

REPORT OF THE AUDIT COMMITTEE

TO THE SHAREHOLDERS OF THE COMPANY

“TERNA ENERGY INDUSTRIAL COMMERCIAL TECHNICAL SOCIETE ANONYME”

ON THE ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR 2023

MAY 23, 2024

Messrs. Shareholders,

On behalf of the Board of Directors of the Company, we present to you the Report of the Audit Committee for the financial year ended December 31, 2023, as explicitly defined in paragraph 4 of article 74 of Law 4706/2020. The report describes the role and responsibilities of the Committee in accordance with its current Rules of Operation and presents its activities during the fiscal year 2023.

Introduction

The Audit Committee is an Independent Committee according to par. 4, article 74 of Law 4706/2020 and was elected by the General Meeting of June 14, 2023 with a two-year term consisting of (1) Mr. Georgios Mergos, Independent and Non-Executive Member of the BoD, Chairman of the Committee, (2) Mr. Andreas Taprantzis, Independent and Non-Executive Member of the BoD and (3) Mr. Nikolaos Kalamaras, who is not a member of the BoD and meets the independence criteria provided for in article 9 of Law 4706/2020.

All the members of the audit committee have sufficient knowledge of the field in which the audited entity operates and are independent. In addition, one of 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.

A. Responsibilities of the Committee

According to its Rules of Operation, the main responsibilities of the Committee are to ensure the integrity of financial information, to monitor the effectiveness of the Internal Audit System (operation of the Internal Audit, Risk Management and Compliance Units), to supervise the governance processes and to describe the sustainable development policy followed by the Company in general.

B. Activities of the Audit Committee for the fiscal year 2023

The Audit Committee met eleven (11) times within the year 2023. The following table shows the characteristics of the meetings based on the participation of its members:

NAME	NUMBER OF MEETINGS DURING THE FISCAL YEAR 2023	NUMBER OF MEETINGS ATTENDED	NUMBER OF MEETINGS REPRESENTED	RATE PARTICIPATION AT MEETINGS
Georgios Mergos	11	11		100%
Andreas Taprantzis	11	11		100%
Nikolaos Kalamaras	11	11		100%

The topics of the meetings included meetings with the Head of the Internal Audit Unit, the Chief Risk Officer, the Compliance Officer, the Head of the General Division of Finance and Administrative Services, the Head of the Finance Department and the Statutory Auditors of the company Grant Thornton.

More specifically, the activity of the Audit Committee during the period 1/1/2023-31/12/2023 is summarized as follows:

Financial information

The Audit Committee, in accordance with its Rules of Operation and Law 4449/2017 (article 44), supports the Board of Directors in ensuring the quality and integrity of financial information, i.e. the accuracy, reliability and correctness of financial statements, in ensuring the compliance of the Company's bodies and actions with the requirements of the legal, institutional and regulatory framework and the Principles of Corporate Governance that govern its operation, as well as the smooth and effective operation of all control mechanisms.

In this context, the Audit Committee monitored the process of preparing financial statements and other financial reporting, had regular meetings with the Directors of Operations and Finance, as well as with the Internal Audit Unit to monitor the process of preparing the financial statements. The Committee also ensured the smooth conduct of the internal audit work and monitored with regular meetings the conduct of audits by the regular statutory auditor.

The audit on the Corporate and Consolidated Financial Statements of the Company "TERNA ENERGY INDUSTRIAL COMMERCIAL TECHNICAL SOCIETE ANONYME" was carried out by the firm of Chartered Auditors Grant Thornton for the period 1/1/2023-31/12/2023. The audits were conducted in accordance with International Financial Reporting Standards, as incorporated into Greek legislation.

The opinion of the Chartered Auditors, as expressed in the Audit Report, is that the corporate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as of 31 December 2023, their financial performance and cash flows for the year ended, in accordance with IFRS as adopted and consistent with regulatory requirements.

Internal Audit Unit

The Audit Committee had continuous briefing and cooperation with the Internal Audit Unit (IAU), whose members were present at all meetings of the Committee and in particular on issues related to the responsibilities of the Unit. The Committee also approved and monitored the implementation of the Annual Audit Programme of the IAU for the Financial Year 2023, evaluated the findings arising from the performance of the audit tasks and was informed about the implementation of the corrective actions agreed between the Unit and the heads of the audited units.

The Committee was also briefed by the Internal Audit Unit on the Audit Work that was conducted during the Financial Year 2023 in total, as well as on the advisory and non-audit activities of the IAU. Specifically, during the year, the findings of each Audit Report were presented and discussed separately, at the meetings of the Audit Committee. A summary, which presents and evaluates the audit and advisory work of the IAU as a whole, in relation to the available resources, was presented by the Committee to the Board of Directors. Finally, the Committee approved the Audit Plan prepared by the IAU for the Financial Year 2024, as well as the needs in resources for the implementation of the work.

In November 2023, a new Internal Auditor was hired for the needs of "TERNA ENERGY FINANCE S.M.S.A.", a subsidiary of the Group and listed on the Athens Stock Exchange.

Risk Management

The Audit Committee monitored the work of the Risk Officer and the briefing of the Board of Directors on Risk Management issues. The Committee also monitored the work of the Risk Management Unit and the compilation of the Group's Risk Register. It also assessed the impact of risks on the design and operation of the Group's companies (parent and subsidiaries), was informed about the new risks included in the Risk Register within the Financial Year 2023 and evaluated the work of the overall Risk Management operation, taking into account the requirements of Law 4706/2020.

During the Financial Year 2023, the Company's Business Continuity Plan as well as the new IT infrastructure were completed. The Audit Committee was briefed by the IT Committee on both the Business Continuity Plan and the operation of the IT infrastructure. The Audit Committee briefed the Board of Directors on IT security issues as well as on the completion of the change in infrastructure management.

Regulatory Compliance

The Audit Committee monitored the implementation of the action plan of the Compliance Officer for the year 2023 and evaluated the Company's progress in complying with the applicable legislation. The Regulatory Compliance operation was supported during the year 2023 by an external consultant. During the Financial Year 2023, it focused its activity on issues of design, revision and updating of policies deriving from Law 4706/2020. The Audit Committee was also informed about the Regulatory Compliance Unit's action plan for the Financial Year 2024.

Evaluation of the Internal Audit System

The Audit Committee informed the Board of Directors about the results of the evaluation of the adequacy and effectiveness of the Internal Audit System (IAS) completed in March 2023, with reference period 16.7.2021-31.12.2022, by an independent external consultant, as provided for by article 14 of Law 4706/2020 on corporate governance of listed companies. The conclusion of the evaluation was that the Consultant did not become aware of anything that could be considered as a material weakness of the Company's IAS, in accordance with the Regulatory Framework.

C. Sustainable development policy

Sustainable Development for TERNA ENERGY Group is not only a practice of alignment with international good practices but a holistic strategic approach based on the regular assessment of the most important social, economic and environmental impacts of the Group's activities and their review and/or modification, if necessary, through a process of dialogue and consultation with interested parties.

Furthermore, TERNA ENERGY Group acts in accordance with the Global Sustainable Development Goals (SDGs) of the United Nations (UN) and is an ally in the fight for social equality, prosperity and the development of a sustainable natural environment, given that it has recognized that the seventeen (17) global goals are inextricably linked to the principles of Corporate Governance and Corporate Social Responsibility/Sustainable Development to which it has committed itself.

The responsible business operation of the Group is reflected in the practices and procedures that have been developed in the Group, aiming at integrating the principles of Sustainable Development in its daily operation. At the same time, it is founded on the strategic corporate values established by the Management, i.e. respect for human beings and the natural environment, creating value for employees, customers, and shareholders, honesty, reliability, and targeted social contribution.

The Group's policy for Sustainable Development is inextricably linked to the material issues that are regularly identified through the materiality analysis process, in order for the Group to constantly pay attention to the needs of interested parties (internal and external) but also to take into account the current socio-economic trends in relation to its effects (positive or negative).

In this context, the Group's corporate responsibility is aligned with the ESG (Environmental-Social-Governance) criteria/principles, which cover four (4) axes of activity, and are deployed

in eight (8) strategic directions/ individual areas which incorporate the most specific approach-policy of the Group in terms of the identified material issues:

Axis 1: Environmental Protection.

- Strategic Direction / Area of Activity: Environmental protection and climate change sustainable cities and societies for all its interested parties.

Axis 2: Promotion of Human Value

- Strategic Direction / Area of Activity: Health and Safety at Work
- Strategic Direction / Area of Activity: Personnel development and protection of human rights

Axis 3: Strengthening the Social Footprint

- Strategic Direction / Area of Activity: Caring for local communities.
- Strategic Direction/ Area of Activity: Dealing with emergency situations.

Axis 4: Shaping a Responsible Market

- Strategic Direction / Area of Activity: Creation and distribution of economic value
- Strategic Direction/ Area of Activity: Business ethics and regulatory compliance
- Strategic Direction / Area of Activity: Responsible supply chain management

The members of the Audit Committee

Georgios Mergos

Chairman

Andreas Taprantzis

Member

Nikolaos Kalamaras

Member

ANNEX

CURRICULUM VITAE OF AUDIT COMMITTEE MEMBERS

Georgios Mergos – Chairman of the Audit Committee.

He was born in Evia in 1948. He is a Professor Emeritus of Economics at the National and Kapodistrian University of Athens, where he has been teaching since 1986. He studied Economics at the University of Athens, holds an MSc from the University of Oxford and a PhD from Stanford University, USA. Before joining the University of Athens, he worked at the World Bank. He has served as Secretary General of the Ministry of Finance, Administrator of the Greek Social Security Agency (Ίδρυμα Κοινωνικών Ασφαλίσεων / IKA in Greek) and Secretary General of the Ministry of National Economy. He has collaborated in research with the Foundation for Economic & Industrial Research (Ίδρυμα Οικονομικών & Βιομηχανικών Ερευνών / IOBE in Greek), consulting with International Organizations and as an Expert with the European Commission (DG External Relations), on development cooperation issues in many countries (China, India, Egypt, other countries of South Asia, all countries of former Eastern Europe and some countries of the former Soviet Union). He has served, among others, as a member of the Board of Directors of GEK TERNA, PPC, National Bank, Alpha Bank and Black Sea Trade and Development Bank.

Andreas Taprantzis

Mr. Taprantzis was born in 1967. He has been the CEO of Avis since November 2014. He planned and completed the radical reorganization of the company with a view to its sale by Piraeus Bank. The transaction took place in 2017 at €325 million (EV) and was among the largest in the country. He continued to serve in the same position with the new shareholders. Today, Avis is the largest car leasing company in Greece, with 500 employees, a wide network of stations, a fleet of 40,000 vehicles, assets over €500 million, revenues over €180 million and EBITDA of €100 million. Prior to his current position, he was Executive Director of the Hellenic Republic Asset Development Fund (HRADF), from its inception in August 2011 until November 2014. He was responsible for the exploitation of the State's private real estate assets, which included airports, ports, marinas, hotels, and large tracts of land. During his term, HRADF implemented contracts amounting to €12.5 billion, such as the Hellinikon contract, Asteras Vouliagmenis and Regional Airports, attracting multiple secondary investments. In December 2010, he assumed the duties of Deputy CEO of T Bank (a subsidiary of TT). From 2005 to 2009, he was CEO of the Hellenic Post (ELTA), while at the same time he was a member of the Board of Directors of the Hellenic Postbank and Chairman of its Audit Committee. During his tenure, ELTA was profitable with a turnover of more than €600 million and profits of €50 million annually, as a result of radical reorganization and investment in new technologies. His work at ELTA has been internationally recognized. In August 2008, he was elected by the 192 Postal Companies of the world, President of the Universal Postal Council (POC) of the International Postal Union (UPU), a UN agency based in Bern, for the period 2008 to 2012. Since July 2019 he has been a member of the Board of Directors of Attica Bank, as well as Chairman of the Risk Management Committee. Dr. Taprantzis holds a degree in Chemical Engineering (MSc) and a PhD from the National Technical University of Athens, in the field of automatic regulation of systems with artificial intelligence (AI) models. He holds an MBA and an AMP certificate from INSEAD.

Nikolaos Kalamaras – Specialist in Auditing and Accounting

He was born in Kallithea, Attica in 1957. He is a graduate of the Athens School of Economic and Commercial Sciences (ASOEE). He has been working as an Accountant and Business Tax Advisor since 1977. He is the CEO and 100% Shareholder of the company named "Forologistiki S.A. Accounting, Tax Consultancy Auditing Company". He is also a member of the Greek and American Institute of Internal Auditors (AM 1374)-(ID 1521425). Since 1998 he has been a lecturer in Tax Seminars and author of books in Accounting. He participated as an independent, non-executive member in the Board of Directors of TERNA ENERGY S.A. from 2007 to 2018. He is a member of the Audit Committee of the same company and Chairman of the Audit Committee of its subsidiary, TERNA ENERGY FINANCE SINGLE MEMBER SOCIETE ANONYME. Since 2001 he has served as internal auditor in companies listed on the Stock Exchange such as "Hermes Real Estate Enterprises SA", "KEKROPS Tourist Property Management SA" and "General Construction Company SA", while he also served as internal auditor at "TERNA Tourism, Technical and Maritime Company S.A.", with a dependent employment relationship, from 2002 to 2009.