



SUSTAINABLE DEVELOPMENT REPORT 2019

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WE INVEST IN GREECE WE INVEST IN THE FUTURE

2019

Wind energy projects
Hydroelectric projects
Pumped storage projects
Hybrid projects
Solar energy projects
Biogas & waste management projects

TERN A ENERGY, a member of GEK TERN A Group, holds a leading position in the clean energy market. With a strong portfolio of almost 2,000 MW of projects (installed or under construction) and over 2 billion euros in assets, TERN A ENERGY is the largest investor in the RES in Greece and the biggest Greek company in the industry worldwide, with a presence in the USA and Southeastern Europe.

Constantly oriented towards investments in green energy, TERN A ENERGY continues its dynamic growth with new investments of more than 1.7 billion euros in clean energy production and storage projects as well as environmental and waste management projects.

In our 20 years of activity, guided by our vision for Sustainable Development, we contribute to the increase of RES usage and realize innovative projects for the protection of our environment and society.

TERN A ENERGY S.A.
Sustainable Development Report 2019

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Message from the CEO

We are delighted and honored to present TERNA ENERGY Group's 2019 Sustainable Development Report for the sixth consecutive year. The Report has been prepared in accordance with the new sustainability reporting standards (GRI Standards) and represents the value we create for our stakeholders and our effort to help address critical current issues such as climate change.

Responding to the challenges of our times

Following a period of general optimism for our country's recent recovery from the painful effects of the multi-year crisis, this year we were faced with the unexpected predicament of Covid-19, which was and continues to be a challenge for both society and the economy on a global level. With the health and safety of its employees and partners internationally as its priority, our Group took all the necessary actions to ensure them, while also ensuring its smooth operation.

These actions, together with the areas in which we are active, the positive financials of RES electricity generation, our international presence and our financial fundamentals, allow us a cautious optimism. I would like to emphasize the importance for our country to continue its shift towards a greener, more sustainable growth model not only for environmental

and social reasons, but also for purely economic ones, as the effects of the pandemic crisis may prove to be modest or even temporary compared to those estimated to be caused by climate change.

Achieving our goals

Looking back to 2019, the Group continued to constitute a key pillar of economic growth, employment stimulation and support for the Greek society.

The year 2019 was a milestone for the Group's presence in the Greek stock market with the issuance of the first green bond in the Greek market to receive certification by the international organization Climate Bonds Initiative. The success of the first certified green bond is a valid testimony of the investment community's awareness and shift towards investments involving respect for the environment and Sustainable Development principles.

Successful continuation of the Group's investment program resulted in an increase of all its financial fundamentals and installed capacity. More specifically, in 2019, our financial figures continued their upward trend with the consolidated sales increased by 2.4% compared to the previous year and the total earnings

before interest, tax, depreciation and amortization results (EBITDA) increased by 8.4% compared to 2018. At the same time, with a portfolio of 1,386.5 MWh total capacity of projects, in operation or under construction, the Group approaches achieving earlier than originally announced its target of 2,000 MW of projects in operation in all our countries of activity.

Implementing Sustainable Development principles

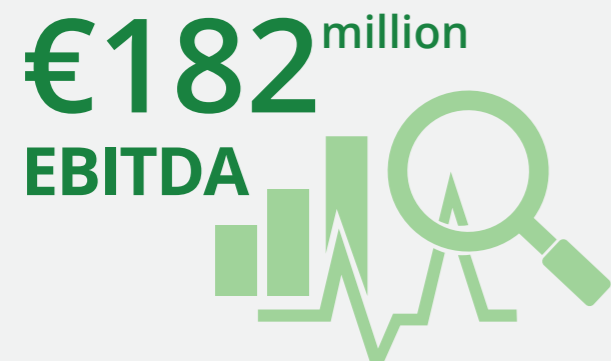
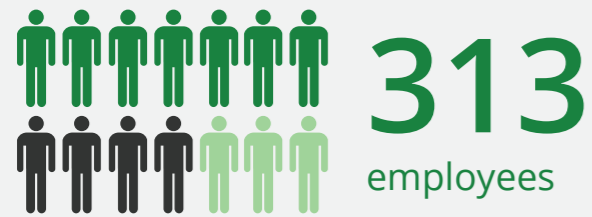
The climate change risks have made it abundantly clear that Sustainable Development and clean energy are the only way forward. For more than 20 years, we have been investing systematically in the Greek RES market. We are pioneers in clean energy production and the fight against climate change, constantly seeking with our investments the fastest and largest possible penetration of RES in the Greek energy market. Therefore, our active contribution to creating a sustainable energy future, the increase of the Renewable Energy Sources and the country's independence from imported fossil fuels are at the heart of our strategy. At the same time, by maintaining our financial and operational excellence, we continue to generate new jobs, thus supporting employment and growth nationally, and support our local communities.

Our vision as well as our policies, procedures, actions and performance for the year 2019 are reflected in more detail in the following pages.

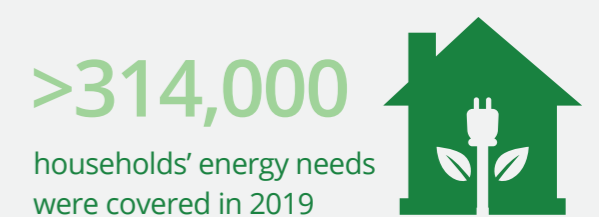
EMMANOUEL MARAGOUDAKIS
CEO TERNA ENERGY



The past year



Disclosure of the Remuneration Policy



Getting to know TERNA ENERGY

TERNA ENERGY Industrial Commercial Technical Company (hereinafter the "Group" or "TERNA ENERGY" or "company") is the largest Greek vertically integrated company in the field of Renewable Energy Sources (RES), active in the development, construction, financing and operating RES projects in eight countries, but also in waste management and energy production from waste.

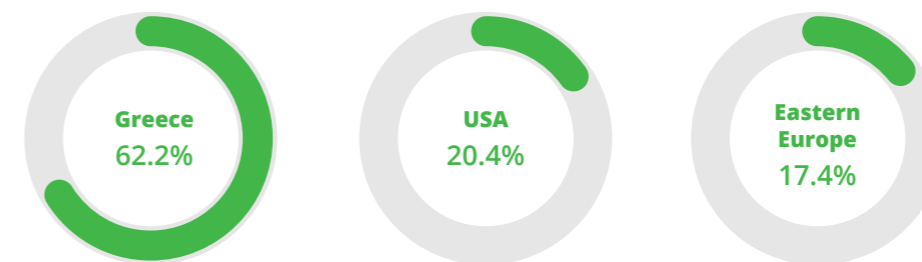
Our business scope includes a wide range of RES technologies and constructing and operating wind parks, hydroelectric projects, pumped storage projects, hybrid stations and photovoltaics, as well as undertaking integrated waste management and electric or thermal power generation projects, biofuels production, soil conditioners and other products. In 2019, our activity, including electricity trading, expanded in Greece, the United States

of America, Bulgaria, North Macedonia, Poland, Serbia and Albania.

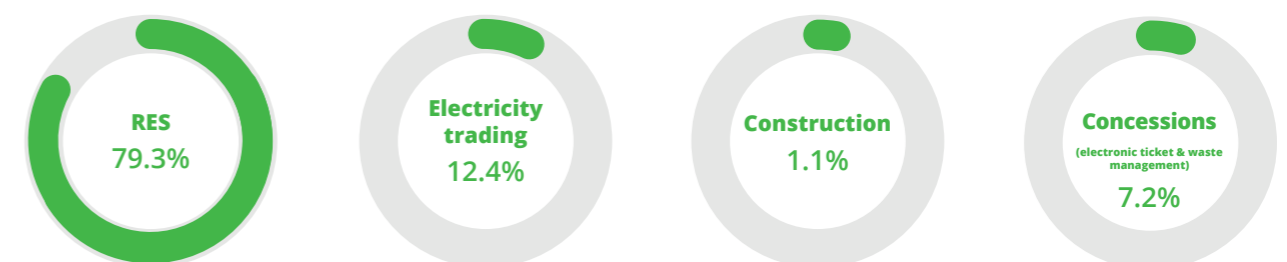
By the end of 2019, we had in operation (maximum delivered) power of 1,361.9 MW and installed power of 1,386.5 MW in Greece and abroad. Specifically, we had installed 606.4 MW in Greece, 648 MW in the US and 132 MW in Central and Eastern Europe. In addition, we have under construction or ready for construction RES facilities with a total capacity of 122 MW in Greece.

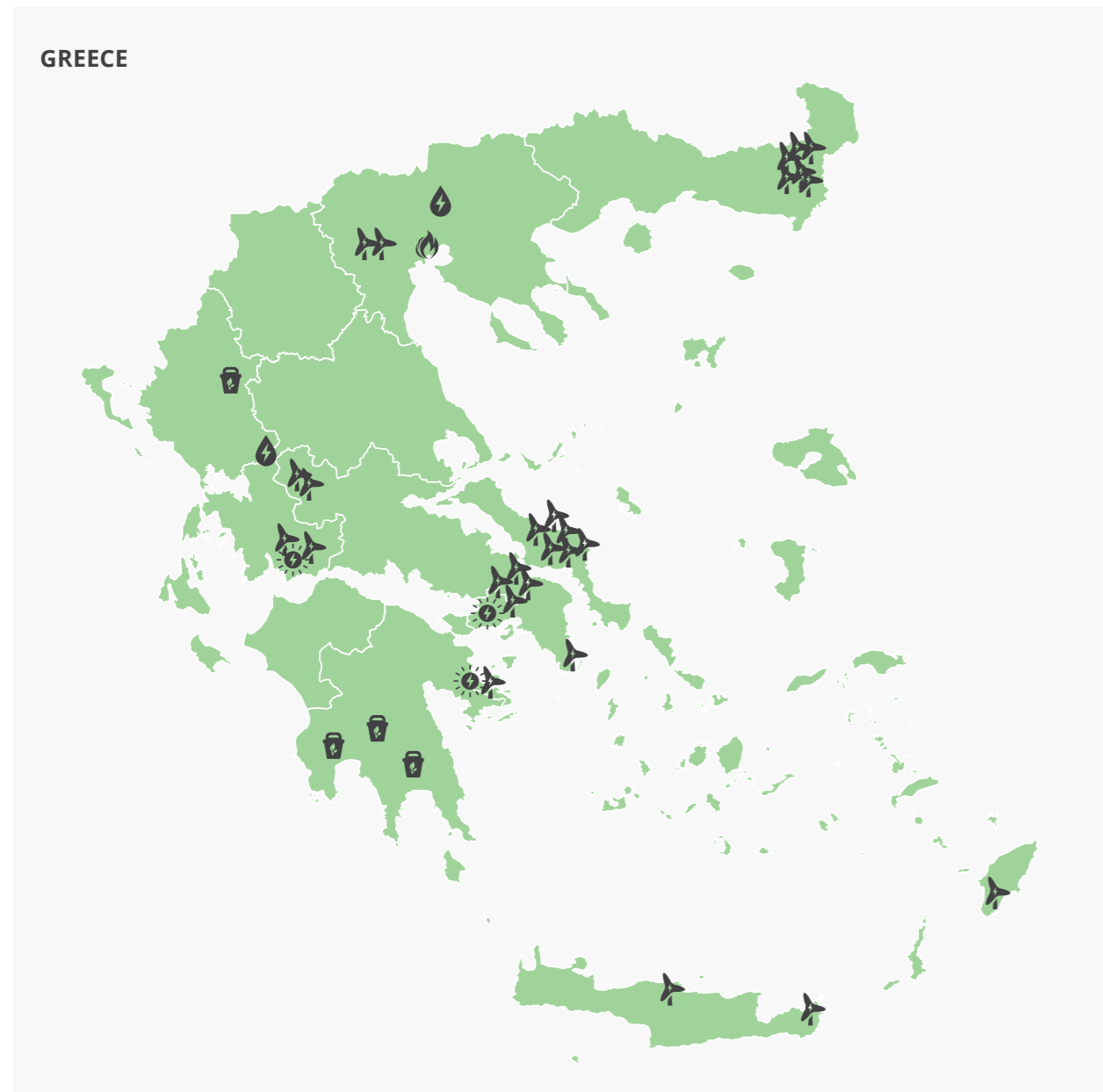
Our business activity is characterized by a sound economic structure, strong specialization and expertise, full adoption of quality assurance procedures and in-depth knowledge of the international institutional, economic and business environment.

Percentage of sales by geographic area



Percentage of sales by activity





Wind energy
 Hydroelectric projects
 Solar energy





















| Areas | Project type | Capacity (MW)* |
|-------------------------------------|------------------------|----------------|
| Greece | | 759.786 |
| EUVOIA SPECIAL PROJECT | | 121 |
| GKOURI | | 33 |
| DERVENI | | 24 |
| DIDIMOS LOFOS | | 26 |
| ERESSOU YPSOMA- FOURKA | | 37.8 |
| KREKEZA | | 30 |
| LEUKES-KERASIA | | 8.4 |
| LONGAKIA | | 20 |
| LOUZES | | 24 |
| MAVROVOUNI (1) | | 19.55 |
| MAYROVOUNI (2) | | 10 |
| MAVROPLAGIA- KASTRO | | 17.2 |
| MOUNGOULIOS | | 16.5 |
| MYTOULA | | 38 |
| NISOS AGIOS GEORGIOS | | 73.2 |
| KSYROVOUNI | Wind energy | 7.5 |
| PERDIKOKORYFI | | 14.45 |
| PLAGIA PSILOMA | | 14.9 |
| PROFITIS ILIAS | | 11.22 |
| PYRGARI | | 6.75 |
| RACHOULA (1) | | 30 |
| RACHOULA(2) | | 8 |
| RACHOULA (3) | | 6.6 |
| RHODES | | 20.7 |
| SERVOUNI | | 18.9 |
| SKOPIA | | 20 |
| TARATSA | | 30 |
| TSILIKOKA | | 11.22 |
| TSOUKA TSOUNKARI | | 12 |
| CHYLOS | | 12.5 |
| CHONOS | | 5.1 |
| DAFNOZONARA | Hydroelectric projects | 11.2 |
| ELEOUSA | | 6.6 |
| LOUZES (PV) | Solar energy | 1.05 |
| VATHYCHORI STATION I | | 5.99 |
| VATHICHORI STATION II | | 1.496 |
| ADENDRO | Biogas | 1.00 |
| EPIRUS WASTE MANAGEMENT PROJECT | Waste management | 1.56 |
| PELOPONESE WASTE MANAGEMENT PROJECT | | 2.40 |
| USA | | 651.4 |
| BEARKAT | | 200 |
| FLUVANNA 1 | Wind energy | 155.4 |
| FLUVANNA 2 | | 158 |
| MOUNTAIN AIR PROJECT | | 138 |
| Poland | | 102.0 |
| CHELMZA | | 4.0 |
| CHOJNICE | | 6.0 |
| CZARNOZYLY | | 16.0 |
| GORZKOWICE | | 12.0 |
| KRZYKANOW | Wind energy | 20.0 |
| MAKOW | | 12.0 |
| NASIELSK | | 10.0 |
| SIERADZ | | 8.0 |
| SZADEK | | 8.0 |
| TUCHOLA | | 6.0 |
| Bulgaria | | 30.0 |
| KARAPELIT | Wind energy | 12.0 |
| VRANINO | | 18.0 |
| TOTAL PORTFOLIO | | 1,543.2 |

Total projects' capacity in operation and under construction.



Our business model

Outputs – The value we create

| Inputs | Business activities and procedures | Impacts to the economy, the society and the environment for 2019 | Our contribution to the Sustainable Development Goals |
|--|--|---|---|
| FINANCIAL CAPITAL | OUR VALUES ARE REFLECTED IN FIVE (5) MAIN AXES AND ARE ANALYZED IN THE CODE OF CONDUCT: | Creation and distribution of economic value €299 million turnover |    |
| Equity and lending | Organization – Corporate Culture | Regulatory compliance and anti-corruption 0 fines and/or non-monetary sanctions for non-compliance with laws and / or regulations in the social and economic area 0 confirmed incidents of corruption |  |
| HUMAN CAPITAL | Customers / Partners / Suppliers | Responsible social relations and local communities support €845,000 of social support programs |    |
| 313 employees | Employees | Ensuring health, safety and wellbeing at work 30 internal audits |   |
| Knowledge, skills and abilities | Society | Contribution to employment and decent work 1,595 hours of training |    |
| Ethical values | Environment | Addressing climate change Prevention of 2,374,323 tons of CO₂ emissions |   |
| NATURAL CAPITAL | <i>For more information on our values and principles, please refer to page 24 of this Report or our website.</i> | Responsible waste management 16.25 tons of non-hazardous waste recycled 67.15 tons of hazardous waste recycled |   |
| Air | OUR PROCEDURES: | Environmental compliance 0 fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations |  |
| Water | Sustainable Development strategy | Protection and preservation of biodiversity 0 incidents or complaints for non-compliance with environmental conditions that relate to protection of biodiversity |    |
| Land use | Code of Conduct | | |
| Raw materials | Corporate Governance Code | | |
| MANUFACTURED CAPITAL | Information security policy | | |
| Operational facilities: | Personal data policy | | |
| 45 wind parks in Greece, Europe, America | OUR ACTIVITIES: | | |
| 3 photovoltaic parks in Greece | Wind energy projects | | |
| 2 hydroelectric projects | Hydroelectric projects | | |
| 2 integrated waste management projects | Pumped storage projects | | |
| INTELLECTUAL CAPITAL | Hybrid projects | | |
| Patents | Solar energy projects | | |
| Copyright | <i>For more information on our activities, please refer to pages 9-11 of this Report or our website.</i> | | |
| Protocols, procedures | | | |
| SOCIAL AND RELATIONSHIP CAPITAL | | | |
| 4,054 Greek suppliers | | | |

For each project we carry out, we follow a vertically integrated and effective way of planning, development and operation/management, as follows:

1 Before project implementation.

- Strategic analysis for selecting location / market / country to implement each project.
- Evaluating the project's power factor.
- Licensing process, public consultation and coordination with local authorities and bodies responsible for project realization.
- Determining and agreeing on land use.
- Ensuring connectivity with the power grid and the available capacity.

2 Project Development and Licensing.

- Project planning: scheduling work and budgeting.
- Granting licenses for the commencement of operations and ensuring environmental and regulatory compliance.
- Choosing the most innovative energy production technologies.
- Establishing responsible relationships and contracts with suppliers and Operating and Maintenance (O&M) companies and Design- Supply- Construction (EPC).

3 Project Financing.

- Preparation and drafting of economic and financial analysis and related reports.
- Optimization of capital structure and adequacy.
- Developing relationships with equity providers (international capital markets and financial institutions).
- Planning and negotiating financial agreements.

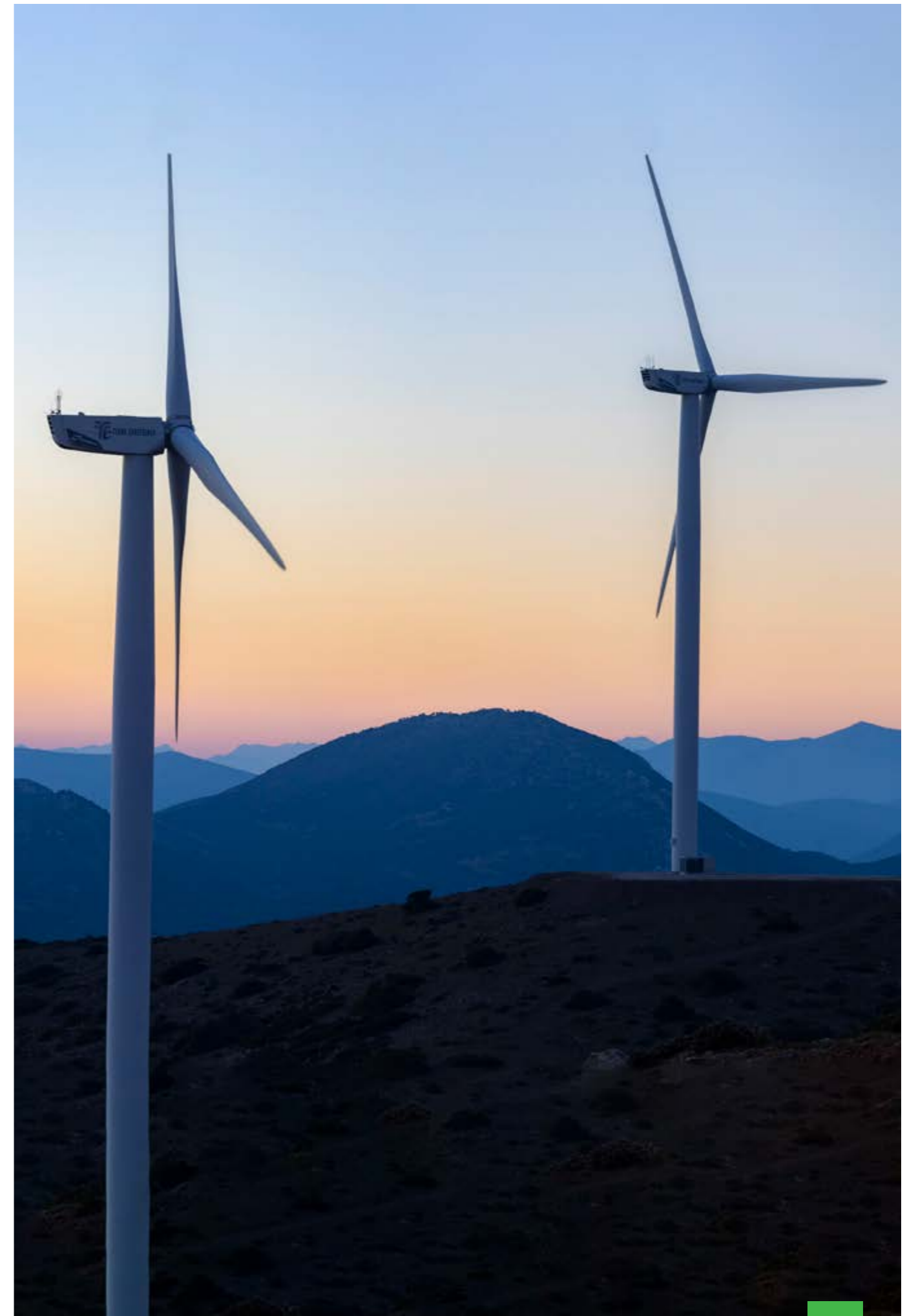
4 Project construction.

- Before the project's construction.
 - Project Technical Sustainability Studies.
 - Mapping and preparation of sites for the project's installation.
- During the project's construction.
 - Implementation of infrastructure projects.
 - Mechanical and electrical installations.
 - Implementation of technical work.
 - Development of evacuation infrastructure.
- Supply and installation of production equipment.

5 Project Operation and Management.

- Accountability to stakeholders and disclosure of financial information.
- Management of licenses and regulatory documents.
- Managing and monitoring the project's operation.
- Implementation of preventive and corrective maintenance.
- Developing continuous improvement plans and spare parts management.

Throughout the above phases for completing, operating and managing each project, ISO certified procedures are applied to ensure both the quality and viability of each project and the transparency, perfection, accuracy and efficiency of operating and managing the investment.



Our green bond

It is the first Certification awarded to a Bond Issuer based in Greece and the first associated with a wind farm in the United States.

Revenues of 150 million euros from the Bond Issue will be used to finance and refinance the development of wind farms throughout Greece and the USA.

In Greece, the construction concerns 14 wind farms with a total capacity of 218 MW. In the USA, the development involves the "Barkat I" "Glasscock County" wind farm in the State of Texas with an installed capacity of 197 MW.

The Bond was subject to pre-issuance verification

following the requirements of the Climate Bond Standard (version 2.1) and the International Standard on Assurance Operations 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("ISAE 3000 (revised)") by ERNST AND YOUNG HELLAS Certified Auditors-Accountants SA and received the Certified Climate Bond certification from the organization Climate Bonds Initiative[1]. The criteria considered for pre-issuance verification are mentioned on pages 6 and 7 of the Climate Bond Standard (version 2.1) and are available at the website <https://www.climatebonds.net/>. Within 12 months from the Bond issuing date, the Company will receive post-issuance verification per the corresponding requirements of the Climate Bonds Standard (version 2.1).



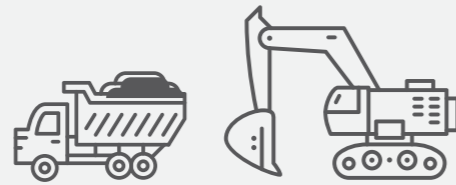
1] The Climate Bonds Initiative (CBI) is an international, non-profit organization that aims to ensure that the funds raised through certified bond proceeds are allocated to "green" projects. The fulfilment of the above purpose is achieved by the CBI through the establishment of its own bonds certification standards as well as through the introduction of certification criteria, by industry. <https://www.climatebonds.net/certification/terna-energy>

GRI 102-9

Our supply chain

Active suppliers

4,536



Total value of purchases

€289 million



Suppliers' main sectors of activity



Wind energy technology



Wind turbines construction



Equipment production

Suppliers from



GRI 102-13

Our participations

Through our active participation in institutions, organizations and business associations, we support the development of dialogue and the exchange of positions, views and expertise, as well as the collective monitoring and management of social, labor, environmental, and growth and market issues. This discourse is a means of advancing our firm positions towards ensuring the conditions for creating and securing a more sustainable future.





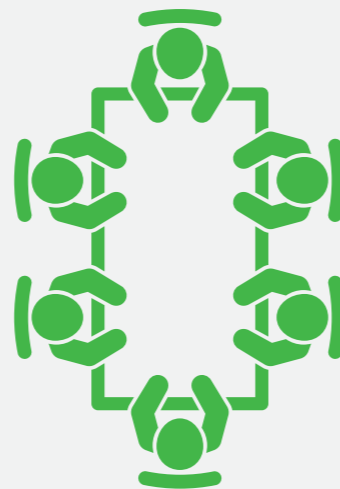
Corporate governance

Corporate Governance is the set of established rules and business practices that our company implements, in order to ensure its business continuity and thereby its ability to create value for its Shareholders and other stakeholders.

Responsible corporate governance promoted in the whole range of the company's activities is reflected in the Corporate Governance Code established by the Management. The Code constitutes the foundation for implementing an integrated and responsible corporate governance system, which is constantly evolving and adapting to the changing conditions of the economic, social and business environment in which the company operates. At the same time, the Code ensures transparency, business ethics and sound management of the company's resources, across all its administrative and operational levels. In addition, to strengthen and control the transparency system in our company, we have received ISO 37001: 2006 certifications for anti-bribery management systems and ISO / IEC 27001: 2013 for information security management systems.

Board of Directors

The Board of Directors (BoD) is the Group's top management body, its members are elected by the General Assembly of Shareholders and its mission is to set up the company's guidelines, devise its business strategy, facilitate effective administration and ensure the proper implementation of the corporate values and philosophy, while it also decides on all corporate affairs, except for those that lie between the competence of the General Assembly. The BoD's objective is to protect and promote Shareholders' long-term interests, with terms and methods that establish the company's credibility in the financial-business community and the wider social environment while ensuring respect from and towards any stakeholder.



Board of Directors composition

The composition of the nine-member Board of Directors that will govern the company until the Ordinary General Assembly that will convene no later than 30/6/2022 consists of the following members:

1. **Georgios Peristeris - father's name Theodoros** - Chairman - Executive member
2. **Georgios Perdikaris - father's name Gerasimos** - Vice-Chairman - Executive member
3. **Emmanouel (Vasileios) Maragoudakis - father's name CEO** - Executive member
4. **George Spyrou - father's name Symeon** - Executive member
5. **Emmanouel Moustakas - father's name Michael** - Executive member
6. **Michail Gourzis - father's name Alexandros** - Non-executive member
7. **Georgios Kouvaris - father's name Theologos** - Independent non-executive member
8. **Georgios Mergos - father's name Ioannis** - Independent non-executive member
9. **Gagik Apkarian - father's name Serop** - Independent non-executive member

Eight Board members are over 50 years old and a member is under, while eight are Greeks and one an Australian citizen. All members are men. Their term of office is five years with the possibility of extension not exceeding six years.

The Board members' complete résumés are available on the company website. The Chairman of the BoD, Mr. Georgios Peristeris, represents one of the company stakeholder groups, i.e., the Shareholders, owning more than 5% of the total issued shares, as of 31/12/2019.

Criteria for selecting Board of Directors

To have an effective and responsible Board of Directors that will be able to implement and develop the company's business model, selection of the BoD members is based on the following criteria:

- Their contribution to the company's growth prospects.
- Their managerial skills and efficiency.
- Their reliability and integrity.
- In-depth knowledge of the company's affairs.
- Their sound cooperation with the Group's executives and employees.

These criteria and the spread between executive and non-executive BoD members ensure adequate skills and management approaches for business continuity, effectively implementing the business model and creating value throughout the company's activities.

Board of Directors committees

To carry out its duties and implement a responsible business model, the Board of Directors is supported by its committees, which operate on an advisory/consultative capacity and play a major part in the decision-making process.

Specifically, these committees are:



Nomination and remuneration committee

The Committee comprises three members and is mainly responsible for assessing and nominating suitable candidates to be appointed as Board members and recommending policies and systems to determine the remuneration at all company levels.

Regarding nomination, the Committee's responsibilities include defining the company's requirements in terms of the BoD size and composition, specifying roles, responsibilities and capabilities of each BoD position, occasionally assessing the BoD's size and composition and submitting proposals for changes & improvements, if necessary. Regarding remuneration, the Committee meets at least twice per year or whenever necessary to discuss such issues. The Committee met three times during the reporting period.

It consists of the members: Georgios Mergos - Chairman of the Committee, independent non-executive member, Georgios Kouvaris - Independent non-executive member, Michail Gourzis - Non-executive member



Investment committee

The Investment Committee comprises five members, three of which are BoD members and two company executives or consultants, depending on the pertinent topic. Its main role is to devise the medium- and long-term strategy for the company's growth and achievement of business goals.

The committee's duties include recommendations for acquisitions, mergers, strategic alliances, high-budget investments, divestments, but also any strategic action that could affect the company's capital structure and growth prospects.

The following are currently members of the Investment Committee: Georgios Peristeris, Emmanouel Maragoudakis, George Spyrou
Two of the following three depending on the topic: Vasilios Delikaterinis, Georgios Agrafiotis, Emmanouel Moustakas



Audit committee

The committee comprises at least three non-executive BoD members, one of whom is independent. It is a prerequisite that at least one of the members has sufficient knowledge and professional accounting and auditing experience. The Committee ensures the smooth operation of all control mechanisms, while it supports the BoD in safeguarding the company's Regulatory Compliance and implementing the corporate governance principles.

In particular, the Audit Committee:

- Oversees that the Internal Audit Function conducts its work with impartiality, objectivity and professional conscience, adopting international standards and best practices.
- Receives the Internal Audit Function's reports, evaluates their content and, if necessary, asks the Function's head to provide further clarifications.
- Nominates the Function's head to the BoD, assesses her/his efficiency and consequently recommends the continuation or the suspension of her/his duties.
- The Audit Committee meets at least four times a year or whenever necessary.

The members of the Audit Committee today are: Georgios Mergos- Independent non-executive member, Chairman of the Committee, Michail Gourzis - Non-executive member, Nikolaos Kalamaras – Expert in accounting and auditing – Non-executive member



Internal audit and risk management system

The BoD applies the internal control system to protect the company's assets, assess the emerging risks from all its operations and provide accurate and complete information to the Shareholders about the company's accurate condition and prospects and the ways to address identified threats.

Identifying, assessing and addressing existing and potential threats is an integral part of the Group's strategy, affecting decision-making and business model execution. To promote transparency, effectively manage business risks and foster a culture of direct and ceaseless communication between all employees, the company facilitates daily access of its executives to and from the senior management, so as to gain a first-hand awareness of threats and take necessary decisions and corrective measures in a timely and assertive fashion.

For further information on TERNA ENERGY's Corporate Governance structure, please refer to the [Annual Financial Report](#) and the [Corporate Governance Code](#) uploaded on the company's website.



Code of Conduct

The Code of Conduct incorporates the basic ethical principles on which TERNA ENERGY's corporate culture is based. The Code illustrates and strengthens these fundamental principles and creates a common and transparent framework of operation and conduct applying to employees, customers, partners, subcontractors, suppliers and the local community stakeholders alike. It elaborates on issues related to health and safety of both our employees and partners, human rights in our workplace, the employment relationships and practices, avoiding conflicts of interest, personal data protection and information safety, fair competition, preventing bribery practices, combatting corruption, bribery and money laundering, and protecting the environment.

Its content is not exhaustive but includes the minimum requirements that shall be applied and which are complemented by policies, procedures and other company internal documents, which are equally binding to all of us, while complying with the general principles set out in international regulations and conventions, as well as the international standards ISO 9001, ISO 14001, OHSAS 18001, ISO 19600, ISO 37001, ISO 50001 and SA 8000. To ensure their implementation, the company, among other measures, undergoes periodic inspections which have led to the respective certifications.

The implementation of the Code ensures:

TRANSPARENCY in TERNA ENERGY's relations and activities.

MEETING THE EXPECTATIONS of the stakeholders who benefit from TERNA ENERGY's projects and services.

Creating a **SAFE, FAIR AND EQUITABLE** workplace

BUILDING RELATIONSHIPS of mutual trust and respect with suppliers and partners.

RESPECT for the environment and the principles of Sustainability.

PROTECTION of its material and intellectual assets.

COMPLIANCE of the Group's and its subsidiaries' with the legislative framework in the countries they operate.

ADOPTION OF PRACTICES AND BEHAVIORS in accordance with the Group's voluntary commitments.

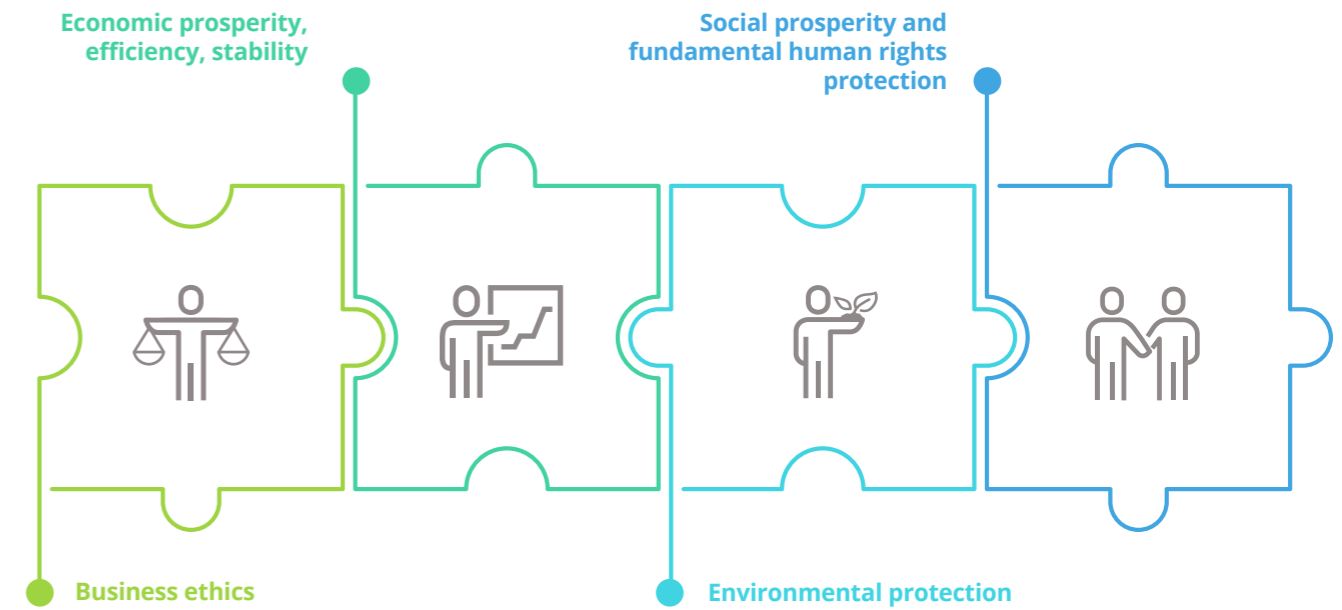
Please refer to our [website](#), where we have posted our Code of Conduct for the purposes of transparency and information sharing with our stakeholders.



Sustainable Development strategy

Sustainable Development constitutes the driving force behind the Group's operations and sets at its core criteria based on business ethics, environmental protection, social progress and prosperity, quality, innovation, high-end technology and expertise. TERNA ENERGY aims to ensure that its operations are aligned with the Sustainable Development principles and contribute to the national energy goals.

Sustainable Development principles



Our commitment to acting as a responsible social and business partner is reflected in the company's strategy, which is aligned with all our goals and actions for Sustainable Development. Commencing from our business operations and proceeding with targeted actions for the society and the environment, we support the United Nations Sustainable Development Goals and work to create the greatest possible value.

The company's priority is to combat climate change through:

- The increase of its clean energy production in Greece and abroad.
- Its operations in a wide range of technological applications.
- The prevention of CO₂ emissions in the atmosphere.

The following areas are of paramount importance:

- Business excellence based on transparency and ethics.
- Promoting Sustainable Development and fostering a clean energy culture.
- Promoting innovative solutions, technical know-how and scientific research.
- Ensuring high quality through the application of effective solutions and best practices.
- Fostering the Health and Safety of employees and partners.
- Employee development.
- Achieving the maximum benefit for all stakeholders.
- Maintaining meaningful and ongoing communication with all stakeholders.
- Developing and implementing programs and actions that contribute to the achievement of social prosperity and cohesion.

GRI 102-40, 102-42, 102-43, 102-44

Stakeholder engagement

TERNA ENERGY recognizes as its stakeholders those entities or individuals that can reasonably be expected to be significantly affected by its activities or whose actions can reasonably be expected to affect its ability to successfully implement its strategy and/or achieve its objectives.

In this regard, we have established systematic communication with our stakeholders as an integral part of our business strategy, not only in the context of our responsible and effective presence and involvement in local communities but also for shaping and implementing our Sustainable Development Strategy.

We recognize the following groups as our key stakeholders: Customers, Shareholders / Investors, Providers of Capital, Regulatory Authorities / Government Bodies, Local Authorities, Employees and Suppliers / Partners, Local Communities.



By identifying and mapping stakeholder groups and continuously discoursing with them, we achieve the following:

-  **Information dispersion to local communities.**
-  **Awareness for our Sustainable Development strategy.**
-  **Fostering synergies.**
-  **Selecting the most effective local actions.**
-  **Preventing threats and seizing opportunities.**
-  **Protecting the Group's image.**
-  **Efficient handling of business risks.**
-  **Understanding operational issues.**
-  **Optimal management of material Sustainable Development topics.**



Given that stakeholders, and hence their needs and expectations, vary for each project, we identify them separately for each project during its design phase and at regular intervals throughout the implementation and operation or at specific cases, as needed.

To accurately and timely identify all potential issues, regular interaction with our stakeholders forms an integral part of our business strategy.

While preparing the present Report, we have discoursed with the above stakeholder groups and include the topics raised through the materiality analysis process in the table below. The next chapter encompasses further information regarding the materiality analysis.

| STAKEHOLDERS | ENGAGEMENT METHOD | FREQUENCY | MAIN TOPICS OF INTEREST AND COMPANY RESPONSE |
|---|---|-------------------|--|
| Employees | Regular meetings and updates | When required | <ul style="list-style-type: none"> • Ensuring health, safety and wellbeing at work • Continuous training and development of employees • Creation and distribution of economic value • Safeguarding diversity and protecting human and labor rights • Emergency preparedness |
| | Corporate announcements | | |
| | Webpage | Where appropriate | |
| | Corporate events | | |
| | Sustainable Development Report | Annually | |
| Local Authorities / Local Government | Phone communication | When required | <ul style="list-style-type: none"> • Emergency preparedness • Environmental compliance • Responsible social relations and local communities support • Creation and distribution of economic value • Responsible waste management |
| | Email | | |
| | Meetings | | |
| | Corporate events | Where appropriate | |
| | Sustainable Development Report | Annually | |
| Suppliers / Partners | Email | Daily | <ul style="list-style-type: none"> • Adoption of anti-competitive behavior • Creation and distribution of economic value • Environmental compliance • Materials efficiency • Responsible waste management |
| | Phone communication | Where appropriate | |
| | Meetings | | |
| | Sustainable Development Report | Annually | |
| Customers | Email | Where appropriate | <ul style="list-style-type: none"> • Creation and distribution of economic value • Adoption of anti-competitive behavior • Responsible social relations and local communities support • Regulatory compliance and anti-corruption • Emergency preparedness |
| | Corporate events | | |
| | Phone communication | When required | |
| | Meetings | | |
| | Sustainable Development Report | Annually | |
| Regulatory Authorities / Government Bodies | Phone communication | Where appropriate | <ul style="list-style-type: none"> • Regulatory compliance and anti-corruption • Environmental compliance • Adoption of anti-competitive behavior • Creation and distribution of economic value • Emergency preparedness |
| | Meetings | | |
| | Email | | |
| | Corporate events | | |
| | Financial Report & Sustainable Development Report | Annually | |
| Providers of Capital (Banks) | Meetings | Where appropriate | <ul style="list-style-type: none"> • Creation and distribution of economic value • Regulatory compliance and anti-corruption • Environmental compliance • Responsible energy management • Protection and conservation of biodiversity |
| | Email | | |
| | Phone communication | When required | |
| Local Communities | Phone communication | When required | <ul style="list-style-type: none"> • Responsible social relations and local communities support • Emergency preparedness • Environmental compliance • Responsible waste management • Creation and distribution of economic value |
| | Meetings | Where appropriate | |
| | Email | | |
| | Corporate announcements | | |
| | Corporate events | | |
| | Sustainable Development Report | Annually | |
| Shareholders / Investors | General Assembly of Shareholders | Annually | <ul style="list-style-type: none"> • Creation and distribution of economic value • Energy efficiency • Regulatory compliance and anti-corruption • Materials efficiency • Tackling climate change |
| | Financial Report & Sustainable Development Report | When required | |
| | Webpage | | |

GRI 102-43, 102-46, 102-47

Materiality analysis and map

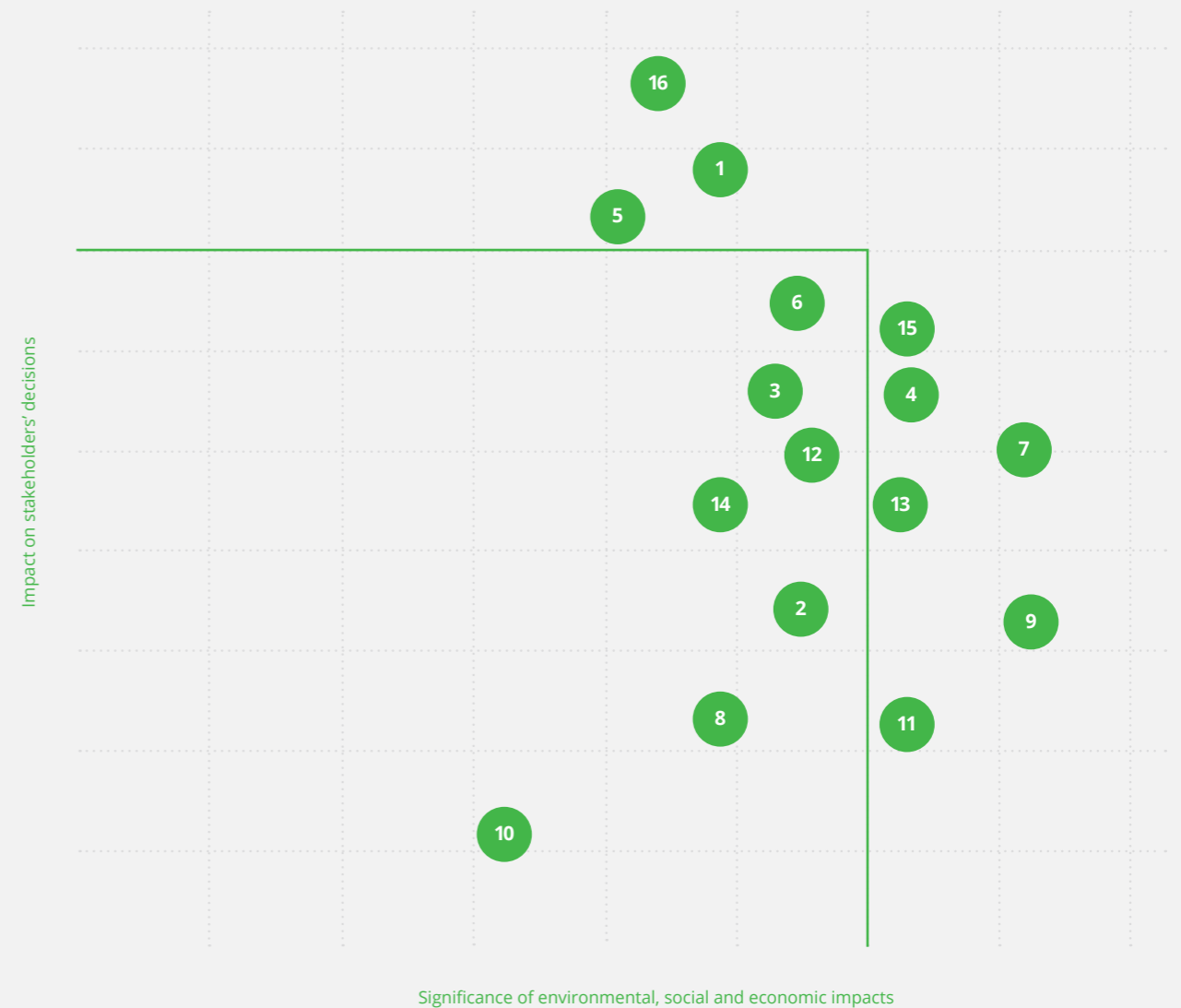
As part of our Sustainable Development Strategy, we recognize as material and focus on these topics that significantly influence our stakeholders' judgment and decisions and those directly linked to our significant economic, social and environmental impacts.

For 2019, we proceeded with the review of the materiality analysis conducted for the reporting period 2018 based on the international Sustainable Development Reporting Standards (GRI Standards). The following elements were taken into consideration in our review:

1. Our stakeholders' needs and expectations with regards to the company's performance on Sustainable Development topics.
2. The most significant impacts of the company to the wider economy, the society and the environment with the use of the Sustainable Development Goals.

Based on this review, there were no material changes in the previous reporting period materiality analysis.

For a closer look at the 2018 materiality analysis methodology, please refer to the 2018 Sustainable Development Report, found on our [website](#).



- | | |
|--|--|
| <ul style="list-style-type: none"> 1. Environmental compliance 2. Energy efficiency 3. Materials efficiency 4. Protection and conservation of biodiversity 5. Responsible waste management 6. Emergency preparedness 7. Responsible social relations and local communities support 8. Safeguarding diversity and protecting human and labor rights | <ul style="list-style-type: none"> 9. Ensuring health, safety and wellbeing at work 10. Continuous training and development of employees 11. Contribution to employment and decent work 12. Responsible supply chain management 13. Tackling climate change 14. Anti-competitive behavior 15. Regulatory compliance and anti-corruption 16. Creation and distribution of economic value |
|--|--|

*The topics that emerged as material are distinguished in bold letters.

GRI 102-11

Environmental topics



Prevention of **2,374,323 tons of CO₂ emissions**



100% environmental compliance



16.25 tons of non-hazardous waste recycled

Protection and conservation of biodiversity

GRI 103-1

WHY IS THE TOPIC MATERIAL?

The protection of the natural capital in the areas where we operate is a material topic for the company and our path to Sustainable Development. We make sure to carry out all necessary studies and take all precautionary measures before each project, to ensure that both the company's actions and the triggered ones of our partners and suppliers will not negatively impact local ecosystems or disturb the biological wealth of the sites where we operate.

In this manner, we safeguard our license to operate while creating value for the local communities and protecting their ecosystems; and we ensure the business continuity in an efficient and environmentally responsible way while avoiding potential sanctions and the loss of our reputation, and gaining social consent for operating.

GRI 103-2

HOW DO WE MANAGE IT?

In the context of the responsible management of the effects on biodiversity that may result from our activities, we adopt methods and technologies that aim to protect the natural ecosystems and the biological wealth of the areas we operate.

Project approach

The approach we follow during the implementation of each project is based on the proactive principle. This approach allows us to minimize our impacts on biodiversity and manifests through the following phases:

1. Research for the proper siting of projects and necessary infrastructure

When designing each project, we first check whether our projects and all essential infrastructure are properly sited.

Towards this end, based on the individual nature of each project, we examine the environment where the project is realized to determine if it includes areas or parts of areas that are subject to specific regulatory restrictions based on established land uses, the existence of Natura 2000 or other protected areas. This initial phase ensures our regulatory compliance and the siting of each project considering any environmental peculiarity of the area and the minimum impact on its biological wealth.

2. Preparation of Environmental Impact Assessment (EIA) studies and other special studies

In the context of environmental licensing for the development of new projects, we carry out Environmental Impact Assessment (EIA) studies per the international (where applicable) and national legislative framework. At the same time, for operations within protected areas (Natura 2000), we conduct additional, special ecological assessments to evaluate the impacts and to take, if necessary, further protective measures, in addition to the EIA. Scientific research and documentation thus ensure that our activities do not cause negative impacts on biodiversity.

3. Implementation of a certified Environmental Management System (EMS) and Education

To fully prevent and manage the impact of our activities on biodiversity, we have developed and communicated an integrated Environmental Management System, certified according to the International Standard ISO 14001, to all stakeholders of the company's supply chain (employees, partners and suppliers).

At the same time, we educate our people and raise public awareness through targeted education and information initiatives. These focus on the protection of ecosystems through sound environmental practices and the prevention of any potential negative impact from the development or operation of our projects.

4. Restoration of areas and construction site surfaces

In the context of integrated project management, we make sure that we conduct thorough scientific research and design specific action plans for carrying out restoration works not only after completing the construction but also at the end of the project life cycle. Restoration works consider the existing biological value of the ecosystems our activities neighbor or cross, to ensure the ecosystem's stability after the completion of our projects and safeguard their social consensus.

Responsible fauna management

Recognizing and minimizing our activities' impacts on fauna is at the core of our approach to biodiversity conservation. Through partnerships we foster with researchers and the academic community, we monitor and assess potential impacts on fauna across our range of activities.



Protecting biodiversity in action

The small hydroelectric project (SHP) Dafnozouara-Sanidi is located at the Aetolia-Akarnania and Evritania prefectures on the river Acheloos (Aspropotamos), upstream of the Kremastiko hydroelectric reservoir and downstream of the planned hydroelectric project of Avlaki. The project stands out firstly since it is the first SHP in Greece constructed on the main flow of a big river, and secondly because of its environmental

design (two large arched gates and a leachate canal, a fish passage, a small boat canal and an automatic sluice that does not require human input). The Acheloos River catchment area at the dam site covers an area of 1,350 km² and an average annual runoff of 1,630 hm. For completing the SHP, we took all necessary measures to protect the local ecosystem that surrounds our activities. In particular, to protect the fish fauna, we constructed a fish path in the form of a "ladder" which includes a series of successive reservoirs upstream and downstream of the dam. In the same context, we have applied, for the first time in Greece, hydraulic flushing method for the handling of sediment and to secure the condensation downstream of the project. Similarly, we repaired technical damages caused by the Acheloos' overflows during the 2015-2018 period, which lasted two months and were completed before the beginning of rainfall. The works downstream of the dam involved the repair of the Energy Discharge Basin and the Leachate Canal, with heavy equipment (earthmoving machines, presses, tankers, cranes, etc.). As a result of this work, 172 tons of waste were allocated to certified waste management bodies.

In the Waste Treatment Unit (WTP) of Epirus, a program for monitoring environmental parameters (air emissions, noise, odors, surface and groundwater, waste) runs permanently to protect the environment's qualitative characteristics. As part of this program, another one runs that monitors the environmental parameters by sampling and conducting regular laboratory tests.

At wind parks located in sensitive bird areas, we carry out a monitoring program to identify the potential impact and take any necessary precautionary measures with the aid of specialized scientists. Employing a pilot Life research program at the wind park located in Derveni, we installed a specialized bird monitoring program, which uses technology to prevent birds from colliding with wind turbines, in collaboration with CRES. The collision prevention technology remained after the

Life program completion and operates at the wind park. Additionally, at the wind park in Perdikokorfi, Heraklion, Crete, similar technology is being routed to be installed after completing the annual post-reconstruction monitoring of the bird fauna program, to identify any impact from the operation of the wind park and take necessary protection measures. The monitoring program detects and records birds through a camera while also emitting warning sounds at specific frequencies that help birds divert their course and protects them from colliding with the wind turbines. If this fails to prevent collision, the wind turbines slow down or even stop immediately.

During 2019, the following post-reconstruction monitoring programs have also been completed to determine the impacts wind parks' operation may create on bird fauna and chiroptera (bats):

- Wind park "RACHOULA - PASHALIES", Tanagras municipality, Boeotia prefecture.
- Wind park "DERVENI", Alexandroupolis municipality, Evros prefecture (completion of the second year of the three-year program).
- Wind park "KSYROVOUNI", Alexandroupolis municipality, Evros prefecture (completion of the second year of the three-year program).
- Wind park "MYTOULA", Alexandroupolis municipality, Evros prefecture (assigned and in progress).
- Wind park "CHYLOS", Alexandroupolis municipality, Evros prefecture (completion of the first year of the three-year program).

HOW DO WE EVALUATE OUR PERFORMANCE?

At TERNA ENERGY we constantly look out for our projects' impact on biodiversity, hence continuously monitoring to prevent any negative consequences our projects may have on the biodiversity of the areas where we operate, through the assessments we carry out before developing each project and our environmental management system. In any case, any incident of degrading the biological wealth in the areas where we operate or our projects cross is directly communicated to us since we cater for regular communication and engagement with representatives of each local community.

During 2019, there were no incidents or complaints from regulatory authorities, environmental inspectors, NGOs or the local community regarding the violation of environmental conditions related to biodiversity protection.

In addition, no need to relocate habitats has been created due to our projects' or activities' negative impact.

Environmental compliance

GRI 103-1

WHY IS THE TOPIC MATERIAL?

TERNA ENERGY is a pioneer company in the Greek RES Market, as at a very early stage, its Management recognized the need for utilizing RES in electricity generation to contribute to the protection of the environment and the creation of a sustainable future. In this context, we identify our permanent compliance with all applicable environmental laws and regulations in all regions and countries where we operate as a material topic for our path to Sustainable Development and as a necessary condition for developing our business model.

Compliance with the necessary technical and environmental specifications and regulatory requirements that apply to each project we undertake concerns both TERNA ENERGY itself and all suppliers and partners, for whom we have set as an essential cooperation condition the application of certified Environmental Management Systems.

Failure to comply or potential violation of the environmental legal and regulatory framework may result in the degradation of the environment and the quality of life in general, while it may lead the company to cease operations, sever its relations with local communities, ruin its reputation or have sanctions inflicted.

GRI 103-2

HOW DO WE MANAGE IT?

Introducing and implementing responsible policies and practices to prevent and mitigate adverse environmental impacts across the range of our

activities is one of our key priorities. At the same time, we recognize as a prerequisite for ensuring our business continuity the correct application and compliance with all applicable environmental laws. To this end, we are closely monitoring developments related to environmental management at a global, European and national level, while ensuring that all relevant regulatory frameworks and requirements are implemented to secure our operations' business continuity with the minimum environmental footprint.

In this manner, we implement environmentally responsible practices that minimize negative impacts and maximize our projects' quality application and operation. In this regard, we believe that implementing an integrated Environmental Management System is a necessary condition for properly assessing, monitoring and mitigating adverse environmental impacts. Our EMS covers all our activities and is regularly reviewed to ensure it remains updated, operational and efficient in protecting the environment.

Our stakeholders' trainings

Training our stakeholders, in particular our employees and affiliates is key for successfully introducing environmental protection measures. In this context, we carry out yearly or when deemed necessary educational programs that aim to inform and promote our stakeholders' environmental awareness. Besides, we consider employee training a prerequisite to properly comply with the environmental requirements, since creating a broader culture to protect the environment is essential to this end.

Environmental audits

To ensure environmental compliance for all corporate activities and projects, we annually and periodically carry out internal and external environmental audits that assess the extent we comply with laws, protocols, work practices and requirements of International Standard ISO 14001. In 2019, we significantly increased the number of such audits, having conducted 30 internal ones across the Group's facilities, compared to 22 in 2018. Our Health, Safety and Environment department carries out internal audits and the Certification Body the external ones. The audits identify and assess areas to be improved and suggest preventive and corrective actions.

Environmental protection in action

The Epirus Waste Treatment Plant began its trial operation in the first quarter of 2019. As part of the project and while recognizing the collective effort needed to ensure the continuous compliance with the special environmental conditions that apply to each of our projects, during 2019 we took initiatives for the environmental protection and the project's environmental compliance with the legislative and regulatory requirements. Specifically, we provided employee training on environmental management and gave presentations to schools, universities and other entities that visited the premises. We also designated a person in charge of monitoring the implementation of the environmental conditions and we took the necessary measures to protect the streams that are near the plant in order to prevent any potential contamination of the local ecosystem.

| Certification | Implementation coverage |
|---|--|
| ISO 14001:2015 Environmental Management System | All company's activities |
| ISO 50001:2011 Energy Management System | Company's offices, the Bio-gas production facility and the Waste Treatment Plant (WTP) |
| ISO 9001:2015 Quality Management System | All company's activities |

GRI 103-3, 307-1

HOW DO WE EVALUATE OUR PERFORMANCE?

During 2019, TERNA ENERGY did not receive any fines or other non-monetary sanctions for not complying with environmental laws and applicable regulations.



Responsible waste management

GRI 103-1

WHY IS THE TOPIC MATERIAL?

Proper waste management constitutes a material topic for our path to Sustainable Development and specifically for our environmentally responsible operation. Responsible waste management concerns the activities of TERNA ENERGY Group and our suppliers and partners, both in Greece and abroad. An irresponsible management of waste generated from our operations and projects may cause negative impacts both for the local communities (e.g. contamination of the local environment and deterioration of the residents' quality of life) and country (degradation of the natural environment and intensification of the solid and liquid waste management problem), as well as at our operations (e.g. imposition of sanctions and work stoppage due to the uncontrolled production and/or waste disposal method). To avoid these impacts, we are constantly looking to mitigate the outputs and waste generated by our operations, we select the best available waste management and disposal practices, we work with certified bodies, and we strictly implement the certified Environmental Management System.

GRI 103-2

HOW DO WE MANAGE IT?

In every project we carry out, we record the volume and category of waste generated during both the development and operational phase, in order to acquire a complete picture of the overall activities footprint and to be able to take informed decisions for their proper management. More specifically, we work with certified waste and liquid waste management bodies and recycling companies to continuously improve recycling and alternative waste management

(e.g. byproduct generation, energy production, etc.), aiming to constantly reduce the volumes of waste disposed in landfills. Waste management companies store waste in appropriately delimited areas with safety specifications. These companies comprise companies that handle lubricants and oils, batteries, tires, filters, paper, plastics, iron scrap and non-hazardous waste.

Since waste volumes generated by our activities vary significantly from year to year due to the ever-changing number of our activities and the very nature of the projects, comparing year-to-year waste volumes does not represent the full picture of our performance in this domain. We, therefore, record the total annual waste volume per activity value (kg / €) to provide more accurate data and facilitate the decision-making process. All the amounts of waste are being reported in the Electronic Waste Register for all TERNA ENERGY Group companies.

Responsible waste management is our priority as it plays a key role both in the protection of the environment and the ecosystems in which we operate and the sustainable evolution of our business. By adopting responsible practices for the hazardous and non-hazardous waste disposal and mitigation and through our projects in the waste management domain, we are at the forefront and effectively contribute to the pollution control and environmental protection.

Responsible management of raw materials

In line with the Circular Economy principles, we act for the best possible utilization of waste generated from our operations. This waste is often transformed into a valuable source of raw materials for new projects or

for meeting existing needs. At the same time, waste that cannot be used directly to meet our needs for raw materials is being recycled by licensed partners who convert it into new valuable recyclable materials through their appropriate treatment.

Waste management through our projects

While recognizing the importance of responsible waste management at a corporate, national and global level, we have adapted our business strategy to mitigate the problem of waste management, attempting to

constantly improve our environmental footprint and invest in the development of advanced waste management facilities. These facilities' operation contributes to the fight against the chronic problem of waste management in Greece, alleviating the local communities from significant volumes of municipal waste and maximizing the landfills life cycle.

To this end, the company undertook the construction of the "Municipal Solid Waste Treatment Plant of Epirus Region" project, which commenced its operation at the beginning of 2019, and the PPP project "Peloponnese Waste Treatment Project, which is expected to begin operating shortly.

GRI 102-48, 103-3, 306-2

HOW DO WE EVALUATE OUR PERFORMANCE?

| GRI 306-2 Waste by type and disposal method ¹ | Disposal Method | Unit (tons) | |
|---|-----------------|-------------|-------------------|
| | | 2019 | 2018 ² |
| Hazardous waste | Recycling | 67.15 | 55.30 |
| | Recycling | 16.25 | 33.48 |
| Non-hazardous waste | Landfill | 22.83 | - |
| | Total | 39.07 | 33.48 |

¹ In the disclosure calculation:

- Based on availability, the data for the following countries and the respective years are included: Greece (2019 and 2018), USA (2019), Bulgaria (2019) and Poland (2019).
- The data for the following countries are not included as they do not have facilities: North Macedonia, Serbia and Albania.

² The data of the 306-2 disclosure present differences compared to those disclosed in the previous Report due to new/updated data.

Tackling climate change

GRI 103-1

WHY IS THE TOPIC MATERIAL?

At TERNA ENERGY we recognize that climate change, as manifested in the gradual rise in average global temperature or the increasing frequency of exceptional and extreme weather conditions, constitutes a challenge for the global business community, presenting both opportunities and threats to designing and applying business models. We also recognize that reducing greenhouse gas emissions by shifting to clean energy, using this energy in electromobility and buildings' heating and cooling should constitute priorities for addressing climate change. Therefore, integrating climate threats and opportunities into our business strategy is a prerequisite for the company's Sustainable Development and our ability to continue to create value. Climate change and its induced actions and relevant mitigation measures concern the company's operations and all those participating in its supply chain.

This global phenomenon and its consequences affect almost all domains of the company's operations, in terms of both supply and demand. Specifically, concerning supply, we recognize the change and variability of wind conditions as an important factor in wind power generation and in our broader business strategy in this sector. On the demand side, we acknowledge that an increase in the average global temperature will result in an increase in electricity demand, something that makes our investments in the storage and clean energy production sectors more advantageous and urgent.

In addition, we have recognized as benefits of our operations in this industry the following:

- We contribute to reducing emissions (CO₂, NO_x, SO₂ etc.) and consequently to alleviating their destructive consequences for the environment.

- We facilitate independence of the energy sector from imported conventional fuels and we promote a more rational management of the conventional energy resources with the ultimate goal of building a sustainable energy future.
- We create a decentralized power generation plants system (production near consumption), with beneficial impacts on both the security of energy supply and energy efficiency.
- We create a significant number of new jobs, both in the construction and operation of RES projects, at regional and local level.

By recognizing and integrating climate risk in our strategy, we strengthen our business model, limit our exposure to relevant risks, improve our financial position and create a competitive advantage on our path to Sustainable Development.

GRI 103-2

HOW DO WE MANAGE IT?

As underlined in our [environmental statement](#), we commit to reducing our energy consumption and greenhouse gas emissions generated from our buildings and facilities. At the same time, our activity in electricity generation from RES and waste management is focused on the general direction of addressing climate change.

Electricity production from RES contributes to reducing carbon dioxide emissions into the atmosphere, the alleviation of the greenhouse effect and thereby the mitigation from associated impacts. Since RES are unlimited energy sources that are becoming increasingly competitive in the market and extremely necessary for the planet, they contribute to independence from fossil fuels such as oil and gas.

Through our RES projects, we have therefore achieved our

corporate goals and stimulated economic growth for our company, while at a national level, we have significantly reduced greenhouse gases, preserved national conventional energy sources and met crucial public energy needs. Concurrently, being the largest energy RES producer with an installed capacity of 1,386.5, TERNA ENERGY produced 3,238,052 MWh in 2019 preventing the emission of 2,374,323 tons of CO₂ in the atmosphere.

The international, European and national Climate Action Plan

Recognizing that climate change is a phenomenon that can affect the international economy and consequently our international activities, we take into consideration not only national but also international and European climate agreements, thusly limiting any potential regulatory sanctions. Important issues that

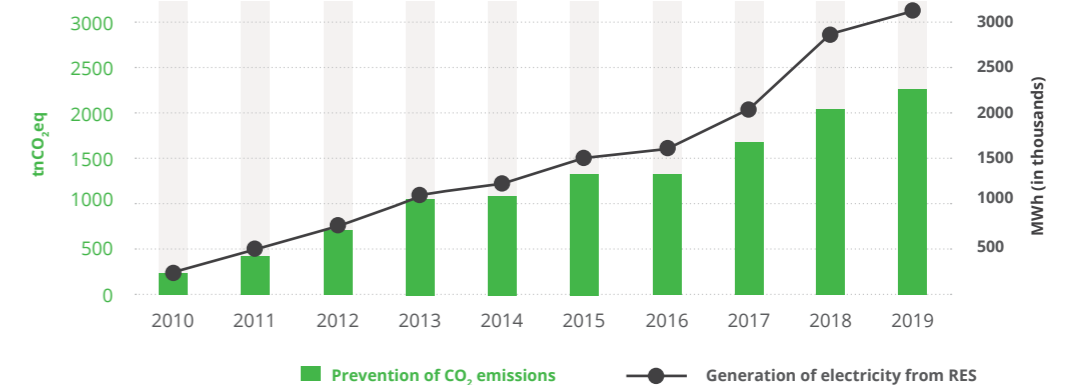
are of concern to us, such as the increase in the share of RES in the energy mix and the reduction of carbon dioxide emissions, are commitments that have been agreed at global and regional level and influence the company's decisions and the design of its strategy. Specifically, we support the "National Plan for the Energy and the Climate", which is an ambitious plan for the restructuring of our country's energy mix by increasing the RES participation and which emerges as a national commitment from the European regulation on "Governance of the Energy Union and Climate Action".

We consider the beliefs and perceptions cultivation as a prerequisite for a proper understanding of climate change, the value of RES and the green economy in general. Through educational activities we provide at the company's premises, we communicate the importance of RES to the climate change impacts mitigation and the environmental sustainability.

GRI 103-3, 302-1, Internal Indicator TERNA ENERGY

HOW DO WE EVALUATE OUR PERFORMANCE?

Generation of electricity and prevention of CO₂ emissions



| GRI 302-1 Energy consumption within the organization ¹ | 2019 | 2018 |
|---|---------------|---------------|
| Total fuel consumption within the Group from non-renewable sources (in MJ) ² | 21,188,129.08 | 8,151,005.66 |
| Electricity consumption (in MJ) | 10,254,513.85 | 9,369,064.80 |
| Total energy consumption within the Group (in MJ) | 31,442,642.93 | 17,520,070.46 |

¹ In the disclosure calculation:
 • Based on availability, the data for the following countries and the respective years are included: Greece (2019 and 2018), USA (2019), Bulgaria (2019) and Poland (2019).
 • The data for the following countries are not included as they do not have facilities: North Macedonia, Serbia and Albania.
² The significant increase in the fuel consumption in Greece during 2019 compared to 2018 is attributed to the construction of a new facility in Ioannina.

Employee topics



313
employees



1,595
hours of training



30 internal inspections
on health and safety issues

Ensuring health, safety and wellbeing at work

GRI 103-1

WHY IS THE TOPIC MATERIAL?

Ensuring health, safety and well-being is our priority and constitutes a material topic on our path to Sustainable Development, as it affects a balanced development of our human resources and secures responsible relationships with our partners across the spectrum of the business environment.

Potential cases that may disrupt our employees' health and safety of, such as accidents at work and other incidents that can result in lost time, can occur across our supply chain, to our partners and our suppliers. Inadequately handling health and safety issues may harm our employees' lives and the mental and psychosocial aspects related to the concept of well-being and work-life balance, but also our company's operation (work stoppages) and finances (imposition of fines, indemnities and other penalties).

To this end, we take actions and organize trainings related to health and safety that aim at preventing accidents and protecting the mental and physical health of the people working in our facilities or are affected by our operations.

GRI 103-2

HOW DO WE MANAGE IT?

Ensuring health, safety and well-being at work is an obligation for all of us at TERNA ENERGY and for this reason we are committed to applying the necessary measures to protect and eliminate associated risks. As we try to cultivate a culture of health and

safety across our human resources, we continually invest in the protection of our internal (employees) and external (suppliers and partners) stakeholders, which safeguard our business continuity and the safe development of our operations.

Our health and safety strategy

The management system we apply on health and safety, certified according to ISO 14001:2015 and OHSAS 18001:2017 standards, covering all construction and operational activities of technical projects and production units, is our plan for preventing and immediately addressing threats to the health of our people and our business strategy.

To this end, we are committed to:

- Adopting state-of-the-art technology and safe operating procedures that will help prevent risks and protect the employees and the environment in which they work.
- Providing continuous training to all employees on health and safety topics.
- Complying with international, European and national frameworks on health and safety topics.
- Preventing and managing threats related to our business activities on health and safety issues.
- Preventing, remediating and immediately investigating any injuries, illnesses and adverse health and safety incidents that could be caused by our operation and activities.
- Continuously communicating our commitments and actions for the health and safety protection of our employees, suppliers, customers and partners.
- Continuously improving and upgrading the health and safety management system.

Risk prevention and management

Preventing and addressing threats to health and safety are important pillars of our health and safety management system. In this context, analyzing the environment in which we operate and assessing the risks we identify in our operations constitute our primary concern for properly addressing threats.

In this context, we carry out occupational risk assessment studies intending to fully identify and manage occupational health- and safety-related risks per type of work that cover the full range of our business activities. These studies; result is the adoption of preventive measures for minimizing any health and safety incidents occurrence and creating a safe working environment for all our people.

Furthermore, we employ occupational physicians who are responsible for systematically monitoring the health and well-being of our employees. As part of their duties, they clinically examine the employees, issue medical evaluations on health and wellbeing and closely monitor their progress by updating their employee medical records.

To ensure proper compliance with the health and safety system, we annually conduct internal audits through which we confirm that our practices comply with international standards and the applicable legislation, we identify areas that can be improved and minimize the likelihood of any critical health and safety incident. During the reporting period, we conducted a total of 30 internal audits.

Training on health and safety topics

In our effort to create and spread a broader culture for health and safety at the workplace, we invest in the continuous training of our employees on the issues of safe work conduct, proper use of technical

equipment and personal protective equipment, first aid and general safety rules that apply to all our activities and operations.

To this end, we implement training programs designed to inform and communicate threats to health and safety of not only our employees but also our stakeholders affected by our activities, such as our suppliers, subcontractors and visitors.

Trainings take place at the beginning of the projects and during the construction phase. Regarding project operation, an annual program of trainings and drills (e.g. on fire safety, working at height) is carried out by our occupational health & safety professionals or outsourcing specialized entities.

Health and safety in the supply chain

Protecting health and safety concerns not only our employees but also everyone employed in our supply chain, such as our suppliers and subcontractors. To this end, we make sure that our contracts include conditions for compulsory compliance with the applicable legislation on health and safety at work. In addition, our partners are required to comply with our policies, procedures, standards and management systems. The above actions are necessary prerequisites for the proper and safe operation of our supply chain and the safe implementation of our operations.

| Certification | Implementation coverage |
|--|--------------------------|
| ISO 45001:2018 Occupational Health and Safety Management System | All company's activities |

GRI 103-3, 403-2

HOW DO WE EVALUATE OUR PERFORMANCE?

| GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and gender ¹ | | 2019 | | 2018 | |
|--|-----------------|-------------------|---|-------|---|
| | | ♂ | ♀ | ♂ | ♀ |
| Greece | Injuries number | 1 | 0 | 1 | 0 |
| | Injuries rate | 0.90 | 0 | 0.36 | 0 |
| | Lost day rate | 3.60 | 0 | 0 | 0 |
| | Absentee rate | 0.00 ² | 0 | 0 | 0 |
| Bulgaria | Injuries number | 0 | 0 | 1 | 0 |
| | Injuries rate | 0 | 0 | 16.67 | 0 |

¹ In the table above:

- The data are referred to the Group employees. With regard to the rest of the workers, there were no injuries, occupational diseases, work-related fatalities during the years 2018-2019.
- There were no injuries, lost days, absenteeism in the following countries during the year 2018-2019: USA, North Macedonia, Poland, Serbia, Albania.
- There were no lost days, absenteeism in Bulgaria during the years 2018-2019.
- There were no occupational diseases, work-related fatalities in the following countries during the years 2018-2019: Greece, USA, Bulgaria, North Macedonia, Poland, Serbia, Albania.

² The rate has been rounded.

Contribution to employment and decent work

GRI 103-1

WHY IS THE TOPIC MATERIAL?

TERNA ENERGY's strategic direction to the development of clean energy production activities is manifested in implementing RES projects throughout Greece and internationally. The nature of the projects we execute in remote areas, away from large urban areas, leads to an enhancement of the local employment; therefore, contributing to employment and decent work constitutes a material topic for the company.

Our contribution to employment (creation of direct and indirect jobs throughout the supply chain), but also the assurance of fair and dignified working conditions for our employees and partners (e.g. provision of fair and competitive remuneration and benefits policies) concerns each region where we operate, and has impacts on both the development of our organization and its human capital and our relationships with local communities and suppliers.

GRI 103-2

HOW DO WE MANAGE IT?

Our people at TERNA ENERGY are our most important resources. Their professionalism and dedication in performing their tasks is the key to our success in Greece and abroad.

While recognizing the contribution and value of our employees, we are looking to provide the right working conditions, by offering an environment of respect, transparency, equal opportunities, continuous professional development and high benefits. The Code of Conduct, which constitutes the Group's

core principles and values framework, ensures the creation of a friendly and safe environment for all employees, with respect to human rights and values. At the same time, we have developed and implement policies and procedures based on international standards, such as SA 8000, and we conduct training for our employees' awareness on the topics.

Development of new projects and stimulation of employment

Our areas of activity attract international investment interest contributing to the creation of favorable conditions and further development of our activities in Greece and abroad. This enables us to constantly increase the volume and type of our activities and expand into new geographical areas enhancing the local communities' employment and economic development.

As an indication, the "Hydro Pumped Storage in Amari" project in Crete, already environmentally authorized, is expected to create 1,000 new jobs.

Continuous employee training and development

At TERNA ENERGY we recognize the value of our human capital in our ability to continue to create value through our activities, and for this reason we constantly invest in the education and training of our employees. We are committed to consistently fostering a balanced, safe and fair work environment that contributes to realizing our vision and determines our business success, with safeguarding professionalism and always developing our people's technical and professional skills being a top priority.

Specifically, we systematically invest on trainings

that aim not only to enhance employee performance and upgrade their technical capabilities, but also to improve their ability to respond to emergencies. We conduct specialized education and training programs related to the subject of each position, the strategic planning and the human resources needs. The Groups' educational needs are annually determined, the appropriate institutions and trainers are selected and specialized programs are designed. Internal trainings are also carried out by supervisors and specialized colleagues on health, safety and environment issues and the Code of Conduct application. Regardless of the subject matter, trainings are in line with the project needs and focus on the employees' roles and responsibilities.

Providing equal opportunities, remuneration and benefits

Equal treatment at the workplace, elimination of all forms of discrimination, racial, religious, gender, social, cultural, political, sexual preference or other, and the provision of equal opportunities for professional development based on merit criteria are fundamental principles on which our action is built upon to ensure the respect of our employees' rights.

All actions related to employees, such as promotions, redundancies, remuneration, internal transfers to other departments, are exclusively based on merit criteria related to the performance, ability, effectiveness and qualifications of each employee. Transparency and impartiality are essential factors that contribute to the successful implementation of our business strategy to attract young people and retain existing talents.

Specifically, to determine remuneration, since this constitutes a matter of particular importance for the company's operation, the Nominations and Remuneration Committee has been established, responsible for elaborating, proposing and evaluating the remuneration system for all

employees. In determining remuneration and benefits, we consider objective criteria and prevent potential discrimination by relying on measurable and irrelevant to diversity characteristics indices, which relate to the work type, responsibility degree, employee skills and performance against his/her goals. We also provide our employees with necessary equipment such as mobile phones and company cars.

GRI 102-7, 102-8, 102-41, 103-3, 401-1, 404-1, 406-1

HOW DO WE EVALUATE OUR PERFORMANCE?

As in the past years, in 2019 there were no cases of human rights abuses violations or any incidents of discrimination based on race, religion, gender, age, disability, nationality, political beliefs, etc., including harassment incidents across TERNA ENERGY Group operations.

| GRI 102-8: Information on employees and other workers | | 2019 | | | 2018 | | |
|---|----------------------------------|------|-----|-------|------|----|-------|
| Region | Employment contract ¹ | ♂ | ♀ | Total | ♂ | ♀ | Total |
| Greece | Permanent | 111 | 166 | 277 | 271 | 61 | 332 |
| | Temporary | 0 | 0 | 0 | 3 | 1 | 4 |
| | Freelancers | 79 | 18 | 97 | 91 | 19 | 110 |
| | Total | 190 | 184 | 374 | 365 | 81 | 446 |
| USA ² | Permanent | 11 | 5 | 16 | - | - | - |
| | Temporary | 0 | 0 | 0 | - | - | - |
| | Total | 11 | 5 | 16 | - | - | - |
| Bulgaria | Permanent | 6 | 2 | 8 | 6 | 2 | 8 |
| | Temporary | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 6 | 2 | 8 | 6 | 2 | 8 |
| North Macedonia | Permanent | 0 | 1 | 1 | 0 | 1 | 1 |
| | Temporary | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 0 | 1 | 1 | 0 | 1 | 1 |
| Poland | Permanent | 1 | 2 | 3 | 1 | 2 | 3 |
| | Temporary | 3 | 0 | 3 | 4 | 0 | 4 |
| | Total | 4 | 2 | 6 | 5 | 2 | 7 |
| Serbia | Permanent | 2 | 0 | 2 | 2 | 0 | 2 |
| | Temporary | 0 | 1 | 1 | 0 | 0 | 0 |
| | Total | 2 | 1 | 3 | 2 | 0 | 2 |
| Albania | Permanent | 1 | 1 | 2 | 1 | 0 | 1 |
| | Temporary | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 1 | 1 | 2 | 1 | 0 | 1 |

| Region | Employment type | ♂ | ♀ | Total | ♂ | ♀ | Total |
|------------------|-----------------|-----|-----|-------|-----|----|-------|
| Greece | Full-time | 111 | 164 | 275 | 274 | 61 | 335 |
| | Part-time | 0 | 2 | 2 | 0 | 1 | 1 |
| | Total | 111 | 166 | 277 | 274 | 62 | 336 |
| USA ² | Full-time | 11 | 3 | 14 | - | - | - |
| | Part-time | 0 | 2 | 2 | - | - | - |
| | Total | 11 | 5 | 16 | - | - | - |
| Bulgaria | Full-time | 6 | 2 | 8 | 6 | 2 | 8 |
| | Part-time | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 6 | 2 | 8 | 6 | 2 | 8 |
| North Macedonia | Full-time | 1 | 1 | 1 | 0 | 0 | 0 |
| | Part-time | 0 | 0 | 0 | 0 | 1 | 1 |
| | Total | 1 | 1 | 1 | 0 | 1 | 1 |
| Poland | Full-time | 4 | 2 | 6 | 5 | 2 | 7 |
| | Part-time | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 4 | 2 | 6 | 5 | 2 | 7 |
| Serbia | Full-time | 2 | 0 | 2 | 2 | 0 | 2 |
| | Part-time | 0 | 1 | 1 | 0 | 0 | 0 |
| | Total | 2 | 1 | 3 | 2 | 0 | 2 |
| Albania | Full-time | 1 | 0 | 1 | 1 | 0 | 1 |
| | Part-time | 0 | 1 | 1 | 0 | 0 | 0 |
| | Total | 1 | 1 | 2 | 1 | 0 | 1 |

¹In the calculation of the total number of employees by employment contract in Greece, it is included the number of freelancers.

²The data of the disclosure for the USA for the year 2018 are not included in the table as they were not tracked.

| GRI 102-41: Collective bargaining agreements | 2019 | | | 2018 | | |
|---|-------|-------|-------|-------|-------|-------|
| Percentage of total employees covered by collective bargaining agreements | ♂ | ♀ | Total | ♂ | ♀ | Total |
| | 82.2% | 93.3% | 88.5% | 95.1% | 92.5% | 94.6% |

¹The data of the disclosure for the USA for the year 2018 are not included in the table as they were not tracked.

| GRI 401-1: New employee hires and employee turnover ¹ | 2019 | | | | | | | | | |
|--|--------------------------------------|-----|-------|-----------------|------|-------|---------------|-----|-------|-----|
| | <30 years-old | | | 30-50 years-old | | | >50 years-old | | | |
| | ♂ | ♀ | Total | ♂ | ♀ | Total | ♂ | ♀ | Total | |
| Greece | New employee hires | 16 | 5 | 21 | 50 | 15 | 65 | 11 | 0 | 11 |
| | Percentage of new employee hires (%) | 53% | 45% | 51% | 116% | 10% | 34% | 29% | 0% | 23% |
| | Number of voluntary turnovers | 1 | 0 | 1 | 3 | 0 | 3 | 1 | 0 | 1 |
| | Percentage of voluntary turnover (%) | 3% | 0% | 2% | 7% | 0% | 2% | 3% | 0% | 2% |
| Poland | New employee hires | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Percentage of new employee hires (%) | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| | Number of voluntary turnovers | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 |
| | Percentage of voluntary turnover (%) | 0% | 0% | 0% | 25% | 0% | 17% | 0% | 0% | 0% |
| Serbia | New employee hires | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 |
| | Percentage of new employee hires (%) | 0% | 0% | 0% | 0% | 100% | 50% | 0% | 0% | 0% |
| | Number of voluntary turnovers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Percentage of voluntary turnover (%) | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Albania | New employee hires | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 |
| | Percentage of new employee hires (%) | 0% | 0% | 0% | 0% | 100% | 50% | 0% | 0% | 0% |
| | Number of voluntary turnovers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Percentage of voluntary turnover (%) | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

¹The data for the USA are not included in the table as they are not tracked.

²In the countries Bulgaria and North Macedonia there were neither new employee hires nor employee turnovers during the year 2019.

| GRI 401-1: New employee hires and employee turnover ¹ | 2018 | | | | | | | | | |
|--|--|-----|-------|-----------------|------|-------|---------------|-----|-------|-----|
| | <30 years-old | | | 30-50 years-old | | | >50 years-old | | | |
| | ♂ | ♀ | Total | ♂ | ♀ | Total | ♂ | ♀ | Total | |
| Greece | New employee hires | 20 | 5 | 25 | 52 | 6 | 58 | 12 | 1 | 13 |
| | Percentage of new employee hires (%) | 41% | 38% | 40% | 29% | 14% | 26% | 28% | 14% | 26% |
| | Number of voluntary turnovers | 1 | 0 | 1 | 6 | 1 | 7 | 2 | 0 | 2 |
| | Percentage of voluntary turnover (%) | 2% | 0% | 2% | 3% | 2% | 3% | 5% | 0% | 4% |
| | Number of involuntary turnovers | 12 | 2 | 14 | 25 | 4 | 29 | 12 | 1 | 13 |
| | Percentage of involuntary turnover (%) | 24% | 15% | 23% | 14% | 9% | 13% | 28% | 14% | 26% |
| Albania | New employee hires | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 |
| | Percentage of new employee hires (%) | 0% | 0% | 0% | 100% | 0% | 100% | 0% | 0% | 0% |
| | Number of voluntary turnovers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Percentage of voluntary turnover (%) | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| | Number of involuntary turnovers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Percentage of involuntary turnover (%) | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

¹ The data for the USA are not included in the table as they are not tracked.

² In the countries Bulgaria, North Macedonia, Poland and Serbia, there were neither new employee hires nor employee turnovers during the year 2018.

| GRI 404-1 Average hours of training per year per employee ¹ | 2019 | | | 2018 | | |
|--|------|-----|-------|------|-----|-------|
| | ♂ | ♀ | Total | ♂ | ♀ | Total |
| By level | | | | | | |
| Employees in the top 10% of employees by total compensation | 3.3 | 0.4 | 1.8 | 3.8 | 0.5 | 1.9 |
| Employees in the bottom 90% of employees by total compensation | 12.7 | 1.3 | 6.0 | 0.6 | 1.1 | 0.7 |
| By function | | | | | | |
| Administrative staff | 3.1 | 2.4 | 2.7 | 0.5 | 0.9 | 0.6 |
| Technicians | 4.5 | 2.6 | 4.2 | 7.8 | 8.0 | 7.9 |
| Rest of workers | 33.3 | 0.5 | 7.6 | 0.0 | 0.0 | 0.0 |

¹ The data for the USA are not included in the table as they are not tracked.



Social topics



€845,000
of social support programs



4,054
Greek suppliers

Responsible social relations and local communities support

GRI 103-1

WHY IS THE TOPIC MATERIAL?

The type and distribution of our activities in the RES and Waste Management sectors in Greece and abroad renders the creation of responsible social relationships with local communities and the constant effort to maximize our activities' positive social impact of vital importance for securing our social license to operate and for our path to Sustainable Development.

As part of our ongoing effort to positively affect each area where we operate, strengthening local communities and building responsible social relationships is one of our top priorities. Establishing responsible and transparent relationships with local communities concerns the region and/or country where we operate, while these relationships can be affected by both our employees' actions and those of our suppliers and partners. In addition, continuous social support is an essential factor for improving the lives of the public, especially in the areas of poverty, hunger and unemployment alleviation, health, safety and well-being, quality education and the sustainability of cities and communities improvement, mostly through actions to strengthen cultural heritage.

Potential disruption of our relationships with local communities would have adverse impacts locally, such as financial implications deriving from the disturbance of the collaboration and partnerships with local suppliers, discouraging local employment and economic welfare in the countries we operate, but also at a corporate level, with a potential damage of our reputation.

GRI 103-2

HOW DO WE MANAGE IT?

Strengthening our relationships with local communities is achieved through a multi-dimensional strategy that aims to create positive impacts in the areas where we operate. As part of our strategy, we create new jobs, support local suppliers and bodies, provide offsets and take care of our projects' socio-economic footprint.

Responsible relationships with local communities are achieved through engagement processes and collaborative efforts, with the aim of building relationships of trust with our stakeholders. Our goal is to create long-term value through responsible business conduct.

Responsible environmental action and improvement of the public's quality of life

During the process of our projects' environmental licensing, in accordance with the European and national legislation requirements, we make sure that the necessary Environmental Impact Assessment (EIA) studies are carried out, which ensure our responsible environmental action and thereby safeguard our relationships with the local communities in the areas we operate.

With these studies, we ensure that any negative impacts on the environment are avoided and/or remedied and that our activities carry on with the minimum environmental footprint.

In addition, by investing in waste management, through the project in the Epirus prefecture, we bring multiple social benefits, such as improving the public's quality of life, creating direct and indirect new jobs and contributing to agriculture through advanced composting methods, which is a strategic goal for the country. In the same vein, the Peloponnese prefecture waste management project, contributes to the reduction of ground pollution (lakes, seas, rivers and air) and underground (aquifers) natural environment, thus improving sanitary conditions of local communities and social groups exposed to the dangers of uncontrolled waste disposal. The projects we develop also contribute to promoting public environmental and ecological awareness.

Respect and promotion of the cultural wealth of the areas we operate in

Equally indicative of our strategy in ensuring responsible social relationships with the local communities where we operate are our actions to highlight their cultural wealth.

CONSTRUCTION OF WIND POWER PLANTS IN EUBOIA

The construction of wind power plants for 2019 focused on the projects of the phase A 'and B' in Euboiia, in the municipal units of Marmari and Kimi, Aliveri, respectively.

During construction, following environmental licensing, in case antiquities are found at the project site, construction is suspended until an archaeological rescue dig has taken place.

"TERNA ENERGY" operates in a balanced manner with a clear reference to the three pillars of Sustainable Development, namely the environment, the economy and society. Realizing RES projects is one of the Sustainable Development parameters with an impact on the environment and ecology. Over and above the company's contractual obligations for preserving antiquities within each project's territory, "TERNA ENERGY" is active in the wider area of its projects with the aim to promote and highlight the cultural heritage (man-made environment). Recognizing the essential and constituent role of culture as a primary factor in developing the economy and society, the company develops intense sponsorship action.

PHASE A' (MARMARI)

1. Prominence of the Pyrgari archaeological site, near the Pyrgari-Dardiza wind park

Pyrgari Dardiza hill, site of the homonymous wind park, is located on the east side of the Marmari community at about three kilometers south of the village Giannitsi and three kilometers east of the village Pothi. The ancient settlement is located on a naturally sheltered position, occupying part of a 620m-high hill, integrated to the local relief. Supervising both sea routes and the hinterland is the location's prominent feature.

Even though the ancient settlement was located outside the project's planned polygon, TERNA ENERGY took the initiative to promote it and create an access-path. Further promotion of the area is intended in the second year by placing visual signage and publishing research results in scientific journals.

The place occupies a total area of about an acre. The site's preparation revealed sturdy external walls, an elliptically shaped space and seven rectangular



Image 1
Pyrgari hill (aerial shot).

rooms, structured symmetrically on either side of a corridor that ends in an open space on the northwest narrow side and a courtyard space on the southeast side. A digital terrestrial scanner and a drone were used to document findings.



The following websites contain presentation of the research results at the Evia Antiquities Authority conference «Evia - Land of Abantes» on 30-31/10/2019:

<https://www.culture.gov.gr/el/service/SitePages/view.aspx?iiD=4124>

<https://www.efsyn.gr/node/210225>

2. Cleaning and presenting the ancient castle of Styra or Armena

Clean-ups in the Armena acropolis located at the top of Diakofti, east of Styra, were realized as part of promoting the general cultural reserve in the area of the company's activity. Clean-ups were carried out by staff our company provided between July - September 2019 to create walking routes for visitors.

Cleaning and creating walking routes coupled with opening the road to transport the wind parks' equipment are a typical example of how RES creation leads to integrated development, a form of industrial ecology in which a growth industry fuels culture and society.



Image 2
The Armena castle and the Gate

PHASE B' (KYMI-ALIVERI)

3. Rizokastro Aliveri

Rizokastro Aliveri is located 500 m. Southeast of the Milaki substation, where the wind farms of the municipality of Kymi - Aliveri interconnect. It is a Byzantine tower erected in a mountainous area south of the gulf of Aliveri with a supervisory character. Intertemporal use of the site from the Middle Ages to the present day is evident in the scattered architectural remains and the additions made to the monument and preserved to this day.

The project's environmental license included the obligation to conduct a study for featuring the Rizokastro archaeological site. The company took the initiative to clean the area and create an access path. Staff was hired for August and September 2019 and machinery was used to open the access road.

For 2020, further promotion of the area is planned by installing visual signage and completing the featuring Studies (Survey, Architectural, Structural, Electromechanical, Rehabilitation and Landscape studies).



Image 3
Rizokastro Aliveri, view of the tower inside the castle.

The following website includes the Evia Antiquities Authority's press release:
<https://www.efaeuv.gr/ekdiloseis/2019/1-10-2019/01-10-2019-gr.html>

4. Dystos Acropolis

The Dystos lagoon is at the center of the works of phase B'. It is a protected area of the Natura network of 4,500 acres and a declared archaeological site with architectural remains from prehistoric times to the present day. A low conical hill stands in the lagoon's center with a Venetian fortress prominent at the top.

"TERNA ENERGY" also took the initiative to highlight this important archaeological site. In the works carried out in the period September - December 2019, a road of 1,100 meters was constructed, the entire archaeological site was surveyed and a network of walking paths was created.



Image 4
The main gate of the Acropolis of Dystos



Image 5
View of the Dystos lagoon and the archeological site in its center.

For 2020, the installation of visual signage is planned in the castle.

Continuous contribution to society

Our active role in local communities and the transparent and responsible attitude we take towards them are prerequisites for our business continuity and social license to operate and a commitment to the broader social benefit. In this regard, we are constantly pursuing the identification of local needs, either through a discourse and connections we form with the local community or through initiatives that respond to apparent local requirements and taking actions aimed at the local communities' Sustainable Development. TERNA ENERGY's social contribution for 2019 amounted to 845,000 euros.

The development of infrastructure projects that improve everyday life, but also tangible support to local schools, authorities and entities, cultural and sports associations, universities and individual students, NGOs and health centers all constitute typical instances of our social contribution. Through these, we bolster social structures, facilitate local authorities' work, advocate young people's education and training, showcase each area's cultural heritage, raise environmental awareness and promote sports, public health and well-being.

Offsets

Part of TERNA ENERGY's revenues are converted into social benefit, either directly in contributions or indirectly in discounts in electricity bills and construction of infrastructure projects that meet local community needs and improve every-day life. RESA 3% of gross annual revenues from the operation of each RES project is rendered to the local communities, of which 1.7% through the Operator of Electricity Market and the Hellenic Electricity Distribution Network Operator to the municipalities that host our projects. In 2019 this amount amounted to 4,429,440.44 euros in the said areas.

Contributing to development and local employment

Through the development of our activities and the implementation of our business strategy, we create new business opportunities that stimulate local employment and reduce unemployment locally and nationally. In each area we operate, we give preference to hiring people residing in the local communities. Through these jobs we create,

as well as the development and expansion of our supply chain, we contribute to direct and indirect employment, direct and indirect payment of taxes and the creation of greater economic and social value. A further consequence of this deliberate approach is spreading valuable expertise know-how and generating skilled professionals in our industry.

Selection of local suppliers

At TERNA ENERGY we willfully choose to collaborate and purchase materials from local suppliers, aiming to both optimize the operational and financial performance of our projects and support local communities. We recognize as our commitment to cooperate with local suppliers and create and distribute financial value locally. Every year, we try to reinforce our collaborations with local suppliers, building trust, nurturing local economies and upgrading our social footprint. At a GEK TERNA Group level, including TERNA ENERGY, in 2019 4,054 or 89% of our total suppliers were Greek.

GRI 103-3, 413-1

HOW DO WE EVALUATE OUR PERFORMANCE?

For each construction project TERNA ENERGY realized in 2019, we conducted environmental impact assessment studies and continued to monitor our environmental footprint, discussed with our stakeholders, raised public awareness and published non-financial performance indices of our projects' ecological and social footprint, as part of the Financial Statements and the Sustainable Development Report.



Market topics



€299 million
turnover



100% compliance in the social and economic area



0 confirmed incidents of corruption

Creation and distribution of economic value

GRI 103-1

WHY IS THE TOPIC MATERIAL?

The creation and distribution of economic value through our activities is a priority for the company as it ensures our business continuity and enables us to create value for our stakeholders. The creation and distribution of financial value translates as the payment of direct and indirect taxes towards the countries of our operation, the employee wages and the payments to our suppliers and partners, the distribution of revenues and dividends to Shareholders, as well as the social contribution through donations and other programs targeted at the local bodies and residents of the areas we operate in.

At the same time, the materiality of this topic lies in its wider contribution to the economic development of the countries where we have presence at, through the direct, indirect and induced impacts resulting from the aforementioned financial flows.

GRI 103-2

HOW DO WE MANAGE IT?

The favorable conditions created in the RES market have rendered the clean energy's growth course a tangible reality. In this environment, we constantly look to not only create value for our Shareholders, something that would enable us to continue applying our business strategy, but also to create shared financial value for all our stakeholders.

To this end, our activity creates growth prospects and economic value for various prefectures outside big urban centers, and especially for areas where alternative energy production and storage have not yet been adopted. As we proceed with new investments, we increase the economic value we generate and distribute to our stakeholders, as presented in the following table for the case of wind parks:

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------|------|------|------|------|------|------|-------|-------|
| Revenues (€ millions) | 124 | 140 | 158 | 199 | 226 | 277 | 292 | 299 |
| Installed power (MW) | 508 | 543 | 640 | 664 | 738 | 986 | 1,032 | 1,390 |

Contribution to the national economy

With the increase of our activities due to the relevant investments in the RES sector, we create incentives for the continuation of the island interconnection projects, which will benefit the people living in those areas thanks to the reduction in the cost of Public Utility Services.

Our contribution to the creation of investment opportunities in the RES sector, presents an opportunity for our country, which is ideally placed to exploit renewable sources and wind energy in the Southern Europe, Middle East and North Africa regions.

At the same time, we contribute directly to the tax revenue of the countries where we operate through the payment of taxes attributed to us, but also indirectly through the taxes paid by suppliers and freelancers with whom we have business relations.

In addition, our activities contribute to the geopolitical and economic development of our country. The modern environmental projects, such as the pump storage projects promoted by the Group, create great domestic added value and secure numerous jobs in critical (construction, steel, cement, etc.) for the Greek economy sectors. Moreover, the use of the strategic hydroelectric "reserve" during peak hours reduces the average production cost of the interconnected system, substituting the energy that would have been produced with the use of more expensive imported fuel. And, of course, the ever-increasing share of energy production by RES, which is produced at low marginal costs in the total energy produced, significantly increases the competitiveness of the Greek economy.

Contribution to the local economy

The development and operation of wind parks and hydroelectric projects reduce both the need for electricity generation by conventional sources and the induced release of emissions into the atmosphere, while, at the same time, contribute to addressing energy shortage issues in parts of the country. Moreover, the construction of auxiliary to our projects infrastructure in remote areas, such as the new roads for installing wind turbines, contributes to the more efficient fire-fighting in adjacent forest areas.

In the same vein, the construction and operation of waste treatment plants contribute to reducing pollution of surface and underground natural environments and improving local communities' sanitary conditions. In addition, it improves quality of life in degraded areas where uncontrolled waste disposal areas would operate, generates new jobs and raises public awareness on pollution and other environmental threats.

The production of electricity from RES, waste management and the optimization of the public transportation network are critical pillars of the "green" growth of the wider economy's infrastructure and help to attract a large variety of productive investments in goods and services in the same direction.

GRI 102-7, 103-3, 201-1

HOW DO WE EVALUATE OUR PERFORMANCE?

GRI 201-1: Direct economic value generated and distributed

| DIRECT ECONOMIC VALUE GENERATED | | | |
|---------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 2019 (amounts in thousands €) | 2018 (amounts in thousands €) | 2017 (amounts in thousands €) |
| Revenues | 305,129 | 298,766 | 278,945 |

| DIRECT ECONOMIC VALUE DISTRIBUTED | | | |
|-----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 2019 (amounts in thousands €) | 2018 (amounts in thousands €) | 2017 (amounts in thousands €) |
| Operating Costs | 154,449 | 152,906 | 159,301 |
| Employee wages and benefits | 40,284 | 32,987 | 18,494 |
| Payments to capital providers | 51,494 | 51,434 | 55,184 |
| Payments to government by country | 25,720 | 24,941 | 21,788 |
| • GREECE | 21,764 | 19,079 | 19,757 |
| • CYPRUS | 148 | 631 | 473 |
| • NORTH MACEDONIA | 38 | 24 | 14 |
| • ALBANIA | 1 | 25 | 0 |
| • BULGARIA | 31 | 38 | 111 |
| • SERBIA | 90 | 73 | 74 |
| • POLAND | 1,629 | 2,521 | 1,175 |
| • USA | 2,019 | 2,550 | 184 |
| Community investments | 143 | 127 | 40 |
| TOTAL | 297,810 | 287,386 | 276,633 |

| ECONOMIC VALUE RETAINED | | | |
|-------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 2019 (amounts in thousands €) | 2018 (amounts in thousands €) | 2017 (amounts in thousands €) |
| TOTAL | 7,319 | 11,380 | 2,312 |

Regarding the data of the assets and liabilities, please refer to the Group's Annual Financial Report.

Regulatory compliance and anti-corruption

GRI 103-1

WHY IS THE TOPIC MATERIAL?

Operating in the energy industry that is subject to a rapidly changing regulatory environment both in Greece and internationally, we recognize business ethics and the compliance of our operations and activities with all national and international laws and regulations as a priority for our responsible business operation. Both the company's employees and Management, and all parties pertaining to its operation, must comply with the legal and regulatory framework.

At TERNA ENERGY we are committed to permanently complying with regulations and battling corruption, recognizing that any deviation can irreparably damage our reputation as a responsible operator and disrupt our relations with our stakeholders. In our effort to ensure our continued compliance, we minimize the risk of possible sanctions against the company and the loss of our legal and social license to operate. At the same time, our dedication contributes broadly to a healthy economy market, to strengthening justice and its institutions and enhancing social cohesion and transparency.

GRI 103-2

HOW DO WE MANAGE IT?

Ensuring compliance with applicable laws and regulations and promoting transparency in our business are a priority. We are therefore committed to demonstrate zero tolerance for corruption, bribery and blackmail issues.

Our [Code of Conduct](#) is a transparent framework of operation and behavior that remains unchanged over time and pertains to all our employees, partners and suppliers. The Code reflects the fundamental principles, beliefs, corporate culture, business ethics and voluntary ethical commitments of all of us at TERNA ENERGY. A Regulatory Compliance Officer has been appointed to monitor the implementation of the Code.

The Code addresses the key issues related to the fight against corruption and money laundering and the prevention of conflicts of interest and bribery incidents. It stipulates the sending of signed hard-copy letters to the Regulatory Compliance Officer in cases of incidents or concerns for potential deviations from its provisions, which are considered at the highest Management level. In particular, regarding potential incidents of corruption and bribery, anonymous or electronic reports may also be accepted. Moreover, the Code monitoring and control mechanisms include audits carried out across our activities and our supply chain (suppliers and partners).

To spread a corporate culture that is characterized by the business ethics it promotes, we annually organize training programs to raise awareness and keep our employees up to date on anti-corruption issues. Furthermore, in the context of its responsible business and operations, the company was certified to [ISO 37001](#) for anti-corruption and ISO 19600 for regulatory compliance.

Protection of information and personal data

GRI 103-3, 205-3, 419-1

HOW DO WE EVALUATE OUR PERFORMANCE?

In 2019, no fines or non-monetary sanctions for not adhering to laws and regulations in the social and economic domains were inflicted to the company. At the same time, during the reporting period, there were no confirmed incidents of corruption that came to TERNA ENERGY Group Management's attention, either through complaints or through audits carried out by the Group itself in the context of fraud prevention and control.

The topic of information and personal data management is of particular importance for ensuring our regulatory compliance, as underlined in the Code of Conduct and the business ethics that characterize all the activities, functions and collaborations we form. In the context of ensuring a level of security proportionate to the criticality and confidentiality of the data and information sharing, we have explicitly developed and implemented an information security management system certified to [ISO 27001: 2013](#).

For TERNA ENERGY, the information and the personal data security is not just an issue of regulatory compliance but a crucial strategic tool for building customer confidence and a competitive advantage in an age when the bulk of information and data is in electronic form.

| Certification | Implementation coverage |
|---|--|
| ISO/IEC 27001:2013 Information security management system | Company's central offices E-ticketing |
| ISO 37001:2016 Anti-bribery management system | All company's activities |

GRI 102-45, 102-50, 102-51, 102-52, 102-53, 102-54, 102-56

About the Sustainable Development Report

This Report is the sixth, consecutive, annual Sustainable Development Report, prepared following GRI Standards ("In accordance - Core"), presenting data for the period 01.01.2019 - 31.12.2019.

Unless stated otherwise, all the information and the quantitative data concern all Group companies as these are presented in the Group's Annual Financial Report.

The purpose of the Report is to present the company's activities, its strategic direction, priorities, policies, processes and management methods, as well as its achievements for 2019. The Report describes the Group's threats and opportunities, impacts of its business decisions, implemented actions and their results. The annual Sustainable Development Report is an important tool for communicating with stakeholders and an opportunity for continuous improvement.

This Report has been developed with the support of EY (Ernst & Young) Greece Climate Change and Sustainable Services (CCaSS).

External assurance has not been pursued for the 2019 Sustainable Development Report.



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TERNA ENERGY values its stakeholders' opinion, therefore, encourages any comments that could contribute to the company's continuous effort for improvement. For more information about the Report and possible questions on its content, please refer to the following:



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We would like to kindly thank EY for the cooperation and support in preparing the 2019 Sustainable Development Report.



GRI content index

| GRI Standard | Disclosure | Page(s) | Omission(s) |
|--|--|--------------|--|
| GRI 101: Foundation 2016 | | | |
| | 102-1 Name of the organization | 8-9 | |
| | 102-2 Activities, brands, products, and services | 8-9 | |
| | 102-3 Location of headquarters | Cover page | |
| | 102-4 Location of operations | 8-9 | |
| | 102-5 Ownership and legal form | 8-9 | |
| | 102-6 Markets served | 8-12 | |
| | 102-7 Scale of the organization | 6-11, 50, 65 | |
| | 102-8 Information on employees and other workers | 50 | The data for the USA for the year 2018 are not included in the disclosure table due to the information lack of availability. |
| | 102-9 Supply chain | 18 | |
| | 102-10 Significant changes to the organization and its supply chain | 4- 5 | |
| | 102-11 Precautionary Principle or approach | 34-43 | |
| | 102-12 External initiatives | 12-13 | |
| | 102-13 Membership of associations | 19 | |
| | 102-14 Statement from senior decision-maker | 4-5 | |
| | 102-16 Values, principles, standards, and norms of behavior | 24 | |
| | 102-18 Governance structure | 20-23 | |
| | 102-40 List of stakeholder groups | 28, 30 | |
| | 102-41 Collective bargaining agreements | 50 | The data for the USA for the year 2018 are not included in the disclosure table due to the information lack of availability. |
| | 102-42 Identifying and selecting stakeholders | 28-29 | |
| | 102-43 Approach to stakeholder engagement | 28, 30-32 | |
| | 102-44 Key topics and concerns raised | 28, 30-31 | |
| | 102-45 Entities included in the consolidated financial statements | 68 | |
| | 102-46 Defining report content and topic Boundaries | 32-33 | |
| | 102-47 List of material topics | 33 | |
| GRI 102: General Disclosures 2016 | | | |

| GRI Standard | Disclosure | Page(s) | Omission(s) |
|--------------|--|---|-------------|
| | 102-48 Restatements of information | There were no restatements of information with respect to the previous reporting period. | |
| | 102-49 Changes in reporting | There were no significant changes from the previous reporting period in the list of material topics and topic Boundaries. | |
| | 102-50 Reporting period | 68 | |
| | 102-51 Date of most recent report | 68 | |
| | 102-52 Reporting cycle | 68 | |
| | 102-53 Contact point for questions regarding the report | 69 | |
| | 102-54 Claims of reporting in accordance with the GRI Standards | 68 | |
| | 102-55 GRI content index | 70-73 | |
| | 102-56 External assurance | 68 | |

| GRI Standard | Disclosure | Page(s) | Omission(s) |
|--|--|---------|---|
| MATERIAL TOPICS | | | |
| Protection and conservation of biodiversity | | | |
| GRI 103: MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its Boundary | 35 | |
| | 103-2 The management approach and its components | 35-36 | |
| | 103-3 Evaluation of the management approach | 36-37 | |
| GRI 304: BIODIVERSITY 2016 | 304-2 Significant impacts of activities, products, and services | 36-37 | |
| Environmental compliance | | | |
| GRI 103: MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its Boundary | 38 | |
| | 103-2 The management approach and its components | 38-39 | |
| | 103-3 Evaluation of the management approach | 39 | |
| GRI 307: ENVIRONMENTAL COMPLIANCE 2016 | 307-1 Non-compliance with environmental laws and regulations | 39 | |
| Responsible waste management | | | |
| GRI 103: MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its Boundary | 40 | |
| | 103-2 The management approach and its components | 40-41 | |
| | 103-3 Evaluation of the management approach | 41 | |
| GRI 306: EFFLUENTS AND WASTE 2016 | 306-2 Waste by type and disposal method | 41 | The data for the USA, Bulgaria and Poland for the year 2018 are not included in the disclosure calculation due to the information lack of availability. |
| Tackling climate change | | | |
| GRI 103: MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its Boundary | 42 | |
| | 103-2 The management approach and its components | 42-43 | |
| | 103-3 Evaluation of the management approach | 43 | |
| GRI 302: ENERGY 2016 | 302-1 Energy consumption within the organization | 43 | The data for the USA, Bulgaria and Poland for the year 2018 are not included in the disclosure calculation due to the information lack of availability. |
| INTERNAL INDICATOR | Generation of electricity and prevention of CO ₂ emissions | 43 | |

| GRI Standard | Disclosure | Page(s) | Omission(s) |
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| Ensuring health, safety and wellbeing at work | | | |
| GRI 103: MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its Boundary | 45 | |
| | 103-2 The management approach and its components | 45-46 | |
| | 103-3 Evaluation of the management approach | 47 | |
| GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016 | 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | 47 | |
| Contribution to employment and decent work | | | |
| GRI 103: MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its Boundary | 48 | |
| | 103-2 The management approach and its components | 48-49 | |
| | 103-3 Evaluation of the management approach | 49-52 | |
| GRI 401: EMPLOYMENT 2016 | 401-1 New employee hires and employee turnover | 51-52 | The data for the USA for the year 2018 are not included in the disclosure tables due to the information lack of availability. |
| GRI 404: TRAINING AND EDUCATION 2016 | 404-1 Average hours of training per year per employee | 52 | The data for the USA for the year 2018 are not included in the disclosure tables due to the information lack of availability. |
| GRI 406: NON-DISCRIMINATION 2016 | 406-1 Incidents of discrimination and corrective actions taken | 49 | |
| Responsible social relations and local communities support | | | |
| GRI 103: MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its Boundary | 55 | |
| | 103-2 The management approach and its components | 55-61 | |
| | 103-3 Evaluation of the management approach | 61 | |
| GRI 413: LOCAL COMMUNITIES 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | 61 | |
| Creation and distribution of economic value | | | |
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| | 103-2 The management approach and its components | 63-64 | |
| | 103-3 Evaluation of the management approach | 65 | |
| GRI 201: ECONOMIC PERFORMANCE 2016 | 201-1 Direct economic value generated and distributed | 65 | |
| Regulatory compliance and anti-corruption | | | |
| GRI 103: MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its Boundary | 66 | |
| | 103-2 The management approach and its components | 66-67 | |
| | 103-3 Evaluation of the management approach | 67 | |
| GRI 205: ANTI-CORRUPTION 2016 | 205-3 Confirmed incidents of corruption and actions taken | 67 | |
| GRI 419: SOCIOECONOMIC COMPLIANCE 2016 | 419-1 Non-compliance with laws and regulations in the social and economic area | 67 | |



Sustainable Development Report 2019

THANK YOU