

REPORT OF THE AUDIT COMMITTEE

**TO THE SHAREHOLDERS OF THE COMPANY
"TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL COMPANY"**

ON THE ACTIVITIES OF THE AUDIT COMMITTEE FOR THE YEAR 2020

23 JUNE 2021

Dear shareholders,

On behalf of the Board of Directors of your company we present the Report of the Audit Committee for the financial year that ended 31 December 2020. The report describes the role, responsibilities and activities of the Committee during the fiscal year 2020 according to its responsibilities and its current Rules of Operation.

Introduction

The Audit Committee is an Independent Committee according to Law 4449/2017 and has been appointed by the General Assembly of June 5, 2019 with a two-year term consisting of (1) Mr. George Mergos, independent non-executive member of the Board, President of the Committee, (2) Mr. Michail Gourzis, non-executive member of the Board and (3) Mr. Nikolaos Kalamaras, Specialist in Accounting and Auditing, who is not a member of the Board but meets the requirements of the Law. The members of the audit committee as a whole have sufficient knowledge in the field in which the audited entity operates and are in their majority independent in accordance with article 44 of Law 4449/2017 and articles 9 and 74 of Law 4706/2020. Also, from the members of the Committee, Mr. Nikolaos Kalamaras has documented sufficient knowledge in auditing and accounting. The CVs of the members of the Audit Committee are presented in detail in the Annex below.

A. Responsibilities of the Committee

According to Law 4449/2017, the main concern of the Committee is to ensure the integrity of financial information, to monitor the effectiveness of the Internal Audit System (operation of the Internal Audit Unit, Risk Management and Regulatory Compliance), to supervise the procedures of governance and the description of the sustainable development policy pursued by the company in general.

B. Activities of the Committee during the year 2020

The Audit Committee within 2020:

1. Meetings

- Met nine (9) times,
- Exercised all its duties and responsibilities,
- Collaborated with the Management, the Operations and Finance Departments, the Internal Audit Unit and the Certified Auditors of the company Grant Thornton.
- In addition, it kept complete minutes of its meetings and activities in which its actions and their results are recorded.

2. Financial information

- Examined and confirmed the correctness of the process of preparation of corporate and consolidated financial statements.
- Was regularly informed by the Chief Financial Officers of Operations and Finance.
- Had regular meetings with Grant Thornton Certified Auditors. Was first informed about the planning of the audit for the year 2020 and later for the Audit Report.
- Evaluated the issues that arose during the audit and thoroughly analyzed the conclusions of the Certified Auditors in relation to the correctness and accuracy of the financial statements and the completeness of information of the Shareholders and the investing public in general.
- Was made aware of the purpose and approved the non-audit work assigned to the Certified Auditors of the company Grant Thornton, taking into account the ceiling of remuneration (CAP) under Regulation (EU) 537/2014.
- Recommended to the Board of Directors, that it should propose to the present General Meeting of Shareholders, the approval of the financial statements and the election of Certified Auditors for the audit of the year 2021.

3. Internal Audit Unit

- Was kept constantly informed and had perfect cooperation with the Internal Audit Unit, which participated in all the meetings of the Committee.
- Was made aware of the budget for the fiscal year 2020 regarding the operation of the Internal Audit Unit and suggested to the CEO its approval.
- Approved the Annual Regular Audit Plan for the year 2020 and its relevant revisions and monitored its implementation.
- Evaluated the findings that emerged from the implementation of the audit works of the Internal Audit Unit.

- Was informed about each educational activity of the executives of the Internal Audit Unit and evaluated the purpose and results of each educational program.

4. Risk Management

- Monitored the work of the Risk Manager and assessed the impact of risks on the planning and operation of the Group companies (parent and subsidiaries).
- It was informed about any new risks that were included in the Risk Register during the fiscal year 2020, mainly for those that were associated with the Covid-19 pandemic, and evaluated their effects.
- It was informed about the planned digital transition of the Risk Register to a special platform, in order to manage them more effectively.

5. Regulatory Compliance

- Monitored the implementation of the action plan of the person in charge of Regulatory Compliance for the year 2020 and evaluated the course of harmonization of the Company with the current legislation. In particular, it dealt with the issues arising from L.4706 / 2020 on corporate governance of public limited companies.
- Proposed proposals to the Board, based on the results of the evaluation, in order to achieve full harmonization with the current legislative framework.

6. Internal Control System

- Examined and evaluated the effectiveness and efficiency of the Internal Control System procedures applied by the Group, including the adequacy, security and control of the information systems.
- Informed the Board of Directors about cyber security issues following the audit carried out by the Internal Audit Unit and the additional shielding-protection measures taken with the creation of an Active Security Operation Center (SOC) in collaboration with a specialized company in the matter.

7. Provision of consulting work

- Provided consulting work on issues of operations and governance in general, in the preparation of the Rules of Procedure and in the preparation of the Manual of Internal Procedures.
- Was informed by the Internal Audit Unit, which participated in the process of the digital transformation of the Group, through the

transition to SAP S/4HANA operating environment, for issues of organization and governance.

The members of the Audit Committee

Georgios Mergos

Michail Gourzis

Nikolaos Kalamaras

ANNEX

CVs OF THE MEMBERS OF THE AUDIT COMMITTEE

George Mergos. (President of the Audit Committee). He is an Independent Non-Executive Member of the Board of Directors and President of the Audit Committee of the Company from 2017 until today. During this period, with the instructions and directions given to him by the Board of Directors, he played a key role in strengthening the company's Internal Control System, strengthening the Internal Control Unit, preparing the Internal Operating Regulations and the Internal Procedures Manual, as well as the satisfaction of the Company's obligations in matters of Regulatory Compliance. He studied Economics at the University of Athens, holds an MSc from the University of Oxford and a PhD from Stanford University in the USA. Today he is an Emeritus Professor of Economics at the National and Kapodistrian University of Athens, where he has been teaching since 1986. He has extensive senior administrative experience as General Secretary in the Ministries of Economy and Finance and as Director of IKA (now EFKA – National Social Security Entity), as well as a Member of the Boards of Directors of listed companies (DEI, GEK TERNA) and banks (National Bank, Alpha Bank), as well as a member of Audit Committees. As Secretary General of the Ministries of Economy and Finance, he was in charge of supervising the Hellenic Capital Market Commission and HAASOB, as well as the transposition of European Legislation.

Michail Gourzis, Non-Executive Member of the Board, Member of the Audit Committee. He is the Executive Vice President of the Board of Directors of GEK TERNA. He was born in Lefkada in 1940. In 1964 he graduated from the Athens School of Engineering. He worked as a freelancer - Contractor of Public Works from 1969 to 1976. He holds a degree in MEK D' class and since 1977 he has been managing projects of TERNA SA.

Nikolaos Kalamaras. Expert in Accounting and Auditing, Independent Member of the Audit Committee. He has a long and extensive experience in accounting, auditing and internal control. He was born in Kallithea, Attica in 1957. He is a graduate of the Athens University of Economics and Business, then the Higher School of Economics and Business (ASOEE) in Business Administration. He has extensive experience as an Accountant and as an Internal Auditor. He was an independent, non-executive member of the Company's Board of Directors from 2007 to 2018 and President of the Audit Committee until 2017. Since then, he is a member of the Audit Committee of the Company as an Expert in Accounting and Auditing and President of the Audit Committee of Terna Energy Finance S.A. He has been very active as an Accountant and Tax Consultant for companies since 1977. He is the CEO and Shareholder of the company "Taxation S.A. Accounting Tax Technical Audit Company". He is also a member of the Hellenic and American Institute of Internal Auditors (ID 1374) - (ID 1521425). Since 1998 he is a lecturer of Tax Seminars and author of Accounting books.