



PIRAEUS PORT AUTHORITY S.A.

Periodic Evaluation Policy of the Internal Control System of PPA

SA and Implementation of the provisions on Corporate

Governance of Law 4706/2020



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Contents

1. Key Elements	3
2. General Description	6
3. Legal and regulatory framework	6
4. Policy Purpose	6
5. Policy Scope - Compliance	6
6. Policy Subject	6
7. Evaluation Process	6
7 a. General	6
7 b. Evaluation Subject.....	7
7 c. Timing – periodicity.....	9
7 d. Characteristics of the persons that carry out the evaluation.....	9
7 e. Candidates selection and award of evaluation – Responsibilities	10
7 f. Evaluation report and recipients	11
8. Relevant documents – references	11
9. Force – Exceptions	11
10. Policy Update	11

Periodic Evaluation Policy of the Internal Control System of PPA SA and Implementation of the provisions on Corporate Governance of Law 4706/2020	
Initial Edition	PPA SA BoD Decision number
	23/16-07-2021

1. Key Elements

PPA SA (hereinafter the "Company") recognizing the importance of the operation of an adequate and integrated Internal Control System (hereinafter "ICS") to achieve its business objectives and in accordance with Law 4706/2020 regarding corporate governance and decision of the Board of Directors of the Hellenic Capital Market Commission 1/891/30.09.2020 as in force from time to time, adopts the present policy of periodic evaluation of the Company's ICS as well as of the Implementation of the provisions on Corporate Governance of Law 4706/2020.

The Company's ICS includes five (5) basic elements that exist and operate in the Company and are described in general terms below:

a. Control Environment

The Company is committed to operate with integrity and ethical values. Its organizational structure determines a specific position and specific and distinct responsibilities for each body and organizational unit of the Company. There are specific benchmarks and areas of responsibility in achieving the Company's goals, while a regulation is followed on the selection and recruitment of staff and senior management as well as a remuneration policy aiming at attracting and retaining highly qualified human resources.

In particular:

Integrity, Moral Values & Top Management Behavior:

The Management of the Company provides direction, leadership as well as an appropriate environment for its operation, in order to ensure that all its available resources are fully utilized to achieve its objectives. The Company has a Code of Conduct. Any deviation is reported to the Top Management which is solely responsible for taking relevant actions.

Organizational structure:

The Company maintains an organizational structure sufficient for the planning, execution, control and supervision of corporate operations for all its Departments and operational activities, according to which the main areas of responsibility are determined while at the same time the appropriate reference lines are established.

Board of Directors:

The Board of Directors of the Company meets every time the Law, the Bylaws or the needs of the Company dictate and decides on any matter concerning the management of the Company, the management of its assets and the general pursuit of its purpose. The Board of Directors maintains adequate oversight of the operation and effectiveness of the ICS. For this purpose, it consists of a sufficient number of executive, non-executive and independent non-executive members, with a variety of knowledge, skills and experience in order to achieve the business model and strategy of the Company.

Corporate Responsibility:

Periodic Evaluation Policy of the Internal Control System of PPA SA and Implementation of the provisions on Corporate Governance of Law 4706/2020	
Initial Edition	PPA SA BoD Decision number
	23/16-07-2021

The Company maintains appropriate structures and pursues policies that promote the principle of responsibility, the speed of decision making, the smooth operation of the Company and the effective control of all its actions. Based on this principle, responsibilities are assigned to the executives of the Company, according to their position in the hierarchy and their qualifications. Furthermore, the Company forms the framework to enable the individual organizational units to operate within the components of the specific management authority (Responsibility - Accountability - Accountability), as well as the Management to control its effectiveness

Human Recourses:

Recognizing the utilization of human resources as a cornerstone for the achievement of the Company's goals, the Company pursues specific policies of recruitment, training, remuneration, and evaluation of staff.

b. Risk Management

The Company clearly communicates its objectives in the individual Departments in a simple and understandable way, so that they are taken into account during the process of risk identification and risk assessment as well as its acceptable risk tolerance level. In general, the Top Management of the Company determines the way of responding to the risks by categorizing them according to the probability and their impact on the operation of the Company in the following categories:

- High risk: immediate actions required
- Increased risk: immediate actions required
- Acceptable risk: immediate actions required
- Low risk: no immediate action required

The recording of the risks faced by the Company as well as the management and risk response procedures, is carried out in all operations of the Company on an annual basis. In addition, the Company has established control mechanisms and safety valves to detect and/or prevent the inability to deal with risks, in order to achieve its objectives.

Risk Management function

The Company has a Risk Management function, which operates in accordance with appropriate and effective policies, procedures and tools (such as keeping a risk register) on the determination, analysis, control, management and monitoring of any kind of risk inherent to the operation of the Company.

c. Controls Activities

The Company develops policies and procedures in accordance with the objectives of the Management. In addition, it implements a system of safety valves, based on the

Periodic Evaluation Policy of the Internal Control System of PPA SA and Implementation of the provisions on Corporate Governance of Law 4706/2020	
Initial Edition	PPA SA BoD Decision number
	23/16-07-2021

risks it has identified, but considering the specific characteristics of the Company. Special emphasis is placed on the adequacy, proper implementation and monitoring of procedures, the handling of error cases and the frequency of reassessment of policies and procedures.

In addition, the Company implements adequate safeguards for issues of conflict of interest, segregation of duties as well as the governance and security of its Information Systems.

d. Communication System

The Company ensures the quality of financial and non-financial information and follows appropriate ways of internal and external communication, such as communication with the members of the Board of Directors, shareholders and investors, communication with the existing Company committees, complaint on whistleblowing, Regulatory Authorities etc.

e. Monitoring of the Internal Control System

The Company has mechanisms and functions that have as object the continuous evaluation of the Internal Audit System and the reporting of findings to be corrected or improved:

Audit Committee

The Company has an Audit Committee, which is a committee of the Board of Directors, consists in its majority of independent non-executive members of the Board and its goal is to support the Board of Directors fulfilling its responsibilities for overseeing compliance control procedures with the legislative and regulatory framework on: (a) financial information, (b) the internal control system, the risk management system, the regulatory compliance system and (c) its supervision of the (external) mandatory audit of the financial statements of the Company.

Internal Audit Department

The Company has an Internal Audit Department, which operates in accordance with the applicable Regulation approved by the Board of Directors. The Internal Audit Department is organizationally independent and adequately staffed. Implements the appropriate tools and control methodology in order to achieve the best result, while the audit reports that are prepared are submitted at least quarterly to the Audit Committee and then to the Board of Directors.

Regulatory Compliance function

The Company has a Regulatory Compliance function, which is functionally independent. It is staffed with staff who have sufficient knowledge and experience to carry out their responsibilities and are trained and informed in order to monitor the effective adoption and unwavering implementation of changes taking place in the regulatory framework, with direct access to all required sources of information. In addition, it implements adequate procedures for the prevention and suppression of

Periodic Evaluation Policy of the Internal Control System of PPA SA and Implementation of the provisions on Corporate Governance of Law 4706/2020	
Initial Edition	PPA SA BoD Decision number
	23/16-07-2021

money laundering activities. It follows the annual audit plan, while the findings of its work are promptly and truthfully communicated.

2. General Description

The Company in the context of ensuring the continuous operation of an adequate and integrated ICS and the continuous improvement where and when deemed appropriate, follows this policy, which sets out the framework for periodic evaluation of the ICS and implementation of the provisions on Corporate Governance of Law 4706/2020 that is in effect and governs its operation.

3. Legal and regulatory framework

The content of this policy fully complies with Law 4706/2020 and the relevant decision 1/891/30.09.2020 of the Board of Directors of the Hellenic Capital Market Commission. The terms of this policy are applied in combination with the respective provisions of the Company's Internal Organization and Operation Regulations, the Regulations of the Audit Committee, the Internal Audit Department, the Regulatory Compliance function and the Risk Management function.

4. Policy Purpose

The purpose of this policy is to establish the framework to ensure the timely and correct implementation of the periodic evaluation of the ICS based on the respective standards by appropriate evaluators and the compliance of the Company with the applicable legislation on relevant corporate governance matters.

5. Policy Scope - Compliance

This policy applies to Top Management, the collective bodies and all the organizational units of the Company, its processes and functions, as well as its Information Systems. The Top Management, the collective bodies and all the organizational units are obliged to comply with the content of this policy.

6. Policy Subject

The subject of this policy includes the general principles regarding the object, the periodicity of the audit, the scope of evaluation and the general process which governs the periodic evaluation of the Company's ICS as well as the Implementation of the provisions on Corporate Governance of Law 4706 / 2020 as well as the assignment and monitoring of the results of the evaluation and the determination of the object of the evaluation.

7. Evaluation Process

7 a. General

The periodic assessment of the adequacy of the ICS is carried out on the basis of international best practices.

The purpose of the evaluation is to evaluate the system of identification and risk management and regulatory compliance developed by the Company, the system of safeguards that applies to the adequacy and effectiveness of financial information, as well as the application of corporate governance provisions of the Law. 4706/2020

Periodic Evaluation Policy of the Internal Control System of PPA SA and Implementation of the provisions on Corporate Governance of Law 4706/2020	
Initial Edition	PPA SA BoD Decision number
	23/16-07-2021

7 b. Evaluation Subject

Subject of the evaluation are the following:

Control Environment

The review of the control environment consists mainly of the following:

Integrity, Morals & Conduct of the Management: It is examined to what extent a clear framework of integrity and morals that run through the decision making of the Board of Directors have been implemented as well as to what extent there are monitoring procedures on full compliance so as any deviation is detected promptly and corrected appropriately.

Organization structure: To what extent the organizational structure of the Company provides for a framework on the planning, execution, control and supervision of the Company's activities based on its organizational structure for each business unit and its operational activities according to which the primary areas of responsibility within the Company are determined and the suitable reference guidelines are determined depending on the size of the Company and the nature of its activities

Board of Directors: The structure, organization and the way of operation of the Boards of Directors and its committees are examined: in particular, with regard to a) the relation with the executive administration, b) the supervision authority on the operation and the effectiveness of the ICS and c) the composition of the Board of Directors (eg size, suitability and diversity of its members etc.).

Corporate responsibility: The operation of the higher executive administration and the way in which it implements under the supervision of the Board of Directors, the appropriate infrastructures, reference lines, areas of responsibility and power in order to achieve the scope of the Company are examined.

Human Resources: The following but not limited to the recruitment practices, fees, training and evaluation of the performance of the personnel are examined in order to establish the commitment of the Administration to the principles of integrity, morals and sufficient knowledge of the personnel).

Risk Management

It consists of the review of the risk acknowledgement and assessment procedure (risk assessment), management and response procedures of the Company to the said risks (risk response) and the procedures on the monitoring of the development of the risk (risk monitoring).

In particular, the following are reviewed:

- the work and duties of the Risk Management function, and
- the implementation of the appropriate and effective policies, procedures and tools (such as keeping a risk register) on the determination, analysis, control, management and monitoring of any kind of risk inherent to the operation of the Company.

Periodic Evaluation Policy of the Internal Control System of PPA SA and Implementation of the provisions on Corporate Governance of Law 4706/2020	
Initial Edition	PPA SA BoD Decision number
	23/16-07-2021

Control Activities

Review of the mechanisms on the control of the critical safety net emphasizing on the safety net related to conflict of interest issues, separation of duties and governance and security of Information Systems.

Information and Communication

Review of the procedure of the development of the financial (including the reports of the auditing mechanisms (e.g. Supervisory, Regulatory and Regulating Authorities, Independent Professional Entities etc.) and non-financial information (e.g. sustainable development policy, environmental, social and labor issues, respect of human rights, fight against corruption, issues on bribery as provided in article 151 of Law 4548/2018) as well as the review of the procedures on the critical internal and external communication of the Company, which are mentioned above at point 1.d.

Monitoring of ICS

Review of the infrastructure and the mechanisms of the Company that are competent for the constant evaluation of the components of the ICS and the report of the findings to be corrected or improved.

In particular, the operation of the following infrastructure and mechanisms are reviewed:

Audit Committee

It concerns the review by the evaluator of the procedure on the monitoring of the efficiency of the ICS by the Audit Committee.

Internal Audit Department

It includes the review by the evaluator of the following elements on the organization and operation of the Internal Audit Department and the compliance with the provisions of articles 15 and 16 of Law 4706/2020 and the applicable regulatory framework, i.e. the policies, procedures, practices and applicable legislative and regulatory requirements and in particular:

- The implementation and application of an approved Regulation of Operation of the Internal Audit Department by the Board of Directors.
- The integration of the operation of the Internal Audit Department to the framework of the governance of the Company, its organizational independence and the sufficiency of its staffing.
- The review of the tools and techniques used by the Internal Audit Department.
- The review of the combination of the knowledge and qualifications of the personnel of the Internal Audit Department.
- The “random” review of the audit reports on the Internal Audit Department of the Company and its affiliates as to the prompt filing as well as the appropriateness and completeness thereof based on the provisions of article 16 of Law 4706/2020.
- The effective operation of the supervisory bodies of the Internal Audit Department as these are provided in the regulatory framework and the Company’s Internal Organization and Operation Regulations.

Periodic Evaluation Policy of the Internal Control System of PPA SA and Implementation of the provisions on Corporate Governance of Law 4706/2020	
Initial Edition	PPA SA BoD Decision number
	23/16-07-2021

Regulatory Compliance

It refers to the review by the evaluator of the monitoring procedure on the compliance with the regulatory and legal framework as well as the internal regulations that govern the operation of the Company. The provisions on corporate governance of Law 4706/2020 are included in the said framework.

In particular, the following are reviewed:

- the Regulatory Compliance function, as to its independence, possibility to access all the necessary sources of information, the prompt and truthful communication of all its findings, the training on regulatory compliance matters and the monitoring of the effective adoption and the application without any deviations of the changes in the regulatory framework.
- the adequacy of the procedures as to the prevention and fight against money laundering from criminal activities, where applicable.
- the sufficient staffing with persons that have the sufficient knowledge and experience to carry out the said duties.
- the adoption of an approved annual audit plan and the monitoring of its implementation.

7 c. Timing – periodicity

The evaluation of the ICS is carried out either periodically or on an ad hoc basis.

Periodicity is defined as the time period between two consecutive evaluations and which is determined in three (3) years starting from the reference date of the last evaluation.

The time is defined as the time at which it is required to carry out either the periodic evaluation or the ad hoc evaluation at the request of the Hellenic Capital Market Commission.

In any case, the evaluation of the ICS is part of the overall evaluation of the corporate governance system of the Company, according to article 4 par. 1 of Law 4706/2020.

The first assessment of the ICS must be completed and sent to the Hellenic Capital Market Commission, in accordance with the decision 1/891/30.09.2020 of the Hellenic Capital Market Commission, by 31 March 2022 with a reference date 31 December 2021 and a reference period from the effective date of article 14 of law 4706/2020.

7 d. Characteristics of the persons that carry out the evaluation

The evaluator is a legal or natural entity or association of persons. The evaluator shall have the following characteristics:

Matters of independence and objectivity

When selecting the evaluator of the ICS, matters of independence and integrity are taken into consideration. The evaluator and the members of his taskforce must be independent and do not have any dependency according to par. 1 of article 9 as

Periodic Evaluation Policy of the Internal Control System of PPA SA and Implementation of the provisions on Corporate Governance of Law 4706/2020	
Initial Edition	PPA SA BoD Decision number
	23/16-07-2021

particularized in par. 2 of Law 4706/2020 as well as be objective in the course of exercising his duties.

Objectivity is the impartial attitude and ways of thinking that shall allow for the evaluator to perform his duties as he thinks proper and do not settle as to its quality. The objectivity requires for the evaluator not to be affected by third parties or other facts.

In the course of ensuring the independence and the objectivity, the evaluation of the ICS shall not be carried out by the same evaluator for three subsequent evaluations.

Proven relevant professional experience and training

When selecting the evaluator of the ICS matters related to the knowledge and his professional experience are taken into consideration. In particular, the head of the taskforce of the evaluation of the ICS and in any case the signatory of the evaluation must have the appropriate professional qualifications (depending on the professional standards that he refers to) as well as proven relevant experience (such as in evaluations of other ICS and structures of corporate governance).

The evaluator implements all the necessary measures in order in the course of his work the persons that participate therein have the appropriate knowledge and experience as to the duties assigned to them and he uses the suitable systems on quality assurance, sufficient human and material resources and procedures in order to ensure the continuity, periodicity and quality of the performance of the works.

7 e. Candidates selection and award of evaluation – Responsibilities

The Company assigns timely, through its competent bodies, the evaluation of the ICS to a suitable external evaluator. Specifically:

Within a reasonable time and at least six months before the date of mandatory submission of the final evaluation report to the Hellenic Capital Market Commission, the Audit Committee arranges for the receipt of bids by appropriate, in accordance with the provisions of point (7d), evaluators for the award of the relevant project to evaluate the ICS.

Interested parties are invited to submit a bid within a specific deadline specified in the relevant invitation, where relevant reference is made to the independence and proven experience and training in relevant ICS and corporate governance structure evaluation projects as defined in point (7 d).

The submitted bids are reviewed and evaluated by the Audit Committee, which proposes as the competent body to the Board of Directors, the assignment of the evaluation of the ICS to the appropriate at their discretion evaluator, considering the independence and professional experience of the candidate. The Board of Directors decides upon the assignment to the appropriate evaluator.

The Regulatory Compliance function and / or the Internal Audit Department, under the guidance of the Audit Committee, facilitate the evaluator during the implementation of

Periodic Evaluation Policy of the Internal Control System of PPA SA and Implementation of the provisions on Corporate Governance of Law 4706/2020	
Initial Edition	PPA SA BoD Decision number
	23/16-07-2021

his project regarding the communication and cooperation with the various bodies or Departments of the Company.

7 f. Evaluation report and recipients

The evaluator carries out the evaluation of the ICS, within the agreed schedule and upon completion submits an evaluation report, which should at least include:

- Summary of test results and a detailed description of them;
- The time of submission of the evaluation report;
- The reference date of the evaluation and the period it covers (which starts from the next day of the reference date of the previous evaluation).

The summary includes the evaluator's conclusion regarding the adequacy and effectiveness of the Internal Control System. It also includes the most important findings of the evaluation, the risks and the consequences arising from them as well as the response from Top Management to these findings, including the relevant action plans with clear and realistic timetables.

The detailed report includes all the findings of the evaluation with the relevant analyses.

Recipients of the report are defined the Audit Committee and the Board of Directors.

The Company submits without delay to the Hellenic Capital Market Commission, and in any case within three (3) months from the reference date of the evaluation report, the report and, if required, the detailed report.

The annual declaration on corporate governance includes reference to findings of the relevant evaluation report.

8. Relevant documents – references

Reference of this policy is made to the Internal Organization and Operation Regulation of the Company as it applies, the Regulation of operation of the Audit Committee and the Internal Audit Department and the Company's Corporate Governance Code.

9. Force – Exceptions

This policy shall enter into force on the date of its adoption and shall not be subject to any exceptions.

10. Policy Update

This Policy will be evaluated for update when significant changes are identified in the covered area or upon the implementation of legislative changes.

Periodic Evaluation Policy of the Internal Control System of PPA SA and Implementation of the provisions on Corporate Governance of Law 4706/2020	
Initial Edition	PPA SA BoD Decision number
	23/16-07-2021