



HELLENIC
PETROLEUM



Social and Environmental Report

06



Social and Environmental Report 2006

Introduction

The "2006 Social & Environmental report" is HELLENIC PETROLEUM's self-contained edition despite it is an integral part of the company's Annual Report. As such it provides you with a snapshot of our CSR performance for the 2006 calendar year.

Financial data and information are presented in brief; moreover a detailed presentation is given in the Annual Report.

This year we made an effort to deliver to you, our stakeholder, a more complete report based on the international standards and practices.

We are aware that we are far from perfect, but we do believe that this year edition has been improved in the following areas:

- More emphasis has been given in the human resources section.
- The contents have been expanded, as far as our global operations are concerned.
- Statistical data and information have enriched the environmental, health and safety sections.
- Comments and feedback, contributing to the report's improvement, have been evaluated and adopted.

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Message to our Stakeholders

This year's social and environmental report highlights our Group's progress in 2006 on our commitments and provides a view into our effective response to the environmental and energy challenges, in Greece and abroad.

Global economic growth generates additional energy consumption; therefore we intensify our efforts, aiming to contribute to sustainable development.

Our contribution to sustainable development combines competitiveness with a smaller environmental footprint.

As you can note from our Financial Report too, 2006 was a relatively difficult year because of the adverse global environment for refining. However, 2006 could be characterized as the year of significant investment decisions, in exploration & production, as well as in refining.

Refinery upgrade projects amounting to €1 billion, will be implemented during the following years, in order to improve fuels quality and simultaneously to minimize environmental impact.

The refinery upgrade will make use of the Best Available Techniques and use a closed technology (flexicoking) which contributes to the reduction of air pollutants emitted.

Last year, the Elefsina refinery was certified in accordance with the OHSAS 18001 standard, in addition to its certification in accordance with EMAS. At the same time, the Aspropyrgos refinery develops its Eco-Management and Audit Scheme (EMAS) in order to achieve its certification in the near future.

The polypropylene plant, in Thessaloniki, was rewarded by BASELL for the third consecutive year, with one of the highest European awards for its operating performance.

The LWIF and AIF safety indices were significantly reduced and steady improvement is noted in this sector.

New procurement procedures have been introduced at Group level, in order to improve both the cost and the quality of the products and services we buy.

The results we achieved were due to the skill, creativity and collective efforts of our people. To them, we express congratulations for a job well done, and we look forward to making further progress on sustainability as the future unfolds.

The Group employs more than 5,400 people, both in Greece and abroad, and relies on their efforts in order to implement its objectives.

In support of these efforts, we invest in human capital and its proper utilization, we put into practice processes that ensure equality of opportunity and transparency, we reward our people for their valuable contribution and we invest heavily in training and continuous education.

In 2006 we focused our sponsorships, donations and supports, including monetary and in-kind services, to institutions, organizations and the communities where we operate, contributing to the improvement of the quality of life.

We continued to make progress in implementing our strategy to increase shareholder value on a sustainable basis. Our challenge is to meet our future goals while managing our operations in a responsible manner that protects the environment, the health and safety of our stakeholders and has a positive impact on the communities where we operate.

Our objective is to contribute, on an ongoing basis, to the competitiveness, sustainability and energy security in Greece.

This report is a companion to our 2006 Annual Report, which provides greater detail on our operations and financial performance. As in the past year, we cordially invite you to let us know what you think of this publication and to participate, as one of our stakeholders, in an open and science-based dialogue about sustainable development.



The HELLENIC PETROLEUM Group

Since the PUBLIC PETROLEUM'S CORPORATION S.A. (DEP) establishment and the acquirement of the HELLENIC ASPROPYRGOS REFINERIES S.A. (ELDA) by the State, the latter exercises full control over refining, distribution and retailing of refined products. During next decade further companies buy outs and subsidiaries foundations were carried out.

In 1998, DEP is renamed HELLENIC PETROLEUM S.A. and is listed in the Athens and London Stock Exchanges. During the next years the company both founds and buys out subsidiaries. Such examples are the EL.PET BALKANIKI S.A., through which the company becomes major shareholder in OKTA AD SKOPJE (a FYROM refinery), the HELLENIC PETROLEUM – POSEIDON MARITIME COMPANY and the HELLENIC PETROLEUM CYPRUS, for the expansion of the Group's retailing activities.

In 2003 PETROLA HELLAS A.E.B.E. was merged by absorption and various subsidiaries are founded like, the THESALONIKI POWER S.A. with the objective of developing, constructing and operating an electric power plant, the HELLENIC PETROLEUM – APOLLON MARITIME COMPANY and EKO NATURAL GAS S.A. Also, HELLENIC PETROLEUM participates with the 20% in a consortium formed by the Australia's WOODSIDE ENERGY (45%) and the Spain's REPSOL (35%) for the hydrocarbon exploration and production in six on-shore areas in North-West Libya.

In 2004, through its subsidiary EL.PET.-BALKANIKI S.A. the Group raises its stake in the OKTA AD SKOPJE refinery in the Former Yugoslav Republic of Macedonia (FYROM) from 69.5% to 81.51%, through an equity increase of the latter, during which the remaining shareholders relinquished rights.

Carried out with the outmost safety and success was the programmed shut down, every 4 years, of the Aspropyrgos Refineries' units for maintenance work.

Work continued for the construction of a 390MW Power Plant in Thessaloniki by the Group's subsidiary THESSALONIKI POWER S.A.

The power generation plant, at Thessaloniki's industrial area, began commercial operation in 2005. The same period, the HELLENIC PETROLEUM INTERNATIONAL CONSULTING S.A. and the HELLENIC PETROLEUM FINANCE PLC were established. The objective of the latter is to provide financial services.

In 2006 the HELLENIC PETROLEUM RENEWABLE ENERGY SOURCES S.A. is founded aiming at the production, distribution and retailing of energy produced from renewable energy sources.

Through this new subsidiary, HELLENIC PETROLEUM participates with a 25% interest in BIODIESEL S.A. The latter is going to implement a bio-diesel production facility. In this scheme participate VIOCHALKO S.A., HELLENIC FABRICKS S.A. and PRIMA HOLDINGS with a 25% interest each.

The HELLENIC PETROLEUM Group is the largest industrial and commercial corporation in Greece. The Group has a dominant position in the domestic oil market and plays a leading role in the energy evolution in both Greece and S.E. Europe.

The Group's range of activities includes:

- Refining of crude oil and fuel supply.
- Retailing of oil products, including sales abroad.
- Production and trading of petrochemicals and chemicals.
- Oil & Gas exploration and production.
- Production and trading of power generation using natural gas.
- Participation to natural gas project.
- Provision of consulting and engineering services to hydrocarbon related projects.
- Production and trading of power generation.
- Participation in the transportation of crude oil and products (pipe-lines, sea transportation).

The Group employs around 5,425 people in Greece and abroad. At the end of 2006 its total assets were worth €4,363.5 million, its shareholders' equity amounted to €2,397.6 million and the annual turnover totaled €8,121.5 million.

The Group's entrepreneurial programme includes investments mainly in the refining sector, in power production, in hydrocarbon exploration, as well as investments concerning the expansion of its international activities, with priority set in S.E. Europe and particularly in the Balkan region.



Group's Brief Financial Data 2006

(amounts in million €)

Turnover	8,122
EBITDA	502
Net profit	261
Capital Employed	3,442
Net borrowing	1,044
Number of employees	5,425

Our Business Principles & Values

- Transparency in all areas.
- Know-how in the sectors of our activity.
- Encouragement for knowledge.
- Studies and research for new and improved technologies.
- Predominant emphasis on human factor.
- Protection and respect for the environment.
- Effort for continuous improvement and development.
- Trust and respect for the client.

HELLENIC PETROLEUM is making significant investments in new products, enhancing existing ones, further improving production and environmental processes, exploring new technologies and is expanding and renovating facilities, thus creates secondary revenues, new job opportunities and reduces the dependence on foreign companies.

Corporate Governance

Corporate governance is a code concerning the operation of companies listed in the Athens Stock Exchange. The main purpose of this code is to protect the shareholders (state, major shareholders, institutional investors, public) therefore, in this frame, the Board of Directors (BoD) allocates resources, reports to the shareholders and protects their interests taking into account the company's overall performance, company's objectives and society's needs.

The BoD complies with both the letter and the spirit of all relevant laws, codes, rules, regulations and standards. It is responsible for achieving the company's aims, strategy, policy and results and is accountable for this to the general meeting of shareholders. In discharging its role, the BoD is guided by the company's business principles and values, taking into consideration the society needs and the global evolution. Accountability and responsibility are major issues at all hierarchy levels.

The BoD is the ultimate decision-making body of the company. Its members are appointed by the shareholders general assembly.

The BoD has thirteen members, that are appointed for a period of five years:

- Seven members are appointed by the State.
- Two members are appointed by the shareholder "Pan-european Oil and Industrial Holdings S.A." or by its affiliated companies.
- Two members, representing the employees, are elected via the employees' universal suffrage.
- Two members, representing the minority shareholders, are elected by the special general assembly of the minority shareholders.

The BoD, at its formation, assigns responsibilities and roles and qualifies, its members, as executive or non-executive. The number of the executive members of the BoD should be no less than the one third of the members' number.

The BoD elects its Chairman and the Chief Executive Officer (CEO). These positions can be held by the same person. The CEO recommends and the BoD approves the appointment of the senior management team (General Directors and Directors I).

The Chairman of the BoD represents the company before law court and the relevant authorities, chairs and directs the meetings of the BoD and executes his duties and responsibilities as they are defined by the law, the articles of association and the company's regulations. Currently, the Chairman of the BoD, as an executive member of the board, and the Chief Executive Officer are the top company's executives.

The CEO oversees all company's departments and manages their work. He makes the required decisions and puts forward recommendations concerning the company's objectives, within the frame of the business plan, the regulations and decisions of the BoD.

Certain departments liaising closely and reporting directly to the CEO. Moreover, the CEO is authorized by the BoD to oversee and coordinate the subsidiaries.

The Internal Audit Department reports directly to the BoD and is supervised by non-executive members of the BoD.

The BoD may delegate authority, power or responsibilities, apart from the ones that require joint action as well as the administration, management or company's representation, to the Chairman, the CEO, board member or members, Directors or company's employees. In order to facilitate its mission and role, the BoD, may establish certain committees.



Board of Directors Committees

Committees are comprised of, either executive or non-executive, members of the BoD in accordance with BoD's decisions. The following committees report directly to the BoD:

- Internal Audit Committee.
- Petroleum Products Procurement Committee.
- Financial and Economics Planning Committee.
- Remuneration & Succession Planning Committee.

Other committees

An indicative list follows:

- Strategic Planning and Development Committee, under the Chairman's supervision.
- Executive Committee, presided over by the CEO.
- Investments Committee, under the CEO's supervision.

The Chairman and the CEO are responsible for establishing effective communications with the company's stakeholder groups, such as shareholders, customers, employees, company associates, local communities, suppliers, creditors, government and non-government organizations.

Group's Key Financial Data

KEY INCOME STATEMENT DATA

<i>(million €)</i>	2006	2005	2004	2003
Net sales	8,122	6,653	4,907	3,895
Operating profit	355.3	526.4	210.8	260.0
Profit before tax	358.5	494.8	239.7	297.2
Profit for the year	260.1	334.2	130.8	209.0

KEY BALANCE SHEET DATA

<i>(million €)</i>	2006	2005	2004	2003
Fixed Assets	1,936	1,939	1,770	1,644
Current Assets	2,427	2,254	1,512	1,352
Total Assets	4,363	4,193	3,281	2,996
Total Equity	2,398	2,256	1,950	1,884
Short-term Liabilities	1,403	1,178	802	649
Long-term Liabilities	562	759	530	463



SALES VOLUMES (refineries, retailing and petrochemicals)

Refining (Refineries sales in Greece*)

(000 tons)	2006	2005	2004	2003
Domestic market	10,563	10,494	10,634	9,272
Aviation and bunkers	3,308	3,255	3,219	1,889
Exports and other sales	2,305	1,948	2,105	2,022
Refineries sales in Greece	16,176	15,697	15,958	13,183
OKTA sales	1,054	1,002	807	936
Total refineries sales	17,230	16,699	16,765	14,119

* Elefsina refinery incorporates in 4th quadrant 2003

Retail Sales

(000 tons)	2006	2005	2004	2003
Domestic market	2,243	2,184	2,184	2,249
Aviation and bunkers	1,693	1,735	1,788	1,729
Sales in Greece	3,936	3,919	3,972	3,978
Exports	50	49	88	198
Sales of companies abroad	807	815	849	885
Total retail sales	4,792	4,783	4,909	5,061

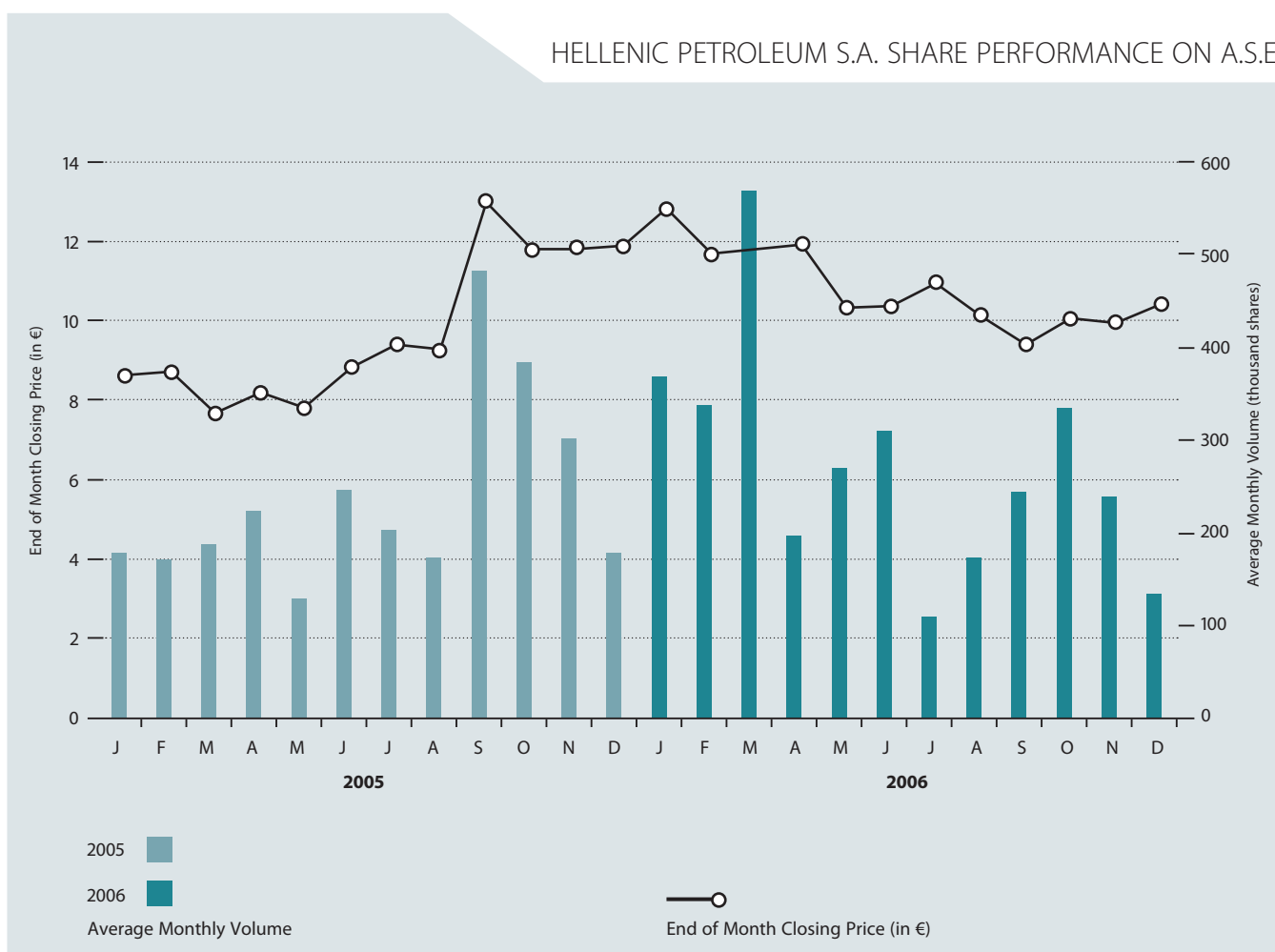
Chemicals

(000 tons)	2006	2005	2004	2003
Polypropylene	189	160	149	167
BOPP	22	22	22	20
PVC	46	60	77	71
Solvents	81	73	80	70
Inorganics and others	78	68	65	68
Total chemicals sales	415	382	393	396

Group's Key Financial Data

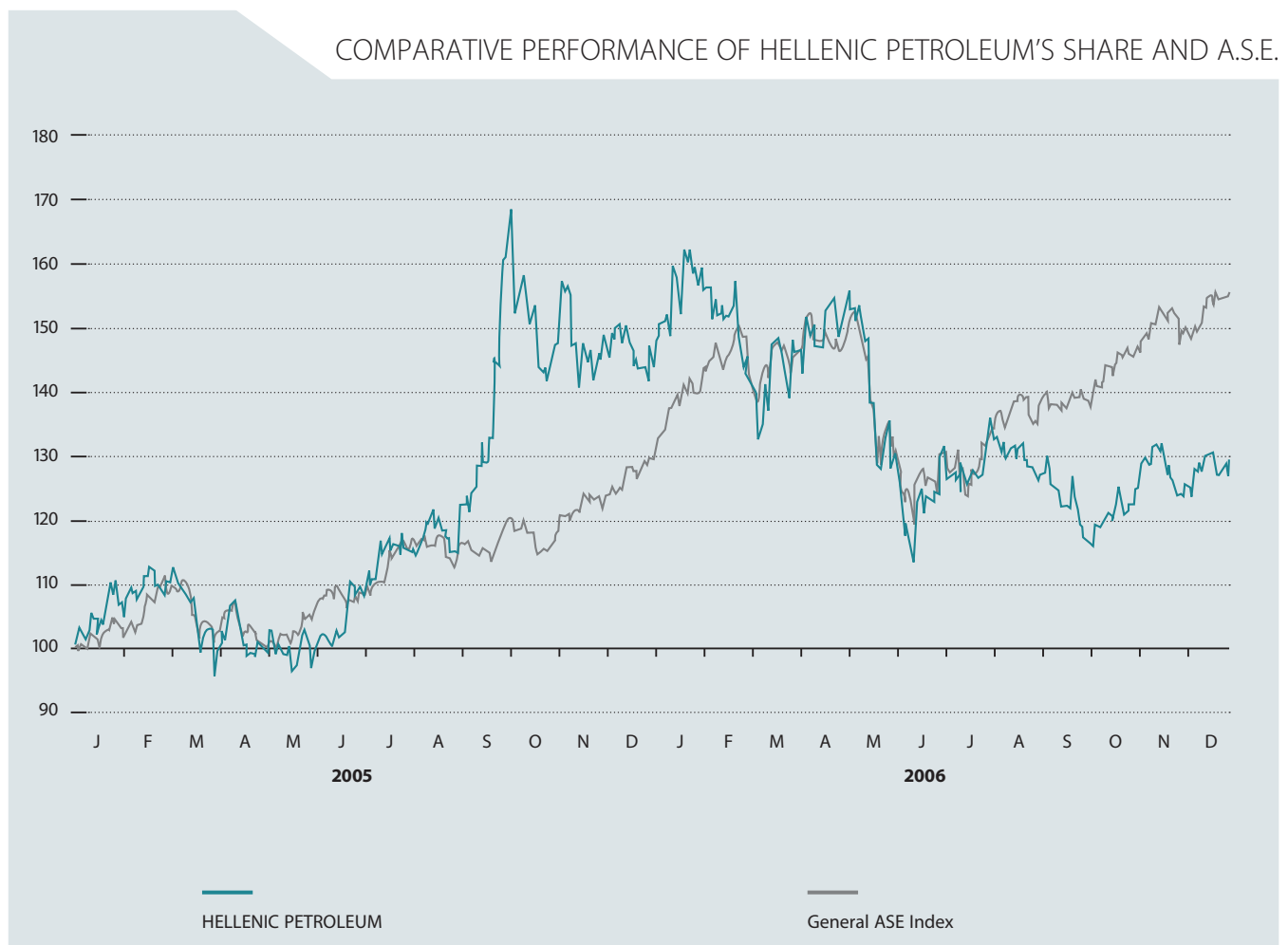
HELLENIC PETROLEUM's share price chart

The following chart shows the closing prices, at the end of each month, and the average monthly volume of shares traded in 2006 as compared to 2005:



Comparative performance of HELLENIC PETROLEUM's share and ASE's general index up to 31.12.2006

The following chart shows the performance of the HELLENIC PETROLEUM's share compared to the General Index of the Athens Stock Exchange, for the period January 2005 – December 2006:



HELLENIC PETROLEUM is a large, fast developing dynamic company with promising prospects for the future. The investment in human capital, and its optimum and proper utilization, is crucial for its course of development. The vision, the values and the operational objectives of HELLENIC PETROLEUM are indissolubly linked to the effectiveness and the quality of its staff. Therefore, we are focused on formulating a flexible staff management policy aiming at ensuring the highest job satisfaction possible.

The company provides opportunities for personal and professional development. All employees have the chance to move up through performance, qualifications and skills evaluation. HELLENIC PETROLEUM's basic objective is to promote its own people, wherever and whenever it is possible. Moreover, the promotions, both in cash and in rank, are conducted in accordance with the relevant internal procedures.

The BoD, taking into consideration the human resources planning, decides and approves the number, the specialization field, the qualifications and skills of the recruits. The vacancies and the new job positions are filled in accordance with the corporate policy and the company employment regulations.

The newly recruited employees work for a probation period of six months in order to make clear whether they are adequate for the certain position, to evaluate their performance and loyalty and their ability to take advantage of their skills, experience and knowledge when performing their duties. Three months after the recruitment they are being evaluated, by their supervisors, and at the end of the probationary period, they are integrated in the regular staff, if they are considered appropriate.

HELLENIC PETROLEUM recognizes that effective two-way communication is crucial for a successful operation. Means of information are bulletins, intranet, newsletter and announcements. Intranet sites are available, for information, to employees and are updated daily. Bulletin boards are available in every building and workplace.

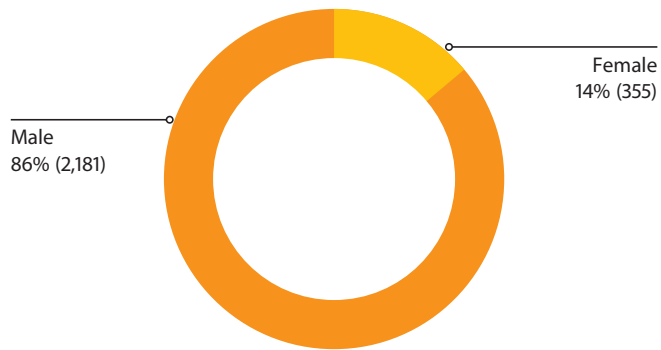
A number of significant changes, concerning policies and procedures related to the human resources development, were implemented in 2006. The following is an indicative list:

1. A state of the art procedure concerning the Personnel Selection and Recruitment has been implemented. Following this procedure sixty-one new recruits were selected, mainly, for the technical sector.
2. A completed awareness and orientation programme for newly recruited personnel was planned and implemented. The programme concerned forty-three chemical engineers and consisted of an initial two-days course with the participation of the top management, followed by a two-months theoretical and practical training. Experienced executives, from the headquarters and the industrial facilities, served as trainers.
3. A new system for the performance evaluation of personnel, under collective bargaining, was planned. The system shall be put into effect in 2007.
4. An integrated performance evaluation scheme for all managerial staff was implemented. This evaluation is both quantitative (performance, objectives, goals) and qualitative (skills, competencies, talents).
5. A new policy concerning the Stock Option Plan and the annual Bonus to the managerial staff was implemented. The policy is directly connected with performance evaluation.

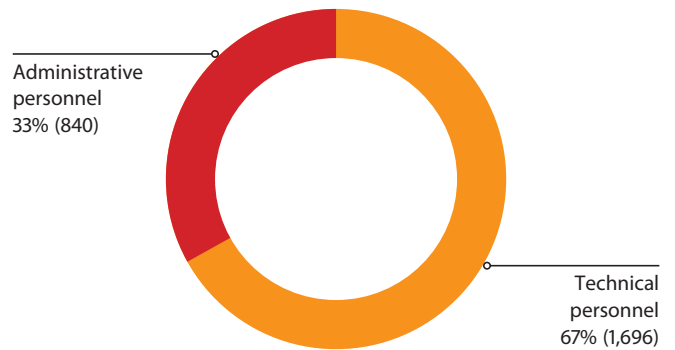
HELLENIC PETROLEUM's employees experience no problems exercising their right to freedom of association. Currently there are five unions of employees and 97% of the staff are union members and have the opportunity to participate in various forms of representation. In 1999, HELLENIC PETROLEUM and the "most representative union" signed, for first time, an agreement concerning collective bargaining. In 2001, the work regulations were put into effect.



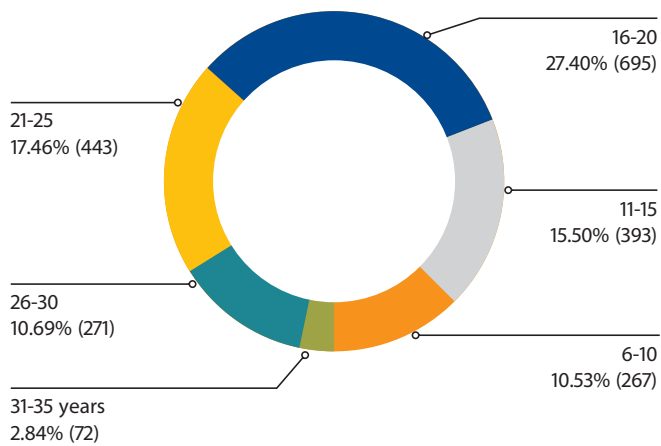
Personnel distribution by gender



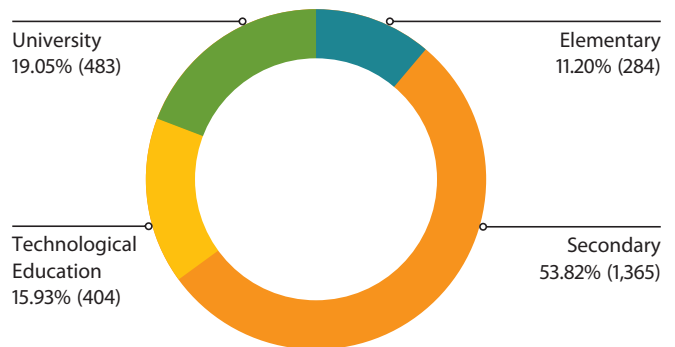
Personnel distribution by job function



Personnel distribution by number of service years



Personnel distribution by educational level



Employees' competence development is closely linked to HELLENIC PETROLEUM's overall business strategy and success. The continuous education and training needs are systematically analyzed and actions are scheduled in each functional area. In general, constantly upgrading the employee's qualification is the responsibility of both managers and employees. The development and maintenance of qualifications and skills of each individual is vital for HELLENIC PETROLEUM.

To make all this happen, HELLENIC PETROLEUM invests heavily in training at all levels, across different areas, including the environment, quality and safety.

The 2006 investment, in education and training was €1.22 million. A total of 1,183 individuals received 19,797 training hours. Moreover, 64 employees received 1100 hours of training abroad. The training subjects covered issues related to informatics, management, safety, maintenance, finance, labour and technological developments.

867 employees attended on-the-job-training seminars regarding safety, health and fire drills covering 5,634 training hours.

The necessary training programs are implemented through an integrated educational plan that will eventually turn HELLENIC PETROLEUM to a "Learning Organization".

Education and training needs are investigated; the programmes are planned and implemented on the basis of the Company's strategic planning and the Company's short and long-term needs. In this context, HELLENIC PETROLEUM has adopted policies that involve and cover employees' participation in seminars and conferences in Greece and abroad, training programs, in-house library facilities, foreign language learning programmes, employees' participation to Open University courses or post graduate programmes and subscriptions in technical and scientific journals and professional associations.

Indicatively, the training and educational programmes are related with:

- Orientation training of newly-hired personnel about the plant equipment, the physical and chemical processes, the regulations and procedures for health, safety and environment, the use of fire extinguishing equipment and first aid.

- Training of technical personnel regarding gas monitoring, correct use of the personal protective equipment and work equipment. Furthermore, training on basic principles and exercise examples in order to avoid accidents at workplace.
- Readiness drills for the members of the emergency teams using hypothetical event scenarios.
- Learning of foreign languages.
- Joint drills among the country's refineries and the National Search Rescue Team to face up major accidents.
- Evacuation drills (both partial and full) at all sites.
- Training of the contractors' personnel (operators and supervisors) in the policies and safety procedures.
- Training of the non-technical staff in the basic health and safety regulations, the use of fire extinguishing equipment and first aid.
- Training of the technicians on topics regarding safe handling of dangerous substances that are produced or transferred within the installations.



Our People

Realizing that people is the prime mover, of a successful and continuously evolving organization, we believe that maintaining our people satisfaction at high levels is a primary aim.

HELLENIC PETROLEUM offers high wages to its workers, rewarding them for their valuable contribution. A Remuneration System covers all personnel (except for Senior Executives and Attorneys on fixed retainer) and is established by the Collective Labour Agreement. Senior management is remunerated on the basis of the Senior Executives Remuneration System, which is directly connected to the Performance Evaluation System. Performance is evaluated annually by structured processes and aims at providing feedback about each executive regarding his/her performance, encouragement, motivation and the identification of his/ her educational needs.

The employee retention rate is clearly linked to job satisfaction. More specifically, records show that 90% of employees stay with HELLENIC PETROLEUM for more than 5 years whereas 80% of employees stay with HELLENIC PETROLEUM for more than 10 years.

The Company provides its staff with an exceptional benefits-policy, which varies and covers a wide range. HELLENIC PETROLEUM's employees enjoy benefits such as:

- Productivity bonus equivalent to 3.549 monthly salaries and holiday pay increased by 0.12.
- Low interest rate on small loans.
- Operation of infirmaries staffed with physicians and nurses qualified to handle emergencies.
- Special emphasis is given to preventive medicine (free annual check-ups, special medical examinations, preventive vaccination).
- Health insurance scheme covering treatment and hospital care, for employees and their families.
- Life insurance / pension schemes.
- Supplementary pension fund.
- Foreign language courses.
- Free transport services to / from work.
- Financial assistance for employees who are in particular need.
- Shopping vouchers on Easter and Christmas periods.

- Special events are organized for the operators (and their families) who work shifts on Christmas Eve, New Year's Eve, etc.
- Summer-camp allowance for the employees' children aged from 6 to 16 years.
- Childcare allowance and financial assistance, for employees' children, at the beginning of the school year.
- Extra financial support (by means of shopping vouchers) for families with more than 3 children.
- Gifts to employees with 15, 20 or 30 years of service behind them.
- Employees may use the facilities' restaurants free of charge and they are provided with an additional annual subsidy to use at the canteen.
- Extra financial support to employees based on marriage, having a baby, etc.

Awards to top students – pupils

For one more year employees' children that excel in their studies, during the academic year 2005-2006, were rewarded.

In the events, which took place in Athens and Thessaloniki, with the top management participation, 117 high school pupils, 71 lyceum students, 10 tertiary education students, as well as 94 newly admitted students were rewarded.



Leisure activities for employees and their families

The excursions for the employees and their families were successfully organized. In total 4,685 people were accommodated at Skafidia (Ilia prefecture) and at Leptokaria (Pieria prefecture) during the May – September period. They all enjoyed pleasant moments.



Christmas with our children

As every year, the employees' children celebrated Christmas in hotels in the centre of Athens and Thessaloniki. Presents were given and the children played and danced.



Open Days at the Aspropyrgos and Elefsina industrial installations

On November 4th and 5th our refineries hosted our employees and their families. The purpose of the events was to introduce employees' families to our facilities, to tour the complex and be familiar with the operation of a modern refinery.



Participation in European Corporate Games

In this annual multi-athletic event the participants have the chance to combine sports, entrepreneurialism and team spirit. HELLENIC PETROLEUM participated in with 112 employees, in 9 different events, and received 31 medals getting the second position among 150 companies.

Participation in Oil Companies' tennis, table tennis and 5x5 soccer tournaments

Twelve companies took part in this annual athletic event. HELLENIC PETROLEUM participated in with 22 persons and 4 teams.

40 years anniversary of Thessaloniki complex

A celebration for the 40 years operation of the Thessaloniki refinery, took place with the participation of employees, personalities and representatives of the local society. A special album was published, outlining with a large number of photographs the long successful course of the refinery and its strengthening as an "energy hub" in S.E. Europe.



Close to the Local Communities

Since its establishment, HELLENIC PETROLEUM has supported initiatives and actions that promote the concept of Corporate Social Responsibility. In 2005 HELLENIC PETROLEUM became an active member of the Hellenic Network for CSR, (a member of CSR Europe), participating in various activities.

HELLENIC PETROLEUM's last year actions focused to works and activities for the communities where it operates. In 2006 the total community investment exceeded € 900,000. The long list of activities and works includes:

Cardiograph donation

A state of the art ultrasound-cardiograph is now in operation, at the cardiological wing of the Thriasio Hospital, covering the needs of a large number of patients leaving in W. Attica.



Car donation

HELLENIC PETROLEUM donated, to the Echedoros municipality, a specially converted car for the transportation of persons with special needs. This donation facilitates commuters facing difficulties.

Support to Charitable Institutions

Celebrating the 40 years of operation of the Thessaloniki industrial complex, HELLENIC PETROLEUM supported three charitable institutions. The "Children's Village of North Greece", the "Children's Smile" and the "Charisio" old people's home, received significant financial supports, in order to be able to continue their important work.

In parallel with the support to philanthropic institutions, HELLENIC PETROLEUM financially supported the association of the company's retired employees. This support is a minimum recognition for persons who worked, with desire and loyalty for years, at the Thessaloniki facilities.

Cars donations

The company covered all the expenses for buying trucks to cover the need of W. Attica prefecture and the municipalities of Elefsina and Mandra.

Warm winter at schools of our neighbouring municipalities

This year, HELLENIC PETROLEUM continued the tradition to offer free heating oil to schools which are located in the communities where it operates.

Youth Orchestra International Festival

HELLENIC PETROLEUM, materializing its role as one of the most active corporate citizens of the Thessaloniki business society, supported financially, once again, the organization of the 9th international festival for young people orchestras, at the Echedoros municipality.

Soccer field at the Evosmos municipality

HELLENIC PETROLEUM supported financially the construction of a soccer field at the area where the "Papakiriazzi Camp" used to be. The support mainly concerned the covering of the field with synthetic lawn and proves, once more, the company's concern for athletic related activities and infrastructure in the communities where it operates.

5 x 5 Soccer field at the Menemeni municipality

Within the frame of good neighbouring, HELLENIC PETROLEUM financially supported the construction of a 5x5 soccer field in the area of the Athletic Park, of the Menemeni municipality. It concerns a significant improvement of the athletic infrastructure and the upgrading of the citizens quality of life.

Community involvement

The belief that our responsibility to society extends well beyond simply offering products is part of our corporate culture. Actively helping to shape a future worth living is thus one of our guiding principles. Within this frame, the company supported a large number of events, actions and initiatives such as:

- Donation to the Pan-Hellenic Association of the Physically Handicapped Athletes (PASKA).

Our support to persons with special needs was carried on with the donation of two cars, for handicapped persons, to the Pan-Hellenic Association of the Physically Handicapped Athletes (PASKA).

- Financial support to the Organisation for Children's Libraries. Teaching aids offers to educational institutes.
- Support to non-for benefit organizations for various cultural events.
- Participation in the publication of special editions.
- Financial support to athletic clubs and associations.



Our CSR activities abroad

The Group, expanding its activities abroad and mainly in the Balkan region, holds a dominant position in the “energy map” of S.E. Europe and plays a leading role in the energy evolution. Taking these into account, our responsible action, as corporate citizen, is not limited in Greece.

The Group is active, through its subsidiaries, in FYROM, Serbia, Montenegro, Bulgaria, Albania, Georgia and Cyprus. Bearing in mind, always, the human factor and the culture diversity of the countries where we operate, we pay special attention in the development of the local communities, the improvement of the citizens’ standard of living and the smooth and safe operation of our facilities.

The most significant CSR activities, in 2006, are the following:

FYROM

(Since 1999, the Group, via its associated company EL.PE.T. BALKANIKI, holds the majority shares in OKTA AD SKOPJE)

- Planning and implementation of investments concerning new units and revamps of existing units, aiming to environmental protection. Example is the construction of desulphurization units in order to minimize sulphur dioxide emissions.
- The official validation certificate for the refinery’s lab was received, from The State Validation Institute.
- Award, from the Ilinden municipality, for the long and successful cooperation with the refinery.
- Certificate of Membership, from the FYROM’s European Business Association.
- Financial support to the National Music Children’s Festival.
- Financial support to charitable institutions and institutions for children with special needs.
- Sponsoring of athletic events, such as the rally “Skopje 2006” and the National Handball Championship.

Cyprus

(Since 2002, the Group, via the HELLENIC PETROLEUM CYPRUS LTD, is active in retailing of petroleum products)

- Continuous care for the upgrading and modernization of the company’s service stations, through the installation of state of the art systems offering services of high quality level and, at the same time, protecting the environment.
- Sponsoring of Christmas events.
In a specially arranged space and in an extremely friendly atmosphere, a large number of children and adults had the chance to enjoy themselves, celebrate and share presents.
- Sponsorship to the Basketball Athletic Association of the Egomi municipality.
- Sponsorship to the Golf Championship at Secret Valley Pafos.
- One of the major sponsors of the Cypriot Olympic Hall.
- Traffic rules and education sponsor:
 - > The organization, once more, of the annual seminar on traffic safety, in cooperation with the Cyprus Police Department and the relevant authorities. The seminar aimed to train all involved bodies and to the inference of useful conclusions, in order to improve the driving conditions.
 - > One of the major sponsors of the police Road Safety Park, for the students’ practical training.
 - > Sponsoring the publication of two series of books, concerning road safety, for the primary schools pupils.
 - > Scholarship sponsoring for experts training in road safety issues.
- Sole sponsor, for many years, of the Cyprus Editors Union’s events (annual congress, Christmas events, etc).
- Sponsorships to cancer fighting institutions (such as Europa Dona).



Serbia

(The Group is active in retailing of petroleum products, via its subsidiary EKO-YU BEOGRAD)

- Sponsoring of EKO RACING TEAM for its participation in rallies.
- Sponsoring for the organization of the Balkan Weight-Lifting Cup.

EKO YU awarded for both of the above.

Bulgaria

(The Group is active in retailing of petroleum products since 2003, via EKO-ELDA BULGARIA)

Sponsoring campaign with motto “call us as soon as you arrive” for the drivers’ information. The campaign aimed at road accidents prevention. The sponsorship included informative advertising printed material, which was distributed to drivers, in cooperation with the police and local authorities.

Montenegro

(In 2002, the Group acquired a 54.35% interest in Montenegro’s JUGOPETROL AD KOTOR)

- Financial support to employees facing special or urgent needs.
- Donation of 30,000lt diesel and heating oil to the Podgorica National Hospital Centre.
- A €30,000 donation for the restoration of the village Vir, which was damaged due to explosion.
- Sponsoring the International Marathon at Podgorica.

Occupational Health and Safety

Occupational Health and Safety (OHS) Policy and management system

At HELLENIC PETROLEUM our first priority is the health and safety of our employees and the communities in the vicinity of our facilities. Therefore, we provide a safe workplace to all employees, colleagues, visitors and trainees.

The Company's particular interest in health and safety of personnel at its facilities is based on:

- The established policy to consider occupational health and safety a vital prerequisite for all company activities, to which the management team is strongly committed.
- Implementation of this policy through a complex and versatile management system, the basic points of which are presented below.

The certification of the safety management system, in accordance with the internationally recognized standard OHSAS 18001 (greek version ELOT 1801), in all facilities, is a company objective. This was carried out successfully in 2006 for the Elefsina refinery.

OHS set up

In order to facilitate the Company's health and safety function, the following administrations are in place:

- The Corporate Health, Safety & Environment Division, which handles health and safety issues at Group level.
- Health and Safety Divisions at facility level, as well as specialized employees that are appointed as safety engineers. Facilities are also staffed with physicians and nurses, going a step further than relevant legislation imposes (law 1568/1985 and presidential decree 17/1996).
- The Internal Service for Protection and Prevention (in accordance with presidential decree 95/1999), which deals with issues concerning employees' health, workplace hygiene and measures for the prevention of and the protection from accidents.

Evaluation and control of occupational hazards

Potential risks are identified, managed and controlled according to the criteria of relevant national legislation (presidential decree 17/1996), European and international regulations and "good practices". Each facility regularly carries out a study concerning the evaluation of occupational hazards. As a result, a study report always details the measures in order to prevent or control identified hazards and to minimize related risks. These studies take employees' opinions and views into consideration, by use of special questionnaires considering the nature of their work and workplace environment.

The reports are subject to review as soon as the working conditions and the occupational environment change. All employees are made aware of the risks they face and the measures that are or should be taken, in order to prevent or minimise those risks.



Continuous monitoring of and compliance to legislation

All operations are in accordance with relevant national and European legislation and other broadly recognised regulations and practices.

All relevant laws and standards are strictly followed in order to enable us to identify and control Occupational Health and Safety hazards, prepare emergency response plans, and improve our performance.

Among the recent activities, concerning OHS, two indicative examples are mentioned:

- The preparation of all company facilities, in order to comply to **REACH** (the European Regulation concerning the Registration, Evaluation & Authorization of Chemicals), for the protection of the society from the repercussions of the use of chemical substances, started in 2005 and is on-going.
- In 2006, all company facilities effectively complied to national and European legislation for the protection of employees in potentially explosive atmospheres (presidential decree 42/2003, **ATEX**). This action includes measures against leakage of inflammable substances, prevention of ignitions and personnel training. Any equipment that is going to be installed at the company's industrial complexes has to be ATEX certified.

Internal & external audits

Scheduled safety audits are conducted by:

- The Health & Safety Department of each facility.
- Special Facility Committees.
- Supervisors of other units of the facility (peer-audits).
- The Corporate Health & Safety Department. It plans and participates to peer-audits of the company's facilities, in order to assure the dissemination of expertise, knowledge and good practices.
- Independent, globally recognized, experienced auditors (third-party audits).

In 2004, a thorough third-party audit of all facilities from SHELL GLOBAL SOLUTIONS took place. The proposed improvements have already been implemented, to a large extent.

In 2006, experts, on behalf of our insurance companies, audited all company industrial complexes. The suggested improvements are gradually being implemented.

Occupational Health and Safety

Safe operation – Management of change

In order to establish Health and Safety conditions at our facilities, we go a step further than regulations and legislation require. In this sense, a Hazard and Operability Study (HAZOP) is a prerequisite for any new unit or major revamps of existing units. During operations, internal procedures assure safety rules are kept.

The operation and maintenance of our facilities are based on the well trained and experienced personnel and on following the procedures for safe operation. During maintenance work, the work-permit process is considered of great importance for the protection of employees, contractors and equipment. Written instructions, concerning actions in the events of power or auxiliary supplies (air, steam, etc.) failures, are readily available to the operators and relevant training is regularly provided.

Safety checks are always performed prior to operation, following equipment modifications or changes in the working conditions.

Targets and indices

Each refinery sets measurable targets, in order to improve its Health and Safety performance. Performance against targets is reviewed and reported annually. Furthermore, HELLENIC PETROLEUM participates in CONCAWE's*** annual survey, and benchmarking concerning accidents in the oil sector, and cooperates with this organization, keeping up with international practice in the area of additional indices monitoring safety performance.

All accidents or near misses are reported and investigated. Corrective actions are taken to avoid recurrence. All incidents are statistically analyzed in order to improve safety performance. Furthermore, the investigation of major international accidents is monitored and all relevant resulting information is utilized for improvement within the company. OHS information is communicated and shared across all company facilities.

Work related accidents have reduced from 22, in 2002, to 13, in 2006. This amounts to 2.9 lost workday accidents per million man-hours (LWIF*), which is close to the average rate for European Refineries.

The following charts show the continuous reduction of accident indices LWIF* and AIF**, for HELLENIC PETROLEUM facilities from 2002 to 2006, compared also to the corresponding CONCAWE*** indices.

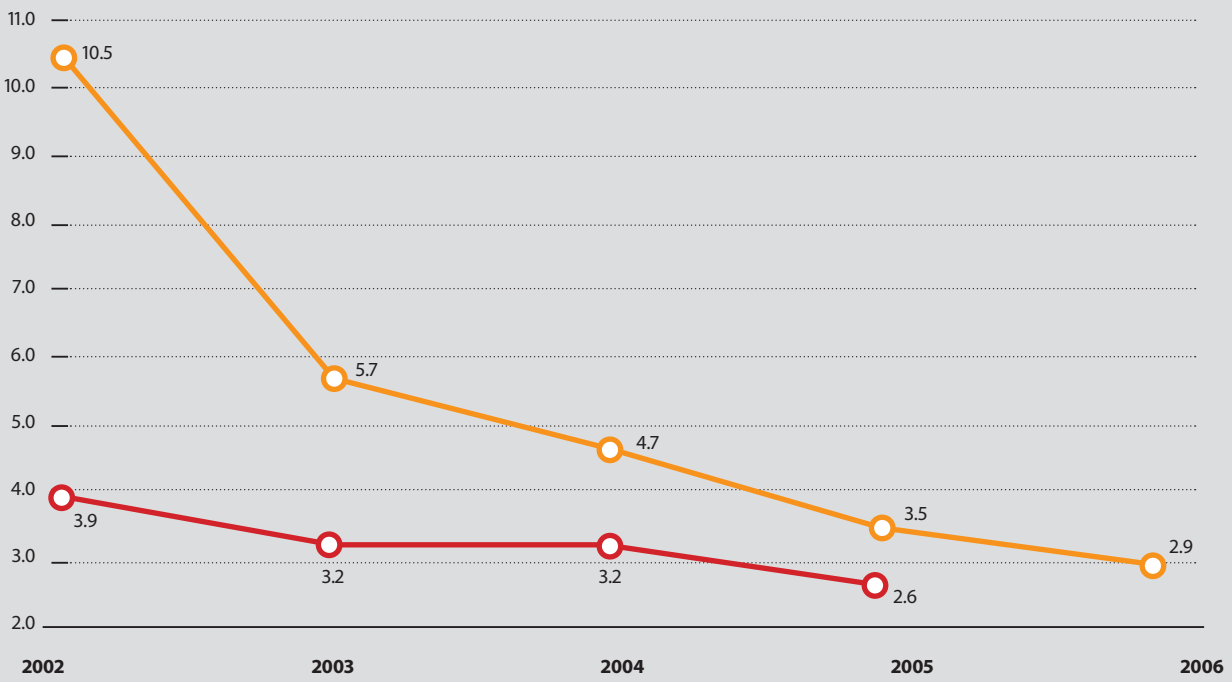
* LWIF stands for Lost Workday Injury Frequency, i.e. the number of injuries resulting in lost workdays per million man-hours.

** AIF stands for All Injury Frequency, i.e. the total number of employee injury incidents per million man-hours (including medical aid and disabling injuries).

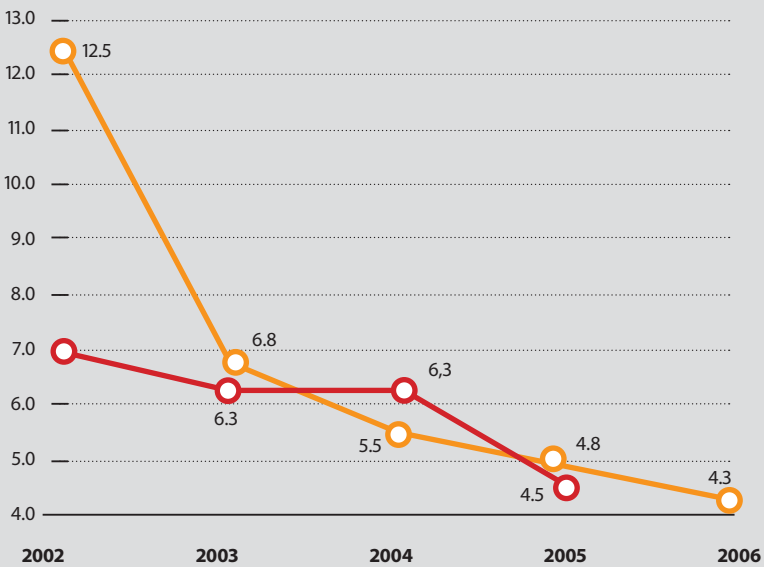
*** CONCAWE is the European Oil Company Organization for Environment, Health and Safety.

Accident Index

LWIF*



AIF**



HELLENIC PETROLEUM
 CONCAWE

Emergency Plans

In order to prevent or control any possible major accident hazard, in compliance with the SEVESO II EU directive, safety studies for all HELLENIC PETROLEUM facilities, have been conducted and relevant reports have been submitted to the competent authorities. These studies investigate the most probable accident scenarios, as well as the respective prevention measures and controlling procedures. The submitted study reports have been checked and registered by the competent authorities for all company facilities.

Emergency plans and relevant evacuation plans, covering various scenarios (earthquake, fire etc.), have been drawn up for both industrial facilities and office buildings. The regular evacuation and fire-safety drills, performed jointly with the Fire Brigade, assure staff is well-trained and equipment is adequate for any incident.

Specifically, in order to successfully deal with major accidents, the competent authorities have put together external emergency plans, in addition to the several facility-level internal emergency plans. These external emergency plans define how the state intervenes. The protection and safety of the public is a critical factor, in both internal and external emergency plans, therefore, the plans also contain specific instructions to the local community.

In 2006, the installation and operation of automatic announcement systems was implemented, at every facility. These systems automatically call in a list of key employees, in case of emergency.

Employees' health - Hygiene

Each facility has its own infirmary, operating 24 hours a day, staffed with physicians and nurses and adequately equipped to handle emergency cases and provide immediate medical assistance to employees. Vaccinations (e.g. against tetanus) are also provided. Company ambulances are also available in case an immediate transfer to hospital is necessary.

- As part of the company's preventive medicine program, employees are encouraged to participate in annual check-ups free of charge. The examination results are confidential and evaluated only towards protecting the employees' health.
- In all facilities there is a no-smoking policy. Smoking is only allowed in special designated areas.
- Potable water is regularly analyzed by an external independent laboratory.

HELLENIC PETROLEUM complies with all legislative and regulatory requirements by carrying out measurements of harmful physical and chemical factors in the workplace environment. These measurements verify that employees are not exposed to potentially harmful levels.

The following activities took place in 2006:

- The list of equipment measuring harmful factors was enriched to include equipment measuring employee thermal strain during summer and other hygiene related measuring devices.
- The Greek Institute for Occupational Health and Safety carried out third-party measurements of harmful physical and chemical factors at the Aspropyrgos and Elefsina refineries, in the framework of the "Evaluation of Occupational Hazards in the Oil Sector" programme.
- The University of Athens carried out measurements concerning concentration of particulate matter, carbon monoxide, volatile organic compounds and air quality, in the company's head-offices building (Aspropyrgos).
- In relation to "avian influenza" an emergency plan was prepared and submitted to the Ministry of Health and Social Solidarity.
- Materials containing asbestos were removed from company facilities and procedures for the safe handling of such materials remaining were established.
- The standardization of "personal protective equipment" (uniforms, helmets, shoes, etc) of high specifications has started. Indicatively, the provision of special fire-resistant uniforms has been established. Such uniforms, with antistatic characteristics and in accordance with ATEX regulations, have been provided to production, storage and transport personnel.



Training in Health and Safety

Personnel's training is comprehensive and includes the following:

- Fire safety and the use of fire extinguishing equipment.
- First aid - Burns.
- Use of personal protective equipment (e.g. breathing equipment).
- Presentations of international accidents (causes – conclusions).
- Retraining on regular basis - refreshing important safety and emergency procedures.
- Readiness drills.

Training also extends to contractors, visitors, customers, tank-truck drivers and trainees.

A joint training program, specifically for contractors, has been implemented during the last two years, in cooperation with other companies.

Participation in joint programmes

In 2006, HELLENIC PETROLEUM participated, in cooperation with similar companies, bodies and organizations, in the following joint programmes:

- Organizing the biannual cooperation conference, on Health, Safety and the Environment, with the participation of competent authorities, all Greek refineries and the Public Gas Corporation.
- The European Development Programme SHAPE RISK, for the combined application of IPPC, SEVESO II and ATEX, with the National Research Centre for Physical Sciences "Democritos".
- Responding to an invitation to participate in the "Hellenic Technological Platform for Industrial Safety", for the coordination of the national initiatives and activities in order to design and develop research in the field of Industrial Safety. Details and specific cooperation areas are pending.
- Promoting the company's views on Health, Safety and the Environment, through the Permanent Greek Delegation at the European Commission, through CONCAWE and the European Petroleum Industry Association (EUROPIA), where HELLENIC PETROLEUM is a member.

Environmental Protection

Protecting the environment, while pursuing its business objectives, is of particular importance to HELLENIC PETROLEUM. The company is committed to continuously improving its environmental performance, through its Policy for Health, Safety and the Environment. HELLENIC PETROLEUM makes sure that its facilities operate with optimum energy efficiency and that its management team and all personnel actively participate in abiding by the relevant national and European legislation as well as promoting projects / actions which lead to results beyond the legislation in force.

Each facility establishes and implements an action plan, which is part of the corporate environmental plan. The objectives are clear and include:

- Improving energy efficiency.
- Minimizing environmental impact.
- Strictly adhering to national and European law.
- Operating within the approved environmental conditions.
- Maximizing the application of Best Available Techniques (BATs).
- Reducing emissions of greenhouse gases and other pollutants.

Environmental performance

The above-mentioned objectives are pursued through the following actions:

- A. Fuel specification improvement and emissions reduction – “Cleaner” Fuels.**
- B. Environmental protection through application of BATs.**
- C. Actions to tackle climate change.**

A. Fuel specification improvement and emissions reduction – “Cleaner” Fuels

In the framework of the European Union’s strategy to improve ambient air quality, the refineries have been called upon, during the last ten years, to produce and supply the market with constantly “cleaner” fuel. As demand for fuel continuously increases, leading to increased air pollution, the EU has set targets to reduce the level of certain pollutants and introduced strict legislation against air pollution. This policy is implemented on two main axes:

- Updating the current environmental legislation.
- Increasing the actions to incorporate environmental concerns into other policies and programmes.

Despite significant improvements, serious air pollution impacts persist. Against this backdrop, the 6th Community Environmental Action Programme (6th EAP) called for the development of a Thematic Strategy on Air Pollution (TSAP) with the objective to attain “levels of air quality that do not give rise to significant negative impacts on, and risks to human health and the environment”. This strategy complements the current legislation, defines targets for improving air quality and proposes measures in order to achieve certain objectives by 2020. The intention is to modernize current legislation, focus on the most harmful pollutants and integrate environmental aspect to other sectors and policies affecting air quality.

HELLENIC PETROLEUM has consistently contributed towards such objectives, delivering several improvements to the specifications of the fuels it produces, according to imminent environmental guidelines. A major challenge was gradually phasing out lead from petrol. Lead, in the form of tetra-ethyl lead (TEL), was used as an additive to increase octane number. The ban of the use of lead in petrol in the EU was imposed in 2000. HELLENIC PETROLEUM supplied the Greek market with unleaded petrol well in advance of the relevant Directive coming into effect. Producing high octane number petrol without using TEL, required significant investment, increased operating cost and increased energy consumption. On the other hand, fuel of higher octane number contributes to increased motor efficiency.



Fuel specifications have significantly improved over the years, in order to reduce emissions of pollutants from vehicles.

Furthermore, a specification for CO₂ emissions was introduced, making vehicle emissions specifications, and consequently fuel specifications, even stricter. The EU

has adopted a fuel specification of ultra-low sulphur content (10 ppm from 2009) and has set a target limit for CO₂ emissions from cars of 140 g/km (on average) by 2008.

The following table summarizes the changes in transport fuel specifications during the period 1993-2009.

Summary of basic petrol and diesel specifications

Year	1993	1995	1996	2000	2005	2009	
Gasoline Unleaded 95/85 - EN228							
Sulphur	ppm m/m	max	1000	500	150	50/10	10
Benzene	% v/v	max	5		1		
Aromatics	% v/v	max			42	35	
Olefins	% v/v	max			18		
Oxygen	% m/m	max	2.5 ⁽¹⁾		2.7		
RVP (summer)	kPa	max	up to 80		60 ⁽²⁾		
E100	% v/v	min	40(s)/43(w)		46		
FBP	°C	max	215		210		
Diesel (standard grade - EN590)							
CI		min	46				
CN		min	49		51		
Sulphur	ppm m/m	max	2000	500	350	50/10	10 ⁽³⁾
Density	kg/m ³	min	820				
		max	860		845		
T95	°C	max	370		360		
PAH	% m/m	max			11		
Lubricity	µm@60 °C	max		460			

⁽¹⁾ Up to 3.7% at Member State discretion. Individual limits apply to specific compounds

⁽²⁾ 70kPa max allowed in Member States with arctic or severe winter conditions

⁽³⁾ End date for full introduction of 10mg/kg S max diesel remains subject to further review

Environmental Protection

HELLENIC PETROLEUM kept up with the above-presented changes in transport fuel specifications, since their original concept. In order to respond, the company planned and implemented, on time, a large capital investment scheme, with the following results.

- The company started producing and marketing unleaded petrol in 2000, i.e. at the same time as the other Member States, despite the fact that Greece was exempted. It also planned successfully providing the market with unleaded petrol containing a special agent, so that it could be safely used by old technology cars, replacing leaded petrol.
- The company started producing and marketing (through its subsidiary "EKO") road transport fuel with a sulphur content of 50 ppm in 2003, i.e. two years in advance of the deadline for implementing that specification.
- The company started producing and marketing road transport fuel of ultra-low sulphur content (10 ppm) in 2005, a specification which will be enforced in 2009.

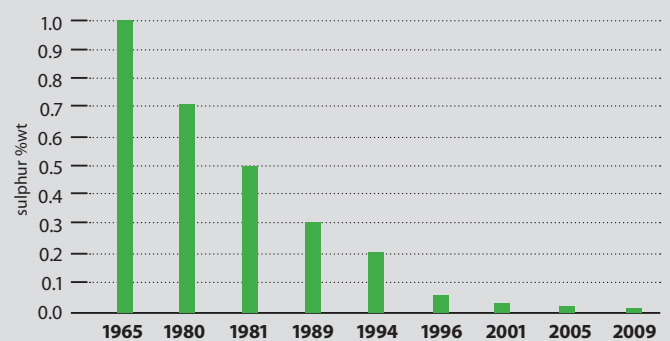
The reduction in sulphur content of diesel and fuel oil, is presented in the two following charts. Chart 1 shows the reduction in sulphur content of diesel. It should be noted that whereas in the older specifications concentration was expressed as a percentage of total weight (% w/w), in recent specifications it is expressed as parts per million. Chart 2 shows the change in sulphur content of fuel oil used, mainly, in industry.

Further to the challenge of "cleaner" fuel production, the refineries also supply the market with bio-fuels. In accordance with Directive 2003/30/EC, on the promotion of the use of bio-fuels for transport, Member States should ensure that bio-fuels account for at least 2% of all transport fuel placed on their markets, by 31.12.2005, rising to 5.75%, by 31.12.2010. It should be noted that the transport sector accounts for more than 30% of energy consumption in the EU.

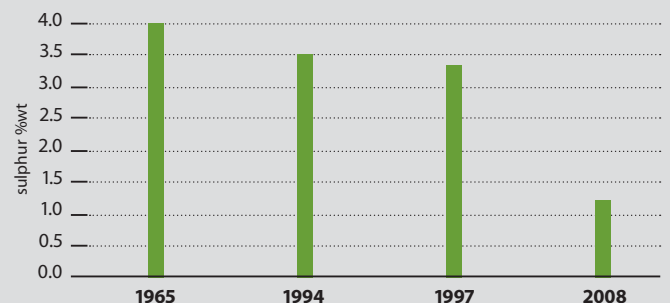
In line with national planning and European legislation, HELLENIC PETROLEUM supplies the market with diesel for transport having a 2% bio-diesel content.

REDUCTION SULPHUR CONTENT

1. Sulphur content of diesel oil



2. Sulphur content of fuel oil



HELLENIC PETROLEUM – RENEWABLE ENERGY SOURCES was established in 2006 as a subsidiary company, in order to produce, supply and trade energy products coming from renewable sources. This subsidiary is currently a 25% shareholder of BIODIESEL S.A., which aims to build a bio-diesel production facility at Kalochori (Thessaloniki).



B.Environmental protection through application of BATs

In the framework of the aforementioned changes and Directive 96/61/EC, concerning Integrated Pollution Prevention and Control (IPPC), refineries in Europe have to upgrade and implement the necessary modifications to their units, in order to be able to produce "cleaner" fuel products, while limiting emissions of pollutants arising mainly from combustion processes. The IPPC Directive is the basic instrument of EU legislation concerning the environmental licensing process. Its objective is to establish an integrated approach to pollution prevention and control for several industrial sectors, including petroleum refining. It also introduces the concept of applying BATs, with reference to primary measures (incorporated in production processes) and secondary measures (end-of-pipe techniques).

According to the IPPC Directive, BATs should be applied both in production as well as in pollution prevention processes of refineries. Emission limit values should be based on application of BATs.

For installations within the scope of this Directive, obtaining an environmental permit is directly related to the application of BATs. BATs represent the most advanced and effective method of environmental protection applicable to the various production processes.

The most significant provisions of the Directive are listed below.

- Licensing process (application for & issuance of permit).
- Application of BATs.
- Emission limit values for pollutants.

In Greece, petroleum refining is the industrial sector with the highest degree of BATs application.

An indicative list of BATs being used at HELLENIC PETROLEUM refineries, in order to reduce emissions of air pollutants, minimizes effluent discharge and optimizes solid waste management, follows.

Reduction of emissions of air pollutants

- Maximum use of desulphurized fuel gas in combustion processes and of low sulphur content fuel oil, when additionally needed, as refinery self-consumption fuel.

- Use of sulphur recovery unit.
- Use of low nitrogen oxides emission burners.
- Implementation of the Leakage Detection And Repair Programme, in order to detect equipment leakages soon enough and prevent fugitive emissions of hydrocarbons.
- Use of secondary seals in floating roof tanks, where volatile products and raw materials are stored (e.g. petrol, crude oil, etc.), in order to reduce the fugitive emissions of hydrocarbons from storage.
- Bottom loading of tank trucks and use of vapor recovery system, in order to reduce hydrocarbon emissions during loading.
- Use of floating covers in oil separators of wastewater treatment units.
- Reduction of refinery self-consumption fuel by means of:
 - > installation of Advanced Process Control Systems for production processes,
 - > optimization of the heat integration, installation of heat recovery boilers,
 - > direct supply of intermediate products to downstream production units (preheating),
 - > extensive use of insulation at pipelines and use of steam traps.

Water and wastewater management

- Utilization of all opportunities to reuse the various water streams and to recycle treated wastewater.
- Closed loop cooling water recirculation by installing cooling towers.
- Recycle and reuse of steam condensates.
- Use of separate wastewater pipelines, in order not to mix clean discharged water with "dirtier" wastewater streams.
- Mixing and pre-processing of wastewater streams with similar characteristics.

Application of integrated wastewater treatment processes, in order to minimize the volume of effluent discharge as well as reduce contaminants concentration in the effluent regulatory imposed limits.

Environmental Protection

Solid waste management

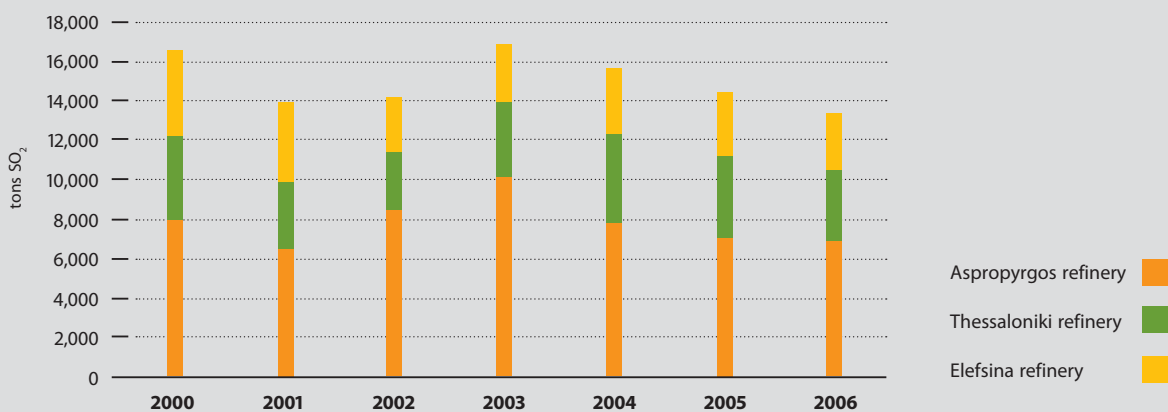
- Catalyst reuse. Precious metals contained in exhausted catalysts can usually be recovered by specialized companies.
- Paper recycling.
- Participation in a battery recycling programme.
- Sorting out scrap from reusable metals.
- Used plastic and metal containers are given to third-party companies for reuse.
- The oily sludge are further processed or disposed to specialized third-party companies.

Air pollutants emissions

Application of BATs at HELLENIC PETROLEUM refineries have resulted in reduction of air pollutants emissions.

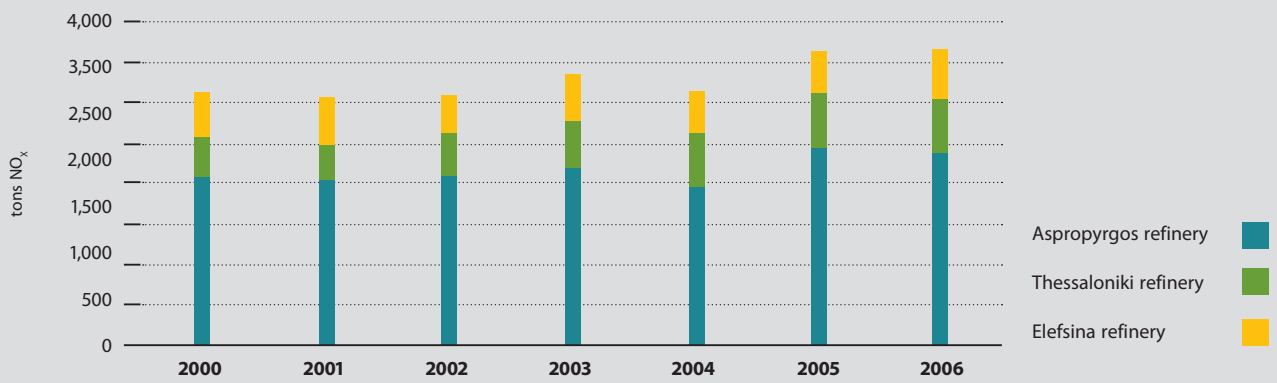
The total emissions of air pollutants from the refineries are illustrated in the three following charts. This data is regularly communicated to the competent authorities. The values are either calculated from operational parameters or directly measured, using specific procedures, in compliance with the relevant permits of approved environmental conditions. The actual emissions of air pollutants are well below the regulatory imposed limits. The methodologies used to calculate and measure emissions of air pollutants are in accordance with international and European standards.

SULPHUR DIOXIDE (SO₂) EMISSIONS FROM HELLENIC PETROLEUM REFINERIES ¹



¹The Elefsina refinery was merged by absorption in 2003

NITROGEN OXIDES (NO_x) EMISSIONS FROM HELLENIC PETROLEUM REFINERIES



VOLATILE ORGANIC COMPOUNDS (VOC) EMISSIONS FROM HELLENIC PETROLEUM REFINERIES



Environmental Protection

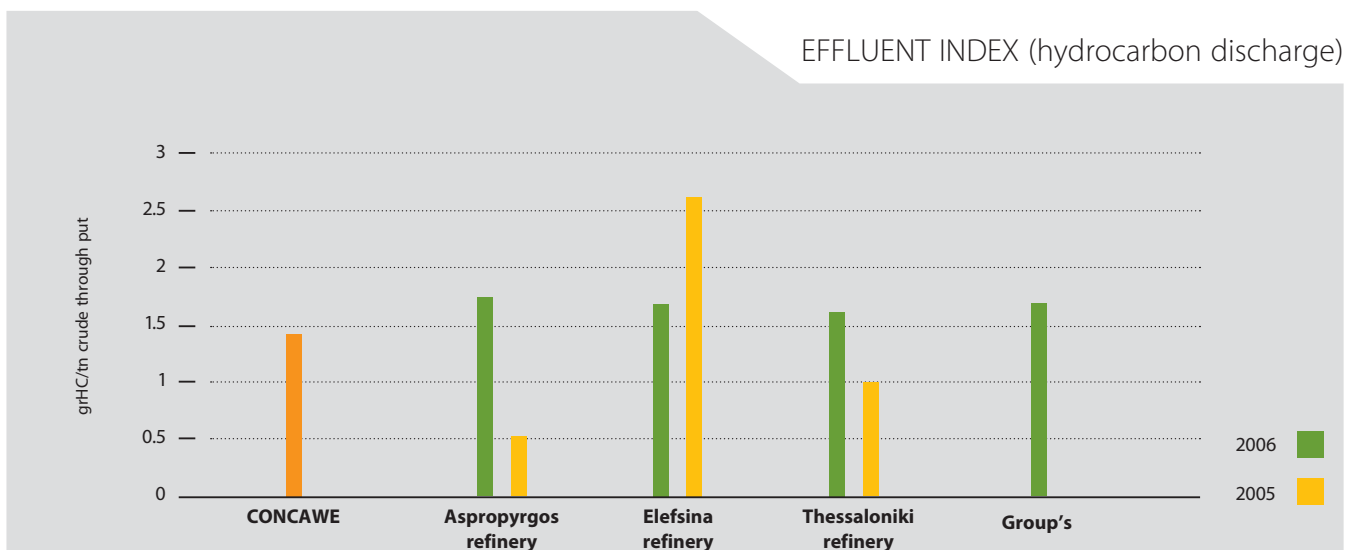
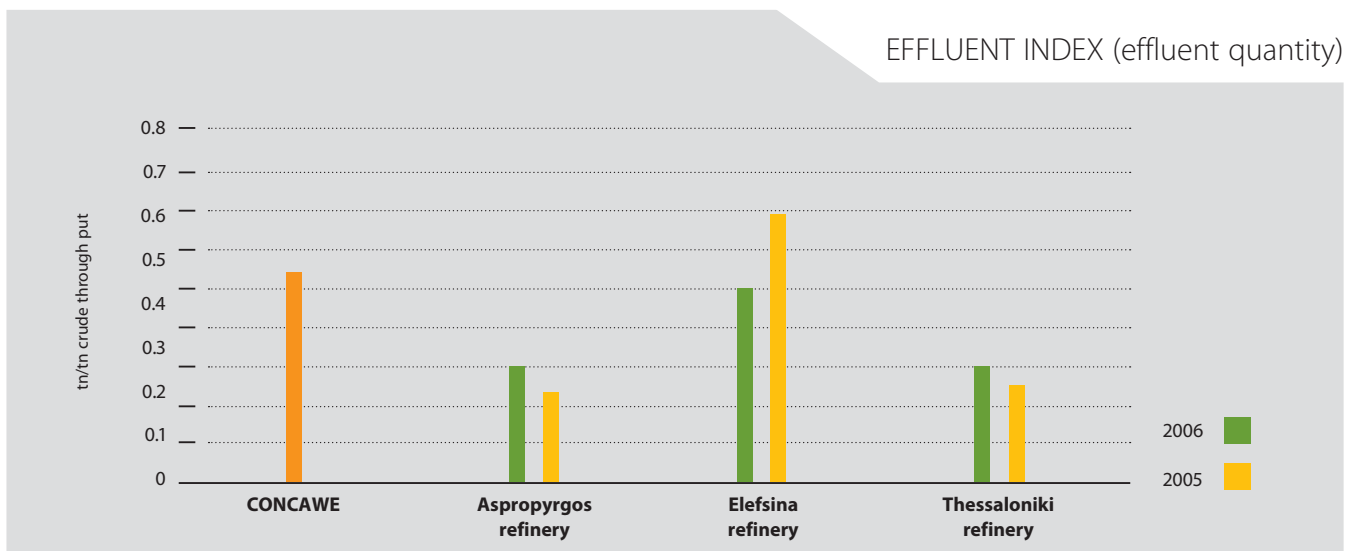
Water usage and effluent discharge

Significant work has been carried out regarding wastewater treatment and rational water usage. The two following indices are used for monitoring performance:

- Discharged wastewater (tones) / crude oil throughput (tones).

- Hydrocarbon content of discharged wastewater (g) / crude oil throughput (tones).

These values are also compared (in the two following charts) to the corresponding CONCAWE benchmark values (averages coming from a survey among 84 European refineries in 2000).





C. Actions to tackle climate change and the greenhouse effect

The anticipated serious, wide-scale repercussions due to climate change have initiated a number of international and national initiatives, their objective being to stabilize the concentrations of greenhouse gases in the atmosphere at a level that prevents dangerous anthropogenic interference with the climate.

The United Nations Framework Convention on Climate Change (UNFCCC) in 1992, was the first decisive step towards tackling climate change. In that context the Kyoto Protocol was signed in 1997, significantly strengthening the Convention by committing countries included in Annex I to individual, legally-binding targets to limit or reduce their greenhouse gas emissions. The EU and each of the 15 Member States ratified the protocol in 2002. It entered into force in 2005.

The EU, in accordance with the provisions of Article 4 of the Protocol, committed to reducing its greenhouse gas emissions by 8% (compared to 1990 levels) in the period 2008-2012. To that end, Greece has to limit the increase of its emissions to 25%, as agreed in June 1998 at the Council of Environment Ministers (burden-sharing agreement).

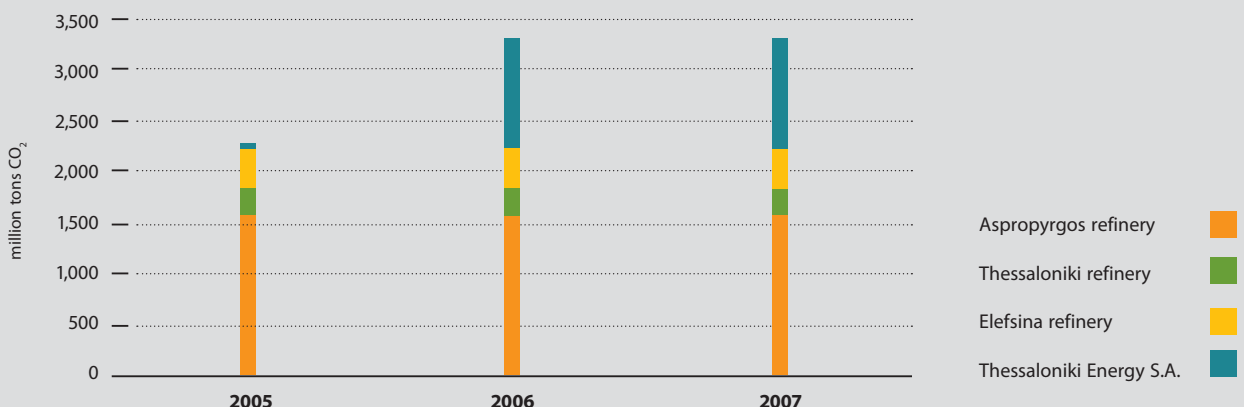
Further to the implementation of a national programme for the reduction of greenhouse gas emissions and in or-

der to fulfil the relevant national commitment, a scheme for trading greenhouse gas emission allowances, has been established. The application of this emissions trading scheme, in international scale and in accordance with the Kyoto Protocol, will take effect in 2008. The EU, in order to achieve its objective, has adopted Directive 2003/87/EC, establishing a scheme for greenhouse gas emission allowance trading within the Community (EU ETS). The Directive also sets up an introductory emissions trading period (Phase I, 2005-2007) Although Phase I is considered to be a learning period, sanctions are still included in case of non-conformance. Phase II (2008-2012), coincides with the Kyoto Protocol commitment period and the fulfilment of the relevant objectives.

Compliance of national law with the above-mentioned Directive was achieved in 2004 by the Joint Ministerial Ruling 54409/2632. Phase I is already underway and The HELLENIC PETROLEUM Group actively participates in the EU ETS, with its three refineries and its subsidiary's electricity generation facility.

All four installations have been issued with greenhouse gas emissions permits, by the Ministry for the Environment, Physical Planning and Public Works and have been

CO₂ EMISSIONS ALLOWANCES ALLOCATED TO HELLENIC PETROLEUM GROUP





allocated emission allowances for use in Phase I, according to the relevant National Allocation Plan as illustrated in the chart, on page 40.

The greenhouse gas emissions from the Group's installations are monitored using suitable methodology. Relevant reports of annual emissions are composed, and then checked and verified by an independent competent organisation. The verification process addresses the reliability, credibility and accuracy of monitoring systems and the reported data, in accordance with the Commission Decision 2004/156/EC. The verified annual reports are submitted to the Ministry for the Environment, Physical Planning and Public Works. Each installation then has to surrender a number of allowances equal to the total emissions from that installation during the preceding calendar year.

Energy Efficiency

Producing oil related products, with specifications that assure reduced emissions, is an energy consuming process. Strategically, refineries try to achieve optimum operation, in order to minimize their emissions and their operating cost. Thus, energy saving is of utmost importance. Optimization activities include, among others:

- Heat recovery from hot streams by heating cooler streams, thus reducing overall fuel consumption.
- Maximization of internally used refinery gas.
- Gases recovery and use as fuel, instead of flaring.
- Installation of high-efficiency, low-emissions burners.
- Installation of advanced process control system for furnaces.
- Improvement of pipe insulation and replacement of steam traps.
- Investment in co-generation (combined heat and power production) units.

Indicatively, the co-generation unit at the Aspropyrgos facility operates, since 1988, with a high national benefit,

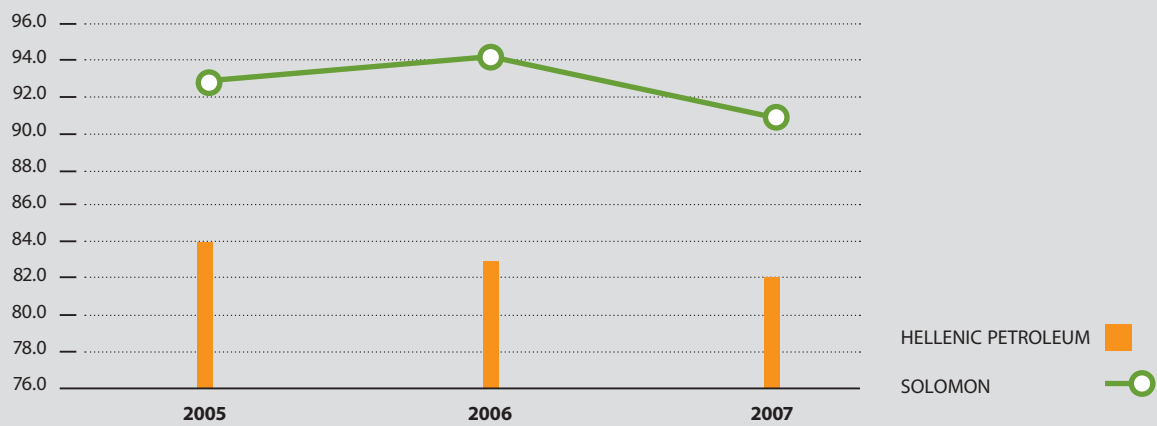
as far as CO₂ emissions are concerned. Recently, a similar unit has begun operating at the Thessaloniki facility.

The above-mentioned activities result in optimization of energy use and reduction of emissions. An index, widely used to reflect the energy efficiency level of refineries, is Solomon's Energy Intensity Index (EII™). It is calculated by means of specialized software, taking into account various operational parameters, the types of crude oil processed and the process technologies utilized. Basis value is 100, with higher values indicating reduced level of energy efficiency. In contrary, index values lower than 100 indicate more efficient energy use. The EII™ is internationally recognized, as refineries from all over the world participate in Solomon's survey.

HELLENIC PETROLEUM regularly participates in the survey conducted by Solomon. The company's performance regarding energy efficiency is considered very satisfactory and continuously improving, as illustrated in the chart, on page 42. The bars represent the rating of HELLENIC PETROLEUM according to Solomon EII™, while the continuous line indicates the corresponding average value of all the participating refineries in Central and Southern Europe.

Environmental Protection

ENERGY INTENSITY INDEX, SOLOMON EII™



N.B. The index concerns Central and Southern Europe



Environmental investments

The company capital investment in environmental protection related projects during the '80s, at the Aspropyrgos refinery alone, reached \$150 million. During the period 2001-2006, €152 million were invested in such projects. These projects were directly associated with improving the specifications of fuel products, carrying out necessary modifications to allow for exclusive use of desulphurized refinery self-consumption fuel contributing to improved ambient air quality, as well as improving solid waste management.

The budget of the corresponding investment programme for the period 2007-2011 is €132 million. The programme consists mainly of projects associated with further improving the specifications of fuel products, allowing for ultra-low sulphur content of all road transport fuel produced. In addition, investment is scheduled for modifications to production units, concerning further reduction of sulphur dioxide and particulate matter emissions.

In addition, HELLENIC PETROLEUM

- Promotes corporate and national views and positions on important matters, such as the European Chemicals Regulation (REACH), the carbon dioxide emissions trading scheme, etc., by participating in EU and EUROPIA (European Petroleum Industry Association) workgroups. The company is a EUROPIA board of director's member.
- Participates in the United Nations climate change committee, in relevant BATs workgroups, as well as in the inter-ministerial committee for CO₂ and the relevant EU Directive.

To shape its environmental policy and strategy, the company evaluates each project and idea well in advance, in order to assess any possible environmental impacts. The principle of sustainable development is central to the way the company operates and plans investment, with a view to benefit the society and the environment.



Quality Policy and Certifications

Quality, and the continuous effort to improve it, is the company's firm commitment and always on the mind of all employees. The company's Policy on Quality is monitored and reviewed as necessary. The Hellenic Standardization Organization has audited and extended the certification of the Quality Management System of the Thessaloniki refinery, in accordance with the standard ISO 9001.

In the above-mentioned framework, a certification scheme of the company facilities is in progress. The Elefsina industrial complex is the first refinery in Greece certified according to the EMAS (Eco Management and Audit Scheme) standard. The implementation of EMAS is underway at the Aspropyrgos refinery and certification is pending.

Furthermore, the Elefsina refinery has also been certified in accordance with the OHSAS 18001 (Occupational Health and Safety Assessment Series) standard, whereas the certification is in progress at the Thessaloniki refinery.

The Quality Management System of the chemicals factory was improved, according to the findings of ELOT's annual audit. The management team reviewed the Quality Management System of the Thessaloniki refinery and the chemicals factory and the resulting improvement suggestions were implemented.

The facility for the production of polypropylene (PP) has earned a significant quality distinction. BASSELL has awarded a prize to the PP Factory for its optimal operational level, three years in a row.

BASELL, a company that supplies technology to more than 100 similar factories around the world, ranked HELLENIC PETROLEUM to one of the highest places, among European units, following a worldwide survey it conducted.

This distinction, coming from a specialist in PP technology, underlines the high standards of the production process and the top quality of products supplied to customers, the smooth operation and the full utilization of the factory's producing and technological capacity.

This achievement is the result of the professionalism and the joint effort of all the experienced and qualified employees.



Feedback Info

This Social & Environmental Report 2006 is targeted at all stakeholders wishing to follow HELLENIC PETROLEUM's performance in these areas. We welcome feedback and suggestions that can help us improve this report.

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