

TERNA ENERGY S.A.

SUITABILITY POLICY FOR MEMBERS OF THE BOARD OF DIRECTORS

As approved by the Ordinary General Assembly of Shareholders of June
[●], 2021

DATE OF ENTRY INTO FORCE	VERSION
[●].06.2021	1

AUTHOR	APPROVAL
NOMINATIONS COMMITTEE OF TERNA ENERGY S.A.	SHAREHOLDERS' GENERAL ASSEMBLY OF TERNA ENERGY S.A.

DOCUMENT RECIPIENTS
Interested parties and investors

Table of Contents

1. Introduction	3
2. Purpose	3
3. Principles of suitability policy.....	4
4. Selection, Replacement and Renewal of the term of office of Board members	5
5. Suitability Assessment Criteria.....	6
6. Diversity	12
7. Policy Implementation, Monitoring & Modification	12

1. Introduction

This present Suitability Policy of Members of the Board of Directors (hereinafter, the "Policy") was prepared by the Nominations Committee of "TERNA ENERGY INDUSTRIAL, COMMERCIAL AND TECHNICAL SOCIÉTÉ ANONYME" (hereinafter the "Company"), parent company of the "TERNA ENERGY Group" (hereinafter referred to as the "Group"), in accordance with the provisions of article 3 of Law 4706/2020 on the suitability policy of the Board of Directors and the guidelines of Circular no. 60 of the Hellenic Capital Market Commission.

The Policy was approved by the __/__/2021 General Meeting of the Company's shareholders following the __/__/2021 approval by the Board of Directors and will enter into force from the date of its approval by the General Meeting. Individual amendments require re-approval by the Board, while the Policy Review requires a Decision of the General Meeting. Policy Review is the adoption of substantial amendments that introduce significant derogations or significantly alter the content of the policy, in particular in regards to the principles and criteria applied, or the rewriting of the Policy from the outset.

In addition, the increased needs of monitoring the framework of Corporate Governance, Risk Management, Regulatory Compliance, as well as the operation of Company Divisions such as Human Resources, Information Technology and Information Management, Information Security Management, Health, Security and Environment, were taken into consideration by assigning administrative or supervisory responsibilities to executive members of the Board. At the same time, the possibility of contributing to matters of responsibility and / or technical support to the Committees of the Board was also considered.

2. Purpose

This Policy aims to ensure quality staffing, efficient operation and fulfillment of the role of the Board based on the general strategy and the medium-term business aspirations of the Company, aiming the promotion of the corporate interest.

The aim of this policy is to have a **highly efficient Board of Directors**. Such is considered a Board of Directors with an established team, that cooperates with a joint commitment to protect and enhance the share value, instead of a rudimentary gathering of executives who manage corporate affairs without the ability to cooperate constructively and have any development prospect.

The signs of Boards of Directors with high performance, are positively reflected when the following conditions are met:

- The members of the Board of Directors feel honored and privileged to participate in the Board.
- They always express what they believe.
- They are characterised by diversity (views, experience, payments etc.)
- They are distinguished for their behaviour and are role models for other employees, being universally accepted and appreciated.
- They trust each other enough to point out mistakes and subpar performance or unsatisfactory participation in the work of the Board.
- They constructively criticize each other during suggestions, presentations, plans and approaches.
- They understand and appreciate what each member adds to the entire Board of Directors and seek advice from each other.

- They discuss and request clarifications before or during the meeting on any matter and indicate to the rapporteur any modifications that may improve the recommendation or the decision.
- They answer for their actions and demand accountability, and justifications from each other without hesitation.
- They actively participate in the meetings of the Board of Directors and the Committees.
- They actively participate in informative meetings.
- They discuss and solve problems together.
- They understand that all members of the Board of Directors are committed to the success of the Board as its members, even if they disagree.
- They know their roles and responsibilities as members.
- They participate in trainings, surveys and assessments.
- They care so they are frustrated and worried if the desired results are not achieved.
- They recognize and express their appreciation in practice to members of the Board of Directors who are senior and have greatly contributed to the success to the Company, trained by them as models of value and performance.

Especially the non-executive members, among others, exercise effective oversight of the executive members and systematically supervise and monitor the decision-making by the Management.

This Policy forms the basic principles that the members of the Board of Directors, in addition to their experience and skills, must also have a strong team dynamic, that adds real value to the organization. The suitability criteria for the members of the Board of Directors as well as their explanation is presented in detail below.

The Policy is available on the Company's website <https://www.terna-energy.com/>

3. Principles of suitability policy

This Policy takes into account best practices and is in line with the corporate culture, and what is stipulated in Articles of Association, Internal Operation Charter and the Code of Corporate Governance under which the Company operates, it is clear and adequately documented and governed by the principles of transparency and proportionality while promoting diversity, meritocracy and efficiency during the selection and the term of office of the members of the Board.

Furthermore, during the preparation of this Policy, the size, the internal organization, the risk-taking disposition, the nature, the scale and the complexity of the Company's activities were taken into account, including but not limited to, construction, concessions, energy, real estate management and development, mining, waste management, provision of services, PPP projects, operation of large infrastructure projects.

The guiding principles governing this Policy are:

- Compliance
- Transparency
- Proportionality
- Diversity
- Merit
- Efficiency

- Experience and seniority

To ensure the above, the Company has established guidelines and / or internal procedures, with the responsibility of BoD and the contribution of the Nominations Committee and other Company's divisions (e.g. Human Resources, Legal Services), where appropriate, for the monitoring of the effectiveness of the Policy and it proceeds to its periodical assessment at regular intervals or when significant events or changes occur.

4. Selection, Replacement and Renewal of the term of office of Board members

The Company, within the context of implementation of a structured and adequate corporate governance framework, implements specific corporate governance practices, for the benefit of its shareholders, employees and other related parties. The Board of Directors is the custodian and responsible for the implementation of these principles in the operation of the Group's parent company, but also an advocate of its management philosophy. The BoD, as a collective body, manages the Company and its affairs, taking the necessary decisions on all matters that fall under its remit in accordance with the Company's Articles of Association, the decisions of the General Meeting and the relevant legislation.

The Nominations Committee of the Board has a duty to ensure the existence of a sufficient number of members and an appropriate composition with general knowledge or experience of the fields of activity and necessary experience at a collective level, in order to enable constructive discussions for the effective execution of its duties and proper decision-making. More specifically, the Company is managed by the BoD, which consists of five (5) to eleven (11) Members, individuals or legal entities, elected by the General Meeting of Shareholders and may or may not be Shareholders. The exact number is determined taking into account the size, nature and activities of the Company.

The Company, based on the Corporate Governance Code, establishes as basic principles of the corporate governance system the observance of the values of transparency, professional ethics and the sound management of all its resources at each level of its management and defines the suitability criteria of members of the Board based on which they are selected and evaluated, as these are presented in the next section.

The Company seeks the staffing of the Board with individuals of high morals, stable and extroverted personality and unquestionably good reputation who act with integrity, responsibility and discretion and avoid acts that endanger the competitiveness and reputation of the Company and conflict with its interests. In addition, the members of the Board must have the appropriate skills and the necessary experience based on the tasks they undertake and their role on the Board. At the same time, a prerequisite is the provision of sufficient time for the performance of their duties, with the members demonstrating "diligence of a prudent entrepreneur".

The candidate members of the Board know, among other things, as far as possible, before taking the position, the corporate culture, the values, the voluntary commitments and the general strategy of the Company. During the selection, the renewal of the term of office and the replacement of a member, the individual assessment and collective suitability is taken into account.

The Company monitors the suitability of the members of the Board in particular for the identification of events and cases where it is deemed necessary to re-assess their suitability. In particular, a reassessment of suitability is recommended at least in the following cases:

- when doubts arise regarding the individual suitability of the members of the Board or the suitability of the BoD composition,
- in case of a significant effect on the reputation of a member of the Board,
- in case of a member's behavior affects the Company's reputation
- in case members are not accepted and recognized by the majority of executives and employees
- in any event that may significantly affect the suitability of the board member, including cases in which members do not comply with the Company's Conflict of Interest Policy or non-compliance with the conditions of independence of an independent non-executive member.

The Company has appropriate succession plan. More specifically, the Board through the suitability criteria as well as the ratio between executive and non-executive members, and namely independent non-executive members, ensures for the Company an appropriate succession plan, for the smooth continuation of the management of the Company's affairs and the decision-making after the departure of members of the Board of Directors, especially executive and members of committees.

5. Suitability Assessment Criteria

By virtue of this Policy, the Nomination Committee proceeds with the determination of the suitability criteria of the Board members, in order to ensure individual and collective suitability.

The members of the Board must meet the individual suitability criteria based on the needs of their role not only in the selection, replacement and renewal of their term of office, but also throughout their term of office.

Special obstacles, obligations and conditions set by art. 3 par. 4, 5 and 6, of art. 9 par. 1 and 2 of law 4706/2020 and of art. 44 par. 1 of law 4449/2017 as applicable or by the applicable regulatory framework, apply independently of the suitability criteria.

A. Individual Suitability

The individual suitability criteria are general and apply to all members of the Board, regardless of their capacity, as executive, non-executive or independent non-executive members and are summarized in the table below:

Criteria and Characteristics of Individual Suitability

Knowledge and skills

- Practical and professional experience gained, variety of experience.
- Knowledge and experience in corporate governance.

-
- Deep knowledge of corporate affairs.
 - Administrative / managerial capacity, role experience.
 - Harmonious cooperation with executives and employees.
 - Understanding of development perspective.
 - Strategy development skills.
 - Receptivity to innovation and technology.
 - Extroversion.
 - Perception of risks.
 - Responsibility and consistency.
 - Recognized effectiveness.
 - Communication skills.
 - Effective Representation skills towards third parties.
 - Understanding Regulatory Frameworks.
 - Representation in institutions.
 - Business development, entrepreneurship.
 - Time period in the same position
 - Correlation of individual fitness with a history of positive performance within the Group
 - Knowledge of the culture and values of the Company.

Guarantees of Ethics and Reputation

- High sense of corporate culture.
- Reliability and integrity of character.
- Prestige and acceptable personality.
- History of presence in the Group for the executive members.
- Professional or social achievements.
- Reputation and acceptance by employees and the external environment for executive members.
- Reputation, social and professional achievements for non-executive members.

Conflicts of Interest

- Participation in Boards of Directors meetings or in other administrative bodies of other legal entities - organizations of any character and activity.
- Professional commitments of any kind to other companies and non-profit organizations.
- Activities or transactions related to the Company or to a key customer or supplier of the Company.

Impartiality of judgment

- Impartiality.
- Objective and broad point of view.
- Courage, belief and vigor.
- Constructive and substantiated criticism.
- Individual judgement.

Availability of sufficient time

- Number of participations in BoDs and Committees of companies of the Group and / or third companies or bodies.
 - Ability to actively participate in:
 - preparation and deepening of topics.
 - writing presentations on issues of the Board.
 - support for projects of working groups and committees.
 - briefings / conferences with topic rapporteurs.
-

-
- consultation between non-executive and executive members.
 - meetings of the members of the group of non-executive members, on issues of supervision of the executive members and evaluation of their performance.
-

More specifically, regarding the criteria of individual suitability:

- **Adequacy of knowledge, skills, abilities, experience**

For the purposes of evaluating the theoretical knowledge of a member, training in relation to the activities of the Company and practical experience acquired from previous positions the type of position that the member held, are taken into careful consideration.

In the context of the assessment of adequate knowledge, skills and competencies the following are examined:

- a) the role and tasks of the position and the skills required;
- b) knowledge and skills acquired through training and professional development;
- c) practical experience previously gained from specific roles, taking into account the period of each role, the degree of responsibility, the size of the entity in which he/ she worked and the nature of the activities he/ she carried out;
- d) the knowledge and skills acquired and demonstrated through the professional conduct and development as a member of the Board,
- e) the business experience gained from previous activities outside the Group, taking into account the nature, scale and complexity of the business.

In the context of the assessment of the more specific areas of knowledge, experience and skills, the following are examined:

a) the skills for the staffing of the BoD committees which are required by law, namely the Committees:

- Control
- Nominations
- Remuneration

b) the skills and experience for the supervision and / or staffing of the non-statutory required committees or working groups established by BoD Decisions when they are considered useful in order to contribute to the work of the Board as well as to achieve a high level of Corporate Governance and more efficient operation of the management. Such committees may be compulsory or optional in the Company's Articles of Association, in the Code of Corporate Governance, in the Internal Operation Charter or may be established by a decision of the Board of Directors and be supervised by Board members who may also participate in them. The above Committees or working groups, which consist of Managers and / or members of the Board may be assigned with the duty to control areas such as those mentioned below:

- Corporate Governance
- Regulatory Compliance
- Sustainable Development
- Cybersecurity
- Business Continuity
- Personal Data Protection
- Corporate Social Responsibility

- Corporate Risk Management
- Strategic Planning
- Investment Appraisal
- Employee Health & Safety
- Environment & Energy

In addition to the supervision or participation of the Board members in the work of the above objects, in the context of the assessment of the specific skills and experience of the members of the Board, the adequacy of the members for the supervision of other areas of important interest, such as those of Sustainable Development, Innovation, Development and Training of Human Resources, International Relations, Communication, Development of Information Systems is also examined, while in each case the experience for undertaking supervisory duties of each distinguished activity of the company is also taken into account.

The executive members of the Board may have acquired sufficient practical and professional experience, either by holding a position of responsibility for several years, or by pursuing a business for a sufficient period of time. An important parameter that is taken into account for evaluating the criteria of individual suitability, and which sometimes prevails over the other criteria, is the unifying and leading qualities that can be attributed to board members as figures that are appreciated by executives, employees, partners, customers and suppliers and are a point of reference and example for their ethos, their values, their timeless behavior and contributions to the Group and which ultimately contribute with their presence in the Board by maintaining principles, values and efficiency both in the work of the Board of Directors and also in the activities of the Company's executives.

For non-executive, independent and non-executive board members, knowledge, professional or institutional experience, professional development and the roles they have taken on, their prestige and ability to form an objective, broad and informed view of all corporate affairs and to transfer it impartially to the Company's Board.

The non-executive members who staff the Audit Committee should possess more specific knowledge in relation to the work of the Committee and wider knowledge or general experience in the fields in which the company operates, while the composition of the Committee must consist of at least one member with sufficient knowledge of Auditing or Accounting.

In this Policy, during the process of evaluating the candidacies or re-evaluating the members of the Board of Directors, the qualifications and the prerequisite special characteristics required for the non-executive members of the Board of Directors to possess are examined, in a sufficient number so that they are satisfactory for the adequate staffing of the Audit Committee, regardless of the participation or non-participation of third parties with proven audit or accounting knowledge.

The guideline of this Policy is to include in the Board of Directors members with experience in areas that have been characterized in the recent past as highly critical resulting in a recent tendency internationally for their inclusion and participation in Boards of Directors. A typical example is the oversight of the Cybersecurity Committee and the Head of Cybersecurity (CISO) which is recognized as a necessity to be overseen by a qualified member of the Board.

The members of the Board are recommended to know and clearly understand the framework of Corporate Governance of the Company (as it arises from the Law and the Corporate Governance Code that applies), the role they assume with their responsibilities as members

of the Board, members of its committees, as well as the structure of the Group and possible conflicts of interest.

- **Guarantees of Ethics and Reputation**

The members of the Board must be distinguished for their good reputation and morals, which is to be determined mainly by honesty, integrity and generally personal conduct. A member of the Board is presumed to have a good reputation, honesty and integrity, unless there are objective and proven reasons to suggest otherwise.

In order to evaluate the reputation, honesty and integrity of a candidate or an existing member of the Board of Directors, subject to obstacles for the promotion or retention of membership provided by in article 3 par. 4 and 5 of law 4706/2020 as in force, or in the current regulatory framework, the Company conducts research and, subject to the legislation for the protection of personal data, requests information and relevant supporting documents for any final judicial decisions or enforceable administrative acts against him/ her, either individually or as a representative of a third party or legal entity.

- **Conflict of interest**

By adopting and implementing a Conflict of Interest Policy, the Board ensures the effective management of potential conflicts of interest between its members and the Company as well as the protection of the confidentiality of critical information that may affect the Company's share price, image, the operation and competitiveness.

All real and potential conflicts of interest at the Board level must be investigated, disclosed and documented to the Board who takes the decision, for the purpose of the relevant discussion and decision-making and proper management by taking the necessary measures to reduce conflicts of interest.

- **Independence of judgment**

It is important to ensure that each member of the Board acts with independent judgment during discussions and decision-making within the Board. All members of the Board actively participate in meetings and make their own sound, objective and independent decisions and judgments in the performance of their duties. Objectivity is defined as the impartial attitude and cast of mind that allows the members of the Board to perform their work as they believe and not to accept compromises in terms of their quality.

When assessing the independence of their judgement, the Company takes into account whether all members of the Board have the necessary behavioral skills, including:

- a) courage, belief and vigor to carry out a substantial assessment and challenge of the proposals or opinions of other members of the Board,
- b) active listening and cooperation in order to understand in depth and to process in a timely and effective manner proposals of other members of the Board and to participate in their development or implementation according to their competence,
- c) the ability to ask reasonable questions to the members of the Board and in particular to its executive members and to exercise constructive criticism, and
- d) the ability to resist the phenomenon of groupthink.

- **Allocation of sufficient time**

All members of the Board must commit the time required for the performance of their duties based on the description of their position, role and tasks, in order to perform their duties conscientiously and fully. In order to determine the adequacy of time, the capacity and responsibilities assigned to the member of the Board are taken into account and as a Managing Director for the executive members, the number of his/her positions as a member in other BoDs and the resulting positions held by that member at the same time, as well as other professional or personal commitments and conditions. It is noted that in case it is found that one or more of the above individual suitability criteria, based on this policy, cease to be met by member of the Board, for reasons that this person could not prevent even with due diligence measures, then the Company's competent body immediately terminates and replaces the member within the time limits provided in the applicable legislation.

B. Collective Suitability

The criteria of collective suitability are shown in the table below

Collective suitability criteria
<p>Collective Expertise</p> <p>It mainly concerns:</p> <ul style="list-style-type: none"> • the business activity of the Company and the main risks associated with it • strategic planning • financial reports • compliance with the legislative and regulatory framework • understanding corporate governance issues • the ability to identify and manage risks • the effect of technology on its activity
<p>Diversity</p> <ul style="list-style-type: none"> ▪ Representation from different sectors of activity and business (multi-collection) ▪ Representation of each gender by at least twenty five percent (25%) of all members of the Board. ▪ Representation without any exclusion due to any kind of discrimination

- **Collective expertise**

More specifically, all areas of knowledge required for the business activities of the Company are recommended to be covered by the Board collectively with sufficient expertise among its members. The members of the Board must be able to make appropriate decisions taking into account the business model, risk-taking, strategy and markets in which the Company operates. Also, the members of the Board Collectively, must be able to effectively monitor and critique the decisions of senior management and have the necessary skills and experience to exercise the actual management and supervision of the Company.

The Board has the primary responsibility for identifying gaps in collective suitability. For this purpose, the Board conducts its own self-assessment, preferably annually, or when significant events or changes occur, and also may assign the assessment to a third party consultant . The participation of the members in the self-assessment is mandatory. The care for any kind of assessment belongs to the responsibilities of the Nomination Committee, unless the BoD sets differently case by case basis.

6. Diversity

The Company has and implements a diversity policy in order to promote an appropriate level of differentiation in the Board and a diverse group of members.

This Policy is created with the belief that a Board of Directors which has demonstrated a wide range of perspectives and diversity is in a better position than other Boards of Directors with a limited range, since the existence of diversity allows the Company to take advantage of market opportunities and effectively manage risks. The Board of Directors may excel if it consists of a wide range of members with a variety of skills or knowledge groups that are also complimentary to each other. Its culture is positively shaped through the expression of different approaches and opinions and is certainly representative of the Group's values. In this way, the Board of Directors finally develops a progressive and thoughtful perception of its affairs, while promoting prudent risk-taking.

Through the accumulation of a wide range of qualifications and skills in the selection of members of the Board, a variety of views and experiences is ensured, in order to make the right decisions.

In this framework, the adequate representation by gender is ensured, at least as stipulated by the respective legislation, as a percentage of all the members of the Board. At the same time, all necessary measures shall be taken to ensure that there is no exclusion caused by discrimination on grounds of sex, age, race, color, ethnic or social origin, religion or belief, birth, disability, age or sexual orientation, property and only the individual suitability criteria should have the unique selection role which are defined in this Policy.

Achieving meaningful and not only formal diversity within the Boards is an important criterion for the overall effectiveness of the Board of Directors.

7. Policy Implementation, Monitoring & Modification

This Policy is a guiding policy for the Group's subsidiaries and is in line with the general framework of corporate governance, corporate culture and risk-taking that it has defined and provides for and follows the necessary procedures for the implementation of the Policy.

The Nomination Committee is responsible for the development and updating of the Policy with the advisory support of other Company's divisions (e.g. Human Resources, Legal Service).

The suitability policy, upon being approved by the Board of Directors, is forwarded to the General Assembly for approval, after which it enters into force. The Company reviews its design and implementation, where appropriate, taking into account, inter alia, the recommendations of the Nominations Committee and the Internal Audit Unit and any other external bodies and Company's divisions, always, in accordance with legislation in force and guidelines of Hellenic Capital Market Commission.

Substantial amendments to the suitability policy are resubmitted for approval by the General Assembly. The suitability policy is posted on the Company's website.

The Board is responsible for monitoring the implementation of the Suitability Policy with the assistance of the Nominations Committee and other Company's divisions (e.g. Human Resources, Legal Service) where appropriate.

The Company's annual Corporate Governance Statement includes relevant reference.

The documentation regarding the approval and monitoring of the implementation of the Policy and any amendments thereto is kept in an electronic file. The Company records the results of the suitability assessment and in particular any weaknesses identified between the projected and actual individual and collective suitability, as well as the measures to be taken to address these deficiencies.