

## ThPA SA AUDIT COMMITTEE

**SUBJECT: Update by the Audit Committee to shareholders about the activities of the Audit Committee during the year 2021 and submission of the annual activity report of the Audit Committee, according to article 44 par. 1i of Law No. 4449/2017 as currently 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 Ordinary General Meeting of June 23, 2021 decided that the Audit Committee of the company will constitute a Committee of the Board of Directors within the meaning of article 44 par. 1a case aa' of Law No. 4449/2017, with a term until 23.06.2023. The Committee has three members and consists of two independent non-executive members and one non-executive member. In the year 2021, there were changes in the composition of the Audit Committee of ThPA SA due to the loss of the membership of the Board of Directors of some members of the Committee as follows:

- With the decision dated 30/6/2020 of the Ordinary General Meeting of Shareholders of ThPA SA, an Audit Committee was appointed consisting of the following members:
  - Panagiotis Alevras, independent non-executive member (member)
  - Angelos Vlachos, non-executive member (member)
  - Panagiotis Michalopoulos, independent non-executive member (Chairman)
- With the decision no. 7596/12.7.2021 of the Board of Directors of ThPA SA, the composition of the Audit Committee, which consisted of the following members, was changed:
  - Angelos Vlachos, non-executive member (member)
  - Panagiotis Michalopoulos, independent non-executive member (Chairman)
  - Angeliki Samara, independent non-executive member (member)
- With Decision no. 7599/11.8.2021 of the Board of Directors of ThPA SA, the current composition of the Audit Committee was decided, consisting of the following members:
  - Charalambis Karamaneas, non-executive member (member)
  - Panagiotis Michalopoulos, independent non-executive member (Chairman)
  - Angeliki Samara, independent non-executive member (member)

### 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, both of the previous and the current composition, are in their majority independent of the audited entity** according to 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 Independent Non-Executive Members of both the previous compositions and the current composition of the Audit Committee, fully comply with the provisions of the current regulatory framework and in particular of both article 4 par. 1 of Law No. 3016/2002, which was in force until 16.07.2021 and article 9 par. 1 and 2 of law 4706/2020, in force from 17.07.2021, regarding the conditions and criteria of independence, a fact which has been fully checked and ascertained

by the Board of Directors. The persons who meet the conditions for independence constitute the majority of the Committee

- **The Chairman is appointed by the members and is independent of the audited entity** according to 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.
- In cases of loss of membership in the Board of Directors of certain members of the Committee, the Board of Directors has appointed new members, from its existing members, to replace those who have lost their capacity, in accordance with article 44 par. 1 f) of Law No. 4449/2017 (A' 7) as amended by article 74 Law No. 4706/2020 and currently in force.
- The members of both the previous compositions and the current composition of the Audit Committee met and still meet the suitability criteria set by the law, the Company's Corporate Governance Code and Suitability Policy.
- **The members of both the previous compositions and the current composition of the Audit Committee of ThPA SA have sufficient knowledge of the sector in which the company operates**, while the two independent members of the Committee who have sufficient knowledge and experience in auditing or accounting, attended the meetings of the Committee concerning the approval of the financial statements. Pursuant to art. 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 Audit Committee of ThPA SA has a Charter**, approved by the Board of Directors (decision 7584/5.7.2021) posted on the company's website ([https://www.thpa.gr/files/general/ked/kanonismos\\_leit\\_ee\\_21\\_en.pdf](https://www.thpa.gr/files/general/ked/kanonismos_leit_ee_21_en.pdf)), met at the company's headquarters, as provided in its Charter, while during its meetings minutes were kept describing the items on the agenda and the decisions of the Committee, according to 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 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 its Charter and 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 2021, 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 2021, 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 2021, 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 2021, consist of the following:

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

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

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.

The cooperation with the BoD and the top executive management has been continuous with regular presentations to the boards of informative and propositional character, as well as with the proven written correspondence and email communications.

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

The Audit Committee has reviewed and monitored the independence of chartered accountants in accordance with Articles 21, 22, 23, 26 and 27, as well as Article 6 of Regulation (EU) No 537/2014 and in particular the adequacy of the provision of non-audit services to the audited entity in accordance with Article 5 of Regulation (EU) no. 537/2014. It has also monitored the fees paid to the audit firm in order to ensure future compliance with 70% of the cap of the non-audit services

(NAS). To this end, in communication with the Financial Division of ThPA SA, it monitored, examined and approved the type and the amount of non-audit services, as well as the total fees for these services, to make sure that they do not exceed 70% of the average fees paid during the last three (3) consecutive financial years for the statutory audit. At its meetings of 15/6/2021 & 10/12/2021, the Audit Committee approved the provision by KPMG of the non-audit work requested by the Financial Division.

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

The Audit Committee discussed with the Finance Division the terms and characteristics of its cooperation with the external auditor, namely the company KPMG, in order, in conjunction with its own opinion formed for the quality of audit work and procedures and the examination of the independence and compliance with the provisions of the law, to proceed with the evaluation of the work of KPMG and to prepare the final proposal to the BoD and the General Meeting for the definition of KPMG as an audit firm for ThPA SA for the year 2022.

#### **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 2021 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 four times with the auditors of KPMG in an equal number of meetings (2/3/2021, 19/4/2021, 10/9/2021 & 16/12/2021) 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.

In its cooperation with the Chief Financial Officer and the statutory meetings with him in its respective meetings, the Audit Committee asked questions about the interpretation of financial results in specific areas inside and outside the corporate operation, such as changes in the top management, the recalculation of the useful life of infrastructure and machinery, the upgrade of the loading and unloading equipment, the impact of the Covid-19 pandemic, the impact of the results of the subsidiary in Sofia, and the comparative presentation of the results in the interim and annual financial statements.

### **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.**

In 2021, the Company modernized its corporate governance framework and adapted to regulatory and legal requirements. In this context, an operationally independent Department of Risk Management and Regulatory Compliance was created, which reports to an independent member of the BoD who is also the chairman of the Audit Committee. At the same time, the BoD approved a series of policies and procedures that strengthen internal audit, regulatory compliance, and risk management systems. The Committee reviewed and the Internal Audit Department contributed in an advisory role in these changes. In addition:

a) The Committee carried out systematic supervision, monitoring the implementation and results of the implementation of the internal audit, regulatory compliance and risk management systems. 2021

is characterized by the close and parallel cooperation of the Committee with the Department of Risk Management and Regulatory Compliance and the Internal Audit Department. In this context, and after the adoption of the new Internal Regulation of Organization and Operation (KEOL) and the implementation of the new Corporate Governance Code, the Committee accepted the proposal of the head of the Internal Audit Department to update the existing Risk Registry with a parallel examination of the scores of all audits and their integration in the new Risk Registry.

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.

In the context of the interventions and proposals to the Board of Directors, the Audit Committee proceeded throughout 2021, and with a view to upgrading the corporate operation, to the relevant suggestions in pointing out the necessity of taking the necessary measures by the executive management, both for drafting new regulations and policies and their compliance, as well as for updating existing ones.

The Committee emphasized the importance of "deepening" and highlighting the "special" and the "individual" as an integral part and complementary approach to the analysis of the overall corporate strategy and operations.

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

These include:

##### **\* Upgrading the Internal Audit Office.**

With the recommendation of the Audit Committee and the Decision No. 7551/16.12.2020 of the Board of Directors, in January 2021 the new head of the Internal Audit Department took over his duties, having many years of active experience in internal audit and as a certified internal auditor.

The Committee agreed with the proposal submitted by the new Head of the Internal Audit Department to upgrade the Department by hiring a senior auditor and offered its knowledge and assistance in carrying out the whole process, exercising its supervisory role in the process of drafting a call for applications, to comply with the company's recruitment regulation.

It also collaborated with the head of the Internal Audit Department for the evaluation of the candidates and the selection proposal, with a strict commitment not to violate the conditions of the independence of the internal audit.

The Committee also discussed the updating and enrichment of the Audit Plan 2021 carried out by the head of the Internal Audit Department and submitted it to the Board of Directors on 28/05/2021 where the relevant approval decision was taken.

The Committee, in cooperation with the head of the Internal Audit Department, supervised the compliance of the external consultant, Deloitte, with the provision of the agreed audit services, both in relation to the content of the performed audits and the supporting material as well as in relation to the delivery times and the content of the signed contracts.

In 2021 the Committee received from the Internal Audit Department the reports on the audits of the areas: a) Human Resources and Payroll, b) Investments, c) Equipment Maintenance, d) Corporate Governance, Risk Management and Regulatory Compliance, and e) Implementation of corrective actions.

In addition, the upgraded Internal Audit Department participated in an advisory role in working groups to update the Company's Corporate Governance, the Company's Internal Organization and Operation Regulation, as well as the revision of the Company Risk Registry.

In the last four months of 2021, the Audit Committee proposed to the Internal Audit Department to carry out specific thematic audits, based on risks identified during the year. These audits were carried

out as a priority over those of the Audit Plan 2021, and were in various stages of completion at the end of 2021.

**\* 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 2021:

- a) the observance of the procedures of corporate operation. This focus is contained as a perception, both in the selection of specific audits and as a principle of Corporate Governance in the content and findings of each individual audit regardless of its subject matter.
- b) the continuous effort to develop and implement the digitization of processes and the operational interconnection of the departments of ThPA SA
- c) 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
- d) the importance of linking internal audit with building and developing a corporate culture
- e) 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
- f) planning and implementation of the approved audit plan and follow-ups and the connection of the audit results with the current Risk Registry
- g) assistance in the flow of completion of audit procedures but also on the contents of audit reports
- h) evaluation of the operation of the internal audit department and systems
- i) 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 f.

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

The Committee, during its work in 2021, 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 Department of Legal Services on matters within its competence.

In meetings of the Committee during 2021, senior executives of the company, executive and non-executive members of the Board of Directors and its committees were invited and participated, as well as directors and heads of departments, depending on the issues to be discussed.

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

Since its establishment, the Committee, throughout 2021, has stressed and insisted on the need and

importance of upgrading the internal 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 monitors and welcomes 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.**

In 2021 the Committee elaborated the draft of the revised Charter of the Internal Audit Department, in accordance with the international standards of internal audit, as designed by the head of the Department, and formulated their final form, to be adapted to modern needs and the new business environment, in the commitments and the new strategic planning of ThPA SA but also to the current legislation. The Committee submitted the revised Charter of the Internal Audit Department to the Board of Directors of 21/05/2021 where the relevant approval decision was taken.

**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 2021.**

A total of 29 Committee meetings were convened during 2021, the main content of which was the following:

- The audit plan of the chartered account, the progress of the audit, the completion of the audit and its report on the financial statements as well as the additional audit report referred to Article 11 of Regulation (EU) 537/2014.
- Audit reports of the external consultant, i.e. Deloitte.
- Audit Reports of the Head of the Internal Audit Department.
- Performance of specific thematic audits, based on risks identified during the year.
- The 2021 audit plan concerning internal audit and the updating of the Risk Registry.
- Proposals by the Audit Committee to the BoD
- Clarifications on issues of the Annual & 6-month Financial Report for 2021
- Discussion and Approval of the updated Charter of the Audit Committee & the Internal Audit Department, as well as the Procedures Manual of the Internal Audit Department.
- Approval for the provision of non-audit services by the Audit Firm KPMG.
- Evaluation of the work of the Head of the Internal Audit Department, proposal of the Audit Committee for the continuation of his term.
- Procedure for hiring an extra internal auditor in the Internal Audit Department to strengthen the department.

Specifically, during 2021, the following 29 meetings of the Committee were convened:

**1. MEETING 35-15.01.2021, 2. MEETING 36-05.02.2021, 3. MEETING 37-07.04.2021, 4. MEETING 38-08.04.2021, 5. MEETING 39-12.04.2021, 6. MEETING 40-14.04.2021, 7. MEETING 41-20.04.2021, 8. MEETING 42- 21.04.2021, 9. MEETING 43-11.05.2021, 10. MEETING 44- 12.05.2021, 11. MEETING 45-17.05.2021, 12. MEETING 46-18.05.2021, 13. MEETING 47-09.06.2021, 14. MEETING 48-15.06.2021, 15. MEETING 49-28.06.2021, 16. MEETING 50-12.07.2021, 17. MEETING 51-16.07.2021, 18. MEETING 52-26.07.2021, 19. MEETING 53-11.08.2021, 20. MEETING 54-10.09.2021, 21. MEETING 55-13.09.2021, 22. MEETING 56-24.09.2021, 23. MEETING 57-08.10.2021, 24. MEETING 58-12.11.2021, 25. MEETING 59-18.11.2021, 26. MEETING 60-25.11.2021, 27. MEETING 61-10.12.2021, 28. MEETING 62- 16.12.2021, 29. MEETING 63-17.12.2021.**

**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 21/04/2021
2. On 21/5/2021
3. On 28/5/2021
4. On 5/7/2021
5. On 13/9/2021
6. On 17/12/2021

### **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**

ThPA SA, having the managerial, administrative and operational responsibility of the port of Thessaloniki, recognizes its responsibility towards all its stakeholders (*Employees, Unions, Shareholders and Investors, Local Community, Customers, Passengers, Suppliers and External Partners, Regulatory Authorities, Media, NGOs, Financial Institutions and Creditors, Maritime Associations and the Port Community, Research Institutions, Other Ports and Terminals*), as recognized through formal procedures for integrating the principles of Sustainable Development into the organization.

For this reason, within 2021, ThPA SA started a multi-level internal endeavor, the development of a Sustainable Development Strategy. Through the Sustainable Development Strategy and the development of objectives per pillar (environment, society, economy), ThPA SA ensures its compliance with the current national and European regulatory framework for Sustainable Development and lays the foundations for the adoption and implementation of the expected regulatory framework to create a sustainable business model. It also achieves the harmonization of its priorities and goals with the needs of stakeholders, identifies and quantifies efficiency for the sustainability of the organization, creates added value and enhances its profitability, and strategically differentiates itself from the competition.

In full compliance with the national goals and industry actions, ThPA SA has adopted the United Nations Agenda 2030, an action plan for people, the planet and prosperity, which is guided by the principles of the Charter of the United Nations. The collective achievement of the action plan is expressed through 17 Sustainable Development Goals (SDG's).

In order to harmonize the role and the operation of the Company with the Agenda 2030, the objectives that have been set in the framework of the Sustainable Development Strategy, have been aligned with the respective Sustainable Development Goals, with relevant implementation actions:

#### **✓ 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 seek to eliminate accidents and promote the well-being of employees, through the implementation and certification according to international standards. Within 2021, ThPA SA became the first Greek port to receive ISO 45001:2018 certification for Health & Safety



management. This certification was obtained following a thorough audit by an independent certification body, providing a comprehensive framework for preventive improvement of occupational health and safety.

In order to protect the health of the employees and to ensure the continuous and uninterrupted operation of the port, ThPA SA faced the COVID-19 pandemic in 2021 with due seriousness, adopting the measures of the Greek Government and best practices adapted to the industry, providing personal protective equipment to employees.

The Committee, recognizing Health and Safety as a priority and a pillar of the Sustainable Development of the company, continued the audit and re-audit in this area, giving special importance to the protection of human life and the improvement of working conditions. This area receives the constant supervision of the audit committee and the information of the BoD.

✓ **Training of employees**

ThPA SA's main priority is the continuous professional development of its employees through training programs, in order to effectively develop their skills, knowledge and know-how. In this context, the Company signed in 2021 a cooperation protocol with the International Hellenic University and the Hellenic-German Chamber of Commerce and Industry, with the aim of jointly undertaking initiatives and planning educational actions, research programs and professional collaborations in the fields of port development and operation, freight transport and supply chain. Also, in 2021, it signed a cooperation protocol with the University of West Attica with a focus on the fields of education, consulting, information, transfer of know-how and research in the fields of international trade and maritime transport.

In 2021, a series of training programs were implemented, internally and externally, for the training of the Company's employees.

✓ **Non-discrimination and inclusion**

ThPA SA has implemented policies that ensure the elimination of discrimination in the workplace and the integration of people with different backgrounds. In 2021, the Recruitment Policy was implemented, in order to ensure the selection of new employees based on their skills and the value they can offer to the Company. In addition, the Diversity Policy was incorporated into the strategy, according to which the Company operates under fair and legal human resource management procedures, without discrimination based on age, race, gender, color, nationality, religion, health, sexual orientation or beliefs.

✓ **Employment**

In order to attract and retain experienced specialized staff having the necessary skills, increase morale and employee well-being, the Company has decided to invest in its employees and provide additional benefits, in addition to those provided by the law.

In 2021, the Company maintained the number of its staff at high levels, drawing most of it from the local community in which it operates, thus strengthening the historical ties that it has established for so many years.

✓ **Indirect economic impact**

In 2021, ThPA SA continued the implementation of the obligations undertaken towards the Hellenic Republic in the framework of the Mandatory Enhancements of the Concession Agreement, proceeding with the acquisition of two new, specially designed bridge cranes, with a total value of 15.675 million euros, for the direct service of vessels, thus providing reliable, modern and competitive services. It also proceeded with the selection of a contractor for the project "Pier 6, expansion of the marine works infrastructure" with a budget of 150 million euros, which is the most important part of the Mandatory Enhancements undertaken by ThPA SA under the Concession Agreement with the Hellenic Republic and is going to upgrade the position of the Port of Thessaloniki in the port industry, providing the possibility of direct service of Ultra Large Container Vessels, with a capacity of up to 24,000 TEU.

In addition to the implementation of the Mandatory Enhancements, ThPA SA proceeded with a series of other investments, which contributed to the maintenance and improvement of both its infrastructure and equipment.

ThPA SA is committed to adopting and implementing innovative and sustainable strategies in line with global trends in the port and logistics industry. In this context, it became the first Greek Port to adopt "blockchain" technology, while in collaboration with Amazon Web Services it explored technological solutions that improve efficiency and agility and promote innovation.

✓ **Local Community Support**

The operation and development of the port is directly linked to the economic, social and cultural development of Thessaloniki. The Company's priority is to build, in collaboration with local agencies and local authorities, a sustainable port that will have a positive impact through its operation and the resulting interactions.

In this context, two meetings of the Thessaloniki Port User Council were held in 2021 with the participation of the Company's Executive Management, where they discussed the progress of infrastructure development projects, the upgrade of equipment and services provided, as well as the prospects for tourism development.

In 2021, the port of Thessaloniki was included in the list of homeport terminals, i.e. cruise start and end ports, with the possibility of boarding and/or disembarking passengers. In 2021, 17 cruise vessels arrived in the port of Thessaloniki, compared to just one in 2020, which had a positive socio-economic impact on the local community, as in addition to improving the city's recognition as a tourist destination, many professionals benefited from the increase in tourist traffic.

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

On 14 July 2021, the European Commission adopted a package of proposals for the revision and updating of EU legislation and the introduction of new initiatives aimed at aligning its policies with the climate targets agreed by the Council and the European Parliament (Fit for 55). The targets relate to the reduction of greenhouse gas (GHG) emissions by at least 55% by 2030 and EU climate neutralization by 2050. Fit for 55 touches on every aspect of Europe's economic life, including shipping, transport and ports, with proposals for alternative fuels, expansion of the maritime emissions trading system and amendments to alternative energy directives and energy taxation.

ThPA SA has begun investigating the steps required to comply with the regulatory requirements of the Fit for 55 package.

As environmental protection is a key element of its Sustainable Development Strategy, ThPA SA is ISO 14001-certified for its environmental management system that it implements. Furthermore, it has and implements an Environmental Policy, it is a member of the EcoPorts network and participates in the Green Award network. In addition, the Sustainable Development Strategy will set targets and performance indicators to reduce the Company's carbon footprint, as the Company already measures greenhouse gas emissions.

Also, the Company manages the waste generated within the Port Facility based on an approved plan, completed the rainwater management project, implements a program to monitor environmental parameters by conducting daily measurements and implementing relevant actions, while it has plans and equipment for dealing with marine pollution.

The Internal Audit and Regulatory Compliance System of ThPA SA includes safeguards integrated into the pillars of the Sustainable Development strategy, in order for the Company's development in the short, medium and long term to ensure the prosperity of all stakeholders.

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. 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**