

Sustainability Report

08





HELLENIC
PETROLEUM

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1.

Report's Introduction

The HELLENIC PETROLEUM Group welcomes you to a review of its corporate social responsibility activities for the year 2008. The present report entitled "Sustainability Report 2008" is the fourth, since 2005, annual publication of the Group and one of its targets' is the communication with the Group's stakeholders.

As at the previous reports, our intention is to make our customers, employees, shareholders and society (not only near the areas where we operate but also in a broader sense) understand what the term "sustainable development" means for the HELLENIC PETROLEUM Group. This report is a substantial agent to our effort for a transparent corporate policy. For its development we took under consideration the strategically important investments - which contribute to the reduction of environmental impact, the human factor, the significance of occupational safety, the important role of local societies, and, at the same time, we tried to create added value for all our stakeholders.

Accomplishing our last year's target, we continue the systematic application of international indices and principles of Global Reporting Initiative (GRI) and the United Nations Global Compact (UNGC), wherever they can be applied, in order to facilitate the evaluation and the comparison of the content. In this context, the reader will understand that the Social Responsibility and the Group's development strategy constitute two close coupled - and not competitive - meanings. At the end of the report (section 8.3) the related reference tables make the correspondence easier between the GRI indicators and the principles of UNGC with the related sections of this report.



This report briefly presents the Group, its activities and its economic performance. Also presented in detail is its' sustainable development strategy. In particular:

- The Group's contribution to the environment and
- Its contribution to the society by analyzing the contribution abroad and in Greece, especially in local societies and additionally in the employees' policy.

This report is both an autonomous publication and a complimentary part of the HELLENIC PETROLEUM's Annual Report 08. The reader can find more and specific information, concerning the Group, its strategy and its products and processes, at the Group's website www.hellenic-petroleum.gr and at the corporate publications.

Moreover, this report constitutes a way of communication concerning the social and the environmental performance of the HELLENIC PETROLEUM Group, as well as a presentation of facts and measured indicators, therefore this is not a detailed presentation of all the programmes that the Group is engaged to, supports and participates in.

The aim of the Sustainability Report 2008 is to present and make the broad environmental and social activities widely known - the sustainable development vision - of the HELLENIC PETROLEUM Group.



Message to the Stakeholders

The financial crisis and the economic recession in the past year have had a negative impact on the societies, globally.

In this difficult financial period, corporations revise their strategies in order to rationalize their operation emphasizing on costcutting. However, they will have to prove that their Corporate Social Responsibility has a significant impact, and that it doesn't only concern specific actions for communication purposes, but mainly focuses on policies which contribute to sustainable development.

The corporate social dimension is a benchmark for their proper and socially acceptable operation in the present, as well as for their competitiveness in the future (sustainable development). Adopting actions that make them socially responsible ensures their "social license to operate".

Our answer to this crisis is our effort to reduce operating costs, improving our performance at the same time. The increasing needs for energy consumption, worldwide, will consequently lead to higher levels of greenhouse gas emissions. This is why energy efficient and friendly investments towards the environment will be intensified in the next twenty years. In order to face this challenge we will continue our investments for even "cleaner fuels", while at the same time energy-saving projects are implemented. This will affect the whole production chain. Towards these aims, we will continue the modernization of all our operational structures, with respect to the principles of sustainable development.

Apart from our contribution to the social product, our priority is to provide a safe workplace as well as to protect the environment. Specifically, the safety related indices (eg LWIF) are continuously decreasing throughout the past five years,

converging even more to the average of European refineries.

We remain focused on reorganizing our Group structure, with respect to all of our activities, having as a goal the improvement of our operations and the investment programme in order to upgrade the refineries in Elefsina and Thessaloniki. Both these projects, which are proceeding according to our schedule, will help in improving the environmental conditions and the air quality, due to the fact that they will lead to a significant reduction of emissions.

Every year we invest in programmes concerning the environment which decisively contribute to the improvement of the quality of life due to the production of cleaner fuels supplied to the end-consumers. This fact not only affects the local communities in which we operate, but also the country in general.

In 2008, all emissions of pollutant gasses were further reduced – indicatively the SO₂ emissions are 60% lower than the ones imposed by the authorities. The modernization projects at the refineries in Aspropyrgos and Thessaloniki and the reduction of the sulphur content used in self-consumption fuel play an important role in this investment. During the last five years, we have invested more than €200m in environmental projects – apart from the projects concerning the improvement of the quality of the fuels for which we comply with the most recent European specifications. HELLENIC PETROLEUM is a totally devoted corporate citizen as far as sustainability matters are concerned.

For HELLENIC PETROLEUM, social work and continuous support of the local communities in which we operate in a various number of ways, constitute a priority and a commitment. In the wider area of the Thriasian plain and Western Thessaloniki,

a complete programme of Corporate Social Responsibility is implemented. It is enriched with new and broader activities every year, and is focused on the most vulnerable social groups, on youth, sports and on the cultural events in progress, in the specific area. Our goal is to evolve into a model corporate social partner.

Important changes in global economy will continue in 2009. The global recession that has been noted from the beginning of the year will create significant challenges. We, at HELLENIC PETROLEUM Group, believe that by exploiting our basic competitive advantages, and via the mobilization and participation of our human resources, we will be able to overcome the difficulties. This will lead to operational efficiency, strengthening our position in the markets in which we are active. In this context, we are reinforcing all human resource systems, in order to create an integrated and high performance group culture. Its purpose is to focus on performance and competitiveness and it will be based on merit and responsibility.

First of all, our commitment for sustainable development is confirmed from our adherence to our principles for:

- The priority of occupational safety.
- The improvement of our environmental performance.
- Investments in Best Available Techniques and environmental protection.
- The production of "cleaner fuels".
- By enhancing our relationship with our stakeholders, through mutual confidence and understanding.
- By further developing good relationship and cooperation within our labour force and by attracting new employees capable of participating in our functions and operations.
- Investments in alternative forms and sources of energy.

In our commitment for sustainable development is confirmed from the progressive adoption of GRI indicators, which will be fully applied in 2010. The Group also voluntarily supports the United Nations Global Compact since 2008. This public commitment depicts the will of the administration, the employees and the Group, in general, for continuous and responsible growth. We have to grow in an innovative way, approved by the society and

always ensuring sustainable development.

This publication is the first Continuation on Progress report, which aims at seeking for the ideal balance between the economic, social, environmental, innovative and creative values, disseminating the results with transparency and reliability.

Sustainable development is determined by our policies and values and is represented in the Groups' policies and business culture. The Group, as a whole, and every employee, individually, are committed to continuous environmental care, a safe workplace and a socially responsible behaviour.



J.A. Costopoulos
Chief Executive Officer



1.1 The Group in brief

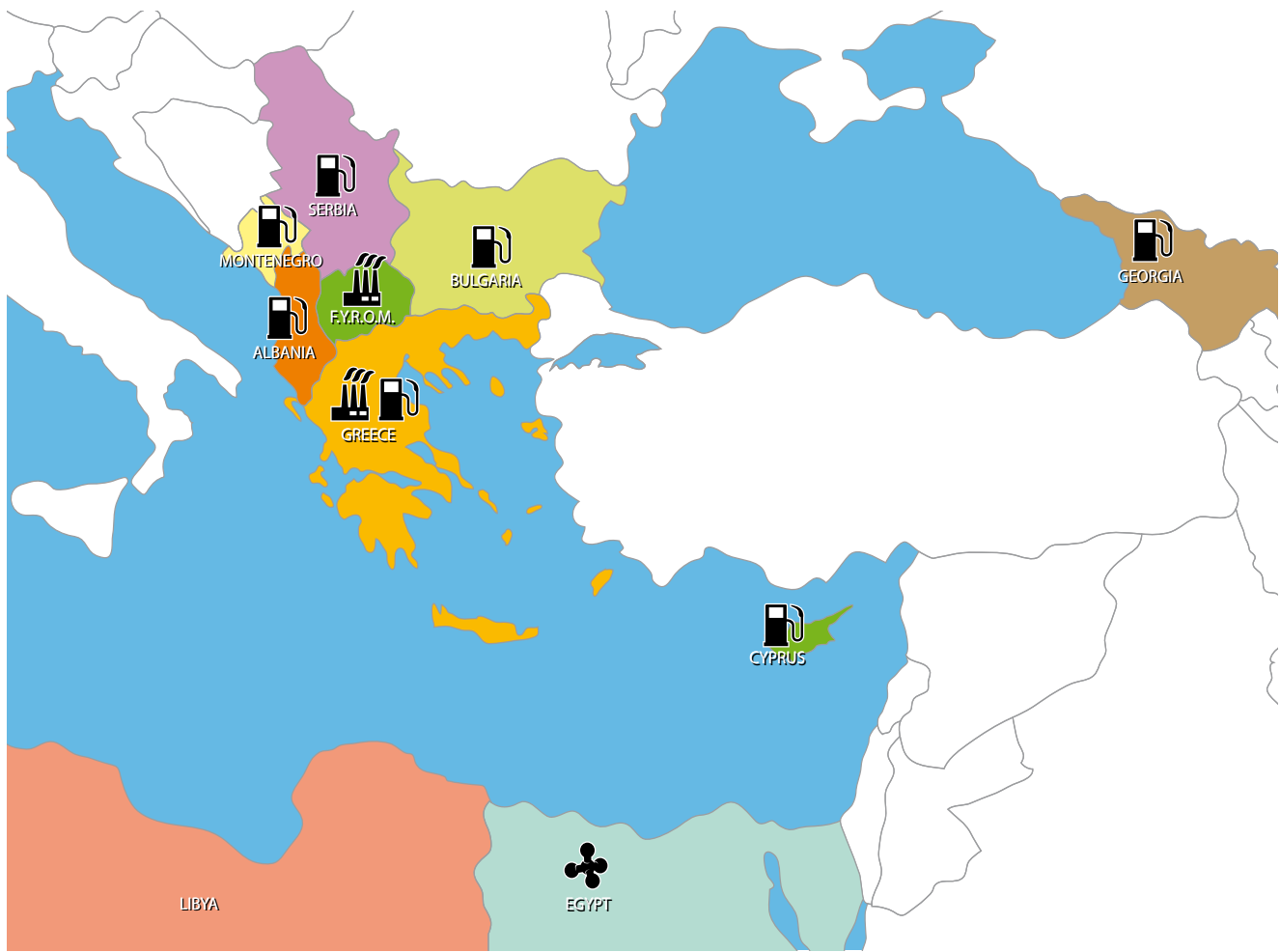
HELLENIC PETROLEUM Group is the largest industrial and commercial group in Greece. In the end of 2008, its total assets amounted to € 5.2 billion, shareholders' equity to € 2.5 billion and the annual turnover totaled to €10.1 billion. The Group employs 5,184 people in Greece and abroad and constitutes an integrated oil company with a wide range of activities, such as:


- Refining of crude oil and fuel supply.
- Marketing of oil products, including sales abroad.
- Power Generation Production and Trading.
- Oil & Gas Exploration and Production.
- Production & Trading of Petrochemicals/Chemicals.
- Participation in the natural gas sector, through DEPA S.A.
- Participation in transportation of crude and oil products (pipeline networks, marine transportations).

Group's Companies & Participations per Activity Sector

The HELLENIC PETROLEUM Group is active in different sectors, both in Greece and abroad, through the parent company HELLENIC PETROLEUM S.A., its subsidiaries, associated companies and participations.

Refining	HELLENIC PETROLEUM S.A.
Fuels Marketing	EKO A.B.E.E. CALYPSO LTD
Chemicals	HELLENIC PETROLEUM S.A. DIAXON A.B.E.E. ARTENIUS HELLAS S.A.
International Activities (Refining & Retailing)	OKTA AD SKOPJE HELLENIC PETROLEUM CYPRUS LTD JUGOPETROL AD KOTOR EKO BULGARIA EAD EKO YU AD BEOGRAD EKO GEORGIA LTD GLOBAL S.A. ELDA PETROLEUM ALBANIA SH.P.K
Oil & Gas Exploration and Production	HELLENIC PETROLEUM S.A. CALFRAC WELL SERVICES LTD MELROSE & OIL SEARCH EGYPT - W.OBAYED
Power Generation (Production & Trading)	ELPEDISON
Engineering	ASPROFOS S.A.
Transportation of Crude/ Products & Pipeline Networks	E.A.K.A.A. S.A. VARDAX S.A. HELPE S.A. – THRAKI S.A. HELLENIC PETROLEUM APOLLON M.C. HELLENIC PETROLEUM POSEIDON M.C.
Natural Gas	DEPA S.A.



 MARKETING OF OIL PRODUCTS

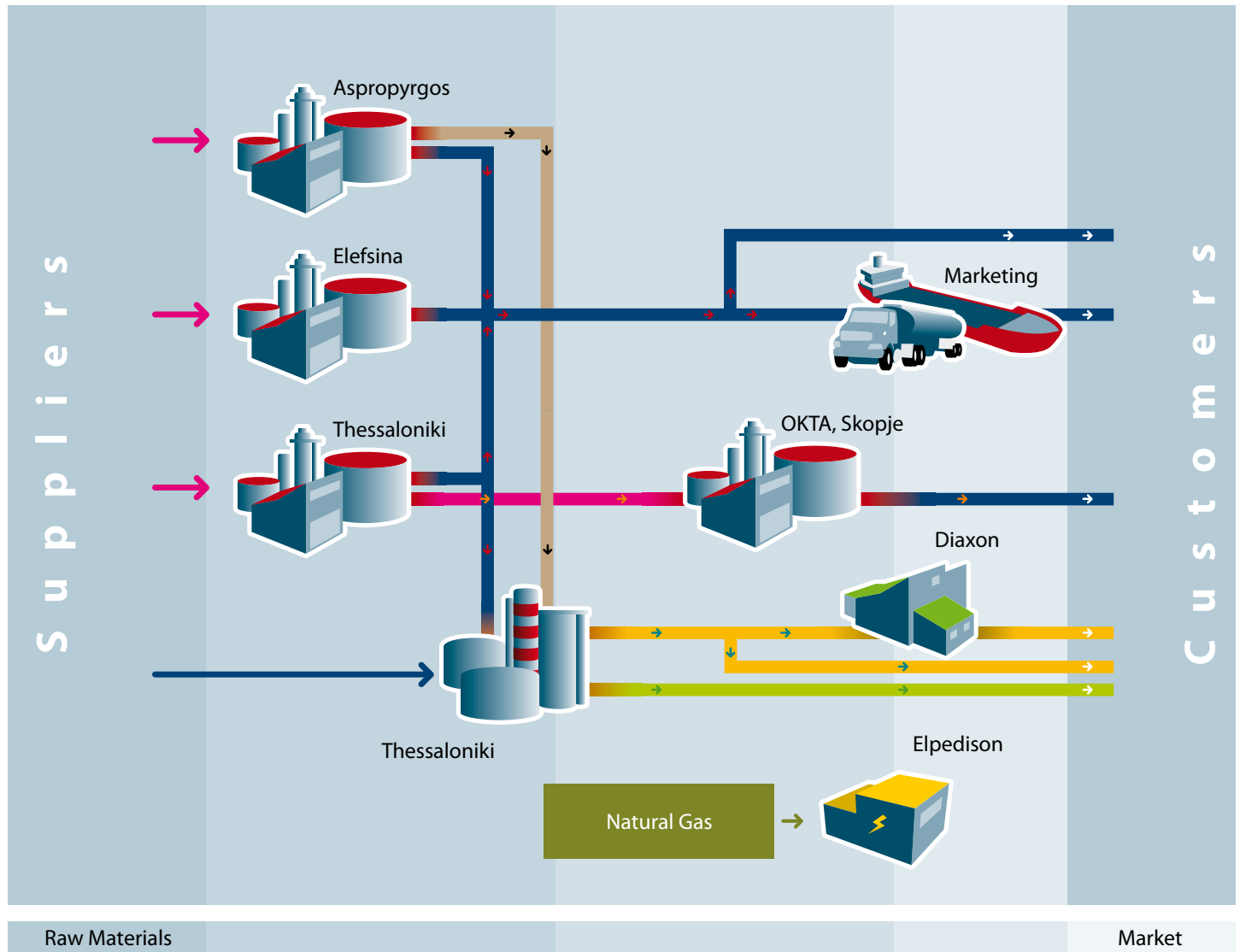
 REFINING

 OIL & GAS EXPLORATION & PRODUCTION

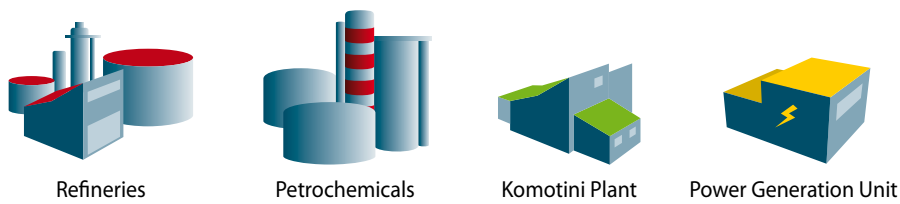
1.2 The Group in numbers



Integrated Group's Operation



█ Petroleum products
 █ Crude Oil
 █ Propylene
 █ Polypropylene
 █ BOPP Film
 █ PVC, Solvents, Caustic Soda, Chlorine



1.3 Noteworthy announcements in 2008

01/01/08 Arrangements on a series of outstanding issues were agreed between ELPET – BALKANIKI S.A. (a subsidiary of HELLENIC PETROLEUM S.A.) and representatives of the government of FYROM, in order to ensure the uninterrupted profitable operation of ELPET – BALKANIKI S.A. in the neighbouring country (operating licenses, environmental conditions, product specifications, etc.).

14/02/08 FY 2007 Net Income grew 35% to €351m, corresponding to €1.15 per share (EPS), while Group EBITDA increased 23% to €617m.

01/05/08 The Group initiates an optimization project concerning the three refineries, in cooperation with Shell Global Solutions (SGS). Areas needing improvement were defined, mainly in operations and maintenance, targeting to improve the profit margin and to cut down on the operating expenses. The expected benefits are estimated to exceed € 70 million per year. The Group's target is to implement these improvements within the following three years.

12/05/08 First Quarter results are up as the weak refining environment is compensated by the impact of crude oil price increases, improved performance on the remaining portfolio (non refining) of the Group and one-off items. Net Income was up 77% to €97m, (€0.32 EPS), while EBITDA increased 39% to €141m.

15/05/08 The Ordinary Annual General Meeting of the Shareholders of the Company approved the distribution of € 0.50 as dividend per share for the financial year 2007. Due to the interim dividend of € 0.15 per share already distributed, according to the decision of the Company's Board of Directors on 8th of August 2007, the remaining dividend for distribution is € 0.35 per share.

20/05/08 HELLENIC PETROLEUM S.A. and INEOS ChlorVinyls have signed an agreement for HELLENIC PETROLEUM to market and distribute INEOS's Suspension PVC resins in Greece. This agreement strengthens the position of HELLENIC PETROLEUM in the Greek market and the wider area of the Balkans. It will allow further optimization of the Company's supply chain and will increase the availability of additional S-PVC grades used in a number of industrial applications. As part of this new agreement, HELLENIC PETROLEUM is planning on making an investment of €0.7 million in new logistics infrastructure, in order to efficiently meet customer requirements.

03/07/08 HELLENIC PETROLEUM S.A. and Edison SpA, Italy's second largest electricity producer and gas distributor, announced the signing of their final agreement for a strategic alliance in the sector of power generation and trading. This alliance will take the form of a 50-50 holding company and aims to create one of Greece's leading electricity operators, with a power generation portfolio of 1,500-2,000MW and in power trading and marketing activities.

07/08/08 2Q8 Net Income grew 3% to €130m, bringing the total for 1H08 to €227m, up 25%. Poor refining margins and adverse FX backdrop were offset by inventory gains, improved refinery yields, continued strength in Marketing, in Power & Gas and tight controls over operating expenses. Second Quarter profitability increased as the weak global refining environment and the adverse foreign exchange fluctuations were compensated by the impact of crude oil price increases, improved refinery product yields and a solid performance by other businesses of the Group, as well as overall tight cost controls. 2Q08 EBITDA increased 6% to €221m, and Net Income grew 3% to €130m, (€0.43 EPS). In 1H08, EBITDA and Net Income increased by 17% to €362m and by 25% to €227m, respectively.



31/10/08 HELLENIC PETROLEUM S.A. announces that, after obtaining all regulatory approvals, it acquired 100% stake in Opet Aygaz Bulgaria EAD ("OAB"), which operates a network of 17, newly-built petrol stations, located in/around major Bulgarian cities, where growth is demanded. Moreover, OAB owns 3 strategically located fuel depots (including one in Sofia) and several plots of land earmarked for petrol station development. In addition to its retail marketing activities, OAB obtains a strong position in the local wholesale market for LPG due to its well-developed logistics network.

12/11/08 strong underlying profitability was noted in the three month period until 30 September, due to significantly improved refining margins, operational improvements and the good performance of our non-refining business portfolio. On a "clean" basis (ie adjusting for inventory effects and one-off items), EBITDA increased 30% y-o-y to €172m in 3Q08. "Clean" Net Income declined by 16% to €69m, as the strengthening of the USD in 3Q, although positively affecting margins and inventory valuation, resulted to a total loan revaluation loss of €45m, versus a €16m gain in 3Q07.

However, reported profitability was adversely impacted by stock devaluation due to the sharp drop in crude oil prices at the end of the quarter. 3Q08 reported EBITDA amounted to an €18m loss, versus a €135m profit a year earlier, with Net Losses at €74m, compared to €81m profits in 3Q07.

HELLENIC PETROLEUM S.A. announces that, after obtaining all regulatory approvals, it sold its oil and gas exploration rights to the Franco-Belgian GDF-Suez in Libya. This transaction is an important step as regards our strategy to reorganise E&P activities so as to create value and boost competitiveness of the Group. The agreed deal amounts to \$151 million (€120 million), exceeding our past exploration expenses in the area.

In addition, the agreement provides for contingent payments in the case of further discoveries.

The HELLENIC PETROLEUM Group, in a rapidly changing and challenging environment, posted increased operating profits during 2008. EBITDA, adjusted for inventory effects and other non-operating items, increased by 12% to €512m, while free cash flow generation doubled y-o-y to €500m.

Analytically, concerning the Groups main activities, the operating profitability in refining increased by 14%, while at the same time the restructuring of the domestic network footprint and the expansion in the Balkans continued on. Operating profits remained on the same level. Petrochemicals were negatively affected due to the global macro backdrop, which led to lower demand and margins. On the other hand profitability in power generation was particularly strong due to higher spark spreads and increased load factors. Finally, contribution to Group net profits from the 35% stake in DEPA, Greece's incumbent natural gas company, more than doubled y-o-y, due to increased demand and higher prices of natural gas.

Our continuous effort, for redesigning the organization and functioning of the Group's structure, is tightly connected to the Group's strategy, business performance and efficiency. Within this framework the Group focuses on the continuous operation improvement, the increased added value to the stakeholders, the quality & the quantity of its social product, the investments concerning the environment, the safe working conditions, the improvement of the quality of life not only for the people at the local communities but for all of us because of the production of more environmentally friendly fuels for the end consumers.