans for the principles and objectives of Sustainable Development.
  - a. During the re-audits, towards the use of technology and the digitization of the relevant procedures, for issues related to sustainable development.
  - b. Towards the promotion of participation and understanding of the importance of "audit" at individual and collective level to address uncertainty and development challenges, in the external environment in which ThPA operates.
  - c. Towards the interconnection of audit systems and their connection with the requirements of the new conditions and the corporate development planning.

**Kind regards,**

**The Members of the Audit Committee**