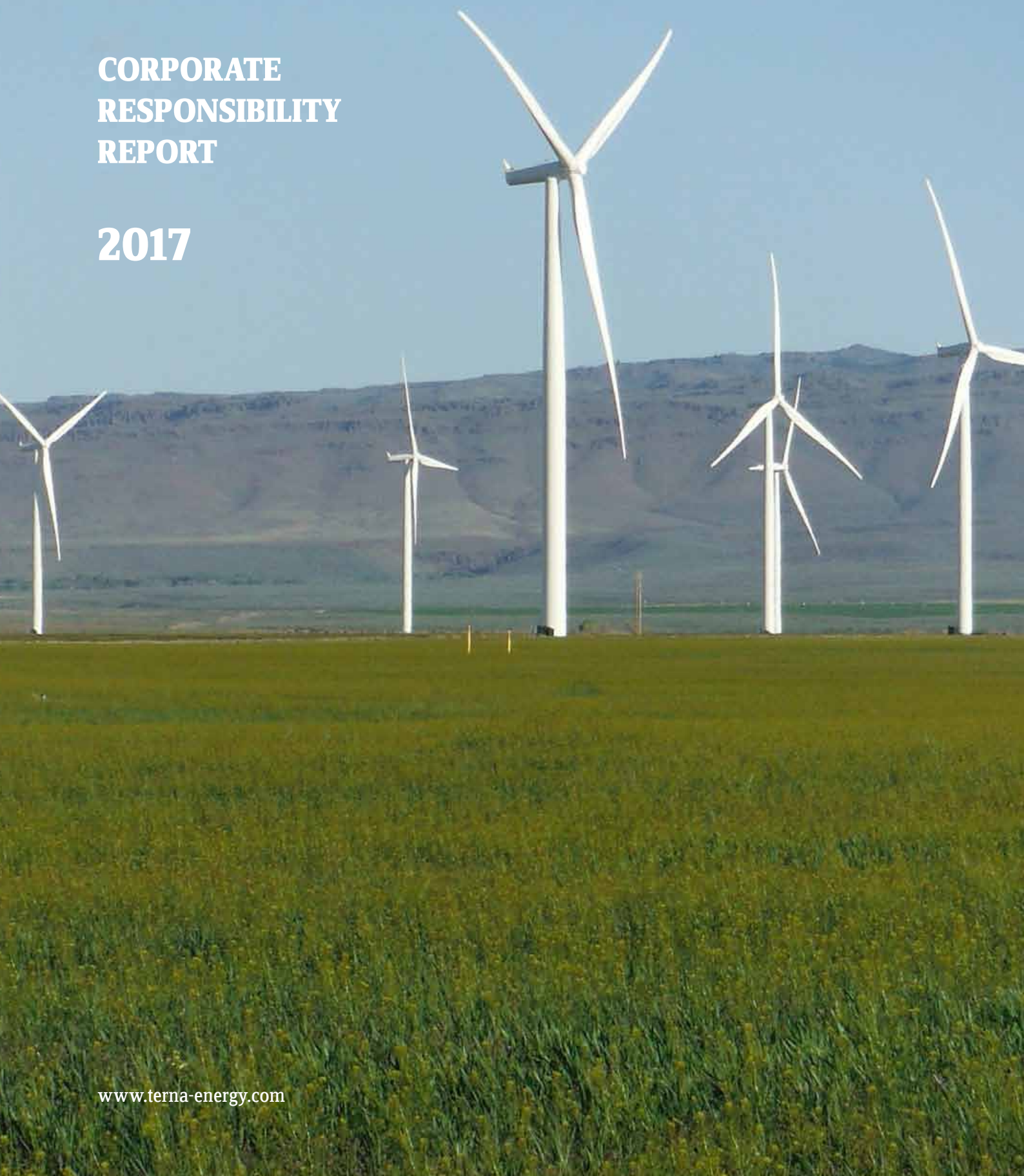




# **CORPORATE RESPONSIBILITY REPORT**

## **2017**





**CORPORATE  
RESPONSIBILITY  
REPORT**

**2017**



# CONTENTS

Message by the Management **6**

1. TERNA ENERGY **10**

2. Corporate Governance and Responsible Management **22**

3. Strategy and Sustainable Development **28**

4. Our Approach to Corporate Responsibility **32**

5. Employees at the Heart of our Operation **42**

6. Occupational Health and Safety **48**

7. Responsible Procurement and Partnerships **56**

8. Environmental Protection **62**

9. Supporting Local Communities **70**

10. Goals for 2018 **74**

11. About the Report **76**

12. GRI Content Index **78**



RODOPI WIND FARM



# MESSAGE BY THE MANAGEMENT

Dear friends,

We are happy to share with you the TERNA ENERGY GROUP Corporate Responsibility Report, for the third consecutive year, which summarizes the way that Corporate Responsibility is incorporated in our strategy, activities and framework of operation.

TERNA ENERGY Group, a leader in the Renewable Energy Sources (RES) market in Greece, is continuously growing and expanding its presence at international level as well. With considerable investments in modern projects and cutting-edge technology, such as pumped storage and hybrid projects planned to be the largest in Europe, the Group contributes to increasing the domestic added value in the energy sector.

RES represent and support an energy model that favours economic and social development as well as environmental protection. The Group actively participates in the dialogue regarding energy planning and the long-term investments required for Greece’s compliance with its European and international commitments. The Group is encouraging dialogue at local and national level, cultivating close relationships with all stakeholders and proposing clear actions, with specific organisation plans and resources, to achieve further penetration of RES in electricity production.

The Group’s leading role in the wide utilisation of RES has achieved considerable results. More specifically, 2017 was a landmark year during which the Group:

- approached one (1) GW of installed capacity
- began construction on a waste management plant in the Region of Epirus, which will be put in operation in early 2019
- put the Group’s second investment (Fluvanna) in Texas (USA), with a capacity of 155.4 MW, in operation
- put a wind farm complex in the Municipality of Tanagra, with a total installed capacity of 48.6 MW, in operation
- supported its investment plan in Greece and the USA through the issuance of a corporate bond of €60 million
- continued providing services to both external customers and to GEK TERNA Group companies

Our decisions and activities in 2017 led to:

- production of 2,088,255 MW of clean energy
- avoidance of production of approximately 1,533,119 tonnes of CO2
- investment of €367 million in suppliers and associates
- expansion of an international network of 1,697 suppliers

Major changes taking place in Greece, Europe and at international level, as well as well as the challenges modern society faces, could not leave us unaffected. Combating climate change requires comprehensive solutions and sustainable growth models, not fragmented actions.

Our strategy for the coming years focuses on the development of electricity production projects covering the entire spectrum of RES technologies (wind power, photovoltaics, hybrid power, hydroelectric - pumped storage, biomass, etc.) as well as the rapidly growing sector of waste management. For TERNA ENERGY Group, 2018 will serve as yet another decisive step towards our effort to be established as a business entity that focuses on Sustainable Development, not only in Greece but also abroad, thus contributing to Green Economy.

As we grow, we remain mindful of our key voluntary ethical commitments, our corporate culture and operational values that constitute the crux of our operation. Our fundamental values constitute an agreed-upon, transparent framework of operation and conduct towards our social partners, as well as a contract of trust for the sustainable operation and long-term growth of TERNA ENERGY Group.

**Emmanuel Maragoudakis**  
**CEO**

2017 at a glance



Operations in  
**7 countries**



**€276.5 million**  
Turnover



**≈ 300**  
Employees



**€487,000**  
Social contribution in  
infrastructure projects



**€147.5 million**  
Earnings Before Interest, Tax, Depreciation  
and Amortization (EBITDA) (€115.8 million in 2016)



**≈ 1000 MW**  
Installed RES capacity worldwide



**2,088,255 MWh**  
Clean energy production



**€81,420**  
Social contribution



**€57 million**  
Profit before tax



**59**  
Business units



**€141 million**  
To Greek suppliers



**1,697**  
Suppliers



**76%**  
Greek suppliers



**€37.1 million**  
Net profit after tax and minority interests  
(€20.6 million in 2016)



**Establishment**  
“AIFORIKI EPIRUS S.A.”



**≈ 1,533,119 tonnes of CO2**  
emissions avoided



**48.6 MW**  
Wind farms in Tanagra in operation



**155.4 MW**  
Wind farms in Fluvanna, USA  
in operation



**73.2 MW**  
Fully (annual) operational wind farm  
on the islet of Aghios Georgios



Installed capacity  
**561 MW** in Greece  
**293 MW** in the USA



**102 MW** in Poland  
**30 MW** in Bulgaria



**€60 million**  
The amount of the corporate bond issued  
to support the investment program in  
Greece and the USA



**Code**  
of Ethics and Conduct

# 01

## TERNA ENERGY

### 1.1 The Group

TERNA ENERGY Industrial Commercial Technical Company (Group or TERNA ENERGY), the largest Group producing green energy in Greece, is a vertically organised Group carrying out activities in the development, construction, financing and operation of Renewable Energy Sources (RES) projects. It is a subsidiary of GEK TERNA Group, one of the largest business Groups in Greece and one of the first to invest in the domestic RES market.

With an established presence in Greece, the Balkans, Central Europe and the United States of America, TERNA ENERGY Group is developing and operating a diversified portfolio of projects involving all modern green energy technologies. More specifically, the Group is operating and developing RES projects in the fields of wind and solar energy, hydroelectric energy, pumped storage, biogas and waste management.

ALIGNMENT WITH THE SDGS:



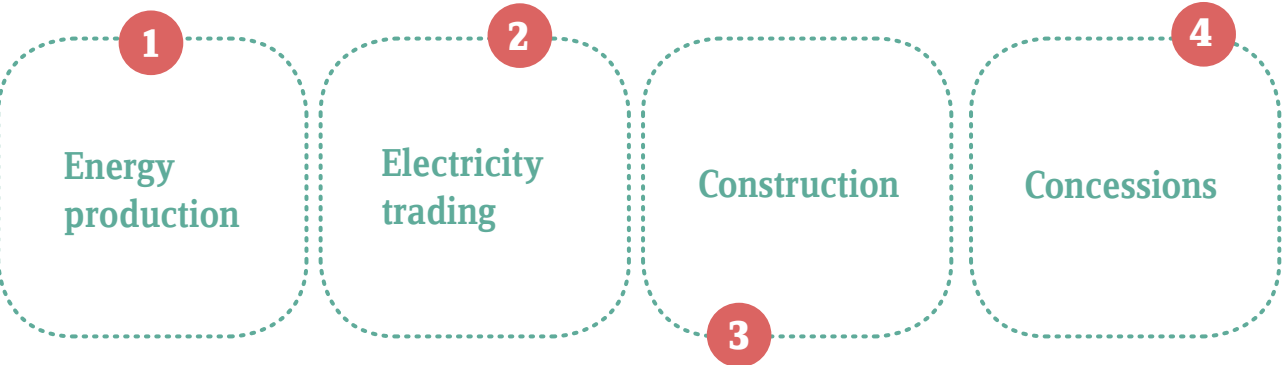
8. DECENT WORK AND ECONOMIC GROWTH



12. RESPONSIBLE CONSUMPTION AND PRODUCTION



16. PEACE, JUSTICE AND STRONG INSTITUTIONS



### 1.2 Business Operations

The operations of TERNA ENERGY include:

- 1) **energy production:** generation of electricity from RES (wind farms, photovoltaic parks, electricity generation using biomass, hydroelectric projects)
- 2) **electricity trading:** supply and sale of electricity, development of its network of subsidiaries, participation in tenders for the rights to the cross-border transmission of electricity, and ongoing analysis of the prospects of international electricity markets
- 3) **construction:** development of RES production plants, construction of the necessary infrastructure (access roads, sub-stations, inter-connection with the national electricity grid) as well as provision of services to external associates and within the Group (mainly small-scale public infrastructure projects)
- 4) **concessions:** construction and operation of infrastructure and other projects of public interest (such as the Single Automated Fare Collection System and the urban waste management plant in the Region of Epirus) in exchange for their long-term operation and management

#### 2017: A landmark year

In 2017, TERNA ENERGY approached 1GW of installed capacity. The group has put 986 MW in operation, of which 561 MW in Greece, 293 MW in the USA, 102 MW in Poland and 30 MW in Bulgaria. Its RES facilities generated 2,088,255 MWh of electricity in total, contributing to the avoidance of production of approximately 1,533,119 tonnes of CO2.



2,088,255MWh  
Total energy production

986 MW  
Installed capacity  
561MW in Greece  
293MW in the USA  
102MW in Poland  
30MW in Bulgaria

### 1.3 Major Developments in 2017

**Major events that took place in 2017:**

**1.** The company “AIFORIKI EPIRUS S.A.”, a 100% subsidiary of the Group tasked with implementing and operating the waste management plant in the Region of Epirus, was incorporated. This is a pilot, state-of-the-art project that constitutes a model Public-Private Partnership (PPP). The partnership agreement envisages the design, licensing, financing, construction, insurance, operation and maintenance of the project for the next 25 years. The waste management plant in Epirus is the first plant in Greece where electricity will be generated from biogas originating from the treatment of solid waste.

**On an annual basis:**

- 105 thousand tonnes of waste will be processed
- 17,000 tonnes of useful materials will be recycled
- green energy covering the needs of 3,000 families will be generated
- 12,000 tonnes of CO2 will be saved
- energy production plant capacity of 1.5 MW

**In total:**

- 200 jobs (during construction)
- 90 jobs (over 25 years of operation)
- indirect positive effect on transport, trading and management of recyclable materials, etc.

**The operation of the new waste management plant:**

- ensures compliance with the applicable national and European legislation
- enhances environmental protection
- improves the quality of life and health of citizens
- achieves direct and indirect benefits for tourism, education and new, high-quality agriculture
- ensures the long-term implementation of the plan, as there is utilisation of modern technologies, and environmental protection in a financially sustainable manner

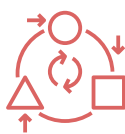
The project was assessed and classified by EUROSTAT as “OFF-Balance” of the government budget thanks to proper risk allocation of the agreements and the substantial transfer of risk to the private sector, resulting in the financing contributed by the State not being included in the country’s debt and deficit.

Construction work began in July 2017 and is expected to be completed by the end of 2018, the objective being for the plant to commence operations in January 2019.



**200**  
jobs (during construction)

**90**  
jobs (over the 25 years of operation)



Indirect positive impact on transport, trading and management of recyclable materials, etc.



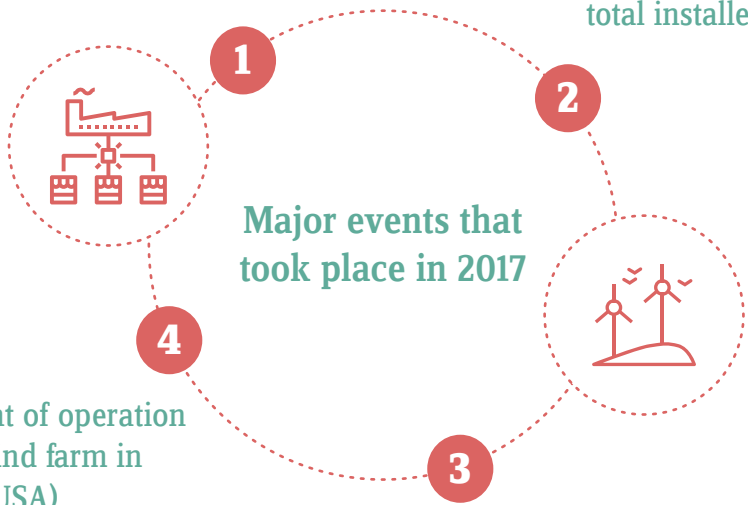
**155.4MW**  
installed capacity of Fluvanna

**74 wind turbines**  
GAMESA G116  
2.1MW

- 2.** A wind farm complex with a total installed capacity of 48.6 MW commenced operation in the Municipality of Tanagra, Central Greece.
- 3.** “TERNA ENERGY FINANCE SOCIETE ANONYME”, a 100% subsidiary of the Group incorporated in 2016 for the purpose of issuing a corporate bond amounting to €60 million for the support of the investment program of the Group in Greece and the USA, was activated.
- 4.** Fluvanna wind farm in Dallas, Texas (USA) was put in operation. The investment amounts to USD 252.5 million. The installed capacity of Fluvanna stands at 155.4 MW, is generated by 74 GAMESA G116 2.1 MW turbines and generates electricity that covers the energy needs of over 46,000 households on an annual basis.

Established  
“AIFORIKI EPIRUS S.A.”,  
a 100% subsidiary of the Group

Commencement of operation of  
3 wind farms in Tanagra with a  
total installed capacity of 48.6 MW



Commencement of operation  
of Fluvanna wind farm in  
Dallas, Texas (USA)

“TERNA ENERGY FINANCE SOCIÉTÉ ANONYME”,  
a 100% subsidiary of the Group was activated

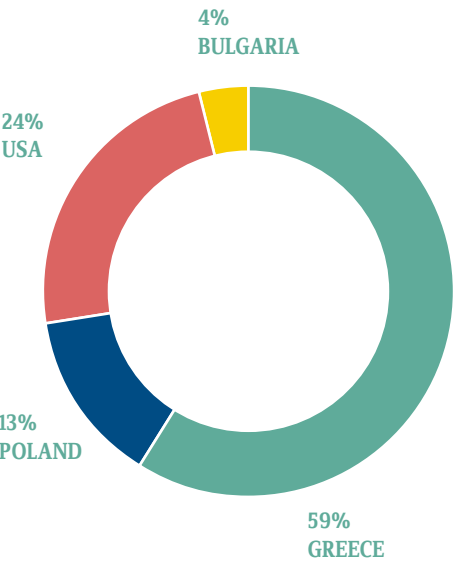
GREECE - PROJECTS INSTALLED / IN OPERATION IN 2017					
TECHNOLOGY	AREA	FACILITY	INSTALLED CAPACITY (MW)	PRODUCTION 2017 (MWH)	PRODUCTION 2016 (MWH)
WIND POWER	AGHIOS GEORGIOS	AGHIOS GEORGIOS	73.2	209,602	77,529
	ALIVERI	PROFITIS ILIAS	11.22	29,624	33,471
		PYRGARI	5.4	13,665	14,886
		TSILIKOKA	10.2	27,798	32,672
		TSOUKA	12	35,275	37,603
	ARGOLIDA	LOGGARAKIA	18	38,439	35,002
	VIOTIA	GURI MELES	32.2	100,336	96,354
		KREKEZA	30	86,082	84,125
		MAVROVOUNI	19.55	42,309	43,217
		MAVROVOUNI 2	10	33,654	32,620
		MAUROPLAGIA	17.2	40,639	-
		MOUGOULIOS	16.5	28,375	-
		PLAGIA-PSILOMA	14.9	18,597	-
		RACHOULA	30	62,101	65,902
		RACHOULA 2	8	18,334	20,389
	THRACE	DERVENI	24	60,500	61,497
		DIDIMOS LOFOS	26	55,263	62,945
		MYTOULA	34.2	80,218	85,062
		XIROVOUNI	6.3	16,093	16,200
		CHILOS	11.7	28,307	28,933
	CRETE	PERDIKOKORYFI	14.45	35,034	37,100
		CHONOS	4.5	15,219	16,384
	NAFPAKTOS	LOUZES	24	44,764	51,587
		SKOPIA	20	26,074	28,720
	RHODES	STAVROTI	17.85	41,200	44,762
WIND POWER TOTAL				1,187,502	1,006,959
HYDROPOWER	AETOLOAKARNANIA	DAFNOZONARA	11.2	32,461	46,456
	THESSALONIKI	ELEOUSA	6.6	19,170	36,397
HYDROPOWER TOTAL				51,631	82,853
SOLAR POWER TOTAL	VIOTIA	VATHYCHORI 1	5.99	9,678	9,516
		VATHYCHORI 2	1.5	2,308	2,304
	NAFPAKTOS	LOUZES PV	1.05	1,442	1,446
SOLAR POWER TOTAL				13,428	13,266
BIOMASS	THESSALONIKI	ADENDRO	1	6,567	2,767
BIOMASS TOTAL				6,567	2,767
GREEK PRODUCTION TOTAL				1,259,128	1,105,845

GLOBAL - PROJECTS INSTALLED / IN OPERATION IN 2017						
TECHNOLOGY	COUNTRY	AREA	FACILITY	INSTALLED CAPACITY (MW)	PRODUCTION 2017 (MWH)	PRODUC-TION 2016 (MWH)
WIND POWER	POLAND	LODZKIE	CZARNOZYLY	16	38,674	32,119
			GORZKOWICE	12	29,225	24,513
			KRZYZANOW	20	53,245	45,670
			SIERADZ	8	19,049	16,487
			SZADEK	8	20,061	16,826
		MAZOWIECKIE	MAKOW	12	40,991	35,562
			NASIELSK	10	22,087	19,091
		TORUN	CHELMZA	16	13,561	11,770
			CHOJNICE		20,221	16,875
			TUCHOLA		17,282	14,629
		POLAND TOTAL PRODUCTION				274,396
	USA	IDAHO	COLD SPRINGS	138	46,579	53,617
			DESERT MEADOW		53,835	61,815
			HAMMET HILL		53,163	60,624
			MAINLINE		50,836	58,640
			RYE GRASS		48,207	56,948
			TWO PONDS		54,107	62,172
		TEXAS	FLUVANNA	155	170,693	-
	USA TOTAL PRODUCTION				477,420	353,815
	BULGARIA	VARNA	KARAPELITE	12	28,394	27,765
			VRANINO	18	48,917	47,977
	BULGARIA TOTAL PRODUCTION				77,311	75,742
TOTAL PRODUCTION ABROAD					829,127	663,099

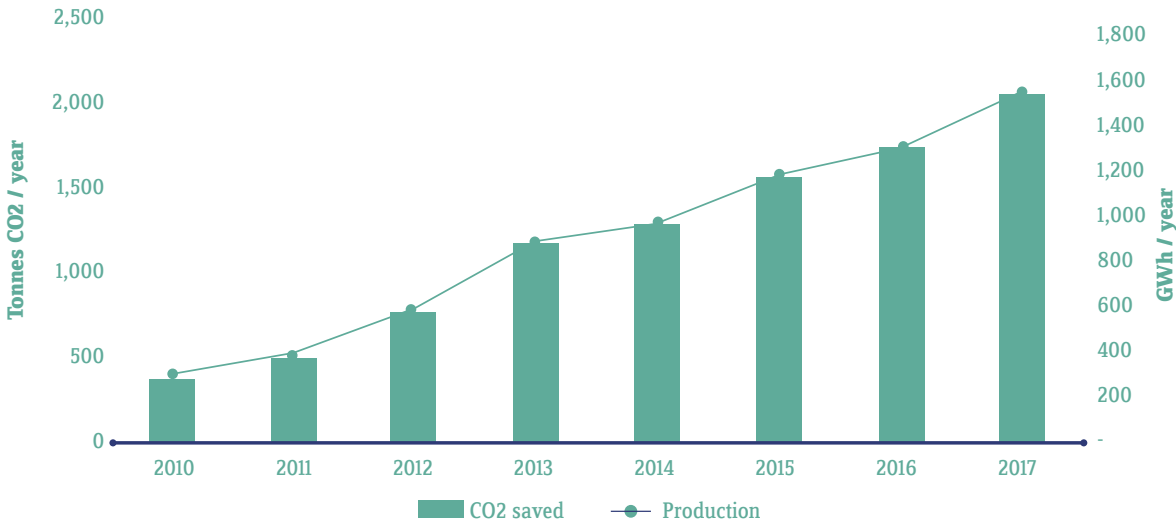
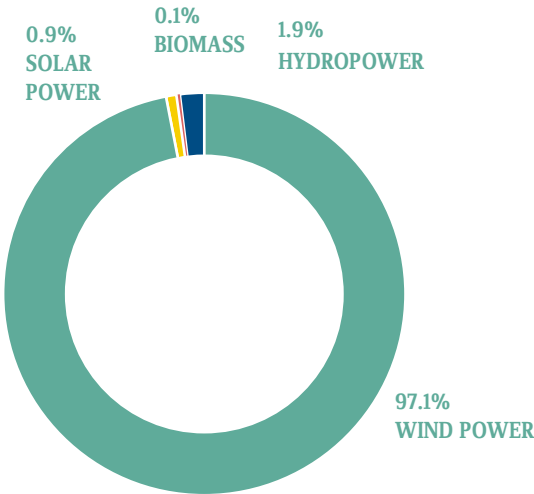
PROJECTS UNDER COMPLETION IN 2017		INSTALLED CAPACITY (MW)
WIND POWER	ERESSOS IPSOMA-FOURKA	36
	LEYKES KERASIA	8
	RACHOULA 3	6



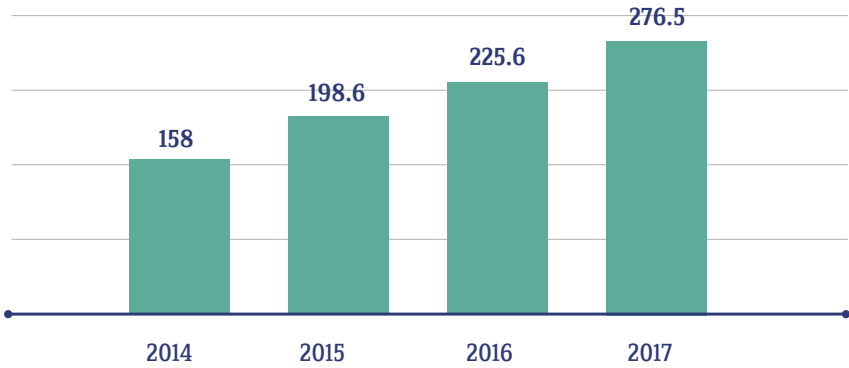
WIND POWER: CAPACITY PER COUNTRY



INSTALLED CAPACITY PER PRODUCTION TECHNOLOGY



TURNOVER (million euro)



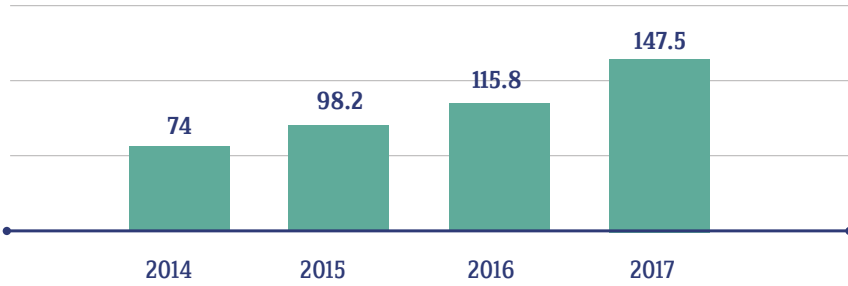
1.4 Financial Performance

In 2017, TERNA ENERGY continued implementing its investment programme based on its business plan developed for every operating sector.

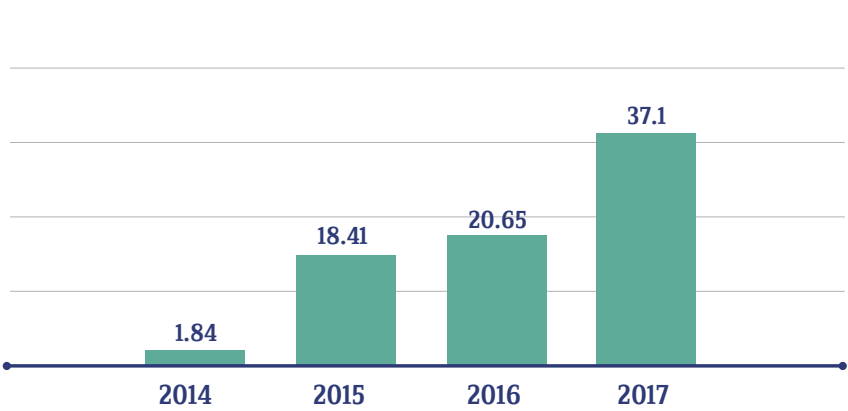
- a) in the energy sector, it approached its milestone of 1GW of installed capacity
- b) in the waste management sector, the construction of the relevant facilities in the Region of Epirus is continuing, and it is expected to commence operations in early 2019
- c) the construction sector continues to provide services to both external customers and within the Group, by constructing the Group’s and its subsidiaries’ projects

In 2017, the consolidated sales of TERNA ENERGY for all its operations stood at €276.5 million, compared to €225.6 million in 2016, achieving a major improvement of 22.6%.

EBITDA (million euro)



NET PROFIT (million euro)



KEY FINANCIAL INFORMATION (IN EUR THOUSAND)	2017	2016	2015	2014
Net sales/ income	276,535	225,560	198,608	158,251
Total capitalisation	460,488	289,795	261,568	201,029
Total liabilities	1,224,562	1,082,381	875,507	802,029
Total equity	378,749	355,294	346,781	338,245
Total assets	1,603,311	1,437,611	1,222,288	1,140,274

ECONOMIC VALUE DISTRIBUTED (IN EUR THOUSAND)	2017	2016	2015	2014
Operating costs	177,795	164,779	145,068	124,016
Employee wages and benefits	17,637	8,423	4,014	4,720
Dividends paid	10,561	8,697	315	-
Interest and related expenses paid	47,091	34,479	37,111	23,800
Income tax paid	16,330	9,437	7,722	7,054
Grants / donations / charity	81	97	58	106
Economic Value Distributed	269,495	225,912	194,288	159,696

In 2017, as part of the effort to end the economic crisis facing the Greek economy, meet the increased treasury needs of the Greek State and support the implementation of the Government’s development programme, the Greek State issued two bonds. The amount was over-covered more than twice, noted the interest of foreign investors to re-examine Greece as an investment destination. To this trend, the RES sector and business activities related to boosting the Green Economy and environmental protection in general, are expected to play a crucial role. These activities make a decisive contribution to Sustainable Development at global level, significantly enhance investor interest and create favorable conditions for the continued growth of the Group that will result in the conquering of the leading position in the markets that it operates.

TERNA ENERGY is listed on the Athens Stock Exchange. Its parent company, GEK TERNA S.A., holds a 39.529% stake in its share capital and is also listed on the Athens Stock Exchange.



In the last five years, TERNA ENERGY has made investments of almost €120 million per year

1.5 Growth Prospects

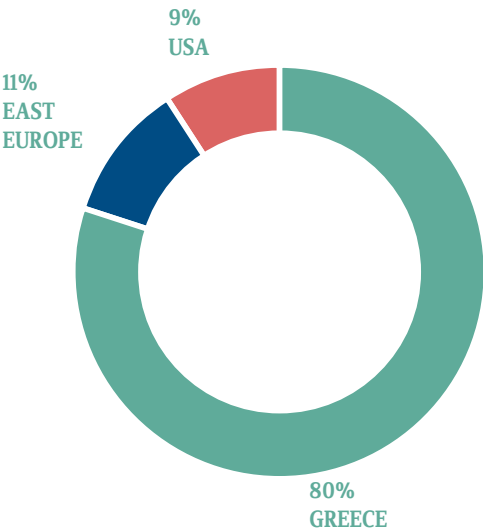
Being able to identify and systematically utilise opportunities and risks, the Group achieves satisfactory capital adequacy, profitability and liquidity. The Group is fulfilling its commitments towards its suppliers, the Greek State, insurance organisations and other creditors with absolute consistency, successfully implementing its ambitious investment plan. This Report clearly presents the framework of operation of TERNA ENERGY Group and the plan being implemented.

Prospects for 2018

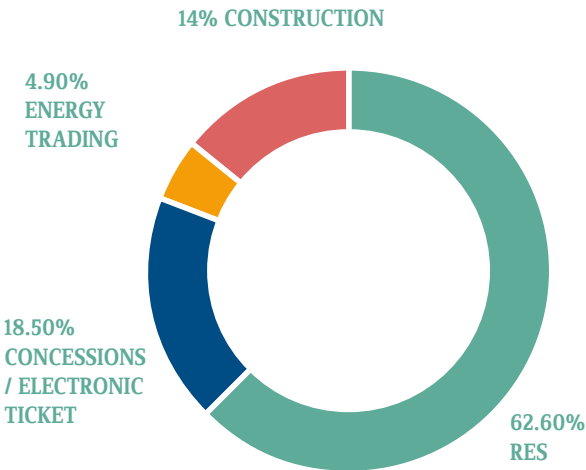
The Group’s prospects for 2018 are very positive. The year will signal:

- the placement of two new investments in Greece (Vermio 44.0 MW and Rachoula III 6 MW) into full operation
- FLUVANNA wind farm in Texas, USA will remain in full operation throughout 2018
- the construction of the waste management plant in the Region of Epirus will be completed and the facility will commence operation in early 2019
- the contract with the Region of Peloponnese is expected to be signed, which will mark the initiation of the construction works of the Region’s waste management
- the implementation of new RES investments in Greece and the USA with a total capacity of approximately 300 MW

SALES BY REGION



SALES BY BUSINESS OPERATION



PROJECTS	TYPE	PRODUCTION (MW)
UNDER CONSTRUCTION		
GOPHER CREEK (USA)	WIND POWER	158
SERVOUNI	WIND POWER	19
AIFORIKI EPIRUS S.A.	WASTE MANAGEMENT	1.5
TOTAL PROJECTS UNDER CONSTRUCTION		178
UNDER LICENSING		
WASTE MANAGEMENT IN PELOPONNESE	WASTE MANAGEMENT	2.4
EVIA	SOLAR POWER	70
TOTAL PROJECTS UNDER LICENSING		72.4
TOTAL		251

## 1.6 Participation in Bodies and Organisations

TERNA ENERGY Group is an active member in professional bodies, organisations and business associations, providing tangible support. Its membership aims at the exchange of opinions and views on the promotion and effective management of environmental and developmental issues.

- **HELLAS RES** (Greek Association of RES Electricity Producers) - a reliable interlocutor for RES issues in Greece, taking initiatives at the institutional level and carrying information and awareness-raising actions
- **ELETAEN** (Hellenic Wind Energy Association) - a promoter of science and research in the field of wind power and a defender of the fair interests of the sector and market, lobbying and fighting for proportionate participation
- **IENE** (Institute of Energy for South East Europe) - a non-profit organisation involved in the study of energy issues and providing information to industry professionals and society at large
- **EREF** (European Renewable Energies Federation) - a promoter of national and international policies and initiatives for the development of European and global wind power markets, infrastructure and technology
- **SEV:** Hellenic Federation of Enterprises
- **SBTKE:** Association of Industries in Thessaly and in Central Greece

WIND FARM, ISLET OF AGHIOS GEORGIOS





# 02

## CORPORATE GOVERNANCE & RESPONSIBLE MANAGEMENT

### 2.1 Board of Directors

As the supreme governing body of the Group, the Board of Directors (BoD) is tasked with formulating strategy, carrying out effective administration and control of the Group and deciding on all company affairs, except those falling within the remit of the General Meeting.

The BoD consists of nine Directors and adheres to strict ethical criteria and values in order to act respectfully towards all stakeholders, protect the interests of all Shareholders and enhance responsibility in the broader business activities of TERNA ENERGY.

#### Role of Directors

The BoD consists of five executive directors, one non-executive director and three independent non-executive directors with a five-year term. Senior executives of the Group who are responsible for the management and implementation of company goals are appointed as executive members, while individuals with experience, correct and fair judgment are appointed as non-executive and independent non-executive directors in order to promote and guarantee transparency and integrity in corporate governance.

#### ALIGNMENT WITH THE SDGS



The composition of the BoD of TERNA ENERGY at the time this Report was prepared (April 2018) was as follows:

1. **George Peristeris:** Chairman of the BoD, executive member
2. **George Perdikaris:** Vice-Chairman of the BoD, executive member
3. **Emmanuel Maragoudakis:** Managing Director, executive member
4. **George Spyrou:** Executive Director, executive member
5. **Vasileios Delikaterini:** Executive member
6. **Michael Gourzis:** Non-executive member
7. **Nikolaos Kalamaras:** Independent member
8. **George Mergos:** Independent, non-executive member
9. **Gagik Apkarian:** Independent, non-executive member

#### Director selection criteria

Directors are elected on the basis of the following criteria:

- contribution to growth prospects
- management skills and effectiveness
- reliability and integrity
- thorough knowledge of company affairs
- harmonious cooperation with the management executives and employees of the Group
- outstanding loyalty to the company

Of the 9 Directors, 8 are over the age of 50 and 1 is between the ages of 30 and 50. 8 members are Greek and 1 member is Australian, all men.

### 2.2 Board Committees

The BoD is supported in managing its duties by advisory committees that play an important role in decision-making. These committees are:



9 Board Members  
3 Board Committees

**Nomination and Remuneration Committee**

A three-member committee mainly responsible for assessing and nominating suitable candidates for election to the BoD and for recommending policies and systems for determining remuneration at all Group levels.

Its main duties include:

- definition of the Group’s requirements in terms of the size and composition of the BoD, as well as periodic re-evaluation of its composition
- definition of the roles and requirements of BoD positions
- submission of improvement proposals
- remuneration of employees, executives and Directors

**Investment Committee**

A five-member committee consisting of three members of the BoD and its parent company, as well as two management executives or advisors of the Group. The main role of the committee is the medium- and long-term strategic planning for the development of the Group and the achievement of its business goals.

The duties of the committee include issuing recommendations on acquisitions, mergers, strategic alliances, high-budget investments, divestment of assets and any other strategic action that could affect the capital structure and growth prospects of the Group.

**Audit Committee**

A three-member (at minimum) committee consisting of at least three non-executive Directors, one of whom must be independent.

The Audit Committee supports the BoD in order to ensure:

- compliance with the requirements of the legislative, institutional, regulatory framework and the principles of Corporate Governance
- integrity and reliability of the accounting, information and management systems, as well as the financial statements published and other reports
- the unhindered and effective operation of all audit mechanisms in order to identify business risks in a timely manner and address them effectively.

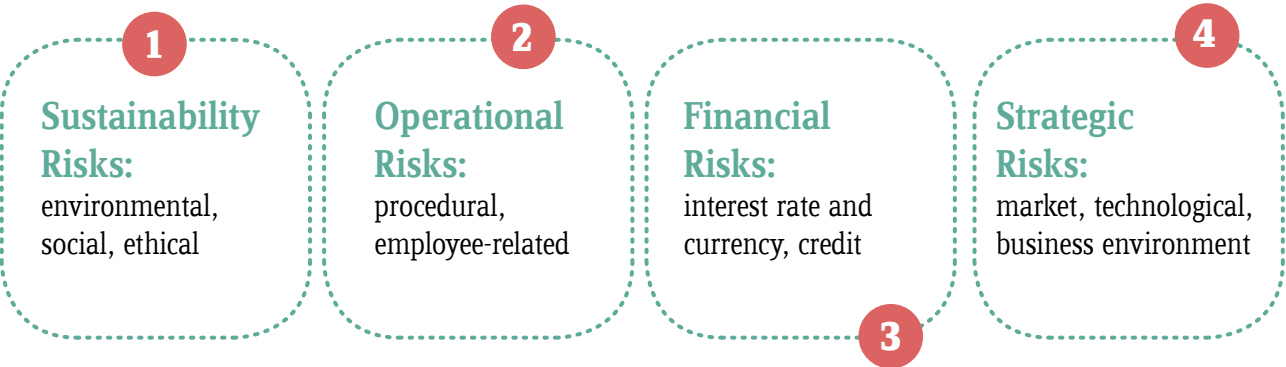
**2.3 Risk Identification and Management**

The identification, assessment and management of risks is an important part of the Group’s strategy and affects its decision-making and the implementation of its goals. Uncertainty and potential impacts make the holistic, systematic and structured approach to risk management an integral part of the Group’s strategic planning.

The actions taken to address the risks relating to the activity of the Group follow a process, involving:

- identification and analysis of opportunities and risks
- identification of the relation with business goals and strategy
- evaluation and prioritisation of risks
- selection of tools to minimise and hedge risks
- application and monitoring of suitable risk management measures

**Key types of risks:**



The Group has identified external factors that could adversely affect the operation of the market and delay the implementation of the Group’s investment programme in Greece. In order to address this contingency and mitigate its adverse effects on its finances, the Group aims at expanding its activity beyond Greece, continuously monitors developments in the Greek economy, enters into discussions and partnerships with financial players and special analysts of international markets and, in direct, continuous and systematic cooperation with the relevant management executives, plans and applies measures to address every risk identified.

The BoD utilises the internal audit system in order to protect the Group’s assets, assesses impending risks relating to all its activities, and provides precise, comprehensive information to Shareholders on the actual state of affairs and prospects of the Group, as well as the ways to address the risks identified.

**2.4 General Meeting of the Shareholders**

As the supreme governance body, the General Meeting of the Shareholders is competent to decide on any company affairs, and its decisions are binding for all Shareholders. Aiming at the active participation of its Shareholders in the General Meeting and at ensuring the unhindered exercise of their rights, the Group ensures that they receive comprehensive information from the assigned bodies of the Group, using all available media.



The Group also operates a special Shareholder and Investor Relations Department, which provides direct, trustworthy and comprehensive information and facilitates Shareholders in the exercise of their rights.

## 2.5 Corporate Governance Code

The Group applies all rules enacted by legislative, supervisory and other competent authorities throughout all its activities, without any deviation whatsoever. Furthermore, the Group has adopted internal rules and business practices that contribute towards compliance with the principles of transparency, professional ethics and sound management of all the resources available to the Group in order to benefit the Shareholders and all stakeholders. All these rules and practices have been incorporated into the Group’s Corporate Governance Code.

## 2.6 Code of Conduct

The Code of Conduct embodies the key ethical principles on which the corporate culture of TERNA ENERGY is based. The Code reflects and bolsters these fundamental principles and creates an agreed-upon, transparent framework of operation and conduct that concerns all our employees, associates, sub-contractors and suppliers.

The application of the Code ensures:

- transparency in the relations and activities of TERNA ENERGY
- meeting the expectations of stakeholders who benefit from the projects and services of TERNA ENERGY
- creation of a safe, fair and equitable working environment
- fostering of relationships of mutual trust and respect with suppliers and associates
- respect towards the environment and the principles of Sustainable Development
- protection of the material and intellectual property of TERNA ENERGY
- compliance of the Group and its subsidiaries with the legislative framework applicable in the areas where it operates
- adoption of practices and conduct that comply with the voluntary commitments of TERNA ENERGY



MOUNTAIN AIR WIND FARM, USA



# 03

## STRATEGY AND SUSTAINABLE DEVELOPMENT

The group is active in wind power, hydroelectric projects, solar power, as well as the management and energy utilisation of waste and biomass.

Sustainable Development is the driving force of the Group’s business activity and consists at its core of criteria based on ethics, quality, innovation, high technology and technical know-how. The purpose of TERNA ENERGY is to keep pace with the key principles of Sustainability, i.e.

- good governance
- economic growth, cost-effectiveness, stability
- environmental protection
- social prosperity and protection of fundamental rights

### 3.1 Priorities of the Group

The ultimate goal is to create added value throughout the chain of RES projects, a pursuit that shapes the corporate strategy and is at the heart of the operational actions and objectives set by the Group. More specifically, the Group aims at:

- substantially increasing its current capacity
- expanding further in Greece and enhancing its international presence
- carrying out activities over a range of technological applications: maintaining a leading position in wind power and developing activities in hydroelectric projects, solar power and biomass
- utilising the Group’s capabilities by carrying out activities in the field of submarine electricity transmission cables and energy storage through pumped storage and batteries

ALIGNMENT WITH THE SDGS:



TERNA ENERGY aims at responsible growth and makes continuous efforts to achieve this objective by creating a solid alliance with its stakeholders. The following are areas of key importance:

- achieving business excellence based on transparency and ethics
- promoting Sustainable Development and fostering a green energy culture
- promoting innovative solutions, technical know-how and scientific research
- achieving high quality through the application of effective solutions and best practices
- ensuring the Health and Safety of employees and associates
- developing its human resources
- achieving the greatest possible benefit for all stakeholders
- maintaining meaningful and ongoing communication with all stakeholders
- developing and implementing programmes and actions that contribute towards achieving social prosperity and social cohesion

### 3.2 RES at the heart of the National Energy and Climate Plan

The national energy plan lies at the heart of the Greek developmental business plan and is integrally linked to the country’s international and European commitments for combating climate change. The National Energy and Climate Plan that Greece will submit to the European Commission in early 2019 includes the objective of the share of RES in the energy mix being at least 27% by 2030.

Through its operation, TERNA ENERGY supports responsible growth and is creating opportunities, in accordance with the social and political conditions of the national and global economy. Electricity produced from RES is the result of a combination of numerous factors, is highly valued and placed at the heart of the global economy.



The national objective for the energy mix:  
27% from RES by 2030

More specifically:

**International agreements:** The commitments resulting from international agreements and European commitments include increasing the share of RES in the energy mix, reducing energy consumption, reducing carbon dioxide emissions, ensuring adequate supply, energy market effectiveness, innovation and development of new technologies.

**National action plans:** In June 2017, the Greek government finalised the framework of national priorities for the Sustainable Development Goals (SDGs) which include “Strengthening the protection and sustainable management of natural capital as a base for social prosperity and transition to a low-carbon economy”. In June 2018, Greece will complete a National Review of Sustainable Development Goals.

**Margin for utilisation and technological maturity:** Encouraging the decentralised RES production, aids the utilisation of new energy technologies, the decentralised, the reduction of energy loss during transmission, energy storage and the application of the sharing economy model, which could transform the way the electricity industry operates. For example, the goal of the “Pumped Storage System in Amfilochia” project undertaken by TERNA ENERGY is the storage of energy in order to aid the incorporation of renewable energy sources. Surplus wind energy during periods of low consumption or over-production of energy will be stored and retrieved during peak times.

**Comparatively low cost:** One significant advantage is a usually low operating cost not affected by fluctuations in the international economy and, more specifically, the prices of conventional fuels. More specifically, the development of technological innovations has led to high-level technical know-how, resulting in a remarkable reduction in the financial cost of RES. Pumped storage is the most economically efficient technology currently available for large-scale energy storage. With approximately 80% efficiency rate, as per the example above, pumped storage plants have the highest efficiency compared to other power plants, ensuring greater safety and efficiency in the transmission and distribution of electricity, guaranteeing energy supply and thus contributing to the stabilisation of electricity market prices.



### 3.3 Management Systems and International Standards

On the basis of responsible entrepreneurship and ensuring high-quality projects, TERNA ENERGY promotes green development and economic stability.

The Group maintains management systems and international standards that strengthen its operations and applies certified systems that guarantee adequacy and safety. These standards and management systems are certified by independent bodies and are controlled on a regular basis.

- ISO 9001: Certified Quality Management System
- ISO 14001: Certified Environmental Management System
- OHSAS 18001: Certified Occupational Health and Safety Management System
- ELOT EN ISO 17025 from the Hellenic Accreditation System: Accreditation Certificate for the Laboratory of Wind Measurements

CATEGORIES	COST (IN €)
ISO 9001 standard certification	1,116
ELOT EN ISO 17025 Accreditation	1,808
External consulting	7,378
Total	10,302



QUALITY AUDITS - AUDITS IN CONSTRUCTION AND OPERATION

14 Internal audits

2 Audits by external certification body

# 04

## OUR APPROACH TO CORPORATE RESPONSIBILITY

Commitment to Corporate Responsibility and Sustainable Development is part of the mission, values and business strategy of TERNAL ENERGY Group. This commitment factors into every decision made, ensuring that the Group operates in a responsible manner towards all stakeholders. In this context, the process of engagement with stakeholders is developed and strategy guidelines are established in a manner that allows the Group to prioritise its Corporate Responsibility topics.

### 4.1 The Role of Stakeholders

Since the very first years of its operation, TERNAL ENERGY has acknowledged the role of stakeholders in its success. Systematic and meaningful engagement is the key to expanding its activities in Greece and abroad. The identification and, subsequently, the mapping, communication and management of relationships are crucial for TERNAL ENERGY regarding the effective operation within local communities as well as for the development of its strategies.

During the identification and mapping process, it is achieved:

- provision of information to local communities
- provision of information on the Corporate Responsibility strategy
- safeguarding of synergies
- selection of the most effective local activities to be supported
- prevention of risks and utilisation of opportunities
- safeguarding of the Group's image
- efficient management of business risks
- understanding of operational issues
- optimal management of material Sustainability issues

As stakeholders may vary for each project and may, therefore, have different needs and expectations, the identification and mapping process takes place at the design phase of each project and at regular intervals throughout the implementation and application process, or when the need occurs.

#### ALIGNMENT WITH THE SDGS:



8. DECENT WORK AND ECONOMIC GROWTH



11. SUSTAINABLE CITIES AND COMMUNITIES



12. RESPONSIBLE CONSUMPTION AND PRODUCTION



13. CLIMATE ACTION

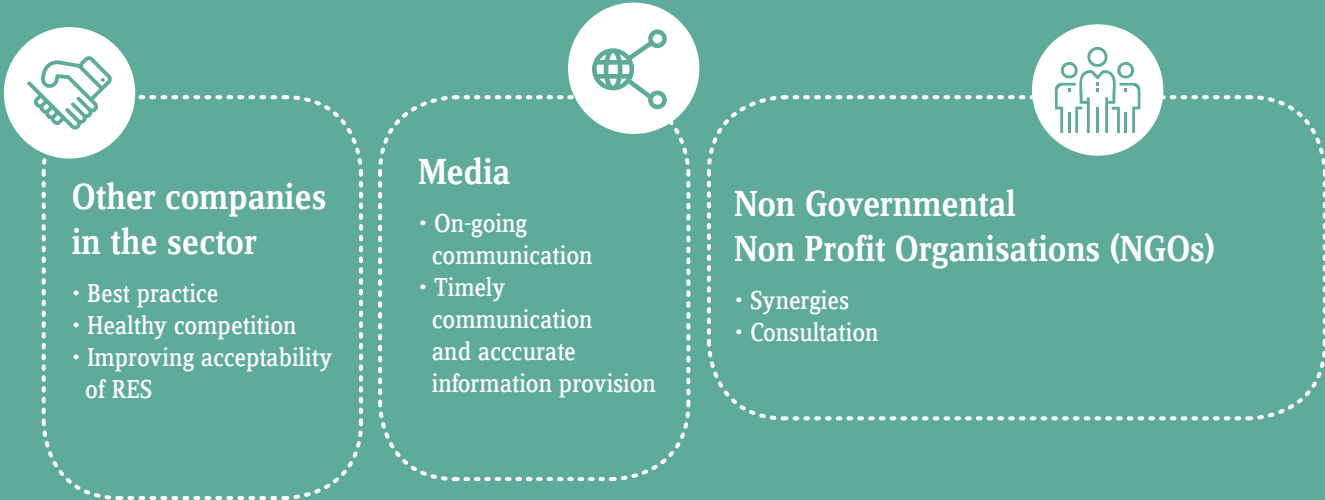


16. PEACE, JUSTICE AND STRONG INSTITUTIONS

### Primary Stakeholders - Key issues



### Secondary Stakeholders - Key issues





## 4.2 Communication with Stakeholders

In order to reliably identify all potential issues that might arise from its stakeholders, TERNA ENERGY has established systematic communication with them as an integral part of its business strategy. The Group’s channels of communication include:

- Corporate website
- Personal interaction, phone and electronic communication through executives in relevant departments (communication, investors, supplies etc.)
- Personal communication with local authorities and bodies
- Participation in conferences, business organisations and associations
- Participation in clubs and unions
- Participation in social and environmental activities
- Open dialogue and consultation events
- Studies and reports
- Financial Report
- Corporate Responsibility Report

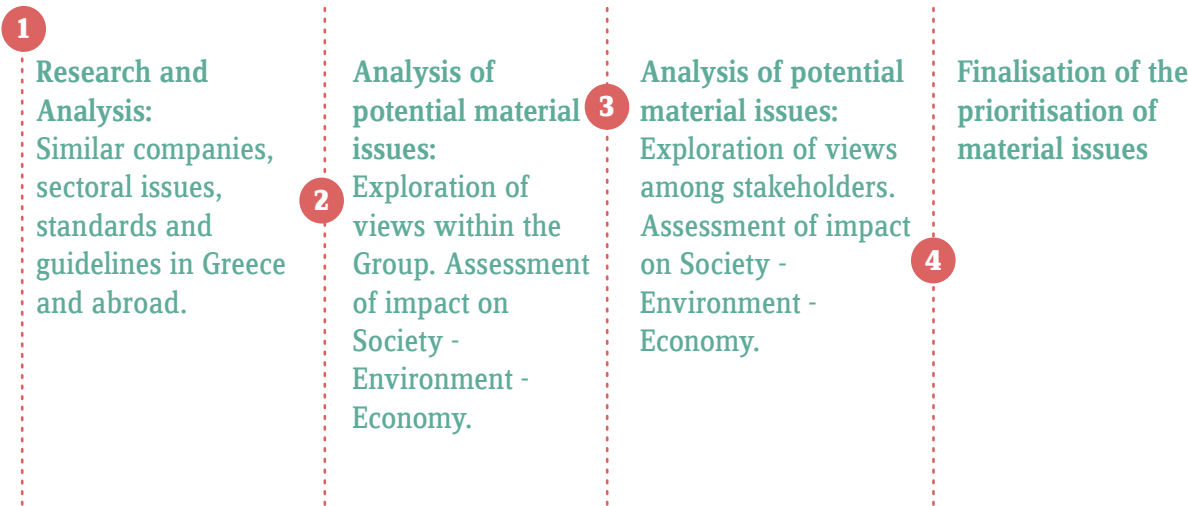
## 4.3 Identification of Material Issues

The majority of the contents of the Corporate Responsibility Report are based on the result of engagement with stakeholders. The Report covers issues, concerns and expectations in a solid and systematic manner throughout the Report.

Transparency is a key element in the Group’s approach to developing its annual Report. This practice leads to improved performance and enables the Group to monitor and manage its impact on society, the environment and the economy more effectively.

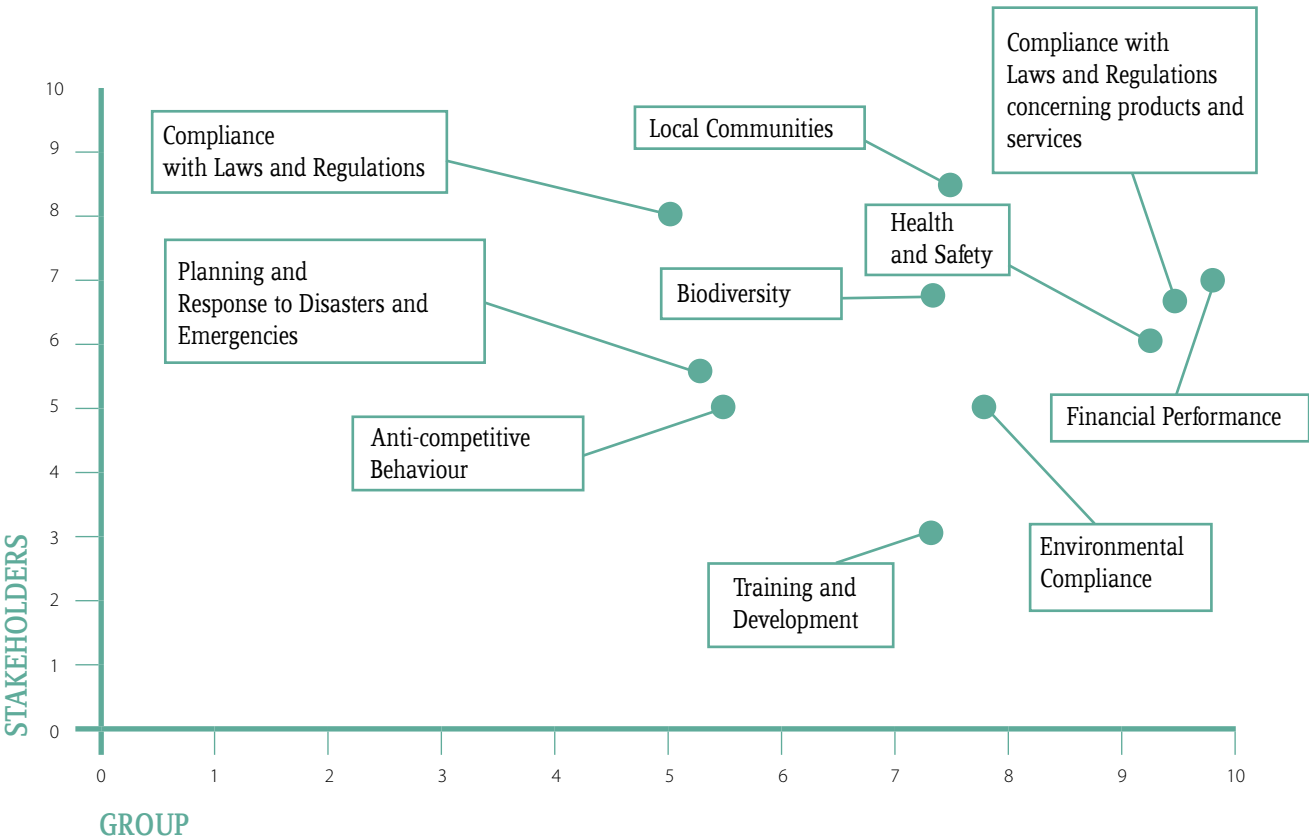
This is why the Corporate Responsibility Report reflects the most important economic, environmental and social effects, significant issues related to business risks and opportunities, as well as issues that could materially affect stakeholder decisions.

The procedure followed consists of the following stages:



### Material Issues

The diagram below graphically depicts material issues. i.e. priorities and their significance for the Group and its stakeholders.



Material issues

TERNA ENERGY CORPORATE RESPONSIBILITY MATERIAL ISSUES	CUSTOMERS	SHAREHOLDERS & INVESTORS	EMPLOYEES	PROVIDERS OF CAPITAL	LOCAL COMMUNITIES	LOCAL AUTHORITIES	REGULATORY AUTHORITIES AND GOVERNMENT BODIES	SUPPLIERS AND ASSOCIATES	OTHER COMPANIES IN THE SECTOR	MEDIA	NGOS
Financial performance	■	■	■	■	■	■		■	■	■	
Biodiversity	■	■	■	■	■	■	■				■
Environmental compliance	■	■		■	■		■			■	■
Occupational Health and Safety	■	■	■	■	■	■	■			■	
Training and development	■	■	■	■			■				
Local communities (impact assessment and cooperation)	■	■	■	■	■	■	■	■		■	■
Anti-competitive behaviour	■	■		■			■		■		
Social compliance	■	■	■	■	■	■	■	■		■	■
Planning and response to disasters and emergencies	■	■	■	■	■	■					
Compliance with laws and regulations	■	■	■	■	■	■	■	■	■	■	■

MATERIAL ISSUES	BOUNDARIES		LIMITATIONS	GROUP'S RESPONSE (PAGE)	SUSTAINABLE DEVELOPMENT GOALS (SDGs)
	INSIDE	OUTSIDE			
Financial performance	✓	✓		16-19, 28-30, 60, 70-73	7, 8, 16
Biodiversity	✓	✓		67-68	13
Environmental compliance	✓	✓		62-68	12, 13
Occupational Health and Safety	✓	✓		48-54	8
Training and development	✓	✓		45	8
Local communities (impact assessment and cooperation)	✓	✓		60, 70-73	7, 11, 12
Anti-competitive behaviour	✓	✓		22-26	16
Social compliance	✓	✓		70-73	7, 11, 12, 16
Planning and response to disasters and emergencies	✓	✓		51-52	7, 8, 11, 13
Compliance with laws and regulations	✓	✓		22-26	7, 9, 11, 12

## 4.4 Corporate Responsibility Framework

The Corporate Responsibility strategy adopted by TERNAL ENERGY serves the systematic management of the impacts of its activities and the improvement of its performance in terms of Sustainability and Corporate Social Responsibility. Hence the Group has correlated its five key corporate responsibility pillars with the issues identified as material, in accordance with international standards and initiatives, as well as business strategy methodologies.

## 4.5 Management of Corporate Responsibility Issues

Corporate Responsibility issues cover the entire range of the Group’s business operations. As their effective management requires specialised knowledge, experience and skills, a Corporate Responsibility Team has been set up, consisting of executives from every main Division of the Group. The team is coordinated by the Department of Corporate Communication, Marketing and CSR.

The team’s responsibilities include:

- collecting the information and data required for the annual Corporate Responsibility Report
- checking and verifying the accuracy and completeness of the data submitted by Heads of Divisions
- briefing employees and partners on initiatives related to Corporate Responsibility
- briefing Senior Management on material issues and the actions being implemented
- documenting the procedures in place to increase the effectiveness of Corporate Responsibility actions
- coordinating actions focusing on: Environment, Society, Human Resources, Health and Safety, Suppliers, Corporate Governance





4.6 International Initiatives:  
Sustainable Development Goals

7 CLEAN AND AFFORDABLE ENERGY



The use of alternative forms of energy has expanded in recent years, and renewable sources of energy account for over 20% of the energy produced globally. The new regulatory framework agreed upon by the European Union, the European Parliament and the Council in 2018, includes a binding commitment to increase the use of renewable energy sources in the EU to 32% by 2030 (<http://europa.eu/>).

Reducing the use of carbon in the energy mix is an important pursuit and is fully in line with the business objective of TERNA ENERGY.

8 DECENT WORK AND ECONOMIC GROWTH



The Group's activities, with emphasis placed on green innovation, create new jobs and utilise a high-quality, knowledgeable workforce. As regards the most recent projects, the construction of the Aghios Georgios wind farm created 200 new direct jobs and employed 60 suppliers. The implementation and operation of the waste management plant in the Region of Epirus will create 200 jobs at the construction phase and 90 jobs over the course of its 25 years of operation. The €500 million investment in Amfilochia is expected to create 900 jobs during the construction period and a further 60 jobs during its operation.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



TERNA ENERGY is an innovator in the field of electricity storage through the utilisation of mature technologies. As the largest Greek RES group in the world, TERNA ENERGY ensures that its business decisions maximise added value at European level and promotes solutions that contribute to the steady economic growth of the country. Storage infrastructure, such as hybrid projects and pumped storage being promoted by the Group, have an increased European added value and constitutes a priority for the European Union and the European Commission.

11 SUSTAINABLE CITIES AND COMMUNITIES



The success and growth of the Group is based on finding and implementing solutions to resolve crucial issues related to Sustainable Development. Cognizant of the fact that half the world's population lives in urban areas, the Group carries out business activities aiming to solve major modern challenges, the most important being consumption of energy from non-renewable sources, increased carbon gas emissions as well as lobbying for the management of waste that threatens life and public health, with direct economic and environmental implications. With installed RES power of about 1GW, new 300MW investments and modern waste management units, the Group strengthens its long national and regional development planning.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



TERNA ENERGY's key activity areas are closely linked to improving its environmental footprint. Through its operations, the Group is already contributing towards reducing the effects of waste production and reducing the use of fossil fuel. Most importantly, it supports the Greek economy to move to a new model that does not rely on environmentally damaging practices and to adopt sustainable initiatives based on the efficient use of inexhaustible natural resources.

13 CLIMATE ACTION



Climate change is a global phenomenon that does not halt at national borders. The increase in greenhouse gas emissions and the global warming has brought the business world, the state and the civil society face-to-face with serious decisions and their impacts. Climate change requires coordinated solutions, cooperation and initiatives. Through its business activities, TERNA ENERGY is contributing to the action taken by developed countries to combat climate change. In 2017, the Group's total energy production from RES was 2,088,255 MWh thus preventing the emission of approximately 1,533,119 tonnes of CO2.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Responsibility and transparency are top priorities for the Group, which acknowledges that its behaviour affects the broader environment in which it operates. Accountability and voluntary ethical commitments enhance Sustainable Development at national and international level. The recent development of the Code of Conduct proves that the Group is growing based on an agreed-upon, transparent framework of operation and conduct, that places Corporate Responsibility at the heart of the relationships of trust fostered with all stakeholders.

# 05

## EMPLOYEES AT THE HEART OF OUR OPERATION

TERNA ENERGY’s most important asset are its people. Their skills, talent, commitment and dedication create value and aid its further growth. The positive and safe environment fostered at TERNA ENERGY and the values for which it stands, ensure that all employees enjoy equal opportunities and equal rights, as well as access to the tools required for their further personal and professional development.

### 5.1 Human Resources

In 2017, TERNA ENERGY employed a total of 282 people. Despite adverse conditions, the Group continued to contribute to employment, the National Economy and local communities in particular. The Group strictly complies with the applicable legislation and all its employees are recruited in accordance with the applicable collective labour agreements and the relevant regulatory frameworks for social insurance.

Of the Group’s 269 employees located in Greece, 207 are men and 62 are women. This increased ratio of men is due to the nature of the business and the requirements arising from it. However, the Group encourages efforts to include more women in its business operations.

TERNA ENERGY GROUP	MEN	WOMEN
Greece (employees)	122	43
Greece (freelancers)	85	19
Greece Total (Total)	207	62
Poland	1	1
USA	8	3
TOTAL	216	66

ALIGNMENT WITH THE SDGS:



8. DECENT WORK AND ECONOMIC GROWTH

GREECE: HUMAN RESOURCES BY TYPE OF EMPLOYMENT AND GENDER												
	2017			2016			2015			2014		
	Employees	Freelancers	Total	Employees	Freelancers	Total	Employees	Freelancers	Total	Employees	Freelancers	Total
Men	122	85	207	86	80	166	140	84	224	192	64	256
Women	43	19	62	30	19	49	36	13	49	39	14	53
TOTAL	165	104	269	116	99	215	176	97	273	231	78	309

HUMAN RESOURCES BY TYPE OF EMPLOYMENT AND EMPLOYMENT CONTRACT			
TYPE OF EMPLOYMENT AND EMPLOYMENT CONTRACT	MEN	WOMEN	TOTAL
Total number of employees	207	62	269
With collective labour agreement	207	62	269
Indefinite term employment contract	205	62	267
Definite term employment contract	2	0	2
Full time	207	60	267
Part time	0	2	2



GREECE: EMPLOYEES BY GENDER AND AGE

<30

Men 18  
Women 6  
Total 24

30-50

Men 81  
Women 33  
Total 114

>50

Men 23  
Women 4  
Total 27

Total

Men 122  
Women 43  
Total 165

GREECE: BREAKDOWN OF EMPLOYEES BY RANK AND GENDER			
RANKS & GENDER	MEN	WOMEN	TOTAL
Administrative staff	33	38	71
Technicians	53	5	58
Workers - other	36	-	36
TOTAL	122	43	165

\* The members of the Board of Directors are not accounted on the total human resources

GREECE: EMPLOYEE HIRES BY REGION AND AGE				
REGION & AGE	<30	30-50	>50	TOTAL
Central Greece	14	14	3	31
Epirus	1	5	7	13
Peloponnese	-	1	-	1
Macedonia	3	6	-	9
TOTAL	18	26	10	54

GREECE: EMPLOYEE HIRES BY GENDER AND AGE				
GENDER & AGE	<30	30-50	>50	TOTAL
Men	14	19	10	43
Women	4	7	-	11
TOTAL	18	26	10	54

GREECE: EMPLOYEE TURNOVER BY REGION AND AGE				
REGION AND AGE	<30	30-50	>50	TOTAL
Central Greece	5	10	8	23
Epirus	1	1	1	3
Peloponnese	2	2	-	4
Macedonia	2	4	-	6
Thessaly	1	-	-	1
Thrace	-	1	-	1
TOTAL	11	18	9	38



GREECE: EMPLOYEE TURNOVER BY GENDER AND AGE

<30	30-50	>50	Total
Men: 7	Men: 14	Men: 9	Men: 30
Women: 4	Women: 4	Women: -	Women: 8
Total: 11	Total: 18	Total: 9	Total: 38

## 5.2 Employee Training and Development

TERNA ENERGY systematically invests in the training and development of its employees through programmes that enrich their knowledge and develop their skills. The annual employee learning and growth plan includes a series of training programmes based on the needs that arise and each work position requirements. In 2017, 808 training hours were carried out for the 269 employees, with a total of 303 participations.

The Group focuses on specific training modules on Health and Safety and Environmental Management. These modules are renewed annually or on a case-by-case basis and aim at informing, educating, and actively engaging employees.



808  
training hours

GREECE: TRAINING HOURS BY SUBJECT	
TRAINING SUBJECTS	TOTAL TRAINING HOURS
Quality	51
Environment	123
Health and Safety	477
Finance, Administration, Taxation	157
TOTAL	808



GREECE: TRAINING PER EMPLOYEE RANK  
ADMINISTRATIVE STAFF

112	45	157
Men	Women	Total



## 5.3 Equal Opportunities Policy, Remuneration and Benefits

TERNA ENERGY strictly applies an equal opportunities policy without discrimination. Every employee is assessed on the basis of merit-based criteria that take account of their abilities, skills and performance based on the goals set. The Group's commitment to providing equal opportunities for all employees applies throughout its activities and is an integral part of its human resources management policy.

The Group offers benefits to full-time employees such as mobile telephony connections and corporate cars. At the same time, the Group's remuneration and benefits policy is shaped on the basis of merit-based criteria and measurable indicators that are not affected by diversity parameters. According to these criteria, the Group takes account of the position, level of responsibility, skills, experience and performance of employees.



LOUZES WIND FARM, AETOLOAKARNANIA

# 06

## OCCUPATIONAL HEALTH AND SAFETY

Safeguarding occupational Health and Safety is a top priority for TERNAL ENERGY and is fully integrated into all its business operations. The Group ensures the highest level of protection for occupational Health and Safety issues, aiming at eliminating accidents and fostering a Health and Safety culture.

### 6.1 Our Priority is Health and Safety

Committed to continuously improving occupational Health and Safety, the Group's management is continuously investing in and channelling all the resources required for the protection of employees, sub-contractors and third parties. In its joint effort to prevent accidents, the Group emphasises the necessity of fostering a Health and Safety culture so that each stakeholder undertakes the responsibility for the protection of human lives.

The Group's Health and Safety Policy serves as a binding framework and a guideline not only for Management and employees but also for third parties (sub-contractors, customers, etc.) involved in its operations. Dedicated to the principle of safeguarding human life, the Group takes measures for the Health and Safety of everyone involved in its projects and ensures that all parties comply with its Health and Safety policy and principles.

ALIGNMENT WITH THE SDGS:



8. DECENT WORK AND ECONOMIC GROWTH

### 6.2 Health and Safety Management System

TERNAL ENERGY consistently implements an integrated strategic plan for Health and Safety in accordance with the OHSAS 18001 Certified Health and Safety Management System, and is committed to reducing its environmental impact and protecting the Health and Safety of employees. The goal of the plan is to identify and eradicate (or at least minimise) risks related to the Group's operations.

TERNAL ENERGY communicates its goals with stakeholders and aims at:

- fully complying with legal and other national, European and international requirements applicable to its operations
- providing appropriate and adequate Health and Safety training to all employees
- identifying and assessing occupational hazards related to its operations in a timely manner, and drafting an action plan to address them
- preventing injuries, diseases and other Health and Safety incidents that could result from its operation and activities
- immediately investigating any accident and/or incident in order to reach a reliable conclusion that will help take the necessary precautionary measures to avoid any similar incidents in the future
- applying modern technologies and integrating procedures and best practices to help prevent risks and protect employees and other parties involved (sub-contractors and third parties) associated with its business operations

The Group reviews the suitability of the system at regular intervals, aiming at continuously upgrading it and immediately adapting it where and when necessary.



Occupational Health and Safety is our top priority

### 6.3 Occupational Health and Safety

Employee safety is a non-negotiable principle for TERNAL ENERGY, which is why the Group places great emphasis on prevention and protection measures, thus minimising accidents and occupational diseases.

Specialised Occupational Risk Assessment Studies have been prepared for all business operations of the Group, using scientifically sound methodologies have identified all risk factors and their impact per post. At the same time, these Studies set out all preventive and protective measures required to safeguard employees. It is standard Group policy to periodically review the adequacy of Occupational Risk Assessment Studies in order to update them immediately where necessary.

Prioritising prevention and protection against occupational risks, TERNAL ENERGY works with Occupational Health Medical Practitioners who systematically monitor the health of employees. More specifically, they clinically examine employees, issue medical evaluations, provide advice and monitor their health, and keep updated Employee Medical Records.

#### 6.3.1 Risk Management

Risk management aims at prompt identification and prevention of risks as well as the provision of relevant information to all parties involved so as to improve the system in place and prevent any Health and Safety incidents.

The issues analysed include: the scope, structure and strategy of the Group and its subsidiaries, the needs and requirements of stakeholders (Shareholders, investors, society, customers, suppliers, etc.), legislative and regulatory requirements, licensing, the resources available, environmental terms, technologies.

#### Risk Management Stages:



#### 6.3.2 Health and Safety Audits

TERNAL ENERGY Group applies the measures necessary to protect Health and Safety at the workplace and carries out internal Health and Safety audits at regular intervals each year.

Systematic and objective inspections, combined with documented assessments and results reports, ensure compliance with the legislative framework, the Group’s policy and principles, the requirements of International Standards, as well as their adequacy. More specifically, the control process:

- ensures compliance
- limits the likelihood of serious risks
- identifies potential opportunities
- locates all points that require enhancement and/or improvement.

The audits are carried out by the Health and Safety Department and the external certification body and the results are communicated to the Group’s Management.

In 2017, a total of 10 Health and Safety audits were carried out.

#### 6.3.3 Management of Emergencies

TERNAL ENERGY has developed a detailed emergency response plan for the protection of health, safety and the environment, in order to be able to protect its people and facilities from accidental events, human errors or malicious actions. The Group has identified the following as dangerous situations that require immediate response:

- fire
- explosion
- heat wave
- flood
- earthquake
- terrorist act
- leakage
- major failure of materials or equipment.

TERNAL ENERGY has provided for and developed a management plan to directly respond to any health-threatening incident, setting out:

- the resources required in terms of human resources and equipment
- the roles and responsibilities of teams (fire protection - fire safety team / first aid team)
- emergency instructions for all employees
- the successive order of emergency response actions
- the communication actions required



10 Health and Safety Audits

9 Internal Health and Safety audits

1 Audits by external certification body



TERNA ENERGY systematically provides training to its employees, emphasising the importance of preparedness for effective emergency management. The Group carries out an evacuation drill at each facility with the participation of all employees every year, and an evacuation drill at wind turbine facilities every two years. The purpose of these drills is to check and assess the effectiveness and adequacy of planning in rescue/ escape issues and the readiness of those involved.

6.3.4 Health and Safety Training

TERNA ENERGY systematically invests in the education and training of all its employees in order to raise their awareness and ensure their universal commitment to the principles of Health and Safety. Active employee participation is key for minimising accidents and occupational diseases at the workplace.

In this context, the Group carries out an annual Health and Safety training programme structured into modules set by the Management System and the specific needs per job role/level. The purpose is always to eradicate the conditions or factors that affect or could affect the health and safety of employees or other workers (including seasonal workers and the staff of sub-contractors), visitors or any other person entering a worksite.

The three main causes of adverse incidents were found to be technical equipment, the working environment and human behavior.

In the context of training, informing and raising the awareness of executives and employees in general, and given the nature of the Group’s activities, TERNA ENERGY applies experiential learning techniques in actual working conditions (on-the-job training). Training sessions, depending on type, are implemented by the dedicated Division of TERNA ENERGY as well as by specialised external partners.

ENVIRONMENTAL TRAINING TOPICS	PARTICIPATION	HOURS
General safety rules (tools use, manual handling of loads, risk training, etc.)	68	159
Use of Personal Protective Equipment	37	58
Fire protection / Fire safety	28	92
Working safely with electricity	27	28
Use of lifting equipment	17	87
First aid	9	32
Working safely at heights	4	11
HSE Management System	3	10
TOTAL	193	477

6.3.5 Health and Safety Performance

TERNA ENERGY systematically monitors and records its performance in terms of Health and Safety issues and sets annual improvement goals aiming at achieving a healthy and safe environment for everyone, at every workstation and for every activity. These goals serve the implementation of its strategic plan for occupational Health and Safety, always aiming at zero fatal and serious accidents.

During 2017 the Group did not have any lost workdays due to accidents, however, Group’s subcontractors lost 10 workdays due to accidents.



HEALTH AND SAFETY INDICATORS					
	2017	2016	2015	2014	2013
Total accidents	0	8	1	1	1
Fatalities	0	0	0	0	0
Near misses	6	2	3	2	0
Number of occupational diseases	0	0	0	0	0
Absence days	0	53	3	15	1
TOTAL HOURS WORKED BY ALL EMPLOYEES	528,000	409,228	313,082	258,887	377,881

(\*1) The count of absence days starts from the next day. All incidents are recorded as provided in the Health and Safety Management System which covers all company activities.  
(\*2) Total accidents refer to employees in Greece.



6.4 Investments in Health and Safety

INVESTMENT CATEGORIES	INVESTMENTS (IN €)
Personal Protective Equipment (purchasing and certification)	23,974
Equipment certification	23,687
Certification for Lifting and Other Machinery	1,274
Traffic regulations	225,000
Safety Signage	19,845
Reorganisation/ Maintenance of the Fire Prevention System	9,136
Expenses of OHS Management (education, OHS system certification, etc.)	2,436
Guarding services	173,785
Upgrading of Working Area	3,491
External Certification of Management Systems	1,116
Occupational Physician/Safety Technician (EXYPP)	16,121
Costs of Staff Medical Examinations	1,020
Medical Equipment	930
Health, Safety and Environment (HSE) trainings	1,924
TOTAL	503,734





07

RESPONSIBLE PROCUREMENT AND PARTNERSHIPS

The Group has a long and diverse list of suppliers that is updated as its activities expand. Aiming at developing a sustainable supply chain that serves the strategy, principles and values of the Group, TERNA ENERGY has set an additional goal: the improvement and development of the long-term performance of the individual associates and enterprises making up its supply chain.

More specifically, the Group assesses its supply chain in its entirety and sets the following as essential requirements for any partnership:

- Strict observance of the relevant labour and insurance legislation by associates
- Their full compliance with the regulatory framework governing Occupational Health and Safety
- Their commitment to the Policies, Procedures, Standards and Management Systems of TERNA ENERGY

In 2017, the Group worked with 1,697 different suppliers in total, both in Greece and abroad. Its supply chain mainly trades in the following areas: project materials, mechanical and electrical materials, equipment - systems, service provision.



12% increase in the value of supplies procured compared to 2016

ALIGNMENT WITH THE SDGS:



8. DECENT WORK AND ECONOMIC GROWTH



12. RESPONSIBLE CONSUMPTION AND PRODUCTION



16. PEACE, JUSTICE AND STRONG INSTITUTIONS

SUPPLIER DISTRIBUTION BY COUNTRY OF ORIGIN	TERNA ENERGY GROUP	
	VALUE OF SUPPLIES (€ THOUSAND)	NUMBER OF SUPPLIERS
Greece	141,330	1,288
USA	170,080	169
Germany	1,695	17
Spain	33,590	5
Bulgaria	10,167	41
Italy	712	6
Cyprus	321	8
Russia	2,117	11
Poland	2,497	97
FYROM	2,187	6
Belgium	67	4
Great Britain	404	17
France	38	3
Netherlands	1	1
Austria	239	3
Ireland	224	2
Czech Republic	301	2
Turkey	279	1
Slovakia	190	1
Denmark	219	8
Switzerland	70	1
South Korea	41	1
Norway	18	1
Israel	9	1
Portugal	6	1
Sweden	2	1
Bosnia and Herzegovina	1	1
TOTAL	366,805	1,697



## 7.1 Evaluation and Selection Process

In order to procure any material or service, the Group receives and evaluates offers from interested partners and suppliers. If deemed necessary - or the specifications or requirements it has set are not satisfied - it initiates a market research process. In cases of large investments, procurement committees are set up in order to select the most appropriate supplier.

As a responsible corporate citizen, TERNAL ENERGY respects the principles on the protection of human rights agreed upon at international level and seeks to implement them throughout its operations. Compliance with these principles and with specific certified systems where necessary, is a prerequisite for any partnership.

**The evaluation criteria include:**

- general information (specialisation, prior relationship, reputation, clientele, location)
- data concerning facilities and/or equipment (safety, systems, size)
- quality of products or services provided (certifications, schedules, procedures, insurance)
- cost and pricing terms (transparency, billing)
- strategy and development data (innovation, organisation methods)

### 7.1.1 Health and Safety in the Supply Chain

TERNAL ENERGY ensures Health and Safety both for its own employees and for those of its sub-contractors and/or third parties working on the Group's account. In order to safeguard Health and Safety, every contract concluded between the Group and sub-contractors and/or associates include clauses concerning strict observance of labour legislation and compliance with the regulatory framework governing occupational Health and Safety.

**Sub-contractor obligations**

In order to contribute towards achieving the goal of zero accidents, sub-contractors must accept and comply with a number of obligations concerning the safety of employees and facilities, as well as the safety of other employees not under their jurisdiction.

These obligations are:

- cooperation with and provision of all relevant information to TERNAL ENERGY
- purchase and application of all individual and collective protection measures, means and systems required, as well as effective oversight of use and application
- application of safe working rules and methods and legislative requirements by every employee and sub-contractor
- immediate take of corrective actions
- immediate removal of equipment and materials not in use from worksites
- cleanliness of sites, removal of waste in an environmentally friendly manner in cooperation with certified waste management companies
- detailed recording of every potential risk and notification of TERNAL ENERGY
- immediate notification of the authorities (Occupational Hazard Prevention Centre (KEPEK), Police Precinct, Insurance Agency of injured party), own employees and employees of sub-contractors
- facilitation during any safety audit, inquiry or inspection
- participation of employees in training on protective and preventive measures for occupational Health and Safety

### 7.1.2 Environmental Protection along the Supply Chain

When implementing a sustainable supply chain model, account must be taken of the environmental impact of the projects and the supply chain in its entirety. As per the Group's strategy, TERNAL ENERGY makes a conscious effort to minimise the impact of its activity on the natural environment. Consequently, compliance with certified Environmental Management Systems is an additional criterion when evaluating and selecting suppliers and associates. Moreover, in special cases - such as in the case of waste management companies - compliance with a certified Environmental Management System is a prerequisite. The selection of partners seated in the vicinity of the projects being implemented also helps reduce the overall environmental impact.

7.2 Creating Value in the Supply Chain

INTERNATIONAL ACTIVITIES SUPPLIERS BY GEOGRAPHIC AREA	TERNAL ENERGY GROUP	
	Value of Supplies (€ thousand)	Number of Suppliers
Local suppliers	228,736	1,240
National suppliers	80,118	308
International suppliers	54,805	133
Affiliated companies	3,147	16
TOTAL	366,805	1,697

GREEK ACTIVITIES SUPPLIERS BY GEOGRAPHIC AREA	TERNAL ENERGY GROUP	
	Value of Supplies (€ thousand)	Number of Suppliers
Local suppliers	50,689	930
National suppliers	80,118	308
International suppliers	7,395	35
Affiliated companies	3,130	15
TOTAL	141,330	1,288

\*Affiliated companies for TERNAL ENERGY Group are its joint ventures and associated companies consolidated using the equity method.

7.3 Project Quality

TERNAL ENERGY fully complies with national and European legislation as well as international protocols for the planning and manufacture of its projects and services. Strict criteria, tracking methods and specifications are also set regarding the qualitative characteristics of suppliers. Additionally, the strict implementation of the Group’s Quality Management System according to ISO 9001 for each service and / or project, ensures quality at every stage of the process until completion. The main objective of the Group is to improve its overall performance and establish a robust foundation for long-term Sustainable Development.

7.4 Responsible Communication

As part of its strategy, TERNAL ENERGY strives for objective, reliable and responsible communication with all stakeholders.

The Group applies communication and marketing plans that respect responsible entrepreneurship, while complying with strict rules of self-imposed commitments to ethical values for every PR or promotional action. More specifically, the Group’s Code of Conduct reflects and augments these fundamental principles, creating an agreed-upon, transparent framework of operation and conduct for all the companies of the Group.

# 08

## ENVIRONMENTAL PROTECTION

The very activity of TERNA ENERGY substantially contributes to the promotion of green energy, the creation of a model based on clean energy and, ultimately, the utilisation of a modern Sustainable Development model.

### 8.1 Green Energy at the Heart of our Operations

RES facilities generate clean energy with a very small environmental footprint and significant advantages for the environment, the economy and society. In accordance with Global Goal 7, TERNA ENERGY facilitates access to clean energy and energy research and promotes RES, energy efficiency and, ultimately, independence from fossil fuels.

In 2017, the Group's RES plants in the countries where it operates produced a total of 2,088,255 MWh of electricity, thus preventing the emission of about 1,533,119 tonnes of CO2 into the atmosphere that would have occurred if the energy had not been generated from renewable energy sources.

The Group fully complies with regulatory and other requirements on environmental protection issues. It systematically monitors all developments concerning environmental legislation and immediately adapts to new conditions.

ALIGNMENT WITH THE SDGS:



7. CLEAN AND AFFORDABLE ENERGY

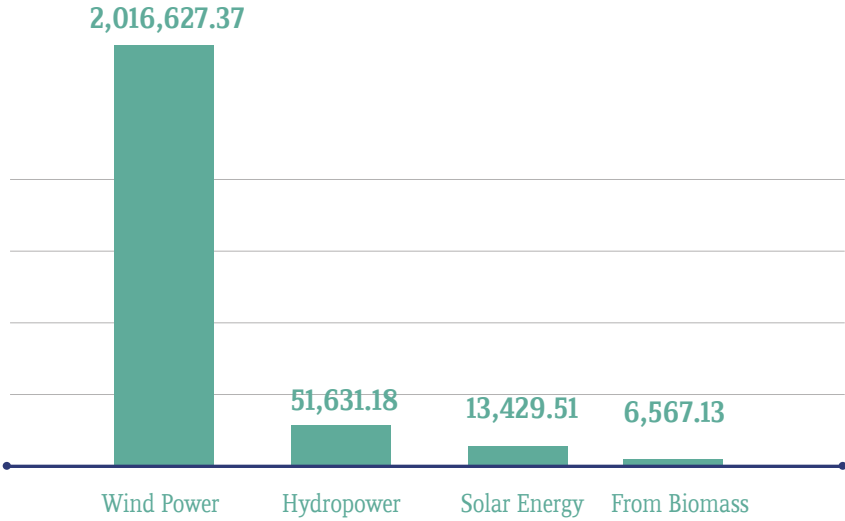


9. INDUSTRY, INNOVATION AND INFRASTRUCTURE



13. CLIMATE ACTION

ENERGY PRODUCTION (MWH)

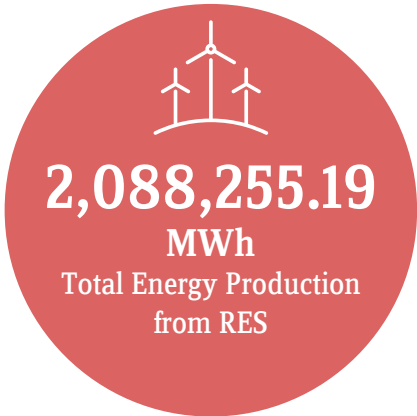


### 8.2 Environmental Strategy

Aiming at protecting the environment, TERNA ENERGY Group continuously seeks to improve its environmental behaviour and performance, having acknowledged the impact of its operation on the natural environment.

In this context, the Group has planned and is implementing a strategy focused on protecting the environment and reducing its environmental footprint. Furthermore, the Group applies an Environmental Management System certified under ISO14001. The specific policies, procedures and Environmental Management plans in place for each project, include measures for protecting the air, water, soil, natural resources, flora, fauna and people, as well as the interactions among them. On this basis, the Group carries out activities aiming at:

- full compliance with regulatory and other requirements related to environmental protection
- systematic monitoring of all developments in the field of environmental legislation, with immediate incorporation of any new conditions in its operations
- discharge of any legal or other obligations related to environmental protection
- Prevention as well as identification, assessment and mitigation of the environmental impacts associated with its operations
- sufficient training of its employees on environmental protection issues
- effective management of any hazardous waste generated





- saving natural resources through the re-use and recycling of materials
- prudent use of energy in all its activities
- safeguarding its employees, society at large and the environment wherever it operates to the greatest extent possible through the
- application of safe procedures, innovative technologies and best practices during its operations
- commitment and active engagement of all its stakeholders in environmental protection issues
- application of environmentally friendly methods and technologies
- cooperation with environmental bodies and services for environmental protection
- continuous improvement of its performance with respect to environmental issues on the basis of the Environmental Management System applied by the Group

8.2.1 Environmental Management System

Aiming to minimise adverse environmental impacts and maximise positive ones, TERNAL ENERGY implements an Environmental Management System certified according to the requirements of the International Standard ISO 14001. The activities of the Group are largely based on this system and the Group systematically effects improvements and upgrades, in order to enhance its performance in terms of environmental protection issues.

8.2.2 Environmental Protection Audits

Both annually and at regular intervals during the year, the Group carries out environmental audits to ensure its compliance with legislation, protocols and work practices, the requirements of the International Standard ISO 14001 and verify the extent of their implementation. Environmental audits are carried out by the company’s Environmental Division and by an external body which identify points to be improved and recommend corrective and preventive actions. In 2017, a total of 2 internal environmental audits and 1 inspection by a certification body were carried out.



ISO 14001  
Certified Environmental  
System Management



Environmental  
Audits  
2 Internal Audits  
1 Audit by external  
certification body

8.2.3 Environmental Protection Training  
Programmes

TERNAL ENERGY carries out an environmental training programme for all its employees and/or associates on an annual basis. These training programmes aim at providing employees with sufficient knowledge and information and mobilising them with respect to environmental issues.

TRAINING TOPICS	PARTICIPANTS	HOURS
Environmental policy and Environmental Management System	16	34
Fire safety	14	28
Management of hazardous waste	11	31
Proper use of equipment	6	24
Management of non - hazardous waste	2	6
Total	49	123

ENERGY COSUMPTION (KWH)	TERNAL ENERGY GROUP
Electricity consumption	3,781,920.8

WATER CONSUMPTION (LITRES)	TERNAL ENERGY GROUP
National water supply network	3,279

HAZARDOUS WASTE		
WASTE CATEGORY	TYPE OF WASTE	TERNA ENERGY GROUP
Lubricants (Litres)	Liquid	19,643.8
Used tires (pieces)	Solid	4
Light bulbs (Kg)	Solid	16.0
Oil filters (Kg)	Solid	2,616.6
Plastic contaminated packaging (Kg)	Solid	4,354.9
Contaminated absorbent materials (Kg)	Solid	11,812.8
Batteries (Kg)	Solid	3,274
Toners (pieces)	Solid	240
NON-HAZARDOUS WASTE		
WASTE CATEGORY	TYPE OF WASTE	TERNA ENERGY GROUP
Paper (Kg)	Solid	1,721
Electrical scrap (Kg)	Solid	4,760
Iron scrap (Kg)	Solid	9,265
Urban waste (Kg)	Solid	17,453
Plastic scrap (Kg)	Solid	225
Copper (Kg)	Solid	370
Cables (Kg)	Solid	700

The stated quantities are from licenced partners for waste management and recycling.

8.3 Management of Materials and Supplies

TERNA ENERGY’s commitment to environmental protection requires rational management of the raw materials and supplies it uses to cover the needs of its entire business operation. The company manages the raw materials it requires in the most efficient way possible and, where feasible, ensures that materials are re-used, while systematically increasing the volume of materials recycled.

The Group’s waste management policy clearly aims at reducing the volume of waste generated and achieving suitable disposal with minimally adverse effects. The management of both hazardous and non-hazardous waste has been assigned to duly licensed companies.

8.4 Protecting Biodiversity

TERNA ENERGY prioritises the safeguarding of ecosystems and takes all the measures necessary to protect biodiversity in the areas where it operates. An Environmental Impact Assessment is prepared for every project and the Group strictly complies with the applicable Environmental Terms in order to ensure compatibility with the biodiversity objectives of the EU and the National Environmental Policy.

It should be noted that certain of the Group’s activities carried out in sensitive and protected areas (Natura 2000) require additional, specialised documentation of environmental impact, which is always included in all Environmental Impact Assessments prepared. The Group also carries out site suitability checks, always aiming at producing clean energy with the least disturbance possible. It is noted that no need for any habitats’ relocation has arisen to date.

8.4.1 Management of Fauna

In collaboration with specialised researchers and bodies, TERNA ENERGY systematically examines and assesses the impact of its operations, including the impact on fauna, in order to minimise it.

As regards the impact of wind farms on birds and bats, the Group examines a comprehensive set of factors including meticulous checks during siting and while the environmental impact assessment studies of wind farms are being prepared as well as a post construction mitigation monitoring program in order to prevent any negative impact to the avifauna (birds and bats) and its habitat.

For each project implemented, the Group examines its potential impact on avifauna and the effect of wind turbines on wildlife. In any event, the Group aims at open consultations with the local community and close cooperation with Non-Governmental Organisations specialising in fauna.

8.5 Investments for the Environment

ENVIRONMENTAL INVESTMENTS		
INVESTMENT TYPES	INVESTMENT CATEGORIES	INVESTMENTS (IN €)
Waste disposal, emission treatment and restoration	Waste management and disposal	44,605
	Insurance for environmental responsibility	373,948
Prevention and environmental management	External environmental management services and certification of management systems	1,116
	Additional investments for installing cleaner technology (e.g. extra costs beyond standard technology)	5,992
	Environmental measurement expenditures	2,356
	Planting & area restoration	3,150
	Environmental monitoring activities (laboratories, instruments, measurements, etc.)	1,800
TOTAL		432,967



BIOGAS PLANT, ADENDRO, PREFECTURE OF CENTRAL MACEDONIA



# 09

## SUPPORTING LOCAL COMMUNITIES

TERNA ENERGY seeks to achieve business excellence and makes systematic efforts to create a positive impact in all areas where it operates. The Group plays an active role in local communities and contributes to their economy and growth. It works closely with local communities, creates jobs, supports local suppliers, aids associations, bodies and organisations, and takes initiatives that promote responsible growth.

ALIGNMENT WITH THE SDGS:



9. INDUSTRY, INNOVATION AND INFRASTRUCTURE



11. SUSTAINABLE CITIES AND COMMUNITIES



13. CLIMATE ACTION

ANNUAL CONTRIBUTION TO SOCIAL GROWTH - “SOCIAL PRODUCT”	INVESTMENT (IN EUR THOUSANDS)
Payments to suppliers (consolidated amounts after elimination of intra-group trans- actions with no withholding taxes (VAT, sales tax etc.) with cost of materials)	385,918
Salaries and employee benefits (including social security contributions)	17,637
Total taxes paid	51,400
Payments to capital providers	47,091
Donations / Grants to local communities (Amounts with no withholding taxes (VAT, sales tax etc.)	81
TOTAL	502,127

### 9.1 Contributing to Local Development

TERNA ENERGY’s activities are based on interaction and cooperation with local communities, local authorities and municipalities. In the local communities where it is active, the Group has established long-lasting re- lationships of trust based on honesty, ethics, two-way dialogue and open and ongoing communication.

The Group is committed to responsible business operations and seeks the assent of local communities and the greatest possible cooperation with them, with a view to mutual benefit and creation of value. The nature of its activity - the utilisation of renewable energy sources - has significant positive effects on the environment, the economy and society, and decisively contributes towards the creation of a sustainable energy future.

In order to implement any project, the Group prepares the necessary Environmental Impact Assessments and strictly applies the applicable Environmental Terms, thus ensuring that clean energy is produced having the least negative impact on local communities.

#### 9.1.1 Job Creation

TERNA ENERGY contributes to employment growth in the areas where it operates. During the construction of each project, the Group creates new jobs that are largely covered by local community residents. At the same time, its activities indirectly boost local economies.

#### 9.1.2 Supporting Local Suppliers

TERNA ENERGY Group supports local communities and substantially contributes to their economy and growth. In this context and taking account of the needs of each project, the Group assigns a considerable part of its procurements to local suppliers.

In 2017, the Group collaborated with 1,288 Greek suppliers (out of a total of 1,697 suppliers), with transactions amounting to €141,330 thousand (out of a total of €366,805 thousand).

#### 9.1.3 Offset Benefits

In the context of the operation of its RES plants, TERNA ENERGY contributes 3% of its gross annual revenue from the operation of each RES project to local communities, either directly (in the form of contributions) or indirectly (in the form of discounts on electricity bills, construction of infrastructure projects, etc.). Of this percentage, 1.7% is contributed through LAGIE (Hellenic Electricity Market Operator) and DEDDIE (Hellenic Electricity Distribution Network Operator) to the Municipalities where the Group’s projects are located.

In 2017, TERNA ENERGY Group contributed €2,120,208 to the Municipalities where it operates.





9.2 Infrastructure Projects

TERNAL ENERGY Group provides substantial support to Greek rural areas, implementing a number of actions with direct, visible and substantial results.

The value of the construction projects and interventions implemented at local level by TERNAL ENERGY in 2017 amounted to €487,000.

The projects were implemented in areas where Group operations are located and aim at improving the everyday life of the local communities.



€487,000  
Infrastructure Projects

9.3 Social Contribution

Through specific innovations and activities, TERNAL ENERGY aims at returning value back to society. In 2017, the Group implemented a particularly ambitious programme, contributing the amount of €81,420.

This amount concerned:

- support for cultural events such as the Athens & Epidaurus Festival and local festivals
- support for local athletic clubs and sports events
- financial support of NGOs and State Bodies focusing on improving the quality of life of vulnerable social groups (act4Greece school meal programme, local NGOs in areas where we carry out activities) and targeted donations the Hellenic Police and the Fire Service

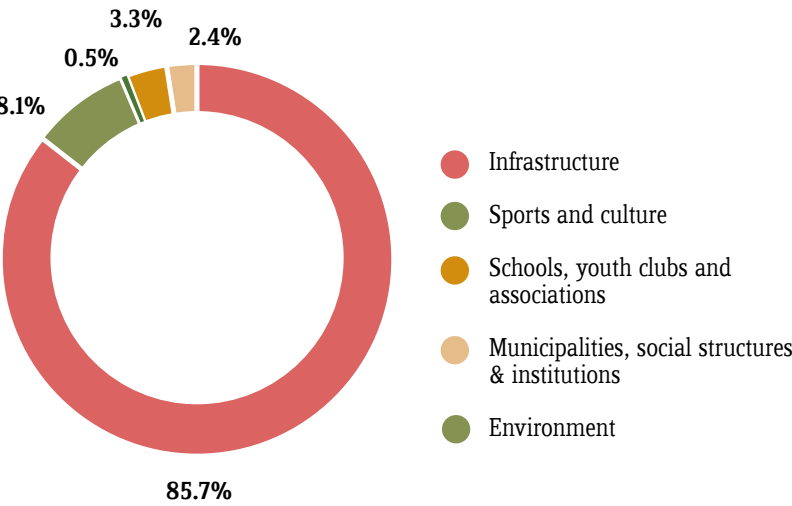


€81,420  
Social contribution

Furthermore, as an active member of the local communities where it operates, the Group provides assistance to local authorities and services during emergencies.

IN-KIND SUPPORT, FINANCIAL SUPPORT AND DONATIONS (IN €)	SUPPORT (IN €)
Sports and culture	46,320
Environment	3,000
Schools, youth clubs and associations	18,500
Municipalities, social structures & institutions	13,600
Total	81,420

Social Contribution and Infrastructure



School Visits to Wind Farms

Preserving natural resources for the next generations is a key part of the Group’s social role. Understanding the importance of generating energy from RES has been acknowledged as a key factor for reducing climate change. In order to help children better understand the role of RES, the operation of wind farms and their positive impact on the environment, as well as the social and economic implications of their operation, the Group is organising educational visits to specific RES sites.

This initiative has tremendous social importance, as it fosters modern beliefs and views in younger generations concerning the value of RES, supporting the Green Economy and contributes to environmental literacy.



€568,420  
Social contributions  
and infrastructure  
projects

# 10

## GOALS

PILLARS	GOALS 2017	PROGRESS 2017	GOALS 2018	SUSTAINABLE DEVELOPMENT GOALS
Corporate Governance	• Improve the Sustainability Report, by further reporting and covering more indicators.	✓	Continue to improve data collection process and Reporting	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	• Development of Code of Conduct and Ethics	✓		16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Local Communities	Educational campaigns in local communities and schools on the benefits of RES	✓	Continue school visits to wind farms	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
				11 SUSTAINABLE CITIES AND COMMUNITIES
				13 CLIMATE ACTION
Environment	• Training to address emergencies	✓	Upgrade the Environmental Management System based on the requirements of the new version of ISO 14001: 2015	7 CLEAN AND AFFORDABLE ENERGY
	• Conduct of at least one environmental audit per project	✓		9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	• Corrective actions for all possible environmental non-compliance by external bodies	✓		13 CLIMATE ACTION
	• Ensure that no serious environmental incident occurs	✓		13 CLIMATE ACTION

PILLARS	GOALS 2017	PROGRESS 2017	GOALS 2018	SUSTAINABLE DEVELOPMENT GOALS
Health and Safety	• No fatal accident occurs throughout the year	✓	• Certification of all Personal Protective Equipment used for certain purposes	8 DECENT WORK AND ECONOMIC GROWTH
	• No incidents of non-compliance with health and safety legislation based on third body audits (zero non-compliance indicator)	✓	• No fatal accident throughout the year	8 DECENT WORK AND ECONOMIC GROWTH
	• Maintain and expand the occupational Health and Safety training for employees, executives and security technicians of the Group	✓	• No incidents of non-compliance with health and safety legislation based on third body audits (zero non-compliance)	
Employees	Perform medical check -ups for all employees at the company's projects	✓	Continue Health and Safety programs and initiatives according to plan	8 DECENT WORK AND ECONOMIC GROWTH
Operation and suppliers	• Transition to the new version of the ISO 9001:2015 Environmental Management System and secure certification	✓	Maintain certifications	8 DECENT WORK AND ECONOMIC GROWTH
	• Inform supplier groups on sustainability issues			12 RESPONSIBLE CONSUMPTION AND PRODUCTION
				13 CLIMATE ACTION
				16 PEACE, JUSTICE AND STRONG INSTITUTIONS

# 11

## ABOUT THE REPORT

The 2017 Corporate Responsibility Report is the 4th annual report of TERNA ENERGY Group.

The report refers to the year 2017, from 1/1/2017 - 31/12/2017. It has been prepared in accordance with the Global Reporting Initiative, “The GRI Standards”: Core option.

The aim of the Report is to present the activities of TERNA ENERGY Group, the strategic direction, priorities, policies, procedures and methods of management organization as well as the achievements during 2017. It describes the risks and opportunities, the impacts of its business decisions, the activities it implements and their outputs.

The annual Corporate Responsibility Report is an important tool for communication with the stakeholders, as well as an opportunity for continuous improvement.

### Key pillars of the Report:

- Environment
- Market
- Society
- Employees
- Health and Safety

The consolidated figures of TERNA ENERGY refer to the legal entities of as per the 2017 Annual Financial Report (<http://www.terna-energy.com/en/investor-relations/financial-statements/>)

The Group has not externally verified the 2017 Corporate Responsibility Report.

### Project Team

The development of the Report requires the ongoing support of TERNA ENERGY’s executives in order to effectively cover all issues related to Corporate Responsibility.

#### • Coordination:

Corporate Communication, Marketing & CSR Department

#### • Divisions/Departments:

Health, Safety & Environment

Quality

Supply chain

Finance

### Support

The development of the Corporate Responsibility Report was supported by Sustainability Knowledge Group ([www.sustainabilityknowledgegroup.com](http://www.sustainabilityknowledgegroup.com))

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# 12

## GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	OMISSION
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	Organisational Profile		
	102-1 Name of the organization	10	
	102-2 Activities, brands, products, and services	10, 11	
	102-3 Location of headquarters	77	
	102-4 Location of operations	14, 15	
	102-5 Ownership and legal form	18	
	102-6 Markets served	14-16	
	102-7 Scale of the organization	14-20, 42, 43	
	102-8 Information on employees and other workers	42-46	
	102-9 Supply chain	56-60	
	102-10 Significant changes to the organization and its supply chain	No significant changes	
	102-11 Precautionary Principle or approach	22-26, 28	
	102-12 External initiatives	40, 41	
	102-13 Membership of associations	20	
	Strategy		
	102-14 Statement from senior decision-maker	6, 7	
	Ethics and Integrity		
	102-16 Values, principles, standards, and norms of behavior	26 <a href="http://www.terna-energy.com/en/company/code-of-conduct/">http://www.terna-energy.com/en/company/code-of-conduct/</a>	
	Governance		
	102-18 Governance structure	22-26	
	Stakeholder Engagement		
	102-40 List of stakeholder groups	33	
	102-41 Collective bargaining agreements	42, 43	
	102-42 Identifying and selecting stakeholders	32-35	
	102-43 Approach to stakeholder engagement	32-39	

GRI 102: General Disclosures 2016	102-44 Key topics and concerns raised	33	
	Reporting Practice		
	102-45 Entities included in the consolidated financial statements	76, <a href="http://www.terna-energy.com/en/investor-relations/financial-statements/">http://www.terna-energy.com/en/investor-relations/financial-statements/</a>	
	102-46 Defining report content and topic Boundaries	37	
	102-47 List of material topics	35-37	
	102-48 Restatements of information	No restatements of information	
	102-49 Changes in reporting	No changes in reporting	
	102-50 Reporting period	76	
	102-51 Date of most recent report	76	
	102-52 Reporting cycle	76	
	102-53 Contact point for questions regarding the report	77	
	102-54 Claims of reporting in accordance with the GRI Standards	76	
	102-55 GRI content index	78-81	
	102-56 External assurance	76	
Material Topics			
Economic Performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32-39	
	103-2 The management approach and its components	38, 74, 75	
	103-3 Evaluation of the management approach	38	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	16-18	
	201-2 Financial implications and other risks and opportunities due to climate change	24, 25, 28-30, 40, 41	
	201-3 Defined benefit plan obligations and other retirement plans	43, 46 No retirement plan	
	201-4 Financial assistance received from government	<a href="http://www.terna-energy.com/en/investor-relations/financial-statements/">http://www.terna-energy.com/en/investor-relations/financial-statements/</a>	
Anti-competitive Behavior			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32-39	
	103-2 The management approach and its components	26, 38, 74, 75	
	103-3 Evaluation of the management approach	22-25, 38	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal actions	
Biodiversity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32-39	
	103-2 he management approach and its components	38, 63, 64, 68, 74, 75	
	103-3 Evaluation of the management approach	38, 63, 64	



GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	67	
	304-2 Significant impacts of activities, products, and services on biodiversity	67	
	304-3 Habitats protected or restored	67	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	67	
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.	67-68	
Environmental Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32-39	
	103-2 The management approach and its components	38, 63, 64, 68, 74, 75	
	103-3 Evaluation of the management approach	38	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Zero Non-compliance incidents	
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32-39	
	103-2 The management approach and its components	38, 42-46, 48-51, 74, 75	
	103-3 Evaluation of the management approach	38, 42, 48-50, 53	
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	All employees are represented by the Health and Safety Department and Human Resources Department	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	53	
	403-3 Workers with high incidence or high risk of diseases related to their occupation	48-54	
Training and Education			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32-39	
	103-2 The management approach and its components	38, 42, 74, 75	
	103-3 Evaluation of the management approach	38	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	45	
Local Communities			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32-39	
	103-2 The management approach and its components	38, 70-75	
	103-3 Evaluation of the management approach	38, 70-73	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	60, 70-73	
	413-2 Operations with significant actual and potential negative impacts on local communities	60, 70-73	

Customer Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32-39	
	103-2 The management approach and its components	38, 74, 75	
	103-3 Evaluation of the management approach	38	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	31, 48-54	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents	
Marketing and Labeling			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32-39	
	103-2 The management approach and its components	38, 74, 75	
	103-3 Evaluation of the management approach	38	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	31, 61	
	417-2 Incidents of non-compliance concerning product and service information and labeling	No incidents	
	417-3 Incidents of non-compliance concerning marketing communications	No incidents	
Socioeconomic Compliance			
GRI 103: Management Approach 2016	03-1 Explanation of the material topic and its Boundary	32-39	
	103-2 The management approach and its components	38, 74, 75	
	103-3 Evaluation of the management approaching	38	
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	No incidents	
Planning and Response to Disasters and Emergency Situations			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32-39	
	103-2 The management approach and its components	38, 70-75	
	103-3 Evaluation of the management approach	38, 70	
	Planning and Response to Disasters and Emergency Situations	51	



**CORPORATE  
RESPONSIBILITY  
REPORT**

**2017**

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